

SIAM AGRO-FOOD INDUSTRY PUBLIC COMPANY LIMITED
บริษัท สยามอุตสาหกรรมเกษตรอาหาร จำกัด (มหาชน)



Golden richness...uniquely Thai



ANNUAL REPORT 2019
รายงานประจำปี 2562

A SUBSIDIARY OF



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Board of Directors Report



2019 was another year of turbulence. The production was at the record low of total 115,024 tons compared to 203,821 tons in 2018. The total export was 3,256 containers at 1,544,386,898 THB in revenue for 2019 as compared to 3,645 containers at 1,865,496,752 THB in revenue for 2018.

The low price of fruits from previous years cut returns to farmers and thus the supply in 2019 and eventually in 2020 as plantation area was reduced. The drought in 2019/2020 also affected the harvest, resulted in low volume and poor quality. The expectation of good supply in the 4th quarter was thrown into disarray. Production could not start until November and below 50% of the budget. These had drastically affected the price of raw material and higher production cost as the company had to shoulder labor and fixed cost.

With the supply from Thailand, Indonesia and Philippines exceeding the demand in all export markets, the selling price was capped at lower than production cost. The continued strengthening of Thai Baht, from average 32.3104 THB/USD in 2018 to 31.0470 THB/USD in 2019, also contributed to lower revenue and thus financial losses for the company for the year.

There will be more challenges in 2020 with the limited supply of fruits at high price as a result of drought, the strong THB, and the reluctance of markets to accept higher price. Adding to the difficulties is the spreading of Covid-19 that affects the restaurant and retail businesses worldwide. Many countries lock down the cities and countries to stop the spread, thus reduces the consumption. We could not anticipate how soon the problem would be contained, when the normal business would return, and how the operation of SAICO would be affected.

The disruption in 2020 will create new norm of working from home (WFH) and the implementation of internet for communication and financial transaction. The control in 2020 will be the implementation of social distancing, strict monitor of hygiene and sanitation as well as cost and expense control in operation that will see the company through 2020.

[Ms. Ghanyapad Tantipitpong](#)

Chairwoman

1. General Information

The Company	: Siam Agro-Food Industry Public Company Limited
Register and Paid Up Capital	: Bt.450 million as at 31 December 2019, with 450 million common shares at par value of Bt.1.00 each
Nature of Business	: Manufacturer and distributor of processed pineapple, sauce and seasoning products
Head Office	: 50 GMM Grammy Place 17th Fl. Sukhumvit 21 (Asoke) Road, Klongtoey Nua, Wattana, Bangkok 10110 Tel : +66 (0)2 665 9333 Fax :+66 (0)2 665 9348
Branch	: (1) No. 363 Moo 2, Self-Help Land Settlement No. 13 Rd., Tambol Nikhom Pattana, Amphur Nikhom Pattana, Rayong 21180 Tel: +66(0)38 636 014-23 Fax: +66(0)38 636 013 (2) No. 11/3 Moo 2, Petchakasem Rd., Tambol Khao Noi, Amphur Pran Buri, Prachuap Khiri Khan 77120 Tel: +66(0)32 622 334-5 Fax: +66(0)32 622 336 (3) No. 27/9-10 Moo 5, Phuchao Saming Phray Rd., Tambol Bang Ya Phraek, Amphur Phra Pradaeng, Samut Prakan 10130 Tel/Fax: +66(0)2 385 9249
Website	: www.saico.co.th
E-mail address	: saico@saico.co.th

2. Company History and Nature of Business

2.1 Company History

Siam Agro-Food Industry Public Company Limited was incorporated on 23 May 1978 with a registered capital of Bt. 30 million to manufacture and distribute canned pineapple. The Cannery operated in October 1979. The company was listed on the Stock Exchange of Thailand in 1989 and delisted on 7 September 2009. Since 29 October 2015, The Company's registered and paid-up capital has been increased from Bt. 200.00 million to Bt. 450.00 million. Thai Pineapple Canning Industry Corporation (TPC) is the Company's major shareholder. TPC's business is manufacturer and distributor of processed pineapple which is the same as the Company, holding approximately 97.92 % of the issued shares with voting rights of the Company.

2.2 Nature of Company Business

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

2.3 Vision, Mission and Business Objectives

Vision

To be the leader in the Thai Pineapple Industry

Mission

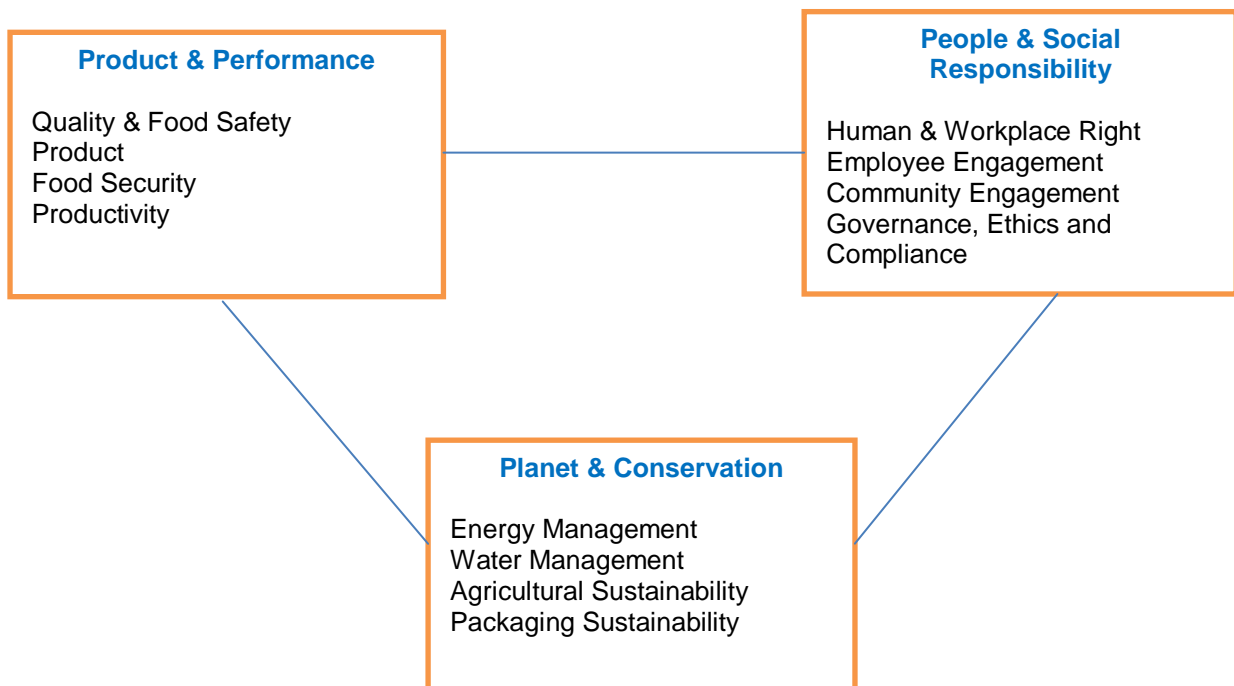
Determination to sustainable development as the leader of the pineapple industry

Business Objectives

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

2.4 Sustainability Policy

3 Pillars for Sustainability Development



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

Human Rights

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

Labor

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

Environment

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

Anti-corruption

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

Product & Performance

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

1. Quality & Food Safety

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

2. Product

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

3. Food Defense

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

4. Productivity

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

People & Social Responsibility

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

1. Human & Workplace Right

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

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

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

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

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

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

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

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

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

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

2. Employee Engagement

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

3. Community Engagement

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

4. Governance Ethics & Compliances

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

Planet & Conservation

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

1. Energy Management

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

2. Water Management

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

3. Agricultural Sustainability

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

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

4. Packaging Sustainability

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

3. Shareholders Structure and Management

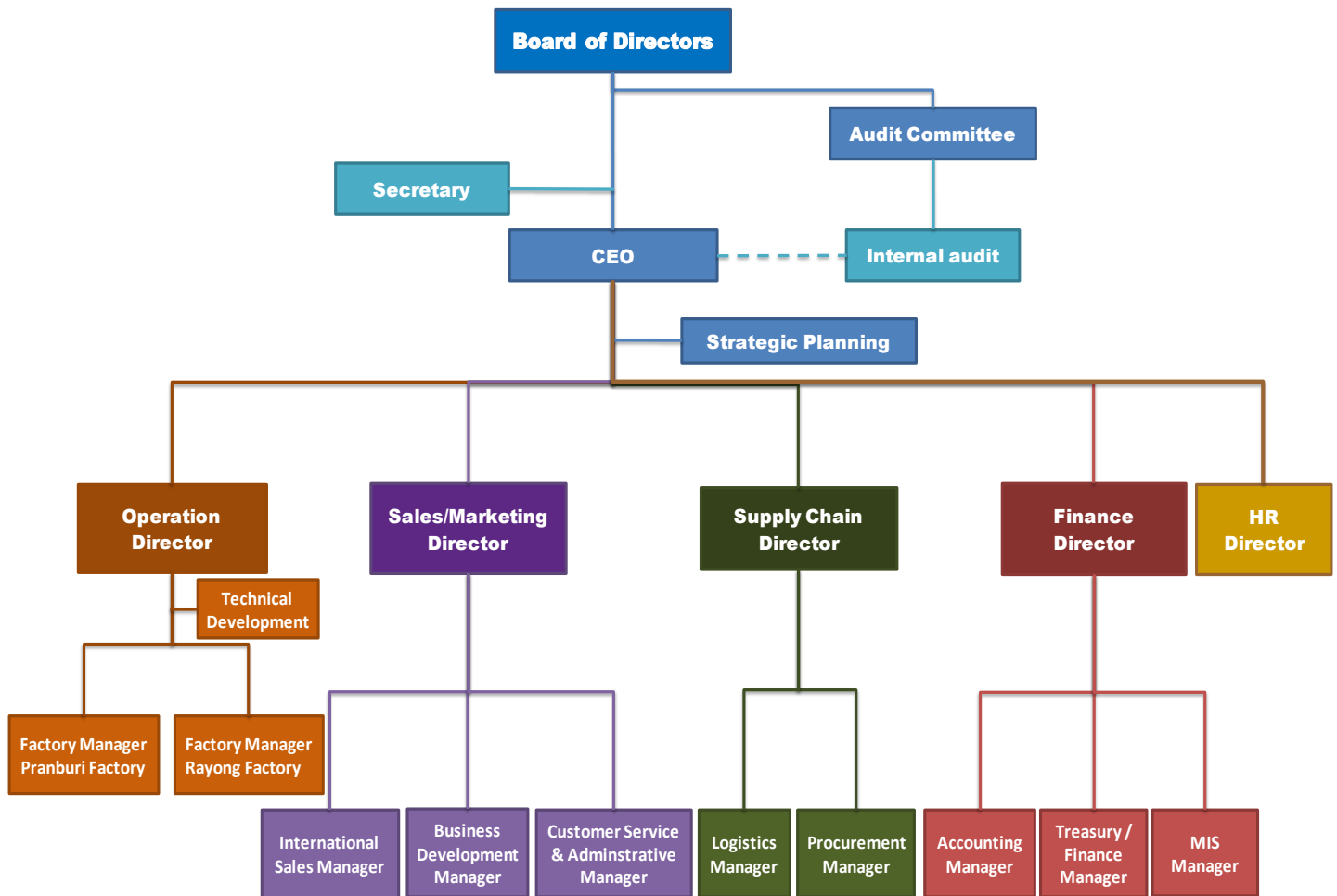
3.1 Shareholders

The list of top ten shareholders as of 31 December 2019 was as followed:

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

3.2 Management

Organization chart as of 31 December 2019 was as followed:



As at 31 December 2019, the Company's Management Structure comprised Board of Directors, Audit Committee and Compensation and Nomination Committee.

Board of Directors Comprises

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

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

Audit Committee Comprises

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

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

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

Compensation and Nomination Committee Comprises

Name	Position	Attendance
1. Mr. Sujarit Isarankura	Chairman of Compensation and Nomination Committee	2/2
2. Ms. Ghanyapad Tantipipatpong	Compensation and Nomination Committee Member	2/2
3. Mr. Wittaya Rongthongaram	Compensation and Nomination Committee Member	2/2

- Mr. Wittaya Rongthongaram is secretary to the Compensation and Nomination Committee.

Profiles of Directors



Name	:	Ms. Ghanyapad Tantipitpong
Present Position	:	Chairman, CEO and Compensation and Nomination Committee Member
Tenure	:	2008 – Present
Age	:	54 Years
Education (Highest level)	:	- Executive MBA, Sasin Graduate School of Business, Thailand
Training	:	<ul style="list-style-type: none"> - Diploma, The National Defence Course Class 60, Thailand National Defence College. - “The Program on Logistics Management (ENLM)” By AOTS at Yokohama Kenshu Center (YKC), Japan - Certificates: Directors Development Program of Thai Institute of Directors Association (IOD): - Director Accreditation Program - Class 73/2008 - Risk Management, Class 9, Faculty of Economics, Chulalongkorn University - The Training Program on Green Logistics For the ASEAN Member Countries (EALM) at Tokyo Kenshu Center, Japan - Coaching for Performance Level 1 Bangkok at Crowne Plaza by HR Consultant & Leadership Coach - Advanced Audit Committee Program: AACP 23/2016 at IOD (Thai Institute of Directors) - Board of Director & Senior Leader Course: Leading Role in Insurance Business
No. of Share Held	:	500,000 shares (0.111%)
Position in Other Company	:	<ul style="list-style-type: none"> - President, Thai Pineapple Canning Industry Corporation Limited (TPC) - Chairman of the Audit Committee, Generali Insurance (Thailand) Public Company Limited - Chairman of the Audit Committee, Generali Life Assurance (Thailand) Public Company Limited - Honorary President and Advisor of Thai Food Processors’ Association - Chairman, Thai National Shippers’ Council (TNSC)
Experience (The last 5 years):	:	<ul style="list-style-type: none"> - President of Thai Food Processors’ Association - Director of Fish Marketing Organization, Ministry of Agriculture and Cooperatives - Vice- Chairman, Thai National Shippers’ Council - Director of Thai Exporters Development Foundation (TEDF)/TNSC - Director, National Food Institute of Thailand - Director and Vice-chairman, Food Processing Industry Club, Federation of Thai Industries



Name : **Mr. Threekwan Bunnag**

Present Position : Chairman of Audit Committee

Tenure : 2006 - Present

Age : 62 Years

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

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

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

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



Name : **Mr. Sujarit Isarankura**

Present Position : Chairman of Compensation and Nomination
Committee

Tenure : 2006 - Present

Age : 52 Years

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

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

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

Position in Other Company: - Managing Director, One Sun International Co., Ltd.
- Managing Director, Z29 Co., Ltd.

Experience (in the last 5 year): - Senior Advisor, KTB Securities (Thailand) Co., Ltd.
- Executive Director, 9 Motorworks Co., Ltd.
- Executive Director, ACAP Advisory Public Co., Ltd.
- Executive Director, ACAP Corporate Services Co., Ltd.
- Director, ACAP Asset Management Co., Ltd.



Name : **Ms. Linda Osathaworanan**

Present Position : Member of Audit Committee

Tenure : 2007 - Present

Age : 50 Years

Education (Highest level) : - Master of Law, University of Melbourne, Australia

Training : - Certificates: Directors Development Program of Thai Institute of Directors Association (IOD):
- Director Accreditation Program – Class 68/2008

No. of Share Held : None

Position in Other Company: - Partner, Siam Premier International Law Office Ltd.
- Lawyer and Consultant, Siam Premier International Law Office Ltd.



Name : **Mrs. Amnuayporn Tuppong**

Present Position : Member of Audit Committee

Tenure : 2010 - Present

Age : 65 Years

Education (Highest level) : - Bachelor of Accountancy
Ramkhamhaeng University

No. of Share Held : 100 shares (0.00002%)

Position in Other Company: - Director and Accounting Manager,
Thai Pineapple Canning Industry Corp., Ltd.



Name : **Dr. Srisala Pawamikul**
Present Position : Authorized Director and Supply Chain Director
Tenure : 2012 - Present
Age : 60 Years
Education (Highest level) : Doctor of Business management (Logistics)
Suan Dusit Rajabhat University
No. of Share Held : 20,000 shares (0.004%)
Position in Other Company: None



Name : **Mr. Wittaya Rongthongaram**
Present Position : Authorized Director and Finance Director
Tenure : 2001 - Present
Age : 59 Years
Education (Highest level) : Bachelor of Accountancy,
Chulalongkorn University
No. of Share Held : 10,000 shares (0.002%)
Position in Other Company: None

4. Financial Ratio

FINANCIAL RATIO	UNIT	2019	2018	2017	2016	2015
<u>A. LIQUIDITY RATIO</u>						
Current Ratio	Times	0.41	0.91	1.05	0.92	0.88
Acid Test Ratio	Times	0.11	0.21	0.24	0.31	0.47
Operating Cash Flow to Current Liabilities Ratio	Times	0.03	(0.00)	0.14	0.16	(0.05)
Accounts Receivables Turnover	Times	8.40	8.06	8.98	7.74	7.46
Average Collection Period	Days	42.86	44.67	40.09	46.51	48.29
Inventory Turnover	Times	3.53	2.22	2.87	5.04	6.33
Average Days Per Inventory Turnover	Days	102.07	161.89	125.45	71.38	56.84
Accounts Payables Turnover	Times	15.34	10.72	12.50	18.44	24.46
Average Days Payable Outstanding	Days	23.47	33.60	28.81	19.52	14.72
Cash Cycle	Days	121.46	172.95	136.72	98.37	90.41
<u>B. PROFITABILITY RATIO</u>						
Gross Margin to Sales	(%)	(29.32)	(1.74)	10.27	6.56	(0.56)
Operating Margin	(%)	(30.52)	(5.97)	6.66	4.08	1.97
Others Revenue to Sales	(%)	2.54	1.95	3.74	2.61	6.73
Net Income to Revenues	(%)	(32.44)	(7.98)	4.82	2.78	0.34
<u>C. EFFICIENCY RATIO</u>						
Return on Assets	(%)	(37.12)	(8.93)	7.44	5.56	0.71
Return on Fixed Assets	(%)	(110.63)	(25.01)	40.82	36.96	16.84
Assets Turnover	Times	1.14	1.12	1.54	2.00	2.07
<u>D. FINANCIAL POLICY RATIO</u>						
Debt to Equity Ratio	Times	(7.01)	4.04	2.62	4.11	6.17
Interest Coverage Ratio	Times	(11.14)	(2.76)	4.00	3.34	1.23

5. Financial Statements and Report of Independent Auditor

Independent Auditor's Report

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

Opinion

I have audited the accompanying financial statements of Siam Agro-Food Industry Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2019, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Siam Agro-Food Industry Public Company Limited as at 31 December 2019, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

Satida Ratananurak

Certified Public Accountant (Thailand) No. 4753

EY Office Limited

Bangkok: 26 March 2020

Siam Agro-Food Industry Public Company Limited**Statement of financial position****As at 31 December 2019**

		(Unit: Baht)	
	<u>Note</u>	<u>2019</u>	<u>2018</u>
Assets			
Current assets			
Cash and cash equivalents	<i>7</i>	5,433,475	19,110,061
Trade and other receivables	<i>8</i>	128,148,868	245,047,351
Inventories	<i>9</i>	370,468,809	860,666,664
Other current assets		<u>3,536,591</u>	<u>2,596,889</u>
Total current assets		<u>507,587,743</u>	<u>1,127,420,965</u>
Non-current assets			
Property, plant and equipment	<i>10</i>	427,622,594	435,089,825
Intangible assets	<i>11</i>	796,724	2,766,605
Deferred tax assets	<i>19</i>	171,857,060	91,201,228
Other non-current assets		<u>2,088,975</u>	<u>1,820,679</u>
Total non-current assets		<u>602,365,353</u>	<u>530,878,337</u>
Total assets		<u>1,109,953,096</u>	<u>1,658,299,302</u>

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

Siam Agro-Food Industry Public Company Limited**Statement of financial position (continued)****As at 31 December 2019**

		(Unit: Baht)	
	<u>Note</u>	<u>2019</u>	<u>2018</u>
Liabilities and shareholders' equity			
Current liabilities			
Bank overdrafts and short-term loans			
from financial institutions	<i>12</i>	593,147,305	583,587,410
Trade and other payables	<i>13</i>	196,402,166	218,284,796
Current portion of liabilities under			
finance lease agreement	<i>14</i>	3,713,895	3,820,034
Short-term loans from related party	<i>6</i>	440,000,000	440,000,000
Other current liabilities		95,374	105,867
Total current liabilities		<u>1,233,358,740</u>	<u>1,245,798,107</u>
Non-current liabilities			
Liabilities under finance lease agreement - net			
of current portion	<i>14</i>	12,219,127	17,785,317
Provision for long-term employee benefits	<i>15</i>	49,031,591	65,625,738
Total non-current liabilities		<u>61,250,718</u>	<u>83,411,055</u>
Total liabilities		<u>1,294,609,458</u>	<u>1,329,209,162</u>
Shareholders' equity			
Share capital			
Registered			
450,000,000 ordinary shares of Baht 1 each		<u>450,000,000</u>	<u>450,000,000</u>
Issued and fully paid up			
450,000,000 ordinary shares of Baht 1 each		450,000,000	450,000,000
Retained earnings			
Appropriated - statutory reserve	<i>16</i>	21,000,000	21,000,000
Deficits		(655,656,362)	(141,909,860)
Total shareholders' equity		<u>(184,656,362)</u>	<u>329,090,140</u>
Total liabilities and shareholders' equity		<u>1,109,953,096</u>	<u>1,658,299,302</u>

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

Siam Agro-Food Industry Public Company Limited

Statement of comprehensive income

For the year ended 31 December 2019

(Unit: Baht)

	<u>Note</u>	<u>2019</u>	<u>2018</u>
Profit or loss:			
Revenues			
Revenues from contracts with customers		1,544,386,898	1,865,496,752
Other income	17	<u>39,200,214</u>	<u>36,347,649</u>
Total revenues		<u>1,583,587,112</u>	<u>1,901,844,401</u>
Expenses			
Costs of sales		1,997,167,757	1,897,945,995
Selling and distribution expenses		72,549,000	80,619,601
Administrative expenses		58,068,365	61,510,347
Loss on exchange		<u>1,788,273</u>	<u>4,562,371</u>
Total expenses	18	<u>2,129,573,395</u>	<u>2,044,638,314</u>
Loss before finance cost and income tax		(545,986,283)	(142,793,913)
Finance cost		<u>(43,238,769)</u>	<u>(41,384,502)</u>
Loss before income tax		(589,225,052)	(184,178,415)
Income tax revenue	19	<u>79,620,376</u>	<u>37,304,136</u>
Loss for the year		<u>(509,604,676)</u>	<u>(146,874,279)</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified</i>			
<i>to profit or loss in subsequent periods</i>			
Actuarial loss	15	(5,177,282)	(6,075,596)
Less: Income tax effect	19	<u>1,035,456</u>	<u>1,215,119</u>
Other comprehensive income not to be reclassified			
to profit or loss in subsequent periods -			
net of income tax		<u>(4,141,826)</u>	<u>(4,860,477)</u>
Other comprehensive income for the year		<u>(4,141,826)</u>	<u>(4,860,477)</u>

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

Siam Agro-Food Industry Public Company Limited

Statement of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

	Issued and paid up share capital	Retained earnings		Total
		Appropriated	Unappropriated (deficits)	
Note				
Balance as at 1 January 2018	450,000,000	21,000,000	9,824,896	480,824,896
Loss for the year	-	-	(146,874,279)	(146,874,279)
Other comprehensive income for the year	-	-	(4,860,477)	(4,860,477)
Total comprehensive income for the year	-	-	(151,734,756)	(151,734,756)
Balance as at 31 December 2018	<u>450,000,000</u>	<u>21,000,000</u>	<u>(141,909,860)</u>	<u>329,090,140</u>
Balance as at 1 January 2019	450,000,000	21,000,000	(141,909,860)	329,090,140
Loss for the year	-	-	(509,604,676)	(509,604,676)
Other comprehensive income for the year	-	-	(4,141,826)	(4,141,826)
Total comprehensive income for the year	-	-	(513,746,502)	(513,746,502)
Balance as at 31 December 2019	<u>450,000,000</u>	<u>21,000,000</u>	<u>(655,656,362)</u>	<u>(184,656,362)</u>

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

Siam Agro-Food Industry Public Company Limited

Cash flow statement

For the year ended 31 December 2019

	(Unit: Baht)	
	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Loss before tax	(589,225,052)	(184,178,415)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	36,538,140	41,976,779
Allowance for doubtful accounts	2,111,630	-
Increase in reduction of inventories to net realisable value	811,961	19,095,695
Gain on sales of property, plant and equipment	(3,462,498)	(205,792)
Loss on write-off property, plant and equipment	-	604,197
Provision for long-term employee benefits	7,427,978	5,048,951
Unrealised (gain) loss on exchange	(149,897)	1,793,264
Interest income	(95,892)	(120,518)
Interest expenses	41,261,596	39,457,546
Amortisation of deferred interest under finance lease agreements	<u>1,977,173</u>	<u>1,926,956</u>
Loss from operating activities before changes in operating assets and liabilities	(502,804,861)	(74,601,337)
Operating assets (increase) decrease:		
Trade and other receivables	113,195,803	(21,082,119)
Inventories	489,385,894	78,580,264
Other current assets	(998,299)	(108,199)
Other non-current assets	(268,296)	(91,808)
Operating liabilities increase (decrease):		
Trade and other payables	(32,558,280)	19,171,979
Other current liabilities	<u>(10,493)</u>	<u>77,359</u>
Cash flows from operating activities	65,941,468	1,946,139
Cash paid for long-term employee benefits	<u>(29,199,407)</u>	<u>(6,241,234)</u>
Net cash flows from (used in) operating activities	<u>36,742,061</u>	<u>(4,295,095)</u>

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

Siam Agro-Food Industry Public Company Limited**Cash flow statement (continued)****For the year ended 31 December 2019**

	(Unit: Baht)	
	<u>2019</u>	<u>2018</u>
Cash flows from investing activities		
Interest income	95,892	120,518
Cash paid for acquisition of property, plant and equipment	(25,537,888)	(32,403,567)
Proceeds from sales of property, plant and equipment	3,492,588	205,794
Net cash flows used in investing activities	<u>(21,949,408)</u>	<u>(32,077,255)</u>
Cash flows from financing activities		
Increase in bank overdrafts and short-term loans		
from financial institutions	9,559,895	51,705,012
Cash paid to settle liabilities under finance lease agreements	(5,797,164)	(5,081,800)
Interest expenses	(32,231,970)	(39,274,134)
Net cash flows from (used in) financing activities	<u>(28,469,239)</u>	<u>7,349,078</u>
Net decrease in cash and cash equivalents	(13,676,586)	(29,023,272)
Cash and cash equivalents at beginning of year	19,110,061	48,133,333
Cash and cash equivalents at end of year	<u>5,433,475</u>	<u>19,110,061</u>
Supplemental disclosure of cash flow information:		
Non-cash related transactions		
Payables from purchase of machineries and equipments	1,959,848	366,618

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

Siam Agro-Food Industry Public Company Limited

Notes to financial statements

For the year ended 31 December 2019

1. General information

Siam Agro-Food Industry Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Thai Pineapple Canning Industry Corporation Limited, a company incorporated in Thailand. The Company is principally engaged in the manufacturing and exporting of pineapple, sauce and seasoning products. The registered address is at 50, 17th floor, GMM Grammy Place Building Sukhumvit 21 Road, Klongtoey Nua, Wattana, Bangkok. Its factory is located at 363 Moo 2, Nikom 13 Road, Tambol Nikompattana, Amphur Nikompattana, Rayong.

As at 31 December 2019, the Company had a capital deficit of Baht 184.7 million, and current liabilities exceeding its current assets by Baht 725.8 million (2018: Baht 118.4 million). However, the Company’s management is in the process of implementing business strategy to increase capability and reduce costs, and believes that the situation will be recovered. In addition, the parent company has agreed in writing to provide continuous financial support to the Company. For these reasons, the financial statements have been prepared on a going concern basis.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

3. New financial reporting standards

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

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. 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 use of the standards. The adoption of these financial reporting standards and interpretations does not have any significant impact on the Company’s

financial statements. However, the new standard involves changes to key principles, which are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

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

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations as follows:

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company expects that the following would be the effects when adopting financial reporting standards related to financial instruments.

- Recognition of credit loss - The Company shall recognise an allowance for expected credit losses for financial assets without triggered by loss events subsequent to origination. The Company will apply a simplified approach in calculating a loss allowance based on a lifetime expected credit loss for trade receivables.
- Recognition of derivatives - Derivatives are initially recognised at fair value on the date a derivative contract is entered into and any derivatives are subsequently remeasured at their fair value at the end of reporting period. Changes in the fair value of derivatives are recorded in the profit or loss.

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

TFRS 16 Leases

IFRS 16 supersedes TAS 17 Leases together with related interpretations. The standard set out the principles of the recognition, measurement, presentation and disclosure of leases and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify all leases as either operating or finance leases using similar principles to those under TAS 17.

The Company expects to use the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The management of the Company is currently finalising the impact of the standard to the financial statements in the year when it is adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

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 Trade accounts receivable

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

4.4 Inventories

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

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

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

4.5 Property, plant and equipment/Depreciation

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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

4.6 Intangible assets

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

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

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

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

4.7 Related party transactions

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

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

4.8 Long-term lease agreements

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

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

4.9 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

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

4.10 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.11 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

4.12 Provisions

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

4.13 Income Tax

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

Current tax

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

Deferred tax

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

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

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

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

4.14 Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

4.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, debt collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in value of inventory

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

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

6. Related party transactions

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

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>	<u>Pricing policy</u>
<u>Transactions with parent company</u>			
Rental expenses	39,600	39,600	Contract price
Interest expenses	19,148	18,072	Contract rate

As at 31 December 2019 and 2018, the balances of the accounts between the Company and that related company are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
<u>Parent company</u>		
Accrued interest expense	9,017	193
Accrued rental expense	41,112	-
Short-term loan	440,000	440,000

As at 31 December 2019 and 2018, the balance of loan between the Company and that related company and the movement are as follow:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Balance as at 1 January	440,000	440,000
Increase during the year	160,000	58,000
Decrease during the year	(160,000)	(58,000)
Balance as at 31 December	<u>440,000</u>	<u>440,000</u>

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Short-term employee benefits	9,616	13,439
Post-employment benefits	123	535
Total	<u>9,739</u>	<u>13,974</u>

Assets Lease Agreement with related party

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

Then, on 30 November 2018, the Company renewed an asset rental agreement with its parent company for a period of one year, commencing 1 January 2019 to 31 December 2019 with rental charged at a rate of Baht 3.3 million per month. The asset rental agreement shall renew for every one-year period which rental charged is to be determined before renewing the agreement.

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Cash	45	57
Bank deposits	5,388	19,053
Total	<u>5,433</u>	<u>19,110</u>

As at 31 December 2019, bank deposits in savings accounts and fixed deposits carried interests between 0.13 and 0.55 percent per annum (2018: between 0.13 and 0.55 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	81,555	179,658
Past due		
Up to 3 months	43,399	51,489
3 - 6 months	27	13
7 - 12 months	-	2,119
Over 12 months	4,216	5,261
Total	<u>129,197</u>	<u>238,540</u>
Less: Allowance for doubtful debts	<u>(7,604)</u>	<u>(5,493)</u>
Total trade receivables - unrelated parties, net	<u>121,593</u>	<u>233,047</u>
<u>Other receivables</u>		
Other receivables - unrelated parties	1,542	1,535
VAT refundable	5,014	10,465
Total other receivables	<u>6,556</u>	<u>12,000</u>
Total trade and other receivables - net	<u>128,149</u>	<u>245,047</u>

The outstanding balance of the Company's trade accounts receivable as at 31 December 2018 included approximately Baht 12.7 million (31 December 2019: Nil) of trade accounts receivable that had been sold at a discount to a local commercial bank. The Company still had obligations under the guarantee it provided in respect of the sale.

9. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories-net	
	2019	2018	2019	2018	2019	2018
Finished goods	330,283	842,064	(20,327)	(19,516)	309,956	822,548
Raw materials	51,939	29,236	-	-	51,939	29,236
Spare parts and factory supplies	12,198	12,507	(3,624)	(3,624)	8,574	8,883
Total	394,420	883,807	(23,951)	(23,140)	370,469	860,667

During the current year, the Company reduced cost of inventories by Baht 0.8 million (2018: Baht 19.1 million), to reflect to net realisable value. This was included in cost of sales.

10. Property, plant and equipment

(Unit: Thousand Baht)

	Buildings and building improvement		Machinery and equipment	Furniture and office equipment	Motor vehicles	Assets under installation	Total
	Land	t					
Cost:							
At 1 January 2018	141,595	242,735	789,706	152,679	61,633	4,972	1,393,320
Additions	-	16	57	3,170	-	29,527	32,770
Transfers in (out)	-	10,875	15,289	6,425	-	(32,589)	-
Disposals/write-off	-	-	(980)	(9)	-	(604)	(1,593)
At 31 December 2018	141,595	253,626	804,072	162,265	61,633	1,306	1,424,497
Additions	-	-	420	4,258	-	22,453	27,131
Transfers in (out)	-	439	5,892	110	-	(6,441)	-
Disposals	-	-	(45)	(419)	(15,057)	-	(15,521)
At 31 December 2019	141,595	254,065	810,339	166,214	46,576	17,318	1,436,107
Accumulated depreciation:							
At 1 January 2018	-	135,393	660,882	97,567	56,304	-	950,146
Depreciation for the year	-	10,363	15,896	11,748	1,832	-	39,839
Depreciation on disposals	-	-	(980)	(9)	-	-	(989)
At 31 December 2018	-	145,756	675,798	109,306	58,136	-	988,996
Depreciation for the year	-	10,016	12,276	10,835	1,441	-	34,568
Depreciation on disposals	-	-	(45)	(389)	(15,057)	-	(15,491)
At 31 December 2019	-	155,772	688,029	119,752	44,520	-	1,008,073
Allowance for impairment loss:							
At 31 December 2018	411	-	-	-	-	-	411
At 31 December 2019	411	-	-	-	-	-	411
Net book value:							
At 31 December 2018	141,184	107,870	128,274	52,959	3,497	1,306	435,090
At 31 December 2019	141,184	98,293	122,310	46,462	2,056	17,318	427,623
Depreciation for the year							
2018 (Baht 39.3 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							39,839
2019 (Baht 34.3 million included in manufacturing cost, and the balance in selling and distribution and administrative expenses)							34,568

As at 31 December 2019, the Company had machinery with net book value of Baht 24.3 million (2018: Baht 26.3 million) which was acquired under finance lease agreement.

As at 31 December 2019, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 829.9 million (2018: Baht 827.4 million).

11. Intangible assets

The net book value of intangible assets as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)
	Computer software
	<u> </u>
Cost	
As at 1 January 2018	17,358
As at 31 December 2018	<u>17,358</u>
As at 31 December 2019	<u>17,358</u>
Accumulated amortisation	
As at 1 January 2018	12,453
Amortisation	<u>2,138</u>
As at 31 December 2018	14,591
Amortisation	<u>1,970</u>
As at 31 December 2019	<u>16,561</u>
Net book value	
As at 31 December 2018	<u>2,767</u>
As at 31 December 2019	<u>797</u>

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

	(Unit: Thousand Baht)			
	Interest rate (percent per annum)			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Bank overdrafts	MOR + 0.5	-	18,964	-
Packing credit	2.40 - 3.45	3.45 - 3.56	542,700	409,700
Trust receipts	3.40	3.40	31,483	161,187
Loans from discounting of accounts receivable	-	2.30	<u>-</u>	<u>12,700</u>
Total			<u>593,147</u>	<u>583,587</u>

Short-term loans from financial institutions are guaranteed by director of the Company.

As at 31 December 2019 and 2018, the Company had unused facilities of bank overdrafts and short-term loans of Baht 396.4 million and Baht 505.9 million, respectively.

13. Trade and other payables

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Trade payables - unrelated parties	77,508	182,944
Other payables - related party	50,129	193
Other payables - unrelated parties	48,020	23,373
Accrued expenses - unrelated parties	20,745	11,775
Total trade and other payables	<u>196,402</u>	<u>218,285</u>

14. Liabilities under finance lease agreement

Liabilities under finance lease agreement in the statement of financial position as at 31 December 2019 and 2018 is presented below.

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
Liabilities under finance lease agreement	21,204	28,403
Less: Deferred interest expenses	(3,419)	(5,396)
Unrealised gain on exchange	(1,852)	(1,402)
Total	<u>15,933</u>	<u>21,605</u>
Less: Portion due within one year	<u>(3,714)</u>	<u>(3,820)</u>
Liabilities under finance lease agreement - net of current portion	<u>12,219</u>	<u>17,785</u>

The Company has entered into the finance lease agreement with a company for lease of machinery for use in its operation, whereby it is committed to pay rental on a monthly basis. The term of the agreement is 5 years.

As at 31 December 2019 and 2018, future minimum lease payments required under the finance lease agreement was as follows:

(Unit: Thousand Baht)

	As at 31 December 2019		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	5,291	14,061	19,352
Deferred interest expenses	(1,577)	(1,842)	(3,419)
Present value of future minimum lease payments	<u>3,714</u>	<u>12,219</u>	<u>15,933</u>

(Unit: Thousand Baht)

	As at 31 December 2018		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	5,797	21,204	27,001
Deferred interest expenses	(1,977)	(3,419)	(5,396)
Present value of future minimum lease payments	<u>3,820</u>	<u>17,785</u>	<u>21,605</u>

15. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Provision for long-term employee benefits at beginning of year	65,626	60,742
Included in profit or loss:		
Current service cost	2,084	2,996
Interest cost	831	2,053
Past service cost	4,513	-
Benefits paid during the year	(29,199)	(6,241)
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	-	3,994
Financial assumptions changes	3,834	78
Experience adjustments	1,343	2,004
Provision for long-term employee benefits at end of year	<u>49,032</u>	<u>65,626</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 4.5 million as a result. The Company reflects the effect of the change by recognising past service costs as expenses in the profit or loss in the comprehensive income statement of the current year.

The Company expects to pay Baht 12.9 million of long-term employee benefits during the next year (2018: Baht 21.7 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 15.84 years - 18.59 years (2018: 15.42 years - 18.28 years).

Significant actuarial assumptions are summarised below:

	<u>2019</u>	<u>2018</u>
	(% per annum)	(% per annum)
Discount rate	1.80 - 1.94	3.13 - 3.23
Future salary increase rate	3.00	3.00
Staff turnover rate	6.00 - 64.00	6.00 - 64.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

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

	(Unit: Million Baht)	
	As at 31 December 2018	
	Increase 0.5%	Decrease 0.5%
Discount rate	(1.42)	1.49
Salary increase rate	1.01	(1.00)
Staff turnover rate	(1.58)	1.65

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.

17. Other income

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Income from sale of pineapple peel	26,439	21,475
Gains from sale of machinery and other fixed assets	3,463	206
Income from sale of scrap	1,900	3,436
Others	7,398	11,231
Total	<u>39,200</u>	<u>36,348</u>

18. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Raw materials and consumables used	819,795	1,191,952
Salaries, wages and other employee benefits	325,356	362,744
Fuel oil and gas	47,566	85,820
Changes in finished goods and work in progress	(511,780)	(42,317)
Electricity expenses	37,929	49,894
Depreciation	34,568	39,839
Freight	12,554	14,165
Amortisation of intangible assets	1,970	2,138
Loss on write-off property, plant and equipment	-	604

19. Income tax

Income tax for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Current income tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(79,620)	(37,304)
Income tax revenue reported in profit or loss	<u>(79,620)</u>	<u>(37,304)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Deferred tax relating to:		
Actuarial loss	(1,035)	(1,215)

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

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Accounting loss before tax	(589,225)	(184,178)
Applicable tax rate	20%	20%
Accounting loss before tax multiplied by income tax rate	(117,845)	(36,836)
Effects of:		
Non-deductible expenses	263	419
Additional expense deductions allowed	(1,777)	(1,424)
Write-off deferred tax assets	40,033	-
Other	(294)	537
Total	38,225	(468)
Income tax revenue reported in the statement of comprehensive income	<u>(79,620)</u>	<u>(37,304)</u>

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

	Statements of financial position	
	As at	As at
	31 December 2019	31 December 2018
Deferred tax assets		
Allowance for doubtful accounts	1,521	1,098
Allowance for diminution in value of inventories	4,790	4,628
Provision for long-term employee benefits	9,806	13,125
Unused tax loss	157,419	73,287
Total Deferred tax assets	173,536	92,138
Deferred tax liabilities		
Liabilities under finance lease agreement	(1,679)	(937)
Total deferred tax liabilities	(1,679)	(937)
Deferred tax - net	171,857	91,201

20. Promotional privileges

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

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

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

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

21. Loss per share

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

	<u>2019</u>	<u>2018</u>
Loss for the year (Thousand Baht)	(509,605)	(146,874)
Weighted average number of ordinary shares (Thousand shares)	450,000	450,000
Loss per share (Baht/share)	(1.13)	(0.33)

22. Segment information

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

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

Major customers

For the years 2019 and 2018, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

23. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by AIA Master Pooled Registered Provident Fund, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2019 amounting to approximately Baht 4.4 million (2018: Baht 4.9 million) were recognised as expenses.

24. Commitments and contingent liabilities

24.1 Capital commitments

As at 31 December 2019, The Company had capital commitments Baht 22.2 million, relating to the property, plant and equipment and intangible assets (2018: the Company has no capital commitments).

24.2 Operating lease commitments

The Company has entered into several operating lease contracts and service contracts in respect of the lease of land, factory and office building. The terms of the agreements are generally between 1 and 3 years.

Future minimum lease payments required under these non-cancellable operating lease contracts and service contracts were as follows.

	(Unit: Million Baht)	
	As at 31 December	
	<u>2019</u>	<u>2018</u>
Payable:		
In up to 1 year	43.9	43.6
In over 1 and up to 3 years	4.3	8.5

24.3 Long-term purchase commitments

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

25. Fair value hierarchy

As at 31 December 2019 and 2018, the Company had the following liabilities that were disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)	
As at 31 December 2019	As at 31 December 2018
Level 2	Level 2

Financial liabilities disclosed at fair value

Derivatives

Foreign currency forward contracts	0.06	-
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26. Financial instruments

26.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, short-term loans and trade and other payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at financial institutions and short-term loans. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

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

(Unit: Million Baht)

As at 31 December 2019

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

(Unit: Million Baht)

As at 31 December 2018

	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
Financial Assets					
Cash and cash equivalents	-	19	-	19	0.13 - 0.55
Trade and other receivables	-	-	245	245	-
	-	19	245	264	
Financial liabilities					
Short-term loans from financial institutions	584	-	-	584	2.30 - 3.56
Trade and other payables	-	-	218	218	-
Short-term loans from related party	440	-	-	440	4.00
	1,024	-	218	1,242	

Foreign currency risk

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

As at 31 December 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Exchange rate as at 31 December	
	2019	2018	Buying rate	
	(Thousand)	(Thousand)	2019	2018
US dollar	3,859	6,961	29.9767	32.2848

Foreign currency	Financial liabilities		Exchange rate as at 31 December	
	2019	2018	Selling rate	
	(Thousand)	(Thousand)	2019	2018
US dollar	11	11	30.3313	32.6148
Euro	610	721	34.0846	37.4884

As at 31 December 2019, forward exchange contracts outstanding are summarised below.

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

As at 31 December 2018, the Company has no outstanding forward exchange contracts.

26.2 Fair values of financial instruments

Since the majority of the Company's financial assets and financial liabilities bear floating interest rates or fixed interest rates, which are close to market rate, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

The estimate fair value of derivatives is as follows:

	(Unit: Million Baht)	
	As at 31 December 2019	As at 31 December 2018
	Fair value	Fair value
	Loss	Loss
Derivatives		
Forward exchange contracts	0.06	-

Derivatives

Forward exchange contracts

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

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

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

27. Capital management

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

28. Events after the reporting period

On 7 January 2020, the Company received a letter from the Department of Labour Protection and Welfare as an employee has filed a petition with the Department of Labour Protection and Welfare that the Company has not paid the severance upon retirement amounting to Bath 1.9 million. The Department of Labour Protection and Welfare ordered the Company to pay such the compensation plus interest at the rate of 15 percent per annum, calculated from 1 January 2020 (the default date) until completion of payment.

The Company recorded an accrued severance pay amounting to 1.9 million in the financial statements for the year 2019.

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 March 2020.