

President Bakery Public Company Limited
Report and financial statements
31 December 2021

Independent Auditor's Report

To the Shareholders of President Bakery Public Company Limited

Opinion

I have audited the accompanying statement of financial position, in which the equity method is applied, of President Bakery Public Company Limited (“the Company”) as at 31 December 2021, and the related statements of comprehensive income, changes in shareholders’ equity and cash flows, in which the equity method is applied, for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of President Bakery Public Company Limited for the same period.

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

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

Sales of goods are significant accounting transactions as the amounts recorded are material and directly affect profit or loss of the Company. In addition, the sales transactions of the Company are made with a large number of customers and there are a variety of arrangements and conditions, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. I therefore gave significant attention to the revenue recognition of the Company.

I evaluated the Company's revenue recognition by assessing and testing its internal controls with respect to the revenue cycle. I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Company issued after the period-end. I tested the data being used in calculating and recording accrued sales promotions and discounts at the end of reporting period whether it was consistent with the conditions of the relevant agreements or arrangements with the customers. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the group to express an opinion on the financial statements, in which the equity method is applied. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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.

Siriwan Nitdamrong
Certified Public Accountant (Thailand) No. 5906

EY Office Limited
Bangkok: 21 February 2022

President Bakery Public Company Limited

Statements of financial position

As at 31 December 2021

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	6	389,769,346	368,353,215	389,769,346	368,353,215
Trade and other receivables	7, 9	871,297,832	747,075,856	871,297,832	747,075,856
Inventories	8	189,656,519	168,311,918	189,656,519	168,311,918
Other current financial assets	11	4,216,190,679	3,826,171,185	4,216,190,679	3,826,171,185
Other current assets		11,376,835	13,767,896	11,376,835	13,767,896
Total current assets		5,678,291,211	5,123,680,070	5,678,291,211	5,123,680,070
Non-current assets					
Investment in joint venture	10	31,346,410	29,819,188	5,850,000	5,850,000
Other non-current financial assets	11	2,069,776,347	1,492,898,723	2,069,776,347	1,492,898,723
Property, plant and equipment	12	3,425,884,901	3,621,433,978	3,425,884,901	3,621,433,978
Right-of-use assets	15.1	8,986,926	15,297,812	8,986,926	15,297,812
Advance payments for purchase of assets		4,974,601	542,149	4,974,601	542,149
Intangible assets	13	11,510,290	11,153,949	11,510,290	11,153,949
Other non-current assets		3,435,770	4,060,857	3,435,770	4,060,857
Total non-current assets		5,555,915,245	5,175,206,656	5,530,418,835	5,151,237,468
Total assets		11,234,206,456	10,298,886,726	11,208,710,046	10,274,917,538

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

President Bakery Public Company Limited
Statements of financial position (continued)
As at 31 December 2021

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	9, 14	638,543,338	574,305,323	638,543,338	574,305,323
Current portion of lease liabilities	15.2	5,754,733	9,537,351	5,754,733	9,537,351
Corporate income tax payable		123,905,202	109,301,281	123,905,202	109,301,281
Accrued expenses		207,304,206	223,741,492	207,304,206	223,741,492
Other current liabilities		3,082,446	2,526,251	3,082,446	2,526,251
Total current liabilities		978,589,925	919,411,698	978,589,925	919,411,698
Non-current liabilities					
Lease liabilities, net of current portion	15.2	3,500,478	6,082,315	3,500,478	6,082,315
Deferred tax liabilities	22	19,180,092	23,592,955	19,180,092	23,592,955
Provision for long-term employee benefits	16	88,472,541	96,101,551	88,472,541	96,101,551
Other non-current liabilities		3,989,512	3,830,402	3,989,512	3,830,402
Total non-current liabilities		115,142,623	129,607,223	115,142,623	129,607,223
Total liabilities		1,093,732,548	1,049,018,921	1,093,732,548	1,049,018,921
Shareholders' equity					
Share capital					
Registered					
450,000,000 ordinary shares of Baht 1 each		450,000,000	450,000,000	450,000,000	450,000,000
Issued and fully paid-up					
450,000,000 ordinary shares of Baht 1 each		450,000,000	450,000,000	450,000,000	450,000,000
Share premium		674,379,513	674,379,513	674,379,513	674,379,513
Retained earnings					
Appropriated - statutory reserve	17	45,000,000	45,000,000	45,000,000	45,000,000
Unappropriated		8,851,568,103	7,940,817,218	8,826,071,693	7,916,848,030
Other components of shareholders' equity		119,526,292	139,671,074	119,526,292	139,671,074
Total shareholders' equity		10,140,473,908	9,249,867,805	10,114,977,498	9,225,898,617
Total liabilities and shareholders' equity		11,234,206,456	10,298,886,726	11,208,710,046	10,274,917,538

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

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Directors
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President Bakery Public Company Limited

Statements of comprehensive income

For the year ended 31 December 2021

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit or loss:					
Revenues					
Sales	25	7,159,937,299	7,143,477,091	7,159,937,299	7,143,477,091
Other income	18	47,675,195	42,459,646	49,400,945	44,507,146
Total revenues		<u>7,207,612,494</u>	<u>7,185,936,737</u>	<u>7,209,338,244</u>	<u>7,187,984,237</u>
Expenses	21				
Cost of sales		3,773,531,275	3,742,851,643	3,773,531,275	3,742,851,643
Selling and distribution expenses		1,335,448,332	1,358,029,840	1,335,448,332	1,358,029,840
Administrative expenses		245,536,287	251,062,062	245,536,287	251,062,062
Total expenses		<u>5,354,515,894</u>	<u>5,351,943,545</u>	<u>5,354,515,894</u>	<u>5,351,943,545</u>
Operating profit		1,853,096,600	1,833,993,192	1,854,822,350	1,836,040,692
Share of profit from investment in joint venture	10.2	3,252,972	3,442,563	-	-
Finance income	19	45,910,044	60,407,587	45,910,044	60,407,587
Finance cost	20	(671,610)	(808,788)	(671,610)	(808,788)
Profit before income tax expenses		1,901,588,006	1,897,034,554	1,900,060,784	1,895,639,491
Income tax expenses	22	(213,914,363)	(218,369,278)	(213,914,363)	(218,369,278)
Profit for the year		<u>1,687,673,643</u>	<u>1,678,665,276</u>	<u>1,686,146,421</u>	<u>1,677,270,213</u>

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

President Bakery Public Company Limited

Statements of comprehensive income (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2021	2020	2021	2020
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Loss on changes in value of debt investment designated at fair value through other comprehensive income - net of income tax		<u>(5,783,836)</u>	<u>(3,627,839)</u>	<u>(5,783,836)</u>	<u>(3,627,839)</u>
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(5,783,836)</u>	<u>(3,627,839)</u>	<u>(5,783,836)</u>	<u>(3,627,839)</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on change in value of equity investment designated at fair value through other comprehensive income - net of income tax		<u>9,716,296</u>	<u>(4,536,794)</u>	<u>9,716,296</u>	<u>(4,536,794)</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>9,716,296</u>	<u>(4,536,794)</u>	<u>9,716,296</u>	<u>(4,536,794)</u>
Other comprehensive income for the year		<u>3,932,460</u>	<u>(8,164,633)</u>	<u>3,932,460</u>	<u>(8,164,633)</u>
Total comprehensive income for the year		<u>1,691,606,103</u>	<u>1,670,500,643</u>	<u>1,690,078,881</u>	<u>1,669,105,580</u>
Earnings per share					
	23				
Basic earnings per share		<u>3.75</u>	<u>3.73</u>	<u>3.75</u>	<u>3.73</u>

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

President Bakery Public Company Limited
Statements of changes in shareholders' equity
For the year ended 31 December 2021

(Unit: Baht)

	Financial statements in which the equity method is applied						
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity	Total
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income - Fair value reserve of financial assets at FVOCI	
Balance as at 1 January 2020		450,000,000	674,379,513	45,000,000	7,189,820,469	142,667,180	8,501,867,162
Profit for the year		-	-	-	1,678,665,276	-	1,678,665,276
Other comprehensive income for the year		-	-	-	-	(8,164,633)	(8,164,633)
Total comprehensive income for the year		-	-	-	1,678,665,276	(8,164,633)	1,670,500,643
Dividend payment	24	-	-	-	(922,500,000)	-	(922,500,000)
Transfer fair value reserve of equity instruments designated at FVOCI to retained earnings		-	-	-	(5,168,527)	5,168,527	-
Balance as at 31 December 2020		<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>7,940,817,218</u>	<u>139,671,074</u>	<u>9,249,867,805</u>
Balance as at 1 January 2021		450,000,000	674,379,513	45,000,000	7,940,817,218	139,671,074	9,249,867,805
Profit for the year		-	-	-	1,687,673,643	-	1,687,673,643
Other comprehensive income for the year		-	-	-	-	3,932,460	3,932,460
Total comprehensive income for the year		-	-	-	1,687,673,643	3,932,460	1,691,606,103
Dividend payment	24	-	-	-	(801,000,000)	-	(801,000,000)
Transfer fair value reserve of equity instruments designated at FVOCI to retained earnings		-	-	-	24,077,242	(24,077,242)	-
Balance as at 31 December 2021		<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>8,851,568,103</u>	<u>119,526,292</u>	<u>10,140,473,908</u>

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

President Bakery Public Company Limited

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Separate financial statements						
	Note	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity	Total
				Appropriated - statutory reserve	Unappropriated	Other comprehensive income - Fair value reserve of financial assets at FVOCI	
Balance as at 1 January 2020		450,000,000	674,379,513	45,000,000	7,167,246,344	142,667,180	8,479,293,037
Profit for the year		-	-	-	1,677,270,213	-	1,677,270,213
Other comprehensive income for the year		-	-	-	-	(8,164,633)	(8,164,633)
Total comprehensive income for the year		-	-	-	1,677,270,213	(8,164,633)	1,669,105,580
Dividend payment	24	-	-	-	(922,500,000)	-	(922,500,000)
Transfer fair value reserve of equity instruments designated at FVOCI to retained earnings		-	-	-	(5,168,527)	5,168,527	-
Balance as at 31 December 2020		<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>7,916,848,030</u>	<u>139,671,074</u>	<u>9,225,898,617</u>
Balance as at 1 January 2021		450,000,000	674,379,513	45,000,000	7,916,848,030	139,671,074	9,225,898,617
Profit for the year		-	-	-	1,686,146,421	-	1,686,146,421
Other comprehensive income for the year		-	-	-	-	3,932,460	3,932,460
Total comprehensive income for the year		-	-	-	1,686,146,421	3,932,460	1,690,078,881
Dividend payment	24	-	-	-	(801,000,000)	-	(801,000,000)
Transfer fair value reserve of equity instruments designated at FVOCI to retained earnings		-	-	-	24,077,242	(24,077,242)	-
Balance as at 31 December 2021		<u>450,000,000</u>	<u>674,379,513</u>	<u>45,000,000</u>	<u>8,826,071,693</u>	<u>119,526,292</u>	<u>10,114,977,498</u>

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

President Bakery Public Company Limited

Statements of cash flows

For the year ended 31 December 2021

(Unit: Baht)

	Financial statements in which			
	the equity method is applied		Separate financial statements	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit before tax	1,901,588,006	1,897,034,554	1,900,060,784	1,895,639,491
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	425,423,458	492,803,775	425,423,458	492,803,775
Gain on disposals of property, plant and equipment	(667,945)	(1,990,697)	(667,945)	(1,990,697)
Provision for litigation	-	7,700,000	-	7,700,000
Share of profit from investment in joint venture	(3,252,972)	(3,442,563)	-	-
Gain on sales of other current financial assets	(220,435)	(399,617)	(220,435)	(399,617)
Gain on sales of other non-current financial assets	(31,703,653)	(2,290,783)	(31,703,653)	(2,290,783)
Gain (loss) from sales of equity instruments not recognised in profit or loss	30,096,553	(5,168,527)	30,096,553	(5,168,527)
Unrealised gain on exchange	(140,974)	(75,167)	(140,974)	(75,167)
Gain from fair value measurement of financial assets	(41,080)	-	(41,080)	-
Provision for long-term employee benefits	8,086,497	8,248,151	8,086,497	8,248,151
Dividend income from listed equity investments	(8,609,476)	(2,821,636)	(8,609,476)	(2,821,636)
Dividend income from joint venture	-	-	(1,725,750)	(2,047,500)
Dividend income from non-listed equity investment	(7,350,000)	(4,800,000)	(7,350,000)	(4,800,000)
Finance income	(45,910,044)	(60,407,587)	(45,910,044)	(60,407,587)
Finance cost	671,610	808,788	671,610	808,788
Profit from operating activities before changes in operating assets and liabilities	2,267,969,545	2,325,198,691	2,267,969,545	2,325,198,691
Decrease (increase) in operating assets				
Trade and other receivables	(117,723,537)	180,761,020	(117,723,537)	180,761,020
Inventories	(21,344,600)	5,939,523	(21,344,600)	5,939,523
Other current assets	2,391,060	408,413	2,391,060	408,413
Other non-current assets	625,087	467,788	625,087	467,788
Increase (decrease) in operating liabilities				
Trade and other payables	65,276,630	(55,393,397)	65,276,630	(55,393,397)
Other current liabilities	(17,392,957)	(29,052,172)	(17,392,957)	(29,052,172)
Other non-current liabilities	159,110	760	159,110	760
Provision for long-term employee benefits	(15,715,507)	(11,561,264)	(15,715,507)	(11,561,264)
Cash from operating activities	2,164,244,831	2,416,769,362	2,164,244,831	2,416,769,362
Cash paid for income tax	(204,706,420)	(227,176,178)	(204,706,420)	(227,176,178)
Net cash from operating activities	1,959,538,411	2,189,593,184	1,959,538,411	2,189,593,184

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

President Bakery Public Company Limited

Statements of cash flows (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Financial statements in which			
	the equity method is applied		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from investing activities				
Restricted bank deposit	-	36,348,041	-	36,348,041
Cash paid for other current financial assets	(6,363,361,436)	(5,227,524,254)	(6,363,361,436)	(5,227,524,254)
Cash paid for other non-current financial assets	(2,879,105,876)	(2,501,101,711)	(2,879,105,876)	(2,501,101,711)
Cash received from sales of other current financial assets	6,467,000,316	4,114,032,474	6,467,000,316	4,114,032,474
Cash received from sales of other non-current financial assets	1,801,213,196	2,368,651,254	1,801,213,196	2,368,651,254
Acquisitions of property, plant and equipment	(221,467,599)	(113,346,674)	(221,467,599)	(113,346,674)
Proceeds from disposals of property, plant and equipment	1,115,566	3,515,980	1,115,566	3,515,980
Decrease in advance payments for purchase of assets	(4,432,452)	571,350	(4,432,452)	571,350
Increase in intangible assets	(2,150,300)	(2,457,323)	(2,150,300)	(2,457,323)
Interest received	56,846,995	68,773,232	56,846,995	68,773,232
Dividend income from listed equity investments	8,652,852	2,883,665	8,652,852	2,883,665
Dividend income from joint venture	1,725,750	2,047,500	1,725,750	2,047,500
Dividend income from non-listed equity investment	7,350,000	4,800,000	7,350,000	4,800,000
Net cash used in investing activities	(1,126,612,988)	(1,242,806,466)	(1,126,612,988)	(1,242,806,466)
Cash from financing activities				
Payment of principal portion of lease liabilities	(9,837,682)	(21,744,751)	(9,837,682)	(21,744,751)
Cash paid for interest expenses	(671,610)	(808,788)	(671,610)	(808,788)
Dividend payments	(801,000,000)	(922,500,000)	(801,000,000)	(922,500,000)
Net cash used in financing activities	(811,509,292)	(945,053,539)	(811,509,292)	(945,053,539)
Net increase in cash and cash equivalents	21,416,131	1,733,179	21,416,131	1,733,179
Cash and cash equivalents at beginning of year	368,353,215	366,620,036	368,353,215	366,620,036
Cash and cash equivalents at end of year (Note 6)	389,769,346	368,353,215	389,769,346	368,353,215

Supplementary disclosures of cash flows information

Non-cash related transactions

Other payables for purchases of machinery and equipment

and retention

12,912,392 15,632,146 12,912,392 15,632,146

Acquisition of right-of-use assets under lease contracts

3,629,392 260,666 3,629,392 260,666

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

President Bakery Public Company Limited

Notes to financial statements

For the year ended 31 December 2021

1. General information

1.1 Corporate information

President Bakery Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Thai President Foods Public Company Limited, which is a public company incorporated in Thailand. The Company is principally engaged in the manufacture and sales of bakery products and its registered address is at No. 121/84-85, 29th Floor, RS Tower, Ratchadapisek Road, Dindaeng, Bangkok.

1.2 Coronavirus disease 2019 Pandemic

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

2. Basis of preparation

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

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

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

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

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

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

Furthermore, the Company elected to adopt the amendments to TFRS 16, Leases, relating to COVID-19-related rent concessions. These amendments provide a practical expedient that permits a lessee to not assess whether rent concessions are lease modifications. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if all of the conditions are met, i.e., the change in lease payments results in a revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease preceding the change; any reduction in lease payments affects only payments originally due on or before 30 June 2022; and there is no substantive change to other terms and conditions of the lease.

The Company applies the practical expedient to rent concessions that meet the above conditions. The adoption of this practical expedient 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.

When a contract provided a customer with a right to return the goods within a specified period, the Company recognises the amount ultimately expected they will have to return to customers as a refund liability and recognise the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

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 and deposits 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

Inventories are valued at the lower of cost (under weighted average basis) and net realisable value. Cost of finished goods and work in process comprises all production costs and attributable factory overhead.

Raw and packing materials, spare parts and factory supplies are charged to production costs whenever consumed.

4.4 Investment in joint venture

Investment in joint venture is accounted for the financial statements in which the equity method is applied using the equity method.

Investment in joint ventures is accounted for in the separate financial statements using the cost method.

4.5 Property, plant and equipment and depreciation

Land is stated at cost. Plant 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 a straight-line basis over the estimated useful lives of assets, except for computer equipment acquired since 1 January 2002 calculated by double declining balance basis, as follows:

Buildings and improvements	-	10 - 20 years
Machinery and equipment	-	5 - 20 years
Computer equipment	-	3 - 5 years
Furniture and office equipment	-	3 - 5 years
Motor vehicles	-	5 years

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

Depreciation is included in determining income.

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

4.6 Intangible assets

Intangible assets are initially recognised at cost. Following initial recognition, 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 the straight-line basis over the economic useful life, except for computer software acquired since 1 January 2002 to 31 December 2015 calculated by double declining balance basis and since 1 January 2016 calculated by straight-line basis, 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.

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

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

The amortisation is included in determining income.

4.7 Assets held for sale

Assets held for sale are stated at the lower of cost and estimated net realisable value.

Gain (loss) on disposal of assets held for sale are recognised in profit or loss in the statements of comprehensive income upon disposal.

Loss on impairment (if any) is recognised as an expense in profit or loss in the statements of comprehensive income.

4.8 Related party transactions

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

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

4.9 Leases

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

The Company as a lessee

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

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, and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located 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 and improvements	3	years
Furniture and office equipment	3	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.

4.10 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of non-financial assets

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

In the assessment of asset impairment if there is any indication that the previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.12 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 and death. The Company treats these severance payment obligations as a defined benefit plan. In addition, the Company provides other long-term employee benefit plan, namely long service awards.

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

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

4.13 Provisions

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

4.14 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.15 Financial instruments

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component or for which at contract inception the Company expected payment by the customer less than one year, 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 at FVOCI (debt instruments)

The Company measures financial assets at FVOCI if the financial asset is held to collect contractual cash flows and to sell the financial asset 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.

Interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

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 including interest income 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.

Recognition and derecognition of financial instruments

Regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date on which the Company becomes a party to contractual provisions of the 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.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

The Company considers a significant increase in credit risk to have occurred when contractual payments are more than 30 days past due and considers a financial asset as credit impaired or default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to have a significant increase in credit risk and to be in default using other internal or external information, such as credit rating of issuers.

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

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

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

Offsetting of financial instruments

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

4.16 Derivatives

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

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes including interest income 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.

4.17 Fair value measurement

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting 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. 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.

Fair value of financial instruments

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

Property plant and equipment and depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company's plant and equipment and to review estimated 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 records impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. 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 plan 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.

Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess the results of the litigation and believes that the provision made would be sufficient. However, actual results could differ from the estimates.

6. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Cash	954	982
Bank deposits	188,815	367,371
Bills of exchange	200,000	-
Total	<u>389,769</u>	<u>368,353</u>

As at 31 December 2021, bank deposits in savings accounts, fixed deposits and bills of exchange carried interests between 0.05 and 1.10 percent per annum (2020: between 0.05 and 0.50 percent per annum).

7. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
<u>Trade receivables - related party</u>		
Aged on the basis of due dates		
Not yet due	379	354
Total trade receivables - related party	379	354
<u>Trade receivables - unrelated parties</u>		
Not yet due	469,578	431,796
Past due		
Up to 3 months	392,384	311,692
6 - 12 months	-	13
Total trade receivables - unrelated parties	861,962	743,501
Total trade receivables	862,341	743,855
<u>Other receivables</u>		
Other receivables - related party	232	180
Other receivables - unrelated parties	8,725	3,041
Total other receivables	8,957	3,221
Total trade and other receivables	871,298	747,076

8. Inventories

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Finished goods	3,779	4,179
Work in process	3,407	4,041
Raw materials	97,069	79,993
Packaging materials	34,178	37,242
Spare parts and factory supplies	51,224	42,857
Total	189,657	168,312

9. Related party transactions

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

(Unit: Million Baht)

	<u>2021</u>	<u>2020</u>	<u>Transfer pricing and lending policy</u>
Transactions with parent company			
Dividend payment	416.5	479.6	At the declared rate
Transactions with related companies			
Purchases of goods	469.5	507.8	Agreed price which approximates the market price by reference to purchase volume
Dividend payment	188.3	216.7	At the declared rate
Dividend income	7.4	4.8	At the declared rate
Transactions with joint venture			
Sales of goods	2.0	2.5	Agreed price which approximates the market price
Service income	1.8	2.7	Agreed price which approximates the market price
Rental income	0.6	0.6	Agreed price which approximates the market price
Dividend income	1.7	2.0	At the declared rate

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

(Unit: Thousand Baht)

	<u>2021</u>	<u>2020</u>
Trade and other receivables - related party (Note 7)		
Joint venture (related by the Company holding interest in that company and by common shareholders and common directors)	611	534
Total trade and other receivables - related party	611	534
Trade and other payables - related parties (Note 14)		
Related companies (related by having holding interest in the Company and/or by common shareholders and common directors)	96,571	128,411
Connected companies (related by connected directors)	1,204	4,799
Total trade and other payables - related parties	97,775	133,210

Directors' and management's remuneration

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

	(Unit: Million Baht)	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	57.7	57.2
Post-employment benefits and other long-term benefits	1.3	1.4
Total	<u>59.0</u>	<u>58.6</u>

10. Investment in joint venture

10.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other companies. Details of the investment are as follows:

Joint venture	Nature of business	Paid-up capital	Shareholding percentage		Financial statements in which the equity method is applied - carrying amount based on equity method		Separate financial statements - carrying amount based on cost method	
			31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
		Million Baht	Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
President Green House Foods Co., Ltd.	Operating the Japanese restaurant	15	39	39	31,346	29,819	5,850	5,850
Total investment in joint venture					31,346	29,819	5,850	5,850

In May 2008, the Company, together with a foreign company and a local company, jointly established President Green House Foods Company Limited to operate a Japanese restaurant. The Company had invested in 585,000 ordinary shares of this company at par value Baht 10 per share, amounting to Baht 5.85 million, or equivalent to 39% interest, and has treated this investment as investment in joint venture.

10.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of comprehensive income from investment in the joint venture in the financial statements in which the equity method is applied and dividend income in the separate financial statements in which cost method is applied as follows:

Joint venture	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profit from investment in joint venture during the years		Share of other comprehensive income from investment in joint venture during the years		Dividend received during the years	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
President Green House Foods Company Limited	3,253	3,443	-	-	1,726	2,048
Total	<u>3,253</u>	<u>3,443</u>	<u>-</u>	<u>-</u>	<u>1,726</u>	<u>2,048</u>

10.3 Summarised financial information of joint venture

Summarised information about financial position

(Unit: Million Baht)

As at 31 December

	<u>2021</u>	<u>2020</u>
President Green House Foods Company Limited		
Cash and cash equivalents	15.4	21.0
Other current assets	71.1	61.7
Non-current assets	13.5	21.7
Other current liabilities	(14.9)	(19.3)
Non-current liabilities	(4.7)	(8.7)
Net assets	80.4	76.4
Shareholding percentage	39%	39%
Share of net assets	31.3	29.8
Carrying amounts of joint venture based on equity method	31.3	29.8

Summarised information about comprehensive income

(Unit: Million Baht)

For the years ended 31 December

	<u>2021</u>	<u>2020</u>
President Green House Foods Company Limited		
Sales and service income	63.1	77.4
Other income	5.6	1.4
Expenses	58.0	67.1
Finance cost	0.6	0.9
Income tax expenses	1.8	2.0
Profit	8.3	8.8
Total comprehensive income	8.3	8.8

11. Other financial assets

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
<u>Debt instruments at amortised cost</u>		
Fixed deposits	3,219,180	3,305,771
Total debt instruments at amortised cost	<u>3,219,180</u>	<u>3,305,771</u>
<u>Debt instruments at FVOCI</u>		
Bank of Thailand bond	1,371,399	832,612
Corporate bond, note or debt instruments	742,877	576,718
Total debt instruments at FVOCI	<u>2,114,276</u>	<u>1,409,330</u>
<u>Equity instruments designated at FVOCI</u>		
Listed equity instrument		
Advanced Info Service Public Co., Ltd.	16,744	8,008
PTT Public Co., Ltd.	16,051	19,452
Others	305,571	200,931
Non-listed equity instrument		
Saha Capital Tower Co., Ltd.	275,000	110,000
President Flour Mills Co., Ltd.	200,688	223,404
Other	12,905	23,258
Unit trust	30,850	18,916
Total equity instruments designated at FVOCI	<u>857,809</u>	<u>603,969</u>
<u>Financial asset at FVTPL</u>		
Open-end fund	94,673	-
Derivative asset (Note 30)	29	-
Total financial asset at FVTPL	<u>94,702</u>	<u>-</u>
Total other financial assets	<u>6,285,967</u>	<u>5,319,070</u>
Classified as:		
Other current financial assets	4,216,191	3,826,171
Other non-current financial assets	2,069,776	1,492,899
Total other current financial assets	<u>6,285,967</u>	<u>5,319,070</u>

	(Unit: Million Baht)			
	31 December 2021		31 December 2021	
	Cost	Fair value	Cost	Fair value
Financial assets				
Quoted debt investments	2,108	2,114	1,396	1,409
Non-listed equity investments	367	489	202	357
Listed equity investments	313	338	217	228
Unit trust investments	32	31	21	19
Open-end fund	95	95	-	-
Total	<u>2,915</u>	<u>3,067</u>	<u>1,836</u>	<u>2,013</u>

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 sold its equity interest in some listed equity investment as this investment no longer coincides with the Company's investment strategy. The fair value on the date of sale was totaling of Baht 559.6 million (2020: Baht 320.0 million) and the accumulated gain recognised in other comprehensive income of Baht 30.1 million (2020: accumulated loss of Baht 5.2 million) was transferred to retained earnings.

In 2021, the Company received dividends in the amount of Baht 8.6 million (2020: Baht 2.8 million) from listed equity investments.

On 17 September 2019, the meeting of the Board of Directors of the Company passed a resolution approving the Company to purchase 2,000,000 ordinary shares of Saha Capital Tower Co., Ltd., which is engaged in property rental and development business at par value of Baht 100 per share, amounting to Baht 200 million, or equivalent to 10 percent of all shares. Saha Capital Tower Co., Ltd. fully called up the share capital and the Company fully made payment for share subscription in November 2021.

On 18 October 2021, the meeting of the Board of Directors of the Company passed a resolution approving the Company to purchase 3,000,000 newly issued ordinary shares of Saha Capital Tower Co., Ltd. at par value of Baht 100 per share, amounting to Baht 300 million to maintain the same shareholding proportion. Saha Capital Tower Co., Ltd. called up 25 percent of its share capital and the Company paid the share subscription of Baht 75 million in December 2021. The Company has treated this investment as equity instruments designated at FVOCI.

12. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and improvements	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress and assets under installation	Total
Cost							
1 January 2020	1,107,464	1,956,322	4,609,441	980,555	1,044,871	53,607	9,752,260
Additions	58,000	-	910	20,719	-	27,670	107,299
Transfers in (out)	-	-	18,726	7,947	11,397	(38,070)	-
Disposals	-	-	(34,744)	(16,699)	(11,974)	-	(63,417)
31 December 2020	1,165,464	1,956,322	4,594,333	992,522	1,044,294	43,207	9,796,142
Additions	91,604	-	2,200	32,845	-	92,095	218,744
Transfers in (out)	-	63,381	11,998	14,703	156	(90,238)	-
Disposals	-	-	-	(4,593)	(3,111)	-	(7,704)
31 December 2021	1,257,068	2,019,703	4,608,531	1,035,477	1,041,339	45,064	10,007,182
Accumulated depreciation							
1 January 2020	-	701,387	3,262,051	839,948	953,340	-	5,756,726
Depreciation for the year	-	95,413	280,354	59,181	44,926	-	479,874
Depreciation - disposals	-	-	(34,744)	(15,174)	(11,974)	-	(61,892)
31 December 2020	-	796,800	3,507,661	883,955	986,292	-	6,174,708
Depreciation for the year	-	93,514	235,212	54,920	30,199	-	413,845
Depreciation - disposals	-	-	-	(4,145)	(3,111)	-	(7,256)
31 December 2021	-	890,314	3,742,873	934,730	1,013,380	-	6,581,297
Net book value							
31 December 2020	1,165,464	1,159,522	1,086,672	108,567	58,002	43,207	3,621,434
31 December 2021	1,257,068	1,129,389	865,658	100,747	27,959	45,064	3,425,885
Depreciation for the year							
2020 (Baht 391 million included in manufacturing cost, and the balance included in selling and administrative expenses)							479,874
2021 (Baht 342 million included in manufacturing cost, and the balance included in selling and administrative expenses)							413,845

As at 31 December 2021, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 4,304.6 million (2020: Baht 3,552.2 million).

As at 31 December 2021, the Company has plant and equipment which was held for sales, with net book value amounting to Baht 0.3 million (2020: Baht 0.3 million). Therefore, such assets are transferred out to be presented as other current assets in the statement of financial position.

13. Intangible assets

Details of intangible assets, which are computer software, are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Cost		
Balance - beginning of year	36,283	33,826
Additions	<u>2,151</u>	<u>2,457</u>
Balance - end of year	38,434	36,283
Less: Accumulated amortisation	<u>(26,924)</u>	<u>(25,129)</u>
Net book value	<u><u>11,510</u></u>	<u><u>11,154</u></u>
Amortisation expenses included in the statements of comprehensive income	<u><u>1,795</u></u>	<u><u>1,970</u></u>

14. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Trade payables - related parties	96,996	132,925
Trade payables - unrelated parties	419,866	316,623
Other payables - related party	779	285
Other payables - unrelated parties	110,216	110,156
Other payables for purchases of machinery and equipment	<u>10,686</u>	<u>14,316</u>
Total trade and other payables	<u><u>638,543</u></u>	<u><u>574,305</u></u>

15. Leases

The Company as lessee

The Company has lease contracts for various items of assets used in its operations. Leases generally have lease terms between 1 - 6 years.

Lease contracts have restriction that the underlying asset must not be subleased or used by others and several lease contracts specify the option to extend or end the lease terms.

15.1 Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	Buildings and improvements	Furniture and office equipment	Total
1 January 2020	20,642	7,283	27,925
Additions	125	135	260
Remeasurement/termination	(1,002)	(1,093)	(2,095)
Depreciation for the year	(8,198)	(2,594)	(10,792)
31 December 2020	11,567	3,731	15,298
Additions	3,629	-	3,629
Remeasurement/termination	(156)	-	(156)
Depreciation for the year	(7,829)	(1,955)	(9,784)
31 December 2021	7,211	1,776	8,987

15.2 Lease liabilities

(Unit: Thousand Baht)

	31 December 2021	31 December 2020
Lease payments	9,737	16,706
Less: Deferred interest expenses	(482)	(1,087)
Net	9,255	15,619
Less: Portion due within one year	(5,755)	(9,537)
Lease liabilities - net of current portion	3,500	6,082

Movement of lease liabilities for the years ended 31 December 2021 and 2020 are summarised below.

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Balance at beginning of year	15,619	27,925
Addition during the year	3,629	260
Remeasurement/termination	(156)	(2,095)
Accretion of interest	672	809
Repayment during the year	(10,509)	(11,280)
Balance at end of year	<u>9,255</u>	<u>15,619</u>

A maturity analysis of lease payments is disclosed in Note 30 under the liquidity risk.

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

	(Unit: Thousand Baht)	
	<u>For the year ended 31 December</u>	
	<u>2021</u>	<u>2020</u>
Depreciation expense of right-of-use assets	9,784	10,792
Interest expense on lease liabilities	672	809
Expense relating to short-term leases	1,504	2,061
Expense relating to variable lease payments that do not depend on an index or a rate	9,514	12,681

The Company has lease contracts for office building space that contains variable payments based on sales. The lease term is 1 year.

15.4 Others

The Company had total cash outflows for leases for the year ended 31 December 2021 of Baht 21.5 million (2020: Baht 26.0 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. Moreover, the Company had non-cash additions to right-of-use assets and lease liabilities of Baht 3.6 million (2020: Baht 0.2 million).

16. Provision for long-term employee benefits

(Unit: Thousand Baht)

	Employee retirement benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits as at			
1 January 2020	94,267	5,148	99,415
Included in profit or loss:			
Current service cost	5,922	930	6,852
Interest cost	1,332	64	1,396
Benefits paid during the year	(11,267)	(294)	(11,561)
Provision for long-term employee benefits as at			
31 December 2020	90,254	5,848	96,102
Included in profit or loss:			
Current service cost	5,568	1,115	6,683
Interest cost	1,311	92	1,403
Benefits paid during the year	(15,405)	(311)	(15,716)
Provision for long-term employee benefits as at			
31 December 2021	81,728	6,744	88,472

The Company expects to pay Baht 9.3 million of long-term employee benefits during the next year (2020: Baht 14.7 million).

As at 31 December 2021 and 2020, the weighted average duration of the liabilities for long-term employee benefits are summarised below.

	(Unit: Year)	
	<u>2021</u>	<u>2020</u>
Employee retirement benefits		
(dependent on category of employees and type of benefits)	11 - 12	11 - 12
Other long-term employee benefits		
(dependent on category of employees)	11 - 12	11 - 12

Significant actuarial assumptions are summarised below.

	<u>2021</u>	<u>2020</u>
	(% per annum) (% per annum)	
Discount rate (depending on category of employees and type of benefits)	1.25 - 1.49	1.16 - 1.45
Salary increase rate (depending on category of employees)	2 - 3	2 - 3

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

	(Unit: Million Baht)			
	As at 31 December 2021			
	Discount rate		Salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Employee retirement benefits	(5.6)	6.3	4.1	(3.7)
Other long-term employee benefits	(0.1)	0.1	-	-

	(Unit: Million Baht)			
	As at 31 December 2020			
	Discount rate		Salary increase rate	
	Increase	Decrease	Increase	Decrease
	0.5%	0.5%	0.5%	0.5%
Employee retirement benefits	(5.9)	6.7	3.9	(3.5)
Other long-term employee benefits	(0.1)	0.1	-	-

17. 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 profit 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. At present, the statutory reserve has fully been set aside.

18. Other income

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Dividend income from investments	15,960	7,622	15,960	7,622
Gain on sales of FVOCI debt instruments	2,248	7,236	2,248	7,236
Gain arising on FVTPL debt instruments	-	623	-	623
Gain on derivatives	29	-	29	-
Gain on exchange	-	27	-	27
Other income	29,438	26,952	31,164	28,999
Total	47,675	42,460	49,401	44,507

19. Finance income

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Interest income on debt instruments measured at amortised cost	26,650	37,136	26,650	37,136
Interest received from debt instruments at FVOCI	19,260	23,271	19,260	23,271
Total	45,910	60,407	45,910	60,407

20. Finance cost

(Unit: Thousand Baht)

	<u>2021</u>	<u>2020</u>
Interest expenses on lease liabilities	672	809
Total	672	809

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Raw materials and consumables used	2,552,700	2,478,299
Changes in inventories of finished goods and work in process	1,034	431
Salaries and wages and other employee benefits	1,557,237	1,608,190
Depreciation and amortisation	425,423	492,803
Fuel and vehicle related expenses	241,321	217,033
Water and electricity expenses	174,188	189,024
Natural gas expenses	60,761	46,636

22. Income tax

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

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Current income tax:		
Current income tax charge	219,310	199,405
Adjustment in respect of income tax of previous year	-	18,099
Deferred tax:		
Relating to origination and reversal of temporary differences	(5,396)	865
Income tax expenses reported in the profit or loss	<u>213,914</u>	<u>218,369</u>

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

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Deferred tax relating to:		
Gain (loss) on changes in value of financial asset measured at FVOCI	5,036	(749)
	<u>5,036</u>	<u>(749)</u>

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Financial statements in which the		Separate financial statements	
	equity method is applied			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Accounting profit before tax	<u>1,901,588</u>	<u>1,897,034</u>	<u>1,900,061</u>	<u>1,895,639</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	380,318	379,407	380,012	379,128
Adjustment in respect of income tax of previous year	-	18,099	-	18,099
Effects of:				
Promotional privileges (Note 25)	(162,673)	(180,201)	(162,673)	(180,201)
Non-deductible expenses	559	4,606	559	4,606
Additional expense deductions allowed	(2,169)	(1,893)	(2,169)	(1,893)
Income not subject to tax	(2,121)	(1,649)	(1,815)	(1,370)
Total	<u>(166,404)</u>	<u>(179,137)</u>	<u>(166,098)</u>	<u>(178,858)</u>
Income tax expenses reported in the profit or loss	<u>213,914</u>	<u>218,369</u>	<u>213,914</u>	<u>218,369</u>

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

(Unit: Thousand Baht)

	Statements of financial position	
	As at	As at
	<u>31 December 2021</u>	<u>31 December 2020</u>
Deferred tax assets		
Lease	54	-
Provision for long-term employee benefits	<u>10,724</u>	<u>11,503</u>
Total	<u>10,778</u>	<u>11,503</u>
Deferred tax liabilities		
Gain on changes in value of financial asset measured at FVOCI	29,882	34,918
Accumulated depreciation - plant and equipment	76	128
Lease	-	50
Total	<u>29,958</u>	<u>35,096</u>
Deferred tax liabilities - net	<u>(19,180)</u>	<u>(23,593)</u>

23. Earnings per share

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

	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit for the year (Thousand Baht)	1,687,674	1,678,665	1,686,146	1,677,270
Weighted average number of ordinary shares (Thousand shares)	450,000	450,000	450,000	450,000
Basic earnings per share (Baht)	3.75	3.73	3.75	3.73

24. Dividend payments

During the years ended 31 December 2021 and 2020, the Company had dividend payments as follows:

	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)	Paid on
For the year 2021				
Final dividends for 2020	Annual General Meeting of the shareholders on 19 April 2021	423,000	0.94	17 May 2021
Interim dividend on the profit for the six-month period ended 30 June 2021	The meeting of the Company's Board of directors No. 8/2021 on 23 August 2021	378,000	0.84	22 September 2021
Total dividend payments for 2021		<u>801,000</u>	<u>1.78</u>	
For the year 2020				
Interim dividend on profit for the last six-month period ended 2019	The meeting of the Company's Board of Directors No. 4 /2020 on 8 April 2020	490,500	1.09	7 May 2020
Interim dividend on profit for the six-month period ended 30 June 2020	The meeting of the Company's Board of Directors No. 9 /2020 on 17 August 2020	432,000	0.96	16 September 2020
Total dividend payments for 2020		<u>922,500</u>	<u>2.05</u>	

25. Promotional privileges

The Company has received the promotional privileges from the Board of Investment under the Investment Promotion Act B.E. 2520 as follows:

Certificate No.	1343(2)/2555	2218(2)/2557
Date	22 March 2012	25 September 2014
1. Promotional privileges for	Manufacture of bakery products	Manufacture of whole grain products
2. Significant privileges		
2.1 Exemption from import duty on approved machinery	Granted	Granted
2.2 Exemption from corporate income tax on net income from promoted operation (commencing from the date of earning operating income) and exemption from income tax on dividend paid from the income of the operations on which the corporate income tax is exempted throughout the corporate income tax exemption period	8 years (not over 100 percent of investment excluding land and working capital)	8 years (not over 100 percent of investment excluding land and working capital)
2.3 Allowance to deduct operating loss incurred during the corporate income tax exemption period from net income incurred thereafter (after exemption period in 2.2)	5 years	5 years
3. Commencing date	1 June 2017	1 October 2014

Sales of the Company are derived from domestic sales which could be segregated between promoted and non-promoted operations as follows:

	(Unit: Million Baht)	
	<u>2021</u>	<u>2020</u>
Sales		
Promoted operations	2,861	2,974
Non-promoted operations	4,299	4,169
Total sales	<u>7,160</u>	<u>7,143</u>

26. 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 rate of 3 - 5 percent and 3 - 15 percent of basic salary, respectively. The fund, which is managed by Tisco Fund Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2021, the Company recognised the contributions of Baht 27.2 million (2020: Baht 27.8 million) as expenses.

27. Operating segment information

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

The one main reportable operating segment of the Company is manufacture and sales of bakery products and the single geographical area of its operations is Thailand. The distribution channels are through wholesale and retail. The wholesale for the year ended 31 December 2021 amounted to approximately Baht 6,613 million, or 92.4% of total sales (2020: Baht 6,572 million, or 92.0% of total sales). The Company's sales were from a main local customer, representing about 47.5% of total sales (2020: 47.8% of total sales). 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 to the aforementioned reportable operating segment and geographical area.

28. Commitments and contingent liabilities

28.1 Capital commitments

As at 31 December 2021, the Company had capital commitments in respect of procurement agreements for production machinery and equipment of approximately AUD 0.03 million and USD 0.02 million, totaling approximately Baht 1.1 million (2020: AUD 0.03 million and USD 0.01 million, totaling approximately Baht 0.8 million).

28.2 Short-term lease and other service commitments

The Company and the joint venture have entered into several short-term lease contracts and related services. The terms of the agreements are generally between 6 months and 3 years.

As at 31 December 2021, future lease and service fees payables under these lease and service contracts were as follows:

	(Unit: Million Baht)	
	<u>The Company</u>	<u>Joint venture</u>
<u>Payable:</u>		
Within 1 year	4.6	5.0
1 to 2 years	0.6	0.7
Total	<u>5.2</u>	<u>5.7</u>

28.3 Long-term service commitments

The joint venture entered into the license and technical assistance agreement with an overseas related company for the use of a trademark and the receipt of information related to operation and management of restaurants. Under the conditions of the agreement, the joint venture is to pay an annual license fee as stipulated in the agreement. The license fees for the year 2021 amounted to approximately Baht 1.4 million (2020: Baht 1.8 million).

28.4 Long-term purchase commitments

The Company has commitments under natural gas purchase agreement for a period of 1 - 5 years. Under the agreement, the Company is committed to purchase natural gas at a minimum quantity at the price stipulated in the agreement.

No.	Period (Years)	Expired date	Average minimum quantity purchase (Million BTU)
1.	1	30 November 2022	45,565 per annum
2.	1	30 November 2022	25,895 per annum
3.	5	31 December 2023	307 per day

28.5 Guarantees

As at 31 December 2021, there were bank guarantees of approximately Baht 30.2 million (2020: Baht 65.3 million) issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of the Company's business. These included letters of guarantee amounting to Baht 26.0 million (2020: Baht 26.0 million) to guarantee electricity use, Baht 3.0 million (2020: Baht 3.0 million) to guarantee contractual performance under the natural gas purchase agreement, and Baht 1.2 million (2020: Nil) to guarantee sales.

Moreover, in 2020, the Company had a letter of guarantee in respect of tax installment payment of Baht 36.3 million that was pledged with the Revenue Department. In 2021, the Company fully paid tax and therefore requested to redeem the letter of guarantee.

28.6 Litigation

In March 2020, the Company was sued by the Department of Empowerment of Persons with Disabilities which demanded that the Company contribute to the fund for Empowerment of Persons with Disabilities with an interest in a total amount of Baht 7.7 million. Subsequently on 20 August 2021, the Company paid such amount including interest up to the date of payment in a total amount of Baht 8.4 million.

29. Fair value hierarchy

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

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVOCI				
Listed equity instrument	338,366	-	-	338,366
Debt instrument	-	2,114,276	-	2,114,276
Non-listed equity instrument	-	-	488,593	488,593
Unit trust	-	30,850	-	30,850
Financial assets measured at FVTPL				
Open-end fund	-	94,673	-	94,673
Derivatives assets				
Foreign currency forward contracts	-	29	-	29

(Unit: Million Baht)

	Financial statements in which the equity method is applied and Separate financial statements			
	2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Financial assets measured at FVOCI				
Listed equity instrument	228,391	-	-	228,391
Debt instrument	-	1,409,330	-	1,409,330
Non-listed equity instrument	-	-	356,662	356,662
Unit trust	-	18,916	-	18,916

30. Financial instruments

30.1 Derivatives

Derivatives not designated as hedging instruments

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Derivatives assets		
Derivatives assets not designated as hedging instruments		
Foreign exchange forward contracts	29	-
Total derivatives assets	<u>29</u>	<u>-</u>

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 - 2 months.

30.2 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade accounts receivable and investments in debt and equity instruments. 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. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables

The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored. The normal credit term is 7 days to 60 days.

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 and rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are past due not more than one year.

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 by the Company's Board of Directors on a monthly basis, and may be updated throughout the year subject to approval of the Company's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

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

Market risk

There are two types of market risk comprising interest rate risk and currency risk. The Company enters into derivatives to manage its risk exposure that are foreign exchange forward contracts to hedge the foreign currency risk arising on the import of goods and equipment.

Foreign currency risk

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

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

Foreign currency	Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2021</u> (Thousand)	<u>2020</u> (Thousand)	<u>2021</u> (Baht per 1 foreign currency unit)	<u>2020</u>
Japanese yen	3,859	15,012	0.2944	0.2945
Yuan renminbi	732	-	5.3185	-
US dollar	642	750	33.5929	30.2068
Australian dollar	29	-	24.6798	-
Euro	14	33	38.2813	37.2578

Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Company's profit before tax to a reasonably possible change in US dollar exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2021 and 2020. The Company's exposure to foreign currency changes for all other currencies is not material.

Currency	2021		2020	
	Change in FX rate (%)	Effect on profit before tax (Thousand Baht)	Change in FX rate (%)	Effect on profit before tax (Thousand Baht)
US dollar	+13.5	(2,911)	+11.0	(2,492)
	-13.5	2,911	- 11.0	2,492

The information is not a forecast or prediction of future market conditions.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks. Financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

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.

	As at 31 December 2021					Effective interest rate (% p.a.)
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1 - 5 years				
	Million Baht					
Financial assets						
Cash and cash equivalents	200	-	171	19	390	0.05 - 1.10
Other current financial assets	4,188	-	28	-	4,216	0.1 - 5.11
Trade and other receivables	-	-	-	871	871	-
Other non-current financial assets	-	1,118	-	952	2,070	0.66 - 5.35
	<u>4,388</u>	<u>1,118</u>	<u>209</u>	<u>1,842</u>	<u>7,547</u>	
Financial liabilities						
Trade and other payables	-	-	-	639	639	-
Liabilities under lease agreements	6	3	-	-	9	5.20 - 6.01
	<u>6</u>	<u>3</u>	<u>-</u>	<u>639</u>	<u>648</u>	

As at 31 December 2020

	Fixed interest rates				Total	Effective interest rate (% p.a.)
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing		
	Million Baht					
Financial assets						
Cash and cash equivalents	-	-	342	26	368	0.05 - 0.50
Other current financial assets	3,750	-	76	-	3,826	0.10 - 4.90
Trade and other receivables	-	-	-	747	747	-
Other non-current financial assets	-	889	-	604	1,493	0.56 - 5.11
	<u>3,750</u>	<u>889</u>	<u>418</u>	<u>1,377</u>	<u>6,434</u>	
Financial liabilities						
Trade and other payables	-	-	-	574	574	-
Liabilities under lease agreements	10	6	-	-	16	4.00 - 6.01
	<u>10</u>	<u>6</u>	<u>-</u>	<u>574</u>	<u>590</u>	

Liquidity risk

The Company manages liquidity risk to meet its obligations and maintain cash balances to cover the liquidity needs. The Company has assessed that the Company has sufficient working capital to settle financial liabilities and concluded the risk to be low.

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

	(Unit: Thousand Baht)		
	As at 31 December 2021		
	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Trade and other payables	638,543	-	638,543
Lease liabilities	6,099	3,638	9,737
Total non-derivatives	<u>644,642</u>	<u>3,638</u>	<u>648,280</u>
	(Unit: Thousand Baht)		
	As at 31 December 2020		
	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Trade and other payables	574,305	-	574,305
Lease liabilities	10,171	6,535	16,706
Total non-derivatives	<u>584,476</u>	<u>6,535</u>	<u>591,011</u>

30.3 Fair values of financial instruments

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

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

- a) For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, trade and other receivables and trade and other payables, the carrying amounts in the statement of financial position approximate their fair value.
- b) The fair value of debt securities is generally derived from quoted market prices or by using the yield curve announced by the Thai Bond Market Association or by other relevant bodies.
- c) The fair value of equity securities is generally derived from quoted market prices, or based on generally accepted pricing models when no market price is available.
- d) The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The Company considers to counterparty credit risk when determining the fair value of derivatives.

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

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

	(Unit: Thousand Baht)
	Financial statements in which the equity method is applied and <u>Separate financial statement</u> <u>Non-listed equity instrument</u>
Balance as of 1 January 2020	295,118
Acquired during the year	70,000
Net loss recognised into other comprehensive income	(8,456)
Balance as of 31 December 2020	356,662
Acquired during the year	165,000
Net loss recognised into other comprehensive income	(33,069)
Balance as of 31 December 2021	<u>488,593</u>

Key assumptions used in the valuation are summarised below.

<u>Financial instrument</u>	<u>Valuation technique</u>	<u>Significant unobservable output</u>	<u>Rates</u>
Non-listed equity instrument	Discounted cash flow	Weighted average cost of capital	7.88% - 8.36%

(Unit: Million Baht)

	<u>Sensitivity of the input to fair value</u>			
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.05%</u>	<u>0.05%</u>	<u>0.10%</u>	<u>0.10%</u>
Fair value	(1.1)	1.1	(2.2)	2.2

31. Capital management

The primary objective of the Company's capital management is to ensure that it has an 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 0.11:1 (2020: 0.11:1).

32. Approval of financial statements

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