

**Part 3**  
**Financial stat Part 3**  
**Financial status and operation result**

**13. Financial data**

**1) Financial Statements Information**

**A. Independent Auditor's Report**



**MASTER CO.,LTD.**

ACCOUNTING SYSTEM & TAX  
Certified Public Accountants

บริษัท เอเอสที มาสเตอร์ จำกัด

790/12 ทองหล่อทาวเวอร์ ซอยทองหล่อ 18  
ถนนสุขุมวิท 55 แขวงคลองตันเหนือ เขตวัฒนา  
กรุงเทพฯ 10110  
โทร : 0-2714-8842-3, 0-2185-0342  
แฟกซ์ : 0-2185-0225

**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 2020, 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 2020, 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 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.

*Signature*

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Key audit matters and how audit procedures respond for each matter 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 98% 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.

### Valuation of equity investment and short-term loan to non-listed company

The Company has the investment in equity instrument of non-listed company designated at fair value through other comprehensive income and short-term loan as disclosed in Note 13 and Note 11 whose values to the financial statements, representing 3% of total assets in the financial statements. Those investment and short-term loan are measured at fair value which determined by analysis and considering change in the invested companies' financial position and operating performance, discounting expected future cash flow and additional investment plan approved by Board of Directors required significant judgement of management in selecting the method, consideration of assumption and information used in fair value measurement of the investments in equity instrument and short-term loan.

I assessed the methods used in fair value measurement, determined by analysis and considering change in the invested company' financial position and operating performance, estimated discounting expected future cash flow and additional investment plan and other methods. In addition, I assessed the information used in calculation of fair value of investments e.g. financial position, estimation of the cash inflows and the financial models selected by management by gaining an understanding of the management's decision-making process as to whether the decisions are consistent with the historical data and budget plans from investee companies. I also tested the appropriateness of significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from those investee companies in the future e.g. discount rate and long-term revenue growth rates and a review of the accuracy of past cash flow projections in comparison to actual operating results in order to assess the reliability of the cash flow projections. I also tested the calculation of the realisable values of investments using the selected method.





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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 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. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### 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.

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- 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.

Chamaporn Rodloytuh

CHAMAPORN RODLOYTUK  
Certified Public Accountant  
Registration No. 9211

AST Master Co., Ltd.  
24 February 2021

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

## **B. Important Accounting Policies**

### **BASIS FOR 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 and new financial reporting standards and interpretations which are effective for fiscal periods 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. 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 :

#### **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:

|        |                                     |
|--------|-------------------------------------|
| TAS 32 | Financial Instruments: Presentation |
|--------|-------------------------------------|

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 by 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.

The effects of the adoption of these accounting standards are described below:

- Classification and measurement of investments in equity instruments of non-listed companies- The Company is 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 other comprehensive income. The Company's management assessed and considered that the cost of such investments has represented the fair value of the investments. Therefore, the fair value measurement of the investments in equity instruments of non-listed companies do not have any impact on the adjustment of retained earnings as at 1 January 2020.
- 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 applying simplified approach to consider impairment of trade receivables.
- Recognition of derivatives - The Company is to initially recognise derivative at their fair value on the contract date and the Company measure them at their fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss. The Company applying hedge accounting for mostly derivatives.

The Company adopted these financial reporting standards which the cumulative effect of initially applying is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the financial statements.

### **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.

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

### **Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021**

During the year 2020, The Federation of Accounting Professions has issued the Notification regarding the revised Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, totaling 16 number, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after 1 January 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revisions to references to the Conceptual Framework in TFRSs, revising the definition of materiality, definition of business and accounting requirement for Interest Rate Benchmark Reform.

In addition, in January 2021, The Federation of Accounting Professions has issued the Notification regarding a revision from year 2020 of five Thai Financial Reporting Standards, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after 1 January 2022 (Unless Consent to reduce rent related to COVID 19 It will be effective for accounting periods beginning on or after 1 June 2020) onwards. The most of the changes directed towards revisions of accounting requirement for Covid-19-Related Rent Concessions which meet specified conditions and Interest Rate Benchmark Reform-Phase 2.

The Company's management will adopt the relevant TFRSs in the preparation of Company's financial statements when they become effective. The Company's management is on the evaluating process to assess the impact of these TFRSs on the financial statements of the Company in the period of initial application.

## **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.

### **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**

#### Policies adopt before 1 January 2020

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.

Other long-term investments in non-marketable equity securities are stated at cost net of allowance for impairment loss(if any). The weighted average method is used for computation of the cost of investments.

### **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      | 5-20                |
| Machineries and equipment     | 5-10                |
| Vehicles                      | 5                   |
| Office equipment and fixtures | 5                   |

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 non-financial assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment, and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to



the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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

### **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.

### **Leases**

#### Accounting Policies adopt after 1 January 2020

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

The Company assesses the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercise by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

#### **The Company as a lessee**

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

#### **Right-of-use assets**

Right-of-use assets are measured at cost, less any 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.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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.

|          |        |
|----------|--------|
| Vehicles | 5 year |
|----------|--------|

### **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, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. 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 to 12 month from commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

#### Accounting policies adopted before 1 January 2020

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 in 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 in 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**

Revenue from sale of manufacturing and exporting of frozen vegetable is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. A receivable is recognized when the goods are delivered to the customer's specific location at which the Company has right to receive payment of that consideration is due. Revenue is measured at the amount of the consideration received or receivable.

Interest income is recognized on an accrual basis using the effective interest method by the book value of the financial assets multiplied by the effective interest rate.

Rental income 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**

### Accounting policies adopted since 1 January 2020

The Company initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

### **Classification and measurement of financial assets**

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

### **Financial assets at amortised cost**

The Company measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

### **Financial assets at FVTPL**

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

These financial assets include derivatives, security investments held for trading, equity investments which the Company has not irrevocably elected to classify at FVOCI and financial assets with cash flows that are not solely payments of principal and interest.

Dividends on listed equity investments are recognised as financial income in profit or loss.

### **Financial assets at FVOCI**

Financial assets measured at FVOCI are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows. Changes in the value of financial assets recognised in other comprehensive income.

### **Financial assets designated at FVOCI (equity instruments)**

Upon initial recognition, the Company can elect to irrevocably classify its equity investments which are not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses recognised in other comprehensive income on these financial assets are never recycled to profit or loss.

Dividends are recognised as other income in profit or loss, except when the dividends clearly represent a recovery of part of the cost of the financial asset, in which case, the gains are recognised in other comprehensive income.

Equity instruments designated at FVOCI are not subject to impairment assessment.

### **Classification and measurement of financial liabilities**

Except for derivative liabilities, at initial recognition the Company's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Company takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

### **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Company has transferred substantially all the risks and rewards of the asset, or the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but 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 the statement of profit or loss.

### **Impairment of financial assets**

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been



a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure (a lifetime ECL).

### **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.

### **Accounting policies adopt before 1 January 2020**

#### **Trade receivables**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

### **Derivatives and hedge accounting**

The Company uses exchange currency swaps as a derivative to hedge its exchange currency risks. Derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

#### **Hedge accounting**

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedging relationship, the Company formally designates and documents the hedging relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

The documentation, at the inception of the hedge and on an ongoing basis, includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements, including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined.

A hedging relationship qualifies for hedge accounting if it meets all of the following hedge effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

#### ***Fair value hedges***

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges-the change in the fair value of a hedging instrument and the hedged item attributable to the risk are recognised in profit or loss.

Cashflow hedges-the effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while any ineffective portion is recognised immediately in profit or loss

#### **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 expected credit losses of trade receivables

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

#### Fair value of financial instruments

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

#### 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.

#### 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 |       |           |       |           |       |
|-------------------------------------|-------------------------------|-------|-----------|-------|-----------|-------|
|                                     | 2018                          | %     | 2019      | %     | 2020      | %     |
| <b>Current Assets</b>               |                               |       |           |       |           |       |
| Cash and cash equivalents           | 122,347                       | 7.9   | 180,331   | 11.6  | 147,610   | 9.7   |
| Other current financial assets      | 190,107                       | 12.2  | 191,212   | 12.3  | 241,513   | 15.9  |
| Trade and other current receivables | 139,481                       | 8.9   | 109,318   | 7.1   | 78,295    | 5.2   |
| Accounts receivable-planters        | 8,059                         | 0.5   | 17,672    | 1.1   | 21,918    | 1.4   |
| Short-term loans to other company   |                               |       | 13,600    | 0.9   | 6,930     | 0.5   |
| Inventories                         | 613,175                       | 39.3  | 499,857   | 32.3  | 461,114   | 30.4  |
| Derivatives assets                  |                               |       |           |       | 24,678    | 1.6   |
| <b>Total Current Assets</b>         | 1,073,169                     | 68.8  | 1,011,990 | 65.3  | 982,058   | 64.7  |
| Other non-current financial assets  | 37,500                        | 2.4   | 37,500    | 2.4   | -         | -     |
| Investment property                 | 22,128                        | 1.4   | 22,128    | 1.4   | 22,128    | 1.5   |
| Property, plant and equipment-net   | 379,019                       | 24.3  | 425,476   | 27.5  | 455,562   | 30.0  |
| Lease deposit on land               | 25,359                        | 1.6   | 25,359    | 1.6   | 25,359    | 1.7   |
| Intangible assets-software computer | 8,843                         | 0.6   | 9,689     | 0.6   | 8,726     | 0.6   |
| Deferred tax assets                 | 10,928                        | 0.7   | 15,033    | 1.0   | 19,719    | 1.3   |
| Income tax refundable               |                               |       |           |       | 1,932     | 0.1   |
| Other non-current assets            | 2,052                         | 0.2   | 2,094     | 0.1   | 2,160     | 0.1   |
| Total non-current assets            | 485,829                       | 31.2  | 537,279   | 34.7  | 535,586   | 35.3  |
| <b>TOTAL ASSETS</b>                 | 1,558,998                     | 100.0 | 1,549,269 | 100.0 | 1,517,644 | 100.0 |

| LIABILITIES AND SHAREHOLDERS' EQUITY                     | Separate Financial Statements |      |         |      |         |      |
|----------------------------------------------------------|-------------------------------|------|---------|------|---------|------|
|                                                          | 2018                          | %    | 2019    | %    | 2020    | %    |
| <b>Current Liabilities</b>                               |                               |      |         |      |         |      |
| Trade and other current payables                         | 70,574                        | 4.5  | 54,728  | 3.5  | 74,317  | 4.9  |
| Current portion of liabilities                           | 960                           | 0.1  | 1,575   | 0.1  | 1,253   | 0.1  |
| Accrued income tax                                       | 7,759                         | 0.5  | 8,272   | 0.5  | -       | -    |
| Derivatives liabilities                                  |                               |      |         |      | 16      | 0.0  |
| Other current liabilities                                | 3,663                         | 0.2  | 3,569   | 0.2  | 3,517   | 0.2  |
| <b>Total Current Liabilities</b>                         | 82,956                        | 5.3  | 68,144  | 4.4  | 79,102  | 5.2  |
| Lease liabilities                                        | 1,687                         | 0.1  | 1,931   | 0.1  | 679     | 0.1  |
| Employee benefit obligations                             | 49,643                        | 3.2  | 69,324  | 4.5  | 66,825  | 4.4  |
| Total non-current liabilities                            | 51,330                        | 3.3  | 71,255  | 4.6  | 67,504  | 4.5  |
| <b>Total Liabilities</b>                                 | 134,286                       | 8.6  | 139,399 | 9.0  | 146,606 | 9.7  |
| <b>Shareholders' Equity</b>                              |                               |      |         |      |         |      |
| 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                       | 24.5 | 381,146 | 24.6 | 381,146 | 25.1 |

|                                                   |                  |              |                  |              |                  |              |
|---------------------------------------------------|------------------|--------------|------------------|--------------|------------------|--------------|
| Premium on share capital                          | 68,000           | 4.4          | 68,000           | 4.4          | 68,000           | 4.5          |
| Retained earnings                                 |                  |              |                  |              |                  |              |
| -Appropriated for legal reserve                   | 38,115           | 2.4          | 38,115           | 2.5          | 38,115           | 2.5          |
| -Un appropriated                                  | 937,451          | 60.1         | 922,610          | 59.6         | 901,600          | 59.4         |
| - Other component of equity                       |                  |              |                  |              | (17,824)         | (1.2)        |
| <b>Total Shareholders' Equity</b>                 | <b>1,424,712</b> | <b>91.4</b>  | <b>1,409,870</b> | <b>91.0</b>  | <b>1,371,037</b> | <b>90.3</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b> | <b>1,558,998</b> | <b>100.0</b> | <b>1,549,269</b> | <b>100.0</b> | <b>1,517,644</b> | <b>100.0</b> |

### Statement of Comprehensive Income

(Unit: Thousand baht)

| Particular                                                                             | Separate Financial Statements |             |                |             |                |              |
|----------------------------------------------------------------------------------------|-------------------------------|-------------|----------------|-------------|----------------|--------------|
|                                                                                        | 2018                          | %           | 2019           | %           | 2020           | %            |
| Revenues from sales                                                                    | 1,265,509                     | 100.0       | 1,163,257      | 100.0       | 1,096,527      | 100.0        |
| Cost of sales                                                                          | (1,018,938)                   | (80.5)      | (1,021,760)    | (87.8)      | (949,009)      | (87.6)       |
| Gross profit                                                                           | 246,571                       | 19.5        | 141,497        | 12.2        | 147,519        | 13.5         |
| Gain (loss) on exchange rate                                                           | 19,173                        | 1.5         | 39,209         | 3.4         | (25,232)       | (2.3)        |
| Other income                                                                           | 12,034                        | 1.0         | 7,842          | 0.7         | 8,586          | 0.8          |
| <b>Profit before expenses</b>                                                          | <b>277,778</b>                | <b>21.9</b> | <b>188,547</b> | <b>16.2</b> | <b>130,873</b> | <b>11.9</b>  |
| Cost of distributions                                                                  | (79,402)                      | (6.3)       | (70,852)       | (6.1)       | (62,036)       | (5.7)        |
| Administrative expenses                                                                | (83,144)                      | (6.6)       | (80,059)       | (6.9)       | (71,327)       | (6.5)        |
| Total expenses                                                                         | (162,546)                     | (12.9)      | (150,911)      | (13.0)      | (133,363)      | (12.2)       |
| <b>Profit (loss) from operation activities</b>                                         | <b>115,232</b>                | <b>9.1</b>  | <b>37,636</b>  | <b>3.2</b>  | <b>(2,490)</b> | <b>(0.2)</b> |
| Financial income                                                                       | 4,170                         | 0.3         | 4,355          | 0.4         | 3,379          | 0.3          |
| Financial costs                                                                        | (206)                         | -           | (218)          | -           | (148)          | (0.0)        |
| <b>Profit before income tax expenses</b>                                               | <b>119,196</b>                | <b>9.4</b>  | <b>41,773</b>  | <b>3.6</b>  | <b>741</b>     | <b>0.1</b>   |
| Income tax                                                                             | (21,714)                      | (1.7)       | (7,009)        | (0.6)       | 407            | 0.0          |
| Net profit for the year                                                                | 97,482                        | 7.7         | 34,765         | 3.0         | 1,148          | 0.1          |
| <b>Earnings per share</b>                                                              | <b>0.26</b>                   |             | <b>0.09</b>    |             | <b>0.003</b>   |              |
| <b>Other comprehensive income for the year</b>                                         |                               |             |                |             |                |              |
| Other comprehensive income to be reclassified to profit or loss in subsequent year     |                               |             |                |             |                |              |
| Change in fair value of hedging instruments of cash flow hedge                         |                               |             |                |             | 8,584          |              |
| Less Tax effect                                                                        |                               |             |                |             | (1,717)        |              |
| Other comprehensive income not to be reclassified to profit or loss in subsequent year |                               |             |                |             |                |              |
| Loss on change in value of equity investments                                          |                               |             |                |             |                |              |
| Designated at fair value                                                               |                               |             |                |             |                |              |

|                                                        |           |          |          |          |  |
|--------------------------------------------------------|-----------|----------|----------|----------|--|
| through other comprehensive income                     |           |          |          | (45,000) |  |
| Loss Tax effect                                        |           |          |          | 9,000    |  |
| Remeasurements of post-employment benefit obligations  |           |          |          |          |  |
| Actuarial losses                                       | (2,769)   | (9,608)  | (2,547)  |          |  |
| Less: Income tax effect                                | 554       | 1,922    | 509      |          |  |
| Total comprehensive income for the year                | 95,267    | 27,079   | (30,023) |          |  |
|                                                        |           |          |          |          |  |
| Equity holders of the parent                           | 97,482    | 34,765   | 1,148    |          |  |
| Other comprehensive income for the year                | (2,278)   | (7,686)  | (2,038)  |          |  |
| Un-appropriated retained earnings Beginning balance    | 956,526   | 937,451  | 922,610  |          |  |
| Commulative effects from change in accounting policies |           |          | 2,747    |          |  |
| Appropriated for -Dividend paid                        | (114,279) | (41,920) | (22,866) |          |  |
| Ending balance                                         | 937,451   | 922,610  | 901,600  |          |  |
|                                                        |           |          |          |          |  |

## STATEMENT OF CASH FLOWS

(Unit: Thousand baht)

| Particular                                                                       | Separate F/S. |         |         |
|----------------------------------------------------------------------------------|---------------|---------|---------|
|                                                                                  | 2018          | 2019    | 2020    |
| <b>Cash flows from operating activities:</b>                                     |               |         |         |
| Profit before tax income (expenses)                                              | 119,196       | 41,773  | 741     |
| Adjustments to reconcile net profit to net cash provided by operating activities |               |         |         |
| Unrealized gain on exchange rate                                                 | 992           | 135     | 254     |
| Loss on diminution in value of inventories (reversal)                            | (2,870)       | 1,661   | (3,069) |
| Loss for write-off inventories                                                   |               |         | 4,350   |
| Reversal of doubtful accounts                                                    | 147           | (172)   | (29)    |
| Gain from changes in value of investments                                        | (203)         | (220)   | (402)   |
| Gain on disposal of investments                                                  | (220)         | (430)   | (849)   |
| Gain on disposal of assets and write-off of assets                               | (514)         | (172)   | (371)   |
| Depreciation and amortization                                                    | 43,705        | 49,883  | 55,468  |
| Retirement employee benefit                                                      | 4,320         | 15,250  | 4,558   |
| Change in fair value of forward exchange contracts                               |               |         | 1,491   |
| Interest income                                                                  | (3,321)       | (3,706) | (2,128) |

|                                                                                      |           |           |           |
|--------------------------------------------------------------------------------------|-----------|-----------|-----------|
| Interest expenses                                                                    | 207       | 218       | 148       |
| Profit from operating activities before change in operational assets and liabilities | 161,439   | 104,221   | 60,162    |
| Decrease (increase) in operational assets                                            |           |           |           |
| Trade and other receivables                                                          | (60,746)  | 30,435    | 30,703    |
| Accounts receivable-planters                                                         | 35,477    | (9,441)   | (4,216)   |
| Inventories                                                                          | (176,750) | 111,656   | 37,461    |
| Other non-current assets                                                             | 881       | (42)      | (66)      |
| Increase (decrease) in operational liabilities                                       |           |           |           |
| Trade accounts payable                                                               | 2,731     | (16,242)  | 18,734    |
| Other current liabilities                                                            | (30)      | (71)      | (33)      |
| Employee benefit obligations                                                         | (3,674)   | (5,177)   | (9,604)   |
| <b>Cash received from operation</b>                                                  | (40,672)  | 215,339   | 133,141   |
| Income tax paid                                                                      | (25,406)  | (8,678)   | (10,203)  |
| <b>Net cash provided by operating activities</b>                                     | (66,078)  | 206,661   | 122,938   |
|                                                                                      |           |           |           |
| <b>Cash flows from Investing Activities</b>                                          |           |           |           |
| Decrease (increase) in other current financial assets                                | 240,516   | (455)     | (49,050)  |
| Cash paid for investment in related company                                          |           |           | (7,500)   |
| Interest received                                                                    | 4,166     | 3,298     | 2,195     |
| Increase (decrease) in short-term loans to other company                             |           | (13,600)  | 6,670     |
| Cash received from subsidiary liquidation                                            | -         | -         | -         |
| Cash paid for Investment in related company                                          | -         | -         | -         |
| Cash paid for lease deposit                                                          | -         | -         | -         |
| Proceeds from disposal of equipment                                                  | 702       | 547       | 409       |
| Cash paid for acquisition of plant and equipment                                     | (68,231)  | (93,508)  | (83,684)  |
| Cash paid for acquisition of computer software                                       | (89)      | (1,774)   | (89)      |
| <b>Net cash provided by (use in) Investing Activities</b>                            | 177,064   | (105,492) | (131,050) |
|                                                                                      |           |           |           |
| <b>Cash flows from financial activities</b>                                          |           |           |           |
| Cash paid for dividends                                                              | (114,279) | (41,942)  | (22,885)  |
| Interest paid                                                                        | (207)     | (218)     | (148)     |
| Payment for lease liabilities                                                        | (897)     | (1,025)   | (1,157)   |
| <b>Net cash used in financing activities</b>                                         | (115,383) | (43,186)  | (24,608)  |
|                                                                                      |           |           |           |
| Net increase (decrease) in cash and cash equivalents                                 | (4,397)   | 57,984    | (32,721)  |
| Cash and cash equivalents, Beginning of year                                         | 126,744   | 122,347   | 180,331   |
| Cash and cash equivalents, End of year                                               | 122,347   | 180,331   | 147,610   |
|                                                                                      |           |           |           |
| <u>Supplement disclosure of cash flows information</u>                               |           |           |           |
| <b>Non-cash items</b>                                                                |           |           |           |
| Purchases of equipment lease liabilities                                             | -         | 1,884     | -         |
| Purchases of equipment by recording as other payables                                | 1,188     | 395       | 855       |
| Increase in accrued dividends                                                        |           | 22        | 19        |



## 2) Financial Statements Ratio

| Ratio                          | Unit | Financial Statement.<br>(Mil. Baht) |        |        |
|--------------------------------|------|-------------------------------------|--------|--------|
|                                |      | 2018                                | 2019   | 2020   |
| <b>Liquidity Ratios</b>        |      |                                     |        |        |
| Current ratio                  | Time | 12.94                               | 14.85  | 12.42  |
| Quick ratio                    | Time | 5.45                                | 7.32   | 3.13   |
| Cash flow ratio                | Time | (0.80)                              | 3.04   | 1.73   |
| Account receivable turnover    | Time | 11.50                               | 9.35   | 11.69  |
| Debt collection period         | Days | 31.73                               | 39.03  | 31.23  |
| Inventory turnover             | Time | 1.95                                | 1.84   | 1.98   |
| Good distribution ratio period | Days | 187.48                              | 198.80 | 184.80 |
| Account payable turnover       | Time | 14.85                               | 16.31  | 14.71  |
| Debt payment period            | Days | 24.58                               | 22.38  | 24.82  |
| Cash cycle                     | Days | 194.63                              | 215.46 | 191.21 |
| <b>Profitability Ratios</b>    |      |                                     |        |        |
| Gross profit margin            | %    | 19.48                               | 12.16  | 13.45  |
| Operation profit margin        | %    | 9.44                                | 3.61   | (0.23) |
| Net profit margin              | %    | 7.70                                | 2.99   | 0.10   |
| Return on equity               | %    | 6.80                                | 2.45   | 0.08   |
| <b>Efficiency Ratios</b>       |      |                                     |        |        |
| Return on total assets         | %    | 6.22                                | 2.70   | (0.16) |
| Return on fixed assets         | %    | 3.44                                | 2.89   | 2.49   |
| Total assets turnover          | Time | 0.81                                | 0.75   | 0.72   |
| <b>Financial Policy Ratios</b> |      |                                     |        |        |
| Ratio debt against equity part | Time | 0.09                                | 0.10   | 0.11   |
| Dividends paid rate            | %    | 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 2020 considered severe shrunk which affected the entire global industry includes tourism, service, industrial, trading, agriculture, and financial market. Government policy in attempt to control the spread of COVID-19, the social adaptation has caused the big change in global activities. All of these has put the great challenge on the practice for business as never seen before. Despite the new wave of spread in Q4/2020, the measure to control has improve and expected less impact to the economic. The advance on vaccine development should ease and recover the overall global economic in 2021.

For Thailand's economy, GDP expected to severely shrink by -6.1%, consider the worst situation since economic crisis in 1997 as tourism industry has majorly suffer, while export sector has slump as the global economic. However, the gradual recovery is expected by the third quarter of 2021 as tourism industry should recovered in according to the progress on vaccine applied.

Japan, as the main market for the Company, has affected and suffer from the postpone of Olympic 2020. Government has request businesses "Work from home" basis, temporary closing the school, request restaurant and shops to close early or even temporary closed down, in attempted to minimize the activities and contain the COVID-19 spread. These caused the economic slowdown as well as household consumption.

In 2020, Since the spread of COVID-19, THB has depreciated comparing to USD and reverse the trend by the second half of the year once the panic has been dissolved. The average exchange rate for the year 2020 revealed in the Bank of Thailand indicated 31.29 THB/USD, comparing to 31.05 THB/USD in 2019, considered the slight depreciation of 0.77%. However, as the US presidential election result by the year end, THB has gradually appreciated and tend to continuously appreciate as investors gain more confidence on the recovery of global economy.

The impact of COVID-19 and the global economic has directly weakening revenue of the Company, in which products majorly export, considered approximately more than 90% of the total revenue. Therefore, the sales revenue reveals in the financial statement for the year 2020 of THB 1,096.53 Million, decreasing of 5.74% comparing to THB 1,163.26 Million indicated in 2019. Also, total sales volume of 2020 presented 19,298 Tons, which decreased 5.76% comparing to 20,458 Tons in previous year. The company's financial statement has indicated

the net profit THB 1.15 Million in the year 2020, equivalent to the decrease of 96.70% considering previous year performance of THB 34.76 Million, while the gross profit margin and net profit margin in 2020 displayed 13.45% and 0.10% respectively which decrease from 12.16% and 2.99% previously shown in 2019.

The financial performance has significantly change more than 20%, whereby the Net Profit has decreased 96.70% comparing to the previous year. The major contribution for such change is the decrease of sales volume which caused by the COVID-19. Though the Gross Profit Margin has been enhanced as THB has slightly depreciated against USD, and the cost of goods sold per unit has decreased due to the labor management to increase production efficiency, the bunker price has reduced, and the agriculture yield has improved. Also, the selling and administration expenses has decreased as the sea freight charge and export expenses has decreased, but the loss on exchange THB 25.23 Million comparing to gain on exchange of THB 39.21 Million in previous year, the net profit margin, therefore, significantly reduced. The Company has not indicated any non-recurrent transaction in the financial statements for the year 2020.

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 2021, global economic is expected to recover with the support factor of the advance progress on vaccination applied, multiple economic stimulus from governments, and the scarring effect that is lower than expected. For Japan, the export sector should recover and boost up the overall economic. Government stimulus should support the increasing household consumption as well as the Olympic 2021 which expected to be held. However, there are risk of the new wave of spread which could negatively affected the recovery of Japan. Other than above mentioned, 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 appreciation of THB against USD due to the increased confidence of investor toward global economic recovery after US Presidential election and the advance progress of COVID-19 vaccine. 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) % |         |        |
|------------------------|---------------------|----------|----------|-----------------------|---------|--------|
|                        | 2018                | 2019     | 2020     | 2018                  | 2019    | 2020   |
| Export Sales Revenue   | 1,238.32            | 1,092.29 | 1,022.83 | (6.38)                | (11.79) | (6.36) |
| Domestic Sales Revenue | 27.19               | 70.97    | 73.69    | (22.71)               | 161.01  | 3.83   |
| Total Sales Revenue    | 1,265.51            | 1,163.26 | 1,096.53 | (6.80)                | (8.08)  | (5.74) |

In 2020, sales revenue indicated totaling THB 1,096.53 Million, of which domestic sales proportion is 6.72% of total sales revenue, increase from proportion 6.10% comparing to 2019, and the proportion of export sales for the year 2020 is 93.28%, slightly decreased from 93.90% in 2019.

Total sales revenue in 2020 totaling THB 1,096.53 Million decreasing from THB 1,163.26 Million in 2019, equivalent to the decrease of 5.74%. This due to the reduce of selling price for some products due to higher competition and the sluggish demand from overseas.

#### **2. Other Revenue**

In 2020, the company has indicated other revenue which mainly derived from the selling of by-product of THB 8.59 Million which increased from THB 7.84 Million in 2019, equivalent to the increase of 9.49%. Also, the Company has revenue from investment THB 3.38 Million as the return from the investment in fixed income term fund and money market.

### **Cost of Goods Sold**

Cost of goods sold in 2020 presented THB 949.01 Million, equivalent to the decrease of 7.12%, comparing to THB 1,021.76 Million in 2019. The major reasons for the decrease is as follows,

- ☐ The sales volume has decreased comparing to the previous year, due to COVID-19 has caused household consumption in Japan to drop.
- ☐ The raw material cost has decreased concern the increased cultivation yield comparing to drought during the previous period. Also, the other overhead production cost per unit has decreased as the decreasing cost for the production factors such as

the increasing efficiency for labor. Also, the cost for bunker has reduced and the external cold storage charge has declining due to the balancing inventory with the agricultural produces.

### **Selling and Administration Expenses**

In 2020, the Company has reported the selling and administration expenses of THB 133.36 Million which decreased from THB 150.91 Million as reported in 2019, equivalent to the decrease of 11.63% 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 Company has Gross Profit Margin in 2020 of 13.45% increased from 12.16% stated in previous year, which result from the cost of goods sold per unit has decreased concerned the higher efficiency for labor and the price for bunker has decreased. Despite the decreased in selling and administration expense of THB 17.55 Million, the loss on exchange rate THB 25.23 Million comparing to gain on exchange rate THB 39.21 Million due to the volatility of exchange rate in 2020, has caused loss on EBIT Margin of 0.23% comparing to EBIT Margin of 3.24% in 2019.

### **Net Profit**

The Company has indicated net profit in the financial statements in 2020 of THB 1.15 Million, decreased from THB 34.76 Million presented in 2019, equivalent to the decrease of 96.70%. The major contribution for such change is the decrease of sales volume which caused by the COVID-19. Though the Gross Profit Margin has been enhanced as THB has slightly depreciated against USD, and the cost of goods sold per unit has decreased due to the agriculture yield for raw material has lessen effect from draught comparing to previous year, the labor management to increase production efficiency, the bunker price has reduced, Also, the selling and administration expenses has decreased as the sea freight charge and export expenses has decreased, but the loss on exchange THB 25.23 Million comparing to gain on exchange of THB 39.21 Million in previous year, the net profit margin, therefore, significantly reduced. 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) % |         |          |
|--------------------------------------------------------------|---------------------|----------|----------|-----------------------|---------|----------|
|                                                              | 2018                | 20179    | 2020     | 2018                  | 2019    | 2020     |
| Sales Revenue                                                | 1,265.51            | 1,163.26 | 1,096.53 | (6.80)                | (8.08)  | (5.74)   |
| Cost of Goods Sold                                           | 1,018.94            | 1,021.76 | 949.01   | (1.51)                | 0.28    | (7.12)   |
| Gross Profit                                                 | 246.57              | 141.50   | 147.52   | (23.74)               | (42.61) | 4.26     |
| Gain on Exchange Rate                                        | 19.17               | 39.21    | (25.23)  | (44.64)               | 104.50  | (164.35) |
| Other Revenue                                                | 12.03               | 7.84     | 8.59     | 40.50                 | (34.84) | 9.49     |
| Operating Profit                                             | 277.78              | 188.55   | 130.87   | (24.44)               | (31.58) | (30.59)  |
| Selling and administration Expenses                          | 162.55              | 150.91   | 133.36   | (7.16)                | (7.16)  | (11.63)  |
| Earnings Before Interest and Tax                             | 115.23              | 37.64    | (2.49)   | (39.72)               | (64.83) | (106.62) |
| Net Profit                                                   | 105.82              | 34.76    | 1.15     | (39.23)               | (64.34) | (96.70)  |
| Earnings Before Interest, Tax, Depreciation and Amortization | 163.11              | 87.52    | 52.98    | (32.57)               | (43.67) | (39.47)  |
| Cash Flow From Operation                                     | (66.08)             | 206.66   | 127.19   | (181.82)              | 412.75  | (38.45)  |
| Earnings per share (Baht)                                    | 0.28                | 0.09     | 0.003    |                       |         |          |
| Book Value per share (Baht)                                  | 3.74                | 3.70     | 3.60     |                       |         |          |

### Key Financial Ratios

| Key Financial Ratios         | 2018  | 2019  | 2020  |
|------------------------------|-------|-------|-------|
| Current Ratio (Times)        | 12.94 | 14.85 | 12.42 |
| Quick Ratio (Times)          | 5.45  | 7.32  | 3.13  |
| Gross Profit Margin (%)      | 19.48 | 12.16 | 13.45 |
| Operating Profit Margin (%)  | 9.44  | 3.61  | -0.23 |
| Net Profit Margin (%)        | 7.70  | 2.99  | 0.10  |
| Return on Equity (%)         | 6.80  | 2.45  | 0.08  |
| Return on Assets (%)         | 6.22  | 2.42  | -0.16 |
| Debt To Equity Ratio (Times) | 0.09  | 0.10  | 0.11  |

### Company's Financial Position

#### Assets

The Company has total assets according to the financial statements as of 31 December 2020 of THB 1,517.64 Million comparing to THB 1,549.27 Million in the previous year, equivalent

to the slightly decrease of 2.04%. The major decrease is from the decrease of cash and cash equivalent due to the investment in Solar Roof Project in attempt to achieved energy cost saving. Also inventory has dropped from THB 499.86 Million to THB 461.12 Million, equivalent to the decreased of 7.75%

Trade Receivables in 2020 indicated THB 78.29 Million, decrease from THB 109.32 Million presented in 2019, of which THB 49.24 Million is receivable that not yet due for payment, equivalent to 67.49% of total receivables in 2020 which indicated THB 72.96 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 2020, 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 2020 of THB 146.61 Million which slightly increase THB 7.21 Million, equivalent to the increase of 5.17%, comparing to the previous year. This is due to the increase of trade payables which increased from THB 54.73 Million in 2019 to THB 74.32 Million, equivalent to 35.79% increased.

As of 31 December 2020, 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 solar rooftop on-grid system and the installment of machine amounting of THB 30.27 Million

The Company has appropriate and sufficient liquidity for the payment of liabilities and obligation. In the year 2020, the Current Ratio indicated 12.42 times and the Quick Ratio of 3.13 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 2020 of THB 1,371.04 Million, decrease from THB 1,409.87 Million comparing to the previous year, equivalent to the decrease of 2.75%. The major contribution to the decrease is the inappropriate retained earnings from financial performance which indicated THB 901.60 Million in 2020, comparing to THB 922.61 Million in 2019, equivalent to the decrease of 2.28%.

## Cash flow and Capital Structure

In the year 2020, the Company has net cash flow received from operation THB 127.19 Million, comparing to the cash flow received from operation THB 206.66 Million indicated in 2019, majorly caused by decreasing revenue from sales volume. In addition, the Company has been reported THB 135.31 Million on the investing activities majorly on acquiring new machine and the repair and maintenance of building and machine, and THB 24.61 Million as the dividend payment in the year 2020.

In 2020, the Company has sufficient liquidity which evidence from the current ratio of 12.42 times, slightly decrease from 14.85 times in 2019. The major assets are current assets equivalent to 64.71% of total assets. On the other hand, the Company has only 5.21% 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 2020, whereas the debt to equity ratio is slightly increase to 0.11, comparing to 0.10 debt to equity ratio indicated previous year.

## Summary Table for Company's Financial Position

|                                | Value (Million Baht) |          |        | Increase<br>(decrease) % |         | Common Size |       |       |
|--------------------------------|----------------------|----------|--------|--------------------------|---------|-------------|-------|-------|
|                                | 2018                 | 2019     | 2020   | 2019                     | 2020    | 2018        | 2019  | 2020  |
| Current Assets                 |                      |          |        |                          |         |             |       |       |
| Cash and short term investment | 122.35               | 180.33   | 147.61 | 47.39                    | (18.14) | 7.85        | 11.64 | 9.73  |
| Trade Receivables              | 147.54               | 126.99   | 100.21 | (13.39)                  | (21.09) | 9.46        | 8.20  | 6.60  |
| Short-Term Loan                | 0.00                 | 13.60    | 6.93   | -                        | (49.04) | 0.00        | 0.88  | 0.46  |
| Inventory                      | 613.17               | 499.86   | 461.11 | (18.48)                  | (7.75)  | 39.33       | 32.26 | 30.38 |
| Derivative Assests             | 0.00                 | 0.00     | 24.68  | -                        | -       | 0.00        | 0.00  | 1.63  |
| Other Current Assets           | 190.11               | 191.21   | 241.51 | 0.58                     | 26.31   | 12.19       | 12.34 | 15.91 |
| Total Current Assets           | 1,073.17             | 1,011.99 | 982.06 | (5.70)                   | (2.96)  | 68.84       | 65.32 | 64.71 |



|                             |          |          |          |         |         |        |        |        |
|-----------------------------|----------|----------|----------|---------|---------|--------|--------|--------|
| Non-Current Assets          |          |          |          |         |         |        |        |        |
| Property Land and Equipment | 379.02   | 425.48   | 455.56   | 12.26   | 7.07    | 24.31  | 27.46  | 30.02  |
| Other Non-Current Assets    | 106.81   | 111.80   | 80.02    | 4.67    | (28.42) | 6.85   | 7.22   | 5.27   |
| Total Non-Current Assets    | 485.83   | 537.28   | 535.59   | 10.59   | (0.32)  | 31.16  | 34.68  | 35.29  |
| Total Assets                | 1,559.00 | 1,549.27 | 1,517.64 | (0.62)  | (2.04)  | 100.00 | 100.00 | 100.00 |
| Current Liabilities         | 82.96    | 68.14    | 79.10    | (17.86) | 16.08   | 5.32   | 4.40   | 5.21   |
| Non-Current Liabilities     | 51.33    | 71.26    | 67.50    | 38.82   | (5.26)  | 3.29   | 4.60   | 4.45   |
| Total Liabilities           | 134.29   | 139.40   | 146.61   | 3.81    | 5.17    | 8.61   | 9.00   | 9.66   |
| Shareholder's Equity        | 1,424.71 | 1,409.87 | 1,371.04 | (1.04)  | (2.75)  | 91.39  | 91.00  | 90.34  |