

Part 3

Financial status and operation result

13. Important financial data

A) Independent Auditor's Report

Opinion

I have audited the consolidated and separate financial statements of Siam Food Products Public Company Limited and its subsidiaries (the “Group”) and of Siam Food Products Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 30 September 2021, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 30 September 2021 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 judgment, were of most significance in my audit of the consolidated and separate financial statement of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of deferred tax assets	
Refer to notes 4 (u) and 22 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Company has recognised deferred tax assets arising from loss carry forward of Baht 65.99 million. The tax losses will expire over the coming years 2024 to 2025. The recoverability of the deferred tax assets depends on the availability of sufficient taxable profits in coming years to offset the loss carry forwards before they expire. Management prepared forecasts showing sufficient future taxable profits. The preparation of forecasts requires significant judgement in determining the key assumptions, in particular regarding sale quantities and future pricing, demand for products, cost of purchases and labor.</p> <p>Because of the judgements required, the estimations uncertainty involved and the fact that the Group and the Company are currently loss making, this was an area of focus in my audit.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> ● understanding the basis of forecasting future taxable profit; ● assessing the reasonableness of the key assumptions used by management by comparison with internal and external sources, analysis of historical trends, comparison between budgets and actual results. ● carrying out a sensitivity analysis of the key assumptions. ● evaluating the adequacy of the disclosure in accordance with Thai Financial Reporting Standards

Valuation of investments in subsidiaries and property, plant and equipment of the Group	
Refer to notes 4 (b), 4 (j), 11 and 13 to the financial statements	
The key audit matter	How the matter was addressed in the audit
<p>The Group and the Company have indicators that investments in subsidiaries and the Group's property, plant and equipment potentially are impaired. The management considers the impairment at the reporting date by estimating the recoverable amount of investments in subsidiaries and property, plant and equipment based on their value in use, determined by discounting expected future cash flows from its operations.</p> <p>Because the projection of cash flows involves a significant level of judgment by management in determining the key assumptions. Therefore, this was an</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> ● understanding the process of identifying impairment indicators and considering the assessment of impairment on investments in subsidiaries and property, plant and equipment; ● assessing the reasonableness of the key assumptions use by management in the forecast of future profit and cash flows such as quantities of pineapples processed, purchase and sales prices as well as the discount rate, by comparing with internal and external sources of information and considering the operation plan approved by management against actual and historical results, and consulting with

area of focus in my audit.	<p>valuation specialist regarding the financial methodologies used in the calculating the estimates and discount rate.</p> <ul style="list-style-type: none"> ● understanding the process and valuation methods of land and buildings, assessing the independence, competency, professional qualifications and experience of the external expert. ● evaluating the sensitivity of key assumptions used in future cash flows projection which affect to the recoverable amount of cash-generating unit; ● evaluating the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.
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Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and 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 Group and the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and 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 Group's and 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 consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated and separate 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.

(Ekkasit Chuthamsatid)

Certified Public Accountant

Registration No. 4195

KPMG Phoomchai Audit Ltd.

Bangkok

24 November 2021

B) Schedule of financial statement summary (Consolidated financial statement)

(Unit : 1,000 Baht)

	Consolidated Financial Statements					
	2021 (12 months)		2020 (12 months)		2019 (12 months)	
	Amount	%	Amount	%	Amount	%
Total Assets	2,003,874	100	1,796,486	100	1,998,220	100
Total Liabilities	450,384	22.48	323,066	17.98	276,052	13.81
Shareholders' Equity	1,553,491	77.52	1,473,420	82.02	1,722,169	86.19
Total Revenues	2,653,695	100	2,081,997	100	1,972,011	100
Revenues from sale	2,605,181	98.17	1,941,187	93.24	1,917,809	97.25
Gross Profit (loss)	187,057	7.05	(245,241)	(11.78)	(315,963)	(16.48)
Net Profit (loss)	88,132	3.32	(246,571)	(11.84)	(467,060)	(23.68)
Net cash from (used in) operating activities	(45,343)		(136,073)		(279,859)	
Net cash from (used in) investing activities	(93,498)		(76,651)		190,443	
Net cash from (used in) financing activities	(10,813)		51,241		(271,308)	
Net increase (decrease) in cash and cash equivalents	(149,649)		(161,484)		(360,731)	

C) The important financial ratio reflects the financial status and operation result.

Financial Ratio	Unit	Consolidated Financial Statements		
		2021 (12 months)	2020 (12 months)	2019 (12 months)
Liquidity Ratios				
Current Ratio	Times	2.51	3.11	5.46
Quick Ratio	Times	0.74	1.38	2.84
Avg.Collection Period	Days	23.18	23.08	25.73
Avg.No.Days Inventory In Stock	Days	70.70	63.93	71.21
Profitability Ratios				
Gross Profit (Loss) Margin	%	7.18	(12.63)	(16.48)
Net Profit (Loss) Margin	%	3.32	(11.84)	(23.68)
Earning (Per)Share	Baht	4.20	(11.74)	(22.24)
Price earnings Ratio	Times	28.95	(11.03)	(8.63)
Assets Management Ratios				
Return On Equity (ROE)	%	5.67	(16.73)	(27.12)
Return On Total Asset (ROA)	%	4.40	(13.73)	(23.37)
Return On Total Fixed Asset	%	16.56	(44.42)	(78.99)
Total Assets Turnover	Times	1.37	1.02	0.81
Leverage Ratios				
Debt To Total Assets	Times	0.22	0.18	0.14
Debt To Equity (D/E)	Times	0.29	0.22	0.16

14. Analtsis of Financial Status and Operating Performance

The consolidated Income Statements for the year ended September 30, 2021, the company earned the total income of Baht 2,653.70 million, net profit from the operation in amount of Baht 35.22 million. Upon combination with the profit share from the associated company in amount of Baht 49.99 million, the company earned the net profit of total Baht 88.13 million, while in the same period ended September 30, 2020, the company earned the total income of Baht 2,082 million, net loss from the operation in amount of Baht 363.60 million, upon combination with the profit share from the associated company in amount of Baht 67.48 million, the company earned the net loss of total Baht 246.57 million, change in net profit increasing by Baht 334.70 million or 135.74%.

Analysis of Income Statements for the year ended September 30, 2021 (The audited Consolidated Financial Statements)

1) Revenue from sale amount of Baht 2,605.18 million, an increase by Baht 663.99 million or 34.21% because the selling price has increased.

The ratio of cost of goods sold and sales for the year 2021 was 92.82% while the same period of the previous year was equal to 112.63%. Because production volume increased by 84% while the same period of the previous year, the price of fresh pineapple as raw material decreased by 11% as well as the company has control over production costs.

2) The company had a gain on changes in fair value of biological assets of Baht 20.97 million in the year 2021, because fruit cost from farmers as September 30, 2021, has increased higher than our plantation cost. While the same period of the previous year the company had a profit on changes in the fair value of biological assets of Baht 106.44 million.

3) Idle capacity cost decreased by Baht 85.35 million, due there is the fresh pineapple volume in accordance with the production capacity in this year.

4) The company had a loss on the exchange rate of Baht 24.01 million in the year 2021 while the same period of the previous year had profit on an exchange rate of Baht 8.45 million.

5) The company had a taxable income amount of Baht 7.47 million, while the same period of the previous year had a tax expense of Baht 50.56 million.

6) The operation result of the associated company, Eastern Seaboard Industrial (Rayong) Co., Ltd., the company has recognized profit sharing according to the equity method in the Statement of Income of the company in the amount of Baht 49.99 million. It decreases from the previous year Baht 17.49 million or 25.92%.

As the 30th September 2021, the consolidated statement of financial position had a Debt to Equity Ratio at 0.29, increase from 0.22 at the ended September 30, 2020, the main cause was short-term loans from financial institutions and the trade accounts payable increasing.

Financial Status

As at 30 September 2021, the company's statements of financial position presents total assets of Baht 2,003.87 million, increased of Baht 207.38 million from balance as at 30 September 2020 or 11.54%. The details of changes in assets and liabilities are as follows.

Assets

- Inventories increased Baht 220.98 million.
- Account receivable increased Baht 99.05 million.
- Right-of-use assets increased Baht 20.35 million.
- Biological assets increased Baht 17.95 million.
- Deferred tax assets increased Baht 10.57 million.
- Other receivables increased Baht 6.33 million.
- Other non-current assets increased Baht 3.51 million.

-Cash and cash equivalents an decreased Baht 149.64 million.

-Property, plant and equipment decreased Baht 22.80 million.

Liabilities The company's total liabilities were Baht 450.38 million, an increased by Baht 127.31 million as at 30 September 2020 from the previous year or 39.41%. The main transactions were increased in Other payable increased Baht 61.12 million, Account payable increased Baht 27.73 million, Advances received from sale of goods increased Baht 15.63 million, Short-term loans from financial institutions increased Baht 10 million, Current portion of lease liabilities increased Baht 9.17 million.

The Shareholders' Equity In 2021, the balance was Baht 1,553.49 million, increased by Baht 80.07 million from balance as at 30 September 2020 or 5.43%, net profit from operating for year 2021 amount Baht 88.13 million and decreased in other comprehensive income Baht 8.06 million.

Statement of Cash Flow

The statement of cash flow for year ended 30 September 2021 shows that the company had cash and cash equivalents increased from balance as at September 30, 2020 by Baht 11.83 million. The cash flow was separated from each activity as the following :

1. Net cash flow used in operating activities in the amount of Baht (45.34) million, there were main activities as the following :

- Cash used in inventories.	(167.52)	Million Baht
- Cash used from creditors' trade accounts receivable.	(92.25)	Million Baht
- Cash used in employee benefit.	(8.51)	Million Baht
- Cash used from creditors' other receivables	(6.33)	Million Baht
- Cash used in other non-current assets	(2.95)	Million Baht
- Cash used in other current assets	(2.54)	Million Baht
- Cash received from operation.	167.12	Million Baht
- Cash used from creditors' account payable	27.72	Million Baht
- Cash used from creditors' other payable	25.30	Million Baht
- Cash received in advances of goods decreased.	15.60	Million Baht

2. Net cash flow use investing activities in the amount of Baht (93.50) million, there were main activities as the following :

- Cash used for increasing crop of biological assets.	(130.58)	Million Baht
- Cash used in purchases of property, plant and equipment.	(24.06)	Million Baht
- Cash received from dividend from associated company.	53.98	Million Baht
- Cash received proceeds from reduction in value of investment units of available for-sale investments	6.95	Million Baht
- Cash received from Interest .	0.21	Million Baht

3. Net cash flow use in financing activities in the amount of Baht (10.81) million ,there were main activities as the following :

-Payment by a lessee for reduction of the outstanding liability relating to a finance lease.	(16.87)	Million Baht
-Interest paid.	(3.94)	Million Baht
- Proceeds from short-term borrowings from financial institution	10.00	Million Baht