

Part 3
Financial status and operation result

13. Financial data

1) Financial Statements Information

A. Independent Auditor's Report

To the Board of Directors and Shareholders of
Chiangmai Frozen Foods Public Company Limited

Opinion

I have audited the accompanying financial statements of **Chiangmai Frozen Foods Public Company Limited** ("the Company"), which comprise the statement of financial position as at 31 December 2019, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Chiangmai Frozen Foods Public Company Limited** as at 31 December 2019, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the 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 Matter

Key audit matter is the matter that, in my professional judgment, was of most significance in my audit of the financial statements of the current period. The matter was 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 this matter.

Key audit matter and how audit procedures respond are described below.

Revenue recognition

The Company's revenue are mainly derived from the distribution of frozen vegetables in domestic and export markets which are accounted for 96% of total revenue. Revenue from the sales of goods are considered as significant transaction and have a direct effect on the profit and loss of the Company. The sales transactions of the Company are made with a large number of domestic and oversea customers and there are a variety of arrangements and conditions. There are therefore risks with respect to the amount and timing of revenue recognition.

I examined the Company's revenue recognition by assessing and testing the effectiveness of internal controls over the revenue cycle, applying a sampling method to select sales transactions to examine the accuracy and appropriateness of the revenue recorded whether they were in compliance with the conditions set out in the sales documents and in compliance with the Company's policy. On a sampling basis, I examined supporting documents of sales incurred during the year and near the end of the accounting period. I examined the credit notes issued after the period-end and examined the significant adjustment made to the revenues. I also analyzed revenues disaggregated by products group to determine the accuracy and the appropriateness of revenues recognized throughout the accounting period.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, I have received such other information in the annual report that has been prepared for issuance before the date of this auditors' report.

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

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

I have read other information in the annual report that has been prepared for issuance, I did not find any material inconsistency therein which I have to report.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Nongram Laohaareedilok.

NONGRAM LAOHAAREEDILOK

Certified Public Accountant

Registration No. 4334

AST Master Co., Ltd.

26 February 2020

Remark: -Opinion in the Auditor's report of the past three years is unconditional

B. Important Accounting Policies

BASIS FOR INTERIM FINANCIAL STATEMENTS PREPARATION

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions ("TFAC"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Baht, which is also the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest unit unless otherwise stated.

For the convenience of the user, an English translation of the financial statements has been prepared from the financial statements that are issued in the Thai language.

NEW FINANCIAL REPORTING STANDARDS

Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below :

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue-Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Company's financial statements.

Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

Financial Reporting Standard Interpretations:

TFRIC 16

Hedges of a Net Investment in a Foreign Operation

TFRIC 19

Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company expect that the adoption of these accounting standards to result in the following adjustments.

- Classification and measurement of investments in equity instruments of non-listed companies-The Company are to measure investments in equity instruments of non-listed companies at fair value and elect to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Company elect to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.
- Recognition of credit losses-The Company are to recognise an allowance for expected credit losses on its financial assets, and they are no longer necessary for a credit-impaired event to have occurred. The Company apply simplified approach to consider impairment of trade receivables.
- Recognition of derivatives-The Company are to initially recognise derivative at their fair value on the contract date and subsequently measure them at their fair value at the end of each reporting period. However, the Company are currently considering application of hedge accounting for certain derivatives.

The management of the Company is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

This standard does not have any significant impact on the Company's financial statements.

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below;

Cash and cash equivalents

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

Accounts receivable

Trade receivable are carried at the net realizable value less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance for doubtful accounts is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified.

Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads, the latter being allocated on the basis of normal operating activities. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

At the end of year, the Company considers the physical of finished goods in the estimation of adequately allowance for obsolete.

Investments

Investments in unit trusts of mutual funds which the Company holds as trading investments are determined at fair value. The fair value of unit trusts is determined from their net asset value. Gains or losses arising from changes in the value of securities are included in statement of comprehensive income.

Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

The weight average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

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).

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.

Property, plant and equipment

Property, plant and equipment are initially recorded at cost. All assets except for land are stated at historical cost less accumulated depreciation.

Depreciation of plant and equipment are calculated on the straight line method over their estimated useful lives as follows:

	<u>No. of Years</u>
Building and Improvement	10-20
Machineries and equipment	5-10
Vehicles	5
Office equipment and fixtures	5

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

When assets are sold or retired, the Company will eliminated their costs and accumulated depreciation from the accounts and any gain or loss resulting from their disposal is included in the statements of income.

Building-in-progress and machinery under installation are stated at cost. These assets are not depreciated until such time as the relevant assets are completed and ready for their intended operational use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible asset and amortization

Intangible asset is computer software which is stated at historical cost and amortized using the straight line method over a period of five-ten (5-10) years.

Impairment of assets

The Company reviewed the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount of assets is below the carrying amount (the higher of an assets selling price or value in use). The review is made for individual assets or the cash generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Company recognize the impairment losses in the statements of income. The reversal of impairment losses recognized in prior years is recorded as other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

Foreign currency transactions

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to

Thai Baht at the exchange rate prevailing at the statements of financial position date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the statement of income.

Accounting for leases - where a company is the lessee

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the profit or loss over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the assets.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

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

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 contributions are recognised as expenses when incurred.

Defined benefit plans

The Company have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

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

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expect a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Revenue recognition

Sale of goods

Revenue from sale of goods is recognised when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting discounts and consideration payable to customers.

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Revenue from leases is recognised on a straight-line basis over the lease term.

Income tax

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

Current tax

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

Deferred tax

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

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

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

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

Basic earnings per share

Basic earnings per share is calculated by dividing the net income by weighted average number of paid-up common shares during the years.

Financial instruments

Financial assets carried on the statements of financial position include cash and cash equivalents, fixed deposit, trade and other receivable. Accounts receivable-planters and short-term loans to other company. Financial liabilities carried on the statements of financial position include trade accounts payable and other payables, liabilities under finance lease agreements. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company apply a quoted market price in an active market to measure their assets and liabilities that are required to be

measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

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

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

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

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

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

Significant accounting judgements and estimates

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

Property plant and equipment/Intangible assets

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for net realizable value

The Company considers the allowance for net realizable value based on the estimate of selling price in the ordinary course of business and normal condition of inventory. The net realizable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses.

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.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Post -employment benefits under defined benefit plans

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

Related person and companies

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, Individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

C. Summary of Financial Statements
Statements of Financial Position

(Unit: Thousand baht)

ASSETS	Separate Financial Statements					
	2017	%	2018	%	2019	%
Current Assets						
Cash and cash equivalents	126,744	8.0	122,347	7.9	180,331	11.6
Short-term investments	430,200	27.3	190,107	12.2	191,212	12.3
Trade and other receivables	80,572	5.1	139,481	8.9	109,318	7.1
Accounts receivable-planters-net	43,684	2.8	8,059	0.5	17,672	1.1
Short-term loans to other company					13,600	0.9
Inventories-net	433,555	27.5	613,175	39.3	499,857	32.3
Total Current Assets	1,114,755	70.7	1,073,169	68.8	1,011,990	65.3
Other long-term investment	37,500	2.4	37,500	2.4	37,500	2.4
Investment property	22,128	1.4	22,128	1.4	22,128	1.4
Property, plant and equipment-net	352,722	22.4	379,019	24.3	425,476	27.5
Lease deposit	25,359	1.6	25,359	1.6	25,359	1.6
Computer software-net	9,526	0.6	8,843	0.6	9,689	0.6
Deferred tax assets	10,771	0.7	10,928	0.7	15,033	1.0
Other non-current assets	2,932	0.2	2,052	0.2	2,094	0.1
Total non-current assets	460,938	29.3	485,829	31.2	537,279	34.7
TOTAL ASSETS	1,575,693	100.0	1,558,998	100.0	1,549,269	100.0

LIABILITIES AND SHAREHOLDERS' EQUITY	Separate Financial Statements					
	2017	%	2018	%	2019	%
Current Liabilities						
Trade and other payables	66,656	4.2	70,574	4.5	54,728	3.5
Current portion of liabilities under finance lease agreements	836	0.1	960	0.1	1,575	0.1
Accrued income tax	11,847	0.8	7,759	0.5	8,272	0.5
Other current liabilities	3,629	0.2	3,663	0.2	3,569	0.2
Total Current Liabilities	82,968	5.3	82,956	5.3	68,144	4.4
Liabilities under finance lease agreement	2,709	0.2	1,687	0.1	1,931	0.1
Employee benefit obligations	46,229	2.9	49,643	3.2	69,324	4.5
Total non-current liabilities	48,938	3.1	51,330	3.3	71,255	4.6
Total Liabilities	131,906	8.4	134,286	8.6	139,399	9.0
Shareholders' Equity						
Share capital - Baht 1 par value						
Authorized shares 381,145,725 common shares in 2016-2018						
Issued and paid-up Shares 381,145,725 in 2016-2018	381,146	24.2	381,146	24.5	381,146	24.6
Premium on share capital	68,000	4.3	68,000	4.4	68,000	4.4
Retained earnings						
-Appropriated for legal reserve	38,115	2.4	38,115	2.4	38,115	2.5
-Un appropriated	956,526	60.7	937,451	60.1	922,610	59.6

Total Shareholders' Equity	1,443,787	91.6	1,424,712	91.4	1,409,870	91.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,575,693	100.0	1,558,998	100.0	1,549,269	100.0

Statement of Comprehensive Income

(Unit: Thousand baht)

Particular	Separate Financial Statements					
	2017	%	2018	%	2019	%
Revenues from sales	1,357,891	100.0	1,265,509	100.0	1,163,257	100.0
Cost of sales	(1,034,558)	(76.2)	(1,018,938)	(80.5)	(1,021,760)	(87.8)
Gross profit	323,333	23.8	246,571	19.5	141,497	12.2
Gain on exchange rate	34,633	2.6	19,173	1.5	39,209	3.4
Investment income	6,618	0.5	4,170	0.3	4,355	0.4
Other income	8,566	0.6	12,034	1.0	7,842	0.7
Profit before expenses	373,150	27.5	281,948	22.3	192,902	16.9
Selling expenses	(87,626)	(6.5)	(79,402)	(6.3)	(70,852)	(6.1)
Administrative expenses	(87,447)	(6.4)	(83,144)	(6.6)	(80,059)	(6.9)
Total expenses	(175,073)	(12.9)	(162,546)	(12.9)	(150,911)	(13.0)
Profit before finance costs and income tax expenses	198,077	14.6	119,402	9.4	41,991	3.6
Financial costs	(227)	-	(206)	-	(218)	-
Profit before income tax expenses	197,850	14.6	119,196	9.4	41,773	3.6
\Income tax	(37,444)	(2.8)	(21,714)	(1.7)	(7,009)	(0.6)
Profit for the year	160,406	11.8	97,482	7.7	34,765	3.0
Earnings per share	0.42		0.26		0.09	
Actuarial gain	1,311		(2,769)		(9,608)	
Less: Income tax effect	(262)		554		1,922	
Total comprehensive income for the year	161,455		95,267		27,079	
Equity holders of the parent	160,406		97,482		34,765	
Other comprehensive income for the year	707		(2,278)		(7,686)	
Un-appropriated retained earnings Beginning balance	981,829		956,526		937,451	
Appropriated for -Dividend paid	(186,416)		(114,279)		(41,920)	
Ending balance	956,526		937,451		922,610	

STATEMENT OF CASH FLOWS

(Unit: Thousand baht)

Particular	Separate F/S.		
	2017	2018	2019
Cash flows from operating activities:			
Profit before income tax	197,850	119,196	41,773
Adjustments to reconcile net profit to net cash provided by operating activities			
Unrealized gain on exchange rate	(20)	992	135
Reversal of doubtful accounts	25	147	(172)
Reversal of loss on diminution of inventories	(26)	(2,870)	1,661
Unrealized gain from changes in value of investments	(200)	(203)	(220)
Gain on disposal of investments	(1,090)	(220)	(430)
Loss(gain) on disposal of equipment and written off	(384)	(514)	(172)
Depreciation	43,824	43,705	49,883
Provisions for employee benefit obligations	4,867	4,320	15,250
Interest	(4,191)	(3,321)	(3,706)
Interest expenses	227	207	218
Profit from operating activities before change in operational assets and liabilities	240,882	161,439	104,221
Decrease (increase) in operational assets			
Trade accounts receivables	(11,325)	(60,746)	30,435
Accounts receivable-planters	4,572	35,477	(9,441)
Inventories	(88,463)	(176,750)	111,656
Other non-current assets	(1,285)	881	(42)
Increase (decrease) in operational liabilities			
Trade accounts payable	(9,931)	2,731	(16,242)
Employee benefit obligations	449	(30)	(71)
Other current liabilities	(2,235)	(3,674)	(5,177)
Cash received from operation	132,664	(40,672)	215,339
Income tax paid	(51,674)	(25,406)	(8,678)
Net cash provided by operating activities	80,990	(66,078)	206,661
Cash flows from Investing Activities			
Decrease (increase) in short-term investments	(78,228)	240,516	(455)
Interest received	4,925	4,166	3,298
Short-term loans to other company			(13,600)
Cash received from subsidiary liquidation	-	-	-
Cash paid for Investment in related company	(37,500)	-	-
Cash paid for lease deposit	-	-	-
Proceeds from disposal of vehicle and equipment	446	702	547
Cash paid for acquisition of plant and equipment	(60,980)	(68,231)	(93,508)
Cash paid for acquisition of computer software	(1,398)	(89)	(1,774)

Net cash provided by (use in) Investing Activities	(172,735)	177,064	(105,492)
Cash flows from financial activities			
Cash paid for dividends	(186,416)	(114,279)	(41,942)
Interest paid	(227)	(207)	(218)
Payment for liabilities under finance lease agreements	-	(897)	(1,025)
Net cash used in financing activities	(186,644)	(115,383)	(43,186)
Net increase (decrease) in cash and cash equivalents	(278,388)	(4,397)	57,984
Cash and cash equivalents, Beginning of year	405,132	126,744	122,347
Cash and cash equivalents, End of year	126,744	122,347	180,331
<u>Supplement disclosure of cash flows information</u>			
Non-cash items			
Increase in liabilities under finance lease agreements	3,545	-	1,884
Increase (decrease) in payable from acquisition of assets	1,359	1,188	395

2) Financial Statements Ratio

Ratio	Unit	Financial Statement. (Mil Baht)		
		2017	2018	2019
Liquidity Ratios				
Current ratio	Time	13.44	12.94	14.85
Quick ratio	Time	7.68	5.45	7.32
Cash flow ratio	Time	0.87	(0.80)	3.04
Account receivable turnover	Time	18.04	11.50	9.35
Debt collection period	Days	20.23	31.73	39.03
Inventory turnover	Time	2.66	1.95	1.84
Good distribution ratio period	Days	137.35	187.48	198.80
Account payable turnover	Time	14.62	14.85	16.31
Debt payment period	Days	24.97	24.58	22.38
Cash cycle	Days	132.61	194.63	215.46
Profitability Ratios				
Gross profit margin	%	23.81	19.48	12.16
Operation profit margin	%	14.59	9.44	3.61
Cash ratio against making profit	%	50.35	(67.83)	596.05
Net profit margin	%	11.81	7.70	2.99
Return on equity	%	11.01	6.80	2.45
Efficiency Ratios				
Return on total assets	%	10.05	6.22	2.70
Return on fixed assets	%	3.85	3.44	2.89
Total assets turnover	Time	0.85	0.81	0.75
Financial Policy Ratios				
Ratio debt against equity part	Time	0.09	0.09	0.10
Dividends paid rate	%	80.79	82.11	65.78

14. Explanation and analysis financial situation and operation result Overview of previous operation

Performance Overview

The overall of Thailand's economy in the year 2019 considered contracted since export sector has been negatively affected by the trade war, which cause fragile demand domestically. Investment index and durable goods consumption slow down according to the export. On the other hand, there are several economic stimuli initiate by the government attempted to address the situation. Expected GDP is cut down to only 2.5% growth. The global economic in 2019 has shown the strong sign of slowdown, especially in the manufacturing and export industry due to the prolonged trade war. Japan economic also has been negatively affected from the strongly appreciation of JPY against USD caused by the uncertainty of trade war, together with trade barrier from US in terms of increasing import tax for auto parts. In addition, the increase of consumption tax from 8% to 10% in the last October, caused the shrink demand for private consumption.

During 2019, the volatile of exchange rate especially the continuously appreciation of Thai Baht (THB) against U.S. Dollar (USD) as the result from the outstanding growth of US economic, also the US-China trade war contributed to the fluctuation in currency exchanged market. Therefore, USD strongly depreciated against major currencies. The average exchange rate for the year 2019 revealed in the Bank of Thailand indicated 31.05 THB/USD, comparing to 32.31 THB/USD in 2018, considered the appreciation of 3.90%. The appreciation of THB has directly weakening revenue of the Company, in which products majorly sold in USD currency, considered approximately more than 90% of the total revenue. Therefore, the sales revenue reveals in the financial statement for the year 2019 of THB 1,163.26 Million, decreasing of 10.84% comparing to THB 1,265.51 Million indicated in 2018. Also, total sales volume of 2019 presented 20,458 Tons, which decreased 3.90% comparing to 21,228 Tons in previous year. Moreover, the drought situation in 2019 has caused difficulties for agricultural sector hence the cultivation yield is dropped which caused price for agricultural produce to increase. Furthermore, the recognizing past service costs as extra expenses in the statement of comprehensive income as the announcement of The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette and effective on 5 May 2019 has increase the cost for the Company. The company's financial statement has indicated the net profit THB 34.76 Million in the year 2019, equivalent to the decrease of 71.95% considering previous year performance of THB 97.48 Million, while the gross profit margin and net profit margin in 2019 displayed 12.26% and 2.99% respectively which decrease from 19.48% and 7.70% previously shown in 2018

The financial performance has significantly change more than 20%, whereby the Net Profit has decreased 64.33% comparing to the previous year. The major contribution for such change is majorly from the strongly appreciation of THB against USD, added by the decreased of sales volume, and the increasing raw material cost from the drought that caused the decreasing cultivation yield, the increasing cost of production from increasing wage and employee benefits, and the recognizing past service costs as extra expenses as the

announcement of The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette and effective on 5 May 2019. Finally, the net profit has greatly decreased.

The Company has not indicated any non-recurrent transaction in the financial statements for the year 2019.

During the year, the company has not changed the accounting policy, but only the application of accounting standard which is mandatory applied. The mentioned change has not material to the financial statement.

For the year 2020, the global economic has been expected a modest recovery on the back of lower risk from trade war since the phase I negotiation has been established. Also, the relaxing monetary policy from several countries and the economic stimuli should energized the domestic demand and lower the risk for technical recession. Furthermore, the outbreak of virus COVID-19 since the beginning of this year has possibly push a pressure on the growth of global economic. Further, Japan is expected to grow at decreasing pace due to the increasing consumption tax from 8% to 10% which would cause the slow consumption after October. On the other hand, the domestic factor for Thailand to be carefully monitor are the high possibility of drought which could cause the raw materials from agricultural sector to be increased, also the minimum wage has increase since last January. However, the management has aware of theses factor and best attempt to reduce such negative effects. Also, the management has continuously determine the policies and strategies to cope with the dynamic of situations such as the continuous improvement for the selection of seeds and its standard in order to improve cultivating yield and production yield, the strive to achieve the effective energy saving production line, the study for alternatives energy, the study of the demand for the products in other country rather than existing trade partner, and the closely monitor for the exchange rate to determine the appropriate use of financial instrument and increase the effectiveness of the hedge against the risk of exchange rate fluctuation.

Summary of Financial Performance

Revenue Structure

1. Sales Revenue

The Company has sales revenue majorly from the sales of frozen vegetables such as frozen soy beans, frozen green beans, frozen sweet corns and frozen mixed vegetables. The details of sales revenue, according to the financial statement categorized by the geographic is as follows,

Sales Revenue	Value (THB Million)			Increase (decrease) %		
	2017	2018	2019	2017	2018	2019
Export Sales Revenue	1,322.71	1,238.32	1,092.29	(7.79)	(6.38)	(11.79)
Domestic Sales Revenue	35.18	27.19	70.97	13.08	(22.71)	161.01
Total Sales Revenue	1,357.89	1,265.51	1,163.26	(7.34)	(6.80)	(8.08)

In 2019, sales revenue indicated totaling THB 1,163.26 Million, of which domestic sales proportion is 6.10% of total sales revenue, increase from proportion 2.15% comparing to 2018, and the proportion of export sales for the year 2019 is 93.90%, slightly decreased from 97.85% in 2018.

Total sales revenue in 2019 totaling THB 1,163.26 Million decreasing from THB 1,265.51 Million in 2018, equivalent to the decrease of 8.08%. This due to the continuously appreciation of THB against USD which the average exchange rate in 2019 is 31.05 THB/USD comparing to average exchange rate of 32.31 THB/USD, equivalent to the appreciation of 3.90%. In addition, the sales volume has been decrease comparing to the previous year.

2. Other Revenue

In 2019, the company has indicated other revenue which mainly derived from the selling of by-product of THB 7.84 Million which decreased from THB 12.03 Million in 2018, equivalent to the decrease of 38.39%. Also, the Company has revenue from investment THB 4.36 Million as the return from the investment in fixed income term fund and money market.

Cost of Goods Sold

Cost of goods sold in 2019 presented THB 1,021.76 Million, equivalent to the increase of 0.37%, comparing to THB 1,018.94 Million in 2018. The major reasons for the increase is as follows,

- The sales volume has decreased comparing to the previous year, since Japan household consumption has slightly stagnant in 2019.
- However, the raw material cost has increased concern the dropped cultivation yield derived from the drought during the period. Also, the other overhead production cost per unit has increased as the increasing cost for the production factors such as increasing minimum wage, employee benefits. The increasing depreciation from the investment in new machines and the maintenance of old storage building and its system. However, the external cold storage charge has declining due to the balancing inventory with the agricultural produces.

Selling and Administration Expenses

In 2019, the Company has reported the selling and administration expenses of THB 150.91 Million which decreased from THB 162.55 Million as reported in 2018, equivalent to the decrease of 9.75% which derive from the transportation and export expenses which is the cost for the transportation of finished goods to be delivered at domestic sea port and the custom fee, is decrease due to the decreasing volume export. Also, the appreciation of Thai Baht against USD caused the decline in sea freight expenses. Further, the external cold storage charge has decreased from the attempt to manage the inventory and the cultivation.

Gross Profit Margin and EBIT Margin

The Gross Profit Margin for the Company presented in the financial statement for the year ended 31 December 2019 is 12.16% decrease from 19.48% indicated in previous year, while the EBIT Margin reveal 3.61% decrease from 9.44% comparing to 2018. This is majorly contributed to the appreciation of exchange rate which unfavorable to the sales revenue of the company, while the sales volume is decreased. At the same time, cost of goods has been increased due to the increase raw material cost from drought and the labor related cost has increase through the recognizing past service costs as extra expenses as the announcement of

The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette and effective on 5 May 2019. In addition, the Company has higher gain on Exchange rate comparing to previous period due to the continuous appreciation of THB against USD.

Net Profit

The Company has indicated net profit in the financial statements in 2019 of THB 34.76 Million, decreased from THB 97.48 Million presented in 2018, equivalent to the decrease of 64.34%. The major contribution to the decrease of net profit derive from the unfavorable exchange rate as THB is continuously appreciated against USD. Also, the decrease of sales volume is considered affected the Net Profit. Moreover, the raw material cost has been increased due to the drought has caused cultivation yield to drop, the production cost has been increased due to the increasing employee benefits and the depreciation of new machines to improve the efficiency of production line. The Company has determined to focus on production cost management including the attempt to improve the quality of seeds and level up its selection standard, increase the production efficiency, improve the cold storage area purposely to improve capacity management and reduce external cold storage charge.

Summary Table for the Financial Performance

Financial Highlight	Value (THB Million)			Increase (decrease) %		
	2016	2017	2018	2016	2017	2018
Sales Revenue	1,357.89	1,265.51	1,163.26	(7.34)	(6.80)	(8.08)
Cost of Goods Sold	1,034.56	1,018.94	1,021.76	(2.60)	(1.51)	0.28
Gross Profit	323.33	246.57	141.50	(19.84)	(23.74)	(42.61)
Gain on Exchange Rate	34.63	19.17	39.21	316.38	(44.64)	104.50
Revenue from short term investment	6.62	4.17	4.36	26.56	(36.99)	4.44
Other Revenue	8.57	12.03	7.84	3.87	40.50	(34.84)
Operating Profit	373.15	281.95	192.90	(12.23)	(24.44)	(31.58)
Selling and administration Expenses	175.07	162.55	150.91	(3.42)	(7.16)	(7.16)
Earnings Before Interest and Tax	198.08	119.40	41.99	(18.77)	(39.72)	(64.83)
Net Profit	160.41	97.48	34.76	(18.32)	(39.23)	(64.34)
Earnings Before Interest, Tax, Depreciation and Amortization	241.90	163.11	91.87	(14.55)	(32.57)	(43.67)
Cash Flow From Operation	80.76	(66.08)	206.66	(75.87)	(181.82)	412.75
Earnings per share (Baht)	0.42	0.26	0.09			
Book Value per share (Baht)	3.79	3.74	3.70			

Key Financial Ratios

Key Financial Ratios	2016	2017	2018
Current Ratio (Times)	13.44	12.94	14.85
Quick Ratio (Times)	7.68	5.45	7.32
Gross Profit Margin (%)	23.81	19.48	12.16
Operating Profit Margin (%)	14.59	9.44	3.61
Net Profit Margin (%)	11.81	7.70	2.99
Return on Equity (%)	11.01	6.80	2.45
Return on Assets (%)	10.05	6.22	2.70
Debt To Equity Ratio (Times)	0.09	0.09	0.10

Company's Financial Position

Assets

The Company has total assets according to the financial statements as of 31 December 2019 of THB 1,549.27 Million comparing to THB 1,559.00 Million in the previous year, equivalent to the slightly decrease of 0.62%. The major decrease is from the decrease of inventory from THB 613.17 Million to THB 499.86 Million, equivalent to the decreased of 18.48% since the reduce cultivation yield caused by drought. Cash and cash equivalent and short-term investment in the forms of cash in fix saving account altogether presented THB 371.54 Million in 2019 comparing to THB 312.45 Million in 2018, equivalent to the increase of 18.91%.

Trade Receivables in 2019 indicated THB 109.32 Million, decrease from THB 139.48 Million presented in 2018, of which THB 62.07 Million is receivable that not yet due for payment, equivalent to 65.683% of total receivables in 2019 which indicated THB 105.13 Million. The Company has policy to reserve for allowance for bad debt for the whole amount on any doubtful receivable, considering financial position of client and their historical payment. In 2019, most of the clients able to settle the payment within due.

Liabilities

The Company has total liabilities according to the financial statements as of 31 December 2019 of THB 139.40 Million which slightly increase from THB 134.29 Million, equivalent to the increase of 3.81%, comparing to the previous year. This is due to the increase of non-current liabilities, employee benefits obligation which increase from THB 49.64 Million in 2018, to THB 69.32 Million in 2019 as the new calculation on the employee benefits according to the The Labor Protection Act (No. 7) B.E. 2562 which was announced in the Royal Gazette and effective on 5 May 2019.

As of 31 December 2019, the Company has liabilities obligation other than employee benefit which are

- Licensing agreement and consulting agreement for the usage of computer program and system for the amount of THB 0.25 Million
- Consulting agreement for financial advisor regarding the investment in Myanmar. The obligation amount according to the contract is THB 0.3 Million
- The Company might expose to the occurrence of obligation from the issuance of guarantee letter from bank against the government authorities for the amount of THB 10.07 Million
- The Company has capital expenditure in respect of the repairing of the plant amounting of THB 18.04 Million

The Company has appropriate and sufficient liquidity for the payment of liabilities and obligation. In the year 2019, the Current Ratio indicated 14.85 times and the Quick Ratio of 7.32 times, while most of the current assets are in the form of inventory, including cash and cash equivalent.

Currently, there is no file or active case of lawsuit against the Company.

Shareholder's Equity

Shareholder's equity for the company presented in the financial statement for the period ended 31 December 2019 of THB 1,409.87 Million, decrease from THB 1,424.71 Million comparing to the previous year, equivalent to the decrease of 1.04%. The major contribution to the decrease is the inappropriate retained earnings from financial performance which indicated THB 922.61 Million in 2019, comparing to THB 937.45 Million in 2018, equivalent to the decrease of 1.58%.

Cash flow and Capital Structure

In the year 2019, the Company has net cash flow received from operation THB 206.66 Million, comparing to the cash flow paid in operation THB 66.08 Million indicated in 2018. Though, the net profit is decreasing comparing to 2018, the balancing of inventory level during the drought, the Company has spent less on purchasing raw materials. In addition, the Company has been reported THB 105.49 Million on the investing activities majorly on acquiring new machine and the repair and maintenance of building and machine, and THB 43.19 Million as the dividend payment in the year 2019.

In 2019, the Company has sufficient liquidity which evidence from the current ratio of 14.85 times, slightly increase from 12.94 times in 2018. The major assets are current assets equivalent to 65.32% of total assets. On the other hand, the Company has only 4.40% of current liabilities which mostly consists of trade payable. There is no outstanding borrowing from the financial institution.

The Company has not engaged in any long term borrowing during the year 2019, whereas the debt to equity ratio is slightly increase to 0.10, comparing to 0.09 debt to equity ratio indicated previous year.

Summary Table for Company's Financial Position

	Value (Million Baht)			Increase (decrease) %			Common Size		
	2017	2018	2019	2017	2018	2019	2017	2018	2019
Current Assets									
Cash and short term investment	556.94	312.45	371.54	(26.31)	(43.90)	18.91	35.35	20.24	23.98
Trade Receivables	124.26	147.54	126.99	5.09	18.74	(13.93)	7.89	9.46	8.20
Short-Term Loan	-	-	13.60	-	-	-	-	-	0.88
Inventory	433.55	613.17	499.86	25.64	41.43	(18.48)	27.52	39.33	32.26
Total Current Assets	1,114.75	1,073.17	1,011.99	(8.56)	(3.73)	(5.70)	70.75	68.84	65.32
Non-Current Assets									
Property Land and Equipment	352.72	379.02	425.48	6.79	7.46	12.26	22.39	24.31	24.76
Other Non-Current Assets	108.22	106.81	111.80	58.91	(1.30)	4.67	6.87	6.85	7.22
Total Non-Current Assets	460.94	485.83	537.28	15.70	5.40	10.59	29.25	31.16	34.68
Total Assets	1,575.69	1,559.00	1,549.27	(2.59)	(1.06)	(0.62)	100.00	100.00	100.00
Current Liabilities	82.97	82.96	68.14	(19.85)	(0.01)	(17.86)	5.27	5.32	4.40
Non-Current Liabilities	48.94	51.33	71.26	8.97	4.89	38.82	3.11	3.29	4.60
Total Liabilities	131.91	134.29	139.40	(11.13)	1.80	3.81	8.37	8.61	9.00
Shareholder's Equity	1,443.79	1,424.71	1,409.87	(1.72)	(1.32)	(1.04)	91.63	91.39	91.00