

# รายงานประจำปี 2563 Annual Report 2020



Golden richness...uniquely Thai



บริษัท สยามอุตสาหกรรมเกษตรอาหาร จำกัด (มหาชน)  
Siam Agro-Food Industry Public Company Limited



A SUBSIDIARY OF 

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2020 was another disappointing year to our regret with another record low production volume of 76,973 tons in 2020 as compared to 115,024 tons in 2019. The fruit price reached the record high of 14.07 THB per kilogram in September 2020. Because of low production volume and the high fruit cost in the first half 2020, as well as long period of shutdown that the production could not start until November, rendering high expenses that we had to absorb, we were unable to control the increasing production costs that resulted in the operation loss for the Company.

There was another challenge in logistics. Covid-19 impacted the availability of container availability and shipping space for export. As demand of goods shrank due to lockdown at the importing countries, shipping line idled their vessels, reducing the sailing schedule. However, in the 3<sup>rd</sup> quarter, the freight rate started to increase due to the congestion at the ports at destination, lacking labors for unloading and distribution. Exporters competed to secure containers, thus pushing freight further. The situation worsened to present, coupling with blocking of Suez Canal by Ever Given recently, that delay the shipping time and the availability of shipping space. SAICO also experienced shortfall of containers for shipment.

For 2021, the supply of Thailand will increase marginally from 800,000 tons in 2020 to around 900,000 tons in 2021. The most immediate plan is to control the production cost by improving the procurement of fruits and increasing the production yield. Secondly, to control the cashflow by ensuring prompt shipment after production and collection of receivables on time. And thirdly, to control expenses at the office and the production sites. At the same time, we will continue on new product development, diversify from canned pineapple.

Ms. Ghanyapad Tantipatpong  
Chairwoman

## 1. General Information

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The Company	: Siam Agro-Food Industry Public Company Limited
Register and Paid Up Capital	: Bt.450 million as at 31 December 2020, with 450 million common shares at par value of Bt.1.00 each
Nature of Business	: Manufacturer and distributor of processed pineapple, sauce and seasoning products
Head Office	: 50 GMM Grammy Place 17th Fl. Sukhumvit 21 (Asoke) Road, Klongtoey Nua, Wattana, Bangkok 10110 Tel : +66 (0)2 665 9333 Fax :+66 (0)2 665 9348
Branch	: (1) No. 363 Moo 2, Self-Help Land Settlement No. 13 Rd., Tambol Nikhom Pattana, Amphur Nikhom Pattana, Rayong 21180 Tel: +66(0)38 636 014-23 Fax: +66(0)38 636 013  (2) No. 11/3 Moo 2, Petchakasem Rd., Tambol Khao Noi, Amphur Pran Buri, Prachuap Khiri Khan 77120 Tel: +66(0)32 622 334-5 Fax: +66(0)32 622 336  (3) No. 27/9-10 Moo 5, Phuchao Saming Phray Rd., Tambol Bang Ya Phraek, Amphur Phra Pradaeng, Samut Prakan 10130 Tel/Fax: +66(0)2 385 9249
Website	: <a href="http://www.saico.co.th">www.saico.co.th</a>
E-mail address	: <a href="mailto:saico@saico.co.th">saico@saico.co.th</a>

## 2. Company History and Nature of Business

### 2.1 Company History

Siam Agro-Food Industry Public Company Limited was incorporated on 23 May 1978 with a registered capital of Bt. 30 million to manufacture and distribute canned pineapple. The Cannery operated in October 1979. The company was listed on the Stock Exchange of Thailand in 1989 and delisted on 7 September 2009.

Since 29 October 2015, The Company's registered and paid-up capital has been increased from Bt. 200.00 million to Bt. 450.00 million. Thai Pineapple Canning Industry Corporation (TPC) is the Company's major shareholder. TPC's business is manufacturer and distributor of processed pineapple which is the same as the Company, holding approximately 97.92 % of the issued shares with voting rights of the Company.

### 2.2 Nature of Company Business

Siam Agro-Food Industry Public Company Limited is a manufacturer and distributor of processed tropical fruits and sauce. The company's main products are canned pineapple, aseptic and frozen pineapple juice concentrate, aseptic pineapple single strength juice, aseptic pineapple crush, aseptic pineapple puree, dehydrated fruits and ready-to-use sauces. Raw materials are procured from farmers in Thailand. The Company has been certified by several international standards such as ISO 9001, HACCP, BRC, IFS, KOSHER and HALAL etc.

### 2.3 Vision, Mission and Business Objectives

#### Vision

To be the leader in the Thai Pineapple Industry

#### Mission

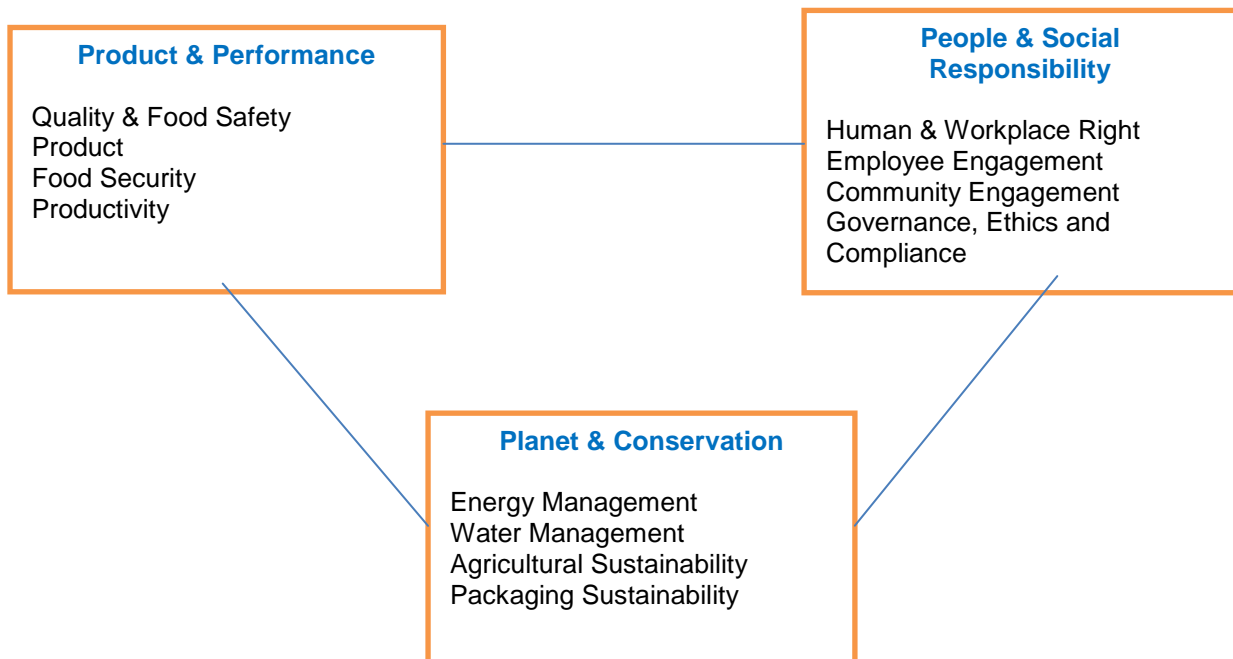
Determination to sustainable development as the leader of the pineapple industry

#### Business Objectives

From the amalgamation of the operations of Pranburi and Rayong factories, Siam Agro-Food Industry Public Company Limited in 2010, the company was able to expand its production capacity to number one in the country and number four in the world. It is the company's objectives to maintain its production capacity or expand in line with the increase global demand to retain the company's position in the local and global market, develop product quality and service that are in accordance to the international standards to meet the customers' requirements and provide sustainable good financial performance.

## 2.4 Sustainability Policy

### 3 Pillars for Sustainability Development



**SAICO Sustainability Policy embraces the Ten Principles of the United Nations Global Compact:**

#### Human Rights

- Principle 1      Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2      make sure that they are not complicit in human rights abuses.

#### Labor

- Principle 3      Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4      the elimination of all forms of forced and compulsory labor;
- Principle 5      the effective abolition of child labor; and
- Principle 6      the elimination of discrimination in respect of employment and occupation.

#### Environment

- Principle 7      Businesses should support a precautionary approach to environmental challenges;
- Principle 8      undertake initiatives to promote greater environmental responsibility; and
- Principle 9      encourage the development and diffusion of environmentally friendly technologies

#### Anti-corruption

- Principle 10     Businesses should work against corruption in all its forms, including extortion and bribery.

## Product & Performance

**Quality Policy** – With a good teamwork and advance processes, the Company commits to quality and food safety, concern for environment, compliance to international standards, for customer's satisfaction and sustainable development.

### 1. Quality & Food Safety

We shall operate under legal regulations, international standards, the management and quality control systems, and shall control quality and food safety in accordance with customers' standards and code of practices.

### 2. Product

We shall consider the legal regulations and requirement of vulnerable consumer groups in product development, shall promote healthy food, and shall not use any GMO ingredients, but may allow the use of allergenic ingredients, where necessary, under strict cross-contamination control procedure.

### 3. Food Defense

As part of food safety, we shall implement and maintain the food defense program and controls to ensure security of products against malicious act of contamination as required under applicable regulations and customers.

### 4. Productivity

We shall focus on maximizing productivity and value added to ensure the effective use of resources, to enhance the performance of employees and to provide appropriate resources and training for the growth of the Company and employees.

## People & Social Responsibility

**Social Responsibility Policy** – The Company shall recognize and respect human right by implementing responsible workplace practices, to promote good relations and engagement with employees and community, and to conduct business with good governance and ethics. The Company shall promote this policy with our suppliers and subcontractors in our supply chain.

### 1. Human & Workplace Right

We shall implement practices to promote social responsibility by recognizing the following elements of Code of Practices:

**1.1 Child Labor:** We shall not engage in or support the use of child labor younger than 18 years of age.

**1.2 Forced and Compulsory Labor/Human Trafficking:** We shall not engage in or support the use of forced and/or involuntary labor, including human trafficking.

**1.3 Health and Safety:** We shall provide safe and healthy working environment and housing accommodation, where appropriate, and shall take adequate steps to prevent accidents.

**1.4 Freedom of Association and Right to Collective Bargaining:** We shall respect the freedom of association and right to collective bargaining of all employees in accordance with prescribed laws.

**1.5 Discrimination:** We shall not engage in or support any discrimination based on age, race, caste, national origin, religion, disability, gender, sexual orientation, union membership or political affiliation.

**1.6 Disciplinary Practices:** We shall not engage in or support the use of corporal punishment, mental or physical coercion and/or verbal abuse.

**1.7 Working Hours:** We shall comply with applicable laws on working hours, overtime working and at least one day off for every seven day period.

**1.8 Remuneration:** We shall pay wages to workers, at least at the minimum wage, according to the law.

**1.9 Management Systems:** We shall ensure that the above policy is publicly available to any interested parties and is reviewed periodically for continual improvement.

## **2. Employee Engagement**

We shall create working environment that promotes the engagement from employees to set targets, express opinions freely and clearly communicate performance.

## **3. Community Engagement**

We shall maintain open dialogue with the community and shall support social activities such as religion and education to promote the community development.

## **4. Governance Ethics & Compliances**

We shall conduct business with transparency and good corporate governance, commit to promote business ethics throughout the supply chain, and to strictly uphold laws and regulations related to businesses. The Company and its employees of all levels shall not involve in bribery, corruption or unethical practices, nor demand or make any offer that is illegal or unethical.



## Planet & Conservation

**Environment & Conservation Policy** – The Company shall promote efficient use of resources to ensure reduction of greenhouse emission. The Company shall comply strictly to the laws on environmental and pollution control by taking into consideration the impact on community, employees and the country. The Company shall work with our primary suppliers to ensure the sustainable development.

### 1. Energy Management

We shall promote efficient use of energy, to increase use of renewal energy, and to reduce greenhouse gas emission.

### 2. Water Management

We shall promote efficient use of water to ensure long term sustainability of water resources and to control water quality impact in accordance with the law.

### 3. Agricultural Sustainability

We shall implement and promote the followings in respect to agricultural sustainability:

1. Agricultural programs and practices to ensure sustainable income and profitability with growers.
2. Use of integrated pest management techniques to protect crops from pests, weeds, and disease by ensuring safe and proper use of all agrochemicals.
3. Monitor to ensure and protect against deforestation and illegal harvesting.
4. Maintain or improve soil by preventing degradation and minimizing related greenhouse gas emission.

### 4. Packaging Sustainability

We shall promote efficient use of packaging material and to reduce the environmental impact by implementing the principle of 3R: Reduce, Reuse and Recycle for sustainability.

### 3. Shareholders Structure and Management

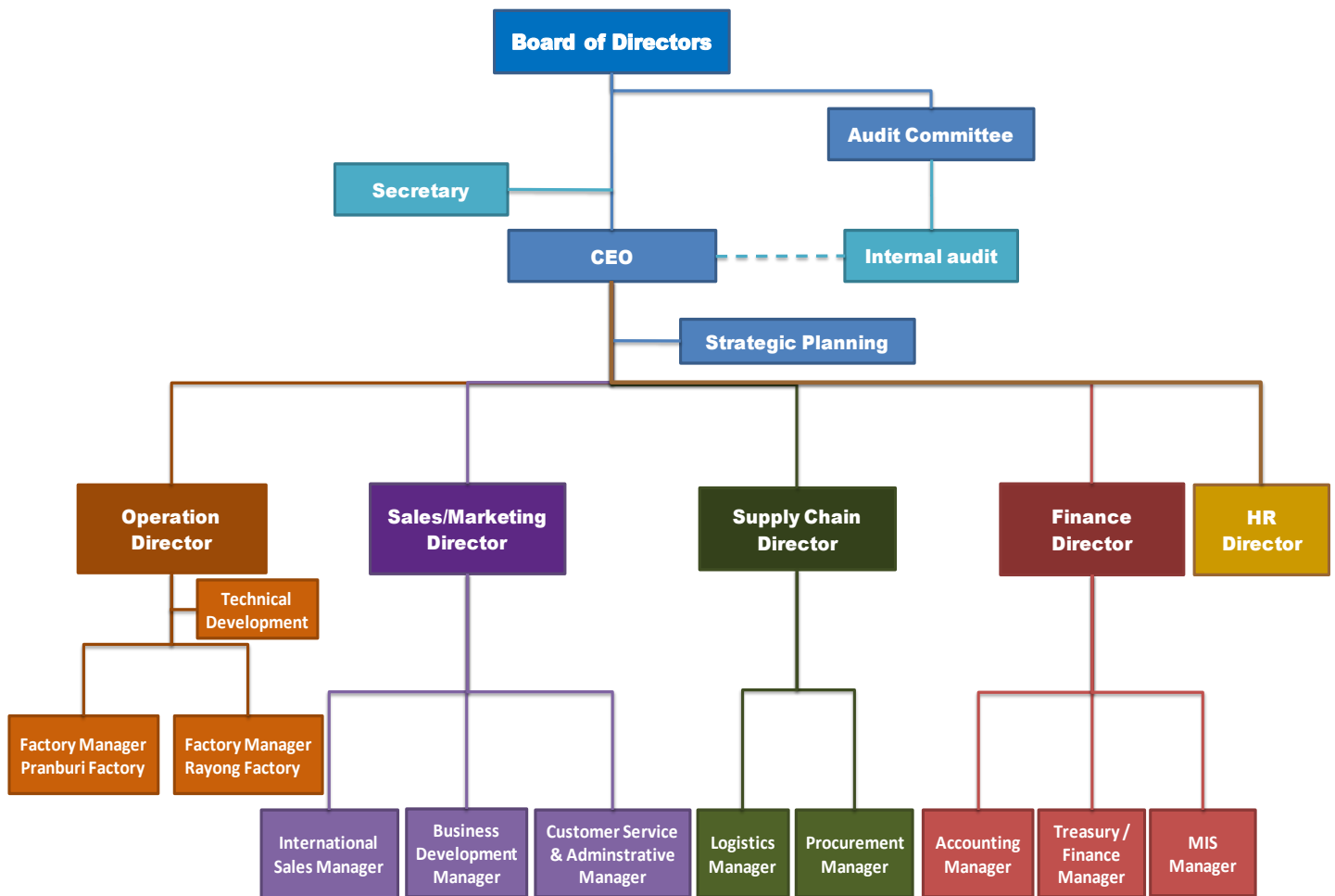
#### 3.1 Shareholders

The list of top ten shareholders as of 31 December 2020 was as followed:

<b>Names / Groups</b>	<b>No. of Shares</b>	<b>Proportion</b>
1. Thai Pineapple Canning Industry Corporation Limited	440,638,363	97.92%
2. Ms. Pornchan Chokchainarong	3,000,000	0.67%
3. Mr. Kittichai Kraikokit	1,592,567	0.35%
4. Mr. Somjit Tiwattanachareonphol	1,016,849	0.23%
5. Mrs. Wipawan Setpattanachai	925,300	0.21%
6. Ms. Ghanyapad Tantipipatpong	500,000	0.11%
7. Ms. Mayuree Akeaukritkun	251,849	0.06%
8. Mr. Pisit Pruekpaiboon	143,267	0.03%
9. Mr. Amonwat Namdokmai	105,000	0.02%
10. Mr. Santi Pirompakdee	100,000	0.02%
<b>Total</b>	<b>448,273,195</b>	<b>99.62%</b>

### 3.2 Management

Organization chart as of 31 December 2020 was as followed:



As at 31 December 2020, the Company's Management Structure comprised Board of Directors and Audit Committee.

#### Board of Directors Comprises

Name	Position	Attendance
1. Ms. Ghanyapad Tantipipatpong	Chairwoman and authorized director	7/7
2. Mr. Threekwan Bunnag	Chairman of Audit Committee	7/7
3. Mr. Sujarit Isarankura	Audit Committee member	7/7
4. Ms. Linda Osathaworanan	Audit Committee member	7/7
5. Mrs. Amnuayporn Tuppong	Authorized director	7/7
6. Mrs. Srisala Pawamikul	Authorized director	7/7

- Ms. Anocha. Ketsamathi is secretary to the Board of Directors and the Company's secretary.

#### Audit Committee Comprises

Name	Position	Attendance
1. Mr. Threekwan Bunnag *	Chairman of Audit Committee	4/4
2. Ms. Linda Osathaworanan	Audit Committee Member	4/4
3. Mr. Sujarit Isarankura *	Audit Committee Member	3/3

*\* Has sufficient knowledge and experience to perform the duty in reviewing the reliability of the Financial Statements.*

- Ms. Anocha. Ketsamathi is secretary to the Audit Committee

## Profiles of Directors



Name	:	<b>Ms. Ghanyapad Tantipitpong</b>
Present Position	:	Chairwoman, authorized director and CEO
Tenure	:	2008 – Present
Age	:	55 Years
Education (Highest level)	:	- Executive MBA, Sasin Graduate School of Business, Thailand
Training	:	<ul style="list-style-type: none"> <li>- Diploma, The National Defence Course Class 60, Thailand National Defence College.</li> <li>- “The Program on Logistics Management (ENLM)” By AOTS at Yokohama Kenshu Center (YKC), Japan</li> <li>- Certificates: Directors Development Program of Thai Institute of Directors Association (IOD):</li> <li>- Director Accreditation Program - Class 73/2008</li> <li>- Risk Management, Class 9, Faculty of Economics, Chulalongkorn University</li> <li>- The Training Program on Green Logistics For the ASEAN Member Countries (EALM) at Tokyo Kenshu Center, Japan</li> <li>- Advanced Audit Committee Program: AACP 23/2016 at IOD (Thai Institute of Directors)</li> <li>- Board of Director &amp; Senior Leader Course: Leading Role in Insurance Business</li> </ul>
No. of Share Held	:	500,000 shares (0.111%)
Position in Other Company	:	<ul style="list-style-type: none"> <li>- President, Thai Pineapple Canning Industry Corporation Limited (TPC)</li> <li>- Chairman of the Audit Committee, Generali Insurance (Thailand) Public Company Limited</li> <li>- Chairman of the Audit Committee, Generali Life Assurance (Thailand) Public Company Limited</li> <li>- Honorary President and Advisor of Thai Food Processors’ Association</li> <li>- Chairman, Thai National Shippers’ Council (TNSC)</li> </ul>
Experience (The last 5 years):	:	<ul style="list-style-type: none"> <li>- Director of Fish Marketing Organization, Ministry of Agriculture and Cooperatives</li> <li>- Director and Vice-chairman, Food Processing Industry Club, Federation of Thai Industries</li> </ul>



Name : **Mr. Threekwan Bunnag**

Present Position : Chairman of Audit Committee

Tenure : 2006 - Present

Age : 63 Years

Education (Highest level) : - Master of Business Administration  
University of North Texas, U.S.A.

Training : - Certificates: Directors Development Program of Thai  
Institute of Directors Association (IOD):  
- Director Certificate Program - Class 12/2001  
- Director Accreditation Program - Class 58/2006

No. of Share Held : 50,000 shares (0.011%)

Position in Other Company: - Independent Director and Chairman of Audit Committee,  
SVI Public Co., Ltd.  
- Chairman Frasers Property Industrial REIT Management  
(Thailand ) Co., Ltd.  
- Director and Chairman, Threewantra Co., Ltd.



Name : **Mr. Sujarit Isarankura**

Present Position : Member of Audit Committee

Tenure : 2006 - Present

Age : 53 Years

Education (Highest level) : - Master of Business Administration  
California State Polytechnic University, Pomona,  
U.S.A.

Training : - Certificates: Directors Development Program of Thai  
Institute of Directors Association (IOD):  
- Director Accreditation Program - Class 58/2006

No. of Share Held : 50,000 shares (0.011%)

Position in Other Company: - Managing Director, SynSujarit Co., Ltd.  
- Managing Director, Z29 Co., Ltd.

Experience (in the last 5 year): - Managing Director Investment Banking,  
Asia Wealth Securities Co., Ltd.  
- Senior Advisor, KTB Securities (Thailand) Co., Ltd.



Name : **Ms. Linda Osathaworanan**  
Present Position : Member of Audit Committee  
Tenure : 2007 - Present  
Age : 51 Years  
Education (Highest level) : - Master of Law, University of Melbourne, Australia  
Training : - Certificates: Directors Development Program of Thai Institute of Directors Association (IOD):  
- Director Accreditation Program – Class 68/2008  
No. of Share Held : None  
Position in Other Company: - Partner, Siam Premier International Law Office Ltd.  
- Lawyer and Consultant, Siam Premier International Law Office Ltd.



Name : **Mrs. Amnuayporn Tuppong**  
Present Position : Authorized Director  
Tenure : 2010 - Present  
Age : 66 Years  
Education (Highest level) : - Bachelor of Accountancy  
Ramkhamhaeng University  
No. of Share Held : 100 shares (0.00002%)  
Position in Other Company: - Director, Thai Pineapple Canning Industry Corp., Ltd.



Name : **Dr. Srisala Pawamikul**  
Present Position : Authorized Director  
Tenure : 2012 - Present  
Age : 61 Years  
Education (Highest level) : Doctor of Business management (Logistics)  
Suan Dusit Rajabhat University  
No. of Share Held : 20,000 shares (0.004%)  
Position in Other Company: None

## 4. Financial Ratio

FINANCIAL RATIO	UNIT	2020	2019	2018	2017	2016
<b><u>A. LIQUIDITY RATIO</u></b>						
Current Ratio	Times	0.29	0.41	0.91	1.05	0.92
Acid Test Ratio	Times	0.09	0.11	0.21	0.24	0.31
Operating Cash Flow to Current Liabilities Ratio	Times	(0.13)	0.03	(0.00)	0.14	0.16
Accounts Receivables Turnover	Times	8.60	8.40	8.06	8.98	7.74
Average Collection Period	Days	41.88	42.86	44.67	40.09	46.51
Inventory Turnover	Times	4.96	3.53	2.22	2.87	5.04
Average Days Per Inventory Turnover	Days	72.64	102.07	161.89	125.45	71.38
Accounts Payables Turnover	Times	13.88	15.34	10.72	12.50	18.44
Average Days Payable Outstanding	Days	25.94	23.47	33.60	28.81	19.52
Cash Cycle	Days	88.57	121.46	172.95	136.72	98.37
<b><u>B. PROFITABILITY RATIO</u></b>						
Gross Margin to Sales	(%)	(26.57)	(29.32)	(1.74)	10.27	6.56
Operating Margin	(%)	(25.06)	(35.41)	(5.97)	6.66	4.08
Others Revenue to Sales	(%)	10.09	2.54	1.95	3.74	2.61
Net Income to Revenues	(%)	(36.26)	(32.44)	(7.98)	4.82	2.78
<b><u>C. EFFICIENCY RATIO</u></b>						
Return on Assets	(%)	(41.06)	(37.12)	(8.93)	7.44	5.56
Return on Fixed Assets	(%)	(90.86)	(110.63)	(25.01)	40.82	36.96
Assets Turnover	Times	1.13	1.14	1.12	1.54	2.00
<b><u>D. FINANCIAL POLICY RATIO</u></b>						
Debt to Equity Ratio	Times	(2.64)	(7.01)	4.04	2.62	4.11
Interest Coverage Ratio	Times	(4.91)	(12.92)	(2.76)	4.00	3.34



## 5. Financial Statements and Report of Independent Auditor

### Independent Auditor's Report

To the Shareholders of Siam Agro-Food Industry Public Company Limited

#### Opinion

I have audited the accompanying financial statements of Siam Agro-Food Industry 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 Siam Agro-Food Industry Public Company Limited as at 31 December 2020, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

#### Basis for Opinion

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

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

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

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

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

#### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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 am responsible for the audit resulting in this independent auditor's report.

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 25 March 2021

**Siam Agro-Food Industry Public Company Limited****Statement of financial position****As at 31 December 2020**

		(Unit: Baht)	
	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	<i>8</i>	8,496,443	5,433,475
Trade and other receivables	<i>9</i>	125,952,719	128,148,868
Inventories	<i>10</i>	285,495,442	370,468,809
Other current assets		<u>2,933,003</u>	<u>3,536,591</u>
<b>Total current assets</b>		<u>422,877,607</u>	<u>507,587,743</u>
<b>Non-current assets</b>			
Property, plant and equipment	<i>11</i>	379,053,012	427,622,594
Right-of-use assets	<i>15</i>	153,379,096	-
Intangible assets	<i>12</i>	441,767	796,724
Deferred tax assets	<i>21</i>	64,515,203	171,857,060
Other non-current assets		<u>1,869,521</u>	<u>2,088,975</u>
<b>Total non-current assets</b>		<u>599,258,599</u>	<u>602,365,353</u>
<b>Total assets</b>		<u><u>1,022,136,206</u></u>	<u><u>1,109,953,096</u></u>

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

**Siam Agro-Food Industry Public Company Limited****Statement of financial position (continued)****As at 31 December 2020**

		(Unit: Baht)	
	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Bank overdrafts and short-term loans			
from financial institutions	<i>13</i>	763,944,852	593,147,305
Trade and other payables	<i>14</i>	222,457,018	196,402,166
Current portion of lease liabilities	<i>15</i>	33,019,370	-
Current portion of liabilities under finance lease agreement		-	3,713,895
Short-term loans from related party	<i>7</i>	460,000,000	440,000,000
Other current liabilities		-	95,374
<b>Total current liabilities</b>		<u>1,479,421,240</u>	<u>1,233,358,740</u>
<b>Non-current liabilities</b>			
Lease liabilities - net of current portion	<i>15</i>	120,134,384	-
Liabilities under finance lease agreement - net of current portion		-	12,219,127
Provision for long-term employee benefits	<i>16</i>	44,925,707	49,031,591
<b>Total non-current liabilities</b>		<u>165,060,091</u>	<u>61,250,718</u>
<b>Total liabilities</b>		<u>1,644,481,331</u>	<u>1,294,609,458</u>

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

**Siam Agro-Food Industry Public Company Limited****Statement of financial position (continued)****As at 31 December 2020**

		(Unit: Baht)	
	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Liabilities and shareholders' equity (continued)</b>			
<b>Shareholders' equity</b>			
Share capital			
Registered			
450,000,000 ordinary shares of Baht 1 each		<u>450,000,000</u>	<u>450,000,000</u>
Issued and fully paid up			
450,000,000 ordinary shares of Baht 1 each		450,000,000	450,000,000
Retained earnings			
Appropriated - statutory reserve	<i>17</i>	21,000,000	21,000,000
Deficits		<u>(1,093,345,125)</u>	<u>(655,656,362)</u>
<b>Total shareholders' equity (capital deficits)</b>		<u>(622,345,125)</u>	<u>(184,656,362)</u>
<b>Total liabilities and shareholders' equity</b>		<u>1,022,136,206</u>	<u>1,109,953,096</u>

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

**Siam Agro-Food Industry Public Company Limited****Statement of comprehensive income****For the year ended 31 December 2020**

		(Unit: Baht)	
	Note	2020	2019
<b>Profit or loss:</b>			
<b>Revenues</b>			
Revenues from contracts with customers		1,096,520,981	1,544,386,898
Other income	18	105,139,120	39,104,322
Gain on exchange		5,459,809	-
<b>Total revenues</b>		<u>1,207,119,910</u>	<u>1,583,491,220</u>
<b>Expenses</b>			
Costs of sales	19	1,387,850,209	1,997,167,757
Selling and distribution expenses		44,645,617	72,549,000
Administrative expenses		48,922,213	58,068,365
Loss on exchange		-	1,788,273
<b>Total expenses</b>		<u>1,481,418,039</u>	<u>2,129,573,395</u>
<b>Operating loss</b>		(274,298,129)	(546,082,175)
Finance income		6,731	95,892
Finance cost	20	(56,490,314)	(43,238,769)
<b>Loss before income tax</b>		(330,781,712)	(589,225,052)
Income tax	21	(107,254,897)	79,620,376
<b>Loss for the year</b>		<u>(438,036,609)</u>	<u>(509,604,676)</u>
<b>Other comprehensive income:</b>			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gain (loss)	16	434,806	(5,177,282)
Less: Income tax effect	21	(86,960)	1,035,456
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>347,846</u>	<u>(4,141,826)</u>
<b>Other comprehensive income for the year</b>		<u>347,846</u>	<u>(4,141,826)</u>

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

**Siam Agro-Food Industry Public Company Limited**

**Statement of comprehensive income (continued)**

**For the year ended 31 December 2020**

		(Unit: Baht)	
	<u>Note</u>	<u>2020</u>	<u>2019</u>
<b>Total comprehensive income for the year</b>		<u>(437,688,763)</u>	<u>(513,746,502)</u>
<b>Loss per share</b>	<i>23</i>		
Basic loss per share			
Loss for the year		<u>(0.97)</u>	<u>(1.13)</u>

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

**Siam Agro-Food Industry Public Company Limited**

**Statement of changes in shareholders' equity**

**For the year ended 31 December 2020**

(Unit: Baht)

	Issued and paid up share capital	Retained earnings		Total
		Appropriated	Unappropriated (deficits)	
<b>Balance as at 1 January 2019</b>	450,000,000	21,000,000	(141,909,860)	329,090,140
Loss for the year	-	-	(509,604,676)	(509,604,676)
Other comprehensive income for the year	-	-	(4,141,826)	(4,141,826)
Total comprehensive income for the year	-	-	(513,746,502)	(513,746,502)
<b>Balance as at 31 December 2019</b>	<u>450,000,000</u>	<u>21,000,000</u>	<u>(655,656,362)</u>	<u>(184,656,362)</u>
<b>Balance as at 1 January 2020</b>	450,000,000	21,000,000	(655,656,362)	(184,656,362)
Loss for the year	-	-	(438,036,609)	(438,036,609)
Other comprehensive income for the year	-	-	347,846	347,846
Total comprehensive income for the year	-	-	(437,688,763)	(437,688,763)
<b>Balance as at 31 December 2020</b>	<u>450,000,000</u>	<u>21,000,000</u>	<u>(1,093,345,125)</u>	<u>(622,345,125)</u>

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



## Siam Agro-Food Industry Public Company Limited

### Cash flow statement

For the year ended 31 December 2020

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Loss before tax	(330,781,712)	(589,225,052)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	71,197,396	36,538,140
Allowance for doubtful accounts	-	2,111,630
Increase in reduction of inventories to net realisable value	3,371,243	811,961
Gain on sales of property, plant and equipment	(65,066,155)	(3,462,498)
Net difference of right-of-use assets and lease liabilities arising from lease modification	(305,793)	-
Provision for long-term employee benefits	2,832,021	7,427,978
Unrealised (gain) loss on exchange	3,058,441	(149,897)
Finance income	(6,731)	(95,892)
Finance cost	56,490,314	43,238,769
Loss from operating activities before changes in operating assets and liabilities	(259,210,976)	(502,804,861)
Operating assets (increase) decrease:		
Trade and other receivables	(609,305)	113,195,803
Inventories	81,602,124	489,385,894
Other current assets	295,715	(998,299)
Other non-current assets	219,454	(268,296)
Operating liabilities increase (decrease):		
Trade and other payables	8,936,869	(32,558,280)
Other current liabilities	(95,374)	(10,493)
Cash flows from (used in) operating activities	(168,861,493)	65,941,468
Cash paid for long-term employee benefits	(6,503,099)	(29,199,407)
<b>Net cash flows from (used in) operating activities</b>	<u>(175,364,592)</u>	<u>36,742,061</u>

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

**Siam Agro-Food Industry Public Company Limited****Cash flow statement (continued)****For the year ended 31 December 2020**

	(Unit: Baht)	
	<u>2020</u>	<u>2019</u>
<b>Cash flows from investing activities</b>		
Finance income	6,731	95,892
Cash paid for acquisition of property, plant and equipment	(28,220,524)	(25,537,888)
Proceeds from sales of property, plant and equipment	83,048,159	3,492,588
<b>Net cash flows from (used in) investing activities</b>	<u>54,834,366</u>	<u>(21,949,408)</u>
<b>Cash flows from financing activities</b>		
Increase in bank overdrafts and short-term loans		
from financial institutions	170,797,547	9,559,895
Increase in short-term loans from related party	20,000,000	-
Cash paid to settle liabilities under lease liabilities agreements	(41,383,505)	-
Cash paid to settle liabilities under finance lease agreements	-	(5,797,164)
Interest expenses	(25,820,848)	(32,231,970)
<b>Net cash flows from (used in) financing activities</b>	<u>123,593,194</u>	<u>(28,469,239)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	3,062,968	(13,676,586)
Cash and cash equivalents at beginning of year	5,433,475	19,110,061
<b>Cash and cash equivalents at end of year</b>	<u><u>8,496,443</u></u>	<u><u>5,433,475</u></u>

**Supplemental disclosure of cash flow information:**

Non-cash related transactions

Payables from purchase of machineries and equipments	-	1,959,848
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The accompanying notes are an integral part of the financial statements.

# **Siam Agro-Food Industry Public Company Limited**

## **Notes to financial statements**

### **For the year ended 31 December 2020**

#### **1. General information**

##### **1.1 Corporate information**

Siam Agro-Food Industry Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Thai Pineapple Canning Industry Corporation Limited, a company incorporated in Thailand. The Company is principally engaged in the manufacturing and exporting of pineapple, sauce and seasoning products. The registered address is at 50, 17th floor, GMM Grammy Place Building Sukhumvit 21 Road, Klongtoey Nua, Wattana, Bangkok. The Company has 2 plants located at the following address:

1. 363 Moo 2, Nikom 13 Road, Tambol Nikompattana, Amphur Nikompattana, Rayong
2. 11/3 Moo 2, Petchkasem Road, Tambol Khaonoy, Amphur Pranburi, Prachuap Khiri Khan

As at 31 December 2020, the Company had a capital deficit of Baht 622.3 million (2019: Baht 184.7 million), and current liabilities exceeding its current assets by Baht 1,056.5 million (2019: Baht 725.8 million). However, the Company’s management is in the process of implementing business strategy to increase capability and reduce costs, and believes that the situation will be recovered. In addition, the parent company has agreed in writing to provide continuous financial support to the Company. For these reasons, the financial statements have been prepared on a going concern basis.

##### **1.2 Coronavirus disease 2019 Pandemic**

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

#### **2. Basis of preparation**

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

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

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

### **3. New financial reporting standards**

#### **a) Financial reporting standards that became effective in the current year**

During the year, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. 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**

The 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 (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. They also include stipulations regarding the presentation and disclosure of financial instruments.

These standards do not have any significant impact on the Company's 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.

The Company recognised the cumulative effect of the adoption of this financial reporting standard as an adjustment to 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.

**b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

**4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards**

As described in Note 3 to the financial statements, during the current year, the Company has adopted the set of financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards was recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	31 December 2019	The effect of		1 January 2020
		Financial reporting standards related to financial instruments	TFRS 16	
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	427,623	-	(24,330)	403,293
Right-of-use assets	-	-	213,475	213,475
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	-	-	37,166	37,166
Current portion of financial lease liabilities	3,714	-	(3,714)	-
<b>Non-current liabilities</b>				
Lease liabilities, net of current portion	-	-	167,912	167,912
Financial lease liabilities, not of current portion	12,219	-	(12,219)	-

#### 4.1 Financial instruments

As at 1 January 2020, classification and measurement of financial assets required by TFRS 9, in comparison with classification and the former carrying amount, are as follows:

(Unit: Thousand Baht)

	The former carrying amount	Classification and measurement in accordance with TFRS 9			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
<b>Financial assets as at 1 January 2020</b>					
Cash and cash equivalents	8,496	-	-	8,496	8,496
Trade and other receivables	125,953	-	-	125,953	125,953
<b>Total financial assets</b>	<b>134,449</b>	<b>-</b>	<b>-</b>	<b>134,449</b>	<b>134,449</b>

As at 1 January 2020, the Company has not designated any financial liabilities at fair value through profit or loss.

#### 4.2 Leases

On adoption of TFRS 16, the Company recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Company recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

(Unit: Thousand Baht)

Operating lease commitments as at 31 December 2019	48,155
Add: Option to extend lease term	171,232
Less: Deferred interest expenses	(30,242)
Increase in lease liabilities due to the adoption of TFRS 16	189,145
Liabilities under finance lease agreements as at 31 December 2019	15,933
Lease liabilities as at 1 January 2020	205,078
Weighted average incremental borrowing rate ( <i>percent per annum</i> )	6.23
Comprise of:	
Current lease liabilities	37,166
Non-current lease liabilities	167,912
	205,078

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below.

	(Unit: Thousand Baht)
Land and factory	170,706
Office building	18,439
Machinery	24,330
<b>Total right-of-use assets</b>	<b>213,475</b>

## 5. Significant accounting policies

### 5.1 Revenue and expenses recognition

#### *Sales of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

#### *Interest income*

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

#### *Finance cost*

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

### 5.2 Cash and cash equivalents

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

### 5.3 Inventories

Inventories are valued at the lower of cost (weighted average basis) and net realisable value.

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

Allowance for diminution in inventory value will be set up for obsolete, slow moving or deteriorated inventories.

### 5.4 Property, plant and equipment/Depreciation

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

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

Building and building improvement	-	5 - 20 years
Machinery and equipment	-	5 - 15 years
Furniture and office equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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

## 5.5 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss (if any).

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

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

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

## 5.6 Leases

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

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

#### Accounting policies adopted since 1 January 2020

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



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

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

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

Land and factory	-	5 years
Office building	-	5 years
Machinery	-	5 years

If ownership of the leased asset is transferred to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

### ***Lease liabilities***

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

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

### ***Short-term leases and leases of low-value assets***

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

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

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental

obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period.

Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

## **5.7 Related party transactions**

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

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

## **5.8 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

## **5.9 Impairment of non-forward 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.

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 unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

## 5.10 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's contributions are recognised as expenses when incurred.

#### Defined benefit plans

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

The obligation under the defined benefit plan is determined based on actuarial techniques, using the Projected Unit Credit Method by an independent actuarial company.

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

## 5.11 Provisions

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

## 5.12 Income Tax

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

### **Current tax**

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

### **Deferred tax**

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

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

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

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

### **5.13 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.

#### **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 profit or loss.

### **Impairment of financial assets**

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

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

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

For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

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

### **Offsetting of financial instruments**

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

## Accounting policies adopted before 1 January 2020

### **Trade accounts receivable**

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 experience and analysis of debt aging.

### **5.14 Derivatives**

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

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months.

Other derivatives are presented as current assets or current liabilities.

### **5.15 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation 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 determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## 6. Significant accounting judgements and estimates

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

### **Leases**

#### ***Determining the lease term with extension and termination options - the Company as a lessee***

In determining the lease term, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Company to exercise either the extension or termination option.

#### ***Estimating the incremental borrowing rate - the Company as a lessee***

The Company cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The 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.

#### **Allowance for diminution in value of inventory**

The determination of allowances for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realisable value is estimated based on the selling price expected in the ordinary course of business less the estimated costs to complete the sales; and provision for obsolete, slow-moving and deteriorated inventories that is estimated based on the approximate aging of each type of inventory.

#### **Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the 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.

### 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.

## 7. Related party transactions

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

	2020	2019	(Unit: Thousand Baht) Pricing policy
<b><u>Transactions with parent company</u></b>			
Rental expenses	-	39,600	Contract price
Interest expenses from short-term loan	17,846	19,148	Contract rate
Accrued interest expense from lease liabilities	9,313	-	Contract rate

As at 31 December 2020 and 2019, the balances of the accounts between the Company and that related company are as follows:

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
<b><u>Parent company</u></b>		
Accrued interest expense from short-term loan	26,731	9,017
Accrued rental expense	46,251	41,112
Short-term loan	460,000	440,000



As at 31 December 2020 and 2019, the balance of loan between the Company and that related company and the movement are as follow:

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Balance as at 1 January	440,000	440,000
Increase during the year	59,000	160,000
Decrease during the year	(39,000)	(160,000)
Balance as at 31 December	<u>460,000</u>	<u>440,000</u>

#### Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Short-term employee benefits	3,358	9,616
Post-employment benefits	130	123
Total	<u>3,488</u>	<u>9,739</u>

#### Assets Lease Agreement with related party

On 2 November 2015, the Company entered into an asset rental agreement with its parent company. These assets include land, buildings, warehouse, machinery and other properties located in Prachuap Khiri Khan Province. The agreement covers a period of three years, from 1 January 2016 to 31 December 2018 with rental charged at a rate of Baht 3.3 million per month.

Then, on 30 November 2018, the Company renewed an asset rental agreement with its parent company for a period of one year. The asset rental agreement shall renew for every one-year period which rental charged is to be determined before renewing the agreement.

Since 1 January 2020, the Company has recognised such - lease agreement to be right-of-use assets and lease liabilities.

## **8. Cash and cash equivalents**

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Cash	40	45
Bank deposits	8,457	5,388
Total	<u>8,497</u>	<u>5,433</u>

As at 31 December 2020, bank deposits in savings accounts and fixed deposits carried interests between 0.05 and 0.15 percent per annum (2019: between 0.13 and 0.55 percent per annum).

## 9. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	85,813	81,555
Past due		
Up to 3 months	28,096	43,399
3 - 6 months	3,765	27
6 - 12 months	3,914	-
Over 12 months	4,316	4,216
Total	<u>125,904</u>	<u>129,197</u>
Less: Allowance for expected credit losses of trade receivables (2019: Allowance for doubtful debts)	<u>(7,604)</u>	<u>(7,604)</u>
Total trade receivables - unrelated parties, net	<u>118,300</u>	<u>121,593</u>
<u>Other receivables</u>		
Other receivables - unrelated parties	1,522	1,542
VAT refundable	6,131	5,014
Total other receivables	<u>7,653</u>	<u>6,556</u>
Total trade and other receivables - net	<u><u>125,953</u></u>	<u><u>128,149</u></u>

## 10. Inventories

	(Unit: Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Finished goods	275,501	330,283	(25,387)	(20,327)	250,114	309,956
Raw materials	29,200	51,939	-	-	29,200	51,939
Spare parts and factory supplies	8,117	12,198	(1,936)	(3,624)	6,181	8,574
Total	<u><u>312,818</u></u>	<u><u>394,420</u></u>	<u><u>(27,323)</u></u>	<u><u>(23,951)</u></u>	<u><u>285,495</u></u>	<u><u>370,469</u></u>

During the current year, the Company reduced cost of inventories by Baht 3.4 million (2019: Baht 0.8 million), to reflect to net realisable value. This was included in cost of sales.

## 11. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation	Total
<b>Cost:</b>							
At 1 January 2019	141,595	253,626	804,072	162,265	61,633	1,306	1,424,497
Additions	-	-	420	4,258	-	22,453	27,131
Transfers in (out)	-	439	5,892	110	-	(6,441)	-
Disposals	-	-	(45)	(419)	(15,057)	-	(15,521)
At 31 December 2019	141,595	254,065	810,339	166,214	46,576	17,318	1,436,107
Adjustments due to adoption of TFRS 16	-	-	(29,438)	-	-	-	(29,438)
At 1 January 2019 - after adjustments	141,595	254,065	780,901	166,214	46,576	17,318	1,406,669
Additions	-	-	-	2,565	-	23,695	26,260
Transfers in (out)	-	7,792	13,384	2,042	-	(23,218)	-
Disposals	(17,976)	(93)	-	(2,814)	(765)	-	(21,648)
At 31 December 2020	123,619	261,764	794,285	168,007	45,811	17,795	1,411,281
<b>Accumulated depreciation:</b>							
At 1 January 2019	-	145,756	675,798	109,306	58,136	-	988,996
Depreciation for the year	-	10,016	12,276	10,835	1,441	-	34,568
Depreciation on disposals	-	-	(45)	(389)	(15,057)	-	(15,491)
At 31 December 2019	-	155,772	688,029	119,752	44,520	-	1,008,073
Adjustments due to adoption of TFRS 16	-	-	(5,108)	-	-	-	(5,108)
At 1 January 2019 - after adjustments	-	155,772	682,921	119,752	44,520	-	1,002,965
Depreciation for the year	-	9,830	11,360	10,215	1,113	-	32,518
Depreciation on disposals	-	(93)	-	(2,808)	(765)	-	(3,666)
At 31 December 2020	-	165,509	694,281	127,159	44,868	-	1,031,817
<b>Allowance for impairment loss:</b>							
At 31 December 2019	411	-	-	-	-	-	411
At 31 December 2020	411	-	-	-	-	-	411
<b>Net book value:</b>							
At 31 December 2019	141,184	98,293	122,310	46,462	2,056	17,318	427,623
At 31 December 2020	123,208	96,255	100,004	40,848	943	17,795	379,053
<b>Depreciation for the year</b>							
2019 (Baht 34.3 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							34,568
2020 (Baht 32.3 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							32,518

As at 31 December 2020, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 847.8 million (2019: Baht 829.9 million).

The Company has mortgaged part of its land and construction thereon with net book value as at 31 December 2020 amounting to approximately Baht 144.7 million (2019: Nil) as collateral for bank overdraft and short-term loans and credit facilities granted by a commercial bank as discussed in Note 13.

## 12. Intangible assets

The net book value of intangible assets as at 31 December 2020 and 2019 is presented below.

	(Unit: Thousand Baht)
	<u>Computer software</u>
<b>Cost</b>	
As at 1 January 2019	17,358
As at 31 December 2019	17,358
As at 31 December 2020	17,358
<b>Accumulated amortisation</b>	
As at 1 January 2019	14,591
Amortisation	1,970
As at 31 December 2019	16,561
Amortisation	355
As at 31 December 2020	16,916
<b>Net book value</b>	
As at 31 December 2019	797
As at 31 December 2020	442

## 13. Bank overdrafts and short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate (percent per annum)			
	2020	2019	2020	2019
Bank overdrafts	MOR	MOR + 0.5	28,641	18,964
Packing credit	2.40 - 4.47	2.40 - 3.45	387,650	542,700
Promissory notes	MLR - 2.25	-	300,000	-
Trust receipts	3.82	3.40	47,654	31,483
Total			<u>763,945</u>	<u>593,147</u>

Credit facilities of short-term loans from financial institutions are secured by the mortgage of part of the Company's land and construction thereon as discussed in Note 11 and are guaranteed by director of the Company.

As at 31 December 2020 and 2019, the Company had unused facilities of bank overdrafts and short-term loans of Baht 274.8 million and Baht 396.4 million, respectively.

#### 14. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Trade payables - unrelated parties	122,503	77,508
Other payables - related party	72,982	50,129
Other payables - unrelated parties	17,667	48,020
Accrued expenses - unrelated parties	9,305	20,745
Total trade and other payables	<u>222,457</u>	<u>196,402</u>

#### 15. Leases

The Company as a lessee, has lease contracts for various items of assets used in its operations. Leases generally have lease terms between 1 - 3 years.

##### 15.1 Right-of-use assets

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

	(Unit: Thousand Baht)			
	Land and factory	Office building	Machinery	Total
1 January 2020	170,706	18,439	24,330	213,475
Adjustment from lease modification	(9,710)	(12,062)	-	(21,772)
Depreciation for the year	(33,602)	(2,760)	(1,962)	(38,324)
31 December 2020	<u>127,394</u>	<u>3,617</u>	<u>22,368</u>	<u>153,379</u>

##### 15.2 Lease liabilities

	(Unit: Thousand Baht)
	<u>2020</u>
Lease liabilities	173,537
Less: Deferred interest expenses	(20,169)
Unrealised gain on exchange	(215)
Total	<u>153,153</u>
Less: Portion due within one year	(33,019)
Lease liabilities - net of current portion	<u>120,134</u>

A maturity analysis of lease payments is disclosed in Note 28.2 under the liquidity risk.

Movement of lease liabilities for the year ended 31 December 2020 are summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2020	205,078
Accretion of interest	11,537
Adjustment form lease modification and contract cancellation	(22,078)
Payment during the year	(42,982)
Loss on exchange	1,599
Balance as at 31 December 2020	<u>153,154</u>

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

	(Unit: Thousand Baht)
	For the year ended
	<u>31 December 2020</u>
Depreciation expense of right-of-use assets	38,324
Interest expense on lease liabilities	11,537
Expense relating to short-term leases	61
Expense relating to leases of low-value assets	159

### 15.4 Others

The Company had total cash outflow for leases for the year ended 31 December 2020 of Baht 43.2 million, including the cash outflows related to short-term leases and leases of low-value assets.

### 16. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Provision for long-term employee benefits at beginning of year	49,032	65,626
Included in profit or loss:		
Current service cost	2,091	2,084
Interest cost	741	831
Past service cost	-	4,513
Benefits paid during the year	(6,503)	(29,199)
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	2,891	-
Financial assumptions changes	564	3,834
Experience adjustments	(3,890)	1,343
Provision for long-term employee benefits at end of year	<u>44,926</u>	<u>49,032</u>

The Company expects to pay Baht 10.9 million of long-term employee benefits during the next year (2019: Baht 12.9 million).

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 15.28 years - 18.89 years (2019: 15.84 years - 18.59 years).

Significant actuarial assumptions are summarised below:

	<u>2020</u>	<u>2019</u>
	(% per annum)	(% per annum)
Discount rate	1.60 - 1.81	1.80 - 1.94
Future salary increase rate	3.00	3.00
Staff turnover rate	6.00 - 64.00	6.00 - 64.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

	(Unit: Million Baht)	
	As at 31 December 2020	
	Increase 0.5%	Decrease 0.5%
Discount rate	(1.22)	0.50
Salary increase rate	1.00	(0.97)
Staff turnover rate	(0.55)	0.58

	(Unit: Million Baht)	
	As at 31 December 2019	
	Increase 0.5%	Decrease 0.5%
Discount rate	(1.40)	1.48
Salary increase rate	1.15	(1.11)
Staff turnover rate	(1.54)	1.62

## 17. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

## 18. Other income

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Income from sale of pineapple peel	35,898	26,439
Gains from sale of machinery and other fixed assets	65,066	3,463
Income from sale of scrap	1,266	1,900
Others	2,909	7,302
<b>Total</b>	<b>105,139</b>	<b>39,104</b>

## 19. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Raw materials and consumables used	978,851	819,795
Salaries, wages and other employee benefits	200,017	325,356
Fuel oil and gas	33,021	47,566
Changes in finished goods and work in progress	(54,783)	(511,780)
Electricity expenses	30,677	37,929
Depreciation	70,842	34,568
Freight	11,138	12,554
Amortisation of intangible assets	355	1,970

## 20. Finance cost

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Interest expenses on borrowings	44,953	41,261
Interest expenses on lease liabilities	11,537	1,978
<b>Total finance cost</b>	<b>56,490</b>	<b>43,239</b>



## 21. Income tax

Income tax for the years ended 31 December 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
<b>Current income tax:</b>		
Current income tax charge	-	-
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	107,255	(79,620)
<b>Income tax reported in profit or loss</b>	<u>107,255</u>	<u>(79,620)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Deferred tax relating to:		
Actuarial gain (loss)	87	(1,035)

The reconciliation between accounting loss and income tax is shown below.

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
Accounting loss before tax	(330,782)	(589,225)
Applicable tax rate	20%	20%
Accounting loss before tax multiplied by income tax rate	(66,156)	(117,845)
Effects of:		
Non-deductible expenses	14	263
Additional expense deductions allowed	(999)	(1,777)
Write-off deferred tax assets	109,000	40,033
Unrecognised tax losses as deferred tax assets	65,016	
Others	380	(294)
Total	173,411	38,225
Income tax reported in the statement of comprehensive income	<u>107,255</u>	<u>(79,620)</u>

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

(Unit: Thousand Baht)

	Statements of financial position	
	As at 31 December 2020	As at 31 December 2019
<b>Deferred tax assets</b>		
Allowance for expected credit losses	1,521	1,521
Allowance for diminution in value of inventories	5,465	4,790
Provision for long-term employee benefits	8,985	9,806
Unused tax loss	48,596	157,419
<b>Total Deferred tax assets</b>	<b>64,567</b>	<b>173,536</b>
<b>Deferred tax liabilities</b>		
Lease liabilities	(52)	(1,679)
<b>Total deferred tax liabilities</b>	<b>(52)</b>	<b>(1,679)</b>
<b>Deferred tax assets - net</b>	<b>64,515</b>	<b>171,857</b>

As at 31 December 2020, the Company had unused tax losses of Baht 869.3 million, on which deferred tax assets had not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of unused tax losses. Such unused tax losses will expire by 2024 - 2025.

## 22. Promotional privileges

The Company has received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment. Subject to the imposed conditions, the significant privileges are as follows:

Description	Certificate No.	
	60-0318-1-00-1-0	60-1185-1-00-1-0
Issuance date	17 March 2017	24 October 2017
Promoted Business	Manufacture vegetables, fruits, containers, seals	Manufacture dried fruits and vegetables
Significant rights and privileges		
1. Exemption from corporate income tax for net profit derived from promoted business not over 100% of investment, not including land and working capital	5 years	5 years
2. The amount of corporate income tax exemption	Not exceeding Baht 65.76 million Granted	Not exceeding Baht 18.47 million Granted
3. Exemption of import duty for old machinery as approved by the Board		
4. Exemption of import duty for raw material or essential materials for production for export sales	1 year (Since the first import date)	Not granted
Date of earning first operating income	Not start	Not start

By the Announcement of the Board of investment No. 14/1998 dated 30 December 1998 regarding revenues report for a promoted business, the Company is required to report the revenues from domestic sales and export sales separately and to report separately the promoted and non-promoted business.

The Company has to comply with conditions and restrictions specified under the promotion certificate.

### 23. Loss per share

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

	<u>2020</u>	<u>2019</u>
Loss for the year (Thousand Baht)	(438,037)	(509,605)
Weighted average number of ordinary shares (Thousand shares)	450,000	450,000
Loss per share (Baht/share)	(0.97)	(1.13)

### 24. Segment information

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

The one main reportable operating segment of the Company is the distribution of pineapple, sauce, seasoning products and the single geographical area of its operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

#### Major customers

For the years 2020 and 2019, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

### 25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by AIA Master Pooled Registered Provident Fund, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to approximately Baht 2.3 million (2019: Baht 4.4 million) were recognised as expenses.

## 26. Commitments and contingent liabilities

### 26.1 Capital commitments

As at 31 December 2020, The Company had capital commitments Baht 1.8 million, relating to the property, plant and equipment (2019: Baht 22.2 million).

### 26.2 Long-term purchase commitments

26.2.1 The Company entered into a purchase agreement hiring a local company to produce metal containers, with the Company undertaking to pay for the goods at the rate specified in advance in the quotation. The purchase prices may be adjusted occasionally, depending on the cost of material, as agreed by both parties. The purchase agreement is effective for a period of ten years from 1 November 2015 to 31 October 2025, with the Company committed to purchase a minimum of Baht 200 million of goods each calendar year. If the Company is unable to comply with this condition, it must compensate the said company for any loss of income and loss of opportunity.

The Company must pay compensate the counterparty for loss of income and loss of opportunity if it cancels the contract, as follows:

	(Unit: Million Baht)
	<u>Compensation for loss of income and loss of opportunity</u>
Termination	
Year 1 - 5	70
Year 6	40
Year 7	30
Year 8	20
Year 9	10
Year 10	5

In addition, the Company must to comply with other conditions stipulated in the agreement.

26.2.2 On 1 December 2017, the Company entered into a purchase agreement hiring a local company to produce metal containers, with the Company undertaking to pay for the goods at the rate specified in advance in the quotation. The purchase prices may be adjusted occasionally, depending on the cost of material, as agreed by both parties. The purchase agreement is effective for a period of ten years from 1 December 2018 to 31 December 2027, with the Company committed to purchase a minimum of Baht 1,000 million of goods within ten years. If the Company is unable to comply with this condition, it must compensate the said company for any loss of income and loss of opportunity.

The Company must pay compensate the counterparty for loss of income and loss of opportunity if it cancels the contract in the amount of Baht 5 million per every purchase value of Baht 100 million remaining from the amount of Baht 1,000 million.

In addition, the Company must to comply with other conditions stipulated in the agreement.

### 26.3 Guarantees

As at 31 December 2020, there were outstanding bank guarantees of approximately Baht 8.0 million (2019: Baht 8.0 million) issued by bank on behalf of the Company in respect of guarantee electricity use to the State Enterprises and the company in Thailand.

### 27. Fair value hierarchy

As at 31 December 2020 and 2019, the Company had the following liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)	
	As at 31 December 2020	As at 31 December 2019
	<u>Level 2</u>	<u>Level 2</u>
<b>Financial liabilities measured at fair value</b>		
Derivatives		
Foreign currency forward contracts	0.31	0.06

### 28. Financial instruments

#### 28.1 Derivatives

	(Unit: Thousand Baht)	
	<u>2020</u>	<u>2019</u>
<b>Derivative liabilities</b>		
Derivatives liabilities not designated as hedging instruments		
Foreign exchange forward contracts	<u>308</u>	<u>59</u>
<b>Total derivative liabilities</b>	<u>308</u>	<u>59</u>

#### Derivatives not designated as hedging instruments

The Company uses foreign exchange forward contracts to manage some of its transaction exposures. The contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally not over 6 months.

## 28.2 Financial risk management objectives and policies

The Company's financial instruments principally comprise cash and cash equivalents, trade and other accounts receivable, trade and other accounts payable, short-term and long-term loans and lease liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

### ***Credit risk***

The Company is exposed to credit risk primarily with respect to trade and other accounts receivable, deposits with banks and financial institutions and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Company's maximum exposure relating to derivatives is noted in the liquidity risk topic.

#### *Trade and other receivables*

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

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for Companyings of various customer segments with similar credit risks. The Company classifies customer segments by customer rating. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade and other receivables are written-off if past due for more than 360 days and not subject to enforcement activity.

#### *Financial instruments and cash deposits*

The Company manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Company's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

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

### **Foreign currency risk**

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

The Company had balances of financial assets and liabilities denominated in foreign currencies as follows:

As at 31 December 2020				
Foreign currency	Financial assets	Financial liabilities	Exchange rate as at 31 December 2020	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	4.1	-	29.8674	30.2068
Euro	-	0.5	36.4949	37.2578

As at 31 December 2019				
Foreign currency	Financial assets	Financial liabilities	Exchange rate as at 31 December 2019	
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	3.9	0.01	29.9767	30.3313
Euro	-	0.6	33.3775	34.0846

As at 31 December 2020 and 2019, the Company had the outstanding foreign exchange contracts outstanding as summarised below.

As at 31 December 2020			
Foreign currency	Bought amount	Contractual exchange rate from amount brought	Contractual maturity rate
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	1.1	29.9650 - 31.1800	January – June 2021

As at 31 December 2019			
Foreign currency	Bought amount	Contractual exchange rate from amount brought	Contractual maturity rate
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.2	30.29	12 January 2020

### Foreign currency sensitivity

The following tables demonstrate the sensitivity of the Company's profit before tax to a reasonably possible change in US dollar exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including non-designated foreign currency derivatives as at 31 December 2020.

Currency	Change in FX rate	Effect on profit before tax
	(%)	(Thousand Baht)
US dollar	+1	1,042
US dollar	-1	(1,042)

### Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, restricted bank deposits, short-term borrowings, and lease liabilities. Most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	As at 31 December 2020					Interest rate (percent per annum)
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	
	Within 1 year	1 - 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	8	-	8	0.05 - 0.15
Trade and other receivables	-	-	-	126	126	-
	-	-	8	126	134	
<b>Financial liabilities</b>						
Bank overdraft and Short-term loans from financial institutions	764	-	-	-	764	2.40 - 4.47, MOR and MLR - 2.25
Trade and other payables	-	-	-	222	222	-
Short-term loans from related parties	460	-	-	-	460	4.00
Lease liabilities	33	120	-	-	153	6.00 - 9.00
	1,257	120	-	222	1,599	



(Unit: Million Baht)

As at 31 December 2019

	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
<b>Financial Assets</b>					
Cash and cash equivalents	-	5	-	5	0.13 - 0.55
Trade and other receivables	-	-	128	128	-
	-	5	128	133	
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	593	-	-	593	2.40 - 3.45 and MOR + 0.5
Trade and other payables	-	-	196	196	-
Short-term loans from related party	440	-	-	440	4.00
	1,033	-	196	1,229	

*Interest rate sensitivity*

As at 31 December 2020, the sensitivity of the Company's profit before tax to a reasonably possible change in interest rates on that portion of floating rate of interest-bearing bank accounts and restricted bank deposits affected insignificantly.

**Liquidity risk**

The Company monitors the risk of a shortage of liquidity through the use of bank loans and lease contracts. The Company has access to a sufficient variety of sources of funding.

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

	(Unit: Thousand Baht)		
	Less than 1 year	1 to 5 years	Total
<b>Non-derivatives</b>			
Bank overdraft and short-term loans from financial institutions	28,641	-	28,641
Trade and other payables	222,494	-	222,494
Short-term loans from related parties	460,000	-	460,000
Lease liabilities	42,129	131,408	173,537
<b>Total non-derivatives</b>	<b>753,264</b>	<b>131,408</b>	<b>884,672</b>
<b>Derivatives</b>			
Derivative liabilities: net settled	308	-	308

### 28.3 Fair values of financial instruments

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

As at 31 December 2020 and 2019, the fair value of derivatives are as follow:

	(Unit: Million Baht)	
	31 December	
	2020	2019
<b>Derivatives</b>		
Buying foreign exchange contracts	0.30	0.06

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

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, accounts receivable, accounts payable, bank overdraft and short-term loans, their carrying amounts in the statement of financial position approximate their fair value.
- For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies and interest rate yield curves. The Company had considered the counterparty credit risk when determining the fair value of derivatives.

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

### 29. Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital and the level of dividends to ordinary shareholders.

### 30. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 25 March 2021.