

Varopakorn Public Company Limited  
Report and financial statements  
31 December 2022

## **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 2022, 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 2022, 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 including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

## **Emphasis of Matters**

I draw attention to Note 4 to the financial statements. the Company changed an accounting policy regarding the recognition of property, plant and equipment accounts for land, from cost method to revaluation method. For changes in the accounting policy, the Company has adopted TAS 8, which the revaluation of assets is in accordance with TAS 16 Property, plant and equipment, with no requirements to apply the new accounting policy retrospectively to the prior period's financial statements. Therefore, the prospective method has been applied. The changes in accounting policy resulted in the increases in property, plant and equipment, deferred tax liabilities and other components of shareholders' equity relating to surplus on revaluation of assets presented in the statement of financial position as of 31 December 2022 amounting to Baht 196 million, Baht 39 million and Baht 157 million, respectively, as well as the increase in change in surplus on revaluation of assets (net of income tax) presented in the statement of comprehensive income for the year ended 31 December 2022 amounting to Baht 157 million. My opinion is not qualified in respect of this matter.

## **Key Audit Matters**

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

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

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 10 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: 24 February 2023

**Varopakorn Public Company Limited****Statement of financial position****As at 31 December 2022**

		(Unit: Baht)	
	<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	8	44,862,267	10,129,688
Trade and other receivables	7, 9	506,842,098	513,938,446
Inventories	10	819,699,896	1,393,729,307
Derivatives assets	28.1	-	3,773,106
Other current assets	11	66,853,334	167,292,642
<b>Total current assets</b>		<u>1,438,257,595</u>	<u>2,088,863,189</u>
<b>Non-current assets</b>			
Restricted bank deposits		400,000	-
Property, plant and equipment	12	895,925,317	746,159,241
Intangible assets	13	1,222,910	1,632,713
Deferred tax assets	22	-	1,636,633
Other non-current assets		509,500	849,500
<b>Total non-current assets</b>		<u>898,057,727</u>	<u>750,278,087</u>
<b>Total assets</b>		<u>2,336,315,322</u>	<u>2,839,141,276</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 2022**

(Unit: Baht)

	<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Bank overdrafts and short-term loans from			
financial institutions	14	225,068,888	90,725,310
Accounts payable - trust receipts	14	733,750,761	1,171,364,648
Trade and other payables	7, 15	272,170,725	482,600,543
Current portion of lease liabilities		875,444	-
Current portion of long-term loans	16	33,540,000	33,540,000
Derivatives liabilities	28.1	24,787,426	-
Other current liabilities	17	<u>8,942,626</u>	<u>127,162,150</u>
<b>Total current liabilities</b>		<u>1,299,135,870</u>	<u>1,905,392,651</u>
<b>Non-current liabilities</b>			
Lease liabilities, net of current portion		3,647,758	-
Long-term loans, net of current portion	16	87,388,000	120,928,000
Provision for long-term employee benefits	18	30,127,423	30,077,952
Deferred tax liabilities	22	35,643,667	-
Other non-current liabilities		<u>1,913,884</u>	<u>2,281,343</u>
<b>Total non-current liabilities</b>		<u>158,720,732</u>	<u>153,287,295</u>
<b>Total liabilities</b>		<u>1,457,856,602</u>	<u>2,058,679,946</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 2022**

		(Unit: Baht)	
	<u>Note</u>	<u>2022</u>	<u>2021</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	19	50,000,000	50,000,000
Unappropriated (deficits)		(202,242,555)	(143,449,285)
Other component of shareholders' equity	20	<u>156,790,660</u>	<u>-</u>
<b>Total shareholders' equity</b>		<u>878,458,720</u>	<u>780,461,330</u>
<b>Total liabilities and shareholders' equity</b>		<u>2,336,315,322</u>	<u>2,839,141,276</u>
		-	-

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

Directors

**Varopakorn Public Company Limited**  
**Statement of comprehensive income**  
**For the year ended 31 December 2022**

		(Unit: Baht)	
	<u>Note</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>			
Sales		3,754,757,041	2,575,822,823
Other income			
Gain on derivatives revaluation		-	3,773,106
Others		8,076,865	7,953,336
<b>Total revenues</b>		<u>3,762,833,906</u>	<u>2,587,549,265</u>
<b>Expenses</b>			
Cost of sales		3,658,194,014	2,458,696,412
Selling and distribution expenses		41,131,608	33,899,622
Administrative expenses		55,017,767	51,856,639
Loss on exchange		6,084,172	23,763,301
Loss on derivatives revaluation		24,787,426	-
<b>Total expenses</b>		<u>3,785,214,987</u>	<u>2,568,215,974</u>
<b>Operating profit (loss)</b>		(22,381,081)	19,333,291
Finance cost		(38,329,553)	(16,488,392)
<b>Profit (loss) before income tax</b>		(60,710,634)	2,844,899
Income tax benefit	22	1,917,364	1,028,622
<b>Profit (loss) for the year</b>		<u>(58,793,270)</u>	<u>3,873,521</u>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Changes in surplus on revaluation of assets - net of income tax	4	156,790,660	-
Total other comprehensive income not to be reclassified to profit or loss in subsequent periods		156,790,660	-
<b>Other comprehensive income for the year</b>		<u>156,790,660</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>97,997,390</u></u>	<u><u>3,873,521</u></u>
<b>Basic earnings per share</b>			
Profit (loss) for the year	24	<u>(0.59)</u>	<u>0.04</u>

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

Varopakorn Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2022

(Unit: Baht)

	Issued and paid-up share capital		Retained earnings		Other component of shareholders' equity	Total
			Appropriated - statutory reserve	Unappropriated (deficits)	Other	
					comprehensive income	
	Share premium			Surplus on revaluation of assets		
<b>Balance as at 1 January 2021</b>	499,510,615	374,400,000	50,000,000	(147,322,806)	-	776,587,809
Profit for the year	-	-	-	3,873,521	-	3,873,521
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	3,873,521	-	3,873,521
<b>Balance as at 31 December 2021</b>	<u>499,510,615</u>	<u>374,400,000</u>	<u>50,000,000</u>	<u>(143,449,285)</u>	-	<u>780,461,330</u>
						-
<b>Balance as at 1 January 2022</b>	499,510,615	374,400,000	50,000,000	(143,449,285)	-	780,461,330
Loss for the year	-	-	-	(58,793,270)	-	(58,793,270)
Other comprehensive income for the year (Note 20)	-	-	-	-	156,790,660	156,790,660
Total comprehensive income for the year	-	-	-	(58,793,270)	156,790,660	97,997,390
<b>Balance as at 31 December 2022</b>	<u>499,510,615</u>	<u>374,400,000</u>	<u>50,000,000</u>	<u>(202,242,555)</u>	<u>156,790,660</u>	<u>878,458,720</u>

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

**Varopakorn Public Company Limited****Cash flow statement****For the year ended 31 December 2022**

	(Unit: Baht)	
	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	(60,710,634)	2,844,899
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	96,701,596	94,110,554
Reduction of inventory cost to net realisable value (Reversal)	(2,842,052)	426,038
Gain on disposal of machinery and equipment	(467,365)	(183,545)
Unrealised exchange (gain) loss	(16,290,493)	7,766,264
Loss (gain) on derivatives revaluation	24,787,426	(3,773,106)
Income from government grants	(367,459)	(453,071)
Finance cost	38,329,553	16,488,392
Provision for long-term employee benefits	<u>2,881,515</u>	<u>2,582,156</u>
Profit from operating activities before changes in operating assets and liabilities	82,022,087	119,808,581
Operating assets (increase) decrease		
Trade and other receivables	35,334	(226,710,445)
Inventories	576,871,463	(894,240,407)
Other current assets	104,212,414	(119,086,095)
Other non-current assets	340,000	60,000
Operating liabilities increase (decrease)		
Trade and other payables	(211,675,700)	371,228,951
Other current liabilities	(118,219,524)	109,769,132
Cash paid for employee benefits	(2,832,044)	(825,767)
Other non-current liabilities	<u>-</u>	<u>429,999</u>
Cash flows from (used in) operating activities	430,754,030	(639,566,051)
Cash paid for interest expenses	<u>(38,198,286)</u>	<u>(16,508,430)</u>
<b>Net cash flows from (used in) operating activities</b>	<u>392,555,744</u>	<u>(656,074,481)</u>

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

**Varopakorn Public Company Limited****Cash flow statement (continued)****For the year ended 31 December 2022**

	(Unit: Baht)	
	<u>2022</u>	<u>2021</u>
<b>Cash flows from investing activities</b>		
Increase in restricted bank deposits	-400,000	-
Acquisition of machinery and equipment	(44,845,005)	(35,276,437)
Acquisition of intangible assets	(459,750)	(150,000)
Proceeds from sales of machinery and equipment	<u>542,776</u>	<u>509,631</u>
<b>Net cash flows used in investing activities</b>	<u>(45,161,979)</u>	<u>(34,916,806)</u>
<b>Cash flows from financing activities</b>		
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	134,343,578	(707,623)
Increase (decrease) in accounts payable - trust receipts	(413,147,966)	729,032,668
Payment of lease liabilities	(316,798)	-
Repayment of long-term loans	<u>(33,540,000)</u>	<u>(33,540,000)</u>
<b>Net cash flows from (used in) financing activities</b>	<u>(312,661,186)</u>	<u>694,785,045</u>
<b>Net increase in cash and cash equivalents</b>	34,732,579	3,793,758
Cash and cash equivalents at beginning of year	<u>10,129,688</u>	<u>6,335,930</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>44,862,267</u></u>	<u><u>10,129,688</u></u>
	-	-
<b>Supplemental cash flows information</b>		
Non-cash items		
Acquisitions of asset under lease agreement	4,840,000	-

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

**Varopakorn Public Company Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2022**

**1. General information**

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.

**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 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

### 3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2023

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 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

### 4. Changes in accounting policy relating to the valuation of land from cost method to revaluation method

During the year, the Company reviewed and changed an accounting policy regarding the recognition of property, plant and equipment accounts for land, from cost method to revaluation method to reflect appropriate present value in the financial statement.

For changes in the accounting policy, the Company has adopted TAS 8, which the revaluation of assets is in accordance with TAS 16 Property, plant and equipment, with no requirements to apply the new accounting policy retrospectively to the prior period's financial statements. Therefore, the prospective method has been applied.

The impacts of changes in accounting policy on the statements of financial position as at 31 December 2022 and the statement of comprehensive income for the year then ended are presented as follows:

	(Unit: Thousand Baht)
	<u>As at 31 December 2022</u>
<b>Statement of financial position:</b>	
Increase in property, plant and equipment	195,988
Increase in deferred tax liabilities	39,197
Increase in other component of shareholders' equity	156,791
	(Unit: Thousand Baht)
	<u>For the year ended</u>
	<u>31 December 2022</u>
<b>Statement of comprehensive income:</b>	
<b>Other comprehensive income</b>	
Increase in changes in surplus on revaluation of assets (net of income tax)	156,791



## **5. Significant accounting policies**

### **5.1 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.

### **5.2 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 that 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.

### **5.3 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.

### **5.4 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.

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

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

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Company's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation surplus". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus" in respect of the same asset.

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	-	5 - 20	years
Furniture and office equipment	-	3 - 10	years
Motor vehicles	-	10	years

Depreciation is included in determining income.

No depreciation is provided on 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.

## **5.6 Borrowing costs**

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

## **5.7 Intangible assets**

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.

License	10	years
Computer software	10	years

## **5.8 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.

## **5.9 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.

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

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

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

Machinery and equipment	5	years
Motor vehicles	5	years

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

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

### ***Lease liabilities***

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

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

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

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

## **5.10 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.

## **5.11 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. However, in cases where land was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

## **5.12 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. 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.

### **5.13 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.

### **5.14 Income tax**

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

#### **Current tax**

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

#### **Deferred tax**

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

The 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.

### **5.15 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**

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**

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.

### **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.

### **5.16 Derivatives**

The Company uses derivatives, such as forward currency contracts and commodity swap agreements, 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.

### **5.17 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The 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.

## **6. 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.

The Company measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

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.

## 7. 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>2022</u>	<u>2021</u>	(Unit: Million Baht) <u>Pricing policy</u>
<u>Transactions with related companies</u>			
Sales of goods	1,066	926	Cost plus margin
Purchases of supplies	1	1	At an agreed price
Technical assistance fee	-	3	As per agreement

The Company entered into a distribution agreement with related companies for the distribution of products to Japanese customers. Commercial terms are as stipulated in the agreement.

The balances of the accounts as at 31 December 2022 and 2021 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
<b>Trade and other receivables - related parties (Note 9)</b>		
Related companies (related by shareholders)	231,414	237,512
Total trade and other receivables - related parties	<u>231,414</u>	<u>237,512</u>
<b>Trade and other payables - related parties (Note 15)</b>		
Related companies (related by shareholders and directors)	50	1,215
Total trade and other payables - related parties	<u>50</u>	<u>1,215</u>

#### Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Company had employee benefit expenses of their directors and management as below.

	(Unit: Million Baht)	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	10.8	10.4
Post-employment benefits	0.2	0.3
Total	<u>11.0</u>	<u>10.7</u>

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

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Cash	244	198
Bank deposits	44,618	9,932
Total	<u>44,862</u>	<u>10,130</u>

As at 31 December 2022, bank deposits in saving accounts carried interests at 0.25 percent per annum (2021: 0.25 percent per annum).

## 9. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	153,052	126,789
Past due		
Up to 3 months	78,362	110,723
Total trade receivables - related parties	<u>231,414</u>	<u>237,512</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	200,639	136,700
Past due		
Up to 3 months	71,992	139,692
3 - 6 months	2,784	-
Over 12 months	1,437	1,437
Total	<u>276,852</u>	<u>277,829</u>
Less: Allowance for expected credit losses	<u>(1,437)</u>	<u>(1,437)</u>
Total trade receivables - unrelated parties, net	<u>275,415</u>	<u>276,392</u>
Total trade receivables - net	<u>506,829</u>	<u>513,904</u>
<u>Other receivables</u>		
Other receivables - unrelated parties	<u>13</u>	<u>34</u>
Total other receivables	<u>13</u>	<u>34</u>
Total trade and other receivables - net	<u>506,842</u>	<u>513,938</u>

The normal credit term is 30 to 60 days.

## 10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Finished goods	157,266	191,210	(720)	-	156,546	191,210
Work in process	373,156	335,808	(1,166)	(1,693)	371,990	334,115
Raw materials	48,849	345,721	(897)	(3,283)	47,952	342,438
Spare parts and factory supplies	107,063	115,176	(14,658)	(14,893)	92,405	100,283
Goods in transit	150,807	426,097	-	(414)	150,807	425,683
Total	<u>837,141</u>	<u>1,414,012</u>	<u>(17,441)</u>	<u>(20,283)</u>	<u>819,700</u>	<u>1,393,729</u>

During the current year, the Company reversed the write-down of cost of inventories by Baht 2.8 million and reduced the amount of inventories recognised as expenses during the year (2021: the Company reduced cost of inventories by Baht 0.4 million to reflect the net realisable value. This was included in cost of sales).

## 11. Other current assets

(Unit: Thousand Baht)

	<u>2022</u>	<u>2021</u>
Input tax refundable	50,795	141,156
Deposit payment for goods	7,961	8,555
Others	8,097	17,582
Total other current assets	<u>66,853</u>	<u>167,293</u>

## 12. Property, plant and equipment

(Unit: Thousand Baht)

	Revaluation basis		Cost basis					Construction in progress and machinery under installation	Total
	Land	Factory buildings	Machinery and factory equipment	Furniture and office equipment	Motor vehicles	Right-of-use assets			
<b>Cost / Revalued amount:</b>									
1 January 2021	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	
Additions	-	-	13,093	603	-	5,320	30,669	49,685	
Transfers	-	4,707	177,517	-	-	-	(182,224)	-	
Disposal / Write off	-	-	(59,041)	(1,104)	(2,604)	-	-	(62,749)	
Revaluations	195,988	-	-	-	-	-	-	195,988	
31 December 2022	236,300	168,951	2,666,035	22,536	16,079	5,320	25,269	3,140,490	
<b>Accumulated depreciation:</b>									
1 January 2021	-	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	
Depreciation for the year	-	4,295	89,796	1,507	152	82	-	95,832	
Depreciation for disposal / write off	-	-	(58,966)	(1,104)	(2,604)	-	-	(62,674)	
31 December 2022	-	137,901	2,070,516	20,390	15,676	82	-	2,244,565	
<b>Net book value:</b>									
As at 31 December 2021	40,312	30,638	494,780	3,050	555	-	176,824	746,159	
As at 31 December 2022	236,300	31,050	595,519	2,146	403	5,238	25,269	895,925	
<b>Depreciation for the year</b>									
2021 (Baht 92 million included in manufacturing cost, and the balance in selling and administrative expenses)								93,008	
2022 (Baht 94 million included in manufacturing cost, and the balance in selling and administrative expenses)								95,832	

The Company arranged for an independent professional valuer to appraise the value of land by using the market approach in 2022.

Key assumptions used in the valuation are summarised below:

		Result to fair value whereas an increase in assumption value
Price per square wah (Baht)	17,000	<u>Increase in fair value</u>

Had the land been carried in the financial statements on a historical cost basis, their net book value as of 31 December 2022 would have been as follows:

	(Unit: Thousand Baht)
	<u>2022</u>
Land	40,312

As at 31 December 2022, 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 1,037 million (2021: Baht 1,078 million).

The Company has mortgaged land with structures thereon and part of its machinery, with a total net book value as at 31 December 2022 amounting to approximately Baht 629 million (2021: Baht 516 million) to secure short-term loans, long-term loans and credit facilities from financial institutions.

### 13. Intangible assets

The net book value of intangible assets as at 31 December 2022 and 2021 is presented below.

	(Unit: Thousand Baht)		
	License	Computer software	Total
As at 31 December 2022			
Cost	7,735	6,077	13,812
Less: Accumulated amortisation	(7,514)	(5,075)	(12,589)
Net book value	<u>221</u>	<u>1,002</u>	<u>1,223</u>
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>

A reconciliation of the net book value of intangible assets for the years 2022 and 2021 is presented below.

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Net book value at beginning of year	1,633	2,585
Acquisition of computer software	460	150
Amortisation	(870)	(1,102)
Net book value at end of year	<u>1,223</u>	<u>1,633</u>

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

		(Unit: Thousand Baht)	
	Interest rate (percent per annum)	<u>2022</u>	<u>2021</u>
<b><u>Bank overdrafts and short-term loans</u></b>			
<b><u>from financial institutions</u></b>			
Bank overdrafts	MOR	35,069	725
Promissory note	2.4 - 4.2	190,000	90,000
Total		<u>225,069</u>	<u>90,725</u>
<b><u>Accounts payable - trust receipts</u></b>			
Accounts payable - trust receipts	LIBOR/SIBOR plus a fixed rate	<u>733,751</u>	<u>1,171,365</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 12 to the financial statements.

**15. Trade and other payables**

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Trade payables - unrelated parties	220,288	429,206
Other payables - related parties	50	1,215
Other payables - unrelated parties	9,265	20,551
Other payables for purchase of machinery	10,569	11,699
Accrued expenses	31,999	19,930
Total trade and other payables	<u>272,171</u>	<u>482,601</u>



## 16. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (percent per annum)	Repayment schedule	2022	2021
1	MLR - 2.25%	Monthly installments of Baht 0.7 million commencing from February 2019 within 72 months	8,928	17,268
2	3M THBFIX +1.85%	Monthly installments of Baht 2.1 million commencing from July 2020 within 84 months	112,000	137,200
Total			120,928	154,468
Less: Current portion			(33,540)	(33,540)
Long-term loans, net of current portion			87,388	120,928

Movements in the long-term loans account during the years ended 31 December 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	2022	2021
Beginning balance	154,468	188,008
Repayments	(33,540)	(33,540)
Ending balance	120,928	154,468

The loans are secured by the mortgage of the Company's land with structures thereon and part of its machinery as discussed in Note 12 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 2022 and 2021, 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 2022 and 2021.

## 17. Other current liabilities

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Advances received from customers	6,663	118,656
Others	2,280	8,506
Total other current liabilities	<u>8,943</u>	<u>127,162</u>

## 18. 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)	
	<u>2022</u>	<u>2021</u>
<b>Provision for long-term employee benefits at beginning of year</b>	30,078	28,322
Included in profit or loss:		
Current service cost	2,712	2,424
Interest cost	169	158
Benefits paid during the year	<u>(2,832)</u>	<u>(826)</u>
<b>Provision for long-term employee benefits at end of year</b>	<u>30,127</u>	<u>30,078</u>

The Company expects to pay Baht 2 million of long-term employee benefits during the next year (2021: Baht 20 million).

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefit is 4 years (2021: 4 years).

Significant actuarial assumptions are summarised below:

	<u>2022</u>	<u>2021</u>
	(% 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 2022 and 2021 are summarised below:

	(Unit: Million Baht)			
	2022		2021	
	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

## 19. 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.

## 20. Surplus on revaluation of assets

This represents surplus arising from revaluation of land.

	(Unit: Thousand Baht)
	<u>2022</u>
Balance at beginning of year	-
Revaluation	156,791
Balance at end of year	<u>156,791</u>

The surplus on revaluation of assets can neither be offset against deficit nor used for dividend payment.

## 21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Salary and wages and other employee benefits	143,797	135,108
Depreciation	95,832	93,008
Amortisation expenses	870	1,102
Repairs and maintenance expenses	50,087	50,861
Electricity and fuel	284,891	215,566
Raw materials and consumables used	3,121,646	2,266,116
Changes in inventories of finished goods and work in process	(3,404)	(265,507)

## 22. Income tax

Income tax for the years ended 31 December 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
<b>Current income tax:</b>		
Current income tax charge	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	<u>(1,917)</u>	<u>(1,029)</u>
<b>Income tax benefit reported in profit or loss</b>	<u><u>(1,917)</u></u>	<u><u>(1,029)</u></u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Deferred tax on gain from revaluation of land	<u>39,197</u>	<u>-</u>

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

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
Accounting profit (loss) before tax	<u>(60,711)</u>	<u>2,845</u>
Applicable tax rate	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(12,142)	569
Previously unrecognised tax losses that reduced current income tax expense	-	(578)
Tax losses unrecognised during the year	5,343	-
Effects of:		
Non-deductible expenses	4,615	210
Additional expense deductions allowed	(18)	(1,230)
Others	285	-
Total	<u>4,882</u>	<u>(1,020)</u>
Income tax benefit reported in profit or loss	<u><u>(1,917)</u></u>	<u><u>(1,029)</u></u>

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

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
<b>Deferred tax assets</b>		
Allowance for expected credit losses	287	287
Allowance for diminution in value of inventories	2,932	2,978
Deferred Income from government	383	456
Provision for long-term employee benefits	6,025	6,016
Total	<u>9,627</u>	<u>9,737</u>
<b>Deferred tax liabilities</b>		
Derivatives assets	8	755
Accumulated depreciation - machinery	5,922	7,345
Lease liabilities	143	-
Surplus from revaluation of land	39,197	-
Total	<u>45,270</u>	<u>8,100</u>
<b>Deferred tax assets (liabilities) - net</b>	<b><u>(35,643)</u></b>	<b><u>1,637</u></b>

As at 31 December 2022 the Company has unused tax losses totaling Baht 253 million (2021: Baht 271 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 2027.

### 23. 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).

## 24. 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>2022</u>	<u>2021</u>
Profit (loss) for the year (Thousand Baht)	(58,793)	3,874
Weighted average number of ordinary shares (shares)	99,902,123	99,902,123
Earnings (loss) per share (Baht per share)	(0.59)	0.04

## 25. 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>2022</u>	<u>2021</u>
Revenue from external customers		
Thailand	1,452	1,367
Asia	1,097	606
Oceania	89	60
America	1,045	529
Europe	72	14
Total	<u>3,755</u>	<u>2,576</u>

## Major customers

For the year 2022, the Company has revenue derived from 2 major customers in amount of Baht 1,066 million and Baht 1,017 million (2021: revenue derived from 2 major customers in amount of Baht 926 million and Baht 523 million).

## 26. Commitments and contingent liabilities

### 26.1 Capital and purchase of raw material commitments

As at 31 December 2022, the Company had capital commitments relating to the purchases of machinery and equipment, and purchase of raw material commitments of approximately USD 6.1 million (2021: USD 34.4 million, Japanese Yen 5.1 million and Baht 1.1 million).

### 26.2 Guarantees

As at 31 December 2022, there were outstanding bank guarantees issued by the banks on behalf of the Company of approximately Baht 10.2 million (2021: Baht 9.8 million) to guarantee electricity use and Baht 18.4 million (2021: Baht 18.4 million) to guarantee tax refund that received before the completion of tax examination.

As at 31 December 2022, the Company has pledged bank deposits amounting to Baht 0.4 million as collateral to secure bank guarantees.

## 27. Fair value hierarchy

As at 31 December 2022 and 2021, the Company had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)			
	2022			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Derivatives				
Commodity swap agreements	-	40	-	40
Land	-	-	236,300	236,300
<b>Liabilities measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	24,827	-	24,827

  

	(Unit: Thousand Baht)			
	2021			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	3,773	-	3,773

## 28. Financial instruments

### 28.1 Derivatives

	(Unit: Thousand Baht)	
	<u>2022</u>	<u>2021</u>
<b>Derivative assets (liabilities)</b>		
Derivatives assets (liabilities) not designated as hedging instruments		
Commodity swap agreements	40	-
Foreign exchange forward contracts	<u>(24,827)</u>	<u>3,773</u>
<b>Total derivative assets (liabilities)</b>	<u><u>(24,787)</u></u>	<u><u>3,773</u></u>

#### **Derivatives not designated as hedging instruments**

The Company uses foreign exchange forward contracts and commodity swap agreement to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions and risk from volatility in prices of raw materials, resgenerally from 1 to 12 months.

### 28.2 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade receivables, bank overdrafts and short-term loans from financial institutions, accounts payable - trust receipts, trade and other payables, derivatives 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 2022 and 2021, The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	6	5	20	46	34.5624	33.4199

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	Contractual exchange rate	Contractual maturity date
		(Million)	(Baht per 1 foreign currency unit)	
2022	US dollar	13	34.0200 - 37.7200	January 2023 - July 2023
2021	US dollar	10	32.3400 - 33.7800	January 2022 - June 2022

### *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 2022 and 2021. The Company's exposure to foreign currency changes for all other currencies is not material.

Currency	2022		2021	
	Increase/Decrease	Loss before tax	Increase/Decrease	Profit before tax
		(increase) decrease		increase (decrease)
(%)	(Thousand Baht)	(%)	(Thousand Baht)	
US dollar	+1	(413)	+1	(10,277)
	-1	413	-1	10,277

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 2022 and 2021 are set out in Note 14 and 16 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 2022 and 2021.

Currency	2022		2021	
	Increase/Decrease	Loss before tax	Increase/Decrease	Profit before tax
		(increase) decrease		increase (decrease)
(%)	(Thousand Baht)	(%)	(Thousand Baht)	
Baht	+1	(3,277)	+1	(1,561)
	-1	3,277	-1	1,561
US Dollar	+1	(5,267)	+1	(11,735)
	-1	5,267	-1	11,735

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.

The Company's outstanding commodity swap agreements are as follows:

	<u>Commodity swap agreements</u>	<u>Quantity</u>	<u>Maturity</u>
		(Tons)	
31 December 2022	Floating price to fixed price swap	200	January 2023

### **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. In addition, the period of maturity of accounts payable - trust receipts 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 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	2022				Total
	On demand	Less than 1 year	1 to 5 years	> 5 years	
	<b>Non-derivatives</b>				
Bank overdraft	35,069	-	-	-	35,069
Short-term loans from financial institutions	-	191,686	-	-	191,686
Account payable - trust receipts	-	771,144	-	-	771,144
Trade and other payables	-	272,171	-	-	272,171
Long-term loans	-	36,072	90,979	-	127,051
<b>Total non-derivatives</b>	<b>35,069</b>	<b>1,271,073</b>	<b>90,979</b>	<b>-</b>	<b>1,397,121</b>
<b>Derivatives</b>					
Derivative liabilities: net settled	-	24,827	-	-	24,827
<b>Total derivatives</b>	<b>-</b>	<b>24,827</b>	<b>-</b>	<b>-</b>	<b>24,827</b>

(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>

### **28.3 Fair values of financial instruments**

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

The 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 and commodity yield curves.

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

### **29. 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 and meets financial covenants attached to the loan agreements.

As at 31 December 2022, the Company's debt-to-equity ratio was 1.66:1 (2021: 2.64:1).

### **30. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2023.