

Lam Soon (Thailand) Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2021

Independent Auditor's Report

To the Shareholders of Lam Soon (Thailand) Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Lam Soon (Thailand) Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lam Soon (Thailand) Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lam Soon (Thailand) Public Company Limited and its subsidiaries and of Lam Soon (Thailand) Public Company Limited as at 31 December 2021, their 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 Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Sales of goods are significant accounting transactions as they represent material amounts in the financial statements and directly affect profit or loss of the Group. In addition, the sales transactions of the Group are made with a large number of customers such as traditional trade customers, modern trade customers and overseas customers, pertaining to matters such as sale promotions, discounts and special discounts to boost sales. As a result, the Group's recognition of revenue from sales and recording of sale promotions and discounts are complex. I therefore focused my audit on the revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's IT system and internal controls with respect to the revenue cycle by making enquiries of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Group issued after the period-end. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of goodwill

I have focused my audit on the impairment of goodwill, as disclosed in Note 18 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosure made with respect to impairment assessment for goodwill.

The fair value measurement of biological assets - palm fruit on trees

As disclosed in Note 4.10 and Note 10 to the financial statements, the subsidiary records biological assets - palm fruit on trees at their fair value less point of harvest cost to sell. The measurement of fair value of biological assets - palm fruit on trees requires the estimating data and assumptions consisting of the estimated harvesting volume and selling price at each point of harvest, considering that they are appropriate and correspond to the nature and circumstances of the biological asset being measured, based on the exercise of the judgement of the internal agricultural officers and management as to the basis and assumptions relevant to the estimations. There may be a risk with respect to the value of biological assets. Thus, I have focused my audit on the fair value measurement of biological assets - palm fruit on trees.

In order to audit this matter, I gained an understanding of, assessed and tested controls of the Group related to the fair value estimation of the biological assets, considered the estimating data preparation, assumptions defining and the valuation method applied by management of the Group. I assessed the estimating data and assumptions used in the valuation by making enquiries of the internal agricultural officers and management, comparing the data used by the Group with historical data, and testing the calculation. Moreover, I reviewed the disclosure made in the notes to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

Those charged with governance are responsible for overseeing the Group'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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

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

S. Ratananurak

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 25 February 2022

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Assets					
Current assets					
Cash and cash equivalents	7	178,193,457	238,285,528	21,348,235	84,604,865
Trade and other receivables	6, 8	1,584,137,366	885,362,401	1,362,400,467	811,218,358
Current portion of finance lease receivables		1,544,819	1,567,066	-	-
Short-term loans to related parties	6	-	-	-	-
Inventories	9	1,505,252,505	1,389,107,615	948,807,843	909,143,050
Biological assets	10	112,273,222	95,620,275	-	-
Value added tax refundable		12,268,397	5,117,900	-	-
Other current assets		34,052,666	37,098,906	12,729,904	11,488,211
Total current assets		3,427,722,432	2,652,159,691	2,345,286,449	1,816,454,484
Non-current assets					
Financial lease receivables - long-term portion		896,306	2,441,124	-	-
Investments in subsidiaries	11	-	-	1,334,158,224	1,333,969,224
Investment in joint venture	12	26,570,516	22,997,536	-	-
Investment in associates	13	-	-	-	-
Long-term loans to other company	14	17,480,000	18,400,000	-	-
Investment properties	15	61,020,450	61,505,526	5,614,752	5,614,752
Property, plant and equipment	16	2,413,490,004	2,452,937,375	863,247,041	847,104,132
Right-of-use assets	23	34,981,664	39,221,680	-	-
Bearer plants	17	176,606,403	196,498,806	153,941	165,706
Goodwill	18	196,376,189	196,376,189	-	-
Intangible assets	19	6,213,689	7,540,983	5,172,911	5,994,055
Deferred tax assets	28	47,733,458	51,626,488	22,793,111	21,483,911
Other non-current financial assets		23,425	23,425	23,425	23,425
Other non-current assets		8,630,376	3,992,085	536,345	473,345
Total non-current assets		2,990,022,480	3,053,561,217	2,231,699,750	2,214,828,550
Total assets		6,417,744,912	5,705,720,908	4,576,986,199	4,031,283,034

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from banks	20	526,000,000	460,000,000	231,000,000	65,000,000
Trade and other payables	6, 21	609,769,797	471,049,325	643,254,165	429,548,562
Current portion of long-term loans	22	87,066,667	50,400,000	-	-
Current portion of liabilities under finance lease agreements	23	345,178	3,236,744	-	-
Income tax payable		49,871,815	69,176,384	34,963,850	49,813,497
Advance received from customers		26,417,208	35,855,838	227,633	4,118,399
Other current financial liabilities		7,001,183	5,815,226	3,148,649	1,787,729
Other current liabilities		6,231,294	1,771,195	964,817	779,043
Total current liabilities		1,312,703,142	1,097,304,712	913,559,114	551,047,230
Non-current liabilities					
Long-term loans - net of current portion	22	95,733,333	82,800,000	-	-
Lease liabilities - net of current portion	23	42,647,014	42,546,367	-	-
Deferred tax liabilities	28	31,751,684	2,610,783	-	-
Provision for long-term employee benefits	24	201,451,720	191,855,971	103,308,034	96,540,812
Total non-current liabilities		371,583,751	319,813,121	103,308,034	96,540,812
Total liabilities		1,684,286,893	1,417,117,833	1,016,867,148	647,588,042

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements		
	As at	As at	As at	As at	
	Note	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Shareholders' equity					
Share capital					
Registered					
		820,000,000	820,000,000	820,000,000	820,000,000
820,000,000 ordinary shares of Baht 1 each					
Issued and fully paid-up					
		820,000,000	820,000,000	820,000,000	820,000,000
820,000,000 ordinary shares of Baht 1 each					
		241,970,265	241,970,265	241,970,265	241,970,265
Share premium					
Other surpluses (deficits)					
		5,269,100	5,269,100	5,269,100	5,269,100
Premium on treasury stock					
		(6,592,600)	(6,577,607)	-	-
Deficit on changes in shareholding in subsidiary					
Retained earnings					
	25	130,377,201	127,687,224	82,000,000	82,000,000
Appropriated - statutory reserve					
		3,116,907,062	2,744,369,110	2,410,879,686	2,234,455,627
Unappropriated					
		4,307,931,028	3,932,718,092	3,560,119,051	3,383,694,992
Equity attributable to owners of the Company					
		425,526,991	355,884,983	-	-
Non-controlling interests of the subsidiaries					
		4,733,458,019	4,288,603,075	3,560,119,051	3,383,694,992
Total shareholders' equity					
		6,417,744,912	5,705,720,908	4,576,986,199	4,031,283,034
Total liabilities and shareholders' equity					
		-	-	-	-

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

Directors

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Profit or loss:					
Revenues					
Revenue from contracts with customers	26	9,521,288,657	6,730,662,436	7,448,473,268	4,974,219,337
Dividend income	6, 11	84	244	66,096,969	26,421,985
Gain from change in fair value of biological assets		25,902,143	18,691,732	-	-
Compensation from insurance		7,671,981	18,736,306	-	-
Other income		105,708,628	70,486,184	48,188,719	34,257,741
Total revenues		9,660,571,493	6,838,576,902	7,562,758,956	5,034,899,063
Expenses					
Cost of sales	27	8,056,580,022	5,599,080,691	6,658,367,700	4,268,827,216
Selling and distribution expenses		576,625,445	480,769,737	342,985,095	311,137,583
Administrative expenses		219,289,767	212,633,297	122,833,510	116,042,166
Loss from impairment of assets		15,588,502	-	-	-
Total expenses		8,868,083,736	6,292,483,725	7,124,186,305	4,696,006,965
Operating profit		792,487,757	546,093,177	438,572,651	338,892,098
Share of gain (loss) from investment in joint venture	12	3,572,980	(3,751,777)	-	-
Finance income		670,327	1,968,587	141,037	1,302,944
Finance cost		(12,973,390)	(13,770,330)	(4,453,693)	(1,708,473)
Profit before income tax expenses		783,757,674	530,539,657	434,259,995	338,486,569
Income tax expenses	28	(135,629,535)	(110,538,323)	(74,464,436)	(62,676,836)
Profit for the year		648,128,139	420,001,334	359,795,559	275,809,733

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss	24	(3,769,354)	(7,826,517)	(3,769,354)	(6,037,614)
Income tax effect	28	753,871	1,565,304	753,871	1,207,523
Share of other comprehensive income of investment in joint venture - actuarial gain	12	-	39,472	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
- net of income tax		(3,015,483)	(6,221,741)	(3,015,483)	(4,830,091)
Other comprehensive income for the year		(3,015,483)	(6,221,741)	(3,015,483)	(4,830,091)
Total comprehensive income for the year		645,112,656	413,779,593	356,780,076	270,979,642
Profit attributable to:					
Equity holders of the Company		558,630,791	383,021,893	359,795,559	275,809,733
Non-controlling interests of the subsidiaries		89,497,348	36,979,441		
		648,128,139	420,001,334		
Total comprehensive income attributable to:					
Equity holders of the Company		555,615,308	377,218,162	356,780,076	270,979,642
Non-controlling interests of the subsidiaries		89,497,348	36,561,431		
		645,112,656	413,779,593		
Basic earnings per share					
	30				
Profit attributable to equity holders of the Company		0.68	0.47	0.44	0.34

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2021

(Unit: Baht)

Consolidated financial statements										
Equity attributable to the owners of the Company										
	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Surplus (deficit) on changes in shareholding in subsidiary	Retained earnings		Total equity attributable to shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
						Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2020		820,000,000	241,970,265	5,269,100	(6,579,077)	125,247,619	2,697,554,289	3,883,462,196	321,977,963	4,205,440,159
Profit for the year		-	-	-	-	-	383,021,893	383,021,893	36,979,441	420,001,334
Other comprehensive income for the year		-	-	-	-	-	(5,803,731)	(5,803,731)	(418,010)	(6,221,741)
Total comprehensive income for the year		-	-	-	-	-	377,218,162	377,218,162	36,561,431	413,779,593
Dividend paid	33	-	-	-	-	-	(328,000,000)	(328,000,000)	-	(328,000,000)
Reversal of prior year dividend		-	-	-	-	-	65,183	65,183	-	65,183
Acquisition of investment in subsidiary from non-controlling interests		-	-	-	1,470	-	-	1,470	(3,870)	(2,400)
Appropriation of statutory reserve of subsidiary		-	-	-	-	2,439,605	(2,468,524)	(28,919)	28,919	-
Decrease in non-controlling interests from dividend payment of subsidiary		-	-	-	-	-	-	-	(2,679,460)	(2,679,460)
Balance as at 31 December 2020		820,000,000	241,970,265	5,269,100	(6,577,607)	127,687,224	2,744,369,110	3,932,718,092	355,884,983	4,288,603,075

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2021

(Unit: Baht)

Consolidated financial statements									
Equity attributable to the owners of the Company									
	Issued and	Share	Premium on	Deficit	Retained earnings		Total equity	Equity	Total
	paid up	premium	treasury stock	on changes in	Appropriated -	Unappropriated	attributable to	attributable to	shareholders'
Note	share capital	premium	treasury stock	in subsidiary	statutory reserve	Unappropriated	the Company	non-controlling	equity
							shareholders of	interests of	
							the Company	the subsidiaries	
Balance as at 1 January 2021	820,000,000	241,970,265	5,269,100	(6,577,607)	127,687,224	2,744,369,110	3,932,718,092	355,884,983	4,288,603,075
Profit for the year	-	-	-	-	-	558,630,791	558,630,791	89,497,348	648,128,139
Other comprehensive income for the year	-	-	-	-	-	(3,015,483)	(3,015,483)	-	(3,015,483)
Total comprehensive income for the year	-	-	-	-	-	555,615,308	555,615,308	89,497,348	645,112,656
Dividend paid	33	-	-	-	-	(180,400,000)	(180,400,000)	-	(180,400,000)
Reversal of prior year dividend		-	-	-	-	43,983	43,983	-	43,983
Acquisition of investment in subsidiary									
from non-controlling interests		-	-	(14,993)	-	-	(14,993)	(174,007)	(189,000)
Appropriation of statutory reserve of subsidiary		-	-	-	2,689,977	(2,721,339)	(31,362)	31,362	-
Decrease in non-controlling interests									
from dividend payment of subsidiary		-	-	-	-	-	-	(19,712,695)	(19,712,695)
Balance as at 31 December 2021	820,000,000	241,970,265	5,269,100	(6,592,600)	130,377,201	3,116,907,062	4,307,931,028	425,526,991	4,733,458,019

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2021

(Unit: Baht)

		Separate financial statements					
		Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings Appropriated - statutory reserve	Unappropriated	Total shareholders' equity
	Note						
Balance as at 1 January 2020		820,000,000	241,970,265	5,269,100	82,000,000	2,291,410,802	3,440,650,167
Profit for the year		-	-	-	-	275,809,733	275,809,733
Other comprehensive income for the year		-	-	-	-	(4,830,091)	(4,830,091)
Total comprehensive income for the year		-	-	-	-	270,979,642	270,979,642
Dividend paid	33	-	-	-	-	(328,000,000)	(328,000,000)
Reversal of prior year dividend		-	-	-	-	65,183	65,183
Balance as at 31 December 2020		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>2,234,455,627</u>	<u>3,383,694,992</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Separate financial statements						
	Note	Issued and paid up share capital	Share premium	Premium on treasury stock	Retained earnings		Total shareholders' equity
					Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2021		820,000,000	241,970,265	5,269,100	82,000,000	2,234,455,627	3,383,694,992
Profit for the year		-	-	-	-	359,795,559	359,795,559
Other comprehensive income for the year		-	-	-	-	(3,015,483)	(3,015,483)
Total comprehensive income for the year		-	-	-	-	356,780,076	356,780,076
Dividend paid	33	-	-	-	-	(180,400,000)	(180,400,000)
Reversal of prior year dividend		-	-	-	-	43,983	43,983
Balance as at 31 December 2021		<u>820,000,000</u>	<u>241,970,265</u>	<u>5,269,100</u>	<u>82,000,000</u>	<u>2,410,879,686</u>	<u>3,560,119,051</u>

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Cash flows from operating activities				
Profit before tax	783,757,674	530,539,657	434,259,995	338,486,569
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	249,859,265	256,294,267	111,799,531	100,857,560
Gain from change in fair value of biological assets	(25,902,143)	(18,691,732)	-	-
Share of loss (gain) from investment in joint venture	(3,572,980)	3,751,777	-	-
Bad debt	99,875,713	-	-	-
Increase (decrease) in allowance for expected credit losses	(99,875,713)	3,748,079	-	1,999,130
Increase (decrease) in allowance for diminution in inventory value	(6,642,210)	(4,109,534)	(10,626)	10,626
Loss on write-off assets	-	2,083,664	-	-
Loss on write-off of bearer plants	116,730	-	-	-
Loss (gain) on disposals/write-off of property, plant and equipment	5,790,469	(143,004)	1,379,782	4,836,371
Loss on impairment of assets	15,588,502	-	-	-
Loss on write-off of intangible assets	-	2	-	-
Unrealised loss (gain) on exchange	(112,317)	2,028,948	(2,628)	759,816
Unrealised loss on fair value of derivatives	634,193	545,347	384,715	468,766
Gain on financial lease agreements	-	(3,778,947)	-	-
Provision for termination benefits and long-term employee benefits	18,605,356	27,513,793	8,661,755	8,927,675
Dividend income from subsidiaries	-	-	(66,096,885)	(26,421,741)
Dividend income from other companies	(84)	(244)	(84)	(244)
Finance income	(670,327)	(1,968,587)	(141,037)	(1,302,944)
Finance cost	11,427,880	12,343,712	2,908,184	281,854
Profit from operating activities before changes in operating assets and liabilities	1,048,880,008	810,157,198	493,142,702	428,903,438
Decrease (increase) in operating assets				
Trade and other receivables	(698,609,619)	(582,212)	(551,182,439)	(36,356,613)
Cash received from financial lease receivables	1,567,065	742,139	-	-
Inventories	(109,502,680)	(543,320,995)	(39,654,167)	(456,071,800)
Biological assets	9,249,196	14,000,048	-	-
Other current assets	(7,957,514)	(5,644,885)	(1,241,693)	(5,644,568)
Other non-current assets	(3,258,991)	(837,307)	(63,000)	40,001
Increase (decrease) in operating liabilities				
Trade and other payables	175,760,379	4,833,544	247,155,714	16,821,631
Other current financial liabilities	486,645	(4,578,923)	924,221	(730,869)
Other current liabilities	(4,978,531)	25,064,309	(3,704,992)	4,186,932
Provision for termination benefits and long-term employee benefits	(12,778,961)	(24,583,505)	(5,663,887)	(7,665,887)
Cash from operating activities	398,856,997	275,249,411	139,712,459	(56,517,735)
Cash received from interest income	670,327	1,968,587	141,037	1,302,944
Cash paid for interest expenses	(11,113,676)	(12,372,615)	(2,854,972)	(276,491)
Income tax refund	4,096,873	2,389,007	-	-
Cash paid for corporate income tax	(121,389,918)	(85,231,542)	(89,869,412)	(63,992,451)
Net cash from (used in) operating activities	271,120,603	182,002,848	47,129,112	(119,483,733)

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from investing activities				
Acquisition of investment in subsidiary				
from non-controlling interests	(189,000)	(2,400)	(189,000)	(2,400)
Dividend received from subsidiaries	-	-	66,096,885	26,421,741
Dividend received from other companies	84	244	84	244
Decrease in long-term loans to other company	920,000	920,000	-	-
Acquisitions of property, plant and equipment	(243,061,946)	(387,052,465)	(162,574,599)	(148,256,494)
Advance payments for equipment	(1,578,800)	(199,500)	-	-
Proceeds from disposals of property, plant and equipment	4,721,555	33,140,149	834,921	3,023,492
Increase in bearer plants	(4,394,373)	(3,681,047)	-	-
Acquisitions of intangible assets	(298,000)	(3,426,694)	(250,000)	(3,288,664)
Net cash used in investing activities	(243,880,480)	(360,301,713)	(96,081,709)	(122,102,081)
Cash flows from financing activities				
Increase (decrease) in short-term loans from banks	66,000,000	(10,000,000)	166,000,000	65,000,000
Cash received from long-term loans	110,000,000	150,000,000	-	-
Repayment of long-term loans	(60,400,000)	(33,400,000)	-	-
Payment of lease liabilities	(2,928,601)	(23,672,405)	-	-
Dividend paid	(200,003,593)	(330,509,942)	(180,304,033)	(327,830,482)
Net cash used in financing activities	(87,332,194)	(247,582,347)	(14,304,033)	(262,830,482)
Net decrease in cash and cash equivalents				
	(60,092,071)	(425,881,212)	(63,256,630)	(504,416,296)
Cash and cash equivalents at beginning of the year	238,285,528	664,166,740	84,604,865	589,021,161
Cash and cash equivalents at end of the year (Note 7)	178,193,457	238,285,528	21,348,235	84,604,865

Supplementary disclosures of cash flows information

Non-cash transactions

Acquisitions of plant and equipment

that have not been paid

11,740,918 49,148,058 8,281,721 41,782,086

Increase in right-of-use assets and lease liabilities

from contract modification

137,682 - - -

Transfer of deposits for equipment to equipment

199,500 650,000 - -

Dividend payable

733,991 682,007 733,991 682,007

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

Lam Soon (Thailand) Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2021

1. General information

Lam Soon (Thailand) Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Lam Soon Holding Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of palm oil. The registered office of the Company is at 64, Soi Bangna-Trad 25, Bangna Nuea, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions 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.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Lam Soon (Thailand) Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2021</u> Percent	<u>2020</u> Percent
<u>Subsidiaries directly held by the Company</u>				
United Palm Oil Industry Public Company Limited	Palm oil plantation, crude palm oil and kernel palm oil processing	Thailand	69.96	69.96
Universal Food Public Company Limited	Manufacture and distribution of processed fruits and vegetables, canned juice and drinks	Thailand	98.85	98.83
<u>Subsidiary held by United Palm Oil Industry Public Company Limited</u>				
Phansrivivat Company Limited	Owner of palm oil plantation	Thailand	100	100
Company's name	Nature of business	Country of	Percentage of	

		incorporation	shareholding	
			<u>2021</u>	<u>2020</u>
			Percent	Percent
<u>Subsidiaries held by Phansrivivat Company Limited</u>				
Prachak Vivat Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
Phansri Company Limited	Holder of concessions to use forest reserve land	Thailand	100	100
<u>Subsidiary held by Universal Food Public Company Limited</u>				
Union Frost Company Limited	Manufacture of frozen fruits and vegetables	Thailand	100	100

The frozen vegetable and fruit manufacturing business, which is operated by Union Frost Company Limited (“the subsidiary”), ceased production and laid off most of its employees. At the present, the subsidiary allocates the area of cold room using for freezing goods for rent.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same reporting period and the same significant accounting policies as the Company.
- e) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022

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 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Group believes that adoption of these amendments will not have any significant impact on the Group's financial statements.

4. Significant accounting policies

4.1 Revenue and expense 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 and discounts 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.

Dividends

Dividends are recognised when the right to receive the dividend is established.

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

Finished goods and work in process are valued at the lower of cost (Moving average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all cost of raw materials, labour and factory overheads.

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

4.4 Investments in subsidiaries, joint ventures and associates

Investments in joint venture and associates are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

4.5 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over the estimated useful lives of 20 years. No depreciation is provided on investment properties - land. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the year when the asset is derecognised.

4.6 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are 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 estimated useful lives as follows:

Building	-	5 - 20 and 30 years
Building improvement	-	5 - 20 and 30 years
Waste water treatment	-	15 and 30 years
Machinery, factory and agricultural equipment	-	3 - 20 and 30 years
Furniture, fixtures and office equipment	-	3 - 15 and 20 years
Motor vehicles	-	5 - 15 years

Depreciation is included in determining income.

No depreciation is provided on land, land improvement and assets under construction and 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.

4.7 Bearer plants and amortisation

Bearer plants are stated at cost less accumulated amortisation and impairment losses (if any). The cost includes development costs of bearer plants before the production period.

Amortisation is calculated by reference to cost on a straight-line basis over the estimated remaining productive life of the bearer plants (the productive life of palm trees is generally 25 years).

Amortisation is included in determining income.

No amortisation is provided on bearer plants not ready for harvest.

Costs of supplying palm vacancies and infilling mature areas are recognised as expenses in profit or loss.

4.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

4.9 Intangible assets and amortisation

Intangible assets are initially recognised at cost on the date of acquisition. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on the straight-line 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 for 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 is as follows:

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

4.10 Agriculture

The subsidiary's biological assets are palm fruit on tree and palm nursery for sale, and agricultural produce is palm fresh fruit brunch.

The fair value of palm fruit on tree is determined based on discounted cash flows reference to price of palm fruit at the front of the factory less estimated point of harvest costs. The palm fresh fruit brunch is determined by reference to price of palm fruit at the front of the factory less estimated selling expenses. The fair value of palm nursery for sale is determined by reference to selling price less estimated selling expenses. Gains or losses on changes in fair value of biological assets and the differences between fair value and costs of agricultural produce are recognised in profit or loss.

In case the fair value cannot be measured reliably, this biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, the subsidiary shall measure it at fair value less costs to sell.

The agricultural produce is included in inventories.

4.11 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash-generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.12 Leases

At inception of contract, the Group 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 Group as a lessee

The Group 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 Group 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	24	years
Machinery and equipment	1	year 4 months

If ownership of the leased asset is transferred to the Group 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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group'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.

The Group as a lessor

A lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee is classified as finance leases. As at the commencement date, an asset held under a finance lease is recognised as a receivable at an amount equal to the net investment in the lease or the present value of the lease payments receivable and any unguaranteed residual value. Subsequently, finance income is recognised over the lease term to reflect a constant periodic rate of return on the net investment in the lease.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.13 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 associates 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.

4.14 Foreign currencies

The consolidated and separate 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.

4.15 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets, investment properties, bearer plants and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill. 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 (except for goodwill), if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group 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.

4.16 Treasury stock

Treasury stock is stated at cost and is presented as a reduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock, losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

4.17 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 and other long-term employee benefits

Defined contribution plans

The Group and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group treats this severance payment obligation as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

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

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

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

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

4.18 Provisions

Provisions are recognised when the Group 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.

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

At each reporting date, the Group 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.20 Financial instruments

The Group 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 Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

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

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

Financial assets at FVTPL

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

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

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

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group'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 Group takes into account any discounts or premiums on acquisition and 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 Group has transferred substantially all the risks and rewards of the asset, or the Group 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 Group 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 Group 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 Group 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 default when contractual payments are 90 days past due. However, in certain cases, the Group 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 Group applies a simplified approach in calculating ECLs. Therefore, the Group 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.

4.21 Derivatives

The Group 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.

4.22 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 Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation techniques 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 categories 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 Group 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:

Agriculture

The subsidiary measures its biological assets - palm fruit on tree at the fair value less costs to sell. Such fair value is calculated using the discounted cash flows reference to price of palm fruit at the front of the subsidiary's factory, less estimated point of harvest costs. The valuation involves certain assumptions and estimates such as prices of palm fruit at the point of harvest, weight of palm fruit on tree and discount rate.

Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group 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 Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group 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 Group 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.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

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

Contingent liabilities

The Company has contingent liabilities as a result of import duty and VAT assessment by the Customs Department. The Company's management has used judgement to assess of the results of the import duty and VAT assessment by the Customs Department and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of reporting period.

6. Related party transactions

During the years, the Group had significant business transactions with related parties. 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 those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2021	2020	2021	2020	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	-	-	1,705	758	Market prices on the contract date
Purchases of goods	-	-	425	390	Market prices less fixed margin
Dividend income	-	-	66	26	At the declared rate
Rental income	-	-	2	2	Market price
Administrative service income	-	-	3	3	Actual charge
<u>Transactions with related companies</u>					
Sales of goods	260	191	-	-	Price approximates market price
Purchases of goods	9	9	8	5	Price less marketing expenses and margin
Selling expenses	29	23	-	-	Actual charge
<u>Transactions with joint venture of subsidiary</u>					
Purchases of oil palm seeds and fresh fruit bunch	9	3	-	-	Market price
Land rental income	1	1	-	-	Agreed between the parties

As at 31 December 2021 and 2020, the balances of accounts between the Company and those related parties are detailed as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Trade and other receivables - related parties</u> (Note 8)				
Subsidiaries	-	-	26,121	27,259
Associates	-	452	-	-
Related companies (related by common shareholders)	68,252	36,171	-	-
Total trade and other receivables - related parties	68,252	36,623	26,121	27,259
Less: Allowance for expected credit losses	-	(20,780)	-	-
Total trade and other receivables - related parties - net	68,252	15,843	26,121	27,259
 <u>Short-term loans to related parties</u>				
Associates	-	40,286	-	-
Related companies (related by common shareholders)	-	5,325	-	-
Total short-term loans - related parties	-	45,611	-	-
Less: Allowance for expected credit losses	-	(45,611)	-	-
Total short-term loans to related parties - net	-	-	-	-
 <u>Trade and other payables - related parties</u> (Note 21)				
Subsidiaries	-	-	238,388	109,516
Related companies (related by common shareholders)	16,679	9,500	-	1,209
Total trade and other payables - related parties	16,679	9,500	238,388	110,725

Short-term loans to related parties

The subsidiary recorded the write-off of bad debts for short-term loans and advances to Union Fresh Co., Ltd. (associates of subsidiary) and Siam Unizon Co., Ltd. (related company of subsidiary) amounting to Baht 66 million because the Central Bankruptcy Court accepted the bankruptcy suits. The Central Bankruptcy Court ordered the closing of the case of Union Fresh Co., Ltd. on 7 January 2016 and the case of Siam Unizon Co., Ltd. on 24 February 2017.

In addition, during the year ended 31 December 2021, the subsidiary recorded the write-off of bad debts for trade accounts receivable of associates of such subsidiary amounting to Baht 0.5 million.

Selling and administrative service income

On 7 November 2011, the Company and Universal Food Public Company Limited (“UFC”), a subsidiary, entered into a memorandum related to the agency agreement dated 27 February 2006 whereby both parties agreed to change the terms and conditions on dealer compensation to comply with the general practice in the industry. The contract expired on 31 December 2021. The Company and UFC agreed to extend the agreement for another 5 years, starting from 1 January 2022 and expiring on 31 December 2026.

Directors and management’s remuneration

During the years ended 31 December 2021 and 2020, the Group had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 160 million and Baht 150 million, respectively (the Company only: Baht 96 million and Baht 88 million, respectively).

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash	2,385	2,053	695	593
Bank deposits	<u>175,808</u>	<u>236,233</u>	<u>20,653</u>	<u>84,012</u>
Total	<u>178,193</u>	<u>238,286</u>	<u>21,348</u>	<u>84,605</u>

As at 31 December 2021, bank deposits in savings accounts and time deposit accounts carried interests between 0.05 and 0.25 percent per annum (2020: between 0.05 and 0.25 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	65,047	15,843	128	49
Past due				
Up to 3 months	3,205	-	-	-
Over 12 months	-	452	-	-
Total	68,252	16,295	128	49
Less: Allowance for expected credit losses	-	(452)	-	-
Total trade receivables - related parties - net	68,252	15,843	128	49
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	26,045	17,499	26,045	17,499
Cheque returned	7,668	12,618	7,668	7,655
Not yet due	1,234,012	712,968	1,091,619	656,377
Past due				
Up to 3 months	241,343	136,041	205,761	108,542
3 - 6 months	4,259	-	4,257	-
6 - 12 months	2,625	515	2,610	515
Over 12 months	3,356	30,606	3,356	2,705
Total	1,519,308	910,247	1,341,316	793,293
Less: Allowance for expected credit losses	(9,736)	(43,220)	(9,736)	(9,736)
Total trade receivables - unrelated parties - net	1,509,572	867,027	1,331,580	783,557
Total trade receivables - net	1,577,824	882,870	1,331,708	783,606
<u>Other receivables</u>				
Other receivables - related parties	-	-	2,673	6,157
Other receivables - unrelated parties	6,233	2,774	5,408	1,111
Accrued income - related parties	-	-	23,320	21,053
Accrued income - unrelated parties	55	73	-	-
Advances - related parties	-	20,328	-	-
Advances - unrelated parties	799	420	-	-
Total	7,087	23,595	31,401	28,321
Less: Allowance for expected credit losses	(774)	(21,103)	(709)	(709)
Total other receivables - net	6,313	2,492	30,692	27,612
Total trade and other receivables - net	1,584,137	885,362	1,362,400	811,218

The normal credit term is 15 to 90 days.

Set out below is the movement in the allowance for expected credit losses of trade receivables.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Beginning balance	64,775	61,027	10,445	8,446
Provision for expected credit losses	-	3,999	-	1,999
Amount written off	(54,265)	-	-	-
Effect from foreign exchange	-	(251)	-	-
Ending balance	<u>10,510</u>	<u>64,775</u>	<u>10,445</u>	<u>10,445</u>

9. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	646,298	529,989	(12,687)	(19,182)	633,611	510,807
Work in process	678,436	723,164	-	-	678,436	723,164
Raw materials	39,198	37,418	(4,553)	(4,868)	34,645	32,550
Inventories in transit	14,994	2,840	-	-	14,994	2,840
Supplies and spare parts	146,556	122,569	(2,989)	(2,822)	143,567	119,747
Total	<u>1,525,482</u>	<u>1,415,980</u>	<u>(20,229)</u>	<u>(26,872)</u>	<u>1,505,253</u>	<u>1,389,108</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	193,943	139,205	-	(11)	193,943	139,194
Work in process	695,469	725,387	-	-	695,469	725,387
Inventories in transit	12,858	2,509	-	-	12,858	2,509
Supplies and spare parts	46,538	42,053	-	-	46,538	42,053
Total	<u>948,808</u>	<u>909,154</u>	<u>-</u>	<u>(11)</u>	<u>948,808</u>	<u>909,143</u>

During the current year, the Group reduced cost of inventories to net realisable value by Baht 6.6 million, which was included in cost of sales (2020: reversed the write-down of cost of inventories by Baht 4.1 million and reduced the amount of inventories recognised as expenses during the year) (The Company only: None (2020: reduced cost of inventories to net realisable value by Baht 0.01 million, which was included in cost of sales)).

10. Biological assets

Movements of the biological assets account for the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Nursery for sales	Palm fruit on tree	Total
Balance as at 1 January 2020	59,890	31,038	90,928
Gain from changes in fair value	3,114	344,370	347,484
Decreases from harvest	-	(264,849)	(264,849)
Decreases from sales	(21,319)	(44,124)	(65,443)
Decrease from write-off	(12,500)	-	(12,500)
Balance as at 31 December 2020	29,185	66,435	95,620
Gain from changes in fair value	14,343	554,523	568,866
Decreases from harvest	-	(448,272)	(448,272)
Decreases from sales	(24,332)	(73,875)	(98,207)
Decrease from write-off	(5,734)	-	(5,734)
Balance as at 31 December 2021	<u>13,462</u>	<u>98,811</u>	<u>112,273</u>

Significant assumptions for the calculation of fair value are as follows:

Prices of palm fruit at the point of harvest are estimated based on the past purchase prices of palm fruit at the front of the subsidiary's factory less estimated estate cost, harvesting cost and transportation cost from each estate.

Weight of palm fruit on tree is estimated with reference to the average weight for each age from historical information when harvesting the palm fruit, taking into consideration the factors affecting fruit bearing and sampling count result.

Discount rate is estimated at the rate of 3 percent (2020: 3 percent) by weighted average cost of capital method.

The results of sensitivity analysis for significant assumptions that affect the fair value of biological assets as at 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	2021		2020	
	Increase	Decrease	Increase	Decrease
	10%	10%	10%	10%
Prices of palm fruit at the point of harvest	15,804	(14,484)	12,466	(12,466)
Weight of palm fruit on tree	15,804	(14,484)	12,466	(12,466)

11. Investments in subsidiaries

11.1 Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2021	2020	2021	2020	2021	2020	2021	2020
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344	45,343	5,668
Universal Food Public Company Limited	525,000	525,000	98.85	98.83	585,814	585,625	20,754	20,754
Total					<u>1,334,158</u>	<u>1,333,969</u>	<u>66,097</u>	<u>26,422</u>

As at 31 December 2021, the fair value of the investment in United Palm Oil Industry Public Company Limited, calculated based on latest bid price of the shares on the last trading day of the period as quoted on the Stock Exchange of Thailand and in proportion to the Company's shareholding, was approximately Baht 1,474 million (2020: Baht 966 million).

11.2 Details of investment in subsidiary that has material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit allocated to non-controlling interests during the year		Dividend paid to non-controlling interests during the year	
	2021	2020	2021	2020	2021	2020	2021	2020
	(%)	(%)						
United Palm Oil Industry Public Company Limited	30.04	30.04	411	342	89	36	19	2

11.3 Summarised financial information that based on amounts before inter-company elimination about subsidiary that have material non-controlling interests

Summarised information about financial position

(Unit: Million Baht)

	As at 31 December	
	<u>2021</u>	<u>2020</u>
Current assets	628	319
Non-current assets	1,138	1,166
Current liabilities	234	286
Non-current liabilities	155	64

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December	
	<u>2021</u>	<u>2020</u>
Revenue	2,154	987
Profit	307	125
Other comprehensive income	-	(1)
Total comprehensive income	307	124

Summarised information about cash flow

(Unit: Million Baht)

	For the years ended 31 December	
	<u>2021</u>	<u>2020</u>
Cash flow from operating activities	89	129
Cash flow used in investing activities	(31)	(72)
Cash flow used in financing activities	(65)	(38)
Net increase (decrease) in cash and cash equivalents	(7)	19

12. Investment in joint venture

12.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment are as follows:

(Unit: Thousand Baht)

Joint venture	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
			(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	Thailand	50	50	25,000	25,000	26,570	22,997
Total					25,000	25,000	26,570	22,997

12.2 Share of comprehensive income and dividend received

During the years, the subsidiary recognised its share of comprehensive income from investment in the joint venture in the consolidated financial statements as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Share of profit (loss) from investment in joint venture		Share of other comprehensive income from investment in joint venture	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Siam Elite Palm Co., Ltd.	3,573	(3,752)	-	39
Total	3,573	(3,752)	-	39

12.3 Summarised financial information about joint venture

Siam Elite Palm Company Limited

Summarised information about financial position

(Unit: Thousand Baht)

As at 31 December

	<u>2021</u>	<u>2020</u>
Current assets	78,049	20,294
Non-current assets	31,679	33,693
Total assets	109,728	53,987
Current liabilities	(51,945)	(3,612)
Non-current liabilities	(4,642)	(4,380)
Total liabilities	(56,587)	(7,992)
Net assets	53,141	45,995
Shareholding percentage (%)	50	50
Carrying amounts of joint venture based on equity method	26,570	22,997

Summarised information about comprehensive income

(Unit: Thousand Baht)

For the years ended 31 December

	<u>2021</u>	<u>2020</u>
Revenue	74,796	13,884
Cost of sales	(47,369)	(6,655)
The differences between fair value and costs of agriculture produce	345	(2,550)
Selling and administrative expenses	(20,626)	(12,262)
Profit (loss) for the year	7,146	(7,583)
Other comprehensive income	-	79
Total comprehensive income	7,146	(7,504)
Shareholding percentage (%)	50	50
Share of comprehensive income of investment in joint venture	3,573	(3,752)

13. Investment in associates

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			2021	2020	2021	2020
			Million Baht	Million Baht	Percent	Percent
Union Fresh Co., Ltd.	Dormant	Thailand	30	30	40	40

(Unit: Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for impairment loss of investment		Carrying amount based on cost method - net		Carrying amount based on equity method	
	2021	2020	2021	2020	2021	2020	2021	2020
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

14. Long-term loans to other companies

As at 31 December 2021, a subsidiary of subsidiary had unsecured loans to other companies, amounting to approximately Baht 17.5 million (2020: Baht 18.4 million). The loans carry interest at a rate of THBFIX plus 1% per annum and are due for repayment end of June and December of every year with the last payment in June 2040.

Movement in long-term loans to other companies during the years ended 31 December 2021 and 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2021	2020
Beginning balance	18,400	19,320
Receipts	(920)	(920)
Ending balance	17,480	18,400

15. Investment properties

The net book value of investment properties as at 31 December 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	As at 31 December 2021					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
Cost	62,299	138,811	201,110	5,615	33,973	39,588
Less: Accumulated depreciation	-	(78,032)	(78,032)	-	(33,973)	(33,973)
Allowance for impairment	(3,303)	(58,755)	(62,058)	-	-	-
Net book value	58,996	2,024	61,020	5,615	-	5,615

(Unit: Thousand Baht)

	As at 31 December 2020					
	Consolidated financial statements			Separate financial statements		
	Land	Office building	Total	Land	Office building	Total
Cost	62,299	138,811	201,110	5,615	33,973	39,588
Less: Accumulated depreciation	-	(77,547)	(77,547)	-	(33,973)	(33,973)
Allowance for impairment	(3,302)	(58,755)	(62,057)	-	-	-
Net book value	58,997	2,509	61,506	5,615	-	5,615

A reconciliation of the net book value of investment properties for the years 2021 and 2020 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Net book value at beginning of year	61,506	63,488	5,615	5,615
Disposals during the year	-	(1,495)	-	-
Depreciation for the year	(486)	(487)	-	-
Net book value at end of year	61,020	61,506	5,615	5,615

The fair value of land and office building of the Company as at 31 December 2021 was determined at approximately Baht 28 million (2020: Baht 26 million) using the income approach.

The fair value of land and building of the subsidiary was determined based on valuation performed by an independent professional valuer. As at 31 December 2021, the fair value of the land was determined to be Baht 134 million on the basis of market approach, while that of the building was determined to be Baht 51 million using the replacement cost approach. The fair value of the building was not determined based on the income approach because it is not used for rental (2020: Baht 134 million and Baht 51 million, respectively).

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land and land improvement	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	
Cost								
1 January 2020	790,230	90,357	1,212,780	3,183,992	127,009	234,794	79,589	5,718,751
Additions	-	-	26,677	125,407	4,552	12,101	248,457	417,194
Capitalised interest	-	-	106	202	-	-	3	311
Disposals/write off	(20,033)	-	(35,895)	(102,939)	(4,697)	(36,177)	-	(199,741)
Transfer in (transfer out)	17,665	-	45,520	82,427	1,396	820	(147,828)	-
31 December 2020	787,862	90,357	1,249,188	3,289,089	128,260	211,538	180,221	5,936,515
Additions	873	-	15,764	74,135	3,222	494	111,300	205,788
Capitalised interest	-	-	1	31	-	-	34	66
Disposals/write off	(3,472)	-	(4,315)	(28,827)	(495)	(3,489)	-	(40,598)
Transfer in (transfer out)	3,611	-	30,625	108,785	43,052	-	(186,073)	-
31 December 2021	788,874	90,357	1,291,263	3,443,213	174,039	208,543	105,482	6,101,771

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Land awaiting development	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Accumulated depreciation								
1 January 2020	-	-	823,802	2,215,811	112,495	199,021	-	3,351,129
Depreciation for the year	-	-	58,751	141,703	4,859	12,018	-	217,331
Depreciation on disposals/write off	-	-	(34,054)	(95,231)	(4,654)	(34,289)	-	(168,228)
31 December 2020	-	-	848,499	2,262,283	112,700	176,750	-	3,400,232
Depreciation for the year	-	-	52,555	161,128	8,533	10,112	-	232,328
Depreciation on disposals/write off	-	-	(3,849)	(22,970)	(499)	(2,766)	-	(30,084)
31 December 2021	-	-	897,205	2,400,441	120,734	184,096	-	3,602,476
Allowance for impairment								
1 January 2020	21,210	-	-	61,960	152	37	-	83,359
Decrease from write-off during the year	-	-	-	(13)	-	-	-	(13)
31 December 2020	21,210	-	-	61,947	152	37	-	83,346
Increase during the year	5,319	-	-	-	-	-	-	5,319
Decrease during the year	(2,860)	-	-	-	-	-	-	(2,860)
31 December 2021	23,669	-	-	61,947	152	37	-	85,805
Net book value								
31 December 2020	766,652	90,357	400,689	964,859	15,408	34,751	180,221	2,452,937
31 December 2021	765,205	90,357	394,058	980,825	53,153	24,410	105,482	2,413,490
Depreciation for the year								
2020 (Baht 205.8 million included in manufacturing cost, and the balance in administrative expenses)								217,331
2021 (Baht 210.6 million included in manufacturing cost, and the balance in administrative expenses)								232,328

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Cost							
1 January 2020	25,836	427,004	1,532,814	41,872	46,362	54,226	2,128,114
Additions	-	2,277	15,649	1,127	4,179	159,027	182,259
Disposals/write off	-	(23,550)	(16,128)	(608)	(3,974)	-	(44,260)
Transfer in (transfer out)	-	34,627	54,220	1,391	820	(91,058)	-
31 December 2020	25,836	440,358	1,586,555	43,782	47,387	122,195	2,266,113
Additions	-	3,938	35,200	2,129	340	87,467	129,074
Disposals/write off	-	-	(9,149)	(444)	-	-	(9,593)
Transfer in (transfer out)	-	17,160	50,572	42,885	-	(110,617)	-
31 December 2021	25,836	461,456	1,663,178	88,352	47,727	99,045	2,385,594

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and building improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Accumulated depreciation							
1 January 2020	-	293,360	987,626	38,267	36,287	-	1,355,540
Depreciation for the year	-	14,699	79,381	1,620	4,140	-	99,840
Depreciation on disposals/write off	-	(22,790)	(9,066)	(571)	(3,974)	-	(36,401)
31 December 2020	-	285,269	1,057,941	39,316	36,453	-	1,418,979
Depreciation for the year	-	15,630	86,532	4,961	3,593	-	110,716
Depreciation on disposals/write off	-	-	(6,934)	(444)	-	-	(7,378)
31 December 2021	-	300,899	1,137,539	43,833	40,046	-	1,522,317
Allowance for impairment							
31 December 2020	-	-	30	-	-	-	30
31 December 2021	-	-	30	-	-	-	30
Net book value							
31 December 2020	25,836	155,089	528,584	4,466	10,934	122,195	847,104
31 December 2021	25,836	160,557	525,609	44,519	7,681	99,045	863,247
Depreciation for the year							
2020 (Baht 92.2 million included in manufacturing cost, and the balance in administrative expenses)							99,840
2021 (Baht 98.4 million included in manufacturing cost, and the balance in administrative expenses)							110,716

During the year 2021, the subsidiary capitalised borrowing costs amounting to Baht 0.1 million (2020: Baht 0.3 million) to the costs of plant enlargement and machinery installation. These borrowing costs were determined based on the borrowing costs of the general loans, and the weighted average rate used to determine the amount of borrowing costs eligible for capitalisation was 0.85% - 1.03% per annum (2020: 1.04% - 1.82% per annum).

As at 31 December 2021, certain plant and equipment items of the Group had been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 2,343 million (2020: Baht 2,200 million) and for the Company amounted to approximately Baht 909 million (2020: Baht 813 million).

17. Bearer plants

	Consolidated financial statements			Separate financial statements
	Bearer plants ready for harvest	Bearer plants not ready for harvest	Total	Bearer plants ready for harvest
	(Unit: Thousand Baht)			
Cost				
1 January 2020	625,424	6,565	631,989	294
Additions	-	3,681	3,681	-
Write off	(7)	-	(7)	-
31 December 2020	625,417	10,246	635,663	294
Additions	-	4,394	4,394	-
Write off	(8,201)	-	(8,201)	-
31 December 2021	617,216	14,640	631,856	294
Accumulated amortisation				
1 January 2020	405,114	-	405,114	117
Amortisation for the year	11,394	-	11,394	11
Amortisation on write off	(7)	-	(7)	-
31 December 2020	416,501	-	416,501	128
Amortisation for the year	11,041	-	11,041	12
Amortisation on write off	(8,084)	-	(8,084)	-
31 December 2021	419,458	-	419,458	140
Allowance for impairment				
31 December 2020	22,663	-	22,663	-
Increase during the year	13,129	-	13,129	-
31 December 2021	35,792	-	35,792	-
Net book value				
31 December 2020	186,253	10,246	196,499	166
31 December 2021	161,966	14,640	176,606	154
Amortisation for the year (included in manufacturing cost)				
2020			11,394	11
2021			11,041	12

As at 31 December 2021, approximately 13,478 rai of the total area utilised by the subsidiary is with land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3) and for the remainder the subsidiary has possessory rights and is currently in the process of acquiring legal documentation of ownership.

A permit from Royal Forest Department granted to a subsidiary of subsidiary for the exploitation or inhabitation in the National Reserved Forests expired in January 2015. The subsidiary of subsidiary has leased the land of 13,030 rai to the subsidiary for utilisation. The subsidiary of subsidiary is requesting the government unit to grant a permit to exploit or inhabit in such land of 6,515 rai, which is 50% of the usable land and the request is under consideration of such government unit. However, on 12 May 2021, that subsidiary of subsidiary was granted a permit to harvest forest product in the Nation Reserved Forest. The existing permit is valid for one year, expired on 11 May 2022 and the subsidiary of subsidiary is required to pay official royalty fees at the rate of 10% of the market price of oil palm and forest maintenance fees, at a rate of double the official royalty fees, when harvesting the oil palm crops planted.

18. Goodwill

The Company allocated goodwill acquired through business combinations with indefinite useful lives to the cash generating units (CGUs) for annual impairment testing as follows:

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2021			
	United Palm Oil Industry Public Company Limited	Universal Food Public Company Limited	Total
Goodwill	84,585	111,791	196,376

The Company has determined the recoverable amounts of its cash-generating units based on value in use using cash flow projections from financial estimation approved by management covering a 5-year period for Universal Food Public Company Limited.

Key assumptions used in value in use calculation are summarised below.

	(Unit: Percent per annum)
	Universal Food Public Company Limited
	<u>2021</u>
Long-term growth rate	2
Pre-tax discount rates	9

The management determined growth rates based on historical operating results, expected market growth in the industry and the pre-tax discount rate that reflects the risks specific to each CGU.

The Company has determined the recoverable amounts of its cash-generating unit based on fair value less costs to sell using market approach to measure fair value for United Palm Oil Industry Public Company Limited. The fair value hierarchy level was classified as a level 1.

The management believes that there is no impairment loss for goodwill with indefinite useful lives.

19. Intangible assets

The net book value of intangible assets, which represent computer software, as at 31 December 2021 and 2020 is presented below.

	(Unit: Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cost	65,012	64,790	31,755	31,505
Less: Accumulated amortisation	<u>(58,798)</u>	<u>(57,249)</u>	<u>(26,582)</u>	<u>(25,511)</u>
Net book value	<u>6,214</u>	<u>7,541</u>	<u>5,173</u>	<u>5,994</u>

A reconciliation of the net book value of intangible assets for the years 2021 and 2020 is presented below.

	(Unit: Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Net book value at beginning of year	7,541	6,162	5,994	3,712
Acquisitions - cost	298	3,391	250	3,289
Amortisation for the year	<u>(1,625)</u>	<u>(2,012)</u>	<u>(1,071)</u>	<u>(1,007)</u>
Net book value at end of year	<u>6,214</u>	<u>7,541</u>	<u>5,173</u>	<u>5,994</u>

As at 31 December 2021, certain items of computer software were fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to approximately Baht 50 million (2020: Baht 49 million) (the Company only: Baht 21 million, 2020: Baht 20 million).

20. Short-term loans from banks

	Interest rate		Consolidated		(Unit: Thousand Baht)	
	(percent per annum)		financial statements		Separate	
	2021	2020	2021	2020	2021	2020
Short-term loans from banks	0.85 - 1.10	1.00 - 1.50	526,000	460,000	231,000	65,000
Total			526,000	460,000	231,000	65,000

Movement in short-term loans from banks during the years ended 31 December 2021 and 2020 are summarised below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2021	2020	2021	2020
Beginning balance	460,000	470,000	65,000	-
Additional borrowings	1,576,000	1,665,000	966,000	315,000
Repayments	(1,510,000)	(1,675,000)	(800,000)	(250,000)
Ending balance	526,000	460,000	231,000	65,000

The short-term loans from banks of the Group are unsecured loans.

21. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2021	2020	2021	2020
Trade payables - related parties	179	1,847	238,265	110,574
Trade payables - unrelated parties	287,041	189,282	202,323	126,489
Other payables - related parties	16,500	7,653	-	-
Other payables - unrelated parties	116,460	87,281	82,633	60,208
Advance received from related parties	-	-	123	151
Other payables for purchases of machinery	11,741	49,148	8,282	41,782
Accrued expenses	177,849	135,838	111,628	90,345
Total trade and other payables	609,770	471,049	643,254	429,549

22. Long-term loans

			(Unit: Million Baht)	
Loans	Interest rate (Percent per annum)	Repayment schedule	Consolidated financial statements	
			2021	2020
Subsidiaries				
<u>Universal Food Public Company Limited</u>				
1	2.50	Repayment every month from September 2020 to August 2023	82,800	133,200
<u>United Palm Oil Industry Public Company Limited</u>				
1	3 Months BIBOR + 1.5	Repayment 12 quarterly installments, starting July 2021	50,000	-
2	3 Months BIBOR + 1.5	Repayment 12 quarterly installments, starting March 2022	50,000	-
Total long-term loans			182,800	133,200
Less: Current portion			(87,067)	(50,400)
Long-term loans - net of current portion			95,733	82,800

Movement of the long - term loan account during the years ended 31 December 2021 and 2020 are summarised below:

			(Unit: Thousand Baht)	
			Consolidated financial statements	
			<u>2021</u>	<u>2020</u>
Beginning balance			133,200	16,600
Additional borrowings			110,000	150,000
Repayments			(60,400)	(33,400)
Ending balance			182,800	133,200

The long-term loans of Universal Food Public Company Limited are unsecured.

Long-term loan of United Palm Oil Industry Public Company Limited in no.1 is long-term loan under a joint loan agreement between the Company and United Palm Oil Industry Public Company Limited and the bank. The Company and the subsidiary agree that the subsidiary, as the party that draws down the loan, is to be primarily responsible for the principal and interest thereon. Under covenants of the agreement, the Company and the subsidiary are restricted from creating encumbrances over their assets (negative pledge). Loan no. 2 is unsecured.

The loan agreements contain covenants which, among other things, require the subsidiary to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

23. Leases

The Group as a lessee

The Group has lease contracts for land, machinery and factory equipment used in its operations. Lease contract for land of a subsidiary is not allowed to be subleased and transferred to others unless a prior written consent of the lessor has been obtained.

a) Right-of-use assets

Movement of right-of-use assets for the years ended 31 December 2021 and 2020 are summarised below:

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Land	Machinery and equipment	Total
1 January 2020	37,947	26,307	64,254
Depreciation for the year	(1,551)	(23,482)	(25,033)
31 December 2020	36,396	2,825	39,221
Additions	138	-	138
Depreciation for the year	(1,552)	(2,825)	(4,377)
31 December 2021	34,982	-	34,982

The subsidiary of subsidiary entered into a lease agreement with the Treasury Department for an area of 4,294 rai for 30 years, end of contract on 8 July 2044. The leasehold right has been used to secure a credit facility of Baht 30 million and the subsidiary is required to comply with prescribed terms and conditions.

b) Lease liabilities

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2021</u>	<u>2020</u>
Lease payments	73,611	78,926
Less: Deferred interest expenses	(30,619)	(33,143)
Total	42,992	45,783
Less: Portion due within one year	(345)	(3,237)
Lease liabilities - net of current portion	<u>42,647</u>	<u>42,546</u>

Movements of the lease liability account during the years ended 31 December 2021 and 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2021</u>	<u>2020</u>
Beginning balance	45,783	69,455
Additions	138	-
Accretion of interest	52	2,986
Repayments	(2,981)	(26,658)
Ending balance	<u>42,992</u>	<u>45,783</u>

A maturity analysis of lease payments is disclosed in Note 37.2 under the liquidity risk.

c) Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Depreciation expense of right-of-use assets	4,377	25,033	-	-
Interest expense on lease liabilities	52	2,986	-	-
Expense relating to short-term leases	26,020	9,599	1,533	4,198
Expense relating to leases of low-value assets	536	117	-	-
Expense relating to variable lease payments that do not depend on an index or a rate	5,801	3,413	-	-

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 35.3 million (2020: Baht 39.8 million) (the Company only: Baht 1.5 million, 2020: Baht 4.2 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate. The future cash outflows relating to leases that have not yet commenced are disclosed in Note 34.2

24. Provision for long-term employee benefits

Provision for long-term employee benefits was presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	2021			2020		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Provision for long-term employee benefits at beginning of year	189,370	2,486	191,856	178,853	2,246	181,099
Included in profit or loss:	14,058	224	14,282			
Current service cost	3,055	30	3,085	14,262	221	14,483
Interest cost	-	-	-	3,009	33	3,042
Actuarial loss arising from						
Financial assumptions changes	-	49	49	-	100	100
Experience adjustments	-	162	162	-	324	324
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Financial assumptions changes	2,619	-	2,619	(1)	-	(1)
Experience adjustments	1,150	-	1,150	7,828	-	7,828
Benefits paid during the year	(11,286)	(465)	(11,751)	(14,581)	(438)	(15,019)
Provision for long-term employee benefits at end of year	198,966	2,486	201,452	189,370	2,486	191,856

(Unit: Thousand Baht)

	Separate financial statements					
	2021			2020		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
Provision for long-term employee benefits at beginning of year	94,055	2,486	96,541	86,995	2,246	89,241
Included in profit or loss:						
Current service cost	6,949	224	7,173	6,929	221	7,150
Interest cost	1,368	30	1,398	1,321	33	1,354
Actuarial loss arising from						
Financial assumptions changes	-	49	49	-	100	100
Experience adjustments	-	162	162	-	324	324
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	2,619	-	2,619	631	-	631
Experience adjustments	1,150	-	1,150	5,407	-	5,407
Benefits paid during the year	(5,319)	(465)	(5,784)	(7,228)	(438)	(7,666)
Provision for long-term employee benefits at end of year	<u>100,822</u>	<u>2,486</u>	<u>103,308</u>	<u>94,055</u>	<u>2,486</u>	<u>96,541</u>

The subsidiary had obligations in respect of compensation payables to employees who voluntarily participated in the early retirement schemes. The subsidiary considered these compensations as termination benefits and recorded additional compensations to employees as expenses. During the current year, the subsidiary recognised compensations of termination benefits for the early retirement schemes of Baht 1.1 million as expenses in profit or loss in the statements of comprehensive income (2020: Baht 9.6 million).

The Group expects to pay Baht 15.8 million of long-term employee benefits during the next year (Separate financial statements: Baht 10.4 million) (2020: Baht 14.8 million, separate financial statements: Baht 5.6 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefits is 7 - 15 years (Separate financial statements: 7 years) (2020: 6 - 15 years, separate financial statements: 6 years).

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.10, 1.84 and 1.90	1.10, 1.50 and 1.84	1.90	1.50
Salary increase rate	2.0, 4.0 and 5.0	2.0, 4.0 and 5.0	5.0	5.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below.

(Unit: Million Baht)

	As at 31 December 2021			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(6.98)	6.95	(3.18)	3.34
Salary increase rate	8.12	(7.95)	3.24	(3.00)

(Unit: Million Baht)

As at 31 December 2020

	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(7.06)	7.24	(3.18)	3.34
Salary increase rate	8.40	(8.06)	3.72	(3.41)

25. 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. At present, the statutory reserve is fully set aside by the Company.

Statutory reserve of the subsidiaries in the consolidated financial statements are presented in proportion to the Company's interest.

26. Revenue from contracts with customers

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Type of goods:				
Sales of goods	9,521,289	6,730,662	7,390,597	4,921,058
Revenue from distribution of goods	-	-	57,876	53,161
Total revenue from contracts with customers - revenue recognised at point in time	<u>9,521,289</u>	<u>6,730,662</u>	<u>7,448,473</u>	<u>4,974,219</u>

27. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Raw materials and consumables used	6,751,699	4,830,549	6,164,273	4,279,072
Changes in inventories of finished goods and work in process	(103,581)	(541,571)	(24,820)	(477,689)
Salary and wages and other employee benefits	729,617	712,633	325,052	300,629
Depreciation and amortisation	249,860	256,294	111,800	100,858
Promotion expenses	80,916	72,900	62,064	54,809
Rental expenses	40,850	27,693	9,447	11,451
Transportation expenses	163,961	130,187	122,989	110,275
Repair and maintenance expenses	66,828	99,544	28,212	23,051

28. Income tax

Income tax expenses for the years ended 31 December 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current income tax:				
Current income tax charge	101,841	94,970	75,019	63,331
Deferred tax:				
Relating to origination and reversal of temporary differences	33,788	15,568	(555)	(654)
Income tax expenses reported profit or loss	135,629	110,538	76,464	62,677

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax relating to actuarial loss	(754)	(1,565)	(754)	(1,208)
Income tax charged directly to other comprehensive income	<u>(754)</u>	<u>(1,565)</u>	<u>(754)</u>	<u>(1,208)</u>

The reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Accounting profit before tax	<u>783,758</u>	<u>530,540</u>	<u>434,260</u>	<u>338,487</u>
Applicable tax rate	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	171,972	112,186	86,852	67,697
Previously deductible temporary differences and unrecognised tax losses that is used to reduce current tax expense	(133)	-	-	-
Write-down of deferred tax asset	9,175	-	-	-
Addition of deferred tax asset	(3,438)	-	-	-
Effects of:				
Promotional privileges (Note 29)	(23,935)	-	-	-
Share of profit (loss) from investment in joint venture	(715)	750	-	-
Non-deductible expenses	2,176	8,927	891	346
Additional expense deductions allowed	(19,394)	(11,318)	(13,279)	(5,366)
Tax loss for the year unrecognised as deferred tax assets	-	268	-	-
Others	(79)	(275)	-	-
Total	<u>(41,947)</u>	<u>(1,648)</u>	<u>(12,388)</u>	<u>(5,020)</u>
Income tax expenses reported in the profit or loss	<u>135,629</u>	<u>110,538</u>	<u>74,464</u>	<u>62,677</u>

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Deferred tax assets				
Allowance for expected credit losses	2,089	11,264	2,089	2,089
Allowance for diminution in inventory value	2,863	4,060	-	2
Allowance for impairment loss of investment in associates	2,400	2,400	-	-
Allowance for impairment of assets	12,047	8,970	85	85
Provision for long-term employee benefits	40,247	38,371	20,619	19,308
Loss on fair value of derivatives	50	15	-	-
Leases	1,602	1,291	-	-
Unrealised profit on inventories purchased from subsidiary	3,438	-	-	-
Total	64,736	66,371	22,793	21,484
Deferred tax liabilities				
Change in fair value of biological assets	48,266	16,553	-	-
Revenue recognition under finance leases	488	802	-	-
Total	48,754	17,355	-	-
Total deferred tax assets - net	15,982	49,016	22,793	21,484

Deferred tax assets and liabilities as presented in the statements of financial position as at 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Deferred tax assets	47,734	51,627	22,793	21,484
Deferred tax liabilities	(31,752)	(2,611)	-	-
Total deferred tax assets - net	15,982	49,016	22,793	21,484

As at 31 December 2021, the subsidiary of subsidiary had deductible temporary differences and unused tax losses totaling Baht 128 million (2020: Baht 131 million), on which deferred tax assets have not been recognised as such subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses of such subsidiary amounting to Baht 8 million will gradually expire by 2025.

29. Promotional privileges

The subsidiary has received promotional privileges from the Board of Investment for various operations subjected to certain imposed conditions. Details are as follows:

United Palm Oil Industry Public Company Limited

<u>Certificate No.</u>	<u>Operation</u>	<u>Principal privileges</u>
1043(2)/2548	Generate electricity from biomasses	Exemption from corporate income tax on income from the promoted operations for a period of eight years from the date of first earning operating income (21 August 2015).
64-0382-1-05-1-0	Manufacture of crude palm oil	Exemption from corporate income tax on income from the promoted operations for a period of three years from the date of first earning operating income (17 February 2021).

30. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

	For the years ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2021	2020	2021	2020
Profit attributable to equity holders of the Company (Thousand Baht)	558,631	383,022	359,796	275,810
Weighted average number of ordinary shares (Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht/share)	0.68	0.47	0.44	0.34

31. 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.

For management purposes, the Group is organised into business units based on its products and services and have two reportable segments as follows:

- (1) The manufacture and distribution of palm oil segment, which includes the generation of electricity from biogases, the by-products from palm oil manufacturing.
- (2) The manufacture and distribution of processed fruits and vegetables segment

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenues and profit information regarding the Group's operating segments for the years ended 31 December 2021 and 2020.

(Unit: Million Baht)

	Segment						Elimination of		Consolidated	
	Palm oil		Processed fruits and vegetables		Total		inter-segment transactions			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Revenues from external customers	7,336	4,698	2,185	2,033	9,521	6,731	-	-	9,521	6,731
Intersegment revenues	1,705	757	-	-	1,705	757	(1,705)	(757)	-	-
Interest expenses	(9)	(9)	(4)	(5)	(13)	(14)	-	-	(13)	(14)
Depreciation and amortisation	(155)	(142)	(97)	(116)	(252)	(258)	2	2	(250)	(256)
Income tax expenses	(119)	(95)	(19)	(16)	(138)	(111)	3	-	(135)	(111)
Segment profit	1,110	820	366	316	1,476	1,136	(11)	(4)	1,465	1,132

Transfer prices between business segments are as set out in Note 6 to the financial statements.

Geographic information

During the year 2021, the Group's sales represent domestic sales of 83 percent (2020: 80 percent) and export sales of 17 percent (2020: 20 percent).

Major customers

For the years 2021 and 2020, the Group has no major external customer with revenue of 10 percent or more of an entity's revenues.

32. Provident fund

The Group and its employees have jointly established provident funds in accordance with the Provident Fund Act B.E. 2530. The Group and its employees contribute to the fund monthly at the rates of 2 - 5 percent of basic salary. The Company's fund, which is managed by Kasikorn Asset Management Company Limited, and the subsidiaries' funds, which are managed by Kasikorn Asset Management Company Limited and SCB Assets Management Company Limited, will be paid to employees upon termination in accordance with the fund rules.

During 2021, the contributions of the Group amounting to Baht 13.1 million (2020: Baht 12.2 million), of which Baht 6.9 million (2020: Baht 6.3 million) is from the Company, were recognised as expenses.

33. Dividends

During the years ended 31 December 2021 and 2020, the Group had dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>The Company</u>			
<u>For the year 2021</u>			
Dividend on 2020 profit	Annual General Meeting of the shareholders on 23 April 2021	180.40	0.22
Total dividends for the year 2021		180.40	0.22
<u>For the year 2020</u>			
Dividend on 2019 profit	Annual General Meeting of the shareholders on 24 April 2020	328.00	0.40
Total dividends for the year 2020		328.00	0.40
<u>Subsidiaries</u>			
<u>For the year 2021</u>			
Dividend on 2020 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 23 April 2021	65.00	0.20
Total dividends for the year 2021		65.00	0.20
Dividend on 2020 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 22 April 2021	21.00	0.40
Total dividends for the year 2021		21.00	0.40
<u>For the year 2020</u>			
Dividend on 2019 profit	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 24 April 2020	8.10	0.03
Total dividends for the year 2020		8.10	0.03
Dividend on 2019 profit	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 23 April 2020	21.00	0.40
Total dividends for the year 2020		21.00	0.40

34. Commitments and contingent liabilities

34.1 Capital commitments

As at 31 December 2021, the Group had capital commitments relating to construction of buildings, building improvement and purchase of machineries and equipment amounting to Baht 56.6 million and Euro 0.5 million or approximately Baht 20.2 million totalling of Baht 112.6 million (2020: Baht 37.1 million), the Company only: Baht 56.6 million (2020: Baht 23.4 million).

34.2 Operating lease commitments

The Group has entered into several leases of the low-value assets and service agreements which are non-cancellable. The terms of the contract are generally between 1 year and 5 years.

Future minimum lease payments required under these non-cancellable contracts were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Within 1 year	15.2	18.3	4.0	6.4
Over 1 and up to 5 years	0.2	0.5	0.2	0.5
Total	<u>15.4</u>	<u>18.8</u>	<u>4.2</u>	<u>6.9</u>

34.3 Long-term commitments

In 2020, the subsidiary entered into a power purchase and sale agreement with a private company for contractual terms of 15 years from the commencement date. The private company invested in construction and installation of electricity generation systems and retains ownership of all related properties. The electricity charges are calculated based on rates as specified in the agreement. However, the subsidiary has the right to purchase the electricity generation systems from the 7th year onwards at rates specified in the agreement, or at Baht 1 when the subsidiary has fulfilled the contractual terms of 15 years. Since then, the ownership of all electricity generation systems will be automatically transferred to the subsidiary.

During the current year, the subsidiary had paid electricity charges of Baht 4.9 million. (2020: Baht 2.4 million).

34.4 Guarantees

As at 31 December 2021, there were outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performances bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 14.2 million to guarantee electricity use, among others (2020: Baht 11.3 million) and for the Company: Baht 7.2 million to guarantee electricity use, among others (2020: Baht 4.3 million).

34.5 Contingent liabilities

In 2020, the Company was notified of import duty and VAT assessment by the Customs Department requiring the Company to pay import duty, VAT, penalties and surcharges totalling Baht 186.9 million regarding the import of refined, bleached, and deodorized soybean oil exercising duty exemption and customs tariff reduction privileges for goods originated in ASEAN. On 15 September 2020, the Company submitted an appeal against the duty assessment to Customs Tariff Appeal Section. On 17 September 2020, Post-Clearance Audit Division received the Company's respite of duty payment by applying the self-guarantee, according to the respite request dated 16 September 2020. On 6 October 2020, the Customs Department approved the respite of duty payment to the earlier of 9 years of the import entry and the date of obtaining appeal result.

On 22 September 2020, the Company filed a request for deferral of VAT payments with the Revenue Department. In addition, as at 31 December 2021, the Company had bank guarantee issued by the bank amounting to Baht 23.9 million in respect of the obligation to the Revenue Department regarding the payments of VAT for the period during October 2016 to December 2016 and May 2017 to June 2017 including penalties and surcharges.

The decision on such matter is currently under consideration of the Customs Department. However, the management of the Company believes that possibility of the unfavorable result of such matter is remote. Therefore, the Company has not recorded provisions in the financial statements.

34.6 Land exploit right

- (1) On 11 April 2008, a subsidiary met with the working committee responsible for reviewing practical methods and negotiations for distributing land belonging to holders of large plots in land reform areas to farmers, which had been set up by the Surat Thani Land Reform Commission. The purpose of meeting was to find a practical solution to the land issue arising as a result of the subsidiary holding land amounting to approximately 1,210 rai in designated forest areas and another 276 rai in land reform areas. These land plots represent 3 percent of the current total planted area of the subsidiary. The 276 rai in land reform areas represents a large landholding and a holding in excess of the area that can be owned under Section 30 of the Land Reform for Agriculture Act.

On 29 August 2008, the subsidiary entered into a memorandum of negotiation, agreeing to transfer land in land reform areas to the custody of ALRO for development for agricultural use; with the subsidiary signalling its intention to allow ALRO to take approximately 80 rai of land into the land reform program. However, on 17 September 2009, the subsidiary received notice from ALRO to vacate a total of approximately 133 rai of land in land reform areas and demolish all construction thereon, within 30 days from receipt of the notice, since the subsidiary has no land ownership documents. The subsidiary has already set aside full allowance for impairment loss on the cost of this land and the net book value of the oil palm plantation development on such land in 2009. During the current year, the subsidiary reversed allowance for impairment loss and wrote off the cost of land and net book value of oil palm plantation development on the land costs.

At present, the subsidiary is in the process of negotiating with the relevant government agencies concerning the land in designated forest areas.

- (2) On 9 March 2020, the ALRO issued a notice designating on land plots No. 602 in Krabi Noi Sub-district, Muang District and Huayoong Sub-district, Nueaklong District, Krabi, covering a total area of 683 rai, as a prospective area for land reform which is not incorporated in a land reform program. A landowner is required to produce evidence and documentation regarding land rights under the Land Code or other relevant laws within 15 days from 31 March 2020 which was the date that the notice was announced at the ALRO in Krabi.

On 13 April 2020, the subsidiary as a landowner, filed a petition and submitted an evidence and documentation regarding rights over the land plots. On 14 May 2020, the subsidiary received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions within 30 days from the date that the notice was served. On 16 June 2020, the subsidiary filed a lawsuit against the ALRO and the ALRO in Krabi and filed a petition for temporary injunction with the Phuket Administrative Court, seeking a revocation and suspension of the enforcement of the order until a final ruling is delivered or a court otherwise orders.

On 16 September 2020, the Phuket Administrative Court dismissed a lawsuit because the subsidiary failed to follow procedures and methods stipulated by the Administrative Procedure Act, B.E. 2539. The subsidiary was firstly required to submit an appeal against the order to the ALRO in Krabi, and then, after the expiration of the appeal period or after a notice about the outcome had been received, file a lawsuit to the court again. The appeal period was 1 year from the date the administrative order was served. When the court dismissed the lawsuit, there were no further considerations and orders regarding a petition for temporary injunction. On 28 October 2020, the subsidiary appealed the order of the ALRO in Krabi.

On 31 March 2021, the subsidiary filed a lawsuit against the ALRO, and the ALRO in Krabi and filed a petition for temporary injunction with the Phuket Administrative Court, seeking a revocation and suspension of the enforcement of the order until a final ruling is delivered or a court otherwise orders.

On 30 April 2021, the ALRO in Krabi used 3 excavators to remove palm trees in the land plots No. 602. The subsidiary filed a petition for a stay of execution of the order with the Phuket Administrative Court. The Court determined there were no reasons to urgently impose the order.

On 21 May 2021, the subsidiary filed a lawsuit against the ALRO, and the ALRO in Krabi and filed a petition for an emergency order for an injunction with the Civil Court, requesting the Court to consider the damage to the palm trees which were assets of the subsidiary while the final verdict of the Phuket Administrative Court has not been rendered. The Civil Court dismissed the petition, ruling that there was no emergency. The subsidiary considered and withdrew the civil lawsuit on 23 June 2021.

On 31 May 2021, the Phuket Administrative Court issued an order not to accept the petition for a stay of execution and to accept the plaint for certain charges only, clarifying that the subsidiary filed the lawsuit after the filing period. The subsidiary filed an appeal with the Phuket Administrative Court on 28 June 2021. Subsequently, on 30 September 2021, ALRO in Krabi filed an answer to the plaint, and the subsidiary filed an objection to the statement on 15 December 2021. At present, this case is under consideration of the Phuket Administrative Court.

However, the subsidiary has set aside allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development by Baht 4 million as expenses in the 2021 financial statements.

- (3) On 21 July 2020, the ALRO issued a notice designating land plots No.603 in Krabi Noi Sub-district, Muang District and Huayyoong Sub-district, Nueaklong District, Krabi, covering a total area of 3,617 rai, as a targeted area for land reform and bringing a legal action against any illegal encroachment. Owners of the selected areas were required to submit a petition with evidence and documents regarding land rights under the Land Code or other applicable laws within 15 days from 19 August 2020, the date that the notice was announced at the ALRO in Krabi. On 3 September 2020, the subsidiary as a landowner submitted a petition with evidence and documents regarding land rights over the designated land plots.

On 21 October 2020, the ALRO in Krabi presented assessment results considering that the petition was unacceptable. On 30 October 2020, the subsidiary received a notice from the ALRO in Krabi, informing them of vacating the land plots and demolishing all constructions thereon within 30 days from the date the notice was served. On 24 November 2020, the subsidiary appealed the order of the ALRO in Krabi.

On 31 March 2021, the subsidiary filed a lawsuit against the ALRO, and the ALRO in Krabi and filed a petition for temporary injunction with the Phuket Administrative Court, seeking a revocation and suspension of the enforcement of the order until a final ruling is delivered or a court otherwise orders.

On 31 May 2021, the Phuket Administrative Court issued an order not to accept the petition for a stay of execution and to accept the plaint for certain charges, clarifying that the subsidiary filed a lawsuit after the filing period. The subsidiary filed an appeal with the Phuket Administrative Court on 28 June 2021. Subsequently, on 30 September 2021, ALRO in Krabi filed an answer to the plaint, and the subsidiary filed an objection to the statement on 15 December 2021.

On 21 October 2021, the ALRO in Krabi used excavators to remove palm trees in the land plots No. 603. At present, this case is under consideration of the Phuket Administrative Court.

The subsidiary has set aside allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development by Baht 13 million as expenses in the 2021 financial statements.

- (4) On 4 June 2021, the ALRO has announced that land plots No.604 in Khao Phanom. Sub-district and Phru Tiao Sub-district, Khao Phanom District, Krabi, covering a total area of 4,200 rai. is a prospective area for land reform which is not incorporated in a land reform program. A landowner is required to provide evidence and documentation regrading land rights under the Land Code or other applicable laws within 15 days from the date the announced was posted at the ALRO in Krabi.

On 18 June 2021, the subsidiary, as a landowner, filed a petition and submitted evidence and documentation regarding rights over the land plot. On 30 June 2021, the subsidiary received a letter from the ALRO in Krabi, informing the subsidiary to indicate the boundary line and location of the land according to documentations or evidence relating to possession or use of such prospective area.

However, due to the COVID-19 pandemic, the subsidiary has requested to postpone the date indicating the boundary line.

On 7 and 30 December 2021, the subsidiary indicated the boundary line and location of the land as stated in the land right document or evidence pertaining to the ownership or use benefit of land in the target area.

34.7 Litigation

- (1) In July 2018, Krabi chief public prosecutor filed a lawsuit against the subsidiary with the Court, alleging that the subsidiary utilised 4,376 rai of land reform area for oil palm plantation, which was a violation of Section 9, 108 Bis of the Land Code B.E. 2497, Revolutionary Council Announcement No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor asked the Court to give an eviction order to the subsidiary.

In August 2019, the Court dismissed the case and gave the subsidiary an order for the handover of the land. In December 2019, the subsidiary appealed the judgement of the Court of First Instance. On 28 April 2020, the Appeals Court dismissed the case. The case is therefore finalised.

- (2) On 6 July 2020, the subsidiary was served with a summons in a criminal action involving alleged trespass. The ALRO in Krabi had made an allegation against the subsidiary. Krabi chief public prosecutor issued a letter requiring inquiry officers to follow up on and pursue the case against the subsidiary. On 20 August 2020, the subsidiary turned themselves in to the authorities and acknowledged the allegation. On 18 September 2020, the subsidiary submitted a written testimony to inquiry officers.

On 9 September 2021, Krabi chief public prosecutor filed a lawsuit against the subsidiary with the Court, alleging that the subsidiary utilised the land of 3,978-2-24 rai in land reform area for oil palm plantation in violation of section 9,108 Bis of the Land Code B.E. 2497, Revolutionary Council Announcement No. 96 dated 29 February 1972, and Section 83 of the Criminal Code. The prosecutor requested the Court to give an eviction order to the subsidiary.

The hearing dates for this case is scheduled in August 2022.

- (3) The subsidiary faced a legal action brought by a group of villagers who claimed to be farmers and filed a petition to the Central Administrative Court, seeking its judicial consideration to order the Land Department to revoke the subsidiary's land title deeds of 13 plots, covering a total area of 82 rai, and 10 plots under Nor Sor 3 Kor certificates, covering a total area of 325 rai, in Bang Sawan Sub-district, Phra Saeng District, Surat Thani. The villagers alleged that land officers had issued the documentation in an unethical manner.

On 19 March 2021, the Central Administrative Court rendered judgement that the Director-General of Surat Thani Land Office and land officers Surat Thani Province, Phra Saeng Branch, shall perform duties in accordance with Section 61 of the Land Code to revoke or amend the subsidiary's land title deeds of 13 plots and 10 plots under Nor Sor 3 Kor certificates to make them legal and the Director-General of the Forest Department to conduct relevant actions under his authority to evict the subsidiary from the disputed land within 180 days from the date of the case is finalised.

On 16 April 2021, the subsidiary appealed the judgement to the Supreme Administrative Court. The management believes that the subsidiary can appeal the judgement with the available evidence.

- (4) The subsidiary faced a legal action brought by leaders of protesters who filed a petition to the Nakhon Si Thammarat Administrative Court, asking for its reconsideration in issuing the subsidiary's land title deeds of 11 plots, covering a total area of 402 rai, in Krabi Noi Sub-district, Muang District, Krabi. The leaders alleged that the issuance of the land title deeds was based on reservation certificates (Nor Sor 2) from other villages, indicating that the location of the land differed from the designated land and in the Rama IX land reform areas for agricultural purposes, which are allocated to landless farmers who are each entitled to no more than 50 rai of land for subsistence farming. Instead of land title deeds, the so-called Sor Por Kor 401 certificates were supposed to be issued. Later, the subsidiary lodged a criminal lawsuit against the plaintiffs. However, the latter put forward the case to the Nakhon Si Thammarat Administrative Court.

On 16 March 2021, the Court dismissed the case. Subsequently, the plaintiff appealed against the judgement of the Administrative Court of First Instance.

On 10 September 2021, the Supreme Administrative Court issued an order not to accept the appeal filed by the plaintiff to consider and to dispose of the case.

35. Fire incident

On 26 August 2020, a fire broke out in a subsidiary crude palm oil processing plant in Krabi. Inspection teams presented assessment results confirming that the cause was malfunctioned electrical systems in fire control panels of digester and screw press machine on the 2nd corridor. The fire was not caused by the negligence or intentional torts. This incident caused a halt in the crude palm oil production line, requiring repair and maintenance work for 82 days. The subsidiary started to bring machine into operation again on 16 November 2020. The subsidiary had insurance to cover damaged assets and business interruption. Currently, the subsidiary received compensation from assets insurance amounting to Baht 30 million. Compensation for business interruption is in the process of negotiation with insurance companies.

36. Fair value hierarchy

As at 31 December 2021 and 2020, the Group had the assets and liabilities that were measured at fair value or for which fair value is disclosed using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	13	99	112
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	1	-	1
Assets for which fair value is disclosed				
Investment properties	-	-	185	185

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	29	67	96
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	1	-	1
Assets for which fair value is disclosed				
Investment properties	-	-	185	185

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2021			
	Level 1	Level 2	Level 3	Total
Assets for which fair value is disclosed				
Investments in subsidiaries	1,474	-	-	1,474
Investment properties	-	-	28	28

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2020			
	Level 1	Level 2	Level 3	Total
Liabilities measured at fair value				
Derivatives				
Foreign currency forward contracts	-	1	-	1
Assets for which fair value is disclosed				
Investments in subsidiaries	966	-	-	966
Investment properties	-	-	26	26

During the years 2021 and 2020, there were no transfers within the fair value hierarchy.

37. Financial instruments

37.1 Derivatives

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Derivative liabilities				
Derivatives liabilities not designated as hedging instruments				
Foreign exchange forward contracts	634	545	385	469
Total derivative liabilities	<u>634</u>	<u>545</u>	<u>385</u>	<u>469</u>

Derivatives not designated as hedging instruments

The Group 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 from 3 months to 6 months.

37.2 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other accounts receivable, loans, trade and other 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 Group is exposed to credit risk primarily with respect to trade and other receivables, loans, deposits with banks and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

Trade and other receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored and any shipments to major and overseas customers are generally covered by letters of credit or advance payment or other forms of credit insurance obtained from reputable banks.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and rating, and coverage by letters of credit and other forms of credit insurance. The Group does not hold collateral as security. 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, the Group proceeds to collect debts in accordance with legal procedures. The write-off of trade receivables is subjected to the approval of top management. The operation section will propose to the top management the write-off in case trade receivables have long been overdue and the Group is unable to enforce debt collection activity.

Financial instruments and cash deposits

The Group 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 and may be updated throughout the year subject to approval of management and then pass to Executive Committee of each company to approve. 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 derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are three types of market risk comprising currency risk, interest rate risk and commodity price risk.

Foreign currency risk

The Group's exposure to foreign currency risk arises mainly from acquisition of machinery and trading transactions that are denominated in foreign currencies. The Group seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within six months.

As at 31 December 2021 and 2020, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	3.1	2.9	0.1	0.2	33.4199	30.0371
Euro	0.1	-	-	0.8	37.5083	37.2578

Forward exchange contracts outstanding as at 31 December 2021 and 2020 are summarised below.

As at 31 December 2021				
Foreign currency	Sold amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated	Separate		
	financial statements	financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.53	0.08	32.90 - 33.55	March - June 2022

As at 31 December 2021				
Foreign currency	Bought amount		Contractual exchange rate of sold amount	Contractual maturity date
	Consolidated	Separate		
	financial statements	financial statements		
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	0.18	0.18	32.54	March 2022
Euro	0.85	0.85	38.35 - 38.85	March - May 2022

As at 31 December 2020

Foreign currency	Sold amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated	Separate		
	financial statements (Million)	financial statements (Million)		
US dollars	0.20	-	29.80 - 29.90	June 2021

As at 31 December 2020

Foreign currency	Bought amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated	Separate		
	financial statements (Million)	financial statements (Million)		
US dollars	0.80	0.80	30.03	February - June 2021

Interest rate risk

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

The Group's manages its interest rate risk by having a balanced portfolio of interest rate borrowings.

Significant financial assets and liabilities as at 31 December 2021 and 2020 classified by type of interest rates 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)

Consolidated financial statements

As at 31 December 2021

	Fixed interest rate				Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 to 5 years	Over 5 years	Floating interest rate			
Financial assets							
Cash and cash equivalents	-	-	-	171	7	178	0.05 - 0.25
Trade and other receivables	-	-	-	-	1,584	1,584	-
Financial lease receivables	1	1	-	-	-	2	1.80
Long-term loans to other companies	-	-	-	17	-	17	THBFIX + 1
	<u>1</u>	<u>1</u>	<u>-</u>	<u>188</u>	<u>1,591</u>	<u>1,781</u>	
Financial liabilities							
Short-term loans from banks	526	-	-	-	-	526	0.85 - 1.10
Trade and other payables	-	-	-	-	610	610	-
Long-term loans	50	33	-	100	-	183	2.50
Lease liabilities	-	3	40	-	-	43	4.80
Other current financial liabilities	-	-	-	-	7	7	-
	<u>576</u>	<u>36</u>	<u>40</u>	<u>100</u>	<u>617</u>	<u>1,369</u>	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2020

	Fixed interest rate				Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 to 5 years	Over 5 years	Floating interest rate			
Financial assets							
Cash and cash equivalents	-	-	-	220	18	238	0.05 - 0.25
Trade and other receivables	-	-	-	-	885	885	-
Financial lease receivables	2	2	-	-	-	4	1.80
Long-term loans to other companies	-	-	-	18	-	18	THBFIX + 1
	<u>2</u>	<u>2</u>	<u>-</u>	<u>238</u>	<u>903</u>	<u>1,145</u>	
Financial liabilities							
Short-term loans from banks	460	-	-	-	-	460	1.00 - 1.50
Trade and other payables	-	-	-	-	471	471	-
Long-term loans	50	83	-	-	-	133	2.50
Lease liabilities	3	2	41	-	-	46	4.75, 4.80 and 6.92
Other current financial liabilities	-	-	-	-	6	6	-
	<u>513</u>	<u>85</u>	<u>41</u>	<u>-</u>	<u>477</u>	<u>1,116</u>	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2021						
Fixed interest rate						
Within 1 year	1 to 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)	
Financial assets						
Cash and cash equivalents	-	-	17	4	21	0.05 - 0.25
Trade and other receivables	-	-	-	1,362	1,362	-
	-	-	17	1,366	1,383	
Financial liabilities						
Short-term loans from banks	231	-	-	-	231	1.00
Trade and other payables	-	-	-	643	643	-
	231	-	-	643	874	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2020						
Fixed interest rate						
Within 1 year	1 to 5 years	Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)	
Financial assets						
Cash and cash equivalents	-	-	70	15	85	0.05 - 0.25
Trade and other receivables	-	-	-	811	811	-
	-	-	70	826	896	
Financial liabilities						
Short-term loans from banks	65	-	-	-	65	1.15, 1.20
Trade and other payables	-	-	-	430	430	-
	65	-	-	430	495	

The sensitivity of the Group's profit before tax and shareholder's equity to a reasonably possible change in bear floating interest rates on cash at banks, loans and borrowing as at 31 December 2021 and 2020 of 1% increase or decrease in interest rates, with other variables held constant, would not be material.

Commodity price risk

The Group is affected by the price volatility of certain commodities which were fresh palm fruit and crude palm oil. Price volatility has depended on the shortage or oversupply of fresh palm fruit and crude palm oil among the market. The Group has developed and enacted procurement and inventory management policy taking into accounts of forecasted production volume and changes in the price of fresh palm fruit and crude palm oil.

Liquidity risk

The adequacy of cash represented the risk and liquidity management. The Group has deposited cash with the reputable and creditable banks or financial institutions, and has access to sources of funding with high credit-rating banks. The Group monitors the risk of a shortage of liquidity through the use of short-term and long-term credit facilities and lease contracts. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities and derivative financial instruments as at 31 December 2021 and 2020 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

	Consolidated financial statements				
	As at 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from banks	376,064	150,034	-	-	526,098
Trade and other payables	-	609,770	-	-	609,770
Long-term loans	-	90,220	97,270	-	187,490
Lease liabilities	-	2,358	10,318	60,935	73,611
Other financial liabilities	-	7,001	-	-	7,001
Total non-derivatives	376,064	859,383	107,588	60,935	1,403,970
Derivatives					
Derivative liabilities: net settled					
Cash outflows	-	634	-	-	634
Total derivatives	-	634	-	-	634

(Unit: Thousand Baht)

Consolidated financial statements

As at 31 December 2020

	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from banks	285,017	175,141	-	-	460,158
Trade and other payables	-	471,049	-	-	471,049
Long-term loans	-	53,146	84,577	-	137,723
Lease liabilities	-	5,316	12,676	60,934	78,926
Other financial liabilities	-	5,815	-	-	5,815
Total non-derivatives	285,017	710,467	97,253	60,934	1,153,671
Derivatives					
Derivative liabilities: net settled					
Cash outflows	-	545	-	-	545
Total derivatives	-	545	-	-	545

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2021

	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from banks	231,058	-	-	-	231,058
Trade and other payables	-	643,254	-	-	643,254
Other financial liabilities	-	3,149	-	-	3,149
Total non-derivatives	231,058	646,403	-	-	877,461
Derivatives					
Derivative liabilities: net settled					
Cash outflows	-	385	-	-	385
Total derivatives	-	385	-	-	385

(Unit: Thousand Baht)

	Separate financial statements				
	As at 31 December 2020				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
Non-derivatives					
Short-term loans from banks	40,007	25,009	-	-	65,016
Trade and other payables	-	429,549	-	-	429,549
Other financial liabilities	-	1,788	-	-	1,788
Total non-derivatives	40,007	456,346	-	-	496,353
Derivatives					
Derivative liabilities: net settled					
Cash outflows	-	469	-	-	469
Total derivatives	-	469	-	-	469

37.3 Fair values of financial instruments

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

38. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value and it meets financial covenants attached to the loan agreements. The Group has complied with these covenants throughout the reporting periods. As at 31 December 2021, the Group's debt-to-equity ratio was 0.36:1 (2020: 0.33:1) and the Company's was 0.29:1 (2020: 0.19:1).

39. Events after the reporting period

On 25 February 2022, a meeting of the Company's Board of Directors passed a resolution to propose the payment of a dividend of Baht 0.25 per share or a total of Baht 205 million from the Company's 2021 operating result.

On 24 February 2022, a meeting of the Board of Directors of United Palm Oil Industry Public Company Limited ("the subsidiary") passed a resolution to propose the payment of a dividend of Baht 0.50 per share or a total of Baht 162 million from the subsidiary's 2021 operating result.

On 24 February 2022, a meeting of the Board of Directors of Universal Food Public Company Limited (“the subsidiary”) passed a resolution to propose the payment of a dividend of Baht 0.40 per share or a total of Baht 21 million from the subsidiary’s 2021 operating result.

The payment of dividends will later be proposed for approval in the Annual General Meeting of the Company’s and its subsidiaries’ shareholders.

40. Approval of financial statements

These financial statements were authorised for issue by the Company’s Board of Directors on 25 February 2022.