

Crown Seal Public Company Limited
Notes to financial statements
For the year ended 31 December 2021

1. General information

Crown Seal Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Nippon Closures Co., Ltd., which was incorporated in Japan and in a group of Toyo Seikan Group Holdings, Ltd.. The Company is principally engaged in the manufacture and sale of caps for bottles and the hire of printing sheets for can. The registered office of the Company is at 5 Soi Rangsit - Nakhon Nayok 46, Tambon Prachatipat, Amphur Thanyaburi, Pathum Thani.

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

a) 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.

b) 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

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyers. Sales are the invoiced value, excluding value added tax of goods supplied after deducting discounts and allowances.

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Rental income is recognised as income using the straight-line basis over the term of the lease agreement.

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends are recognised when the right to receive the dividends is established.

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

4.2 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.

4.3 Inventories

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

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.4 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in the income statement when incurred.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement in the period when the asset is derecognised.

4.5 Property, plant and equipment/Depreciation

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

Land are 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 on assets". 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 the income statement. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in the "Revaluation surplus on assets" in respect of the same assets.

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

Buildings and building improvements	3 - 20 years
Machinery and equipment	3 - 15 years
Furniture, fixtures, office equipment and motor vehicles	3 - 5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets 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 the income statement when the asset is derecognised.

4.6 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and 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 the income statement.

A summary of the intangible assets with finite useful lives is as follows.

	<u>Useful lives</u>
Computer software	3 and 5 years

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

4.8 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.

4.8.1 The Company as a lessee

The Company applied a single recognition and measurement approach for all leases. 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.

Buildings	1 - 2 years
Motor vehicles	1 - 5 years
Equipment	3 - 4 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.

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.

4.8.2 The Company as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.9 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.

4.10 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment, right-of-use assets, investment properties 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.

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.

4.11 Employee benefits

Short-term employee benefits

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

Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred. In addition, the Company has contributions for provident fund made before the Provident Fund Act B.E. 2530 was effective. The Company manages this fund itself and will pay it to the employees upon their terminations.

Post-employment 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 based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits (Defined benefit plans) are recognised immediately in other comprehensive income and for other long-term benefits are recognised immediately in the income statement.

4.12 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.

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 they recognise 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

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 the income statement when the asset is derecognised, modified or impaired.

Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Company can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the income statement.

These financial assets include derivatives and equity investments which the Company has not irrevocably elected to classify at FVOCI.

Dividends on listed equity investments are recognised as other income in the income statement.

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 the income statement.

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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.15 Derivatives

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

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 observable 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.

5. Significant accounting judgments and estimates

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

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Company's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

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.

Allowance for diminution in value of inventories

Allowances for diminution in the value of inventories accounts are intended to adjust the value of inventories for probable losses. The management uses judgment to estimate losses, based on an analysis of inventory aging, taking into account the current situation with respect to sales of inventory items, on a specific basis.

Investment properties

The Company presents investment properties at the fair value estimated by an independent appraiser, and recognises changes in the fair value in the income statement. The independent appraiser values the investment properties using the sales comparison approach and the depreciated replacement cost approach. The key assumptions used in estimating the fair value are described in the related note.

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 amount. Such amount is determined by the independent valuer using sales comparison approach, and such valuation involves certain assumptions and estimates as described in the related note.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and records impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments 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 to the extent that it is probable that taxable profit will be available against which the temporary differences 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.

Leases- The Company as a lessee

Determining the lease term with extension and termination options

In determining the lease term, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Company to exercise either the extension or termination option.

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease - The Company as lessor

Lease classification

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement as to whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

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.

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.

(Unit: Thousand Baht)

	2021	2020	Pricing policy
<u>Transactions with related companies</u>			
Sales of caps	902,016	881,602	Cost plus margin
Service income from printing sheets	55,449	102,519	Cost plus margin
Rental income	2,252	2,239	Contract price
Sales of equipment, spare parts and raw materials	1,065	2,188	Price charged to other customers in the normal course of business
Sale of machine used for generating the electricity	719	1,919	At cost
Administrative income	15,513	22,297	Contract price
Purchases of raw materials, finished goods and spare parts	20,132	15,462	Cost plus margin
Purchases of equipments and machinery	9,190	3,561	Cost plus margin
Royalty fee expense	10,530	12,007	A percentage of net sales of each product
Claim payment for damaged goods	4,697	2,399	At cost
Dividends paid	86,668	137,266	As declared

Directors and management's benefits

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

	(Unit: Thousand Baht)	
	2021	2020
Short-term employee benefits	34,208	30,105
Post-employment benefits	624	335
Total	34,832	30,440

As at 31 December 2021 and 2020, the balances of the accounts between the Company and those related parties are as follows.

	(Unit: Thousand Baht)	
	2021	2020
Trade accounts receivable - related parties (Note 8)	139,956	114,621
Other receivables - related parties (Note 8)	2,170	3,245
Trade accounts payable - related parties (Note 17)	659	838
Other payables - related parties (Note 17)	13,203	9,927
Rental received in advance - related parties		
Rental received in advance to be		
recognised within one year	993	993
Rental received in advance - net of current portion	8,437	9,430

Additional information concerning the transactions with the related parties is as follows.

a) The relationships between the Company and related parties are summarised below.

Companies	Type of business	Relationship
Boonrawd Brewery Group	Manufacture and sale of beverages	Shareholder and common directors
Green Spot Co., Ltd.	Manufacture and sale of beverages	Shareholder
Thai Namthip Co., Ltd.	Manufacture and sale of beverages	Shareholder and common directors
Serm Suk Public Co., Ltd.	Manufacture and sale of beverages	Shareholder and common directors
Toyo Seikan Group Holdings, Ltd.	Manufacture and sale of packaging	Shareholder and common management
Nippon Closures Co., Ltd.	Manufacture and sale of packaging	Shareholder and common management
Bangkok Can Manufacturing Co., Ltd.	Manufacture and sale of 2 & 3 - piece cans	Common shareholders and directors
Toyo Seikan (Thailand) Co., Ltd.	Manufacture and sale of plastic packaging	Common shareholders and directors
Next Can Innovation Co., Ltd.	Manufacture and sale of 2-piece cans	Common shareholders and directors
Toyo Filling International Co., Ltd.	Containing service and sale of aerosol can	Common shareholders
Kanagata (Thailand) Co., Ltd.	Plastic injection mould and blow mould manufacturing	Common shareholders

- b) The transactions with trade accounts receivable - related parties are conducted in the normal course of business of the Company and in accordance with its established objectives, which are the manufacture and distribution of products to customers who are shareholders of the Company and are in competition with each other, and the provision of printing services.
- c) Other receivables - related parties comprise the outstanding balances from rental, sales of equipment and spare parts, administrative assistance and the provision of IT infrastructure services to related companies.
- d) Other payables - related parties comprise the outstanding balances from purchases of raw materials, spare parts and machinery, accrued royalty fee and accrued claims payments for damaged goods.
- e) The stipulated conditions of the provision of printing services to Bangkok Can Manufacturing Co., Ltd. are that payment is to be made on a monthly basis and the period of service is indefinite.
- f) Rental received in advance represents rental received under the agreement to rent out certain plots of land to Bangkok Can Manufacturing Co., Ltd. for a period of 30 years, ending 1 July 2031.

Moreover, the Company has rent out additional land and building to Bangkok Can Manufacturing Co., Ltd. The rental for this land, determined based on the appraisal value, and for the building, calculated on the basis of depreciated cost, is payable in annual amounts. Compensation for the years ended in August 2021 and 2020 totaled Baht 0.4 million each. As at 31 December 2021, the compensation for extending period of rental is in decision process.

- g) The Company entered into agreements to provide the rentals of server and storage machine to the related companies in the group of Toyo Seikan Group Holdings Ltd. Agreements cover for a period of 4 years, ending in May 2024, with compensation totalling Baht 4 million and payable on a yearly basis.
- h) The Company entered into agreements to install and provide administrative services for computer software and hardware and personnel systems to related companies in the group of Toyo Seikan Group Holdings Ltd. Compensation under these agreements for the years 2021 and 2020 totaled Baht 11 million, payable on a monthly basis.

The Company extended the agreements to provide the above services for a period of one year, ending in December 2022, with compensation of Baht 11 million.

- i) The Company entered into sales of assets and service of generating the electricity with Bangkok Can Manufacturing Co., Ltd. The compensation payment is fix rate per month and the period of services is not specified. Compensation for service of generating the electricity for the years 2021 and 2020 were Baht 2 million and Baht 2 million, respectively.
- j) The Company entered into technical license agreement with Nippon Closures Co., Ltd., whereby the Company receives technical support services for the manufacture of caps. The agreements run for 2 years and 5 years ended in December 2021 and 2022, respectively. Compensation is payable at a percentage of net sales of products stipulated in the agreement, on a semi-annual basis.

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2021	2020
Cash	238	180
Bank deposits	134,206	228,036
Total	<u>134,444</u>	<u>228,216</u>

As at 31 December 2021, bank deposits in savings accounts and fixed deposits carried interests between 0.04% and 0.20% per annum (2020: between 0.01% and 0.20% per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)	
	2021	2020
<u>Trade accounts receivable - related parties</u>		
Aged on the basis of due dates		
Not yet due	120,566	95,272
Past due		
Up to 3 months	<u>19,390</u>	<u>19,349</u>
Total trade accounts receivable - related parties	<u>139,956</u>	<u>114,621</u>

	(Unit: Thousand Baht)	
	2021	2020
<u>Trade accounts receivable - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	262,558	227,745
Past due		
Up to 3 months	113,594	119,031
3 - 6 months	25,151	17,810
Over 12 months	370	11
Total trade accounts receivable - unrelated parties	401,673	364,597
Less: Allowance for expected credit losses	(370)	-
Trade accounts receivable - unrelated parties, net	401,303	364,597
<u>Other receivables - related parties</u>		
Accrued income	2,170	3,245
Total other receivables - related parties	2,170	3,245
<u>Other receivables - unrelated parties</u>		
Advances	1,317	1,420
Compensation received from suppliers	-	975
Receivable from scrap sales	1,869	256
Others	1,478	1,048
Total other receivables - unrelated parties	4,664	3,699
Total trade and other receivables	548,093	486,162

9. Inventories

	(Unit: Thousand Baht)					
	2021			2020		
	Reduce cost to net realisable value			Reduce cost to net realisable value		
	Cost	Inventories- net		Cost	Inventories- net	
Finished goods	204,065	(19,758)	184,307	198,202	(18,942)	179,260
Work in process	175,542	(4,004)	171,538	146,834	(59)	146,775
Raw materials	179,294	(625)	178,669	149,937	(2,325)	147,612
Spare parts	23,034	(969)	22,065	23,120	(162)	22,958
Goods in transit	35,255	-	35,255	11,245	-	11,245
Total	617,190	(25,356)	591,834	529,338	(21,488)	507,850

During the current year, the Company reduced cost of inventories by Baht 39.51 million (2020: Baht 29.31 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 35.64 million (2020: Baht 34.89 million) resulting from inventories destructions.

10. Other current financial assets

	(Unit: Thousand Baht)	
	2021	2020
<u>Debt instruments at amortised cost</u>		
Bank deposits with maturity over 3 months	956,878	1,053,998
Total	<u>956,878</u>	<u>1,053,998</u>

As at 31 December 2021, short-term deposits with financial institutions carried interest between 0.10% to 0.60% per annum (2020: 0.15% to 0.75% per annum).

11. Other non-current financial assets

As at 31 December 2021 and 2020, other non-current financial assets were summarised as follow:

	(Unit: Thousand Baht)	
	2021	2020
<u>Equity instruments designated at FVOCI</u>		
Non-listed equity instruments		
- Bangkok Can Manufacturing Co., Ltd.	9,494	9,494
- Others	530	530
Total equity instruments designated at FVOCI	<u>10,024</u>	<u>10,024</u>
<u>Equity instruments designated at FVTPL</u>		
Listed equity instruments	375	384
Total equity instruments designated at FVTPL	<u>375</u>	<u>384</u>
Total other non-current financial assets	<u>10,399</u>	<u>10,408</u>

12. Investment properties

(Unit: Thousand Baht)

2021				
	Allocated land and construction			
	Land for rent	thereon	Vacant land	Total
Book value at beginning of year	240,100	160,100	266,100	666,300
Book value at end of year	240,100	160,100	266,100	666,300
Rental income for the year	1,403	-	-	1,403
Expense				99

(Unit: Thousand Baht)

2020				
	Allocated land and construction			
	Land for rent	thereon	Vacant land	Total
Book value at beginning of year	240,100	160,100	266,100	666,300
Book value at end of year	240,100	160,100	266,100	666,300
Rental income for the year	1,403	-	-	1,403
Expense				99

In 2018, the Company hired an independent appraiser to appraise the fair value of investment properties. The appraiser determined the value of land using market price comparison approach, while the depreciated replacement cost approach was used to value construction in development projects. In 2021 and 2020, the fair value of investment properties was unchanged from that of 2018.

13. Property, plant and equipment

(Unit: Thousand Baht)

	Revaluation basis	Cost basis					Total
	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures, office equipment and motor vehicles	Motor vehicles	Asset under installation	
Cost / Revalued amount							
1 January 2020	142,800	455,568	2,935,246	104,272	7,950	185,757	3,831,593
Additions	-	-	10,367	3,515	-	200,914	214,796
Disposals	-	(4,984)	(134,095)	(7,116)	(13)	(2,385)	(148,593)
Transfers in (out)	-	11,891	264,999	12,249	-	(289,139)	-
31 December 2020	142,800	462,475	3,076,517	112,920	7,937	95,147	3,897,796
Additions	-	-	15,138	2,498	-	239,615	257,251
Disposals	-	(3,332)	(199,904)	(10,909)	(172)	(1,376)	(215,693)
Transfers in (out)	-	31,340	196,774	9,507	-	(237,621)	-
31 December 2021	142,800	490,483	3,088,525	114,016	7,765	95,765	3,939,354
Accumulated depreciation							
1 January 2020	-	336,205	1,930,558	87,238	7,796	-	2,361,797
Depreciation for the year	-	12,805	157,322	8,160	42	-	178,329
Depreciation on disposals	-	(3,852)	(124,928)	(6,929)	(13)	-	(135,722)
31 December 2020	-	345,158	1,962,952	88,469	7,825	-	2,404,404
Depreciation for the year	-	13,221	170,978	9,916	-	-	194,115
Depreciation on disposals	-	(2,996)	(196,283)	(10,602)	(172)	-	(210,053)
31 December 2021	-	355,383	1,937,647	87,783	7,653	-	2,388,466
Net book value							
31 December 2020	142,800	117,317	1,113,565	24,451	112	95,147	1,493,392
31 December 2021	142,800	135,100	1,150,878	26,233	112	95,765	1,550,888
Depreciation for the year							
2020 (Baht 174 million included in manufacturing cost, and the balance in administrative expenses)							178,329
2021 (Baht 189 million included in manufacturing cost, and the balance in administrative expenses)							194,115

The Company had its land revalued in 2018 by an independent appraiser using sales comparison approach to determine the fair value.

The historical cost of land was Baht 63.3 million.

As at 31 December 2021, certain items of buildings and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 1,592 million (2020: Baht 1,660 million).

The Company shares the ownership of some building and machinery with Bangkok Can Manufacturing Co., Ltd. and records the building and machinery in proportion to its ownership. The carrying amount of its portion as at 31 December 2021 was Baht 42 million (2020: Baht 45 million).

14. Leases

14.1 The Company as a lessee

The Company has lease contracts for various items of plant, motor vehicles and equipment used in its operations. Leases generally have lease terms between 1 - 5 years.

a) Right-of-use assets

Movements of right-of-use assets for the year ended 31 December 2021 and 2020 were summarised below:

(Unit: Thousand Baht)

	Buildings	Motor vehicles	Equipment	Total
1 January 2020	3,921	7,001	2,562	13,484
Additions	12,560	3,532	2,300	18,392
Depreciation for the year	(7,174)	(3,383)	(1,451)	(12,008)
31 December 2020	9,307	7,150	3,411	19,868
Additions	1,921	6,962	11,006	19,889
Depreciation for the year	(6,810)	(4,152)	(4,565)	(15,527)
31 December 2021	4,418	9,960	9,852	24,230

b) Lease liabilities

(Unit: Thousand Baht)

	2021	2020
Lease payments	24,909	20,465
Less: Deferred interest expenses	(492)	(495)
Lease liabilities	24,417	19,970
Less: Portion due within one year	(13,770)	(10,323)
Lease liabilities - net of current portion	10,647	9,647

Movements of the lease liability account during the year ended 31 December 2021 and 2020 are summarised below:

	(Unit: Thousand Baht)	
	2021	2020
Balance at beginning of year	19,970	13,870
Additions	19,889	18,006
Accretion of interest	417	306
Repayments	(15,859)	(12,212)
Balance at end of year	24,417	19,970

A maturity analysis of lease payments is disclosed in Note 32.2 under the liquidity risk.

c) Expenses relating to leases that are recognised in the income statement

	(Unit: Thousand Baht)	
	For the year ended 31 December	
	2021	2020
Depreciation expense of right-of-use assets	15,527	12,008
Interest expense on lease liabilities	417	306

d) Others

The Company had total cash outflows for leases for the year ended 31 December 2021 of Baht 16 million (2020: Baht 12 million), including the cash outflow related to short-term lease and leases of low-value assets.

14.2 The Company as a lessor

The Company has entered into operating leases for its investment properties portfolio (land for rent in Note 12) of the lease terms are 30 years.

The Company has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2021 and 2020 as follows:

	(Unit: Thousand Baht)	
	2021	2020
Within 1 year	993	993
Over 1 and up to 5 years	3,970	3,972
Over 5 years	4,467	5,458
Total	9,430	10,423

15. Intangible assets

(Unit: Thousand Baht)

	2021	2020
<u>Computer software</u>		
Cost - at beginning of year	59,827	54,810
Acquisition	1,143	5,533
Write-off	(1,271)	(516)
Cost - at end of year	59,699	59,827
Accumulated amortisation - at beginning of year	52,886	51,134
Amortisation for the year	2,443	2,268
Amortisation for write-off	(1,271)	(516)
Accumulated amortisation - at end of year	54,058	52,886
Intangible assets - net	5,641	6,941

16. Bank overdrafts and short-term loans from financial institutions

Credit facilities in term of bank overdrafts and short-term loan of the Company as at 31 December 2021 totaled Baht 1,045 million (2020: Baht 1,705 million), which have not been drawn down. Such loan facilities are unsecured.

17. Trade and other payables

(Unit: Thousand Baht)

	2021	2020
Trade accounts payables - related parties	659	838
Trade accounts payables - unrelated parties	323,790	378,418
Other payables - related parties	13,203	9,927
Other payables - unrelated parties	29,394	36,984
Accrued expenses	36,121	34,901
Total trade and other payables	403,167	461,068

18. Provision for long-term employee benefits

(Unit: Thousand Baht)

	2021	2020
Post-employment benefits (Defined contribution plans)	35,802	38,275
Post-employment benefits (Defined benefit plans)	151,098	153,028
Other long-term employee benefits	33,219	25,243
Total	220,119	216,546

Provision for post-employment benefits (Defined benefit plans), which represents compensation payables to employees after they are retired from the Company, was as follows.

	(Unit: Thousand Baht)	
	2021	2020
Provision for long-term employee benefits at beginning of year	153,028	144,018
Included in the income statement:		
Current service cost	7,978	6,605
Interest cost	2,345	3,299
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	381
Financial assumptions changes	-	9,105
Experience adjustments	-	(4,417)
Benefits paid during the year	(12,253)	(5,963)
Provision for long-term employee benefits at end of year	151,098	153,028

The Company expects to pay Baht 6.5 million of post-employment benefits (Defined benefit plans) during the next year (2020: Baht 0.2 million).

As at 31 December 2021, the weighted average duration of the liabilities for post-employment benefits (Defined benefit plans) is 8 years (2020: 8 years).

Significant actuarial assumptions are summarised below.

	2021	2020
	(% per annum)	(% per annum)
Discount rate	1.50	1.50
Salary increase rate	4.50	4.50
Employee turnover rate	7.00	7.00

The result of sensitivity analysis for significant assumptions that affect the present value of the post-employment benefits (Defined benefit plans) are summarised below:

31 December 2021				
	Increase	Effect to obligation	Decrease	Effect to obligation
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Discount rate	0.5	(7,014)	0.5	7,511
Salary increase rate	1.0	16,478	1.0	(14,620)

31 December 2020				
	Increase	Effect to obligation	Decrease	Effect to obligation
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Discount rate	0.5	(6,587)	0.5	7,055
Salary increase rate	1.0	15,476	1.0	(13,731)

19. Preferred shares

The preferred shares of the Company are registered shares granting dividend entitlements at the rate of the ordinary shares plus Baht 1.50 per share. Dividends on the preferred shares are non-cumulative. Each preferred share has the same voting rights as the ordinary shares and is convertible to ordinary shares in a ratio of 1:1 on the last day of every month.

As at 31 December 2021 and 2020, 799,258 preferred shares remained unexercised.

20. 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% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

21. Revaluation surplus on assets

This represents surplus arising from revaluation of land. The revaluation surplus can neither be offset against deficit nor used for dividend payment.

22. Other income

	(Unit: Thousand Baht)	
	2021	2020
Income from sales of scrap metal and spareparts	119,942	75,380
Administrative income	15,513	22,297
Rental income	2,252	2,239
Net gain on exchange	6,950	681
Indemnity	3,829	6,235
Gain from equity instrument measured at FVTPL	-	111
Others	19,420	13,786
Total	167,906	120,729

23. Expenses by nature

Significant expenses by nature are as follows.

	(Unit: Thousand Baht)	
	2021	2020
Raw materials and consumables used	1,684,712	1,428,783
Salary, wages and other employee benefits	526,452	528,623
Depreciation and amortization	208,537	192,659
Repair and maintenance expenses	109,741	107,263
Loss on diminution in value of inventories	39,509	29,306
Freight-out expense	41,060	34,488
Royalty fee	10,530	12,007
Changes in inventories of finished goods and work in process	34,571	(25,239)

24. Income tax expense / Deferred tax liabilities

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

	(Unit: Thousand Baht)	
	2021	2020
Current income tax:		
Current income tax charge	37,512	54,420
Adjustment in respect of income tax of previous year	(11)	134
Deferred tax:		
Relating to origination and reversal of temporary differences	1,914	2,660
Income tax expense reported in the income statement	39,415	57,214

Tax reconciliation between accounting profit and income tax expense was shown below.

	(Unit: Thousand Baht)	
	2021	2020
Accounting profit before tax	233,113	315,648
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	46,623	63,130
Adjustment in respect of income tax of previous year	(11)	134
Effects of:		
Promotional privileges (Note 27)	(4,052)	(1,250)
Non-deductible expenses	10,580	8,050
Additional expense deductions allowed	(15,639)	(15,510)
Others	1,914	2,660
Total	(7,197)	(6,050)
Income tax expense reported in the income statement	39,415	57,214

Income tax recognised in other comprehensive income for the years was as follow:

	2021	2020
Acturial loss	-	5,069
Less: Tax expense	-	(1,014)
Net of income tax	-	4,055

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

(Unit: Thousand Baht)

	2021	2020
Allowance for diminution in value of inventories	5,071	4,298
Provision for long-term employee benefits	36,863	35,654
Rental received in advance	1,687	1,886
Others	3,526	3,192
Total deferred tax assets	47,147	45,030
Depreciation and amortization	(42,125)	(38,146)
Unrealised fair value from gain on investment properties	(64,152)	(64,152)
Revaluation surplus on land	(15,319)	(15,319)
Others	(204)	(152)
Total deferred tax liabilities	(121,800)	(117,769)
Deferred tax liabilities – net	(74,653)	(72,739)

25. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share.

	For the year ended 31 December					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2021	2020	2021	2020	2021	2020
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit for the year	193,698	258,434	52,001	52,001	<u>3.72</u>	<u>4.97</u>
Effect of dilutive potential ordinary shares						
Convertible preferred shares	-	-	799	799		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion to ordinary shares	<u>193,698</u>	<u>258,434</u>	<u>52,800</u>	<u>52,800</u>	<u>3.67</u>	<u>4.89</u>

26. Segment information

Operating segment information is reported in a manner consistent with the internal reporting the chief operating decision maker has received and regularly reviewed to make decisions about resources to be allocated to the segment and assess its performance. The chief operating decision maker has been identified as the Company's authorised director.

For management purposes, the Company are organised into business units based on its products and services and have two reportable segments as follows:

1. manufacture and sale of caps
2. hire of printing sheets for can

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Company' financing activities which give rise to finance costs and finance income, administrative activities, and income tax are managed on a group basis. Therefore these income and expenses are not allocated to operating segments.

The following table presented revenue and profit information regarding the Company's operating segments for the years ended 31 December 2021 and 2020.

(Unit: Thousand Baht)

	Manufacture and sale of caps		Hire of printing sheets for can		Total	
	2021	2020	2021	2020	2021	2020
Sales and service income	2,823,984	2,664,378	56,996	105,777	2,880,980	2,770,155
Operating results						
Segment profit	397,336	456,691	8,085	22,844	405,421	479,535
Unallocated income and expenses						
Financial income					6,438	9,646
Other income					47,964	45,348
Administrating expenses					(226,284)	(218,575)
Finance cost					(417)	(306)
Loss arising from fair value on investment					(9)	-
Profit before income tax expense					233,113	315,648
Income tax expense					(39,415)	(57,214)
Profit for the year					193,698	258,434

The Company operated in Thailand, with sales derived from both local and foreign markets. No segment assets have been presented since the major items of them have been common used by the operating segments.

For the year 2021, the Company has revenue from three major customers in amount of Baht 1,162 million (2020: Baht 1,121 million), arising from sales of caps segment.

27. Promotional privileges

The Company has received promotional privileges from the Board of Investment for the manufacture of pilfer caps, pursuant to the investment promotion certificate No. 62-0723-1-05-1-0, issued on 4 July 2019. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax on income derived from the promoted operations, at 50% of investment in improving efficiency and automation or robot systems, excluding land and working capital, amounting not exceed Baht 80.86 million, for a period of 3 years from the date the promoted operations begin generating revenues.

The Company's operating revenues for the years 2021 and 2020 were below shown divided according to promoted and non-promoted operations.

(Unit: Thousand Baht)

	2021			2020		
	Promoted operations	Non-promoted operations	Total	Promoted operations	Non-promoted operations	Total
Sales and service income						
Domestic	366,865	2,016,066	2,382,931	138,483	2,165,695	2,304,178
Export	30,246	467,803	498,049	18,559	447,418	465,977
Total	397,111	2,483,869	2,880,980	157,042	2,613,113	2,770,155

28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contribute to the fund monthly at the rate of 5% of their salaries, and the Company contributes at rates of 5%-10% of the employees' salaries. For employees who joined the fund before 1 January 2003, the Company has to pay extra contributions when their length of service reaches 7 years and 10 years. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to the employees upon termination in accordance with the fund rules. The contribution for the year 2021 amounted to Baht 22.4 million (2020: Baht 21.8 million).

29. Dividends paid

	Approved by	Total dividends (Thousand Baht)	Dividend per preferred share (Baht)	Dividend per ordinary share (Baht)
Final dividends for 2019	Board of Director Meeting No. 2/2563 on 10 April 2020	172,800	4.75	3.25
	Annual General Meeting of shareholders on 11 June 2020	34,320	0.65	0.65
Total dividends for 2020		207,120	5.40	3.90
Final dividends for 2020	Annual General Meeting of shareholders on 23 April 2021	130,559	3.95	2.45
Total dividends for 2021		130,559	3.95	2.45

The actual dividend paid for the year 2021 amounted to Baht 128.39 million (2020: Baht 203.67 million) since the remaining dividend related to the securities holders that did not comply with the regulations of the securities depository.

30. Commitments and contingent liabilities

As at 31 December 2021 and 2020, the Company has the following outstanding commitments and contingent liabilities.

- a) The Company has commitments, which mature within one year, to local and overseas suppliers under purchase orders for capital expenditures, as follows:

(Unit: Million)

Currencies	2021	2020
Baht	57.23	13.93
Japanese yen	0.07	-
Euro	0.13	1.93

- b) The Company has bank guarantees of Baht 10.4 million (2020: Baht 10.4 million) issued by a bank on behalf of the Company. Letters of guarantees are to guarantee electricity usage of Baht 10.3 million (2020: Baht 10.2 million) and the purchase-sell agreements with a state agency of Baht 0.1 million (2020: Baht 0.2 million).

31. Fair value hierarchy

The Company had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL -				
Equity instruments	1	-	-	1
Financial assets measured at FVOCI -				
Equity instruments	-	-	10	10
Derivatives - Foreign currency forward contracts	-	1	-	1
Investment properties	-	653	13	666
Land	-	143	-	143

(Unit: Million Baht)

	31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVTPL -				
Equity instruments	1	-	-	1
Financial assets measured at FVOCI -				
Equity instruments	-	-	10	10
Derivatives - Foreign currency forward contracts	-	1	-	1
Investment properties	-	653	13	666
Land	-	143	-	143

32. Financial instruments

32.1 Derivatives

(Unit: Thousand Baht)

	2021	2020
Derivative not designated as hedging instruments		
Foreign exchange forward contracts		
Derivative assets	591	803
Derivative liabilities	79	411

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 not over one year.

32.2 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade and other receivables and investments. The financial risks associated with these financial instruments and how they are managed is described below.

a) Credit risk

The Company is exposed to credit risk primarily with respect to trade receivables and deposits with banks. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Company's maximum exposure relating to derivatives is noted in the liquidity risk topic.

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. In addition, the Company does not have high concentrations of credit risk since it has a large customer base in various industries.

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 probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and not subject to enforcement activity.

Bank deposits

The Company manages the credit risk from balances with banks by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's management on an annual basis. The limits are set to minimise the concentration of risks and therefore 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.

b) Market risk

The Company has price risk related to core materials. The Company closely monitors changes in price of raw materials to support purchasing plan.

c) 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.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Currency	31 December 2021		
	Financial assets	Financial liabilities	Average exchange rate
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	4.19	1.65	33.40
Japanese yen	-	27.70	0.30
Euro	-	0.07	38.40

Currency	31 December 2020		
	Financial assets	Financial liabilities	Average exchange rate
	(Million)	(Million)	(Baht per 1 foreign currency unit)
US dollar	3.69	1.86	30.42 and 30.79
Japanese yen	-	8.53	0.30
Euro	-	0.19	36.95

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Company's profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Company's profit 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. The Company's exposure to foreign currency changes for all other currencies is not material.

Currency	Increase	Effect on profit	Decrease	Effect on profit
		before tax		before tax
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
As at 31 December 2021				
US dollar	5.0	1,411	5.0	(1,411)
As at 31 December 2020				
US dollar	5.0	1,415	5.0	(1,415)

d) Interest rate risk

Interest rate risk relates primarily to its cash at banks. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Interest rate sensitivity

The Company does not expect to be affected a significant change in interest rates in current circumstances.

e) Liquidity risk

The Company has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company can access to a sufficient variety of sources of funding.

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)				
	31 December 2021			
	On demand	Less than 1 year	1 to 5 years	Total
Non-derivatives				
Trade and other payables	-	367	-	367
Lease liabilities	-	14,041	10,868	24,909
Total non-derivatives	-	14,408	10,868	25,276
Derivatives				
Derivative liabilities: gross settled				
Cash inflows	-	10,044	-	10,044
Cash outflows	-	(10,123)	-	(10,123)
Total derivatives	-	(79)	-	(79)

	31 December 2020			
	On demand	Less than 1 year	1 to 5 years	Total
Non-derivatives				
Trade and other payables	-	426	-	426
Lease liabilities	-	10,650	9,814	20,464
Total non-derivatives	-	11,076	9,814	20,890
Derivatives				
Derivative liabilities: gross settled				
Cash inflows	-	37,721	-	37,721
Cash outflows	-	(38,332)	-	(38,332)
Total derivatives	-	(411)	-	(411)

32.3 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 methods and assumptions used by the Company estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturities, including bank deposits, accounts receivable and accounts payable, the carrying amounts in the statement of financial position approximate their fair value.
- The fair value of equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- The fair value of derivatives has been determined 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 considers counterparty credit risk when determining the fair value of derivatives

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

32.4 Reconciliation of recurring fair value measurements, of financial assets and liabilities, categorised within Level 3 of the fair value hierarchy.

(Unit: Thousand Baht)

	Equity instruments	Investment properties	Total
Balance as of 1 January 2020	10,024	12,900	22,924
Balance as of 31 December 2020	10,024	12,900	22,924
Balance as of 31 December 2021	10,024	12,900	22,924

Fair value of equity instruments are presented at their book value.

33. 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 0.2:1 (2020: 0.2:1).

34. Event after the reporting period

On 28 February 2021, a meeting of the Company's Board of Directors passed a resolution to propose the payment of dividend of Baht 1.80 per share for ordinary shareholders and Baht 3.30 per share for preferred shareholders, or a total of Baht 96.24 million, from the Company's 2021 operating result. This will be proposed to the 2022 Annual General Meeting of the Company's shareholders for approval.

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2022.