

United Palm Oil Industry Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2022

Independent Auditor's Report

To the Shareholders of United Palm Oil Industry Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of United Palm Oil Industry Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and 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 United Palm Oil Industry 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 United Palm Oil Industry Public Company Limited and its subsidiaries and of United Palm Oil Industry 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 from selling prices to a related party

The Company had sales of crude palm oil and crude palm kernel oil to its parent company of the Group totaling approximately for Baht 1,533 million during the current year, accounting for 68% of revenue. Such related party transactions could give rise to doubt as to the arm's length nature of the business transactions between the parties and there is a potential risk with respect to the amount of revenue recognised.

I have performed the following audit procedures regarding whether revenue was recognised on the basis of selling prices that are equivalent to the market prices of the goods:

- Assessed the processes used by management to set prices and record related party transactions.
- Read contracts and agreements with related party to understand the nature of the transactions.
- Examined the market prices used as a reference in setting the transfer prices for sales transactions occurring during the year.
- Examined credit notes that the Company issued during the year and after the year-end.
- Performed analytical procedures on disaggregated data to consider possible irregularities in sales transactions, particularly for accounting entries made through journal vouchers.

In addition, I reviewed the disclosure of information with respect to the related party transactions in the notes to consolidated financial statements.

Fair value measurement of biological assets - palm fruit on trees

The value of the biological assets - palm fruit on trees as of 31 December 2022 was Baht 189 million, which is a significant amount. The fair value measurement of biological assets - palm fruit on trees requires the use of estimates and assumptions, which included estimated harvesting volume and the selling price at each points of harvest, with consideration of whether these correspond with the nature and circumstances of the biological assets being measured, based on judgements made by the Company's 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.

I gained an understanding of, assessed and tested controls of the Company related to the fair value estimation of the biological assets, including assessment of the methods applied by the Company to estimate data, set assumptions and calculate values. I reviewed the fair values by evaluating the data estimates and assumptions used in the valuation based on inquiry of the Company's agricultural officers and management, comparative analysis with historical data, and by testing the calculation. In addition, I reviewed the disclosure of information with respect to the fair value measurement of biological assets in the notes to consolidated financial statements.

Other Information

Management is responsible for the other information. The other information comprise 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.



Kunlapee Piyawannasuth

Certified Public Accountant (Thailand) No. 6137

EY Office Limited

Bangkok: 23 February 2023

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
Assets					
Current assets					
Cash and cash equivalents	7	99,936,008	32,782,180	61,520,294	16,728,948
Trade and other receivables	8	37,081,186	226,957,718	36,991,727	226,902,660
Current portion of lease receivables		699,293	1,544,819	699,293	1,544,819
Advance to employees		83,078	80,668	83,078	80,668
Inventories	9	221,651,027	241,766,733	221,651,027	241,766,733
Biological assets	10	203,525,992	112,273,222	203,525,992	112,273,222
Other current assets		8,045,626	12,483,276	5,295,105	9,393,095
Total current assets		571,022,210	627,888,616	529,766,516	608,690,145
Non-current assets					
Lease receivables - long-term portion		20,706	896,306	20,706	896,306
Investment in subsidiary	11	-	-	307,895,303	307,895,303
Investment in joint venture	12	62,450,037	26,570,516	25,000,000	25,000,000
Long-term loan to other company	13	16,560,000	17,480,000	-	-
Property, plant and equipment	14	908,471,120	877,810,751	908,470,794	877,810,425
Right-of-use assets	15	33,926,472	34,981,664	53,730,785	56,229,732
Bearer plants	16	171,950,885	176,452,462	171,950,885	176,452,462
Intangible assets		44,361	90,382	44,361	90,382
Other non-current assets		747,073	4,152,147	747,073	4,152,147
Total non-current assets		1,194,170,654	1,138,434,228	1,467,859,907	1,448,526,757
Total assets		1,765,192,864	1,766,322,844	1,997,626,423	2,057,216,902

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	40,000,000	145,000,000	40,000,000	145,000,000
Trade and other payables	18	30,077,480	35,766,882	289,382,323	313,320,909
Current portion of long-term loan	19	31,666,667	36,666,667	31,666,667	36,666,667
Current portion of long-term lease liabilities	15	408,731	345,178	508,952	485,146
Income tax payable		13,433,816	9,386,932	12,847,281	8,633,788
Other current liabilities		7,252,559	6,858,855	7,252,559	6,858,855
Total current liabilities		122,839,253	234,024,514	381,657,782	510,965,365
Non-current liabilities					
Long-term loan, net of current portion	19	26,666,667	63,333,333	26,666,667	63,333,333
Long-term lease liabilities, net of current portion	15	43,103,935	42,647,014	63,196,540	63,705,492
Deferred tax liabilities	21	22,840,677	31,751,684	22,762,974	31,761,607
Provision for long-term employee benefits	20	17,308,835	17,390,063	17,308,835	17,390,063
Total non-current liabilities		109,920,114	155,122,094	129,935,016	176,190,495
Total liabilities		232,759,367	389,146,608	511,592,798	687,155,860
Shareholders' equity					
Share capital					
Registered					
324,050,000 ordinary shares of Baht 1 each		324,050,000	324,050,000	324,050,000	324,050,000
Issued and fully paid up					
324,050,000 ordinary shares of Baht 1 each		324,050,000	324,050,000	324,050,000	324,050,000
Share premium		321,544,740	321,544,740	321,544,740	321,544,740
Retained earnings					
Appropriated - statutory reserve	22	60,805,000	60,805,000	32,405,000	32,405,000
Unappropriated		826,033,757	670,776,496	808,033,885	692,061,302
Total shareholders' equity		1,532,433,497	1,377,176,236	1,486,033,625	1,370,061,042
Total liabilities and shareholders' equity		1,765,192,864	1,766,322,844	1,997,626,423	2,057,216,902

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

Directors

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2022

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2022	2021	2022	2021
Revenues					
Revenue	25	2,237,528,936	2,074,443,675	2,237,528,936	2,074,443,675
Gain arising from change in fair value of biological assets		89,278,804	25,902,143	89,278,804	25,902,143
Other income					
Dividend income	11	-	-	3,479,546	4,383,680
Compensation from insurance		12,262,299	7,671,981	12,262,299	7,671,981
Others		99,303,041	70,650,968	99,303,226	70,651,000
Total revenues		2,438,373,080	2,178,668,767	2,441,852,811	2,183,052,479
Expenses					
Cost of sales		1,992,080,635	1,721,271,390	1,993,603,696	1,722,834,277
Selling and distribution expenses		39,731,819	41,935,482	39,731,819	41,935,482
Administrative expenses		52,689,257	46,764,067	52,515,119	46,589,868
Loss on impairment of assets	31	-	15,588,502	-	15,588,502
Total expenses		2,084,501,711	1,825,559,441	2,085,850,634	1,826,948,129
Profit from operating activities		353,871,369	353,109,326	356,002,177	356,104,350
Share of profit from a joint venture	12.2	35,879,521	3,572,980	-	-
Finance income		508,530	372,151	166,959	126,150
Finance cost	23	(2,817,816)	(4,445,685)	(9,806,110)	(10,898,807)
Profit before income tax expenses		387,441,604	352,608,772	346,363,026	345,331,693
Income tax expenses	21	(70,160,393)	(45,794,905)	(68,366,493)	(44,118,013)
Profit for the year		317,281,211	306,813,867	277,996,533	301,213,680
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		317,281,211	306,813,867	277,996,533	301,213,680
Basic earnings per share					
Profit per share	26	0.98	0.95	0.86	0.93

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2022

(Unit: Baht)

Consolidated financial statements

	Issued and paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
Balance as at 1 January 2021	324,050,000	321,544,740	60,805,000	428,772,209	1,135,171,949
Profit for the year	-	-	-	306,813,867	306,813,867
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	306,813,867	306,813,867
Dividend paid (Note 29)	-	-	-	(64,809,580)	(64,809,580)
Balance as at 31 December 2021	<u>324,050,000</u>	<u>321,544,740</u>	<u>60,805,000</u>	<u>670,776,496</u>	<u>1,377,176,236</u>
					-
Balance as at 1 January 2022	324,050,000	321,544,740	60,805,000	670,776,496	1,377,176,236
Profit for the year	-	-	-	317,281,211	317,281,211
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	317,281,211	317,281,211
Dividend paid (Note 29)	-	-	-	(162,023,950)	(162,023,950)
Balance as at 31 December 2022	<u>324,050,000</u>	<u>321,544,740</u>	<u>60,805,000</u>	<u>826,033,757</u>	<u>1,532,433,497</u>
					-

(Unit: Baht)

Separate financial statements

	Issued and paid-up share capital	Share premium	Retained earnings		Total
			Appropriated	Unappropriated	
Balance as at 1 January 2021	324,050,000	321,544,740	32,405,000	455,657,202	1,133,656,942
Profit for the year	-	-	-	301,213,680	301,213,680
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	301,213,680	301,213,680
Dividend paid (Note 29)	-	-	-	(64,809,580)	(64,809,580)
Balance as at 31 December 2021	<u>324,050,000</u>	<u>321,544,740</u>	<u>32,405,000</u>	<u>692,061,302</u>	<u>1,370,061,042</u>
					-
Balance as at 1 January 2022	324,050,000	321,544,740	32,405,000	692,061,302	1,370,061,042
Profit for the year	-	-	-	277,996,533	277,996,533
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	277,996,533	277,996,533
Dividend paid (Note 29)	-	-	-	(162,023,950)	(162,023,950)
Balance as at 31 December 2022	<u>324,050,000</u>	<u>321,544,740</u>	<u>32,405,000</u>	<u>808,033,885</u>	<u>1,486,033,625</u>
					-

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from operating activities				
Profit before tax	387,441,604	352,608,772	346,363,026	345,331,693
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	42,761,226	43,044,047	43,684,507	43,990,428
Share of profit from a joint venture	(35,879,521)	(3,572,980)	-	-
Gain arising from change in fair value of biological assets	(89,278,804)	(25,902,143)	(89,278,804)	(25,902,143)
Loss on write-off bearer plants	2,855,555	116,730	2,855,555	116,730
Reduction of inventory cost to net realisable value (reversal)	8,859,336	(4,963,486)	8,859,336	(4,963,486)
Loss on disposal/write-off of property plant and equipment	2,765,678	4,479,476	2,765,678	4,479,476
Loss on impairment of assets (reversal)	(18,356,182)	15,588,502	(18,356,182)	15,588,502
Provision for termination benefits and provision for long-term employee benefits	1,406,039	2,279,402	1,406,039	2,279,402
Dividend income	-	-	(3,479,546)	(4,383,680)
Interest expenses	2,817,816	4,445,685	9,806,110	10,898,807
Profit from operating activities before changes in operating assets and liabilities	305,392,747	388,124,005	304,625,719	387,435,729
Operating assets (increase) decrease				
Trade and other receivables	189,876,532	(188,352,308)	189,910,933	(188,357,569)
Cash received from lease receivables	1,721,126	1,567,065	1,721,126	1,567,065
Advance to employees	(2,410)	(1,572)	(2,410)	(1,572)
Inventories and biological assets	9,282,404	(104,540,367)	9,282,404	(104,540,367)
Other current assets	4,235,487	3,836,948	3,895,827	3,494,317
Other non-current assets	3,405,074	(3,105,137)	3,405,074	(3,105,137)
Operating liabilities increase (decrease)				
Trade and other payables	(6,147,558)	17,918,249	(11,715,991)	20,897,127
Other current liabilities	393,704	3,886,879	393,704	3,886,879
Cash paid for termination benefits and long-term employee benefits	(1,487,267)	(3,312,139)	(1,487,267)	(3,312,139)
Cash flows from operating activities	506,669,839	116,021,623	500,029,119	117,964,333
Cash paid for interest expenses	(3,084,473)	(4,179,391)	(22,753,518)	(13,572,653)
Tax refund from income tax	202,163	4,096,873	202,163	3,939,234
Cash paid for income tax	(75,024,516)	(26,603,472)	(73,151,633)	(25,314,535)
Net cash flows from operating activities	428,763,013	89,335,633	404,326,131	83,016,379

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2022

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Cash flows from investing activities				
Decrease in long-term loan to other company	920,000	920,000	-	-
Proceeds from disposals of property, plant and equipment	210,393	3,103,365	210,393	3,103,365
Cash paid for acquisition of land, machinery and equipment	(48,124,898)	(31,225,220)	(48,124,898)	(31,225,220)
Increase in cost of bearer plants	(5,924,064)	(4,394,373)	(5,924,064)	(4,394,373)
Dividend received	-	-	3,479,546	4,383,680
Net cash flows used in investing activities	(52,918,569)	(31,596,228)	(50,359,023)	(28,132,548)
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(105,000,000)	(100,000,000)	(105,000,000)	(100,000,000)
Cash received from long-term loan	-	110,000,000	-	110,000,000
Repayment for long-term loan	(41,666,666)	(10,000,000)	(41,666,666)	(10,000,000)
Cash paid for lease liabilities	-	-	(485,146)	(462,453)
Dividend paid	(162,023,950)	(64,796,864)	(162,023,950)	(64,796,864)
Net cash flows used in financing activities	(308,690,616)	(64,796,864)	(309,175,762)	(65,259,317)
Net increase (decrease) in cash and cash equivalents	67,153,828	(7,057,459)	44,791,346	(10,375,486)
Cash and cash equivalents at beginning of year	32,782,180	39,839,639	16,728,948	27,104,434
Cash and cash equivalents at end of year	99,936,008	32,782,180	61,520,294	16,728,948
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Purchase of equipment for which no cash has been paid	1,495,760	770,947	1,495,760	770,947
Increase in right-of-use assets from contract modification	520,474	137,682	-	-

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

United Palm Oil Industry Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2022

1. General information

United Palm Oil Industry Public Company Limited is a public company incorporated and domiciled in Thailand. Its parent company is Lam Soon (Thailand) Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture of crude palm oil and palm kernel oil. The registered office of the Company is at No. 64, Soi Bangna-Trad 25, Bangna Nuea Sub-District, Bangna District, Bangkok. Branch office and factory are located at No. 98 Moo 6, Nueaklong-Khao Phanom Road, Huayyoong Sub-District, Nueaklong District, Krabi.

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 United Palm Oil Industry Public Company Limited (“the Company”) and the following subsidiaries (hereinafter called as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2022	2021
			(%)	(%)
<u>Shares held by the Company</u>				
Phansrivivat Co., Ltd.	Owner of oil palm plantation	Thailand	100	100

Company's name	Nature of business	Country of incorporation	Percentage of indirect shareholding	
			2022	2021
			(%)	(%)
<u>Shares held by the Company's subsidiary</u>				
Prachak Vivat Co., Ltd. (100% held by Phansrivivat Co., Ltd.)	Holder of concessions to use forest reserve land	Thailand	100	100
Phansri Co., Ltd. (100% held by Phansrivivat Co., Ltd.)	Holder of concessions to use forest reserve land	Thailand	100	100

- 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 significant accounting policies as the Company.
 - e) Material balances and transactions between the Group has been eliminated from the consolidated financial statements.
- 2.3 The separate financial statements present investments in subsidiaries and joint venture 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 on 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 discounts.

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 dividends 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 average cost and net realisable value. Such cost includes all production costs and attributable factory overheads.

Raw materials, chemicals, 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.

4.4 Investments in subsidiary and joint venture

Investment in joint venture is accounted for in the consolidated financial statements using the equity method.

Investments in subsidiary and joint venture are accounted for in the separate financial statements using the cost method.

4.5 Property, plant and equipment/Depreciation

Land, land ownership document and land possessory rights are stated at cost. Buildings 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 following estimated useful lives:

Buildings and construction	-	20 years
Machinery and equipment	-	5 - 20 years
Furniture, fixtures and office equipment	-	5 - 10 years
Motor vehicles	-	5 - 15 years

Depreciation is included in determining income.

No depreciation is provided on land, land ownership document, land possessory rights and assets under installation and construction.

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 Bearer plants and amortisation

Bearer plants are stated at cost less accumulated amortisation and allowance for impairment losses (if any). The cost includes cost of cultivate before production period.

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

Amortisation is included in determining income.

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

Costs of supplying bearer plants vacancies and infilling mature areas are included in determining income.

4.7 Biological assets

The Company's biological assets are palm fruit on tree and palm nursery for sale. An agricultural produce is palm fresh fruit brunch which includes in inventories.

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 Company's factory, less estimated point of harvest costs. The palm fresh fruit brunch is determined based on reference to price of palm fruit at the front of the Company's factory, less estimated selling expenses. The fair value of palm nursery for sale is determined based on 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 Company shall measure it at its fair value less costs to sell.

4.8 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.

4.9 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 in exchange for consideration.

The Group as 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
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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 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.

4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group'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 Impairment of non-financial assets

At the end of each reporting period, the Group perform impairment reviews in respect of the property, plant and equipment, bearer plants, right-of-use assets 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.

4.12 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 by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

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.

4.13 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.

4.14 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.

4.15 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. 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.

Classification and measurement of financial 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 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 fair value through profit or loss ("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 90 days past due and considers a financial asset as credit impaired or default when contractual payments are 365 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.

4.16 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 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 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 judgments and estimates

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

Leases

Determining the lease term with extension and termination options - The 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.

Biological assets

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

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 Group had significant business transactions with related parties, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Group and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2022	2021	2022	2021	
Transactions with parent company					
Sales of crude palm oil and					
crude palm kernel oil	1,533	1,642	1,533	1,642	Market price on contract's date
Sales of fresh fruit bunch	-	63	-	63	Market price on contract's date
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Dividend income	-	-	3	4	As declared
Palm plantation rental expenses	-	-	7	7	Contract rate
Interest expenses	-	-	4	3	THBFIX + 1% per annum
Transactions with joint venture					
Land rental income	1	1	1	1	Agreed between parties
Purchases of oil palm seeds					
and fresh fruit bunch	12	9	12	9	Market price

The balance of the accounts between the Company and those related parties as at 31 December 2022 and 2021.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2022	2021	2022	2021
Trade and other receivables - related party (Note 8)				
Parent company	9,751	163,499	9,751	163,499
Total	9,751	163,499	9,751	163,499
Trade and other payables - related parties (Note 18)				
Subsidiaries	-	-	259,454	277,703
Total	-	-	259,454	277,703
Lease liabilities - related party				
Subsidiary	-	-	63,705	64,190
Total	-	-	63,705	64,190

Directors and management's benefits

During the years ended 31 December 2022 and 2021, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	2022	2021
Short-term employee benefits	23,709	24,025
Post-employment benefits	358	316
Total	24,067	24,341

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Cash	1,186	1,197	1,178	1,190
Bank deposits	98,750	31,585	60,342	15,539
Total	99,936	32,782	61,520	16,729

As at 31 December 2022, bank deposits in saving accounts carried interests between 0.05% and 0.35% per annum (2021: between 0.05% and 0.13% per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Trade receivables - related party				
Aged on the basis of due dates				
Not yet due	9,751	163,499	9,751	163,499
Total trade receivables - related party				
(Note 6)	9,751	163,499	9,751	163,499
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	25,797	63,404	25,797	63,404
Total trade receivables - unrelated parties	25,797	63,404	25,797	63,404
Total trade receivables	35,548	226,903	35,548	226,903

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Other receivables				
Accrued income	1,533	55	1,444	-
Total other receivables	1,533	55	1,444	-
Total trade and other receivables	37,081	226,958	36,992	226,903

The normal credit term is 15 to 30 days.

9. Inventories

	(Unit: Thousand Baht)					
	Consolidated/Separate financial statements					
	Cost		Reduce cost to		Inventories - net	
	2022	2021	2022	2021	2022	2021
Finished goods	215,200	230,101	8,859	-	206,341	230,101
Work in process	1,676	-	-	-	1,676	-
Spare parts, supplies and others	13,634	11,666	-	-	13,634	11,666
Total	230,510	241,767	8,859	-	221,651	241,767

During the year 2022, the Company reduced cost of inventories by Baht 8.9 million, to reflect the net realisable value. This was included in cost of sales.

During the year 2021, the Company reversed the write-down of cost of inventories by Baht 4.9 million and reduce the amount of inventories recognised as expense during the year.

10. Biological assets

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

(Unit: Thousand Baht)

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

Significant assumptions for the calculation of fair value at the valuation date were as follows:

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

Weight of palm fruit on tree are estimated with references to the average weight for each age when harvest the palm fruit from historical information, including consideration on factors affecting fruit bearing and random sampling result.

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

The result 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/Separate financial statements			
	2022		2021	
	Increase by 10%	Decrease by 10%	Increase by 10%	Decrease by 10%
Prices of palm fruit at harvest point	19,485	(19,485)	15,804	(14,484)
Weight of palm fruit on tree	19,485	(19,485)	15,804	(14,484)

11. Investment in subsidiary

Details of investment in subsidiary as presented in separate financial statements.

(Unit: Thousand Baht)

Company	Paid-up capital		Shareholding percentage		Cost		Dividend income	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Million Baht)	(Million Baht)	(%)	(%)				
Phansrivivat Co., Ltd.	274	274	100	100	307,895	307,895	3,479	4,384
Total					<u>307,895</u>	<u>307,895</u>	<u>3,479</u>	<u>4,384</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 is as follows:

(Unit: Thousand Baht)

Joint venture	Nature of business	Consolidated financial statements					
		Shareholding percentage		Cost		Carrying amount based on equity method	
		2022	2021	2022	2021	2022	2021
		(%)	(%)				
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	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>

(Unit: Thousand Baht)

Joint venture	Nature of business	Separate financial statements			
		Shareholding percentage		Cost	
		2022	2021	2022	2021
		(%)	(%)		
Siam Elite Palm Co., Ltd.	Production and distribution of oil palm seeds	50	50	25,000	25,000
Total				<u>25,000</u>	<u>25,000</u>

12.2 Share of comprehensive income

During the years, the Company recognised its share of comprehensive income from a joint venture in the financial statements as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements			
	Share of profit		Share of other comprehensive income	
	2022	2021	2022	2021
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

Summarised information about financial position as at 31 December 2022 and 2021.

	(Unit: Thousand Baht)	
	Siam Elite Palm Co., Ltd.	
	2022	2021
Current assets	207,890	78,049
Non-current assets	32,808	31,679
Total assets	240,698	109,728
Current liabilities	(114,335)	(51,945)
Non-current liabilities	(1,463)	(4,642)
Total liabilities	(115,798)	(56,587)
Net assets	124,900	53,141
Shareholding percentage (%)	50	50
Carrying amount of joint venture based on equity method	62,450	26,570

Summarised information about comprehensive income for the years ended 31 December 2022 and 2021.

	(Unit: Thousand Baht)	
	Siam Elite Palm Co., Ltd.	
	2022	2021
Revenue	254,924	74,796
The differences between fair value and costs of agricultural 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
Carrying amount of joint venture based on equity method	35,880	3,573

13. Long-term loan to other company

As at 31 December 2022 and 2021, a subsidiary has loan to other company of Baht 17 million. The loan has no collateral and carry interest at a rate of THBFIX + 1% per annum. Principal payments are to be made at the end of June and December each year, with the final payment due in June 2040. A subsidiary considered changing its interest rate to BIBOR + 1% per annum.

14. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
Cost								
1 January 2021	686,899	595	297,549	620,871	30,089	131,247	58,027	1,825,277
Additions	873	5,067	-	1,909	352	-	22,303	30,504
Disposals/write-off	(3,472)	-	(4,289)	(19,678)	(25)	(1,419)	-	(28,883)
Transfer in (out)	3,611	(3,611)	13,305	56,931	167	-	(70,403)	-
31 December 2021	687,911	2,051	306,565	660,033	30,583	129,828	9,927	1,826,898
Additions	-	64	-	2,248	1,071	8,936	36,531	48,850
Disposals/write-off	(1,270)	-	(14,610)	(6,277)	(1,182)	(4,565)	-	(27,904)
Transfer in (out)	-	-	1,211	41,260	134	-	(42,605)	-
31 December 2022	686,641	2,115	293,166	697,264	30,606	134,199	3,853	1,847,844
Accumulated depreciation								
1 January 2021	-	-	227,191	549,741	28,255	111,144	-	916,331
Depreciation for the year	-	-	9,113	15,976	818	4,480	-	30,387
Depreciation on disposals/write-off	-	-	(3,824)	(16,036)	(22)	(1,418)	-	(21,300)
31 December 2021	-	-	232,480	549,681	29,051	114,206	-	925,418
Depreciation for the year	-	-	8,145	17,456	698	4,430	-	30,729
Depreciation on disposals/write-off	-	-	(12,905)	(6,276)	(1,182)	(4,565)	-	(24,928)
31 December 2022	-	-	227,720	560,861	28,567	114,071	-	931,219

(Unit: Thousand Baht)

Consolidated financial statements (continued)

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
Allowance for impairment loss								
1 January 2021	21,210	-	-	-	-	-	-	21,210
Increase during the year	5,319	-	-	-	-	-	-	5,319
Decrease during the year	(2,860)	-	-	-	-	-	-	(2,860)
31 December 2021	23,669	-	-	-	-	-	-	23,669
Decrease during the year	(15,515)	-	-	-	-	-	-	(15,515)
31 December 2022	8,154	-	-	-	-	-	-	8,154
Net book value								
31 December 2021	664,242	2,051	74,085	110,352	1,532	15,622	9,927	877,811
31 December 2022	678,487	2,115	65,446	136,403	2,039	20,128	3,853	908,471
Depreciation for the years								
2021 (Baht 29 million included in manufacturing cost, and the remaining balance in selling and distribution and administrative expenses)								30,387
2022 (Baht 30 million included in manufacturing cost, and the remaining balance in selling and distribution and administrative expenses)								30,729

(Unit: Thousand Baht)

Separate financial statements

	Land and ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
Cost								
1 January 2021	686,899	595	281,097	620,871	30,089	131,247	58,027	1,808,825
Additions	873	5,067	-	1,909	352	-	22,303	30,504
Disposals/write-off	(3,472)	-	(4,289)	(19,678)	(25)	(1,419)	-	(28,883)
Transfer in (out)	3,611	(3,611)	13,305	56,931	167	-	(70,403)	-
31 December 2021	687,911	2,051	290,113	660,033	30,583	129,828	9,927	1,810,446
Additions	-	64	-	2,248	1,071	8,936	36,531	48,850
Disposals/write-off	(1,270)	-	(14,610)	(6,277)	(1,182)	(4,565)	-	(27,904)
Transfer in (out)	-	-	1,211	41,260	134	-	(42,605)	-
31 December 2022	686,641	2,115	276,714	697,264	30,606	134,199	3,853	1,831,392
Accumulated depreciation								
1 January 2021	-	-	210,740	549,741	28,255	111,143	-	899,879
Depreciation for the year	-	-	9,113	15,976	818	4,480	-	30,387
Depreciation on disposals/write-off	-	-	(3,824)	(16,036)	(22)	(1,418)	-	(21,300)
31 December 2021	-	-	216,029	549,681	29,051	114,205	-	908,966
Depreciation for the year	-	-	8,145	17,456	698	4,430	-	30,729
Depreciation on disposals/write-off	-	-	(12,905)	(6,276)	(1,182)	(4,565)	-	(24,928)
31 December 2022	-	-	211,269	560,861	28,567	114,070	-	914,767

(Unit: Thousand Baht)

Separate financial statements (continued)

	Land and land ownership document	Land possessory rights	Buildings and construction	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and construction	Total
Allowance for impairment loss								
1 January 2021	21,210	-	-	-	-	-	-	21,210
Increase during the year	5,319	-	-	-	-	-	-	5,319
Decrease during the year	(2,860)	-	-	-	-	-	-	(2,860)
31 December 2021	23,669	-	-	-	-	-	-	23,669
Decrease during the year	(15,515)	-	-	-	-	-	-	(15,515)
31 December 2022	8,154	-	-	-	-	-	-	8,154
Net book value								
31 December 2021	664,242	2,051	74,084	110,352	1,532	15,623	9,927	877,811
31 December 2022	678,487	2,115	65,445	136,403	2,039	20,129	3,853	908,471
Depreciation for the years								
2021 (Baht 29 million included in manufacturing cost, and the remaining balance in selling and distribution and administrative expenses)								30,387
2022 (Baht 30 million included in manufacturing cost, and the remaining balance in selling and distribution and administrative expenses)								30,729

As at 31 December 2022, certain items of plant and equipment of the Group have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to Baht 763 million (2021: Baht 772 million) (the Company only: Baht 747 million (2021: Baht 756 million)).

15. Leases

15.1 The Group as lessee

The Group entered into lease contract for the purposes of use in the Group's operations, whereby underlying asset 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

Movements in the right-of-use assets account, which is land, for the years ended 31 December 2022 and 2021 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
1 January 2021	36,396	58,728
Differences from contract modification	138	-
Depreciation for the year	(1,552)	(2,498)
31 December 2021	34,982	56,230
Differences from contract modification	520	-
Depreciation for the year	(1,576)	(2,499)
31 December 2022	33,926	53,731

The subsidiary entered into a lease contract with the Treasury Department for an area of 4,294 rai, 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	71,253	73,611	107,558	111,114
Less: Deferred interest expenses	(27,741)	(30,619)	(43,853)	(46,924)
Total	43,512	42,992	63,705	64,190
Less: Portion due within one year	(408)	(345)	(509)	(485)
Portion due more than one year	43,104	42,647	63,196	63,705

Movements in the lease liability account for the years ended 31 December 2022 and 2021 are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Balance at beginning of year	42,992	42,854	64,190	64,653
Additions	520	138	-	-
Accretion of interest	-	-	3,071	3,093
Repayments	-	-	(3,556)	(3,556)
Balance at end of year	43,512	42,992	63,705	64,190

A maturity analysis of lease payments is disclosed in Note 35.1 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	
	For the years ended 31 December			
	2022	2021	2022	2021
Depreciation of right-of-use assets	1,576	1,552	2,499	2,498
Interest expenses of lease liabilities	-	-	3,071	3,093
Expenses relating to short-term leases	-	166	-	166
Expenses relating to leases of low-value assets	451	536	451	536

d) Others

The Group had total cash outflows for leases for the years ended 31 December 2022 and 2021 of Baht 3 million (the Company only: Baht 4 million), including the cash outflow related to short-term lease and leases of low-value assets.

16. Bearer plants

(Unit: Thousand Baht)

	Consolidated financial statements		
	Bearer plants	Bearer plants	Total
	ready for harvest	not ready for harvest	
Cost			
1 January 2021	625,123	10,247	635,370
Additions	-	4,394	4,394
Write-off	(8,201)	-	(8,201)
31 December 2021	616,922	14,641	631,563
Additions	-	5,924	5,924
Write-off	(6,923)	-	(6,923)
Transfer in (out)	5,050	(5,050)	-
31 December 2022	615,049	15,515	630,564
Accumulated amortisation			
1 January 2021	416,374	-	416,374
Amortisation charged for the year	11,029	-	11,029
Amortisation on write-off	(8,084)	-	(8,084)
31 December 2021	419,319	-	419,319
Amortisation charged for the year	10,410	-	10,410
Amortisation on write-off	(4,067)	-	(4,067)
31 December 2022	425,662	-	425,662
Allowance for impairment loss			
1 January 2021	22,663	-	22,663
Increase during the year	13,129	-	13,129
31 December 2021	35,792	-	35,792
Decrease during the year	(2,841)	-	(2,841)
31 December 2022	32,951	-	32,951
Net book value			
31 December 2021	161,811	14,641	176,452
31 December 2022	156,436	15,515	171,951
Amortisation for the years (included in manufacturing cost)			
2021			11,029
2022			10,410

(Unit: Thousand Baht)

	Separate financial statements		
	Bearer plants	Bearer plants	Total
	ready for harvest	not ready for harvest	
Cost			
1 January 2021	332,405	10,247	342,652
Additions	-	4,394	4,394
Write-off	(8,201)	-	(8,201)
31 December 2021	324,204	14,641	338,845
Additions	-	5,924	5,924
Write-off	(6,923)	-	(6,923)
Transfer in (out)	5,050	(5,050)	-
31 December 2022	322,331	15,515	337,846
Accumulated amortisation			
1 January 2021	123,656	-	123,656
Amortisation charged for the year	11,029	-	11,029
Amortisation on write-off	(8,084)	-	(8,084)
31 December 2021	126,601	-	126,601
Amortisation charged for the year	10,410	-	10,410
Amortisation on write-off	(4,067)	-	(4,067)
31 December 2022	132,944	-	132,944
Allowance for impairment loss			
1 January 2021	22,663	-	22,663
Increase during the year	13,129	-	13,129
31 December 2021	35,792	-	35,792
Decrease during the year	(2,841)	-	(2,841)
31 December 2022	32,951	-	32,951
Net book value			
31 December 2021	161,811	14,641	176,452
31 December 2022	156,436	15,515	171,951
Amortisation for the years (included in manufacturing cost)			
2021			11,029
2022			10,410

As at 31 December 2022, the land used by the Company for palm oil plantation includes 13,478 rai for which there are land title deeds or other land ownership documents (Nor Sor 3 Kor and Nor Sor 3). For the remaining, land possessory rights have been transferred to the Company and it is in the process of acquiring legal documentation of ownership.

A permit from Royal Forest Department granted to a subsidiary for the exploitation or inhabitation in the National Reserved Forests expired in January 2015. The subsidiary has leased the land of 13,030 rai to the Company for utilisation. The 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 was granted a permit to harvest forest product in the Nation Reserved Forest. The existing permit is valid for 1 year, expired on 11 May 2023 and the 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.

17. Short-term loans from financial institutions

	Interest rate		(Unit: Thousand Baht)	
	(% per annum)		Consolidated/Separate	
	2022	2021	2022	2021
Short-term loans from financial institutions	1.90	1.05 - 1.10	40,000	145,000
Total			40,000	145,000

18. Trade and other payables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2022	2021	2022	2021
Trade payables - unrelated parties	8,694	12,606	8,694	12,606
Other payables - related parties (Note 6)	-	-	259,454	277,703
Other payables - unrelated parties	3,543	2,864	3,543	2,864
Payables for purchase of assets -				
unrelated parties	1,496	771	1,496	771
Accrued expenses	16,344	19,526	16,195	19,377
Total trade and other payables	30,077	35,767	289,382	313,321

As at 31 December 2022 and 2021, other payables - related party is represented payable of rental charge and related accrued interest which carry an interest at a rate of THBFIX + 1% per annum for past due balance of rental charge payable. A subsidiary considered changing its interest rate to BIBOR + 1% per annum.

19. Long-term loan

			(Unit: Thousand Baht)	
			Consolidated/Separate	
			financial statements	
Loan	Interest rate (% per annum)	Repayment schedule	2022	2021
1	3M BIBOR + 1.50	Repayable in 12 quarterly installments, with the first due in July 2021	25,000	50,000
2	3M BIBOR + 1.50	Repayable in 12 quarterly installments, with the first due in March 2022	33,333	50,000
Total			58,333	100,000
Less: Portion due within one year			(31,667)	(36,667)
Portion due more than one year			26,666	63,333

Movements in the long-term loan account for the years ended 31 December 2022 and 2021 are summarised below.

			(Unit: Thousand Baht)	
			Consolidated/Separate	
			financial statements	
			2022	2021
Balance at beginning of year			100,000	-
Addition during the year			-	110,000
Repayment during the year			(41,667)	(10,000)
Balance at end of year			58,333	100,000

The long-term loan is clean loan with a negative pledge of assets belonging to the Company. The loan agreement contains covenant relating to maintenance of certain financial ratios specified in the agreement.

20. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	Termination benefits		Long-term employee benefits	
	2022	2021	2022	2021
Balance at beginning of year	-	-	17,390	18,423
Included in profit or loss:				
Current service cost	-	-	950	985
Interest cost	-	-	147	147
Termination benefits	309	1,147	-	-
Total	309	1,147	1,097	1,132
Benefits paid during the year	(309)	(1,147)	(1,178)	(2,165)
Balance at end of year	-	-	17,309	17,390

The Company had obligations in respect of compensations payable to employees who voluntarily participated in early retirement schemes. The Company considered these compensations as termination benefits and recorded additional compensations to employees as expenses.

The Company expects to pay Baht 3 million of long-term employee benefits during the next year (2021: Baht 1 million).

As at 31 December 2022 and 2021, the weighted average duration of the liabilities for long-term employee benefit is 10 years.

Significant actuarial assumptions used for the valuation are as follows:

	Consolidated/Separate financial statements	
	2022	2021
	(% per annum)	(% per annum)
Discount rate	1.1	1.1
Salary increase rate	4.0	4.0

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:

	(Unit: Thousand Baht)			
	Consolidated/Separate financial statements			
	2022		2021	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
Discount rate	(296)	312	(296)	312
Salary increase rate	380	(350)	380	(350)

21. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Current income tax:				
Current income tax charge	78,440	16,654	76,734	15,073
Adjustment of income tax charge for previous year	631	-	631	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(8,911)	29,141	(8,999)	29,045
Income tax expenses reported in profit or loss	<u>70,160</u>	<u>45,795</u>	<u>68,366</u>	<u>44,118</u>

The reconciliation between accounting profit and income tax expenses.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Accounting profit before tax	387,442	352,609	346,363	345,332
Applicable tax rates	0%, 15% and 20%	0%, 15% and 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rates	77,300	70,334	69,273	69,066
Adjustment of income tax charge for previous year	631	-	631	-
Share of profit from a joint venture	(7,176)	(715)	-	-
Effects of:				
Promotional privileges (Note 25)	(857)	(23,935)	(857)	(23,935)
Non-deductible expenses	1,056	811	809	564
Additional expense deductions allowed	(794)	(700)	(794)	(700)
Dividend received	-	-	(696)	(877)
Total	(595)	(23,824)	(1,538)	(24,948)
Income tax expenses reported in profit or loss	70,160	45,795	68,366	44,118

As at 31 December 2022 and 2021, the components of deferred tax assets (liabilities) are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Deferred tax assets				
Allowance for diminution in value of inventories	1,772	-	1,772	-
Allowance for assets impairment	8,221	11,922	8,221	11,922
Provision for long-term employee benefits	3,462	3,478	3,462	3,478
Leases	1,917	1,602	1,995	1,592
Total	15,372	17,002	15,450	16,992
Deferred tax liabilities				
Change in fair value of biological assets and the differences between fair value and costs of agricultural produce	(38,069)	(48,266)	(38,069)	(48,266)
Revenue recognition under leases	(144)	(488)	(144)	(488)
Total	(38,213)	(48,754)	(38,213)	(48,754)
Net	(22,841)	(31,752)	(22,763)	(31,762)

22. 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% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

According to the Thai Civil and Commercial Code, the subsidiary is required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the subsidiary pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be used for dividend payment. At present, the statutory reserve has fully been set aside.

23. Finance cost

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Interest expenses on borrowing	2,818	4,446	2,818	4,446
Interest expenses on lease liabilities	-	-	3,071	3,093
Interest expenses on other payables	-	-	3,917	3,360
Total	<u>2,818</u>	<u>4,446</u>	<u>9,806</u>	<u>10,899</u>

24. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2022	2021	2022	2021
Salary and wages and other employee benefits	93,276	96,583	93,276	96,583
Depreciation	32,305	31,939	33,228	32,885
Amortisation	10,456	11,105	10,456	11,105
Transportation expenses	38,930	40,972	38,930	40,972
Rental expenses	2,994	3,091	3,582	3,707
Repair and maintenance expenses	41,065	38,616	41,065	38,616
Raw materials and consumables used	1,553,026	1,540,642	1,553,026	1,540,642
Changes in finished goods and work in process	13,225	(133,319)	13,225	(133,319)

25. Promotional privileges

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

<u>Certificate No.</u>	<u>Principal privileges</u>
1043(2)/2548 Generation of electricity from biomasses	- Exemption from corporate income tax on income from the promoted operations for a period of 8 years from the date of first earning operating income (21 August 2015).
65-0092-1-00-1-0 Generation of electricity from biogases	- Exemption from corporate income tax on income from the promoted operations for a period of 8 years from the date of first earning operating income (27 September 2022).

The Company's operating revenues for the years ended 31 December 2022 and 2021, divided between promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	<u>Promoted operations</u>		<u>Non-promoted operations</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenue	9,287	970,453	2,228,242	1,103,991	2,237,529	2,074,444

26. Earnings per share

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

The following table sets forth the computation of basic earnings per share:

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit for the year (Thousand Baht)	317,281	306,814	277,996	301,214
Weighted average number of				
ordinary shares (Thousand shares)	324,050	324,050	324,050	324,050
Earnings per share (Baht)	0.98	0.95	0.86	0.93

27. 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 Group's business operations involve 2 principal segments (1) oil palm plantation, crude palm oil and crude palm kernel oil processing (2) generation of electricity from biogases and biomasses. These activities are carried on exclusively in the single geographic area of Thailand. During the years, there were no material activities pertaining to the generation of electricity from biogases and biomasses segment for the Group. Accordingly, most of the revenues, operating profit and assets as reflected in these financial statements pertain to the industry segment (1) and geographic area as mentioned above.

For the years 2022 and 2021, the Group has revenue from one major customer in amount of Baht 1,533 million and Baht 1,642 million, respectively, arising from oil palm plantation, crude palm oil and crude palm kernel oil processing segment.

28. 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% of basic salary. However, for employees who joined the Company from 15 January 2010 onwards, the contribution rates are 2% - 5% of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2022 amounting to Baht 2 million were recognised as expenses (2021: Baht 1 million).

29. Dividends

Dividends	Approved by	Consolidated/Separate financial statements	
		Total dividends (Million Baht)	Dividends per share (Baht)
Final dividends for 2020	Annual General Meeting of the shareholders on 23 April 2021	65	0.20
Total for 2021		65	0.20
Final dividends for 2021	Annual General Meeting of the shareholders on 8 April 2022	162	0.50
Total for 2022		162	0.50

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2022, the Company had capital commitments of Baht 14 million (2021: Baht 9 million and EUR 0.5 million), relating to acquisition of machine and equipment.

30.2 Guarantees

As at 31 December 2022, there were outstanding bank guarantees of Baht 4 million (2021: Baht 3 million) issued by banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business.

31. Rights to utilise land

- a) On 11 April 2008, the Company attended a meeting with a working committee responsible for reviewing practical methods and negotiations for the distribution of land belonging to holders of large plots in land reform areas to farmers, which was appointed by the Surat Thani Land Reform Commission. The purpose of the meeting was to find a practical solution to the land dispute arising from the Company holding land covering a total area of 1,210 rai in designated forest areas and 276 rai in land reform areas. These land plots represent 3% of the current total area utilised by the Company. A land reform area with a total of 276 rai represents a large landholding, and the land possession is above the threshold allowed under Section 30 of the Land Reform for Agriculture Act.

In designated forest areas, the Company has no ownership documents of the plots where trespassers have occupied since 2007. Currently, the Company involves neither possession nor utilisation of the land plots. As a result, the Company 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.

- b) On 9 March 2020, the ALRO issued a notice designating land plots No. 602 in Krabi Noi Sub-district, Muang District and Huayyoong 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 was required to produce evidence and documentation regarding land rights under the Land Code or other relevant laws within 15 days from 31 March 2020, the date the notice was posted at the ALRO in Krabi.

In 2020 and 2021, the Company 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 Company'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 Company filed the lawsuit after the end of the filing period. The case is therefore finalised.

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

- c) 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 designated 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 the date the notice was announced at the ALRO in Krabi, i.e. from 19 August 2020. On 3 September 2020, the Company as a landowner submitted a petition with evidence and documents regarding land rights over the designated land plots.

In 2020 and 2021, the Company 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 Company'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 Company 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 Company 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.

- d) On 4 June 2021, the ALRO 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, were a prospective area for land reform which is not incorporated in a land reform program. A landowner was required to provide evidence and documentation regarding land rights under the Land Code or other applicable laws within 15 days from the date the announcement was posted at the ALRO in Krabi.

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

On 6 December 2022, the Company 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 Company 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 Company objected to the judgement, the Company could file a lawsuit with the Phuket Administrative Court.

However, the Company 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.

32. Litigation

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

On 9 September 2021, Krabi chief public prosecutor filed a lawsuit against the Company with the Court, alleging that the Company 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 Company.

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

- b) The Company 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 Company'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 a judgement ordering the Director-General of Surat Thani Land Office and land officers of Surat Thani Province, Phra Saeng Branch, to perform duties under Section 61 of the Land Code in revoking or amending the Company's land title deeds of 13 plots and 10 plots under Nor Sor 3 Kor certificates to ensure the legitimacy of the deeds, and the Director-General of the Forest Department shall conduct relevant actions under his authority to evict the Company from the disputed land within 180 days from the date the case is finalised.

On 16 April 2021, the Company appealed against the judgement to the Supreme Administrative Court. The management believed that the Company could probably successfully appeal against the judgment thanks to evidence at hand.

- c) On 25 November 2022, the Land Department issued a letter ordering the revocation of the Company'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 Company appealed against the revocation order and filed a lawsuit with the Central Administrative Court on 1 February 2023.

However, if the Company 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.

33. Compensation from insurance

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

34. Fair value hierarchy

As of 31 December 2022 and 2021, the Company had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)				
Consolidated/Separate financial statements				
As at 31 December 2022				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	14,675	188,851	203,526

(Unit: Thousand Baht)				
Consolidated/Separate financial statements				
As at 31 December 2021				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Biological assets	-	13,462	98,811	112,273

During the years 2022 and 2021, there was no transfer within the fair value hierarchy.

35. Financial instruments

35.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, loans, short-term and long-term borrowings and trade and other payables. 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 accounts receivable, loans, deposits with banks and financial institutions and other financial instruments. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade 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 customers are generally covered by letters of credit or other forms of credit insurance obtained from reputable banks and other financial institutions.

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 coverage by letters of credit for some customers 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, trade receivables are written-off if past due for more than one year and not subject to enforcement 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 by the management on an annual basis and proposed the increment of credit limits for approval by the Company's Board of Directors. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

The credit risk on debt instruments 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 foreign currency risk, interest rate risk and commodity price risk.

Foreign currency risk

The Group exposure to foreign currency risk arises mainly from machinery purchase transactions that are denominated in foreign currency. The Group manages its exposure to foreign currency risk by considering purchase/sale of forward contracts from time to time so as to reduce exposure to the foreign currency risk which may incur. The Group had no forward contracts outstanding at the end of reporting period.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, loans and short-term and long-term borrowings. 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 manages its interest rate risk by having a balanced portfolio of interest rate borrowings.

As at 31 December 2022 and 2021, 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: Thousand Baht)

Consolidated financial statements

	Fixed interest rates						Floating		Non-interest				Effective	
	Within 1 year		1 - 5 years		Over 5 years		interest rate		bearing		Total		interest rate	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(% per annum)													
Financial assets														
Cash and cash equivalents	-	-	-	-	-	-	98,750	31,585	1,186	1,197	99,936	32,782	0.05 - 0.35	0.05 - 0.13
Trade and other receivables	-	-	-	-	-	-	-	-	37,081	226,958	37,081	226,958	-	-
Lease receivables	699	1,545	21	896	-	-	-	-	-	-	720	2,441	1.80	1.80
Long-term loan to other company	-	-	-	-	-	-	16,560	17,480	-	-	16,560	17,480	THBFIX + 1	THBFIX + 1
	699	1,545	21	896	-	-	115,310	49,065	38,267	228,155	154,297	279,661		
Financial liabilities														
Short-term loans from financial institution	40,000	145,000	-	-	-	-	-	-	-	-	40,000	145,000	1.90	1.05 - 1.10
Trade and other payables	-	-	-	-	-	-	-	-	30,077	35,767	30,077	35,767	-	-
Long-term loan	-	-	-	-	-	-	58,333	100,000	-	-	58,333	100,000	3M	3M
													BIBOR + 1.5	BIBOR + 1.5
Lease liabilities	408	345	3,170	2,491	39,934	40,156	-	-	-	-	43,512	42,992	4.50	4.70
	40,408	145,345	3,170	2,491	39,934	40,156	58,333	100,000	30,077	35,767	171,922	323,759		

(Unit: Thousand Baht)

	Separate financial statements													
	Fixed interest rates						Floating		Non-interest		Effective			
	Within 1 year		1 - 5 years		Over 5 years		interest rate		bearing		Total		interest rate	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(% per annum)													
Financial assets														
Cash and cash equivalents	-	-	-	-	-	-	60,342	15,539	1,178	1,190	61,520	16,729	0.05 - 0.35	0.05 - 0.13
Trade and other receivables	-	-	-	-	-	-	-	-	36,992	226,903	36,992	226,903	-	-
Lease receivables	699	1,545	21	896	-	-	-	-	-	-	720	2,441	1.80	1.80
	699	1,545	21	896	-	-	60,342	15,539	38,170	228,093	99,232	246,073		
Financial liabilities														
Short-term loans from financial institution	40,000	145,000	-	-	-	-	-	-	-	-	40,000	145,000	1.90	1.05 - 1.10
Trade and other payables	-	-	-	-	-	-	259,454	277,703	29,928	35,618	289,382	313,321	THBFIX + 1	THBFIX + 1
Long-term loan	-	-	-	-	-	-	58,333	100,000	-	-	58,333	100,000	3M	3M
													BIBOR + 1.5	BIBOR + 1.5
Lease liabilities	509	485	4,326	3,605	58,870	60,100	-	-	-	-	63,705	64,190	4.80	4.80
	40,509	145,485	4,326	3,605	58,870	60,100	317,787	377,703	29,928	35,618	451,420	622,511		

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 other payables as at 31 December 2022 of 1% increase or decrease in interest rates, with other variables held constant, would not be material.

Commodity price risk

The Group is exposed to commodity price risk from fresh palm fruit and crude palm oil. Price volatility has depended on the supply among the market. The Group has policy for procurement and inventory management that are managed by considering planned production volume and changes in the price of fresh palm fruit and crude palm oil.

Liquidity risk

This is the risks that the Group will be unable to pay debts and meet obligations when due, because of inability to timely convert assets into cash when settlement is due, obtain sufficient funds to meet the funding needs, or is able to obtain funds but at the cost that is beyond an acceptable level. These risks may affect the Group's income and financial position.

The Group has a liquidity management policy, control of liquidity risk at acceptable levels, which stipulates the tools to be used for monitoring and controlling liquidity risk by the management. The tools used for liquidity risk management include estimate of cash inflows and outflows to assess liquidity position on various periods, manage liquidity to be available for debt repayment on due and analysis of key financial ratios. In addition, 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 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	Over 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	40,062	-	-	-	40,062
Trade and other payables	-	30,077	-	-	30,077
Long-term loan	-	32,950	27,034	-	59,984
Lease liabilities	-	2,358	10,672	58,223	71,253
Total non-derivatives	40,062	65,385	37,706	58,223	201,376

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2022

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	40,062	-	-	-	40,062
Trade and other payables	-	289,382	-	-	289,382
Long-term loan	-	32,950	27,034	-	59,984
Lease liabilities	-	3,556	16,089	87,913	107,558
Total non-derivatives	40,062	325,888	43,123	87,913	496,986

(Unit: Thousand Baht)

Consolidated financial statements

As at 31 December 2021

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	145,006	-	-	-	145,006
Trade and other payables	-	35,767	-	-	35,767
Long-term loan	-	38,334	64,578	-	102,912
Lease liabilities	-	2,358	10,318	60,935	73,611
Total non-derivatives	145,006	76,459	74,896	60,935	357,296

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2021

	On demand	Less than 1 year	1 to 5 years	Over 5 years	Total
Non-derivatives					
Short-term loans from financial institutions	145,006	-	-	-	145,006
Trade and other payables	-	313,321	-	-	313,321
Long-term loan	-	38,334	64,578	-	102,912
Lease liabilities	-	3,556	15,556	92,002	111,114
Total non-derivatives	145,006	355,211	80,134	92,002	672,353

35.2 Fair value of financial instruments

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

36. 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 maximize 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 0.15:1 (2021: 0.28:1) and the Company's was 0.34:1 (2021: 0.50:1).

37. 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.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Other income	70,651	45,729	70,651	45,729
Cost of sales	1,721,271	1,696,349	1,722,834	1,697,912

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

38. Event after the reporting period

On 23 February 2023, a meeting of the Company's Board of Directors passed a resolution to propose the payment of a dividend from operating results for the year 2022 of Baht 0.45 per share, or a total of Baht 146 million, for approval by the Annual General Meeting of the Company's shareholders for the year 2023.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2023.