

Lam Soon (Thailand) Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2022

## **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 2022, 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 2022, 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 including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **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 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: 24 February 2023

**Lam Soon (Thailand) Public Company Limited and its subsidiaries**

**Statements of financial position**

**As at 31 December 2022**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	347,587,936	178,193,457	121,063,178	21,348,235
Trade and other receivables	6, 8	1,220,614,308	1,584,137,366	1,041,444,762	1,362,400,467
Current portion of finance lease receivables		699,293	1,544,819	-	-
Inventories	9	2,023,537,298	1,505,252,505	1,420,688,381	948,807,843
Biological assets	10	203,525,992	112,273,222	-	-
Value added tax refundable		18,399,767	12,268,397	-	-
Other current financial assets		783,753	-	783,753	-
Other current assets		27,272,120	34,052,666	8,304,152	12,729,904
<b>Total current assets</b>		<b>3,842,420,467</b>	<b>3,427,722,432</b>	<b>2,592,284,226</b>	<b>2,345,286,449</b>
<b>Non-current assets</b>					
Financial lease receivables - long-term portion		20,706	896,306	-	-
Investments in subsidiaries	11	-	-	1,334,158,224	1,334,158,224
Investment in joint venture	12	62,450,037	26,570,516	-	-
Investment in associates	13	-	-	-	-
Long-term loans to other company	14	16,560,000	17,480,000	-	-
Investment properties	15	61,931,259	61,020,450	5,614,752	5,614,752
Property, plant and equipment	16	2,511,627,305	2,413,490,004	945,036,564	863,247,041
Right-of-use assets	23	49,685,318	34,981,664	3,234,886	-
Bearer plants	17	172,093,061	176,606,403	142,176	153,941
Goodwill	18	196,376,189	196,376,189	-	-
Intangible assets	19	6,227,874	6,213,689	5,765,736	5,172,911
Deferred tax assets	29	40,706,672	47,733,458	22,529,532	22,793,111
Other non-current financial assets		23,425	23,425	23,425	23,425
Other non-current assets		4,109,116	8,630,376	869,758	536,345
<b>Total non-current assets</b>		<b>3,121,810,962</b>	<b>2,990,022,480</b>	<b>2,317,375,053</b>	<b>2,231,699,750</b>
<b>Total assets</b>		<b>6,964,231,429</b>	<b>6,417,744,912</b>	<b>4,909,659,279</b>	<b>4,576,986,199</b>

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 2022**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from banks	20	901,000,000	526,000,000	711,000,000	231,000,000
Trade and other payables	6, 21	615,806,035	609,769,797	446,729,877	643,254,165
Current portion of long-term loans	22	31,666,667	87,066,667	-	-
Current portion of leases liabilities	23	4,534,668	345,178	479,838	-
Income tax payable		55,127,607	49,871,815	21,378,293	34,963,850
Advance received from customers		31,025,766	26,417,208	2,579,342	227,633
Other current financial liabilities		4,730,934	7,001,183	1,623,580	3,148,649
Other current liabilities		862,533	6,231,294	187,462	964,817
<b>Total current liabilities</b>		<b>1,644,754,210</b>	<b>1,312,703,142</b>	<b>1,183,978,392</b>	<b>913,559,114</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	22	26,666,667	95,733,333	-	-
Lease liabilities - net of current portion	23	54,949,522	42,647,014	2,854,195	-
Deferred tax liabilities	29	22,840,677	31,751,684	-	-
Provision for long-term employee benefits	24	195,362,179	201,451,720	101,890,067	103,308,034
<b>Total non-current liabilities</b>		<b>299,819,045</b>	<b>371,583,751</b>	<b>104,744,262</b>	<b>103,308,034</b>
<b>Total liabilities</b>		<b>1,944,573,255</b>	<b>1,684,286,893</b>	<b>1,288,722,654</b>	<b>1,016,867,148</b>

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 2022**

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
	Note	31 December 2022	31 December 2021	31 December 2022	31 December 2021
<b>Shareholders' equity</b>					
Share capital					
Registered					
820,000,000 ordinary shares of Baht 1 each		820,000,000	820,000,000	820,000,000	820,000,000
Issued and fully paid-up					
820,000,000 ordinary shares of Baht 1 each		820,000,000	820,000,000	820,000,000	820,000,000
Share premium		241,970,265	241,970,265	241,970,265	241,970,265
Other surpluses (deficits)					
Premium on treasury stock		5,269,100	5,269,100	5,269,100	5,269,100
Deficit on changes in shareholding in subsidiary		(6,592,600)	(6,592,600)	-	-
Retained earnings					
Appropriated - statutory reserve	25	135,953,191	130,377,201	82,000,000	82,000,000
Unappropriated		3,344,988,354	3,116,907,062	2,471,697,260	2,410,879,686
Equity attributable to owners of the Company		4,541,588,310	4,307,931,028	3,620,936,625	3,560,119,051
Non-controlling interests of the subsidiaries		478,069,864	425,526,991	-	-
<b>Total shareholders' equity</b>		5,019,658,174	4,733,458,019	3,620,936,625	3,560,119,051
<b>Total liabilities and shareholders' equity</b>		6,964,231,429	6,417,744,912	4,909,659,279	4,576,986,199

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 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
<b>Profit or loss:</b>					
<b>Revenues</b>					
Revenue from contracts with customers	26	11,492,741,564	9,521,288,657	8,797,495,074	7,448,473,268
Dividend income	6, 11	-	84	175,631,143	66,096,969
Gain from change in fair value of biological assets		89,278,804	25,902,143	-	-
Compensation from insurance		12,262,299	7,671,981	-	-
Other income		164,376,420	130,630,969	50,638,704	48,188,719
<b>Total revenues</b>		<b>11,758,659,087</b>	<b>9,685,493,834</b>	<b>9,023,764,921</b>	<b>7,562,758,956</b>
<b>Expenses</b>					
	28				
Cost of sales		10,321,669,570	8,081,502,363	8,268,763,924	6,658,367,700
Selling and distribution expenses		556,934,799	576,625,445	325,134,921	342,985,095
Administrative expenses		241,841,084	220,835,276	131,817,946	124,379,019
Loss from impairment of assets		-	15,588,502	-	-
<b>Total expenses</b>		<b>11,120,445,453</b>	<b>8,894,551,586</b>	<b>8,725,716,791</b>	<b>7,125,731,814</b>
<b>Operating profit</b>		<b>638,213,634</b>	<b>790,942,248</b>	<b>298,048,130</b>	<b>437,027,142</b>
Share of gain from investment in joint venture	12	35,879,521	3,572,980	-	-
Finance income		902,128	670,327	205,948	141,037
Finance cost	27	(14,971,965)	(11,427,881)	(9,746,793)	(2,908,184)
<b>Profit before income tax expenses</b>		<b>660,023,318</b>	<b>783,757,674</b>	<b>288,507,285</b>	<b>434,259,995</b>
Income tax expenses	29	(125,800,494)	(135,629,535)	(22,740,970)	(74,464,436)
<b>Profit for the year</b>		<b>534,222,824</b>	<b>648,128,139</b>	<b>265,766,315</b>	<b>359,795,559</b>

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 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial loss	24	7,898,596	(3,769,354)	-	(3,769,354)
Income tax effect	29	(1,579,719)	753,871	-	753,871
<i>Other comprehensive income not be reclassified to profit or loss in subsequent periods</i>					
- net of income tax		6,318,877	(3,015,483)	-	(3,015,483)
<b>Other comprehensive income for the year</b>		<b>6,318,877</b>	<b>(3,015,483)</b>	<b>-</b>	<b>(3,015,483)</b>
<b>Total comprehensive income for the year</b>		<b>540,541,701</b>	<b>645,112,656</b>	<b>265,766,315</b>	<b>356,780,076</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		432,424,978	558,630,791	265,766,315	359,795,559
Non-controlling interests of the subsidiaries		101,797,846	89,497,348		
		<u>534,222,824</u>	<u>648,128,139</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		438,671,032	555,615,308	265,766,315	356,780,076
Non-controlling interests of the subsidiaries		101,870,669	89,497,348		
		<u>540,541,701</u>	<u>645,112,656</u>		
<b>Basic earnings per share</b>					
	31				
Profit attributable to equity holders of the Company		0.53	0.68	0.32	0.44

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 2022**

(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	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			
<b>Balance as at 1 January 2021</b>	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	34	-	-	-	-	(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)
<b>Balance as at 31 December 2021</b>	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 2022

(Unit: Baht)

Consolidated financial statements									
Equity attributable to the owners of the Company							Equity attributable to non-controlling interests of the subsidiaries		
Note	Issued and paid up share capital	Share premium	Premium on treasury stock	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			
<b>Balance as at 1 January 2022</b>	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
Profit for the year	-	-	-	-	-	432,424,978	432,424,978	101,797,846	534,222,824
Other comprehensive income for the year	-	-	-	-	-	6,246,054	6,246,054	72,823	6,318,877
Total comprehensive income for the year	-	-	-	-	-	438,671,032	438,671,032	101,870,669	540,541,701
Dividend paid	34	-	-	-	-	(204,998,975)	(204,998,975)	-	(204,998,975)
Reversal of prior year dividend	-	-	-	-	-	50,235	50,235	-	50,235
Appropriation of statutory reserve of subsidiary	-	-	-	-	5,575,990	(5,641,000)	(65,010)	65,010	-
Decrease in non-controlling interests from dividend payment of subsidiary	-	-	-	-	-	-	-	(49,392,806)	(49,392,806)
<b>Balance as at 31 December 2022</b>	<b>820,000,000</b>	<b>241,970,265</b>	<b>5,269,100</b>	<b>(6,592,600)</b>	<b>135,953,191</b>	<b>3,344,988,354</b>	<b>4,541,588,310</b>	<b>478,069,864</b>	<b>5,019,658,174</b>

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 2022

(Unit: Baht)

	Note	Separate financial statements					
		Issued and	Share premium	Premium on	Retained earnings		Total
		paid up			treasury stock	Appropriated -	
		share capital			statutory reserve		equity
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	34	-	-	-	-	(180,400,000)	(180,400,000)
Reversal of prior year dividend		-	-	-	-	43,983	43,983
Balance as at 31 December 2021		820,000,000	241,970,265	5,269,100	82,000,000	2,410,879,686	3,560,119,051

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 2022

(Unit: Baht)

		Separate financial statements				
		Issued and		Retained earnings		Total
		paid up	Premium on	Appropriated -		shareholders'
Note		share capital	treasury stock	statutory reserve	Unappropriated	equity
<b>Balance as at 1 January 2022</b>						
		820,000,000	5,269,100	82,000,000	2,410,879,686	3,560,119,051
Profit for the year		-	-	-	265,766,315	265,766,315
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	265,766,315	265,766,315
Dividend paid	34	-	-	-	(204,998,975)	(204,998,975)
Reversal of prior year dividend		-	-	-	50,234	50,234
<b>Balance as at 31 December 2022</b>						
		820,000,000	5,269,100	82,000,000	2,471,697,260	3,620,936,625

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 2022**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities</b>				
Profit before tax	660,023,318	783,757,674	288,507,285	434,259,995
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	246,813,113	249,859,265	119,970,249	111,799,531
Gain from change in fair value of biological assets	(89,278,804)	(25,902,143)	-	-
Share of gain from investment in joint venture	(35,879,521)	(3,572,980)	-	-
Adjustment of last year corporate income tax	(58,999)	-	(58,999)	-
Bad debt	-	99,875,713	-	-
Increase (decrease) in allowance for expected credit losses	926	(99,875,713)	926	-
Increase (decrease) in allowance for diminution in inventory value	7,536,835	(6,642,210)	-	(10,626)
Loss on write-off inventory	1,718,089	-	1,718,089	-
Loss on write-off of bearer plants	2,855,555	116,730	-	-
Reversal of impairment loss of investment property	(1,190,800)	-	-	-
Loss (gain) on disposals/write-off of property, plant and equipment	253,283	5,790,469	(1,658,583)	1,379,782
Loss on impairment of assets (reversal)	(18,356,182)	15,588,502	-	-
Unrealised loss (gain) on exchange	4,810,720	(112,317)	681,787	(2,628)
Unrealised loss (gain) on fair value of derivatives	(783,753)	634,193	(783,753)	384,715
Provision for termination benefits and long-term employee benefits	18,750,312	18,605,356	9,254,676	8,661,755
Dividend income from subsidiaries	-	-	(175,631,143)	(66,096,885)
Dividend income from other companies	-	(84)	-	(84)
Finance income	(902,129)	(670,327)	(205,949)	(141,037)
Finance cost	14,971,965	11,427,880	9,746,793	2,908,184
Profit from operating activities before changes in operating assets and liabilities	811,283,928	1,048,880,008	251,541,378	493,142,702
Decrease (increase) in operating assets				
Trade and other receivables	358,738,398	(698,609,619)	320,299,978	(551,182,439)
Cash received from financial lease receivables	1,721,126	1,567,065	-	-
Inventories	(527,539,717)	(109,502,680)	(473,598,627)	(39,654,167)
Biological assets	(1,973,966)	9,249,196	-	-
Other current assets	588,971	(7,957,514)	4,425,752	(1,241,693)
Other non-current assets	2,942,460	(3,258,991)	(333,413)	(63,000)
Increase (decrease) in operating liabilities				
Trade and other payables	(11,790,126)	175,760,379	(199,550,974)	247,155,714
Other current financial liabilities	(2,340,093)	486,645	(1,594,914)	924,221
Other current liabilities	(760,203)	(4,978,531)	1,574,354	(3,704,992)
Provision for termination benefits and long-term employee benefits	(16,941,257)	(12,778,961)	(10,672,643)	(5,663,887)
Cash from (used in) operating activities	613,929,521	398,856,997	(107,909,109)	139,712,459
Cash received from interest income	902,129	670,327	205,949	141,037
Cash paid for interest expenses	(15,233,425)	(11,113,676)	(9,747,391)	(2,854,972)
Income tax refund	202,163	4,096,873	-	-
Cash paid for corporate income tax	(124,091,601)	(121,389,918)	(36,003,949)	(89,869,412)
<b>Net cash from (used in) operating activities</b>	<b>475,708,787</b>	<b>271,120,603</b>	<b>(153,454,500)</b>	<b>47,129,112</b>

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 2022**

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Cash flows from investing activities</b>				
Acquisition of investment in subsidiary from non-controlling interests	-	(189,000)	-	(189,000)
Dividend received from subsidiaries	-	-	175,631,143	66,096,885
Dividend received from other companies	-	84	-	84
Decrease in long-term loans to other company	920,000	920,000	-	-
Acquisitions of property, plant and equipment	(296,077,263)	(243,061,946)	(197,564,158)	(162,574,599)
Advance payments for equipment	-	(1,578,800)	-	-
Proceeds from disposals of property, plant and equipment	2,854,727	4,721,555	1,790,438	834,921
Increase in bearer plants	(5,924,065)	(4,394,373)	-	-
Acquisitions of intangible assets	<u>(1,904,536)</u>	<u>(298,000)</u>	<u>(1,711,790)</u>	<u>(250,000)</u>
<b>Net cash used in investing activities</b>	<u>(300,131,137)</u>	<u>(243,880,480)</u>	<u>(21,854,367)</u>	<u>(96,081,709)</u>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from banks	375,000,000	66,000,000	480,000,000	166,000,000
Cash received from long-term loans	-	110,000,000	-	-
Repayment of long-term loans	(124,466,666)	(60,400,000)	-	-
Payment of lease liabilities	(2,444,803)	(2,928,601)	(97,294)	-
Dividend paid	<u>(254,271,702)</u>	<u>(200,003,593)</u>	<u>(204,878,896)</u>	<u>(180,304,033)</u>
<b>Net cash from (used in) financing activities</b>	<u>(6,183,171)</u>	<u>(87,332,194)</u>	<u>275,023,810</u>	<u>(14,304,033)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	169,394,479	(60,092,071)	99,714,943	(63,256,630)
Cash and cash equivalents at beginning of the year	<u>178,193,457</u>	<u>238,285,528</u>	<u>21,348,235</u>	<u>84,604,865</u>
<b>Cash and cash equivalents at end of the year (Note 7)</b>	<u><u>347,587,936</u></u>	<u><u>178,193,457</u></u>	<u><u>121,063,178</u></u>	<u><u>21,348,235</u></u>

**Supplementary disclosures of cash flows information**

Non-cash transactions

Acquisitions of plant and equipment

that have not been paid	29,801,756	11,740,918	11,282,019	8,281,721
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Increase in right-of-use assets and lease liabilities

from contract modification	18,936,801	137,682	3,431,327	-
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Transfer of deposits for equipment to equipment	1,578,800	199,500	-	-
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Dividend payable	1,853,819	733,991	803,836	733,991
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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 2022**

**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>2022</u>	<u>2021</u>
			Percent	Percent
<b><u>Subsidiaries directly held by the Company</u></b>				
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	98.85
<b><u>Subsidiary held by United Palm Oil Industry Public Company Limited</u></b>				
Phansrivivat Company Limited	Owner of palm oil plantation	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2022</u>	<u>2021</u>
			Percent	Percent
<b><u>Subsidiaries held by Phansrivivat Company Limited</u></b>				
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
<b><u>Subsidiary held by Universal Food Public Company Limited</u></b>				
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 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 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 2023**

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 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The 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.

##### *Rendering of services*

Service revenue is recognised over time when services have been rendered taking into account the stage of completion.

### *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	3 years
Motor vehicles	5 years

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
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	
<b><u>Transactions with subsidiaries</u></b>					
(eliminated from the consolidated financial statements)					
Purchases of raw materials	-	-	1,533	1,705	Market prices on the contract date
Purchases of goods	-	-	390	425	Market prices less fixed margin
Dividend income	-	-	176	66	At the declared rate
Rental income	-	-	2	2	Market price
Selling administrative service income	-	-	40	42	Actual charge
<b><u>Transactions with related companies</u></b>					
Sales of goods	244	231	-	-	Price approximates market price
Purchases of goods	6	9	5	8	Price less marketing expenses and margin
<b><u>Transactions with joint venture of subsidiary</u></b>					
Purchases of oil palm seeds and fresh fruit bunch	12	9	-	-	Market price
Land rental income	1	1	-	-	Agreed between the parties

As at 31 December 2022 and 2021, the balances of accounts between the Company and those related parties are detailed as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b><u>Trade and other receivables - related parties</u></b> (Note 8)				
Subsidiaries	-	-	32,733	26,121
Related companies (related by common shareholders)	35,907	68,252	-	-
<b>Total trade and other receivables - related parties</b>	<u>35,907</u>	<u>68,252</u>	<u>32,733</u>	<u>26,121</u>
<b><u>Trade and other payables - related parties</u></b> (Note 21)				
Subsidiaries	-	-	76,142	238,388
Related companies (related by common shareholders)	24,691	16,679	28	-
<b>Total trade and other payables - related parties</b>	<u>24,691</u>	<u>16,679</u>	<u>76,170</u>	<u>238,388</u>

### 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 2022. The Company and UFC agreed to extend the agreement for another 1 year, starting from 1 January 2023 and expiring on 31 December 2023.

### Directors and management’s remuneration

During the years ended 31 December 2022 and 2021, the Group had short-term employee benefits, post-employment benefits and other long-term benefits payable to their directors and management totaling Baht 147 million and Baht 160 million, respectively (the Company only: Baht 90 million and Baht 96 million, respectively).

## **7. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash	3,136	2,385	1,607	695
Bank deposits	344,452	175,808	119,456	20,653
Total	<u>347,588</u>	<u>178,193</u>	<u>121,063</u>	<u>21,348</u>

As at 31 December 2022, bank deposits in savings accounts and time deposit accounts carried interests between 0.05 and 0.50 percent per annum (2021: between 0.05 and 0.25 percent per annum).

## 8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	35,907	65,047	150	128
Past due				
Up to 3 months	-	3,205	-	-
Total trade receivables - related parties	35,907	68,252	150	128
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Post dated cheques receivable	21,053	26,045	21,053	26,045
Cheque returned	7,724	7,668	7,724	7,668
Not yet due	909,961	1,234,012	763,297	1,091,619
Past due				
Up to 3 months	245,587	241,343	218,338	205,761
3 - 6 months	265	4,259	265	4,257
6 - 12 months	1,107	2,625	1,075	2,610
Over 12 months	3,947	3,356	3,947	3,356
Total	1,189,644	1,519,308	1,015,699	1,341,316
Less: Allowance for expected credit losses	(9,737)	(9,736)	(9,737)	(9,736)
Total trade receivables - unrelated parties - net	1,179,907	1,509,572	1,005,962	1,331,580
Total trade receivables - net	1,215,814	1,577,824	1,006,112	1,331,708
<u>Other receivables</u>				
Other receivables - related parties	-	-	2,881	2,673
Other receivables - unrelated parties	3,610	6,233	3,459	5,408
Accrued income - related parties	-	-	29,702	23,320
Accrued income - unrelated parties	1,533	55	-	-
Advances - unrelated parties	431	799	-	-
Total	5,574	7,087	36,042	31,401
Less: Allowance for expected credit losses	(774)	(774)	(709)	(709)
Total other receivables - net	4,800	6,313	35,333	30,692
<b>Total trade and other receivables - net</b>	<b>1,220,614</b>	<b>1,584,137</b>	<b>1,041,445</b>	<b>1,362,400</b>

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 financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Beginning balance	10,510	64,775	10,445	10,445
Provision for expected credit losses	1	-	1	-
Amount written off	-	(54,265)	-	-
Ending balance	<u>10,511</u>	<u>10,510</u>	<u>10,446</u>	<u>10,445</u>

## 9. Inventories

(Unit: Thousand Baht)						
Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Finished goods	685,027	646,298	(22,402)	(12,687)	662,625	633,611
Work in process	1,148,109	678,436	-	-	1,148,109	678,436
Raw materials	37,285	39,198	(2,560)	(4,553)	34,725	34,645
Inventories in transit	5,961	14,994	-	-	5,961	14,994
Supplies, packing materials and spare parts	<u>174,921</u>	<u>146,556</u>	<u>(2,804)</u>	<u>(2,989)</u>	<u>172,117</u>	<u>143,567</u>
Total	<u>2,051,303</u>	<u>1,525,482</u>	<u>(27,766)</u>	<u>(20,229)</u>	<u>2,023,537</u>	<u>1,505,253</u>

(Unit: Thousand Baht)						
Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Finished goods	209,495	193,943	-	-	209,495	193,943
Work in process	1,145,300	695,469	-	-	1,145,300	695,469
Raw materials	1,575	-	-	-	1,575	-
Inventories in transit	1,671	12,858	-	-	1,671	12,858
Supplies, packing materials and spare parts	<u>62,647</u>	<u>46,538</u>	<u>-</u>	<u>-</u>	<u>62,647</u>	<u>46,538</u>
Total	<u>1,420,688</u>	<u>948,808</u>	<u>-</u>	<u>-</u>	<u>1,420,688</u>	<u>948,808</u>

During the current year, the Group reduced cost of inventories to net realisable value by Baht 7.5 million, which was included in cost of sales (2021: reversed the write-down of cost of inventories by Baht 6.6 million and reduced the amount of inventories recognised as expenses during the year).

## 10. Biological assets

Movements of the biological assets account for the years ended 31 December 2022 and 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Nursery for sales	Palm fruit on tree	Total
<b>Balance as at 1 January 2021</b>	29,185	66,435	95,620
Gain from changes in fair value	14,343	554,523	568,866
Decrease from harvest	-	(448,272)	(448,272)
Decrease from sales	(24,332)	(73,875)	(98,207)
Decrease from write-off	(5,734)	-	(5,734)
<b>Balance as at 31 December 2021</b>	13,462	98,811	112,273
Gain from changes in fair value	20,959	711,834	732,793
Increase from cultivate	17,884	-	17,884
Decrease from harvest	-	(619,334)	(619,334)
Decrease from sales	(32,993)	(2,460)	(35,453)
Decrease from write-off	(4,637)	-	(4,637)
<b>Balance as at 31 December 2022</b>	14,675	188,851	203,526

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.

In 2022, discount rate is estimated at the rate of 4 percent by weighted average cost of capital method (2021: 3 percent).

The results of sensitivity analysis for significant assumptions that affect the fair value of biological assets as at 31 December 2022 and 2021 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	2022		2021	
	Increase	Decrease	Increase	Decrease
	10%	10%	10%	10%
Prices of palm fruit at the point of harvest	19,485	(19,485)	15,804	(14,484)
Weight of palm fruit on tree	19,485	(19,485)	15,804	(14,484)

## 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	
	2022	2021	2022	2021	2022	2021	2022	2021
			Percent	Percent				
United Palm Oil Industry Public Company Limited	324,050	324,050	69.96	69.96	748,344	748,344	113,358	45,343
Universal Food Public Company Limited	525,000	525,000	98.85	98.85	585,814	585,814	62,273	20,754
Total					1,334,158	1,334,158	175,631	66,097

As at 31 December 2022, 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 1,496 million (2021: Baht 1,474 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	
	2022	2021	2022	2021	2022	2021	2022	2021
	(%)	(%)						
United Palm Oil Industry Public Company Limited	30.04	30.04	463	411	100	89	49	19

### 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>2022</u>	<u>2021</u>
Current assets	571	628
Non-current assets	1,194	1,138
Current liabilities	123	234
Non-current liabilities	110	155

#### Summarised information about comprehensive income

(Unit: Million Baht)		
For the years ended 31 December		
	<u>2022</u>	<u>2021</u>
Revenue	2,438	2,179
Profit	317	307
Total comprehensive income	317	307

#### Summarised information about cash flow

(Unit: Million Baht)		
For the years ended 31 December		
	<u>2022</u>	<u>2021</u>
Cash flow from operating activities	429	89
Cash flow used in investing activities	(53)	(31)
Cash flow used in financing activities	(309)	(65)
Net increase (decrease) in cash and cash equivalents	<u>67</u>	<u>(7)</u>

## 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)								
Consolidated financial statements								
Joint venture	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method	
			<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
			(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	Thailand	50	50	25,000	25,000	62,450	26,570
Total					<u>25,000</u>	<u>25,000</u>	<u>62,450</u>	<u>26,570</u>

## 12.2 Share of comprehensive income

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		Share of other	
	from investment in		comprehensive income from	
	joint venture		investment in joint venture	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Siam Elite Palm Co., Ltd.	35,880	3,573	-	-
Total	<u>35,880</u>	<u>3,573</u>	<u>-</u>	<u>-</u>

## 12.3 Summarised financial information of material joint venture

### Siam Elite Palm Company Limited

Summarised information about financial position

(Unit: Thousand Baht)

	As at 31 December	
	<u>2022</u>	<u>2021</u>
Current assets	207,890	78,049
Non-current assets	32,808	31,679
Total assets	<u>240,698</u>	<u>109,728</u>
Current liabilities	(114,335)	(51,945)
Non-current liabilities	(1,463)	(4,642)
Total liabilities	<u>(115,798)</u>	<u>(56,587)</u>
Net assets	124,900	53,141
Shareholding percentage (%)	50	50
Carrying amounts of joint venture based on equity method	<u>62,450</u>	<u>26,570</u>

## Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the years ended 31 December	
	<u>2022</u>	<u>2021</u>
Revenue	254,924	74,796
The differences between fair value and costs of agriculture produce	-	345
Cost of sales	(94,305)	(47,369)
Selling and administrative expenses	(73,586)	(20,626)
Income tax expenses	(15,274)	-
Profit for the year	71,759	7,146
Other comprehensive income	-	-
Total comprehensive income	71,759	7,146
Shareholding percentage (%)	50	50
Share of comprehensive income of investment in joint venture	35,880	3,573

### 13. Investment in associates

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Paid-up capital		Shareholding percentage	
			2022	2021	2022	2021
			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	
	2022	2021	2022	2021	2022	2021	2022	2021
	2022	2021	2022	2021	2022	2021	2022	2021
Union Fresh Co., Ltd.	12,000	12,000	(12,000)	(12,000)	-	-	-	-

#### 14. Long-term loans to other companies

As at 31 December 2022, a subsidiary of subsidiary had unsecured loans to other companies, amounting to approximately Baht 16.6 million (2021: Baht 17.5 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. A subsidiary considered changing its interest rate to be BIBOR plus 1% per annum.

Movement in long-term loans to other companies during the years ended 31 December 2022 and 2021 are summarised below.

(Unit: Thousand Baht)		
Consolidated financial statements		
	<u>2022</u>	<u>2021</u>
Beginning balance	17,480	18,400
Receipts	(920)	(920)
Ending balance	<u>16,560</u>	<u>17,480</u>

#### 15. Investment properties

The net book value of investment properties as at 31 December 2022 and 2021 is presented below.

(Unit: Thousand Baht)						
As at 31 December 2022						
	Consolidated financial statements			Separate financial statements		
	Office		Total	Office		Total
	Land	building		Land	building	
Cost	62,299	138,811	201,110	5,615	33,973	39,588
Less: Accumulated depreciation	-	(78,312)	(78,312)	-	(33,973)	(33,973)
Allowance for impairment	(2,112)	(58,755)	(60,867)	-	-	-
Net book value	<u>60,187</u>	<u>1,744</u>	<u>61,931</u>	<u>5,615</u>	<u>-</u>	<u>5,615</u>

(Unit: Thousand Baht)						
As at 31 December 2021						
	Consolidated financial statements			Separate financial statements		
	Office		Total	Office		Total
	Land	building		Land	building	
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	<u>58,996</u>	<u>2,024</u>	<u>61,020</u>	<u>5,615</u>	<u>-</u>	<u>5,615</u>



A reconciliation of the net book value of investment properties for the years 2022 and 2021 is presented below.

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net book value at beginning of year	61,020	61,506	5,615	5,615
Reversal of impairment losses	1,191	-	-	-
Depreciation for the year	(280)	(486)	-	-
Net book value at end of year	<u>61,931</u>	<u>61,020</u>	<u>5,615</u>	<u>5,615</u>

The fair value of land and office building of the Company as at 31 December 2022 was determined at approximately Baht 30 million (2021: Baht 28 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 2022, the fair value of the land was determined to be Baht 146 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 (2021: Baht 134 million and Baht 51 million, respectively).

## 16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land and land ownership document and land improvement	Land possessory rights	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	
<b>Cost</b>								
1 January 2021	878,219	595	1,249,188	3,289,089	128,260	211,538	179,626	5,936,515
Additions	873	5,067	15,764	74,135	3,222	494	106,233	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	(3,611)	30,625	108,785	43,052	-	(182,462)	-
31 December 2021	879,231	2,051	1,291,263	3,443,213	174,039	208,543	103,431	6,101,771
Additions	-	64	10,035	53,802	5,900	9,087	236,667	315,555
Capitalised interest	-	-	5	19	1	-	137	162
Disposals/write off	(1,270)	-	(14,657)	(24,151)	(3,934)	(11,896)	-	(55,908)
Transfer in (transfer out)	-	-	12,161	172,939	614	-	(185,714)	-
31 December 2022	877,961	2,115	1,298,807	3,645,822	176,620	205,734	154,521	6,361,580

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land and land ownership document and land improvement	Land possessory rights	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
<b>Accumulated depreciation</b>								
1 January 2021	-	-	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
Depreciation for the year	-	-	50,590	161,248	9,100	9,049	-	229,987
Depreciation on disposals/write off	-	-	(12,952)	(24,141)	(3,811)	(11,896)	-	(52,800)
31 December 2022	-	-	934,843	2,537,548	126,023	181,249	-	3,779,663
<b>Allowance for impairment</b>								
1 January 2021	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
Decrease during the year	(15,515)	-	-	-	-	-	-	(15,515)
31 December 2022	8,154	-	-	61,947	152	37	-	70,290
<b>Net book value</b>								
31 December 2021	855,562	2,051	394,058	980,825	53,153	24,410	105,482	2,413,490
31 December 2022	869,807	2,115	363,964	1,046,327	50,445	24,448	156,636	2,511,627
<b>Depreciation for the year</b>								
2021 (Baht 210.6 million included in manufacturing cost, and the balance in administrative expenses)								232,328
2022 (Baht 214.6 million included in manufacturing cost, and the balance in administrative expenses)								229,987

(Unit: Thousand Baht)

Separate financial statements

	Land	Building and improvement	Machinery and factory and agricultural equipment and waste water treatment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
<b>Cost</b>							
1 January 2021	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
Additions	-	1,052	30,181	2,172	-	167,159	200,564
Disposals/write off	-	-	(6,431)	(2,204)	(7,039)	-	(15,674)
Transfer in (transfer out)	-	10,950	131,531	480	-	(142,961)	-
31 December 2022	25,836	473,458	1,818,459	88,800	40,688	123,243	2,570,484

(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
<b>Accumulated depreciation</b>							
1 January 2021	-	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
Depreciation for the year	-	17,321	91,882	6,221	3,218	-	118,642
Depreciation on disposals/write off	-	-	(6,422)	(2,081)	(7,039)	-	(15,542)
31 December 2022	-	318,220	1,222,999	47,973	36,225	-	1,625,417
<b>Allowance for impairment</b>							
31 December 2021	-	-	30	-	-	-	30
31 December 2022	-	-	30	-	-	-	30
<b>Net book value</b>							
31 December 2021	25,836	160,557	525,609	44,519	7,681	99,045	863,247
31 December 2022	25,836	155,238	595,430	40,827	4,463	123,243	945,037
<b>Depreciation for the year</b>							
2021 (Baht 98.4 million included in manufacturing cost, and the balance in administrative expenses)							110,716
2022 (Baht 105.8 million included in manufacturing cost, and the balance in administrative expenses)							118,642

During the year 2022, the subsidiary capitalised borrowing costs amounting to Baht 0.1 million (2021: Baht 0.1 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 0.71% - 1.78% per annum (2021: 0.85% - 1.03% per annum).

As at 31 December 2022, 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 2,622 million (2021: Baht 2,343 million) and for the Company amounted to approximately Baht 930 million (2021: Baht 909 million).

## 17. Bearer plants

	(Unit: Thousand Baht)		
	Consolidated financial statements		Separate financial statements
	Bearer plants ready for harvest	Bearer plants not ready for harvest	Bearer plants ready for harvest
<b>Cost</b>			
1 January 2021	625,417	10,246	294
Additions	-	4,394	-
Write off	(8,201)	-	-
31 December 2021	617,216	14,640	294
Additions	-	5,924	-
Write off	(6,923)	-	-
Transfer in (out)	5,050	(5,050)	-
31 December 2022	615,343	15,514	294
<b>Accumulated amortisation</b>			
1 January 2021	416,501	-	128
Amortisation for the year	11,041	-	12
Amortisation on write off	(8,084)	-	-
31 December 2021	419,458	-	140
Amortisation for the year	10,422	-	12
Amortisation on write off	(4,067)	-	-
31 December 2022	425,813	-	152
<b>Allowance for impairment</b>			
31 December 2021	35,792	-	-
Decrease during the year	(2,841)	-	-
31 December 2022	32,951	-	-
<b>Net book value</b>			
31 December 2021	161,966	14,640	154
31 December 2022	156,579	15,514	142
<b>Amortisation for the year (included in manufacturing cost)</b>			
2021			12
2022			12

As at 31 December 2022, 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 11 May 2022, 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 2023 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 2022		
	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
	2022
Long-term growth rate	2
Pre-tax discount rates	11

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 2022 and 2021 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cost	71,220	69,316	33,860	32,148
Less: Accumulated amortisation	(64,599)	(62,709)	(27,701)	(26,582)
Less: Allowance for impairment	(393)	(393)	(393)	(393)
Net book value	<u>6,228</u>	<u>6,214</u>	<u>5,766</u>	<u>5,173</u>

A reconciliation of the net book value of intangible assets for the years 2022 and 2021 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Net book value at beginning of year	6,214	7,541	5,173	5,994
Acquisitions - cost	1,904	298	1,712	250
Amortisation for the year	(1,890)	(1,625)	(1,119)	(1,071)
Net book value at end of year	<u>6,228</u>	<u>6,214</u>	<u>5,766</u>	<u>5,173</u>

As at 31 December 2022, 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 58 million (2021: Baht 50 million) (the Company only: Baht 21 million, 2021: Baht 21 million).

## 20. Short-term loans from banks

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term loans from banks	1.70 - 1.90	0.85 - 1.10	901,000	526,000	711,000	231,000
Total			<u>901,000</u>	<u>526,000</u>	<u>711,000</u>	<u>231,000</u>



Movement in short-term loans from banks during the years ended 31 December 2022 and 2021 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Beginning balance	526,000	460,000	231,000	65,000
Additional borrowings	6,653,000	1,576,000	5,623,000	966,000
Repayments	(6,278,000)	(1,510,000)	(5,143,000)	(800,000)
Ending balance	<u>901,000</u>	<u>526,000</u>	<u>711,000</u>	<u>231,000</u>

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

## 21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Trade payables - related parties	28	179	76,025	238,265
Trade payables - unrelated parties	296,939	287,041	187,129	202,323
Other payables - related parties	24,663	16,500	-	-
Other payables - unrelated parties	89,528	116,460	66,616	82,633
Advance received from related parties	-	-	145	123
Other payables for purchases of machinery	29,802	11,741	11,282	8,282
Accrued expenses	174,846	177,849	105,533	111,628
Total trade and other payables	<u>615,806</u>	<u>609,770</u>	<u>446,730</u>	<u>643,254</u>

## 22. Long-term loans

			(Unit: Million Baht)	
Loans	Interest rate (Percent per annum)	Repayment schedule	Consolidated financial statements	
			2022	2021
<b>Subsidiaries</b>				
<b><u>Universal Food Public Company Limited</u></b>				
1	2.50	Repayment every month from September 2020 to August 2023	-	82,800
<b><u>United Palm Oil Industry Public Company Limited</u></b>				
1	3 Months BIBOR + 1.5	Repayment 12 quarterly installments, starting July 2021	25,000	50,000
2	3 Months BIBOR + 1.5	Repayment 12 quarterly installments, starting March 2022	33,333	50,000
Total long-term loans			58,333	182,800
Less: Current portion			(31,667)	(87,067)
Long-term loans - net of current portion			26,666	95,733

Movement of the long-term loan account during the years ended 31 December 2022 and 2021 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2022</u>	<u>2021</u>
Beginning balance	182,800	133,200
Additional borrowings	-	110,000
Repayments	(124,467)	(60,400)
Ending balance	<u>58,333</u>	<u>182,800</u>

The long-term loans of Universal Food Public Company Limited are unsecured. In April 2022, the subsidiary repaid the entire amount of the long-term loan before the term specified in the contract.

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 and motor vehicles used in its operations. Leases have lease terms of 3 years, 5 years and 30 years. Lease contract for assets of each company 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 2022 and 2021 are summarised below:

	(Unit: Thousand Baht)					
	Consolidated financial statements				Separate financial statements	
	Machinery and Motor				Motor	
	Land	equipment	vehicles	Total	vehicles	Total
1 January 2021	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	-	-
Additions	520	14,985	3,431	18,936	3,431	3,431
Depreciation for the year	(1,576)	(2,461)	(196)	(4,233)	(196)	(196)
31 December 2022	33,926	12,524	3,235	49,685	3,235	3,235

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		Separate financial statements	
	2022	2021	2022	2021
Lease payments	89,809	73,611	5,045	-
Less: Deferred interest expenses	(30,325)	(30,619)	(1,711)	-
Total	59,484	42,992	3,334	-
Less: Portion due within one year	(4,535)	(345)	(480)	-
Lease liabilities - net of current portion	54,949	42,647	2,854	-

Movements of the lease liability account during the years ended 31 December 2022 and 2021 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year	42,992	45,783	-	-
Additions	18,936	138	3,431	-
Accretion of interest	541	52	138	-
Repayments	(2,985)	(2,981)	(235)	-
Balance at end of year	<u>59,484</u>	<u>42,992</u>	<u>3,334</u>	<u>-</u>

A maturity analysis of lease payments is disclosed in Note 38.2 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Depreciation expense of right-of-use assets	4,233	4,377	196	-
Interest expense on lease liabilities	541	52	138	-
Expense relating to short-term leases	20,360	26,020	360	1,533
Expense relating to leases of low-value assets	451	536	-	-
Expense relating to variable lease payments that do not depend on an index or a rate	7,344	5,801	-	-

**d) Others**

The Group had total cash outflows for leases for the year ended 31 December 2022 of Baht 31.1 million (2021: Baht 35.3 million) (the Company only: Baht 0.6 million, 2021: Baht 1.5 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 35.2

## 24. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	2022			2021		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
<b>Provision for long-term employee benefits at beginning of year</b>	198,966	2,486	201,452	189,370	2,486	191,856
Included in profit or loss:						
Current service cost	14,352	182	14,534	14,058	224	14,282
Interest cost	3,860	47	3,907	3,055	30	3,085
Actuarial loss arising from						
Financial assumptions changes	-	-	-	-	49	49
Experience adjustments	-	-	-	-	162	162
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Demographic assumptions changes	(7,964)	-	(7,964)	-	-	-
Financial assumptions changes	(3,017)	-	(3,017)	2,619	-	2,619
Experience adjustments	3,082	-	3,082	1,150	-	1,150
Benefits paid during the year	(15,892)	(740)	(16,632)	(11,286)	(465)	(11,751)
<b>Provision for long-term employee benefits at end of year</b>	<b>193,387</b>	<b>1,975</b>	<b>195,362</b>	<b>198,966</b>	<b>2,486</b>	<b>201,452</b>

(Unit: Thousand Baht)

	Separate financial statements					
	2022			2021		
	Employee retirement benefit under labor law	Other long-term employee benefits	Total	Employee retirement benefit under labor law	Other long-term employee benefits	Total
<b>Provision for long-term employee benefits at beginning of year</b>	100,822	2,486	103,308	94,055	2,486	96,541
Included in profit or loss:						
Current service cost	7,110	182	7,292	6,949	224	7,173
Interest cost	1,916	47	1,963	1,368	30	1,398
Actuarial loss arising from						
Financial assumptions changes	-	-	-	-	49	49
Experience adjustments	-	-	-	-	162	162
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	-	-	-	2,619	-	2,619
Experience adjustments	-	-	-	1,150	-	1,150
Benefits paid during the year	(9,933)	(740)	(10,673)	(5,319)	(465)	(5,784)
<b>Provision for long-term employee benefits at end of year</b>	<u>99,915</u>	<u>1,975</u>	<u>101,890</u>	<u>100,822</u>	<u>2,486</u>	<u>103,308</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 0.3 million as expenses in profit or loss in the statements of comprehensive income (2021: Baht 1.1 million).

The Group expects to pay Baht 18.7 million of long-term employee benefits during the next year (Separate financial statements: Baht 9.7 million) (2021: Baht 15.8 million, separate financial statements: Baht 10.4 million).

As at 31 December 2022, the weighted average duration of the liabilities for long-term employee benefits is 7 - 13 years (Separate financial statements: 7 years) (2021: 7 - 15 years, separate financial statements: 7 years).

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.10, 2.22, 2.29 and 1.90	1.10, 1.84 and 1.90	1.90	1.90
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 2022 and 2021 are summarised below.

	As at 31 December 2022			
	Consolidated financial statements		Separate financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(6.74)	7.73	(2.84)	3.62
Salary increase rate	7.45	(6.67)	3.37	(2.82)

(Unit: Million Baht)

(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)

## 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>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Type of goods:</b>				
Sales of goods	11,492,742	9,521,289	8,744,457	7,390,597
Revenue from distribution of goods	-	-	53,038	57,876
Total revenue from contracts with customers - revenue recognised at point in time	<u>11,492,742</u>	<u>9,521,289</u>	<u>8,797,495</u>	<u>7,448,473</u>

## 27. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Interest expenses on borrowings	14,431	11,376	9,609	2,908
Interest expenses on lease liabilities	541	52	138	-
Total	<u>14,972</u>	<u>11,428</u>	<u>9,747</u>	<u>2,908</u>



## 28. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Raw materials and consumables used	7,243,297	6,751,699	7,728,407	6,164,273
Changes in inventories of finished goods and work in process	(508,402)	(103,581)	(465,383)	(24,820)
Salary and wages and other employee benefits	735,448	729,617	306,337	325,052
Depreciation and amortisation	248,020	249,860	119,970	111,800
Promotion expenses and distribution fee	74,029	80,916	58,439	62,064
Rental and services expenses	32,666	42,660	9,302	9,447
Transportation expenses	162,129	163,961	123,199	122,989
Repair and maintenance expenses	81,723	66,828	40,658	28,212

## 29. Income tax

Income tax expenses for the years ended 31 December 2022 and 2021 are made up as follows:

	Consolidated		(Unit: Thousand Baht)	
			Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Current income tax:</b>				
Current income tax charge	128,633	101,841	22,477	75,019
Adjustment of prior year corporate income tax	631	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(3,464)	33,788	264	(555)
<b>Income tax expenses reported profit or loss</b>	<u>125,800</u>	<u>135,629</u>	<u>22,741</u>	<u>74,464</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Deferred tax relating to actuarial gain (loss)	1,580	(754)	-	(754)
Income tax charged directly to other comprehensive income	<u>1,580</u>	<u>(754)</u>	<u>-</u>	<u>(754)</u>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Accounting profit before tax	<u>660,023</u>	<u>783,758</u>	<u>288,507</u>	<u>434,260</u>
Applicable tax rate	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	131,816	156,564	57,701	86,852
Adjustment of prior year corporate income tax	631	-	-	-
Previously deductible temporary differences and unrecognised tax losses that is used to reduce current tax expense	-	(133)	-	-
Write-down of deferred tax assets	2,400	9,175	-	-
Effects of:				
Promotional privileges (Note 30)	(857)	(23,935)	-	-
Share of profit from investment in joint venture	(7,176)	(715)	-	-
Non-deductible expenses	4,872	2,176	450	891
Additional expense deductions allowed	(6,500)	(7,424)	(35,398)	(13,279)
Tax loss for the year unrecognised as deferred tax assets	365	-	-	-
Others	249	(79)	-	-
Total	<u>(9,047)</u>	<u>(29,977)</u>	<u>(12)</u>	<u>(12,388)</u>
Income tax expenses reported in the profit or loss	<u>125,800</u>	<u>135,629</u>	<u>22,741</u>	<u>74,464</u>

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

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
<b>Deferred tax assets</b>				
Allowance for expected credit losses	2,089	2,089	2,089	2,089
Allowance for diminution in inventory value	4,738	2,863	-	-
Allowance for impairment loss of investment in associates	-	2,400	-	-
Allowance for impairment of assets	8,306	12,047	85	85
Provision for long-term employee benefits	39,030	40,247	20,335	20,619
Loss on fair value of derivatives	-	50	-	-
Leases	1,938	1,602	21	-
Unrealised profit on inventories purchased from subsidiary	-	3,438	-	-
<b>Total</b>	<b>56,101</b>	<b>64,736</b>	<b>22,530</b>	<b>22,793</b>
<b>Deferred tax liabilities</b>				
Change in fair value of biological assets	38,069	48,266	-	-
Unrealised loss on inventories purchased from subsidiary	22	-	-	-
Revenue recognition under finance leases	144	488	-	-
<b>Total</b>	<b>38,235</b>	<b>48,754</b>	<b>-</b>	<b>-</b>
<b>Total deferred tax assets - net</b>	<b>17,866</b>	<b>15,982</b>	<b>22,530</b>	<b>22,793</b>

Deferred tax assets and liabilities as presented in the statements of financial position as at 31 December 2022 and 2021 are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Deferred tax assets	40,707	47,734	22,530	22,793
Deferred tax liabilities	(22,841)	(31,752)	-	-
<b>Total deferred tax assets - net</b>	<b>17,866</b>	<b>15,982</b>	<b>22,530</b>	<b>22,793</b>

As at 31 December 2022, the subsidiary of subsidiary had deductible temporary differences and unused tax losses totaling Baht 129 million (2021: Baht 128 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 10 million will gradually expire by 2027.

### **30. Promotional privileges**

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

#### **The Company**

<u>Certificate No.</u>	<u>Operation</u>	<u>Principal privileges</u>
63-0430-1-00-1-0	Manufacture of margarine	Exemption from corporate income tax on income from the promoted operations for a period of six years from the date of first earning operating income (16 July 2022).

#### **Subsidiary - 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).
65-0092-1-00-1-0	Generate electricity from biogases	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 (27 September 2022).

### 31. 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	
	2022	2021	2022	2021
Profit attributable to equity holders of the Company				
(Thousand Baht)	432,425	558,631	265,766	359,796
Weighted average number of ordinary shares				
(Thousand shares)	820,000	820,000	820,000	820,000
Basic earnings per share (Baht/share)	0.53	0.68	0.32	0.44

### 32. 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 2022 and 2021.

(Unit: Million Baht)

	Segment						Elimination of		Consolidated	
	Processed fruits				inter-segment					
	Palm oil		and vegetables		Total		transactions			
	2022	2021	2022	2021	2022	2021	2022	2021		
Revenues from external customers	9,060	7,336	2,433	2,185	11,493	9,521	-	-	11,493	9,521
Intersegment revenues	1,533	1,705	-	-	-	1,705	(1,533)	(1,705)	-	-
Interest expenses	(13)	(9)	(2)	(4)	(15)	(13)	-	-	(15)	(13)
Depreciation and amortisation	(163)	(155)	(86)	(97)	(249)	(252)	2	2	(247)	(250)
Income tax expenses	(93)	(119)	(29)	(19)	(122)	(138)	(3)	3	(125)	(135)
Segment profit	721	1,110	433	366	1,154	1,476	17	(11)	1,171	1,465

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

#### *Geographic information*

During the year 2022, the Group's sales represent domestic sales of 83 percent (2021: 83 percent) and export sales of 17 percent (2021: 17 percent).

#### *Major customers*

For the years 2022 and 2021, the Group has no major external customer with revenue of 10 percent or more of an entity's revenues.

### **33. 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 2022, the contributions of the Group amounting to Baht 14.3 million (2021: Baht 13.1 million), of which Baht 7.1 million (2021: Baht 6.9 million) is from the Company, were recognised as expenses.

### 34. Dividends

During the years ended 31 December 2022 and 2021, the Group had dividend payments as follows:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<b><u>The Company</u></b>			
<b><u>For the year 2022</u></b>			
Final dividend for 2021	Annual General Meeting of the shareholders on 8 April 2022	205.00	0.25
<b>Total dividend for the year 2022</b>		<b>205.00</b>	<b>0.25</b>
<b><u>For the year 2021</u></b>			
Final dividend for 2020	Annual General Meeting of the shareholders on 23 April 2021	180.40	0.22
<b>Total dividend for the year 2021</b>		<b>180.40</b>	<b>0.22</b>
<b><u>Subsidiaries</u></b>			
<b><u>For the year 2022</u></b>			
Final dividend for 2021	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 8 April 2022	162.00	0.50
<b>Total dividend for the year 2022</b>		<b>162.00</b>	<b>0.50</b>
Final dividend for 2021	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 7 April 2022	21.00	0.40
Interim dividend for 2022	Board of Directors' Meeting of the shareholders of Universal Food Public Company Limited on 10 November 2022	42.00	0.80
<b>Total dividends for the year 2022</b>		<b>63.00</b>	<b>1.20</b>
<b><u>For the year 2021</u></b>			
Final dividend for 2020	Annual General Meeting of the shareholders of United Palm Oil Industry Public Company Limited on 23 April 2021	65.00	0.20
<b>Total dividend for the year 2021</b>		<b>65.00</b>	<b>0.20</b>
Final dividend for 2020	Annual General Meeting of the shareholders of Universal Food Public Company Limited on 22 April 2021	21.00	0.40
<b>Total dividend for the year 2021</b>		<b>21.00</b>	<b>0.40</b>

## 35. Commitments and contingent liabilities

### 35.1 Capital commitments

As at 31 December 2022, the Group had capital commitments relating to construction of buildings, building improvement and purchase of machineries and equipment amounting to Baht 44.4 million and Euro 4.8 million or approximately Baht 178.3 million totalling of Baht 222.7 million (2021: Baht 112.6 million), the Company only: Baht 9.9 million and Euro 4.8 million or approximately Baht 178.3 million totalling of Baht 188.2 million (2021: Baht 56.6 million).

### 35.2 Operating lease commitments

The Group has entered into short-term leases, 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	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Within 1 year	7.7	15.2	4.2	4.0
Over 1 and up to 5 years	2.2	0.2	2.2	0.2
Total	<u>9.9</u>	<u>15.4</u>	<u>6.4</u>	<u>4.2</u>

### 35.3 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 6.4 million. (2021: Baht 4.9 million).



### **35.4 Guarantees**

Other than those disclosed in Note 35.5, as at 31 December 2022, 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 12.3 million to guarantee electricity use, among others (2021: Baht 14.2 million) and for the Company: Baht 4.3 million to guarantee electricity use, among others (2021: Baht 7.2 million).

### **35.5 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 189.5 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, 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.

### 35.6 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.

In designated forest areas, the subsidiary has no ownership documents of the plots where trespassers have occupied since 2007. Currently, the subsidiary involves neither possession nor utilisation of the land plots. As a result, the subsidiary wrote off the cost of land and net book value of the cost of oil palm plantation development amounting to Baht 2.4 million in the 2021 financial statements.

- (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.

In 2020 and 2021, the subsidiary brought a legal action regarding rights over the land plots.

On 10 March 2022, the ALRO in Krabi submitted an additional statement lodging an objection against the Subsidiary's testimony. On 29 June 2022, the Supreme Administrative Court upheld the Administrative Court of First Instance's judgement not accepting a lawsuit since the subsidiary filed the lawsuit after the end of the filing period. The case is therefore finalised.

However, the subsidiary wrote off the cost of land and net book value of the cost of oil palm plantation development in the 2022 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.

In 2020 and 2021, the subsidiary brought a legal action regarding rights over the land plots.

On 10 March 2022, the ALRO in Krabi submitted an additional statement to overcome the Subsidiary's objection. On 29 June 2022, the Supreme Administrative Court upheld the Administrative Court of First Instance's judgement not accepting a lawsuit concerning the revocation of the notice of ALRO on designating a targeted area for land reform because the subsidiary filed the lawsuit after the end of the filing period. However, the Supreme Administrative Court accepted a lawsuit concerning the revocation of the order on vacating the land plots and removing all constructions in the targeted area. The Supreme Administrative Court is currently reviewing this case.

The subsidiary set aside an allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development amounting to 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 regarding 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.

In 2021, the subsidiary produced possession documentation with the ALRO in Krabi regarding rights over the land plots.

On 6 December 2022, the subsidiary received a letter from the ALRO in Krabi, informing of evaluation results, which evidence relating to possession of such prospective area was unjustifiable. Subsequently, on 16 December 2022, the subsidiary lodged an objection.

On 29 December 2022, the ALRO in Krabi sent a letter informing that the ALRO's judgement was final and conclusive. If the subsidiary objected to the judgement, the subsidiary could file a lawsuit with the Phuket Administrative Court.

However, the subsidiary set aside an allowance for impairment loss on the cost of land and net book value of the cost of oil palm plantation development amounting to Baht 27 million as expenses in the 2018 financial statements and wrote off the net book value of the cost of building and equipment by Baht 2 million in the 2022 financial statements.

### **35.7 Litigation**

- (1) On 6 July 2020, the subsidiary was served with a summons in a criminal action involving alleged trespass, which 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 the 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.

On 12 October 2022, the Court dismissed the case. The case is pending appeal by Krabi chief public prosecutor.

- (2) 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.

- (3) On 25 November 2022, the Land Department issued a letter ordering the revocation of the subsidiary's land title deeds 10 plots in Bang Sawan Sub-district, Phra Saeng District, Surat Thani. These title deeds were issued following a project of surveying land title deeds in 2006 by reference to Nor Sor 3 Kor certificates on the exact location as issued in a project of surveying Nor Sor 3 Kor certificates in 1981, which were issued in an illegitimate manner.

On 9 December 2022, the subsidiary appealed against the revocation order and filed a lawsuit with the Central Administrative Court on 1 February 2023.

However, if the subsidiary loses land plots, the cost of land and net book value of the cost of oil palm plantation developments will be decreased by Baht 0.5 million.

### 36. Fire incident

In September 2022, the subsidiary received full compensation from business interruption insurance for the fire incident at Krabi factory in 2020.

### 37. Fair value hierarchy

As at 31 December 2022 and 2021, 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 2022				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Biological assets	-	14,675	188,851	203,526
Derivatives				
Foreign currency forward contracts	-	1	-	1
<b>Assets for which fair value is disclosed</b>				
Investment properties	-	-	197	197

(Unit: Million Baht)

Consolidated financial statements				
As at 31 December 2021				
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Biological assets	-	13	99	112
<b>Liabilities measured at fair value</b>				
Derivatives				
Foreign currency forward contracts	-	1	-	1
<b>Assets for which fair value is disclosed</b>				
Investment properties	-	-	185	185

(Unit: Million Baht)

Separate financial statements				
As at 31 December 2022				
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value is disclosed</b>				
Investments in subsidiaries	1,496	-	-	1,496
Investment properties	-	-	30	30

(Unit: Million Baht)

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

During the years 2022 and 2021, there were no transfers within the fair value hierarchy.

## 38. Financial instruments

### 38.1 Derivatives

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Derivative assets</b>				
Derivatives assets not designated as hedging instruments				
Foreign exchange forward contracts	784	-	784	-
<b>Total derivative assets</b>	<u>784</u>	<u>-</u>	<u>784</u>	<u>-</u>
<b>Derivative liabilities</b>				
Derivatives liabilities not designated as hedging instruments				
Foreign exchange forward contracts	-	634	-	385
<b>Total derivative liabilities</b>	<u>-</u>	<u>634</u>	<u>-</u>	<u>385</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.

### 38.2 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 2022 and 2021, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollars	4.2	3.1	0.1	0.1	34.5624	33.4199
Euro	0.1	0.1	-	-	36.4494	37.5083

Forward exchange contracts outstanding as at 31 December 2022 and 2021 are summarised below.

As at 31 December 2022				
Foreign currency	Sold amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated financial statements	Separate financial statements		
	(Million)	(Million)		
US dollars	0.50	0.50	36.20 - 36.51	March 2023

As at 31 December 2022				
Foreign currency	Bought amount		Contractual exchange rate of sold amount (Baht per 1 foreign currency unit)	Contractual maturity date
	Consolidated financial statements	Separate financial statements		
	(Million)	(Million)		
US dollars	0.45	0.45	34.01 - 34.09	May - June 2023

As at 31 December 2021

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	0.53	0.08	32.90 - 33.55	March - June 2022

As at 31 December 2021

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

### ***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 2022 and 2021 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 2022							
	Fixed interest rate				Non- interest bearing	Total	Interest rate (% p.a.)
	Within 1 year	1 to 5 years	Over 5 years	Floating interest rate			
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	332	16	348	0.05 - 0.50
Trade and other receivables	-	-	-	-	1,221	1,221	-
Financial lease receivables	1	-	-	-	-	1	1.80
Long-term loans to other companies	-	-	-	17	-	17	BIBOR + 1
	<u>1</u>	<u>-</u>	<u>-</u>	<u>349</u>	<u>1,237</u>	<u>1,587</u>	
<b>Financial liabilities</b>							
Short-term loans from banks	901	-	-	-	-	901	0.70 -1.90
Trade and other payables	-	-	-	-	616	616	-
Long-term loans	-	-	-	58	-	58	3M BIBOR + 1.5
Lease liabilities	4	15	40	-	-	59	1.41, 1.82, 4.25 and 4.50
Other current financial liabilities	-	-	-	-	5	5	-
	<u>905</u>	<u>15</u>	<u>40</u>	<u>58</u>	<u>621</u>	<u>1,639</u>	

(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			
<b>Financial assets</b>							
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>	
<b>Financial liabilities</b>							
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 and 3M BIBOR + 1.5
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)

Separate financial statements						
As at 31 December 2022						
Fixed interest rate		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)	
Within 1 year	1 to 5 years					
<b>Financial assets</b>						
Cash and cash equivalents	-	-	110	11	121	0.05 - 0.50
Trade and other receivables	-	-	-	1,041	1,041	-
	-	-	110	1,052	1,162	
<b>Financial liabilities</b>						
Short-term loans from banks	711	-	-	-	711	1.70 - 1.85
Trade and other payables	-	-	-	447	447	-
Leases	-	3	-	-	3	1.41 and 1.82
Other current financial liabilities	-	-	-	2	2	-
	711	3	-	449	1,163	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2021						
Fixed interest rate		Floating interest rate	Non- interest bearing	Total	Interest rate (% p.a.)	
Within 1 year	1 to 5 years					
<b>Financial assets</b>						
Cash and cash equivalents	-	-	17	4	21	0.05 - 0.25
Trade and other receivables	-	-	-	1,362	1,362	-
	-	-	17	1,366	1,383	
<b>Financial liabilities</b>						
Short-term loans from banks	231	-	-	-	231	1.00
Trade and other payables	-	-	-	643	643	-
Other current financial liabilities	-	-	-	3	3	-
	231	-	-	646	877	

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 2022 and 2021 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 2022 and 2021 based on contractual undiscounted cash flows:

	(Unit: Thousand Baht)				
	Consolidated financial statements				
	As at 31 December 2022				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from banks	751,120	150,249	-	-	901,369
Trade and other payables	-	615,806	-	-	615,806
Long-term loans	-	32,950	27,034	-	59,984
Lease liabilities	-	7,540	24,046	58,223	89,809
Other financial liabilities	-	4,731	-	-	4,731
<b>Total non-derivatives</b>	<b>751,120</b>	<b>811,276</b>	<b>51,080</b>	<b>58,223</b>	<b>1,671,699</b>

(Unit: Thousand Baht)

## Consolidated financial statements

As at 31 December 2021

	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
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
<b>Total non-derivatives</b>	<b>376,064</b>	<b>859,383</b>	<b>107,588</b>	<b>60,935</b>	<b>1,403,970</b>
<b>Derivatives</b>					
Derivative liabilities: net settled					
Cash outflows	-	634	-	-	634
<b>Total derivatives</b>	<b>-</b>	<b>634</b>	<b>-</b>	<b>-</b>	<b>634</b>

(Unit: Thousand Baht)

## Separate financial statements

As at 31 December 2022

	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from banks	711,058	-	-	-	711,058
Trade and other payables	-	446,730	-	-	446,730
Leases	-	1,056	3,989	-	5,045
Other financial liabilities	-	1,624	-	-	1,624
<b>Total non-derivatives</b>	<b>711,058</b>	<b>449,410</b>	<b>3,989</b>	<b>-</b>	<b>1,164,457</b>

(Unit: Thousand Baht)

	Separate financial statements				
	As at 31 December 2021				
	On demand	Less than 1 year	1 to 5 years	> 5 years	Total
<b>Non-derivatives</b>					
Short-term loans from banks	231,058	-	-	-	231,058
Trade and other payables	-	643,254	-	-	643,254
Other financial liabilities	-	3,149	-	-	3,149
<b>Total non-derivatives</b>	<u>231,058</u>	<u>646,403</u>	<u>-</u>	<u>-</u>	<u>877,461</u>
<b>Derivatives</b>					
Derivative liabilities: net settled					
Cash outflows	-	385	-	-	385
<b>Total derivatives</b>	-	385	-	-	385

### 38.3 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.

## 39. 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 2022, the Group's debt-to-equity ratio was 0.39:1 (2021: 0.36:1) and the Company's was 0.36:1 (2021: 0.29:1).

#### 40. Reclassification

The Group reclassified certain amounts in the financial statements for the year ended 31 December 2021 to conform with the current year's classification as follows.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	As	As previously	As	As previously
	reclassified	reported	reclassified	reported
Other income	130,631	105,709	48,189	48,189
Cost of sales	8,081,502	8,056,580	6,658,368	6,658,368
Administrative expenses	220,835	219,290	124,379	122,834
Finance cost	11,428	12,973	2,908	4,453

The reclassifications had no effect to previously reported profit or shareholders' equity.

#### 41. Events after the reporting period

On 24 February 2023, a meeting of the Company's Board of Directors passed a resolution to propose the payment of a dividend of Baht 0.19 per share or a total of Baht 155.8 million from the Company's 2022 operating result.

On 23 February 2023, 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 0.45 per share or a total of Baht 145.8 million from the subsidiary's 2022 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.

#### 42. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2023.