

People's Garment Public Company Limited  
Report and financial statements  
31 December 2021

## **Independent Auditor's Report**

To the Shareholders of People's Garment Public Company Limited

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Key Audit Matters**

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

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

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

### **Revenue recognition**

The Company has a large number of commercial transactions with customers and some sales are export sales with delivery conditions that should be considered when recording the transactions, including some consignment sales. As a result, the Company's sales transactions are subject to numerous conditions relevant to revenue recognition. There are therefore risks with respect to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Company by:

- Assessing and testing the Company's IT system and its 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 controls.
- On a sampling basis, examining supporting documents for sales transactions occurring during the year and near the end of the accounting period to verify the occurrence and accuracy of revenue, whether revenue recognition was consistent with conditions, and whether it was in compliance with the Company's policy.
- Reviewing credit notes that the Company issued after the period end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

### **Allowance for diminution in value of inventories**

Estimating the net realisable value of inventories, as disclosed in Note 9 to the financial statements, is an area requiring significant management judgment, particularly with regard to the estimation of allowance for diminution in the value of slow-moving and obsolete inventories. This requires detailed analysis of the product life cycle and demands of the market. There is thus a risk with respect to the amount of allowance set aside for diminution in the value of inventories.

I assessed and tested the internal controls of the Company relevant to the determination of allowance for diminution in the value of inventories by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I also assessed the method and the assumptions applied by management in determining such allowance. The procedures that I performed included:

- Gaining an understanding of the basis applied in determining the allowance for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific allowance.
- Comparing the inventory holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing details of sales transactions occurring after the date of the financial statements with the cost of inventories for each product line.
- Comparing historical data of actual losses on sales and write-offs of inventories during year with the allowance for diminution in value of inventories recorded at the preceding year-end.

### **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 fairly 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.



Chayapol Suppasdtanon  
Certified Public Accountant (Thailand) No. 3972

EY Office Limited  
Bangkok: 21 February 2022

**People's Garment Public Company Limited**

**Statement of financial position**

**As at 31 December 2021**

(Unit: Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	35,579,438	31,184,379
Trade and other receivables	6, 8	137,715,276	123,636,049
Inventories	9	328,249,862	301,267,484
Current portion of other non-current financial assets	11	25,000,000	60,000,000
Other current financial assets	10	325,359,260	307,083,650
Other current assets		5,555,316	5,983,370
<b>Total current assets</b>		<u>857,459,152</u>	<u>829,154,932</u>
<b>Non-current assets</b>			
Other non-current financial assets, net of current portion	11	610,027,198	582,516,282
Investments property	12	387,013	387,013
Property, plant and equipment	13	144,297,741	141,931,449
Right-of-use assets	14	17,323,377	23,456,221
Intangible assets		187,721	719,658
Other non-current assets		2,020,080	1,072,521
<b>Total non-current assets</b>		<u>774,243,130</u>	<u>750,083,144</u>
<b>Total assets</b>		<u>1,631,702,282</u>	<u>1,579,238,076</u>

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

**People's Garment Public Company Limited**  
**Statement of financial position (continued)**  
**As at 31 December 2021**

(Unit: Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade and other payables	6, 15	98,109,127	64,074,069
Current portion of lease liabilities	16	5,893,097	5,828,353
Other current liabilities	6	3,939,025	7,520,355
<b>Total current liabilities</b>		<u>107,941,249</u>	<u>77,422,777</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	23	41,377,359	34,858,276
Lease liabilities, net of current portion	16	12,340,269	18,233,366
Provision for long-term employee benefits	17	64,075,818	70,187,332
<b>Total non-current liabilities</b>		<u>117,793,446</u>	<u>123,278,974</u>
<b>Total liabilities</b>		<u>225,734,695</u>	<u>200,701,751</u>
<b>Shareholders' equity</b>			
Share capital			
Registered			
96,000,000 ordinary shares of Baht 1 each		<u>96,000,000</u>	<u>96,000,000</u>
Issued and fully paid			
96,000,000 ordinary shares of Baht 1 each		96,000,000	96,000,000
Premium on share capital		325,200,000	325,200,000
Retained earnings			
Appropriated - statutory reserve	18	9,600,000	9,600,000
Appropriated - general reserve	19	2,500,000	2,500,000
Unappropriated		744,633,195	736,480,764
Other components of shareholders' equity		<u>228,034,392</u>	<u>208,755,561</u>
<b>Total shareholders' equity</b>		<u>1,405,967,587</u>	<u>1,378,536,325</u>
<b>Total liabilities and shareholders' equity</b>		<u>1,631,702,282</u>	<u>1,579,238,076</u>

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

Directors



**People's Garment Public Company Limited**  
**Statement of comprehensive income**  
**For the year ended 31 December 2021**

(Unit: Baht)

	<u>Note</u>	<u>2021</u>	<u>2020</u>
<b>Profit or loss:</b>			
<b>Revenues</b>			
Sales income		612,615,314	548,492,795
Other income	20	48,050,258	43,218,334
Gains on measurements of fair value of investments		6,254,075	-
<b>Total revenues</b>		<u>666,919,647</u>	<u>591,711,129</u>
<b>Expenses</b>			
Cost of sales		507,992,850	452,704,888
Selling and distribution expenses		9,887,195	18,026,737
Administrative expenses		135,654,122	157,239,487
Losses on measurements of fair value of investments		-	5,791,635
<b>Total expenses</b>		<u>653,534,167</u>	<u>633,762,747</u>
<b>Profit (loss) before finance cost and income tax</b>		13,385,480	(42,051,618)
Finance cost	21	(1,019,299)	(1,367,330)
<b>Profit (loss) before tax expense</b>		12,366,181	(43,418,948)
Tax expense	23	(1,724,435)	(655,648)
<b>Profit (loss) for the year</b>		<u>10,641,746</u>	<u>(44,074,596)</u>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Gains (losses) on investments in equity designated at fair value through other comprehensive income - net of income tax		26,389,516	(29,954,541)
Actuarial losses - net of income tax		-	(9,193,768)
<b>Other comprehensive income for the year</b>		<u>26,389,516</u>	<u>(39,148,309)</u>
<b>Total comprehensive income for the year</b>		<u>37,031,262</u>	<u>(83,222,905)</u>
<b>Earnings per share</b>			
24			
<b>Basic earnings per share</b>			
Profit (loss) for the year		<u>0.11</u>	<u>(0.46)</u>

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

People's Garment Public Company Limited  
Statement of changes in shareholders' equity  
For the year ended 31 December 2021

(Unit: Baht)

	Other component of shareholders' equity										Total
	Other comprehensive income										
	Issued and fully paid share capital	Premium on share capital	Statutory reserve	Retained earnings	Unappropriated	Income at fair value through comprehensive income	Gain (loss) on investments in equity designated at fair value through comprehensive income	Gain on increase in fair value of investment resulting from reclassification of convertible debenture to investments in equity designated at fair value through other comprehensive income	Actuarial gain	Total other component of shareholder's equity	
<b>Balance as at 1 January 2020</b>	96,000,000	325,200,000	9,600,000	2,500,000	773,192,058	233,993,692	6,760,710	33,712,770	1,480,959,230		
Loss for the year	-	-	-	-	(44,074,596)	-	-	-	(44,074,596)		
Other comprehensive income for the year	-	-	-	-	-	(29,954,541)	-	(9,193,768)	(39,148,309)		
Total comprehensive income for the year	-	-	-	-	(44,074,596)	(29,954,541)	-	(9,193,768)	(83,222,905)		
Dividends paid (Note 25)	-	-	-	-	(19,200,000)	-	-	-	(19,200,000)		
Transfer gain or loss of investment in equity designed at fair value through other comprehensive income (Note 11)	-	-	-	-	2,044,300	(2,044,300)	-	-	(2,044,300)		
Transfer actuarial gain	-	-	-	-	24,519,002	-	-	(24,519,002)	(24,519,002)		
<b>Balance as at 31 December 2020</b>	96,000,000	325,200,000	9,600,000	2,500,000	736,480,764	201,994,851	6,760,710	-	208,755,561		1,378,536,325
<b>Balance as at 1 January 2021</b>	96,000,000	325,200,000	9,600,000	2,500,000	736,480,764	201,994,851	6,760,710	-	208,755,561		1,378,536,325
Profit for the year	-	-	-	-	10,641,746	-	-	-	-		10,641,746
Other comprehensive income for the year	-	-	-	-	-	26,389,516	-	-	26,389,516		26,389,516
Total comprehensive income for the year	-	-	-	-	10,641,746	26,389,516	-	-	26,389,516		37,031,262
Dividends paid (Note 25)	-	-	-	-	(9,600,000)	-	-	-	-		(9,600,000)
Transfer gain or loss of investment in equity designed at fair value through other comprehensive income (Note 11)	-	-	-	-	7,110,685	(7,110,685)	-	-	(7,110,685)		-
<b>Balance as at 31 December 2021</b>	96,000,000	325,200,000	9,600,000	2,500,000	744,633,195	221,273,682	6,760,710	-	228,034,392		1,405,967,587

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

**People's Garment Public Company Limited**

**Cash flow statement**

**For the year ended 31 December 2021**

(Unit: Baht)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Profit (loss) before tax	12,366,181	(43,418,948)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	17,902,055	18,655,847
Reversal of allowance for expected credit losses	(46,081)	(2,882,204)
Reduction of inventories to net realisable value	6,533,198	2,679,282
Unrealised loss (gain) on other current financial assets	(6,254,075)	1,584,857
Loss (gain) on sales of other current financial assets	(9,498,589)	4,206,760
Interest income	(6,556,275)	(8,752,614)
Interest expense	1,019,299	1,367,330
Dividends income	(12,628,626)	(15,145,223)
Gain on disposals of equipment	(394,004)	(210,584)
Unrealised loss on exchange	1,110,618	59,604
Long-term employee benefits expenses	4,189,949	8,605,461
Gain (loss) from operating activities before changes in operating assets and liabilities	7,743,650	(33,250,432)
Operating assets (increase) decrease		
Trade and other receivables	(13,646,635)	1,304,525
Inventories	(33,515,576)	4,382,259
Other current assets	927,439	(491,824)
Other non-current assets	(1,060,860)	137,993
Operating liabilities increase (decrease)		
Trade and other payables	34,355,409	(1,839,629)
Other current liabilities	(3,581,330)	584,463
Cash paid for long-term employee benefits	(10,301,463)	(17,850,918)
Cash flows used in operating activities	(19,079,366)	(47,023,563)
Cash paid for income tax	(482,875)	(584,851)
<b>Net cash used in operating activities</b>	<u>(19,562,241)</u>	<u>(47,608,414)</u>

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

**People's Garment Public Company Limited**

**Cash flow statement (continued)**

**For the year ended 31 December 2021**

(Unit: Baht)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from investing activities</b>		
Cash paid for acquisitions of other current financial assets	(607,846,058)	(256,349,204)
Cash received from sales of other current financial assets	604,025,053	281,552,506
Cash received from redemptions of held-to-maturity securities	60,000,000	-
Cash paid for acquisition of other non-current financial assets	(63,977,837)	(31,165,085)
Cash received from sales of other non-current financial assets	42,039,086	74,818,227
Cash received from returns of other non-current financial assets	612,000	-
Interest income	6,988,238	9,288,832
Dividends income	12,636,568	15,239,771
Cash paid for acquisitions of equipment	(14,818,258)	(19,423,719)
Cash received from proceeds from sales of equipment	905,657	452,336
<b>Net cash from investing activities</b>	<u>40,564,449</u>	<u>74,413,664</u>
<b>Cash flows from financing activities</b>		
Cash received from loan from financial institution	-	9,000,000
Cash paid for repayment of loan from financial institution	-	(9,000,000)
Cash paid for lease liabilities	(5,987,850)	(5,156,449)
Cash paid for interest on lease liabilities	(979,170)	(1,344,834)
Cash paid for interest on short-term loans from financial institution	(40,129)	(22,496)
Dividends paid	(9,600,000)	(19,200,000)
<b>Net cash used in financing activities</b>	<u>(16,607,149)</u>	<u>(25,723,779)</u>
Net increase in cash and cash equivalents	4,395,059	1,081,471
Cash and cash equivalents at beginning of year	<u>31,184,379</u>	<u>30,102,908</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>35,579,438</u></u>	<u><u>31,184,379</u></u>
<b>Supplemental cash flows information:</b>		
Non-cash transactions		
Unrealised loss (gain) on changes in value of investment in equity designated at fair value through other comprehensive income - net of income tax	(26,389,516)	29,954,541
Payables from acquisitions of investment in equity designated at fair value through profit or loss	38,052	396,002
Receivables from sale of investment in equity designated at fair value through profit or loss	940,111	(87,604)

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

## **People's Garment Public Company Limited**

### **Notes to financial statements**

**For the year ended 31 December 2021**

#### **1. General information**

##### **1.1 Corporate information**

People's Garment Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company's principal activities are manufacturing and distributing ready-made cloths. The registered office of the Company and factory is located at No. 666 Rama 3 Road, Bangpongpan, Yannawa, Bangkok. The Company has three plants in Lamphunn, Prachinburi, and Chachoengsoa.

##### **1.2 Coronavirus disease 2019 Pandemic**

A second wave of the Coronavirus disease 2019 pandemic has slowed down the economic recovery, adversely impacting most businesses and industries. This situation significantly affects the Company's business activities in terms of the decrease in sale income and fair values of investments in the current year. The Company's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

#### **2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

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

#### **3.1 Financial reporting standards that became effective in the current year**

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

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

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

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

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

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

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

##### *Sales 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, allowances and price promotions to customers.

##### *Rental income*

Rental income is recognised on a straight-line basis over the term of the lease.

### *Interest income*

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

### *Finance cost*

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

### *Dividends*

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

## **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 and 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 cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

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

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

Depreciation of 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	-	20 and 50 years
Machinery and equipment	-	5, 10, 15 and 20 years
Furniture, fixtures and office equipment	-	3 and 5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

#### **4.6 Intangible assets**

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on 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.

Intangible assets in respect of computer software is amortised over the useful lives of 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, key management personnel, 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.

### **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.

Buildings	2 - 5 years
Machinery and equipment	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.

### **4.9 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 non-financial assets**

At the end of each reporting year, the Company performs impairment reviews in respect of property, building and equipment, right-of-use asset, 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

#### **4.11 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.

##### ***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 profit or loss.

These financial assets include derivatives, security investments held for trading, equity investments which the Company has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as other income in profit or loss.

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

Except for derivative liabilities, at initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any discounts or premiums on acquisition and 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**

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

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.

#### **4.12 Derivatives**

The Company uses forward currency contracts to hedge its foreign currency risks, respectively.

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

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

#### **4.13 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 and other long-term employee benefits***

###### *Defined contribution plans*

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

#### *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 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 are recognised immediately in other comprehensive income.

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

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

#### **4.14 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.

#### **4.15 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 year, 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 reduce 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.

#### **4.16 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 measure 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 year, the Company determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting year that are measured at fair value on a recurring basis.

## 5. Significant accounting judgements and estimates

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

### Leases

#### ***Determining the lease term with extension and termination options - The Company as a lessee***

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 as a lessee***

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.

#### **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.



### **Allowance for diminution in value of inventories**

The determination of allowance for diminution in the value of inventories requires the management to exercise judgement in estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business, minus selling expenses and provision for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventories.

### **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 (bank and counterparty, both) 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.

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

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses 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.

### **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 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

The relationships between the Company and its related parties which had significant business transactions during the year 2021 and 2020 are summarised below.

Name of related parties	Relationship
Boutique New City Plc.	Common shareholder
Saha Pathanapibul Plc.	Common shareholder
Thai Wacoal Plc.	Common shareholder
President Bakery Plc.	Common shareholder
S.T.G.C. Co., Ltd.	Common shareholder
Waseda Education (Thailand) Co., Ltd.	Common shareholder
Thai Takaya Co., Ltd.	Common shareholder
Cosmo Express Trading Co., Ltd.	Common shareholder
Sriracha Aviation Co., Ltd.	Common shareholder
Sahapat Properties Co., Ltd.	Common shareholder
Thai Staflex Co., Ltd.	Common shareholder
Sahapat Real Estate Co., Ltd.	Common shareholder
Thai Naxis Co., Ltd.	Common shareholder
Erawan Textile Co., Ltd.	Common shareholder
Bangkok Tokyo Socks Co., Ltd.	Common shareholder
Lion (Thailand) Co., Ltd.	Common shareholder
Thai President Foods Plc.	Common shareholder
Torfun Property Co., Ltd.	Common director
Thai Q.P. Co., Ltd.	Common director and shareholder
Saha Pathana Inter-Holding Plc.	Common director and shareholder
I.C.C. International Plc.	Common director and shareholder
Far East DDB Plc.	Common director and shareholder
Bangkok Rubber Plc.	Common director and shareholder
Sahacogen (Chonburi) Plc.	Common director and shareholder
Thai Sports Garment Co., Ltd.	Common director and shareholder
Champ Ace Co., Ltd.	Common director and shareholder
SSDC (Tigertext) Co., Ltd.	Common director and shareholder
Treasure Hill Co., Ltd.	Common director and shareholder
Pan Land Co., Ltd.	Common director and shareholder
Five Star Plus Co., Ltd.	Common director and shareholder
Thai Bunka Fashion Co., Ltd.	Common director and shareholder
Champ Kabin Co., Ltd.	Common director and shareholder
Bangkok Athletic Co., Ltd.	Common director and shareholder
T-Way Co., Ltd.	Common director and shareholder
Mr. Boonsithi Chokwatana	Brother of the Company's Director

During the year, 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. The transactions are summarised as follow:

	(Unit: Thousand Baht)		
	2021	2020	Pricing policies
<u>Transactions with related companies</u>			
Sales of goods	345,199	353,144	Cost plus margin
Other income	8,734	8,683	Actual incurred
Dividend income	8,694	10,439	As declared
Rental income	5,233	4,845	Contract price
Hire of work - income	5	849	Contract price
Hire of work - expenses	26,236	28,053	Contract price
Sales of non-marketable securities	-	1,000	Agreed price
Return of investments in			
non-marketable security	612	-	Agreed price
Purchase of raw materials	4,438	3,158	Cost plus margin
Purchase of goods	10,221	2,149	Cost plus margin
Purchase of machinery and equipment	-	450	Price close to market
Rental expenses	5,702	6,100	Contract price
Royalty fee	5	82	Contract price
Other expenses	3,315	1,911	Actual incurred

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

	(Unit: Thousand Baht)	
	2021	2020
<u>Trade accounts receivable - related parties (Note 8)</u>		
Related companies	98,992	75,425
<u>Other receivables - related parties (Note 8)</u>		
Related companies	549	606
<u>Trade accounts payable - related parties (Note 15)</u>		
Related companies	6,813	4,136
<u>Other payables - related parties (Note 15)</u>		
Related companies	132	106
<u>Provision for goods returned - related parties (presented under other current liabilities)</u>		
Related companies	2,686	2,961

### Directors and management compensation

During 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	11,134	10,166
Termination benefits	74	757
Total	11,208	10,923

### 7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2021	2020
Cash	180	242
Bank deposits	35,399	30,942
Total	35,579	31,184

As at 31 December 2021, bank deposits in savings accounts carried interest between 0.1% and 0.5% per annum (2020: between 0.1% and 0.9% per annum).

### 8. Trade and other receivables

	(Unit: Thousand Baht)	
	2021	2020
<b>Trade accounts receivable - unrelated parties</b>		
Not yet due	30,627	35,539
Over due:		
Not over 3 months	4,746	9,900
3 - 6 months	63	-
Over 6 months	-	22
Total	35,436	45,461
Less: Allowance for expected credit losses	(64)	(110)
Trade accounts receivable - unrelated parties	35,372	45,351

	(Unit: Thousand Baht)	
	2021	2020
<b>Trade accounts receivable - related parties</b>		
Not yet due	98,695	74,836
Over due:		
Not over 3 months	297	589
Trade accounts receivable - related parties	98,992	75,425
<b>Other receivables</b>		
Other receivables - unrelated parties	2,802	2,254
Other receivables - related party	549	606
Total other receivables	3,351	2,860
Total trade and other receivables	137,715	123,636

Set out below is the movement in the allowance for expected credit losses of trade and other receivables.

	(Unit: Thousand Baht)	
	2021	2020
Balance at beginning of year	110	2,992
Provision for expected credit losses	-	110
Reversal	(46)	(2,992)
Balance at end of year	64	110

## 9. Inventories

	(Unit: Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2021	2020	2021	2020	2021	2020
Finished goods	212,782	197,665	(20,951)	(15,834)	191,831	181,831
Work in process	29,809	32,201	-	-	29,809	32,201
Raw materials	105,499	84,875	(5,648)	(4,232)	99,851	80,643
Factory supplies	3,343	3,443	-	-	3,343	3,443
Inventories in transit	3,416	3,149	-	-	3,416	3,149
Total	354,849	321,333	(26,599)	(20,066)	328,250	301,267

During the current year, the Company reduced cost of inventories by Bath 6.53 million. This was included in cost of sales (2020: Baht 2.68 million).

## 10. Other current financial assets

	(Unit: Thousand Baht)	
	2021	2020
Investments designated at fair value through profit or loss		
Unit trusts	76,714	73,918
Fixed deposits at financial institutions	3	4
Investments in other companies	118,222	53,670
Investments in debt securities	130,403	179,489
Total investments designated at fair value through profit or loss	325,342	307,081
Derivative asset	17	3
Total other current financial assets	325,359	307,084
Cash received from sales of investments designated at fair value through profit or loss for the year	604,025	281,552

As at 18 February 2022, total fair value of investments designated at fair value through profit or loss was Baht 331 million.

## 11. Other non-current financial assets

	(Unit: Thousand Baht)	
	2021	2020
Investments designated at fair value through other comprehensive income		
Unit trusts	1,906	-
Investments in related companies	465,851	459,592
Investments in other companies	50,270	62,924
Total investments designated at fair value through other comprehensive income	518,027	522,516
Investment measured at amortised cost		
Investments in debt securities - at cost	117,000	120,000
Less: Mature within 1 year	(25,000)	(60,000)
Total investments in debt securities, net of current portion	92,000	60,000
Total other non-current financial assets, net of current portion	610,027	582,516
Cash received from sales of investments designated at fair value through other comprehensive income for the year	42,039	74,818

As at 18 February 2022, total fair value of investments designated at fair value through other comprehensive income was Baht 515 million.

Equity instruments designated at FVOCI include listed and non-listed equity investments which the Company considers these investments to be strategic in nature.

During the year 2021, the Company disposed investments designated at fair value through other comprehensive income. The fair value on the date of sale was Baht 42.0 million. Gain on disposals of these investments of Baht 7.3 million was recorded in unappropriated retained earnings in statement of change in shareholders' equity. (2020: Baht 11.5 million and Baht 2.0 million, respectively). In 2021, The Company received dividends in the amount of Baht 0.6 million from the above investments. (2020: Baht 0.5 million).

During the year 2021, the Company received return of investment from dissolution of a related company. Such investment was determined to be measured at fair value through other comprehensive income with a book value of Baht 0.8 million. Loss on return of the investment of Baht 0.2 million was recorded in unappropriated retained earnings in the statement of changes in shareholders' equity.

In addition, in 2021, the Company received dividends from equity instruments designated at FVOCI, which still existed at the reporting date, in the amount of Baht 9.9 million (2020: THB 12.7 million).

## 12. Investment properties

	(Unit: Thousand Baht)		
	Land	Factory buildings	Total
<b>Cost:</b>			
1 January 2020	387	4,835	5,222
31 December 2020	387	4,835	5,222
31 December 2021	387	4,835	5,222
<b>Accumulated depreciation:</b>			
1 January 2020	-	4,835	4,835
31 December 2020	-	4,835	4,835
31 December 2021	-	4,835	4,835
<b>Net book value:</b>			
31 December 2020	387	-	387
31 December 2021	387	-	387

The fair value of these investment properties as at 31 December 2021 and 2020 were stated below:

	(Unit: Million Baht)	
	2021	2020
Land	17.1	17.1
Factory building	1.5	1.5
<b>Total</b>	<b>18.6</b>	<b>18.6</b>
Rental income for the year	4.0	4.0

The fair value of investment properties appraised by an independent appraiser in 2019, using market price for land and replacement cost for factory building.

Investment properties represented land and a fully depreciated factory building.

The Company rents this plant under agreements with a related company. The term of agreements is 1 year.

Future minimum rental income to be generated under these investment properties amounting to Baht 4.7 million in up to 1 year.

### 13. Property, plant and equipment

	(Unit: Thousand Baht)						
	Land	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation	Total
<b>Cost:</b>							
1 January 2020	43,222	132,849	319,189	251,122	21,865	7,393	775,640
Additions	-	-	4,933	2,226	-	12,264	19,423
Disposals	-	-	(800)	(2,524)	(3,370)	-	(6,694)
Transfers in (out)	-	(295)	519	19,433	-	(19,657)	-
31 December 2020	43,222	132,554	323,841	270,257	18,495	-	788,369
Additions	-	-	3,702	1,466	-	9,650	14,818
Disposals	-	-	(1,020)	(33)	(1,808)	-	(2,861)
31 December 2021	43,222	132,554	326,523	271,690	16,687	9,650	800,326
<b>Accumulated depreciation:</b>							
1 January 2020	-	83,223	296,919	243,677	17,665	-	641,484
Depreciation for the year	-	2,115	4,106	3,777	1,409	-	11,407
Depreciation on disposals	-	-	(800)	(2,516)	(3,137)	-	(6,453)
31 December 2020	-	85,338	300,225	244,938	15,937	-	646,438
Depreciation for the year	-	2,116	3,920	4,770	1,134	-	11,940
Depreciation on disposals	-	-	(508)	(33)	(1,809)	-	(2,350)
31 December 2021	-	87,454	303,637	249,675	15,262	-	656,028
<b>Net book value:</b>							
31 December 2020	43,222	47,216	23,616	25,319	2,558	-	141,931
31 December 2021	43,222	45,100	22,886	22,015	1,425	9,650	144,298
<b>Depreciation for the year</b>							
2020 (Baht 5.1 million included in manufacturing cost, and the balance in selling and administrative expenses)							11,407
2021 (Baht 5.7 million included in manufacturing cost, and the balance in selling and administrative expenses)							11,940



As at 31 December 2021, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 667.5 million (2020: Baht 657.4 million).

#### 14. Right-of-use assets

Movements of right-of-use assets account during the year ended 31 December 2021 and 2020 were summarised below.

(Unit: Thousand Baht)

	Building	Office equipment	Total
1 January 2020	1,870	508	2,378
Additions	27,211	-	27,211
Depreciation for the year	(6,003)	(130)	(6,133)
31 December 2020	23,078	378	23,456
Depreciation for the year	(6,003)	(130)	(6,133)
31 December 2021	17,075	248	17,323

#### 15. Trade and other payables

(Unit: Thousand Baht)

	2021	2020
Trade accounts payable - related parties	6,813	4,136
Trade accounts payable - unrelated parties	76,465	51,062
Other payables - related parties	132	106
Other payables - unrelated parties	14,699	8,770
Total trade and other payables	98,109	64,074

#### 16. Lease liabilities

(Unit: Thousand Baht)

	2021	2020
Lease payments	19,750	26,716
Less: Deferred interest expenses	(1,517)	(2,655)
Total	18,233	24,061
Less: Portion due within one year	(5,893)	(5,828)
Lease liabilities - net of current portion	12,340	18,233

The Company has entered into the lease agreements for rental of building and office equipment for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 2 to 5 years.

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

	(Unit: Thousand Baht)	
	2021	2020
Balance at beginning of year	24,061	2,378
Additions	-	27,211
Accretion of interest	979	1,345
Reduction of lease payments	(771)	(372)
Repayments	(6,036)	(6,501)
Balance at end of year	18,233	24,061

**Expenses relating to leases that are recognised in profit or loss**

	(Unit: Thousand Baht)	
	2021	2020
Depreciation expense of right-of-use assets	5,317	5,725
Interest expense on lease liabilities	979	1,345
Expense relating to short-term leases	162	188
Expense relating to variable lease payments	214	194

The Company had total cash outflows for leases for the year ended 31 December 2021 of Baht 7.0 million. (2020: Baht 7.0 million. Moreover, the Company had non-cash additions to right-of-use assets and lease liabilities of Baht 27.0 million.)

## 17. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)	
	2021	2020
<b>Provision for long-term employee benefits at beginning of year</b>	70,187	67,941
Included in profit or loss:		
Current service cost	3,508	6,206
Interest cost	565	1,425
Past service costs and losses on settlement	117	974
Included in other comprehensive income:		
Actuarial loss arising from:		
Demographic assumptions changes	-	2,664
Financial assumptions changes	-	3,140
Experience adjustments	-	5,688
Benefits paid during the year	(10,301)	(17,851)
<b>Provision for long-term employee benefits at end of year</b>	<b>64,076</b>	<b>70,187</b>

The Company expects to pay Baht 8.08 million of long-term employee benefits during the next year (2020: Baht 13.31 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 7 years (2020: 7 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	2021	2020
Discount rate	0.92	0.92
Salary increase rates	3.00	3.00
Turnover rates for staff	3 - 40	3 - 40

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

	As at 31 December 2021			
	Increase	Effect to obligation	Decrease	Effect to obligation
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Discount rate	0.5	(1,711)	0.5	1,798
Salary increase rate	0.5	1,701	0.5	(1,636)
Turnover rate	0.5	(1,709)	0.5	1,812

  

	As at 31 December 2020			
	Increase	Effect to obligation	Decrease	Effect to obligation
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Discount rate	0.5	(1,711)	0.5	1,798
Salary increase rate	0.5	1,701	0.5	(1,636)
Turnover rate	0.5	(1,709)	0.5	1,812

#### 18. Statutory reserve

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

#### 19. General reserve

The Company allocated portion of profit as general reserve without specific objective.

#### 20. Other income

	(Unit: Thousand Baht)	
	2021	2020
Interest income	6,556	8,753
Consulting income	4,060	3,866
Rental income	6,320	6,592
Dividend income	12,629	15,145
Gain on sale of investments	9,498	1,232
Other	8,987	7,630
Total	48,050	43,218

## 21. Finance cost

(Unit: Thousand Baht)

	2021	2020
Interest expenses on borrowings	40	22
Interest expenses on lease liabilities	979	1,345
<b>Total</b>	<b>1,019</b>	<b>1,367</b>

## 22. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	2021	2020
Salaries and wages and other employee benefits	162,569	165,173
Depreciation and amortisation expenses	17,902	18,656
Rental expenses from operating lease agreements	1,028	698
Raw materials and consumables used	248,705	210,611
Changes in inventories of finished goods and work in progress	(13,064)	3,988

## 23. Deferred tax liabilities/Income tax expense

Tax expense for the years ended 31 December 2021 and 2020 are made up as follows:

(Unit: Thousand Baht)

	2021	2020
<b>Current income tax:</b>		
Current income tax charge	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	1,724	656
<b>Tax expense reported in the statement of comprehensive income</b>	<b>1,724</b>	<b>656</b>

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

(Unit: Thousand Baht)

	2021	2020
Deferred tax on		
Gain (loss) from the change in value of investments in equity designed at fair value through other comprehensive income	4,844	(7,488)
Actuarial losses	-	(2,298)
	<b>4,844</b>	<b>(9,786)</b>

The reconciliation between accounting profit and tax expense is shown below.

	(Unit: Thousand Baht)	
	2021	2020
Accounting profit (loss) before tax	12,366	(43,418)
Applicable tax rate	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	2,473	(8,683)
Effects of:		
Non-deductible expenses	4	535
Additional expense deductions allowed	(63)	(329)
Dividends income	(2,115)	(2,621)
Unrecorded of unused tax losses	1,425	11,754
Total	(749)	9,339
Tax expense reported in the statement of comprehensive income	1,724	656

As at 31 December 2021 and 2020, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	2021	2020
<b>Deferred tax assets</b>		
Provision for goods returned	102	90
Allowance for diminution in value of inventories	5,320	4,013
Transfer of investments designated at fair value through other comprehensive income	1,231	1,715
Provision for long-term employee benefits	9,885	11,107
Lease	182	121
Total	16,720	17,046
<b>Deferred tax liabilities</b>		
Unrealised gain on re-measuring investments	57,035	50,941
Other	1,062	964
Total	58,097	51,905
Deferred tax liabilities - net	41,377	34,859

As at 31 December 2021, the Company has an unused tax loss of Baht 156.9 million (2020: Baht 149.7 million), on which deferred tax asset has not been recognised as the Company opines that there is uncertainty whether there will be sufficient future taxable profits to be utilised. The unused tax loss will expire by 2022.

## 24. Earnings per share

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

## 25. Dividends paid

<u>Dividend</u>	<u>Approved by</u>	<u>Total dividend</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
<u>2021</u>			
Dividend announced from retained earnings	Annual General Meeting of the shareholders on 27 April 2021	9.60	0.10
<u>2020</u>			
Interim dividend	Board of Directors Meeting on 8 April 2020	19.20	0.20

## 26. Financial information by segment

The Company is principally engaged in the manufacturing and distributing ready-made cloths. Its operations are carried on only in Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

### Major customer information

For 2021, the sale revenue of Baht 330.4 million (2020: Baht 332.2 million) was from a major customer which is related company.

## 27. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rates of 3 to 5 percent of basic salary. The fund, which is managed by TISCO Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. In 2021, the Company contributed Baht 2.6 million (2020: Baht 2.8 million) to the fund.

## 28. Commitments and contingent liabilities

### 28.1 Operating lease commitments

The Company has commitments with regard to service agreements, and others under the non-cancellable agreements with the term of 1 year. The Company had obligations to pay service and rental fees as follows:

	(Unit: Thousand Baht)	
	2021	2020
Payable:		
Up to 1 year	913	1,187

### 28.2 Use of trademarks commitments

The Company has entered into an agreement with the holder of rights in one trademarks related to the manufacture and distribute ready-made garment. Under the conditions of these agreements, the Company commits to pay a royalty fees based on sales income.

### 28.3 Bank guarantees

The Company has outstanding bank guarantees issued by the banks on behalf of the Company as required in the normal course of business for guarantee as follows:

	(Unit: Million Baht)	
Bank guarantees for	2021	2020
Electricity use	2.2	2.2
Payment due to creditors	0.1	0.4
Total	2.3	2.6



## 29. Fair value hierarchy

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

(Unit: Million Baht)

	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Other current financial assets				
Unit trusts	26.9	49.8	-	76.7
Investments in debt securities	-	130.4	-	130.4
Investments in marketable securities	118.2	-	-	118.2
Other non-current financial assets				
Unit trusts	1.9	-	-	1.9
Investments in marketable securities	441.2	-	-	441.2
Investments in non-marketable securities	-	-	74.9	74.9
<b>Assets for which fair value are disclosed</b>				
Other non-current financial assets				
Investments in debt securities	-	94.3	-	94.3
Investment properties	-	17.1	1.5	18.6

(Unit: Million Baht)

	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Other current financial assets				
Unit trusts	8.6	65.3	-	73.9
Investments in debt securities	-	179.5	-	179.5
Investments in marketable securities	53.7	-	-	53.7
Other non-current financial assets				
Investments in marketable securities	457.1	-	-	457.1
Investments in non-marketable securities	-	-	65.4	65.4
<b>Assets for which fair value are disclosed</b>				
Other non-current financial assets				
Investments in debt securities	-	102.6	-	102.6
Investment properties	-	17.1	1.5	18.6

## **30. Financial instruments**

### **30.1 Derivatives**

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

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally 6 months.

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

The Company's financial instruments principally comprise of cash and cash equivalents, trade accounts receivable and investments. 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, deposits with banks and financial institutions and other financial instruments. 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.

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 Company classifies customer segments by customer type. 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.

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

The Company manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed 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.

## Market risk

The Company has price risk relating to purchase price of goods and materials. The Company closely monitors changes in their price to support purchasing plans.

## Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and debentures. 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 interest rate risk of the Company is still low.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

	2021				
	Fixed interest rates			Floating interest rate	Effective interest rates
Within 1 year	More than 1 to 5 years	More than 5 years			
					(% per annum)
<b>Financial assets</b>					
Cash and cash equivalent	6	-	-	35,393	0.1 - 0.5
Other current financial assets	40,089	87,044	3,271	-	0.45 - 2.85
Other non-current financial assets	25,000	59,000	33,000	-	2.65 - 5.70

(Unit: Thousand Baht)

	2020				
	Fixed interest rates			Floating interest rate	Effective interest rates
Within 1 year	More than 1 to 5 years	More than 5 years			
					(% per annum)
<b>Financial assets</b>					
Cash and cash equivalent	6	-	-	30,936	0.1 - 0.9
Other current financial assets	49,371	124,105	6,013	-	0.01 - 3.4
Other non-current financial assets	60,000	35,000	25,000	-	2.80 - 4.75

### **Foreign currency risk**

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

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2021 (Thousand)	2020 (Thousand)	2021 (Thousand)	2020 (Thousand)	2021 (Baht per 1 foreign currency unit)	2020
US dollar	598	300	206	136	33.15 - 33.59	29.77 - 30.21
HK dollar	-	-	-	6	-	3.92

### **Liquidity risk**

The Company's current assets significantly exceed current liabilities. Moreover, the Company has access to sources of funding from bank overdraft, short-term loans and bank guarantee. The Company's liquidity risk is therefore considered to be low.

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)

	As at 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Trade and other payables	-	96,978	1,131	-	98,109
Lease liabilities	-	5,893	12,340	-	18,233
<b>Total non-derivatives</b>	-	102,871	13,471	-	116,342

(Unit: Thousand Baht)

	As at 31 December 2020				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Trade and other payables	-	63,120	632	322	64,074
Lease liabilities	-	5,828	18,234	-	24,062
<b>Total non-derivatives</b>	-	68,948	18,866	322	88,136

### 30.3 Fair values of financial instruments

Since the majority of the Company's financial instruments are 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.

### 30.4 Reconciliation of recurring fair value measurements of assets categorised within Level 3 of the fair value hierarchy.

	(Unit: Thousand Baht)
	Investment in non-marketable equity securities
Balance as of 1 January 2020	62,360
Disposed during the year	(1,000)
Increase in fair value and recognised into other comprehensive income	4,078
Balance as of 31 December 2020	65,438
Return of investments from the dissolution	(755)
Increase in fair value and recognised into other comprehensive income	10,171
Balance as of 31 December 2021	74,854

In 2021 and 2020, key assumptions used in the valuation are summarised below.

Valuation technique	Significant unobservable inputs	Rates (%)		Sensitivity of the input to fair value
		2021	2020	
1) Discounted cash flows	Weighted average cost of capital (WACC)	5.52 - 8.89	6.25	1% increase in WACC would result in Baht 4.8 million decrease in fair value. (2020: Baht 0.1 million). 1% decrease in WACC would result in Baht 7.6 million increase in fair value. (2020: Baht 0.1 million).
2) Adjusted book value	Liquidity and minority discount	22.7 - 38.0	22.7 - 38.0	1% increase in liquidity and minority discounts would result in Baht 0.8 million decrease in fair value. (2020: Baht 1.0 million). 1% decrease in liquidity and minority discounts would result in Baht 1.1 million increase in fair value. (2020: Baht 1.0 million).
3) Dividend discounted model	Return on equity (ROE)	None	8.87	1% increase in ROE would result in Baht 2.0 million decrease in fair value. 1% decrease in ROE would result in Baht 2.0 million increase in fair value. (2021: Nil)

### 31. 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 0.16:1 (2020: 0.15:1).

**32. Event after the reporting year**

On 21 February 2022, the Board of Directors Meeting No.1/2022 of the Company resolve to propose to the 2022 Annual General Meeting of Shareholders to approve dividend payment from retained earnings of Baht 9.60 million (Baht 0.10 per share). The payments will be made on 25 May 2022.

**33. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2022.