

People's Garment Public Company Limited
Report and financial statements
31 December 2022



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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 2022, 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 2022, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

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 matter 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 conditions relevant to revenue recognition. Therefore, I addressed revenue recognition to be key audit matter and focused on the occurrence and timing of revenue recognition.

I have examined the revenue recognition of the Company by:

- Assessing and testing the Company's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed 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 of revenue recognition.
- 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 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 on product 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 internal controls and selecting representative samples to test the operation of the designed internal 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.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

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

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

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

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



Orawan Techawatanasirikul

Certified Public Accountant (Thailand) No. 4807

EY Office Limited

Bangkok: 23 February 2023

People's Garment Public Company Limited

Statement of financial position

As at 31 December 2022

		(Unit: Baht)	
	Note	2022	2021
Assets			
Current assets			
Cash and cash equivalents	7	26,249,532	35,579,438
Trade and other receivables	8	120,140,974	137,715,276
Inventories	9	365,704,097	328,249,862
Current portion of other non-current financial assets	11	1,500,000	25,000,000
Other current financial assets	10	306,580,426	325,359,260
Other current assets		3,675,244	5,555,316
Total current assets		<u>823,850,273</u>	<u>857,459,152</u>
Non-current assets			
Other non-current financial assets, net of current portion	11	688,197,382	610,027,198
Investments property	12	387,013	387,013
Property, plant and equipment	13	145,081,347	144,297,741
Right-of-use assets	14	12,029,484	17,323,377
Intangible assets		3,075	187,721
Other non-current assets		1,739,128	2,020,080
Total non-current assets		<u>847,437,429</u>	<u>774,243,130</u>
Total assets		<u><u>1,671,287,702</u></u>	<u><u>1,631,702,282</u></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 2022

(Unit: Baht)

	Note	2022	2021
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	15	59,706,061	98,109,127
Current portion of lease liabilities	16	6,076,642	5,893,097
Other current liabilities	6	28,366,493	3,939,025
Total current liabilities		94,149,196	107,941,249
Non-current liabilities			
Lease liabilities, net of current portion	16	6,860,868	12,340,269
Provision for long-term employee benefits	17	61,628,608	64,075,818
Deferred tax liabilities	23	47,396,902	41,377,359
Total non-current liabilities		115,886,378	117,793,446
Total liabilities		210,035,574	225,734,695
Shareholders' equity			
Share capital			
Registered			
96,000,000 ordinary shares of Baht 1 each		96,000,000	96,000,000
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		776,399,969	744,633,195
Other components of shareholders' equity		251,552,159	228,034,392
Total shareholders' equity		1,461,252,128	1,405,967,587
Total liabilities and shareholders' equity		1,671,287,702	1,631,702,282

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 2022

		(Unit: Baht)	
	Note	2022	2021
Profit or loss:			
Revenues			
Sales income		687,169,886	612,615,314
Other income	20	59,717,362	48,050,258
Gains on measurements of fair value of investments		5,255,642	6,254,075
Total revenues		<u>752,142,890</u>	<u>666,919,647</u>
Expenses			
Cost of sales		547,177,897	507,992,850
Selling and distribution expenses		11,279,544	9,887,195
Administrative expenses		149,286,920	135,654,122
Total expenses		<u>707,744,361</u>	<u>653,534,167</u>
Profit before finance cost and income tax		44,398,529	13,385,480
Finance cost	21	(762,264)	(1,019,299)
Profit before tax expense		43,636,265	12,366,181
Income tax expenses	23	(140,101)	(1,724,435)
Profit for the year		<u>43,496,164</u>	<u>10,641,746</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Gains on investments in equity designated at fair value through other comprehensive income - net of income tax		21,388,377	26,389,516
Other comprehensive income for the year		<u>21,388,377</u>	<u>26,389,516</u>
Total comprehensive income for the year		<u>64,884,541</u>	<u>37,031,262</u>
Earnings per share	24		
Basic earnings per share			
Profit for the year		<u>0.45</u>	<u>0.11</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 2022

(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	Gain (loss) on investments in equity designated at fair value through other 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	Total other component of shareholder's equity			
Balance as at 1 January 2021	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)	-		
Balance as at 31 December 2021	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		
Balance as at 1 January 2022	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		
Profit for the year	-	-	-	-	43,496,164	-	-	-	43,496,164		
Other comprehensive income for the year	-	-	-	-	-	21,388,377	-	21,388,377	21,388,377		
Total comprehensive income for the year	-	-	-	-	43,496,164	21,388,377	-	21,388,377	64,884,541		
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)	-	-	-	-	(2,129,390)	2,129,390	-	2,129,390	-		
Balance as at 31 December 2022	96,000,000	325,200,000	9,600,000	2,500,000	776,399,969	244,791,449	6,760,710	251,552,159	1,461,252,128		

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

People's Garment Public Company Limited**Cash flows statement****For the year ended 31 December 2022**

	2022	2021
		(Unit: Baht)
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Profit before tax	43,636,265	12,366,181
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	16,322,671	17,902,055
Reversal of allowance for expected credit losses	(49,355)	(46,081)
Reduction of inventories to net realisable value	2,270,749	6,533,198
Unrealised gain on other current financial assets	(5,255,642)	(6,254,075)
Gain on sales of other current financial assets	(10,254,662)	(9,498,589)
Interest income	(4,841,567)	(6,556,275)
Interest expense	762,264	1,019,299
Dividends income	(25,687,068)	(12,628,626)
Gain on disposals of equipment	(308,353)	(394,004)
Unrealised (gain) loss on exchange	(73,102)	1,110,618
Long-term employee benefits expenses	4,217,059	4,189,949
Gain from operating activities before changes in operating assets and liabilities	20,739,259	7,743,650
Operating assets (increase) decrease		
Trade and other receivables	16,280,607	(13,646,635)
Inventories	(39,724,984)	(33,515,576)
Other current assets	2,413,029	927,439
Other non-current assets	280,952	(1,060,860)
Operating liabilities increase (decrease)		
Trade and other payables	(37,970,871)	34,355,409
Other current liabilities	24,427,468	(3,581,330)
Cash paid for long-term employee benefits	(6,664,269)	(10,301,463)
Cash flows used in operating activities	(20,218,809)	(19,079,366)
Cash paid for income tax	(532,959)	(482,875)
Net cash used in operating activities	<u>(20,751,768)</u>	<u>(19,562,241)</u>

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

People's Garment Public Company Limited**Cash flows statement (continued)****For the year ended 31 December 2022**

	(Unit: Baht)	
	2022	2021
Cash flows from investing activities		
Cash paid for acquisitions of other current financial assets	(699,605,781)	(607,846,058)
Cash received from sales of other current financial assets	734,299,394	604,025,053
Cash received from redemptions of held-to-maturity securities	25,000,000	60,000,000
Cash paid for acquisition of other non-current financial assets	(77,526,490)	(63,977,837)
Cash received from sales of other non-current financial assets	25,124,124	42,039,086
Cash received from returns of other non-current financial assets	-	612,000
Interest income	5,421,050	6,988,238
Dividends income	25,687,068	12,636,568
Cash paid for acquisitions of equipment	(10,894,758)	(14,818,258)
Cash received from proceeds from sales of equipment	311,936	905,657
Net cash from investing activities	27,816,543	40,564,449
Cash flows from financing activities		
Cash paid for lease liabilities	(6,032,417)	(5,987,850)
Cash paid for interest on lease liabilities	(762,258)	(979,170)
Cash paid for interest on short-term loans from bank	(6)	(40,129)
Dividends paid	(9,600,000)	(9,600,000)
Net cash used in financing activities	(16,394,681)	(16,607,149)
Net increase (decrease) in cash and cash equivalents	(9,329,906)	4,395,059
Cash and cash equivalents at beginning of year	35,579,438	31,184,379
Cash and cash equivalents at end of year	26,249,532	35,579,438

Supplemental cash flows information:

Non-cash transactions

Unrealised gain on changes in value of investment in equity designated at fair value through other comprehensive income - net of income tax	(21,388,377)	(26,389,516)
Payables from acquisitions of investment in equity designated at fair value through profit or loss	280,213	38,052
Receivables from sale of investment in equity designated at fair value through profit or loss	613,000	940,111

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 2022

1. General 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.

2. Basis of preparation

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

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

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

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

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

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, 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 and amortisation

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 (if any), 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 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 Stafflex 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)

	2022	2021	Pricing policies
<u>Transactions with related companies</u>			
Sales of goods	416,653	345,199	Cost plus margin
Other income	9,702	8,734	Actual incurred
Dividend income	12,318	8,694	As declared
Rental income	5,358	5,233	Contract price
Hire of work - income	-	5	Contract price
Hire of work - expenses	29,735	26,236	Contract price
Return of investments in non-marketable security	-	612	Agreed price
Purchase of raw materials	681	4,438	Cost plus margin
Purchase of goods	13,696	10,221	Cost plus margin
Rental expenses	6,421	5,702	Contract price
Royalty fee	18	5	Contract price
Other expenses	5,569	3,315	Actual incurred

The balances of the account as at 31 December 2022 and 2021 between the Company and those related parties is provision for goods returned-related parties, presented under other current liabilities, amounting to Baht 6.5 million and Baht 2.7 million, respectively.

Directors and management compensation

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

(Unit: Thousand Baht)

	2022	2021
Short-term employee benefits	12,362	11,134
Post - employment benefits	76	74
Total	12,438	11,208

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2022	2021
Cash	160	180
Bank deposits	26,090	35,399
Total	26,250	35,579

As at 31 December 2022, bank deposits in savings accounts carried interest between 0.1% and 0.5% per annum (2021: between 0.1% and 0.5% per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)	
	2022	2021
Trade accounts receivable - unrelated parties		
Not yet due	34,693	30,627
Over due:		
Not over 3 months	11,228	4,746
3 - 6 months	-	63
Total	45,921	35,436
Less: Allowance for expected credit losses	(14)	(64)
Trade accounts receivable - unrelated parties	45,907	35,372
Trade accounts receivable - related parties		
Not yet due	71,237	98,695
Over due:		
Not over 3 months	775	297
3 - 6 months	52	-
Trade accounts receivable - related parties	72,064	98,992
Other receivables		
Other receivables - unrelated parties	1,565	2,802
Other receivables - related party	605	549
Total other receivables	2,170	3,351
Total trade and other receivables	120,141	137,715

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

	(Unit: Thousand Baht)	
	2022	2021
Balance at beginning of year	64	110
Reversal of the allowance for expected credit losses	(50)	(46)
Balance at end of year	<u>14</u>	<u>64</u>

9. Inventories

	(Unit: Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventories-net	
	2022	2021	2022	2021	2022	2021
Finished goods	266,856	212,782	(19,739)	(20,951)	247,117	191,831
Work in process	22,432	29,809	-	-	22,432	29,809
Raw materials	101,250	105,499	(9,131)	(5,648)	92,119	99,851
Factory supplies	3,261	3,343	-	-	3,261	3,343
Inventories in transit	775	3,416	-	-	775	3,416
Total	<u>394,574</u>	<u>354,849</u>	<u>(28,870)</u>	<u>(26,599)</u>	<u>365,704</u>	<u>328,250</u>

During the current year, the Company reduced cost of inventories by Baht 2.27 million. This was included in cost of sales (2021: Baht 6.53 million).

10. Other current financial assets

	(Unit: Thousand Baht)	
	2022	2021
Investments designated at fair value through profit or loss		
Unit trusts	125,854	76,714
Fixed deposits at banks	2	3
Investments in other companies	175,724	118,222
Investments in debt securities	5,000	130,403
Total investments designated at fair value through profit or loss	<u>306,580</u>	<u>325,342</u>
Derivative asset	-	17
Total other current financial assets	<u>306,580</u>	<u>325,359</u>
Cash received from sales of investments designated at fair value through profit or loss for the year	<u>734,299</u>	<u>604,025</u>

As at 22 February 2023, total fair value of investments designated at fair value through profit or loss was Baht 319 million.

11. Other non-current financial assets

	(Unit: Thousand Baht)	
	2022	2021
Investments designated at fair value through other comprehensive income		
Unit trusts	7,513	1,906
Investments in related companies	479,705	465,851
Investments in other companies	91,979	50,270
Total investments designated at fair value through other comprehensive income	<u>579,197</u>	<u>518,027</u>
Investment measured at amortised cost		
Investments in debt securities - at cost	110,500	117,000
Less: Mature within 1 year	(1,500)	(25,000)
Total investments in debt securities, net of current portion	<u>109,000</u>	<u>92,000</u>
Total other non-current financial assets, net of current portion	<u>688,197</u>	<u>610,027</u>
Cash received from sales of investments designated at fair value through other comprehensive income for the year	<u>25,124</u>	<u>42,039</u>

As at 22 February 2023, total fair value of investments designated at fair value through other comprehensive income was Baht 578 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 2022, the Company disposed investments designated at fair value through other comprehensive income. The fair value on the date of sale was Baht 25.1 million. Loss on disposals of these investments of Baht 2.13 million was recorded in unappropriated retained earnings in statement of change in shareholders' equity. (2021: Baht 42.0 million and Baht 7.1 million, respectively). In 2022, the Company received dividends in the amount of Baht 0.4 million from the above investments. (2021: Baht 0.6 million).

In addition, during the year 2022, the Company received dividends from equity instruments designated at FVOCI, which still existed at the reporting date, in the amount of Baht 15.2 million (2021: Baht 9.9 million).

12. Investment properties

(Unit: Thousand Baht)

	Land	Factory buildings	Total
Cost:			
1 January 2021	387	4,835	5,222
31 December 2021	387	4,835	5,222
31 December 2022	387	4,835	5,222
Accumulated depreciation:			
1 January 2021	-	4,835	4,835
31 December 2021	-	4,835	4,835
31 December 2022	-	4,835	4,835
Net book value:			
31 December 2021	387	-	387
31 December 2022	387	-	387

The fair value of these investment properties as at 31 December 2022 and 2021 were stated below:

(Unit: Million Baht)

	2022	2021
Land	13.3	17.1
Factory building	3.6	1.5
Total	16.9	18.6
Rental income for the year	4.5	4.0

During the year 2022, the fair value of investment properties has been determined based on valuation performed by an independent appraiser, 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 amounting to Baht 4.5 million. The term of agreements is 1 year since 1 January 2023 to 31 December 2023.

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
Cost:							
1 January 2021	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
Additions	-	-	3,808	6,035	-	1,051	10,894
Transfer in (out)	-	-	-	9,700	-	(9,700)	-
Disposals	-	-	(23,589)	(9,684)	-	-	(33,273)
31 December 2022	43,222	132,554	306,742	277,741	16,687	1,001	777,947
Accumulated depreciation:							
1 January 2021	-	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
Depreciation for the year	-	2,049	2,811	4,619	629	-	10,108
Depreciation on disposals	-	-	(23,586)	(9,684)	-	-	(33,270)
31 December 2022	-	89,503	282,862	244,610	15,891	-	632,866
Net book value:							
31 December 2021	43,222	45,100	22,886	22,015	1,425	9,650	144,298
31 December 2022	43,222	43,051	23,880	33,131	796	1,001	145,081
Depreciation for the year							
2021 (Baht 5.7 million included in manufacturing cost, and the balance in selling and administrative expenses)							11,940
2022 (Baht 4.7 million included in manufacturing cost, and the balance in selling and administrative expenses)							10,108

As at 31 December 2022, 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 643.1 million (2021: Baht 667.5 million).

14. Right-of-use assets

Movements of right-of-use assets account during the year ended 31 December 2022 and 2021 were summarised below.

(Unit: Thousand Baht)

	Building	Office equipment	Total
1 January 2021	23,078	378	23,456
Additions			
Depreciation for the year	(6,003)	(130)	(6,133)
31 December 2021	17,075	248	17,323
Additions	-	737	737
Depreciation for the year	(5,770)	(261)	(6,031)
31 December 2022	11,305	724	12,029

15. Trade and other payables

(Unit: Thousand Baht)

	2022	2021
Trade accounts payable - related parties	3,189	6,813
Trade accounts payable - unrelated parties	39,234	76,465
Other payables - related parties	70	132
Other payables - unrelated parties	17,213	14,699
Total trade and other payables	59,706	98,109

16. Lease liabilities

(Unit: Thousand Baht)

	2022	2021
Lease payments	13,726	19,750
Less: Deferred interest expenses	(788)	(1,517)
Total	12,938	18,233
Less: Portion due within one year	(6,077)	(5,893)
Lease liabilities - net of current portion	6,861	12,340

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 2022 and 2021 are summarised below:

(Unit: Thousand Baht)

	2022	2021
Balance at beginning of year	18,233	24,061
Additions	737	-
Accretion of interest	762	979
Reduction of lease payments	-	(771)
Repayments	(6,794)	(6,036)
Balance at end of year	12,938	18,233

Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	2022	2021
Depreciation expense of right-of-use assets	6,030	5,317
Interest expense on lease liabilities	762	979
Expense relating to short-term leases	200	162
Expense relating to variable lease payments	124	214

The Company had total cash outflows for leases for the year ended 31 December 2022 by Baht 7.1 million (2021: Baht 7.0 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)

	2022	2021
Provision for long-term employee benefits		
at beginning of year	64,076	70,187
Included in profit or loss:		
Current service cost	3,177	3,508
Interest cost	529	565
Past service costs and losses on settlement	511	117
Benefits paid during the year	(6,664)	(10,301)
Provision for long-term employee benefits		
at end of year	61,629	64,076

The Company expects to pay by Baht 9.61 million of long-term employee benefits during the next year (2021: Baht 8.08 million).

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefit is 7 years (2021: 7 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	2022	2021
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 2022 and 2021 are summarised below:

	As at 31 December 2022			
	Increase	Effect to obligation	Decrease	Effect to obligation
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Discount rate	0.5	(2,689)	0.5	2,689
Salary increase rate	1.0	1,888	1.0	(1,810)
Turnover rate	20.0	(3,857)	20.0	4,461

	As at 31 December 2021			
	Increase	Effect to obligation	Decrease	Effect to obligation
	(%)	(Thousand Baht)	(%)	(Thousand Baht)
Discount rate	0.5	(3,045)	0.5	3,045
Salary increase rate	1.0	1,812	1.0	(1,741)
Turnover rate	20.0	(3,645)	20.0	4,186

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)	
	2022	2021
Interest income	4,842	6,556
Consulting income	4,357	4,060
Rental income	6,519	6,320
Dividend income	25,687	12,629
Gain on sale of investments	10,255	9,498
Others	8,057	8,987
Total	59,717	48,050

21. Finance cost

	(Unit: Thousand Baht)	
	2022	2021
Interest expenses on borrowings	-	40
Interest expenses on lease liabilities	762	979
Total	762	1,019

22. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	2022	2021
Salaries and wages and other employee benefits	179,903	162,569
Depreciation and amortisation expenses	16,323	17,902
Rental expenses from operating lease agreements	324	1,028
Raw materials and consumables used	311,295	248,705
Changes in inventories of finished goods and work in progress	47,909	(13,064)

23. Deferred tax liabilities/Income tax expense

Tax expense for the years ended 31 December 2022 and 2021 are made up as follows:

	(Unit: Thousand Baht)	
	2022	2021
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	140	1,724
Tax expense reported in the statement of comprehensive income	140	1,724

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

	(Unit: Thousand Baht)	
	2022	2021
Deferred tax on		
Gain from the change in value of investments in equity designed at fair value through other comprehensive income	5,880	4,844
	<u>5,880</u>	<u>4,844</u>

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

	(Unit: Thousand Baht)	
	2022	2021
Accounting profit before tax	<u>43,636</u>	<u>12,366</u>
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	8,727	2,473
Reversal deferred tax liabilities as previously record	(1,060)	-
Effects of:		
Non-deductible expenses	856	4
Additional expense deductions allowed	(62)	(63)
Dividends income	(4,941)	(2,115)
Utilise of tax loss	(3,380)	-
Unrecorded of unused tax losses	-	1,425
Total	<u>(7,527)</u>	<u>(749)</u>
Tax expense reported in the statement of comprehensive income	<u>140</u>	<u>1,724</u>

As at 31 December 2022 and 2021, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	2022	2021
Deferred tax assets		
Goods consignment	119	-
Provision for goods returned	223	102
Allowance for diminution in value of inventories	5,774	5,320
Transfer of investments designated at fair value through other comprehensive income	832	1,231
Provision for long-term employee benefits	10,401	9,885
Lease	182	182
Total	<u>17,531</u>	<u>16,720</u>

	(Unit: Thousand Baht)	
	2022	2021
Deferred tax liabilities		
Unrealised gain on re-measuring investments	64,928	57,035
Others	-	1,062
Total	64,928	58,097
Deferred tax liabilities - net	47,397	41,377

The Company is not liable to corporate income tax for the years 2022 and 2021 due to tax loss brought forward. As at 31 December 2022, the Company has an unused tax loss of Baht 104.4 million (2021: Baht 156.9 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 2024.

24. Earnings per share

Basic earnings per share is calculated by dividing profit 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

Dividend	Approved by	Total dividend (Million Baht)	Dividend per share (Baht)
<u>2022</u>			
Dividend announced from retained earnings	Annual General Meeting of the shareholders on 26 April 2022	9.60	0.10
<u>2021</u>			
Dividend announced from retained earnings	Annual General Meeting of the shareholders on 27 April 2021	9.60	0.10

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

During the year 2022, the sale revenue of Baht 404.1 million (2021: Baht 330.4 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 2022, the Company contributed Baht 2.7 million (2021: Baht 2.6 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)	
	2022	2021
Payable:		
Up to 1 year	722	913

28.2 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	2022	2021
Electricity use	1.8	2.2
Payment due to creditors	0.3	0.1
Total	2.1	2.3

29. Fair value hierarchy

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

(Unit: Million Baht)

	As at 31 December 2022			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
Other current financial assets				
Unit trusts	27.1	98.8	-	125.9
Investments in debt securities	-	5.0	-	5.0
Investments in marketable securities	175.7	-	-	175.7
Other non-current financial assets				
Unit trusts	7.5	-	-	7.5
Investments in marketable securities	493.2	1.0	-	494.2
Investments in non-marketable securities	-	-	77.5	77.5
Assets for which fair value are disclosed				
Other non-current financial assets				
Investments in debt securities	-	110.5	-	110.5
Investment properties	-	13.3	3.6	16.9

(Unit: Million Baht)

	As at 31 December 2021			Total
	Level 1	Level 2	Level 3	
Assets measured at fair value				
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
Assets for which fair value are disclosed				
Other non-current financial assets				
Investments in debt securities	-	94.3	-	94.3
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 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 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. 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 2022 and 2021, 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)

	2022				Effective interest rates (% per annum)
	Fixed interest rates			Floating interest rate	
	Within 1 year	More than 1 to 5 years	More than 5 years		
Financial assets					
Cash and cash equivalents	6	-	-	26,084	0.13 - 0.45
Other current financial assets	5,000	-	-	-	0.70 - 0.75
Other non-current financial assets	1,500	76,000	33,000	-	2.65 - 7.10
Trade and other receivables	-	-	-	120,141	-
Financial liabilities					
Trade and other payables	-	-	-	59,706	-

(Unit: Thousand Baht)

	2021				
	Fixed interest rates			Floating interest rate	Effective interest rates (% per annum)
Within 1 year	More than 1 to 5 years	More than 5 years			
Financial assets					
Cash and cash equivalents	6	-	-	35,393	0.05 - 0.50
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
Trade and other receivables	-	-	-	137,715	-
Financial liabilities					
Trade and other payables	-	-	-	98,109	-

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 2022 and 2021, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2022	2021	2022	2021	2022	2021
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US Dollar	286	598	96	206	34.29 - 34.73	33.15 - 33.59

Liquidity risk

The Company's current assets significantly exceed current liabilities. Moreover, the Company has access to sources of funding from bank overdrafts, short-term loans from banks. 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 2022 and 2021 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

As at 31 December 2022

	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Trade and other payables	-	59,167	539	-	59,706
Lease liabilities	-	6,618	7,108	-	13,726
Total non-derivatives	-	65,785	7,647	-	73,432

(Unit: Thousand Baht)

As at 31 December 2021

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

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 at 1 January 2021	65,438
Return of investments from the dissolution	(755)
Increase in fair value and recognised into other comprehensive income	10,171
Balance as at 31 December 2021	74,854
Disposed during the year	(256)
Increase in fair value and recognised into other comprehensive income	3,757
Balance as at 31 December 2022	78,355

In 2022 and 2021, key assumptions used in the valuation are summarised below.

Valuation technique	Significant unobservable inputs	Rates (%)		Sensitivity of the input to fair value
		2022	2021	
1) Discounted cash flows	Weighted average cost of capital (WACC)	8.02 - 11.49	5.52 - 8.89	1% increase in WACC would result in decreasing in fair value Baht 3.8 million. (2021: Baht 4.8 million). 1% decrease in WACC would result in increasing in fair value Baht 5.0 million. (2021: Baht 7.6 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 decreasing in fair value Baht 1.2 million. (2021: Baht 0.8 million). 1% decrease in liquidity and minority discounts would result in increasing in fair value Baht 1.3 million. (2021: Baht 1.1 million).

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 2022, the Company's debt-to-equity ratio was 0.14:1 (2021: 0.16:1).

32. Event after the reporting period

On 23 February 2023, a meeting of the Company's Board of Directors passed a resolution to propose the dividend payment to shareholders of Baht 0.2 per share, or a total of Baht 19.2 million, from the Company's 2022 operating results. This will be proposed to the 2023 Annual General Meeting of the Company's shareholders for approval. Such dividend will be paid and recorded after being approved by the Annual General Meeting of the Company's shareholders.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2023.