

Yuasa Battery (Thailand) Public Company Limited
and its subsidiary
Report and consolidated financial statements
31 December 2021

Independent Auditor's Report

To the Shareholders of Yuasa Battery (Thailand) Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Yuasa Battery (Thailand) Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Yuasa Battery (Thailand) 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 Yuasa Battery (Thailand) Public Company Limited and its subsidiary and of Yuasa Battery (Thailand) Public Company Limited as at 31 December 2021, their 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 Group 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 matter and how audit procedures respond to the matter are described below.

Allowance for diminution in value of inventory

The Group had a significant net outstanding balance of inventory as at 31 December 2021 amounting to Baht 288 million, as 20 percent of total assets, which was material to financial statements. Since prices of lead as raw material for batteries fluctuated in line with changing supply and demand in the global market, leading to effect on battery production costs. Especially, there was increased in lead prices, but the Group was limited in its ability to increase the selling prices of batteries. As a result, estimating the net realisable value of inventory as disclosed in Note 8 to the financial statements requires detailed analysis of the product life cycle, the competitive environment, economic circumstances, situations within the industry and basis applied in estimating prices of batteries. There is thus a risk with respect to the amount of provision set aside for diminution in the value of inventory.

I performed analytical review on trend of lead prices for the end and subsequent of reporting period, the inventory holding periods and inventory movements to identify products with indicators of lower-than-normal inventory turnover, including analytical review on gross profit ratio. Moreover, I performed testing the calculation of the net realisable value and comparing, on a sampled basis, the cost of inventories against expected net realisable value which the selling price was from the latest invoice or price list less estimated cost to complete and to make the sale.

Other Matter

The consolidated financial statements of Yuasa Battery (Thailand) Public Company Limited and its subsidiary, and the separate financial statements of Yuasa Battery (Thailand) Public Company Limited as at 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those statements, under her report dated 16 February 2021.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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 Group, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. 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.

Supanee Triyanantakul
Certified Public Accountant (Thailand) No. 4498

EY Office Limited
Bangkok: 15 February 2022

Yuasa Battery (Thailand) Public Company Limited and its subsidiary

Statements of financial position

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents		369,557,684	370,407,951	362,717,102	342,164,208
Trade and other receivables	7	367,246,366	346,245,952	367,246,366	328,015,981
Inventories	8	288,482,276	251,766,215	288,482,276	245,716,771
Other current assets		12,974,304	10,788,169	12,974,304	10,344,888
Total current assets		1,038,260,630	979,208,287	1,031,420,048	926,241,848
Non-current assets					
Investments in subsidiary	9	-	-	999,900	999,900
Investment properties		2,320,906	2,320,906	2,320,906	92,000
Property, plant and equipment	10	395,791,576	398,734,026	395,791,576	398,005,951
Right-of-use assets		9,572,676	6,831,437	9,572,676	6,712,327
Other intangible assets		3,587,139	4,336,050	3,587,139	4,002,648
Deferred tax assets	15	19,791,176	19,882,314	19,791,176	17,835,127
Other non-current assets		142,921	931,329	142,921	54,850
Total non-current assets		431,206,394	433,036,062	432,206,294	427,702,803
Total assets		1,469,467,024	1,412,244,349	1,463,626,342	1,353,944,651

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

Yuasa Battery (Thailand) Public Company Limited and its subsidiary

Statements of financial position (continued)

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	11	379,168,589	363,948,179	380,288,437	316,640,855
Current portion of long-term lease liabilities		3,284,322	3,043,725	3,284,322	2,991,360
Income tax payable		9,883,375	26,542,147	9,883,375	23,814,292
Other current liabilities		31,113,122	30,856,667	31,113,122	27,964,486
Total current liabilities		423,449,408	424,390,718	424,569,256	371,410,993
Non-current liabilities					
Long-term lease liabilities - net of current portion		6,637,793	4,191,342	6,637,793	4,120,431
Provision for long-term employee benefits	12	98,925,543	96,561,331	98,925,543	89,246,792
Other non-current liabilities		91,271	876,478	91,271	-
Total non-current liabilities		105,654,607	101,629,151	105,654,607	93,367,223
Total liabilities		529,104,015	526,019,869	530,223,863	464,778,216
Shareholders' equity					
Share capital					
Registered					
107,625,000 ordinary shares of Baht 1 each		107,625,000	107,625,000	107,625,000	107,625,000
Issued and fully paid					
107,625,000 ordinary shares of Baht 1 each		107,625,000	107,625,000	107,625,000	107,625,000
Share premium		171,075,000	171,075,000	171,075,000	171,075,000
Differences on reorganisation of business					
of group companies	9.2	-	-	(6,960,530)	-
Retained earnings					
Appropriated - statutory reserve		26,906,250	26,906,250	26,906,250	26,906,250
Unappropriated		634,756,759	580,618,230	634,756,759	583,560,185
Total shareholders' equity		940,363,009	886,224,480	933,402,479	889,166,435
Total liabilities and shareholders' equity		1,469,467,024	1,412,244,349	1,463,626,342	1,353,944,651
		-	-	-	-

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

Directors

Yuasa Battery (Thailand) Public Company Limited and its subsidiary

Statement of comprehensive income

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Revenues					
Sales of goods		2,251,599,014	2,070,142,703	2,215,316,819	1,997,667,163
Other income		10,072,080	5,404,147	10,833,016	6,926,980
Total revenues		2,261,671,094	2,075,546,850	2,226,149,835	2,004,594,143
Expenses					
Cost of sales		1,737,501,151	1,492,573,993	1,736,044,261	1,503,702,501
Selling and distribution expenses		302,882,083	285,709,928	280,747,224	243,904,980
Administrative expenses		98,783,470	99,941,831	90,858,751	88,011,675
Total expenses		2,139,166,704	1,878,225,752	2,107,650,236	1,835,619,156
Operating profit		122,504,390	197,321,098	118,499,599	168,974,987
Finance cost		(800,187)	(796,180)	(777,009)	(785,494)
Profit before income tax		121,704,203	196,524,918	117,722,590	168,189,493
Income tax expenses	15	(24,022,059)	(38,347,606)	(22,982,401)	(32,727,554)
Profit for the year		97,682,144	158,177,312	94,740,189	135,461,939
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss)		4,895,455	(7,286,223)	4,895,455	(15,330,282)
Less: Income tax effect	15	(979,091)	1,457,245	(979,091)	3,066,057
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		3,916,364	(5,828,978)	3,916,364	(12,264,225)
Total comprehensive income for the year		101,598,508	152,348,334	98,656,553	123,197,714
Earnings per share					
Basic earnings per share					
Profit attributable to equity holders of the Company	16	0.91	1.47	0.88	1.26

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

Yuasa Battery (Thailand) Public Company Limited and its subsidiary

Statement of changes in shareholders' equity

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements				Total shareholders' equity
	Issued and fully paid		Retained earnings		
	share capital	Share premium	Appropriated	Unappropriated	
Balance as at 1 January 2020	107,625,000	171,075,000	26,906,250	465,936,788	771,543,038
Profit for the year	-	-	-	158,177,312	158,177,312
Other comprehensive income for the year	-	-	-	-5,828,978	(5,828,978)
Total comprehensive income for the year	-	-	-	152,348,334	152,348,334
Dividend paid (Note 18)	-	-	-	-37,666,892	(37,666,892)
Balance as at 31 December 2020	<u>107,625,000</u>	<u>171,075,000</u>	<u>26,906,250</u>	<u>580,618,230</u>	<u>886,224,480</u>
Balance as at 1 January 2021	107,625,000	171,075,000	26,906,250	580,618,230	886,224,480
Profit for the year	-	-	-	97,682,144	97,682,144
Other comprehensive income for the year	-	-	-	3,916,364	3,916,364
Total comprehensive income for the year	-	-	-	101,598,508	101,598,508
Dividend paid (Note 18)	-	-	-	-47,459,979	(47,459,979)
Balance as at 31 December 2021	<u>107,625,000</u>	<u>171,075,000</u>	<u>26,906,250</u>	<u>634,756,759</u>	<u>940,363,009</u>

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

Yuasa Battery (Thailand) Public Company Limited and its subsidiary

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Separate financial statements					
	Issued and fully paid share capital	Share premium	Differences from reorganisation of business of group companies	Retained earnings		Total shareholders' equity
				Appropriated	Unappropriated	
Balance as at 1 January 2020	107,625,000	171,075,000	-	26,906,250	498,029,363	803,635,613
Profit for the year	-	-	-	-	135,461,939	135,461,939
Other comprehensive income for the year	-	-	-	-	(12,264,225)	(12,264,225)
Total comprehensive income for the year	-	-	-	-	123,197,714	123,197,714
Dividend paid (Note 18)	-	-	-	-	(37,666,892)	(37,666,892)
Balance as at 31 December 2020	<u>107,625,000</u>	<u>171,075,000</u>	<u>-</u>	<u>26,906,250</u>	<u>583,560,185</u>	<u>889,166,435</u>
Balance as at 1 January 2021	107,625,000	171,075,000	-	26,906,250	583,560,185	889,166,435
Profit for the year	-	-	-	-	94,740,189	94,740,189
Other comprehensive income for the year	-	-	-	-	3,916,364	3,916,364
Total comprehensive income for the year	-	-	-	-	98,656,553	98,656,553
Differences from reorganisation of business of group companies for entire business transfer (Note 9.2)	-	-	(6,960,530)	-	-	(6,960,530)
Dividend paid (Note 18)	-	-	-	-	(47,459,979)	(47,459,979)
Balance as at 31 December 2021	<u>107,625,000</u>	<u>171,075,000</u>	<u>(6,960,530)</u>	<u>26,906,250</u>	<u>634,756,759</u>	<u>933,402,479</u>

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

Yuasa Battery (Thailand) Public Company Limited and its subsidiary

Cash flow statement

For the year ended 31 December 2021

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities				
Profit before tax	121,704,203	196,524,918	117,722,590	168,189,493
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	49,202,783	46,024,723	48,973,442	45,555,770
Reduction of inventory to net realisable value (Reversal)	(786,029)	2,663,734	(47,878)	2,192,307
Allowance for expected credit losses	208,955	-	208,955	-
Loss on sales/disposal of machinery and equipment	3,388,948	1,022,431	3,388,948	1,024,458
Provision for long-term employee benefits	9,448,393	9,667,150	9,448,393	8,984,644
Unrealised loss on exchange	349,943	365,438	349,943	365,438
Finance income	(354,442)	(628,350)	(343,682)	(583,682)
Finance cost	800,187	796,180	777,009	785,494
Profit from operating activities before changes in operating assets and liabilities	183,962,941	256,436,224	180,477,720	226,513,922
Operating assets (increase) decrease				
Trade and other receivables	(21,404,982)	(36,411,205)	4,954,746	17,151,186
Inventories	(35,930,032)	(1,559,800)	(42,694,315)	(1,535,079)
Other current assets	(2,186,134)	734,810	(1,780,219)	698,412
Other non-current assets	788,408	(170,898)	(88,071)	-
Operating liabilities increase (decrease)				
Trade and other payables	10,639,775	23,069,629	16,856,956	11,867,684
Cash paid for employee benefits	(2,188,726)	(7,471,880)	(2,188,726)	(7,471,880)
Other current liabilities	256,455	4,246,133	1,536,702	2,994,454
Other non-current liabilities	(785,207)	170,897	-	-
Cash flows from operating activities	133,152,498	239,043,909	157,074,793	250,218,699
Cash received from interest income	354,442	985,523	343,682	940,855
Cash paid for interest expenses	(237,928)	(796,180)	(214,550)	(785,494)
Cash paid for corporate income tax	(41,569,406)	(34,047,961)	(38,235,126)	(27,444,767)
Net cash flows from operating activities	91,699,606	205,185,291	118,968,799	222,929,293

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

Yuasa Battery (Thailand) Public Company Limited and its subsidiary

Cash flow statement (continued)

For the year ended 31 December 2021

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from investing activities				
Cash received from investment in held to maturity	-	49,413,215	-	49,413,215
Acquisition of machinery and equipment	(40,205,927)	(44,987,934)	(40,096,176)	(44,549,506)
Proceeds from sales of machinery and equipment	185,200	451,192	185,200	443,092
Acquisition of intangible assets	(944,414)	(2,445,274)	(930,220)	(2,286,254)
Cash paid for entire business transfer	-	-	(6,000,730)	-
Net cash flows from (used in) investing activities	<u>(40,965,141)</u>	<u>2,431,199</u>	<u>(46,841,926)</u>	<u>3,020,547</u>
Cash flows from financing activities				
Payment of lease liabilities	(4,124,753)	(2,717,252)	(4,114,000)	(2,668,487)
Dividend paid	<u>(47,459,979)</u>	<u>(37,666,892)</u>	<u>(47,459,979)</u>	<u>(37,666,892)</u>
Net cash flows used in financing activities	<u>(51,584,732)</u>	<u>(40,384,144)</u>	<u>(51,573,979)</u>	<u>(40,335,379)</u>
Effect of exchange rate changes on cash and cash equivalents	-	(6,814)	-	(6,814)
Net increase (decrease) in cash and cash equivalents	(850,267)	167,225,532	20,552,894	185,607,647
Cash and cash equivalents at beginning of period	<u>370,407,951</u>	<u>203,182,417</u>	<u>342,164,208</u>	<u>156,556,561</u>
Cash and cash equivalents at end of period	<u>369,557,684</u>	<u>370,407,949</u>	<u>362,717,102</u>	<u>342,164,208</u>
	-	-	-	-
Supplemental cash flow information:				
Non-cash transactions:				
Increase in right-of-use assets due to entering lease agreement	6,249,343	4,404,188	6,249,343	4,404,188
Payables for acquisition of plant and equipment	11,686,267	7,108,916	11,686,267	7,108,916
Payables for acquisition of intangible assets	-	150,228	-	150,228

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

Yuasa Battery (Thailand) Public Company Limited and its subsidiary

Notes to consolidated financial statements

For the year ended 31 December 2021

1. General information

1.1 The Company's information

Yuasa Battery (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholders are GS Yuasa International Ltd, incorporated in Japan, with shareholdings of 40.69 percent and Metropolitan Motor Service Company Limited, incorporated in Thailand, with shareholdings of 19.13 percent. The Company is principally engaged in the manufacture and distribution of batteries for automobiles and motorcycles. The registered office of the Company is at No. 164, Moo 5, Soi Thedsaban 55, Sukhumvit Road, Tambol Taibanmai, Amphur Muangsamutprakan, Samutprakan.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group'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

2.1 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.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Yuasa Battery (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiary”) (collectively as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2021</u> Percent	<u>2020</u> Percent
Yuasa Sales and Distribution Co., Ltd.	Distribution of battery	Thailand	99.99	99.99

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

- 2.3 The separate financial statements present investment in subsidiary under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

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

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group'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 upon 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.

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.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Inventories

Raw materials are valued at the lower of cost and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost.

Finished goods and work in process are valued at the lower of cost and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

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

4.4 Investment in subsidiary

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

4.5 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income. No depreciation is provided on land.

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

4.6 Property, plant and equipment/Depreciation

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

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

Buildings and building improvement	-	33 years
Machinery and equipment	-	10 - 15 years
Furniture and office equipment	-	5 years

Depreciation is included in determining income.

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

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.

4.7 Intangible assets

Intangible assets with finite lives are amortised on the straight-line basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Amortisation of intangible assets is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5 years.

4.8 Leases

At inception of contract, the Group 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 Group as a lessee

The Group 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 (the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

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

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

Machinery and equipment	10 - 15 years
Furniture, fixtures and office equipment	2 - 5 years
Motor vehicles	5 years

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

Short-term leases and leases of low-value assets

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

4.9 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.

4.10 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets, investment properties and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

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 Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

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

4.13 Provisions

Provisions are recognised when the Group 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 Group 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 Group 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 Group 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 Group 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 the Group has applied the practical expedient regarding not to adjust the effects of a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at FVTPL

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

Classification and measurement of financial liabilities

At initial recognition the Group'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 Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Recognition and derecognition of financial instruments

Financial assets are recognised or derecognised on the trade date, the date on which the Group becomes a party to contractual provisions of the instrument. This includes regular way trades.

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 Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group 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 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 Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Group 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. Use of accounting estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make estimates and assumptions in certain circumstances, affecting amounts reported in these financial statements and related notes. Actual results could differ from these estimates. Significant judgements and estimates are as follows:

Allowance for expected credit losses of trade receivables

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

Net realisable value of inventories

In determining net realisable value of inventories, the management makes judgement and estimates expected loss from stock obsolescence based upon past sales history and the prevailing economic condition.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

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

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements	financial statements	financial statements	financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
<u>Transactions with subsidiary company</u>					
(eliminate from the consolidated financial statements)					
Sales of goods	-	-	479,403	1,014,613	Cost plus margin
Rental and service income	-	-	788	1,598	Contract price
<u>Transactions with related companies</u>					
Sales of goods	149,885	134,857	149,885	134,857	Cost plus margin
Commission income	2,154	624	2,154	624	At an agreed price
Purchase of raw materials and goods	189,260	189,718	189,260	189,718	Market price
Royalty fee	36,676	31,557	36,676	31,557	Contract price

As at 31 December 2021 and 2020, the balances of the accounts between the Group and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Trade receivables - related parties (Note 7)</u>				
Subsidiary	-	-	-	183,992
Related companies ^{(1) (2)}	22,331	23,808	22,331	23,822
Total trade receivables - related parties	22,331	23,808	22,331	207,814
<u>Other receivables, related parties (Note 7)</u>				
Subsidiary	-	-	-	174
Related companies ⁽¹⁾	1,059	280	1,059	280
Total other receivables - related parties	1,059	280	1,059	454
Total trade and other receivables - related parties	23,390	24,088	23,390	208,268
<u>Trade and other payables - related parties</u>				
<u>Trade payables - related parties (Note 11)</u>				
Related companies ^{(1) (2)}	34,706	30,382	34,706	30,382
Total trade payables - related parties	34,706	30,382	34,706	30,382
<u>Other payables - related parties (Note 11)</u>				
Related companies ^{(1) (2)}	36,676	32,757	36,676	32,770
Total other payables - related parties	36,676	32,757	36,676	32,770
Total trade and other payables - related parties	71,382	63,139	71,382	63,152

Relationship with the related parties

⁽¹⁾ Common shareholders

⁽²⁾ Common directors

Directors and management's benefits

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

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	29,099	30,155
Post-employment benefits	1,228	1,164
Total	<u>30,327</u>	<u>31,319</u>

7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	22,331	23,808	22,331	207,814
Total trade receivables - related parties	<u>22,331</u>	<u>23,808</u>	<u>22,331</u>	<u>207,814</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	286,792	285,651	286,792	106,990
Past due				
Up to 3 months	38,835	23,569	38,835	2
3 - 6 months	-	1,608	-	-
Over 12 months	1,764	-	1,764	-
Total	<u>327,391</u>	<u>310,828</u>	<u>327,391</u>	<u>106,992</u>
Less: Allowance for expected credit losses	<u>(1,701)</u>	<u>(1,492)</u>	<u>(1,701)</u>	<u>-</u>
Total trade receivables - unrelated parties - net	<u>325,690</u>	<u>309,336</u>	<u>325,690</u>	<u>106,992</u>
Total trade receivables - net	<u>348,021</u>	<u>333,144</u>	<u>348,021</u>	<u>314,806</u>
<u>Other receivables</u>				
Other receivables - related parties	1,059	280	1,059	454
Other receivables - unrelated parties	18,166	12,822	18,166	12,756
Total other receivables	<u>19,225</u>	<u>13,102</u>	<u>19,225</u>	<u>13,210</u>
Trade and other receivables - net	<u>367,246</u>	<u>346,246</u>	<u>367,246</u>	<u>328,016</u>

The normal credit term is 30 to 90 days.

Set out below is the movements in the allowance for expected credit losses of trade receivables.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Beginning balance	1,492	1,492	-	-
Increase due to entire business transfer	-	-	1,492	-
Provision for expected credit losses	209	-	209	-
Ending balance	<u>1,701</u>	<u>1,492</u>	<u>1,701</u>	<u>-</u>

8. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	76,681	78,399	(384)	(936)	76,297	77,463
Work in process	45,534	35,012	(79)	-	45,455	35,012
Semi-raw materials	27,809	38,380	-	-	27,809	38,380
Raw materials	103,231	58,452	(821)	(1,133)	102,410	57,319
Spare parts and factory supplies	23,632	22,073	(2,254)	(2,255)	21,378	19,818
Goods in transit	15,133	23,774	-	-	15,133	23,774
Total	<u>292,020</u>	<u>256,090</u>	<u>(3,538)</u>	<u>(4,324)</u>	<u>288,482</u>	<u>251,766</u>

(Unit: Thousand Baht)

Separate financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	76,681	71,626	(384)	(198)	76,297	71,428
Work in process	45,534	35,012	(79)	-	45,455	35,012
Semi-raw materials	27,809	38,380	-	-	27,809	38,380
Raw materials	103,231	58,452	(821)	(1,133)	102,410	57,319
Spare parts and factory supplies	23,632	22,059	(2,254)	(2,255)	21,378	19,804
Goods in transit	15,133	23,774	-	-	15,133	23,774
Total	292,020	249,303	(3,538)	(3,586)	288,482	245,717

During the current year, the Group reduced cost of inventories by Baht 3 million (2020: Baht 6 million) (the Company only: Baht 3 million and 2020: Baht 4 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Group reversed the write-down of cost of inventories by Baht 3 million (2020: Baht 3 million) (the Company only: Baht 3 million and 2020: Baht 2 million), and reduced the amount of inventories recognised as expenses due to inventories destruction during the year.

9. Investment in subsidiary

9.1 Detail of investment in subsidiary as presented in separate financial statements

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
			(%)	(%)				
Yuasa Sales and Distribution Company Limited	1,000	1,000	99.99	99.99	1,000	1,000	-	-
Total					1,000	1,000	-	-

9.2 Entire Business Transfer

On 7 April 2021, the Company entered into an entire business transfer agreement with Yuasa Sales and Distribution Company Limited, a subsidiary of the Company, whereby the Company was to receive assets and liabilities as well as related rights and obligations as specified in the agreements. The subsidiary delivered the properties to the Company on 1 July 2021, which is the date to approve the entire business transfer, at the agreed price of totaling Baht 6 million. The Company had already made the payment in full amount. The subsidiary registered its dissolution with the Ministry of Commerce on 1 July 2021.

Net book value of assets and liabilities as at the selling date are as follows.

	(Unit: Million Baht)
Trade and other receivables - unrelated parties	192
Other current assets	1
Equipment	1
Investment properties	2
Deferred tax assets	2
Trade and other payables - related parties	(148)
Trade and other payables - unrelated parties	(42)
Other current liabilities	(1)
Provision for long-term employee benefits	(8)
Net liabilities	(1)
Add: Difference between acquisition cost of business combination and net book value of subsidiary	7
Cash paid for entire business transfer	6

The Company recorded the transaction with respect to the entire business transfer in the third quarter of the current year, where the surplus of acquisition cost of business combination under common control over the net book value of subsidiary amounting to Baht 7 million was recorded as “Differences from reorganisation of business of group companies” and presented as a separate item under shareholders’ equity in the separate statement of financial position, with the reversal of such item from shareholders’ equity to be made when the liquidation of the subsidiary is completed.

10. Property, plant and equipment

Movements of property, plant and equipment for the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements					Total
	Land	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Assets under installation and under construction	
Cost:						
1 January 2020	27,790	186,631	867,147	63,757	17,243	1,162,568
Additions	-	386	7,151	7,002	31,541	46,080
Disposals/write-off	-	(782)	(31,060)	(10,189)	-	(42,031)
Transfers	-	8,680	26,975	1,791	(37,446)	-
31 December 2020	27,790	194,915	870,213	62,361	11,338	1,166,617
Additions	-	-	17,987	4,950	21,846	44,783
Disposals/write-off	-	(2,633)	(41,239)	(4,065)	-	(47,937)
Transfers	-	751	11,551	6,612	(18,914)	-
31 December 2021	27,790	193,033	858,512	69,858	14,270	1,163,463
Accumulated depreciation:						
1 January 2020	-	56,771	660,921	47,822	-	766,514
Depreciation for the year	-	5,135	30,211	6,580	-	41,926
Depreciation on disposals/write-off	-	(448)	(29,983)	(10,126)	-	(40,557)
31 December 2020	-	61,458	661,149	44,276	-	767,883
Depreciation for the year	-	5,270	31,615	7,679	-	44,564
Depreciation on disposals/write-off	-	(841)	(39,815)	(4,121)	-	(44,777)
31 December 2021	-	65,887	652,949	47,834	-	766,670
Allowance for impairment loss:						
1 January 2020	-	-	-	-	1,001	1,001
Increase during the year	-	-	-	-	-	-
31 December 2020	-	-	-	-	1,001	1,001
Increase during the year	-	-	-	-	-	-
31 December 2021	-	-	-	-	1,001	1,001
Net book value:						
31 December 2020	27,790	133,457	209,064	18,086	10,337	398,734
31 December 2021	27,790	127,146	205,563	22,024	13,269	395,792
Depreciation for the year						
2020 (Baht 40 million included in manufacturing cost, and the balance in selling and administrative expenses)						41,926
2021 (Baht 42 million included in manufacturing cost, and the balance in selling and administrative expenses)						44,564

(Unit: Thousand Baht)

	Separate financial statements					Total
		Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Assets under installation and under construction	
	Land					
Cost:						
1 January 2020	27,790	186,631	867,147	60,006	17,243	1,158,817
Additions	-	386	7,151	6,572	31,571	45,650
Disposals/write-off	-	(782)	(31,060)	(9,864)	-	(41,706)
Transfers	-	8,680	26,975	1,791	(37,446)	-
31 December 2020	27,790	194,915	870,213	58,505	11,338	1,162,761
Additions	-	-	17,987	4,840	21,846	44,673
Increase due to entire business transfer	-	-	-	701	-	701
Disposals/write-off	-	(2,633)	(41,239)	(800)	-	(44,672)
Transfers	-	751	11,551	6,612	(18,914)	-
31 December 2021	27,790	193,033	858,512	69,858	14,270	1,163,463
Accumulated depreciation:						
1 January 2020	-	56,771	660,921	44,594	-	762,286
Depreciation for the year	-	5,135	30,211	6,360	-	41,706
Depreciation on disposals/write-off	-	(448)	(29,983)	(9,807)	-	(40,238)
31 December 2020	-	61,458	661,149	41,147	-	763,754
Depreciation for the year	-	5,270	31,615	7,455	-	44,340
Depreciation on disposals/write-off	-	(841)	(39,815)	(768)	-	(41,424)
31 December 2021	-	65,887	652,949	47,834	-	766,670
Allowance for impairment loss:						
1 January 2020	-	-	-	-	1,001	1,001
Increase during the year	-	-	-	-	-	-
31 December 2020	-	-	-	-	1,001	1,001
Increase during the year	-	-	-	-	-	-
31 December 2021	-	-	-	-	1,001	1,001
Net book value:						
31 December 2020	27,790	133,457	209,064	17,358	10,337	398,006
31 December 2021	27,790	127,146	205,563	22,024	13,269	395,792
Depreciation for the year						
2020 (Baht 40 million included in manufacturing cost, and the balance in selling and administrative expenses)						41,706
2021 (Baht 42 million included in manufacturing cost, and the balance in selling and administrative expenses)						44,340

As at 31 December 2021, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 539 million (2020: Baht 544 million) (the Company only: Baht 539 million, 2020: Baht 544 million).

11. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Trade payables - related parties	34,706	30,382	34,706	30,382
Trade payables - unrelated parties	217,549	216,827	217,549	216,827
Other payables - related parties	36,676	32,757	36,676	32,770
Other payables - unrelated parties	20,995	15,898	20,995	15,095
Accrued expenses	69,243	68,084	70,362	21,567
Total trade and other payables	379,169	363,948	380,288	316,641

12. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Provision for long-term employee benefits at beginning of year	96,561	87,080	96,561	72,404
Included in profit or loss:				
Current service cost	8,012	8,123	8,012	7,558
Interest cost	1,436	1,544	1,436	1,427
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	5,576	-	5,293
Financial assumptions changes	(9,919)	(5)	(9,919)	1,985
Experience adjustments	5,025	1,715	5,025	8,052
Benefits paid during the year	(2,189)	(7,472)	(2,189)	(7,472)
Provision for long-term employee benefits at end of year	98,926	96,561	98,926	89,247

The Group expects to pay Baht 3 million of long-term employee benefits during the next year (2020: Baht 7 million) (the Company only: Baht 3 million) (2020: Baht 7 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 7 - 20 years (2020: 10 - 16 years) (the Company only: 7 - 20 years, 2020: 10 - 16 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Discount rate	1.6% - 2.5%	0.9% - 1.6%	1.6% - 2.5%	0.9% - 1.6%
Salary increase rate	5.0%	5.0% - 6.0%	5.0%	5.0%
Turnover rate	1.9% - 22.9%	1.9% - 22.9%	1.9% - 22.9%	1.9% - 22.9%

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)

2021

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(10)	11	(10)	11
Salary increase rate	22	(17)	22	(17)
Turnover rate	(9)	11	(9)	10

(Unit: Million Baht)

2020

	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(5)	6	(5)	5
Salary increase rate	11	(9)	10	(9)
Turnover rate	(5)	6	(5)	5

13. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside 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.

14. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Salaries and wages and other employee benefits	313,923	303,788	311,058	297,984
Purchase of finished goods	177,138	145,048	177,138	145,048
Depreciation and amortisation expenses	49,203	46,024	48,973	45,555
Excise tax	194,407	182,925	194,407	182,925
Royalty fee	36,676	31,557	36,676	31,557
Raw materials and consumables used	1,149,496	993,771	1,149,496	993,771
Changes in inventories of finished goods and work in progress	(8,804)	(3,412)	(15,577)	(3,387)
Utilities expenses	64,732	60,252	64,755	60,251
Repair and maintenance expenses	46,048	35,795	46,048	35,795
Others	116,348	82,478	94,676	46,120

15. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current income tax:				
Current income tax charge	24,910	40,350	24,304	34,541
Adjustment in respect of income tax of previous year	-	52	-	52
Deferred tax:				
Relating to origination and reversal of temporary differences	(888)	(2,054)	(1,322)	(1,865)
Income tax expense reported in profit or loss	<u>24,022</u>	<u>38,348</u>	<u>22,982</u>	<u>32,728</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)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax on actuarial gains and losses	979	(1,457)	979	(3,066)
	<u>979</u>	<u>(1,457)</u>	<u>979</u>	<u>(3,066)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Accounting profit before tax	121,704	196,525	117,723	168,189
Applicable tax rate	20	20	20	20
Accounting profit before tax multiplied by income tax rate	24,340	39,305	23,544	33,638
Adjustment in respect of income tax of previous year				
Effects of:				
Non-deductible expenses	499	70	499	46
Additional expense deductions allowed	(929)	(1,020)	(929)	(1,009)
Others	112	(7)	(132)	53
Total	(318)	(957)	(562)	(910)
Income tax expense reported in profit or loss	<u>24,022</u>	<u>38,348</u>	<u>22,982</u>	<u>32,728</u>

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax assets				
Provision for long-term employee benefits	19,785	19,312	19,785	17,849
Allowance for expected credit losses	340	433	340	-
Allowance for diminution in value of inventories	707	865	707	717
Allowance for asset impairment	210	200	210	200
Accrued director's remuneration	786	1,270	786	1,270
Total	21,828	22,080	21,828	20,037
Deferred tax liabilities				
Differences of depreciation for accounting and tax purpose	(2,008)	(2,156)	(2,008)	(2,155)
Lease	(29)	(42)	(29)	(42)
Total	(2,037)	(2,198)	(2,037)	(2,202)
Deferred tax assets - net	19,791	19,882	19,791	17,835

16. Earnings per share

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

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Profit for the year attributable to equity holders of the Company (Thousand Baht)	97,682	158,177	94,740	135,462
Weighted average number of ordinary shares (Thousand shares)	107,625	107,625	107,625	107,625
Basic earnings per share (Baht per share)	0.91	1.47	0.88	1.26

17. 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 Chief Executive Officer.

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

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	<u>2021</u>	<u>2020</u>
Revenue from external customers		
Thailand	1,863,723	1,706,919
Others	387,876	363,224
Total	<u>2,251,599</u>	<u>2,070,143</u>

The Group is managed and operates principally in Thailand. In presenting information on the basis of geographic segments, segment revenue is based on the geographic location of customers. There are no material assets located in foreign countries.

Major customers

For the year 2021, the Group has revenue from one major customer amounting to Baht 380 million (2020: Baht 350 million derived from one major customer).

18. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Interim dividends for 2019	Board of Directors' meeting on 7 April 2020	37.67	0.350
Total dividends for 2020		37.67	0.350
Final dividends for 2020	Annual General Meeting of the shareholders on 6 April 2021	47.46	0.441
Total dividends for 2021		47.46	0.441

19. Commitments and contingent liabilities

19.1 Capital commitments

As at 31 December 2021, the Group has the capital commitments of Baht 8 million (2020: Baht 1 million), relating to the construction of plant and purchases of equipment.

19.2 Lease commitments

As at 31 December 2021, the Group has future lease payments required under these non-cancellable leases contracts that have not yet commenced as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Within 1 year	7	6	7	6
Total	7	6	7	6

19.3 Long-term service commitments

On 1 January 2009, the Company entered into licence and technical assistance agreements with an overseas related company to grant the Company the rights to use technical know-how and expertise related to manufacturing of automotive and motorcycle batteries as well as to use trademarks. Under the conditions of the licence agreement, the Company is to pay an annual royalty fee as stipulated in the agreement. These agreements shall remain effective for 5 years and will be automatically renewed for another one year each unless terminated by either party giving notice in writing at least 90 days before the expiration of the agreements. The fees for the year 2021 amounting to approximately Baht 37 million (2020: Baht 32 million) were recognised as expenses.

19.4 Guarantees

As at 31 December 2021, there were outstanding bank guarantees of Baht 6 million (2020: Baht 6 million) issued by banks on behalf of the Company to guarantee electricity use and for performance bonds.

During the fourth quarter of the current year, the Group redeemed their property and buildings amounting to approximately Baht 131 million (2020: Baht 135 million) (Company only: Baht 131 million, 2020: Baht 135 million), which were previously pledged as collateral against credit facilities received from financial institutions. However, the Company is to maintain the required debt to equity ratio in order to comply with conditions and certain covenants specified in the amendment to agreement.

19.5 Other commitments

As at 31 December 2021, the Company had purchase order accepted by suppliers for purchase of raw materials for a total quantity of 7,955 Metric Tons (2020: 7,440 Metric Tons), at the prices as determined in purchase order that will be delivered by December, 2022

20. Fair value hierarchy

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

(Unit: Million Baht)

	Consolidated/Separate financial statements			
	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment property	-	-	38	38

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment property	-	-	35	35

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment property	-	-	27	27

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land and building has been determined based on market prices.

21. Financial instruments

21.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents and trade accounts receivable. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, deposits with banks and financial institutions. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

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 Group classifies customer segments by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance. Letters of credit and other forms of credit insurance are considered an integral part of trade receivables and taken into account in the calculation of impairment. 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.

Market risk

There are two types of market risk comprising foreign currency risk and interest rate risk.

Foreign currency risk

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

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

Consolidated/Separate financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1	1	1	1	33.5929	30.0371
Japanese yen	-	-	22	25	0.2943	0.2907

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks and lease liabilities. Most of the Group's financial assets and liabilities bear floating interest rates and fixed interest rates which are close to the market rate. Interest rate risk of the Group is low, and therefore, the Group does not currently use derivatives to hedge against such risk.

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

(Unit: Million Baht)

Consolidated financial statements											
As at 31 December 2021											
Fixed interest rates				Floating interest rate		Non-interest bearing		Total		Effective interest rate (% per annum)	
Within 1 year		1 - 5 years		2021	2020	2021	2020	2021	2020	2021	2020
2021	2020	2021	2020								
Financial assets											
Cash and cash equivalent											
-	-	-	-	370	370	-	-	370	370	0.05 - 0.125	0.05 - 0.125
Trade and other receivables											
-	-	-	-	-	-	367	346	367	346	-	-
-	-	-	-	370	370	367	346	737	716		
Financial liabilities											
Trade and other payables											
-	-	-	-	-	-	379	364	379	379	-	-
Lease liabilities											
3	3	7	4	-	-	-	-	10	7	8.33	8.10
3	3	7	4	-	-	379	364	389	386		

(Unit: Million Baht)

Separate financial statements											
As at 31 December 2021											
Fixed interest rates				Floating interest rate		Non-interest bearing		Total		Effective interest rate (% per annum)	
Within 1 year		1 - 5 years		2021	2020	2021	2020	2021	2020	2021	2020
2021	2020	2021	2020								
Financial assets											
Cash and cash equivalent											
-	-	-	-	363	342	-	-	363	342	0.05 - 0.125	0.05 - 0.125
Trade and other receivables											
-	-	-	-	-	-	367	328	367	328	-	-
-	-	-	-	363	342	367	328	730	670		
Financial liabilities											
Trade and other payables											
-	-	-	-	-	-	380	317	380	317	-	-
Lease liabilities											
3	3	7	4	-	-	-	-	10	7	8.33	8.10
3	3	7	4	-	-	380	317	390	324		

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	As at 31 December 2021			As at 31 December 2020		
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total
Non-derivatives						
Trade and other payables	379,169	-	379,169	363,948	-	363,948
Lease liabilities	3,284	6,638	9,922	3,044	4,191	7,235
Total	382,453	6,638	389,091	366,992	4,191	371,183

(Unit: Thousand Baht)

	Consolidated financial statements					
	As at 31 December 2021			As at 31 December 2020		
	Less than 1 year	1 to 5 years	Total	Less than 1 year	1 to 5 years	Total
Non-derivatives						
Trade and other payables	380,288	-	380,288	316,641	-	316,641
Lease liabilities	3,284	6,638	9,922	2,991	4,120	7,111
Total	383,572	6,638	390,210	319,632	4,120	323,752

21.2 Fair values of financial instruments

Since the majority of the Group'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:

For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, accounts receivable and accounts payable, the carrying amounts in the statement of financial position approximate their fair value.

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

22. Reclassification

During the current year, certain amounts in the statements of financial position as at 31 December 2020 have been reclassified to conform to the current year's classifications. The reclassifications are as follows:

(Unit: Thousand Baht)

	As at 31 December 2020			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Statement of financial position				
Assets				
Current assets				
Trade and other receivables	346,246	357,034	328,016	338,361
Other current assets	10,788	-	10,345	-
Liabilities				
Current liabilities				
Trade and other payables	363,948	394,805	316,641	344,605
Other current liabilities	30,857	-	27,964	-

The reclassifications had no effect to previously reported profit or shareholders' equity.

23. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 15 February 2022.