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ANNUAL REPORT

SIAM ARGO-FOOD INDUSTRY PUBLIC COMPANY LIMITED

บริษัท สยามอุตสาหกรรมเกษตรอาหาร จำกัด (มหาชน)

A SUBSIDIARY OF



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Board of Directors Report



The Year 2023 was year of record low for pineapple supply of Thailand. The industry processed only 682,000 tons compared to 1,230,000 tons in 2022. The fruit price increased by 29.8 % but significantly, the price reached 12 THB/kg at year from 7.10 THB/kg at the beginning of 2023.

Despite the low tonnage in 2023, the market price and demand in various markets softened. The stock of 2022 was shipped with the record high freight rate due to disruption from pandemic. However, retailers did not pass on the higher costs to consumers. Hence, the pressure was on importers and manufacturers to reduce prices of new contracts in 2023.

SAICO could not maintain the production and sales for 2023 and the performance was very disappointed. The extreme high temperature in the first half of 2023 resulted in long shutdown from July to November, while the normal shutdown period was around 2 months of July and August. The low supply rolled over into 2024 when we expect the weather to be impacted by the El Niño in the first half 2024.

SAICO will continue to restructure business operation to be more efficient and to control the costs in 2024.

Ms. Ghanyapad Tantipitpong
Chairwoman

1. General Information

The Company	: Siam Agro-Food Industry Public Company Limited
Register and Paid Up Capital	: Bt.450 million as at 31 December 2023, 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	: www.saico.co.th
E-mail address	: saico@saico.co.th

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

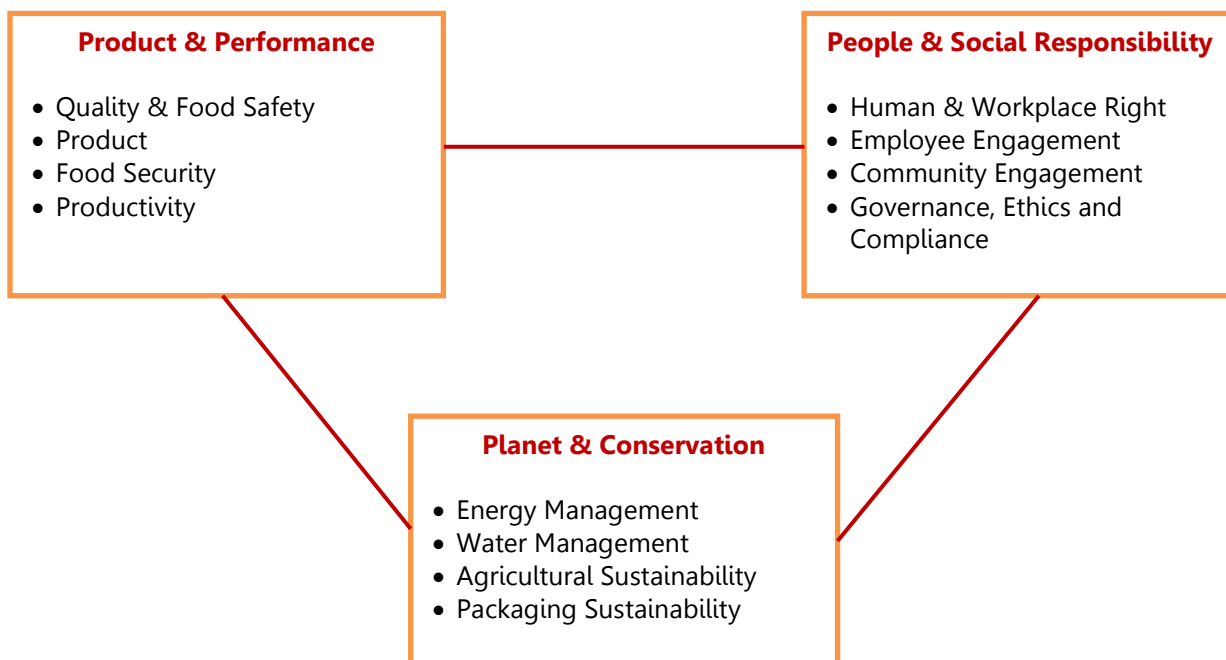
Determination to sustainable development as the leader of the pineapple industry

Business Objectives

The company's objective is 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 Responsible Recruitment:** Recruitment including across borders shall respect human rights and applicable laws and regulations. We shall be responsible for verifiable related costs in recruitment.
- 1.10 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 for sustainability:

1. Implementing the principle of 3R: Reduce, Reuse and Recycle.
2. Procuring packaging the meets recycle requirement or FSC certified.

3. Shareholders Structure and Management

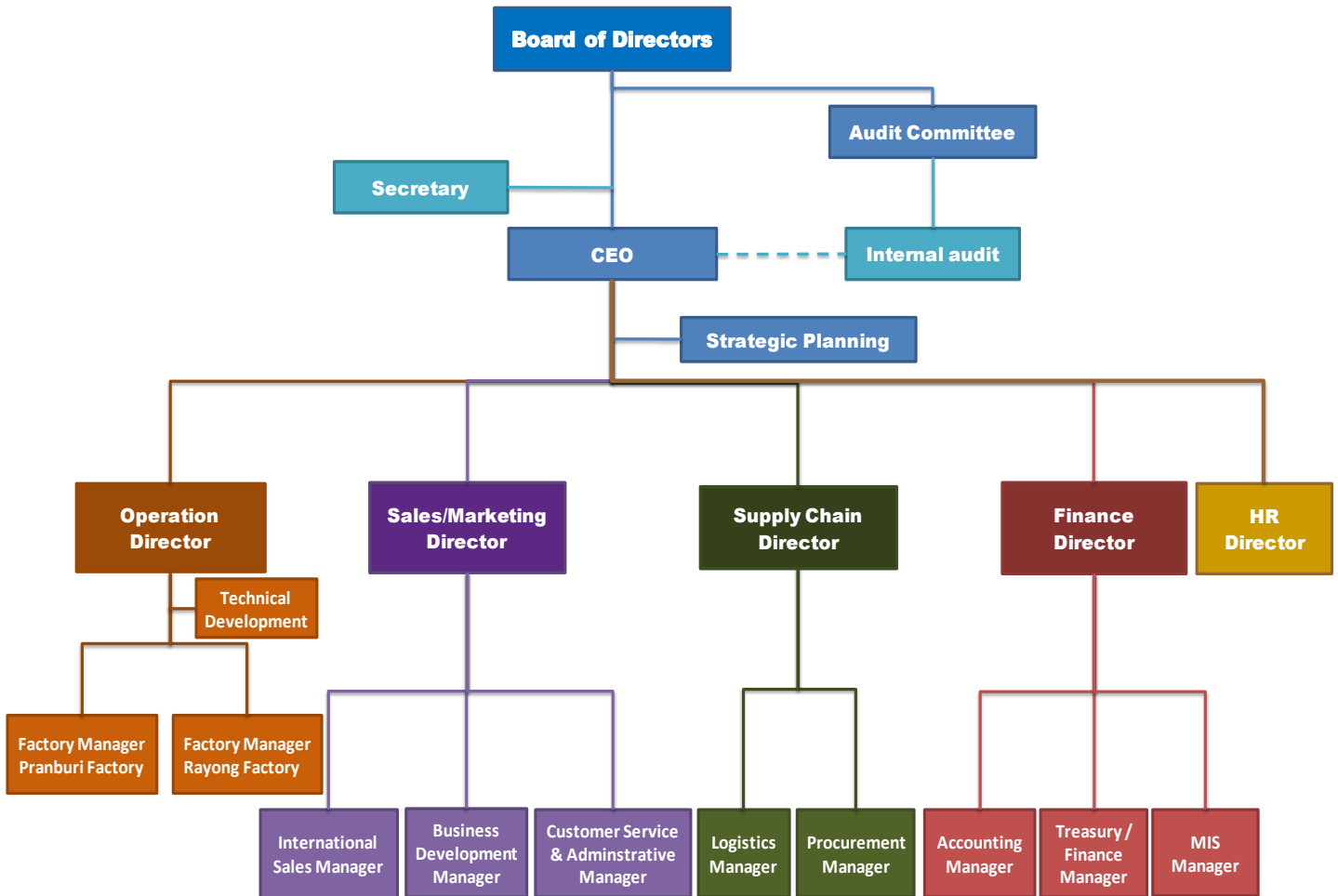
3.1 Shareholders

The list of top ten shareholders as of 31 December 2023 was as followed:

Names / Groups	No. of Shares	Proportion
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%
Total	448,273,195	99.62%

3.2 Management

Organization chart as of 31 December 2023 was as followed:



As at 31 December 2023, 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	4/4
2. Mr. Threekwan Bunnag	Director and Chairman of the Audit Committee	4/4
3. Mr. Sujarit Isarankura	Director and Audit Committee Member	3/4
4. Ms. Linda Osathaworanan	Director and Audit Committee Member	4/4
5. Mrs. Srisala Pawamikul	Authorized Director	3/4
6. Mr. Preecha Chantrakanrat	Authorized Director	3/3

- 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 the Audit Committee	4/4
2. Ms. Linda Osathaworanan	Audit Committee Member	4/4
3. Mr. Sujarit Isarankura *	Audit Committee Member	3/4

** 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	:	Ms. Ghanyapad Tantipipatpong
Present Position	:	Chairwoman, Authorized Director and CEO
Tenure	:	2008 – Present
Age	:	58 Years
Education (Highest level)	:	- Executive MBA, Sasin Graduate School of Business, Thailand
Training	:	<ul style="list-style-type: none"> - Diploma, The National Defence Course Class 60, Thailand National Defence College. - “The Program on Logistics Management (ENLM)” By AOTS at Yokohama Kenshu Center (YKC), Japan - Certificates: Directors Development Program of Thai Institute of Directors Association (IOD): - Director Accreditation Program - Class 73/2008 - Risk Management, Class 9, Faculty of Economics, Chulalongkorn University - The Training Program on Green Logistics For the ASEAN Member Countries (EALM) at Tokyo Kenshu Center, Japan - Advanced Audit Committee Program: AACP 23/2016 at IOD (Thai Institute of Directors) - Board of Director & Senior Leader Course: Leading Role in Insurance Business - Corporate Governance Program for Insurance Companies CIC 3/2022, IOD (Thai Institute of Directors)
No. of Share Held	:	500,000 shares (0.111%)
Position in Other Company	:	<ul style="list-style-type: none"> - President, Thai Pineapple Canning Industry Corporation Limited (TPC) - Chairwoman of the Audit Committee, Generali Insurance (Thailand) Public Company Limited - Chairwoman of the Audit Committee, Generali Life Assurance (Thailand) Public Company Limited - Honorary President and Advisor of Thai Food Processors’ Association - Advisor, Thai National Shippers’ Council (TNSC)
Experience (The last 5 years)	:	- Chairwoman, Thai National Shippers’ Council (TNSC)



Name : **Mr. Threekwan Bunnag**

Present Position : Director and Chairman of the Audit Committee

Tenure : 2006 - Present

Age : 66 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.
- Chairman, Threevantra Co., Ltd.



Name : **Mr. Sujarit Isarankura**

Present Position : Director and Member of the Audit Committee

Tenure : 2006 - Present

Age : 56 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.



Name : **Ms. Linda Osathaworanan**
Present Position : Director and Member of the Audit Committee
Tenure : 2007 - Present
Age : 54 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 : **Dr. Srisala Pawamikul**
Present Position : Authorized Director
Tenure : 2012 - Present
Age : 64 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



Name : **Mr. Preecha Chantrakanrat**
Present Position : Authorized Director
Tenure : 26 April 2023 - Present
Age : 76 Years
Education (Highest level) : Master of Arts in social technologies, Krirk University
Training : Diploma, National Defence College of Thailand, Class 355
No. of Share Held : None
Position in Other Company : Advisor, Thai Pineapple Canning Industry Corporation Limited

4. Financial Ratio

FINANCIAL RATIO	UNIT	2023	2022	2021	2020	2019
<u>A. LIQUIDITY RATIO</u>						
Current Ratio	Times	0.14	0.32	0.25	0.29	0.41
Acid Test Ratio	Times	0.05	0.15	0.07	0.09	0.11
Operating Cash Flow to Current Liabilities Ratio	Times	0.06	0.10	0.14	(0.13)	0.03
Accounts Receivables Turnover	Times	7.36	11.23	11.09	8.60	8.40
Average Collection Period	Days	48.92	32.06	32.46	41.88	42.86
Inventory Turnover	Times	6.77	5.85	4.45	4.96	3.53
Average Days Per Inventory Turnover	Days	53.22	61.51	80.92	72.64	102.07
Accounts Payables Turnover	Times	5.24	7.39	8.00	13.88	15.34
Average Days Payable Outstanding	Days	68.69	48.69	44.97	25.94	23.47
Cash Cycle	Days	33.44	44.87	68.40	88.57	121.46
<u>B. PROFITABILITY RATIO</u>						
Gross Margin to Sales	(%)	(19.82)	11.00	8.53	(26.57)	(29.32)
Operating Margin	(%)	(24.25)	6.41	2.07	(25.06)	(35.41)
Others Revenue to Sales	(%)	2.44	3.08	2.94	10.09	2.54
Net Income to Revenues	(%)	(32.76)	5.16	(4.64)	(36.26)	(32.44)
<u>C. EFFICIENCY RATIO</u>						
Return on Assets	(%)	(33.42)	8.12	(5.88)	(41.06)	(37.12)
Return on Fixed Assets	(%)	(70.99)	39.77	3.79	(90.86)	(110.63)
Assets Turnover	Times	1.02	1.57	1.27	1.13	1.14
<u>D. FINANCIAL POLICY RATIO</u>						
Debt to Equity Ratio	Times	(1.78)	(2.68)	(2.28)	(2.64)	(7.01)
Interest Coverage Ratio	Times	(3.84)	1.87	0.48	(4.91)	(12.92)

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 2023, 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 2023, 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 including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note 1.2 to the financial statements regarding the ability of the Company to continue as a going concern. The Company had incurred operating losses for a number of consecutive years. As at 31 December 2023, the Company's current liabilities exceeded its current assets by Baht 1,202 million. Additionally, it had deficits of Baht 1,364 million and capital deficits of Baht 893 million.

In addition, as mentioned in Note 12 and 14 to the financial statements, the Company defaulted on repayments for loans from financial institutions. Consequently, the outstanding loan of Baht 50 million may be classified as a loan subject to immediate repayment upon demand. In addition, on 10 December 2023, the Company submitted a letter requesting payment deferment to the financial institutions. The request is currently under consideration by the financial institutions. However, the Company expects to receive a waiver from the financial institutions. Furthermore, the Company has received a letter of intent indicating ongoing financial support from the parent company. The management therefore believes that the Company will be able to continue as a going concern.

The above circumstances indicate that material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. This will depend on the Company's ability to manage cash flows to be adequate for debt repayments, the success of negotiations with the financial institutions to amend the conditions and extend the repayment period of its long-term loans, and the success of its plans to enhance future operations.

My opinion is not modified in respect of this matter.

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: 21 March 2024

Siam Agro-Food Industry Public Company Limited**Statement of financial position****As at 31 December 2023**

(Unit: Baht)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Assets			
Current assets			
Cash and cash equivalents	7	4,433,796	21,885,442
Trade and other receivables	8	64,318,705	183,077,639
Inventories	9	124,089,804	241,114,655
Other current assets		<u>2,856,842</u>	<u>6,327,760</u>
Total current assets		<u>195,699,147</u>	<u>452,405,496</u>
Non-current assets			
Property, plant and equipment	10	306,795,911	328,099,674
Right-of-use assets	15	143,159,065	160,743,856
Intangible assets	11	136	136
Deferred tax assets	21	49,726,773	72,299,019
Other non-current assets		<u>884,815</u>	<u>945,034</u>
Total non-current assets		<u>500,566,700</u>	<u>562,087,719</u>
Total assets		<u>696,265,847</u>	<u>1,014,493,215</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 2023**

(Unit: Baht)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	<i>12</i>	491,966,700	510,204,449
Trade and other payables	<i>13</i>	325,297,610	323,786,066
Current portion of long-term loans			
from financial institutions	<i>14</i>	31,790,000	4,800,000
Current portion of lease liabilities	<i>15</i>	23,859,049	28,780,195
Short-term loans from related person/party	<i>6</i>	<u>525,000,000</u>	<u>525,000,000</u>
Total current liabilities		<u>1,397,913,359</u>	<u>1,392,570,710</u>
Non-current liabilities			
Long-term loans from financial institutions - net			
of current portion	<i>14</i>	-	30,590,000
Lease liabilities - net of current portion	<i>15</i>	146,824,929	150,281,995
Provision for long-term employee benefits	<i>16</i>	<u>44,540,689</u>	<u>45,838,500</u>
Total non-current liabilities		<u>191,365,618</u>	<u>226,710,495</u>
Total liabilities		<u>1,589,278,977</u>	<u>1,619,281,205</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 2023**

(Unit: Baht)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Liabilities and shareholders' equity (continued)			
Shareholders' equity			
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	17	21,000,000	21,000,000
Deficits		<u>(1,364,013,130)</u>	<u>(1,075,787,990)</u>
Total shareholders' equity (capital deficits)		<u>(893,013,130)</u>	<u>(604,787,990)</u>
Total liabilities and shareholders' equity		<u>696,265,847</u>	<u>1,014,493,215</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 2023**

(Unit: Baht)

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Profit or loss:			
Revenues			
Revenues from contracts with customers		851,712,803	1,417,302,327
Other income	18	20,810,784	26,666,112
Gain on exchange		-	17,014,664
Total revenues		<u>872,523,587</u>	<u>1,460,983,103</u>
Expenses			
Costs of sales	19	1,020,520,386	1,261,370,086
Selling and distribution expenses		29,249,624	81,078,265
Administrative expenses		30,547,501	29,668,202
Total expenses		<u>1,080,317,511</u>	<u>1,372,116,553</u>
Operating profit (loss)		(207,793,924)	88,866,550
Finance income		36,551	10,581
Finance cost	20	<u>(54,958,503)</u>	<u>(49,589,662)</u>
Profit (loss) before income tax		(262,715,876)	39,287,469
Income tax	21	<u>(23,159,649)</u>	<u>36,104,178</u>
Profit (loss) for the year		<u>(285,875,525)</u>	<u>75,391,647</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial loss	16	(2,937,019)	(3,724,834)
Less: Income tax effect	21	<u>587,404</u>	<u>744,967</u>
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		<u>(2,349,615)</u>	<u>(2,979,867)</u>
Other comprehensive income for the year		<u>(2,349,615)</u>	<u>(2,979,867)</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 2023

		(Unit: Baht)	
	<u>Note</u>	<u>2023</u>	<u>2022</u>
Total comprehensive income for the year		<u>(288,225,140)</u>	<u>72,411,780</u>
Profit (loss) per share	<i>23</i>		
Basic profit (loss) per share			
Profit (loss) for the year		<u>(0.64)</u>	<u>0.17</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 2023

(Unit: Baht)

	Issued and	Deficits		Total
	paid up	Appropriated	Unappropriated	
	share capital			
Balance as at 1 January 2022	450,000,000	21,000,000	(1,148,199,770)	(677,199,770)
Profit for the year	-	-	75,391,647	75,391,647
Other comprehensive income for the year	-	-	(2,979,867)	(2,979,867)
Total comprehensive income for the year	-	-	72,411,780	72,411,780
Balance as at 31 December 2022	<u>450,000,000</u>	<u>21,000,000</u>	<u>(1,075,787,990)</u>	<u>(604,787,990)</u>
Balance as at 1 January 2023	450,000,000	21,000,000	(1,075,787,990)	(604,787,990)
Loss for the year	-	-	(285,875,525)	(285,875,525)
Other comprehensive income for the year	-	-	(2,349,615)	(2,349,615)
Total comprehensive income for the year	-	-	(288,225,140)	(288,225,140)
Balance as at 31 December 2023	<u>450,000,000</u>	<u>21,000,000</u>	<u>(1,364,013,130)</u>	<u>(893,013,130)</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 2023

	(Unit: Baht)	
	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Profit (loss) before tax	(262,715,876)	39,287,469
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	60,506,474	59,915,777
Reversal of allowance for doubtful accounts	(80,648)	(1,537,046)
Increase in reduction of inventories to net realisable value	2,940,264	5,872,682
Gain on sales of property, plant and equipment	(281,298)	(131,781)
Provision for long-term employee benefits	3,406,713	3,530,558
Unrealised gain on exchange	(1,946,330)	(1,508,964)
Finance income	(36,551)	(10,581)
Finance cost	<u>54,958,503</u>	<u>49,589,663</u>
Profit (loss) from operating activities before changes in operating assets and liabilities	(143,248,749)	155,007,777
Operating assets (increase) decrease:		
Trade and other receivables	120,386,828	(87,688,531)
Inventories	114,084,587	7,117,067
Other current assets	3,951,682	(5,928,748)
Other non-current assets	60,219	(84,234)
Operating liabilities increase (decrease):		
Trade and other payables	1,430,679	76,379,656
Other current liabilities	<u>-</u>	<u>(481,328)</u>
Cash flows from operating activities	96,665,246	144,321,659
Cash paid for long-term employee benefits	<u>(7,641,543)</u>	<u>(2,620,058)</u>
Net cash flows from operating activities	<u>89,023,703</u>	<u>141,701,601</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 2023**

	(Unit: Baht)	
	<u>2023</u>	<u>2022</u>
Cash flows from investing activities		
Finance income	36,551	10,581
Cash paid for acquisition of plant and equipment	(2,912,538)	(3,533,025)
Proceeds from sales of property, plant and equipment	<u>281,308</u>	<u>132,621</u>
Net cash flows used in investing activities	<u>(2,594,679)</u>	<u>(3,389,823)</u>
Cash flows from financing activities		
Decrease in overdrafts and short-term loans		
from financial institutions	(18,237,749)	(42,990,787)
Repayment of long-term loans from financial institutions	(3,600,000)	(2,401,305)
Cash paid to settle liabilities under lease liabilities agreements	(35,822,424)	(33,734,939)
Interest expenses	<u>(46,220,497)</u>	<u>(41,417,098)</u>
Net cash flows used in financing activities	<u>(103,880,670)</u>	<u>(120,544,129)</u>
Net increase (decrease) in cash and cash equivalents	(17,451,646)	17,767,649
Cash and cash equivalents at beginning of year	<u>21,885,442</u>	<u>4,117,793</u>
Cash and cash equivalents at end of year (Note 7)	<u><u>4,433,796</u></u>	<u><u>21,885,442</u></u>

Supplemental disclosures of cash flows information

Non-cash related items:

Debt restructuring from short-term loans to long-term loans	-	37,791,305
Increase in right-of-use assets from leases	17,312,744	90,619,020
Account payable for purchase of equipment	1,392,467	-

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 2023

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

1.2 Fundamental accounting assumptions

The Company had incurred operating losses for a number of consecutive years. As at 31 December 2023, the Company’s current liabilities exceeded its current assets by Baht 1,202 million. Additionally, it had deficits of Baht 1,364 million and capital deficits of Baht 893 million. During the current year, the Company defaulted on repayments for loans from financial institutions. Consequently, the outstanding loan of Baht 50 million may be classified as a loan subject to immediate repayment upon demand. In addition, on 10 December 2023, the Company submitted a letter requesting payment deferment to the financial institutions. The request is currently under consideration by the financial institutions. However, the Company expects to receive a waiver from the financial institutions. Furthermore, the Company has received a letter of intent indicating ongoing financial support from the parent company. The management therefore believes that the Company will be able to continue as a going concern. The assets and liabilities are recorded on a basis whereby the Company will be able to realise its assets and meet its obligations in the ordinary course of business.

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

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2023. 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.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. 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 believes that the adoption of these amendments will not have any significant impact on the Company's financial statements.

4. Significant accounting policies

4.1 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.

4.2 Cash and cash equivalents

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

4.3 Inventories

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.

4.4 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.

4.5 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

4.6 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

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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 Financial instruments

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 as credit impaired or 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.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

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

Offsetting of financial instruments

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

4.14 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.

4.15 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.

5. 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.

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.

6. 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.

	2023	2022	(Unit: Thousand Baht) Pricing policy
<u>Transactions with parent company</u>			
Interest expenses from short-term loan	15,190	15,190	Contract rate
Accrued interest expense from lease liabilities	9,473	5,262	Contract rate
<u>Transactions with management and director</u>			
Interest expenses from short-term loan	1,583	1,436	Contract rate

As at 31 December 2023 and 2022, the balances of the accounts between the Company and that person/related company are as follows:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
<u>Parent company</u>		
Accrued interest expense from short-term loan	18,311	10,737
Accrued rental expense	64,409	61,668
Short-term loan	490,000	490,000
<u>Management and director</u>		
Accrued interest expense from short-term loan	395	278
Short-term loan	35,000	35,000

As at 31 December 2023 and 2022, the balance of loan between the Company and that related company and the movement are as follow:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Balance as at 1 January	490,000	490,000
Balance as at 31 December	<u>490,000</u>	<u>490,000</u>

As at 31 December 2023, the balance of loan between the Company and that management and director and the movement are as follow:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Balance as at 1 January	35,000	35,000
Balance as at 31 December	<u>35,000</u>	<u>35,000</u>

Directors and management's benefits

During the years ended 31 December 2023 and 2022, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Short-term employee benefits	2,060	985
Post-employment benefits	97	168
Total	<u>2,157</u>	<u>1,153</u>

Assets Lease Agreement with related party

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 has rental charged at a rate of Baht 3.3 million per month.

On 20 December 2022, the Company renewed an asset rental agreement with its parent company for a period of one year from 1 January 2023. The asset rental agreement shall renew for every one-year period which rental charged is to be determined before renewing the agreement. The Company has recognised such lease agreement to be right-of-use assets and lease liabilities.

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Cash	63	45
Bank deposits	4,371	21,840
Total	<u>4,434</u>	<u>21,885</u>

As at 31 December 2023, bank deposits in savings accounts and fixed deposits carried interests between 0.15 and 0.50 percent per annum (2022: between 0.15 and 0.25 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	44,692	129,589
Past due		
Up to 3 months	15,010	39,970
3 - 6 months	-	1,860
6 - 12 months	1,161	1,248
Over 12 months	692	226
Total	<u>61,555</u>	<u>172,893</u>
Less: Allowance for expected credit losses	(1,448)	(1,528)
Total trade receivables - unrelated parties, net	<u>60,107</u>	<u>171,365</u>
<u>Other receivables</u>		
Other receivables - unrelated parties	1,750	2,190
VAT refundable	2,462	9,523
Total other receivables	<u>4,212</u>	<u>11,713</u>
Total trade and other receivables - net	<u>64,319</u>	<u>183,078</u>

9. Inventories

	(Unit: Thousand Baht)					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Finished goods	102,148	216,074	(9,686)	(6,830)	92,462	209,244
Raw materials	26,301	26,430	-	-	26,301	26,430
Spare parts and factory supplies	6,586	6,616	(1,259)	(1,175)	5,327	5,441
Total	<u>135,035</u>	<u>249,120</u>	<u>(10,945)</u>	<u>(8,005)</u>	<u>124,090</u>	<u>241,115</u>

During the current year, the Company reduced cost of inventories by Baht 2.9 million (2022: Baht 5.9 million) to reflect the net realisable value. This was included in cost of sales.

10. 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
Cost:							
At 1 January 2022	123,619	262,228	813,156	168,729	43,031	-	1,410,763
Additions	-	44	-	1,737	-	1,832	3,613
Transfers in (out)	-	576	649	411	-	(1,636)	-
Disposals	-	-	-	(10)	(1,241)	-	(1,251)
At 31 December 2022	123,619	262,848	813,805	170,867	41,790	196	1,413,125
Additions	-	43	70	1,860	-	2,332	4,305
Transfers in (out)	-	-	-	1,778	-	(1,778)	-
Disposals	-	-	-	-	(4,499)	-	(4,499)
At 31 December 2023	123,619	262,891	813,875	174,505	37,291	750	1,412,931
Accumulated depreciation:							
At 1 January 2022	-	175,345	703,484	136,397	42,815	-	1,058,041
Depreciation for the year	-	9,517	11,560	6,659	87	-	27,823
Depreciation on disposals	-	-	-	(9)	(1,241)	-	(1,250)
At 31 December 2022	-	184,862	715,044	143,047	41,661	-	1,084,614
Depreciation for the year	-	9,417	11,353	4,838	-	-	25,608
Depreciation on disposals	-	-	-	-	(4,498)	-	(4,498)
At 31 December 2023	-	194,279	726,397	147,885	37,163	-	1,105,724
Allowance for impairment loss:							
At 31 December 2022	411	-	-	-	-	-	411
At 31 December 2023	411	-	-	-	-	-	411
Net book value:							
At 31 December 2022	123,208	77,986	98,761	27,820	129	196	328,100
At 31 December 2023	123,208	68,612	87,478	26,620	128	750	306,796
Depreciation for the year							
2022 (Baht 27.6 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							27,823
2023 (Baht 25.4 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							25,608

As at 31 December 2023, 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 897.0 million (2022: Baht 893.2 million).

The Company has mortgaged part of its land and construction thereon with net book value as at 31 December 2023 amounting to approximately Baht 124.4 million (2022: Baht 131.0 million) as collateral for bank overdraft and short-term loans and credit facilities granted by a commercial bank as discussed in Note 12.

11. Intangible assets

The net book value of intangible assets as at 31 December 2023 and 2022 is presented below.

	(Unit: Thousand Baht)
	<u>Computer software</u>
Cost	
As at 1 January 2022	17,358
As at 31 December 2022	17,358
As at 31 December 2023	17,358
Accumulated amortisation	
As at 1 January 2022	17,213
Amortisation	144
As at 31 December 2022	17,357
Amortisation	-
As at 31 December 2023	17,357
Net book value	
As at 31 December 2022	1
As at 31 December 2023	1

12. Bank overdrafts and short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate (percent per annum)			
	2023	2022	2023	2022
Bank overdrafts	MOR	MOR	34,464	1
Packing credit	3.88 - 15.50	3.25 - 15.50	201,003	237,703
Promissory notes	MLR - 2.25	MLR - 2.25	256,500	272,500
Total			<u>491,967</u>	<u>510,204</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 10 and are guaranteed by director of the Company.

As at 31 December 2023 and 2022, the Company had unused facilities of bank overdrafts and short-term loans of Baht 3.2 million and Baht 105.9 million, respectively.

During the current year, the Company defaulted on repayments for short-term loans from a financial institution in the amounts of Baht 12.2 million, Baht 2.3 million, and Baht 2.0 million. The Company recorded default interest expenses and penalties totaling Baht 1.3 million.

On 27 December 2023, the Company defaulted on the repayment of a short-term loan from another financial institution amounting to Baht 1.5 million. The Company recorded default interest expense totaling Baht 9.8 million.

On 10 December 2023, the Company submitted a letter requesting payment deferment to the financial institutions. The request is currently under consideration by the financial institutions.

13. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Trade payables - unrelated parties	188,020	201,433
Other payables - related party	97,115	72,683
Other payables - unrelated parties	20,864	20,698
Accrued expenses - unrelated parties	19,299	28,972
Total trade and other payables	<u>325,298</u>	<u>323,786</u>

14. Long-term loans from financial institutions

Loan	Interest rate (percent per annum)	Repayment schedule	(Unit: Thousand Baht)	
			2023	2022
1	MLR - 2.25	Quarterly installments as from September 2022 - July 2030	31,790	35,390
Total			31,790	35,390
Less: Current portion			(31,790)	(4,800)
Long-term loans, net of current portion			<u>-</u>	<u>30,590</u>

Movements of the long-term loan account during the years ended 31 December 2023 and 2022 are summarised below:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Beginning balance	35,390	-
Restructuring from short-term loans	-	37,791
Classifying as short-term loans	(31,790)	-
Repayments	(3,600)	(2,401)
Ending balance	<u>-</u>	<u>35,390</u>

During the current year, the Company defaulted on the repayment of a long-term loan from a financial institution amounting to Baht 1.2 million. The financial institution holds the right to demand the repayment of the entire loan amount. The Company has classified the entire amount of such long-term loan as a short-term loan and recorded interest expenses based on default interest rates and penalties, totaling Baht 0.1 million.

15. Leases

The Company has lease contracts for various items of assets used in its operations. Leases generally have lease terms between 1 - 5 years.

15.1 Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2023 and 2022 are summarised below.

(Unit: Thousand Baht)

	Land and factory	Office building	Machinery	Total
1 January 2022	78,876	2,793	20,405	102,074
Adjustment from lease modification	90,619	-	-	90,619
Depreciation for the year	(29,047)	(939)	(1,963)	(31,949)
31 December 2022	140,448	1,854	18,442	160,744
Adjustment from lease modification	13,859	3,454	-	17,313
Depreciation for the year	(31,996)	(939)	(1,963)	(34,898)
31 December 2023	122,311	4,369	16,479	143,159

15.2 Lease liabilities

(Unit: Thousand Baht)

	2023	2022
Lease liabilities	204,521	208,022
Less: Deferred interest expenses	(33,802)	(28,509)
Unrealised gain on exchange	(35)	(451)
Total	170,684	179,062
Less: Portion due within one year	(23,859)	(28,780)
Lease liabilities - net of current portion	146,825	150,282

Movement of lease liabilities for the years ended 31 December 2023 and 2022 are summarised below.

(Unit: Thousand Baht)

	2023	2022
Balance at beginning of year	179,062	116,060
Accretion of interest	10,131	6,119
Adjustment form lease modification and contract cancellation	17,313	90,619
Payment during the year	(36,184)	(33,234)
Loss on exchange	362	(502)
Balance at end of year	170,684	179,062

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

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

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Depreciation expense of right-of-use assets	34,898	31,949
Interest expense on lease liabilities	10,131	6,119
Expense relating to leases of low-value assets	552	460

15.4 Others

The Company had total cash outflow for leases for the year ended 31 December 2023 of Baht 36.4 million (2022: Baht 34.2 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>2023</u>	<u>2022</u>
Provision for long-term employee benefits at beginning of year	45,839	41,203
Included in profit or loss:		
Current service cost	2,020	2,003
Interest cost	1,387	1,528
Benefits paid during the year	(7,642)	(2,620)
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	2,365	4,390
Financial assumptions changes	571	679
Experience adjustments	1	(1,344)
Provision for long-term employee benefits at end of year	<u>44,541</u>	<u>45,839</u>

The Company expects to pay Baht 4.9 million of long-term employee benefits during the next year (2022: Baht 8.0 million).

As at 31 December 2023, the weighted average duration of the liabilities for long-term employee benefit is 14.55 years - 17.88 years (2022: 13.32 years - 15.93 years).

Significant actuarial assumptions are summarised below:

	<u>2023</u>	<u>2022</u>
	(% per annum)	(% per annum)
Discount rate	3.12 - 3.14	3.15 - 3.44
Future salary increase rate	3.00	3.00
Staff turnover rate	6.00 - 60.00	6.00 - 75.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2023 and 2022 are summarised below:

	(Unit: Million Baht)	
	As at 31 December 2023	
	Increase 0.5%	Decrease 0.5%
Discount rate	(0.98)	1.03
Salary increase rate	0.83	(0.79)
Staff turnover rate	(1.09)	1.15

	(Unit: Million Baht)	
	As at 31 December 2022	
	Increase 0.5%	Decrease 0.5%
Discount rate	(1.00)	1.05
Salary increase rate	0.85	(0.82)
Staff turnover rate	(1.12)	1.17

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>2023</u>	<u>2022</u>
Income from sale of pineapple peel	14,666	21,908
Gains from sale of machinery and other fixed assets	281	133
Income from sale of scrap	451	1,236
Others	5,413	3,389
Total	<u>20,811</u>	<u>26,666</u>

19. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Raw materials and consumables used	574,648	864,095
Salaries, wages and other employee benefits	167,386	200,448
Fuel oil and gas	30,140	54,172
Changes in finished goods and work in progress	(113,926)	(5,813)
Electricity expenses	32,172	38,656
Depreciation	60,506	59,771
Freight	2,396	42,101
Amortisation of intangible assets	-	144

20. Finance cost

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Interest expenses on borrowings	44,828	43,471
Interest expenses on lease liabilities	10,131	6,119
Total finance cost	<u>54,959</u>	<u>49,590</u>

21. Income tax

Income tax for the years ended 31 December 2023 and 2022 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	23,160	(36,104)
Income tax reported in profit or loss	<u>23,160</u>	<u>(36,104)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2023 and 2022 are as follows:

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Deferred tax relating to:		
Actuarial loss	(587)	(745)

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

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Accounting profit (loss) before tax	(262,716)	39,287
Applicable tax rate	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(52,543)	7,857
Effects of:		
Non-deductible expenses	59	289
Additional expense deductions allowed	(502)	(423)
Write-off deferred tax assets	24,726	-
Previously unrecognised tax losses as deferred tax assets	-	(34,149)
Unrecognised tax losses	51,420	-
Utilisation of previous years unrecognised tax losses	-	(9,678)
Total	<u>75,703</u>	<u>(43,961)</u>
Income tax reported in the statement of comprehensive income	<u>23,160</u>	<u>(36,104)</u>

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

	(Unit: Thousand Baht)	
	Statements of financial position	
	As at 31 December 2023	As at 31 December 2022
Deferred tax assets		
Allowance for expected credit losses	290	305
Allowance for diminution in value of inventories	2,189	1,601
Provision for long-term employee benefits	8,908	9,168
Unused tax loss	32,835	57,561
Lease assets	5,505	3,664
Total Deferred tax assets	<u>49,727</u>	<u>72,299</u>

As at 31 December 2023, the Company had unused tax losses of Baht 1,086.3 million (2022: Baht 657.0 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 - 2026.

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	Not exceeding Baht 18.47 million
3. Exemption of import duty for old machinery as approved by the Board	Granted	Granted
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. Profit (loss) per share

Basic profit (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.

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 2023 and 2022, 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 2023 amounting to approximately Baht 2.5 million (2022: Baht 2.3 million) were recognised as expenses.

26. Commitments and contingent liabilities

26.1 Capital commitments

As at 31 December 2023, the Company had capital commitments Baht 34.07 million, relating to the property, plant and equipment (2022: Baht 0.29 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 2023, there were outstanding bank guarantees of approximately Baht 6.4 million (2022: Baht 7.7 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 2023 and 2022, the Company had the following assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)	
	As at 31 December 2023	As at 31 December 2022
	Level 2	Level 2
Assets measured at fair value		
Derivatives		
Foreign currency forward contracts	481	2,736

28. Financial instruments

28.1 Derivatives

	(Unit: Thousand Baht)	
	<u>2023</u>	<u>2022</u>
Derivative assets		
Derivatives assets not designated as hedging instruments		
Foreign exchange forward contracts	481	2,736

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. The normal credit term is 30 to 90 days.

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 2023				
Foreign currency	Financial assets	Financial liabilities	Exchange rate	
	(Million)	(Million)	as at 31 December 2023	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	1.6	0.6	34.0590	34.3876
Euro	-	0.3	37.6679	38.3988

As at 31 December 2022				
Foreign currency	Financial assets	Financial liabilities	Exchange rate	
	(Million)	(Million)	as at 31 December 2022	
			<u>Buying rate</u>	<u>Selling rate</u>
US dollar	4.7	-	34.3913	34.7335
Euro	-	0.4	36.4494	37.2053

As at 31 December 2023 and 2022, the Company had the outstanding foreign exchange contracts outstanding as summarised below.

As at 31 December 2023			
Foreign currency	Bought amount	Contractual exchange rate from amount brought	Contractual maturity rate
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	2.7	33.41 - 34.87	January - July 2024

As at 31 December 2022			
Foreign currency	Bought amount	Contractual exchange rate from amount brought	Contractual maturity rate
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	7.4	34.09 - 36.14	February - June 2023

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 2023 and 2022.

Currency	2023	
	Change in FX rate	Effect on profit before tax
	(%)	(Thousand Baht)
US dollar	+1	336
US dollar	-1	(336)
Euro	+1	(113)
Euro	-1	113

Currency	2022	
	Change in FX rate	Effect on profit before tax
	(%)	(Thousand Baht)
US dollar	+1	1,632
US dollar	-1	(1,632)
Euro	+1	(134)
Euro	-1	134

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 2023 and 2022, 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 2023

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (percent per annum)
	Within					
	1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	4	-	4	0.15 - 0.50
Trade and other receivables	-	-	-	64	64	-
	-	-	4	64	68	
Financial liabilities						
Bank overdraft and Short-term loans from financial institutions						
	492	-	-	-	492	3.87 - 15.50, MOR
Trade and other payables	-	-	-	325	325	-
Short-term loans from related parties						
	525	-	-	-	525	3.10 - 5.02
Lease liabilities	171	-	-	-	171	0.46 - 7.27
Long-term loans	32	-	-	-	32	MLR - 2.25
	1,220	-	-	325	1,545	

(Unit: Million Baht)

As at 31 December 2022

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (percent per annum)
	Within					
	1 year	1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	22	-	22	0.15 - 0.25
Trade and other receivables	-	-	-	183	183	-
	-	-	22	183	205	
Financial liabilities						
Bank overdraft and Short-term loans from financial institutions						
	510	-	-	-	510	3.25 - 15.50, MOR
Trade and other payables	-	-	-	324	324	-
Short-term loans from related parties						
	525	-	-	-	525	3.10 - 3.22
Lease liabilities	29	150	-	-	179	0.46 - 6.00
Long-term loans	5	30	-	-	35	MLR - 2.25
	1,069	180	-	324	1,573	

Interest rate sensitivity

As at 31 December 2023 and 2022, 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 overdrafts, short-term loans from financial institutions, short-term loans from related person/party 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 2023 and 2022 based on contractual undiscounted cash flows.

	(Unit: Thousand Baht)		
	As at 31 December 2023		
	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Bank overdraft and short-term loans from financial institutions	491,967	-	491,967
Trade and other payables	325,298	-	325,298
Short-term loans from related parties	543,706	-	543,706
Lease liabilities	35,532	168,989	204,521
Long-term loans	40,181	-	40,181
Total non-derivatives	1,436,684	168,989	1,605,673
Derivatives			
Derivative assets: net settled	481	-	481
			(Unit: Thousand Baht)
	As at 31 December 2022		
	Less than 1 year	1 to 5 years	Total
Non-derivatives			
Bank overdraft and short-term loans from financial institutions	510,204	-	510,204
Trade and other payables	323,786	-	323,786
Short-term loans from related parties	536,015	-	536,015
Lease liabilities	38,903	169,119	208,022
Long-term loans	6,369	35,329	41,698
Total non-derivatives	1,415,277	204,448	1,619,725
Derivatives			
Derivative assets: net settled	2,736	-	2,736

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 2023 and 2022, the fair value of derivatives are as follow:

	(Unit: Million Baht)	
	31 December	
	2023	2022
	Gain	Gain
Derivatives		
Buying foreign exchange contracts	0.48	2.74

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 21 March 2024.