

Varopakorn Public Company Limited  
Report and financial statements  
31 December 2021

## **Independent Auditor's Report**

To the Shareholders of Varopakorn Public Company Limited

### **Opinion**

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

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

### **Basis for Opinion**

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

## **Key Audit Matters**

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

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

Key audit matters and how audit procedures respond for each matter are described below.

### *Sales*

Revenue from sales is considered to be a significant account to the Company's financial statements because the amount recorded directly impact the Company's annual profit and loss. In addition, volatility in the prices of the main raw materials for production and the competition in the rolled and sheet aluminium production industry, and this has directly affected the sales of the Company. I therefore focused on the recognition of sales income, especially timing of revenue recognition.

I have examined the revenue recognition of the Company by assessing and testing the Company's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed key controls. On a sampling basis, I also examined supporting documents for sales transactions occurring during the year and expanded the scope of the testing for the sales transactions occurring near the end of the accounting period. In addition, I reviewed credit notes that the Company issued after the period-end and performed analytical review procedures on sales accounts.

### *Provision for diminution in value of inventory*

Estimating the net realisable value of inventory, as disclosed in Note 9 to the financial statements, is an area requiring management judgment. In addition, the Company's inventories mainly consist of semi-finished aluminium products, and the key raw materials for these product is aluminium ingot, of which the price depends on global market prices. There is thus a risk with respect to the amount of the provision set aside for diminution in the value of inventory.

I assessed the method and the assumptions applied by management in determining such provision by gaining an understanding of the basis applied in determining the provision for diminution in value of inventory and reviewing the consistency of the application of that basis, comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover, and comparing net realisable values from sales transactions occurring after the date of the financial statements with the cost of inventory for each product line.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company 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 do not express any form of assurance conclusion thereon.

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

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of 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, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

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

Wattoo Kayankannavee  
Certified Public Accountant (Thailand) No. 5423

EY Office Limited  
Bangkok: 25 February 2022

**Varopakorn Public Company Limited****Statement of financial position**

As at 31 December 2021

(Unit: Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	10,129,688	6,335,930
Trade and other receivables	6, 8	513,938,446	286,929,726
Inventories	9	1,393,729,307	499,914,938
Derivatives assets	26.1	3,773,106	-
Other current assets	10	<u>167,292,642</u>	<u>48,206,547</u>
<b>Total current assets</b>		<u>2,088,863,189</u>	<u>841,387,141</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	746,159,241	804,216,893
Intangible assets	12	1,632,713	2,585,263
Deferred tax assets	20	1,636,633	608,011
Other non-current assets		<u>849,500</u>	<u>909,500</u>
<b>Total non-current assets</b>		<u>750,278,087</u>	<u>808,319,667</u>
<b>Total assets</b>		<u><u>2,839,141,276</u></u>	<u><u>1,649,706,808</u></u>

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

**Varopakorn Public Company Limited**  
**Statement of financial position (continued)**  
**As at 31 December 2021**

(Unit: Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Bank overdrafts and short-term loans from financial institutions	13	90,725,310	91,432,933
Accounts payable - trust receipts	13	1,171,364,648	434,846,506
Trade and other payables	6, 14	482,600,543	110,812,564
Current portion of long-term loans	15	33,540,000	33,540,000
Derivatives liabilities	26.1	-	6,090,676
Other current liabilities	16	<u>127,162,150</u>	<u>11,302,342</u>
<b>Total current liabilities</b>		<u>1,905,392,651</u>	<u>688,025,021</u>
<b>Non-current liabilities</b>			
Long-term loans, net of current portion	15	120,928,000	154,468,000
Provision for long-term employee benefits	17	30,077,952	28,321,563
Other non-current liabilities		<u>2,281,343</u>	<u>2,304,415</u>
<b>Total non-current liabilities</b>		<u>153,287,295</u>	<u>185,093,978</u>
<b>Total liabilities</b>		<u>2,058,679,946</u>	<u>873,118,999</u>

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

**Varopakorn Public Company Limited**  
**Statement of financial position (continued)**  
**As at 31 December 2021**

(Unit: Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Shareholders' equity</b>			
Share capital			
Registered			
100,000,000 ordinary shares of Baht 5 each		<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid			
99,902,123 ordinary shares of Baht 5 each		499,510,615	499,510,615
Share premium		374,400,000	374,400,000
Retained earnings			
Appropriated - statutory reserve	18	50,000,000	50,000,000
Unappropriated (deficits)		<u>(143,449,285)</u>	<u>(147,322,806)</u>
<b>Total shareholders' equity</b>		<u>780,461,330</u>	<u>776,587,809</u>
<b>Total liabilities and shareholders' equity</b>		<u>2,839,141,276</u>	<u>1,649,706,808</u>
		-	-

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

.....  
Directors  
.....

**Varopakorn Public Company Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2021**

**1. General information**

**1.1 General information of the Company**

Varopakorn Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of semi-finished aluminium products and its registered address is 181 Soi Amorn, Nanglinchee Road, Yannawa, Bangkok. Its factory is located at 280 Moo 4, Sukhumvit Road Km.41.5, Tumbol Bangpoo-Mai, Amphur Muang, Samuthprakarn.

**1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

**2. Basis of preparation**

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

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

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

### **3. New financial reporting standards**

#### **3.1 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 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

#### **3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued a number of revised financial reporting standards, 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 standards, providing temporary reliefs or temporary exemptions for users.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

### **4. Significant accounting policies**

#### **4.1 Revenue and expense recognition**

##### *Sale of goods*

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

##### *Finance cost*

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

## 4.2 Government grants

Government grants is recognised where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to specific expenses is deferred and recognised in profit or loss on a systematic basis over the periods in which the Company recognise as expenses the related costs for which the grants are intended to compensate. Government grants related to assets is recognised as deferred income and then recognised in profit or loss over the useful life of the asset.

## 4.3 Cash and cash equivalents

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

## 4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the first-in, first-out basis and average cost basis) and net realisable value. The cost of inventories includes all production costs and attributable factory overheads.

Raw materials, factory supplies and spare parts are valued at the lower of cost (under the first-in, first-out basis) and net realisable value and are charged to production costs whenever consumed.

## 4.5 Property, plant and equipment / Depreciation

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

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

Factory buildings	-	20	years
Machinery and factory equipment	-	10 - 20	years
Furniture and office equipment	-	3 - 5	years
Motor vehicles	-	10	years

Depreciation is included in determining income.

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

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

#### 4.6 Borrowing costs

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

#### 4.7 Intangible assets

Intangible assets are recognised at cost. Following the initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses (if any).

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

The intangible assets with finite useful lives are listed below.

	<u>useful lives</u>	
License	10	years
Computer software	10	years

#### 4.8 Related party transactions

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

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

#### 4.9 Leases

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

## **The Company as a lessee**

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

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

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

#### **4.10 Foreign currencies**

The financial statements are presented in Baht, which is also the Company's functional currency.

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

Gains and losses on exchange are included in determining income.

#### **4.11 Impairment of non-financial assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

## **4.12 Employee benefits**

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

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

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

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

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

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

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

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

## **4.13 Income tax**

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

### **Current tax**

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

### **Deferred tax**

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

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

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

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

#### **4.14 Financial instruments**

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

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

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

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

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

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

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

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

### **Regular way purchases and sales of financial assets**

Regular way purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace are recognised on the trade date.

### **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset or the Company has transferred control of the asset.

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

### **Impairment of financial assets**

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

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

## **4.15 Derivatives**

The Company uses derivatives, such as forward currency contracts and commodity forward contracts, to hedge its foreign currency risks and commodity price risks, respectively.

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

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

#### **4.16 Fair value measurement**

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

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

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

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

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

At the end of each reporting period, the 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.

#### **4.17 Provisions**

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

### **5. 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 reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Net realisable value of inventories**

The management uses judgment to estimate the net realisable value of inventories based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of reporting date. In addition, the management makes judgment and estimates expected loss from stock obsolescence based upon past sales history, aging profile and the prevailing economic condition.

### **Property, plant and equipment/Depreciation**

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Deferred tax assets**

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

### **Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plan and other long-term employee benefit plans 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.

### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

## 6. Related party transactions

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

	<u>2021</u>	<u>2020</u>	(Unit: Million Baht) <u>Pricing policy</u>
<u>Transactions with related companies</u>			
Sales of goods	926	498	Cost plus margin
Purchases of raw material	6	9	At an agreed price
Purchases of supplies	1	-	At an agreed price
Technical assistance fee	3	3	As per agreement

The Company entered into a distribution agreement with related companies for the distribution of products to Japanese customers. In addition, the Company entered into a technical assistance agreement with Mitsubishi Aluminum Company Limited (a shareholder of the Company), as discussed in Note 24.2 to the financial statements.

The balances of the accounts as at 31 December 2021 and 2020 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
<b>Trade and other receivables - related parties (Note 8)</b>		
Related companies (related by shareholders)	237,512	162,803
Total trade and other receivables - related parties	<u>237,512</u>	<u>162,803</u>
<b>Trade and other payables - related parties (Note 14)</b>		
Related companies (related by shareholders)	597	245
Related companies (related by directors)	852	339
Total trade and other payables - related parties	<u>1,449</u>	<u>584</u>

### Directors and management's benefits

During the years ended 31 December 2021 and 2020, the Company had employee benefit expenses of their directors and management as below.

	(Unit: Million Baht)	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	10.4	9.2
Post-employment benefits	0.3	5.1
Total	<u>10.7</u>	<u>14.3</u>

## 7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Cash	198	191
Bank deposits	9,932	6,145
Total	<u>10,130</u>	<u>6,336</u>

As at 31 December 2021, bank deposits in saving accounts carried interests at 0.250 percent per annum (2020: between 0.125 and 0.250 percent per annum).

## 8. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	126,789	100,171
Past due		
Up to 3 months	110,723	62,632
Total trade receivables - related parties	<u>237,512</u>	<u>162,803</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	136,700	106,786
Past due		
Up to 3 months	139,692	17,328
Over 12 months	1,437	1,437
Total	<u>277,829</u>	<u>125,551</u>
Less: Allowance for expected credit losses	<u>(1,437)</u>	<u>(1,437)</u>
Total trade receivables - unrelated parties, net	<u>276,392</u>	<u>124,114</u>
Total trade receivables - net	<u>513,904</u>	<u>286,917</u>
<u>Other receivables</u>		
Other receivables - unrelated parties	<u>34</u>	<u>13</u>
Total other receivables	<u>34</u>	<u>13</u>
Total trade and other receivables - net	<u>513,938</u>	<u>286,930</u>

The normal credit terms is 30 to 60 days.

## 9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	191,210	76,815	-	(2,503)	191,210	74,312
Work in process	335,808	184,697	(1,693)	-	334,115	184,697
Raw materials	345,721	92,189	(3,283)	(1,408)	342,438	90,781
Spare parts and factory supplies	115,176	95,142	(14,893)	(14,893)	100,283	80,249
Goods in transit	<u>426,097</u>	<u>70,929</u>	<u>(414)</u>	<u>(1,053)</u>	<u>425,683</u>	<u>69,876</u>
Total	<u>1,414,012</u>	<u>519,772</u>	<u>(20,283)</u>	<u>(19,857)</u>	<u>1,393,729</u>	<u>499,915</u>

During the current year, the Company reduced cost of inventories by Baht 0.4 million (2020: Baht 2.3 million), to reflect the net realisable value. This was included in cost of sales.

## 10. Other current assets

(Unit: Thousand Baht)

	<u>2021</u>	<u>2020</u>
Input tax refundable	141,156	37,293
Deposit payment for goods	8,555	1,153
Others	<u>17,582</u>	<u>9,761</u>
Total other current assets	<u>167,293</u>	<u>48,207</u>

## 11. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Factory buildings	Machinery and factory equipment	Furniture and office equipment	Motor vehicles	Construction in progress and machinery under installation	Total
<b>Cost:</b>							
1 January 2020	40,312	161,256	2,639,495	25,506	26,179	157,076	3,049,824
Additions	-	-	1,872	694	-	12,100	14,666
Transfers	-	605	-	-	-	(605)	-
Disposal / Write off	-	-	(123,173)	-	(7,461)	-	(130,634)
31 December 2020	40,312	161,861	2,518,194	26,200	18,718	168,571	2,933,856
Additions	-	-	5,393	804	-	29,079	35,276
Transfers	-	2,383	18,443	-	-	(20,826)	-
Disposal / Write off	-	-	(7,564)	(3,967)	(35)	-	(11,566)
31 December 2021	40,312	164,244	2,534,466	23,037	18,683	176,824	2,957,566
<b>Accumulated depreciation:</b>							
1 January 2020	-	125,735	1,992,709	20,575	24,963	-	2,163,982
Depreciation for the year	-	3,889	88,374	1,980	500	-	94,743
Depreciation for disposal / write off	-	-	(121,625)	-	(7,461)	-	(129,086)
31 December 2020	-	129,624	1,959,458	22,555	18,002	-	2,129,639
Depreciation for the year	-	3,982	87,466	1,399	161	-	93,008
Depreciation for disposal / write off	-	-	(7,238)	(3,967)	(35)	-	(11,240)
31 December 2021	-	133,606	2,039,686	19,987	18,128	-	2,211,407
<b>Net book value:</b>							
As at 31 December 2020	40,312	32,237	558,736	3,645	716	168,571	804,217
As at 31 December 2021	40,312	30,638	494,780	3,050	555	176,824	746,159
<b>Depreciation for the year</b>							
2020 (Baht 92 million included in manufacturing cost, and the balance in selling and administrative expenses)							94,743
2021 (Baht 92 million included in manufacturing cost, and the balance in selling and administrative expenses)							93,008

As at 31 December 2021, certain items of building, machinery and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 1,078 million (2020: Baht 1,071 million).

The Company has mortgaged land with structures thereon and part of its machinery, with a total net book value as at 31 December 2021 amounting to approximately Baht 363 million (2020: Baht 364 million) to secure short-term loans, long-term loans and credit facilities from financial institutions.

## 12. Intangible assets

The net book value of intangible assets as at 31 December 2021 and 2020 is presented below.

	(Unit: Thousand Baht)		
	License	Computer software	Total
As at 31 December 2021			
Cost	7,735	5,617	13,352
Less: Accumulated amortisation	(7,050)	(4,669)	(11,719)
Net book value	<u>685</u>	<u>948</u>	<u>1,633</u>
As at 31 December 2020			
Cost	7,735	5,467	13,202
Less: Accumulated amortisation	(6,277)	(4,340)	(10,617)
Net book value	<u>1,458</u>	<u>1,127</u>	<u>2,585</u>

A reconciliation of the net book value of intangible assets for the years 2021 and 2020 is presented below.

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Net book value at beginning of year	2,585	3,361
Acquisition of computer software	150	354
Amortisation	(1,102)	(1,130)
Net book value at end of year	<u>1,633</u>	<u>2,585</u>

**13. Bank overdrafts and short-term loans from financial institutions / accounts payable - trust receipts**

(Unit: Thousand Baht)

	Interest rate (percent per annum)	2021	2020
<b><u>Bank overdrafts and short-term loans</u></b>			
<b><u>from financial institutions</u></b>			
Bank overdrafts	MOR	725	1,433
Promissory note	2.1 and 2.8	90,000	90,000
Total		<u>90,725</u>	<u>91,433</u>
<b><u>Accounts payable - trust receipts</u></b>			
Accounts payable - trust receipts	LIBOR/SIBOR plus a fixed rate	<u>1,171,365</u>	<u>434,847</u>

Credit facilities obtained from financial institutions are secured by the mortgage of the Company's land with structures thereon and part of its machinery, as discussed in Note 11 to the financial statements.

**14. Trade and other payables**

(Unit: Thousand Baht)

	<u>2021</u>	<u>2020</u>
Trade payables - related parties	234	339
Trade payables - unrelated parties	428,972	72,724
Other payables - related parties	1,215	245
Other payables - unrelated parties	20,551	9,566
Other payables for purchase of machineries	11,699	10,792
Accrued expenses	19,930	17,147
Total trade and other payables	<u>482,601</u>	<u>110,813</u>

## 15. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (percent per annum)	Repayment schedule	2021	2020
1	MLR - 2.25%	Monthly installments of Baht 0.7 million commencing from February 2019 within 72 months	17,268	25,608
2	3M THBFIX +1.85%	Monthly installments of Baht 2.1 million commencing from July 2020 within 84 months	137,200	162,400
Total			154,468	188,008
Less: Current portion			(33,540)	(33,540)
Long-term loans, net of current portion			120,928	154,468

Movements in the long-term loans account during the years ended 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	2021	2020
Beginning balance	188,008	213,888
Repayments	(33,540)	(25,880)
Ending balance	154,468	188,008

The loans are secured by the mortgage of the Company's land with structures thereon and part of its machinery as discussed in Note 11 to the financial statements.

The loan agreements contain certain covenants as specified in the agreements that, among other things, require the Company to maintain debt to equity ratio, debt service coverage ratio, and interest coverage ratio according to the specified ratio prescribed in the agreements.

As at 31 December 2021 and 2020, the Company could not maintain certain financial ratios as required in such loan agreements. However, the Company has already received the waive letter for the covenants from the bank, hence; there is no reclassification of the outstanding balance of such long-term loans as at 31 December 2021 and 2020.

## 16. Other current liabilities

	(Unit: Thousand Baht)	
	2021	2020
Advances received from customers	118,656	9,684
Others	8,506	1,618
Total other current liabilities	<u>127,162</u>	<u>11,302</u>

## 17. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employee after they retire from the Company and other long-term employee benefit plan, was as follows:

	(Unit: Thousand Baht)	
	2021	2020
<b>Provision for long-term employee benefits at beginning of year</b>	28,322	34,171
Included in profit or loss:		
Current service cost	2,424	2,316
Interest cost	158	145
Past service costs and losses on settlement	-	1,793
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	(387)
Financial assumptions changes	-	1,047
Experience adjustments	-	(2,430)
Benefits paid during the year	<u>(826)</u>	<u>(8,333)</u>
<b>Provision for long-term employee benefits at end of year</b>	<u>30,078</u>	<u>28,322</u>

The Company expects to pay Baht 20 million of long-term employee benefits during the next year (2020: Baht 1 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 4 years (2020: 4 years).

Significant actuarial assumptions are summarised below:

	2021	2020
	(% per annum)	(% per annum)
Discount rate	0.56	0.56
Salary increase rate	3.00	3.00
Turnover rate	0.00 - 50.00	0.00 - 50.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below:

	(Unit: Million Baht)			
	2021		2020	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(1)	1	(1)	1
Salary increase rate	1	(1)	1	(1)
Turnover rate	(1)	1	(1)	1

#### 18. Statutory reserve

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

#### 19. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Salary and wages and other employee benefits	135,108	108,045
Depreciation	93,008	94,743
Amortisation expenses	6,568	4,784
Repairs and maintenance expenses	50,861	31,502
Electricity and fuel	215,566	117,295
Raw materials and consumables used	2,260,650	752,336
Changes in inventories of finished goods and work in process	(265,507)	12,151

## 20. Income tax

Income tax for the years ended 31 December 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
<b>Current income tax:</b>		
Current income tax charge	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(1,029)	674
<b>Income tax expense (benefit) reported in profit or loss</b>	<u>(1,029)</u>	<u>674</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Deferred tax on actuarial gains	-	354

The reconciliation between accounting profit (loss) and income tax expenses (benefit) is shown below.

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Accounting profit (loss) before tax	2,845	(137,531)
Applicable tax rate	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	569	(27,506)
Previously recognised deferred tax assets which were unusable during the year	-	1,284
Effects of:		
Non-deductible expenses	210	925
Additional expense deductions allowed	(1,230)	(48)
Previously unrecognised tax losses that utilised in the current year	(578)	-
Tax losses unrecognised as deferred tax	-	26,019
Total	<u>(1,598)</u>	<u>26,896</u>
Income tax expense (benefit) reported in profit or loss	<u>(1,029)</u>	<u>674</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
<b>Deferred tax assets</b>		
Allowance for expected credit losses	287	287
Allowance for diminution in value of inventories	2,978	2,978
Deferred Income from government	456	461
Provision for long-term employee benefits	6,016	5,665
Total	<u>9,737</u>	<u>9,391</u>
<b>Deferred tax liabilities</b>		
Derivatives assets	755	-
Accumulated depreciation - machinery	7,345	8,783
Total	<u>8,100</u>	<u>8,783</u>
<b>Deferred tax assets - net</b>	<u><b>1,637</b></u>	<u><b>608</b></u>

As at 31 December 2021 the Company has unused tax losses totaling Baht 271 million (2020: Baht 294 million), on which deferred tax assets have not been recognised as the Company believes that future taxable profits may not be sufficient to allow utilisation of unused tax losses. The unused tax losses will expire within 2025.

## 21. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of aluminium sheet product and aluminium rolled product, pursuant to the investment promotion certificate No. 61-0139-1-00-1-0 issued on 3 January 2018. Subject to certain imposed conditions, the privileges include an exemption of import duty on imported machinery and raw materials and an exemption of corporate income tax from such promoted operations, totaling not over 100 percent of the investment amount, excluding the cost of land and working capital, for a period of 3 years from the date the promoted operations commenced generating revenues (not yet commenced operation).

## 22. Basic earnings per share

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

The following table sets forth the computation of basic earnings per share:

	<u>2021</u>	<u>2020</u>
Profit (loss) for the year (Thousand Baht)	3,874	(138,206)
Weighted average number of ordinary shares (shares)	99,902,123	99,902,123
Profit (loss) per share (Baht per share)	0.04	(1.38)

## 23. Segment information

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

The Company is principally engaged in the manufacture and distribution of semi-finished aluminium products. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profit (loss) and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment.

### ***Geographic information***

Revenue from external customers is based on locations of the customers.

	(Unit: Million Baht)	
	<u>2021</u>	<u>2020</u>
Revenue from external customers		
Thailand	1,367	696
Asia	606	290
Oceania	60	34
America	529	-
Europe	14	-
Total	<u>2,576</u>	<u>1,020</u>

## **Major customers**

For the year 2021, the Company has revenue derived from 2 major customers in amount of Baht 1,449 million (2020: revenue derived from 1 major customer in amount of Baht 498 million).

## **24. Commitments and contingent liabilities**

### **24.1 Capital and purchase of raw material commitments**

As at 31 December 2021, the Company had capital commitments relating to the purchases of machinery and equipment, and purchase of raw material commitments of approximately USD 34.4 million, Japanese Yen 5.1 million and Baht 1.1 million (2020: USD 8.8 million and Baht 0.5 million).

### **24.2 Technical assistance commitments**

On 27 December 2006, the Company entered into a 10-year technical assistance agreement with Mitsubishi Aluminum Company Limited (a shareholder of the Company), whereby it is to receive knowledge transfer in respect of production techniques for improvement of the efficiency and quality of production, including the manufacture of new products. Subsequently, on 27 January 2017, the Company entered into a new technical assistance agreement for a period of 5 years (27 January 2017 - 26 January 2022).

Under the agreement, the Company is to pay remuneration as follows:

- a. A fixed monthly royalty of Baht 0.25 million for the provision of two engineers, excluding their salaries and other benefits.
- b. A running royalty of 1.0% - 6.0% of net sales of new fin stock for heat exchangers products less costs of aluminum ingot and related procurement costs. This running royalty fee is paid semiannually.

### **24.3 Lease and service commitments**

As at 31 December 2021, the Company had the future minimum payments within 1 year under lease and service agreements totaled approximately Baht 2 million (2020: Baht 2 million).

### **24.4 Guarantees**

As at 31 December 2021, there were outstanding bank guarantees issued by the banks on behalf of the Company of approximately Baht 9.8 million (2020: Baht 9.8 million) to guarantee electricity use and Baht 18.4 million (2020: Baht 18.4 million) to guarantee tax refund that received before the completion of tax examination.

## 25. Fair value hierarchy

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

(Unit: Million Baht)

	2021			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	3.8	-	3.8

(Unit: Million Baht)

	2020			
	Level 1	Level 2	Level 3	Total
<b>Liabilities measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	6.1	-	6.1

## 26. Financial instruments

### 26.1 Derivatives

(Unit: Thousand Baht)

	<u>2021</u>	<u>2020</u>
<b>Derivative assets (liabilities)</b>		
Derivatives assets (liabilities) not designated as hedging instruments		
Foreign exchange forward contracts	3.8	(6.1)
<b>Total derivative assets (liabilities)</b>	<u>3.8</u>	<u>(6.1)</u>

#### Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 12 months.

## **26.2 Financial risk management objectives and policies**

The Company's financial instruments principally comprise cash and cash equivalents, trade and other receivables, bank overdrafts and short-term loans from financial institutions, accounts payable - trust receipts, trade and other payables, derivatives assets and liabilities and long-term loans from financial institutions. The financial risks associated with these financial instruments and how they are managed is described below.

### **Credit risk**

The Company is exposed to credit risk primarily with respect to trade accounts receivable and deposits with banks and financial institutions. the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

#### ***Trade receivables***

The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and sales to some oversea customers are required to pay a partial advance payment.

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

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

The Company manages the credit risk from balances with banks and financial institutions by making investments only with approved major counterparties to mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

### **Market risk**

There are three types of market risk comprising foreign currency risk, interest rate risk and commodity price risk. The Company's risk management policy is disclosed in the foreign currency risk, interest rate risk and commodity price risk topic, respectively.

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

The Company's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into foreign exchange forward contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2021 and 2020, The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2021 (Million)	2020 (Million)	2021 (Million)	2020 (Million)	2021 (Baht per 1 foreign currency unit)	2020 (Baht per 1 foreign currency unit)
US dollar	5	2	46	13	33.4199	30.0371

To manage the foreign currency risk exposure, the Company entered into foreign exchange forward contracts as summarised below.

As at 31 December	Foreign currency	Bought amount (Million)	Contractual exchange rate (Baht per 1 foreign currency unit)	Contractual maturity date
2021	US dollar	10	32.3400 - 33.7800	January 2022 - June 2022
2020	US dollar	6	30.0400 - 31.4375	February 2021 - July 2021

### ***Foreign currency sensitivity***

The following tables demonstrate the sensitivity of the Company's profit (loss) before tax to a reasonably possible change in US dollar exchange rate, with all other variables held constant. The impact on the Company's profit (loss) before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2021 and 2020.

Currency	2021		2020	
	Increase/Decrease (%)	Profit before tax increase (decrease) (Thousand Baht)	Increase/Decrease (%)	Loss before tax (increase) decrease (Thousand Baht)
US dollar	+1	(10,277)	+1	(1,491)
	-1	10,277	-1	1,491

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

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

The Company's exposure to interest rate risk relates primarily to its bank overdrafts and short-term loans from financial institutions, accounts payable - trust receipts, and long-term loans from financial institutions. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The details of bank overdrafts and short-term loans from financial institutions / accounts payable - trust receipts and long-term loans from financial institutions as at 31 December 2021 and 2020 are set out in Note 13 and 15 to the financial statements, respectively.

### ***Interest rate sensitivity***

The following table demonstrates the sensitivity of the Company's profit (loss) before tax to a reasonably possible change in interest rates on that portion of floating rate bank overdrafts, accounts payable - trust receipts and long-term loans from financial institutions affected as at 31 December 2021 and 2020.

Currency	2021		2020	
	Increase/Decrease	Profit before tax increase (decrease)	Increase/Decrease	Loss before tax (increase) decrease
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Baht	+1	(1,561)	+1	(1,880)
	-1	1,561	-1	1,880
US Dollar	+1	(11,735)	+1	(3,572)
	-1	11,735	-1	3,572

The above analysis has been prepared assuming that the amounts of bank overdrafts, accounts payable - trust receipts and long-term loans from financial institutions including all other variables remain constant over one year. Moreover, the floating legs of bank overdrafts, accounts payable - trust receipts and long-term loans from financial institutions are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest payable for the full 12-month period of the sensitivity calculation. This information is not a forecast or prediction of future market conditions and should be used with care.

### ***Commodity price risk***

The Company is exposed to risk of volatility in raw material prices and selling prices because the Company's major raw material is aluminum ingot, which is a commodity, and the selling prices are determined based on such raw material prices. In managing the risk, the Company has entered into short-term commodity swap agreements with commercial banks. As at 31 December 2021 and 2020, the Company had no outstanding commodity swap agreements.

## Liquidity risk

The Company monitors the risk of a shortage of liquidity through the use of bank overdrafts, loans from financial institutions and accounts payable - trust receipts. The Company has policy to use bank overdrafts and short-term loans from financial institutions to maintain the Company's working capital within the facilities approved by the financial institutions and reviewed by the Company's management. For accounts payable - trust receipts, the period of maturity is consistent with the period of receiving payments from trade receivables. The Company has assessed the concentration of risk with respect to refinancing its debt and determined it to be low. The Company has access to a sufficient variety of sources of funding and the management believes that if necessary, an existing lender will agree that debts maturing within 12 months can be rolled over.

The table below summarises the maturity profile of the Company's non-derivative financial liabilities and derivative financial instruments as at 31 December 2021 and 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	2021				Total
	On demand	Less than 1 year	1 to 5 years	> 5 years	
<b>Non-derivatives</b>					
Bank overdraft	725	-	-	-	725
Short-term loans from financial institutions	-	92,550	-	-	92,550
Account payable - trust receipts	-	1,176,251	-	-	1,176,251
Trade and other payables	-	482,601	-	-	482,601
Long-term loans	-	36,916	115,769	11,269	163,954
<b>Total non-derivatives</b>	<b>725</b>	<b>1,788,318</b>	<b>115,769</b>	<b>11,269</b>	<b>1,916,081</b>

(Unit: Thousand Baht)

	2020				Total
	On demand	Less than 1 year	1 to 5 years	> 5 years	
<b>Non-derivatives</b>					
Bank overdraft	1,433	-	-	-	1,433
Short-term loans from financial institutions	-	90,359	-	-	90,359
Account payable - trust receipts	-	436,813	-	-	436,813
Trade and other payables	-	110,813	-	-	110,813
Long-term loans	-	37,467	126,184	36,993	200,644
<b>Total non-derivatives</b>	<b>1,433</b>	<b>675,452</b>	<b>126,184</b>	<b>36,993</b>	<b>840,062</b>
<b>Derivatives</b>					
Derivative liabilities: net settled	-	6,091	-	-	6,091
<b>Total derivatives</b>	<b>-</b>	<b>6,091</b>	<b>-</b>	<b>-</b>	<b>6,091</b>

### 26.3 Fair values of financial instruments

Most of the Company's financial instruments are classified as short-term or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments is estimated to approximate their fair value.

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

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

### 27. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2021, the Company's debt-to-equity ratio was 2.64:1 (2020: 1.12:1).

### 28. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2022.