

Tipco Foods Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2019

Independent Auditor's Report

To the Shareholders of Tipco Foods Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Tipco Foods Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, 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 Tipco Foods 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 Tipco Foods Public Company Limited and its subsidiaries and of Tipco Foods Public Company Limited as at 31 December 2019, 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 from the Group in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters.

Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

Investment in associate

The Company has investment in an associate based on the equity method and has share of profit from investment in associate presented in the consolidated financial statements (based on the cost method and has dividend income from associate presented in the separate financial statements). These amounts are significant to the financial statements and have direct effect on profit or loss.

I have inquired the management relating to significant influence on the associate to determine the appropriateness of recording transactions for investment in the associate. I have evaluated the accounting policy and related transactions of such associate. I have also checked the existence of the investment to the share certificates and supporting documents received from the securities company, tested the calculation of fair value of the investment, including its impairment as at the period-end date, and examined the supporting documents for dividend receipts. Furthermore, I obtained the financial statements which have been audited by the Certified Public Accountant of such associate to test the calculation of share of profit from investment in the associate and tested proportionate interest in value of investment in the associated company. In addition, I determined whether there was adequate disclosure of information of such investment in the associate in the notes to the 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. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

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.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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.

Natthawut Santipet
Certified Public Accountant (Thailand) No. 5730

EY Office Limited
Bangkok: 17 February 2020

Tipco Foods Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2019

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Assets					
Current assets					
Cash and cash equivalents		41,336,348	105,836,016	15,127,386	21,594,772
Current investment		4,995,108	4,950,897	-	-
Trade and other receivables	6, 7	467,172,764	562,332,118	24,968,756	45,473,934
Short-term loans to related parties	6	-	-	269,000,000	90,000,000
Inventories	8	679,465,248	986,474,903	50,918,443	61,973,123
Biological assets		2,800,000	659,471	-	-
Advanced payments	6	12,851,450	12,267,768	3,568,544	4,205,527
Other current assets		47,892,673	75,393,250	8,755,894	13,035,627
Total current assets		<u>1,256,513,591</u>	<u>1,747,914,423</u>	<u>372,339,023</u>	<u>236,282,983</u>
Non-current assets					
Investments in subsidiaries	9	-	-	1,642,486,907	1,765,336,907
Investment in associate	10	3,145,107,518	2,910,063,089	644,929,739	644,929,739
Investment property - Land awaiting sale		7,269,561	7,269,561	7,269,561	7,269,561
Property, plant and equipment	11	2,136,459,223	2,287,283,380	701,706,302	742,167,527
Intangible assets	12	35,575,530	56,193,420	27,175,598	30,236,774
Deferred tax assets	19	72,902,030	47,379,204	6,755,661	3,588,672
Other non-current assets	6	15,175,467	20,471,350	3,539,971	3,089,846
Total non-current assets		<u>5,412,489,329</u>	<u>5,328,660,004</u>	<u>3,033,863,739</u>	<u>3,196,619,026</u>
Total assets		<u>6,669,002,920</u>	<u>7,076,574,427</u>	<u>3,406,202,762</u>	<u>3,432,902,009</u>

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

Tipco Foods Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2019

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions		761,473,861	770,000,000	490,318,437	240,000,000
Trade and other payables	6, 13	605,257,788	790,128,580	43,551,602	76,869,312
Current portion of liabilities under finance lease agreements		859,098	-	859,098	-
Current portion of long-term loans from financial institutions	14, 15	411,950,000	312,500,000	231,245,000	201,200,000
Income tax payable		4,470,342	10,693,056	-	-
Other current liabilities		<u>59,996,328</u>	<u>79,005,064</u>	<u>3,732,645</u>	<u>3,163,214</u>
Total current liabilities		<u>1,844,007,417</u>	<u>1,962,326,700</u>	<u>769,706,782</u>	<u>521,232,526</u>
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion		5,386,014	-	5,386,014	-
Long-term loans from financial institutions - net of current portion	14, 15	782,500,000	840,203,341	555,000,000	729,498,341
Provision for dismantling cost		1,070,480	2,279,600	-	-
Provision for long-term employee benefits	16	<u>129,244,324</u>	<u>98,360,141</u>	<u>33,027,913</u>	<u>25,108,871</u>
Total non-current liabilities		<u>918,200,818</u>	<u>940,843,082</u>	<u>593,413,927</u>	<u>754,607,212</u>
Total liabilities		<u>2,762,208,235</u>	<u>2,903,169,782</u>	<u>1,363,120,709</u>	<u>1,275,839,738</u>

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

Tipco Foods Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2019

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Shareholders' equity					
Share capital					
Registered					
500,000,000 ordinary shares of Baht 1 each		<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>	<u>500,000,000</u>
Issued and fully paid					
482,579,640 ordinary shares of Baht 1 each		482,579,640	482,579,640	482,579,640	482,579,640
Non-controlling interests of subsidiary acquired by					
the Company at price higher than book value		(80,767,243)	(80,767,243)	-	-
Non-controlling interest in subsidiary of					
the associated company acquired at price					
lower than book value		1,494,466	1,494,466	-	-
Change in the interest in subsidiaries of					
the associated company which did not result					
in a loss of control of the associate		(135,832,635)	(135,832,635)	-	-
Capital reserve for share-based payment transactions					
of the associate		40,994,182	41,070,724	-	-
Retained earnings					
Appropriated - statutory reserve	17	50,000,000	50,000,000	50,000,000	50,000,000
Unappropriated		3,848,177,059	3,876,971,449	1,510,502,413	1,624,482,631
Other components of shareholders' equity		<u>(299,850,784)</u>	<u>(62,111,756)</u>	-	-
Total shareholders' equity		<u>3,906,794,685</u>	<u>4,173,404,645</u>	<u>2,043,082,053</u>	<u>2,157,062,271</u>
Total liabilities and shareholders' equity		<u>6,669,002,920</u>	<u>7,076,574,427</u>	<u>3,406,202,762</u>	<u>3,432,902,009</u>
		-	-	-	-

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

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Directors
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Tipco Foods Public Company Limited and its subsidiaries
Statements of comprehensive income
For the year ended 31 December 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales		3,561,064,263	4,248,050,424	353,565,577	379,175,078
Other income					
Dividend income from subsidiaries	9	-	-	19,799,998	64,287,750
Dividend income from associate	10	-	-	258,917,162	332,893,494
Management income		-	-	70,902,000	76,128,000
Gain on changes in fair value of biological assets		2,140,529	-	-	-
Others		123,882,439	107,975,986	14,612,234	10,366,536
Total revenues		3,687,087,231	4,356,026,410	717,796,971	862,850,858
Expenses					
Cost of sales		3,178,577,480	3,394,578,070	244,882,926	281,011,539
Selling and distribution expenses		436,828,614	604,276,166	7,549	15,135,323
Administrative expenses		541,720,254	439,140,641	187,366,062	178,079,078
Other expenses					
Impairment loss on investment in subsidiary	9	-	-	122,850,000	-
Loss on changes in fair value of biological assets		-	2,293,508	-	-
Reversal of impairment loss on machinery	11	-	(29,000,000)	-	-
Total expenses		4,157,126,348	4,411,288,385	555,106,537	474,225,940
Profit (loss) before share of profit from investment in associate, finance cost and income tax expenses		(470,039,117)	(55,261,975)	162,690,434	388,624,918
Share of profit from investment in associate	10	732,668,446	132,661,359	-	-
Profit before finance cost and income tax expenses		262,629,329	77,399,384	162,690,434	388,624,918
Finance cost		(69,945,288)	(55,992,863)	(43,376,092)	(30,196,006)
Profit before income tax expenses		192,684,041	21,406,521	119,314,342	358,428,912
Income tax benefit (expenses)	19	14,983,118	(52,283,266)	3,166,989	(9,243,338)
Profit (loss) for the year		207,667,159	(30,876,745)	122,481,331	349,185,574
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>					
Share of comprehensive income in associate	10	(237,739,028)	77,499,825	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(237,739,028)	77,499,825	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss) - net of income tax		-	(6,746,065)	-	3,380,304
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		-	(6,746,065)	-	3,380,304
Other comprehensive income for the year		(237,739,028)	70,753,760	-	3,380,304
Total comprehensive income for the year		(30,071,869)	39,877,015	122,481,331	352,565,878

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

Tipco Foods Public Company Limited and its subsidiaries
Statements of comprehensive income (continued)
For the year ended 31 December 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>		
	<u>Note</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit (loss) attributable to:					
Equity holders of the Company		<u>207,667,159</u>	<u>(30,876,745)</u>	<u>122,481,331</u>	<u>349,185,574</u>
Total comprehensive income attributable to:					
Equity holders of the Company		<u>(30,071,869)</u>	<u>39,877,015</u>	<u>122,481,331</u>	<u>352,565,878</u>
Earnings per share					
Basic earnings per share	20				
Profit (loss) attributable to equity holders of the Company		<u>0.43</u>	<u>(0.06)</u>	<u>0.25</u>	<u>0.72</u>

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

Tipco Foods Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2019

(Unit: Baht)

	Consolidated financial statements										
	Issued and paid-up share capital	Non-controlling interests of subsidiary acquired by the Company at price higher than book value	Non-controlling interests of subsidiary of the associated company acquired at price lower than book value	Change in the interest in subsidiaries of the associated company which did not result in a loss of control of the associate	Capital reserve for share-based payment transactions of the associate	Retained earnings		Other component of shareholder's equity			
		at price higher than book value	at price lower than book value	of the associate	the associate	Appropriated - statutory reserve	Unappropriated	Other		Total other components of shareholders' equity	Total shareholders' equity
								Share of comprehensive income in associate	comprehensive income		
Balance as at 1 January 2018	482,579,640	(80,767,243)	1,494,466	(135,832,635)	36,872,134	50,000,000	4,155,881,429	(139,611,581)	(139,611,581)	4,370,616,210	
Loss for the year	-	-	-	-	-	-	(30,876,745)	-	-	(30,876,745)	
Other comprehensive income for the year	-	-	-	-	-	-	(6,746,065)	77,499,825	77,499,825	70,753,760	
Total comprehensive income for the year	-	-	-	-	-	-	(37,622,810)	77,499,825	77,499,825	39,877,015	
Share-based payment transactions of the associate	-	-	-	-	4,198,590	-	-	-	-	4,198,590	
Dividend paid (Note 22)	-	-	-	-	-	-	(241,287,170)	-	-	(241,287,170)	
Balance as at 31 December 2018	<u>482,579,640</u>	<u>(80,767,243)</u>	<u>1,494,466</u>	<u>(135,832,635)</u>	<u>41,070,724</u>	<u>50,000,000</u>	<u>3,876,971,449</u>	<u>(62,111,756)</u>	<u>(62,111,756)</u>	<u>4,173,404,645</u>	
Balance as at 1 January 2019	482,579,640	(80,767,243)	1,494,466	(135,832,635)	41,070,724	50,000,000	3,876,971,449	(62,111,756)	(62,111,756)	4,173,404,645	
Profit for the year	-	-	-	-	-	-	207,667,159	-	-	207,667,159	
Other comprehensive income for the year	-	-	-	-	-	-	-	(237,739,028)	(237,739,028)	(237,739,028)	
Total comprehensive income for the year	-	-	-	-	-	-	207,667,159	(237,739,028)	(237,739,028)	(30,071,869)	
Share-based payment transactions of the associate	-	-	-	-	(76,542)	-	-	-	-	(76,542)	
Dividend paid (Note 22)	-	-	-	-	-	-	(236,461,549)	-	-	(236,461,549)	
Balance as at 31 December 2019	<u>482,579,640</u>	<u>(80,767,243)</u>	<u>1,494,466</u>	<u>(135,832,635)</u>	<u>40,994,182</u>	<u>50,000,000</u>	<u>3,848,177,059</u>	<u>(299,850,784)</u>	<u>(299,850,784)</u>	<u>3,906,794,685</u>	

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

Tipco Foods Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity (continued)
For the year ended 31 December 2019

(Unit: Baht)

	Separate financial statements			Total shareholders'equity
	Issued and paid-up share capital	Retained earnings		
		Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2018	482,579,640	50,000,000	1,513,203,923	2,045,783,563
Profit for the year	-	-	349,185,574	349,185,574
Other comprehensive income for the year	-	-	3,380,304	3,380,304
Total comprehensive income for the year	-	-	352,565,878	352,565,878
Dividend paid (Note 22)	-	-	(241,287,170)	(241,287,170)
Balance as at 31 December 2018	<u>482,579,640</u>	<u>50,000,000</u>	<u>1,624,482,631</u>	<u>2,157,062,271</u>
Balance as at 1 January 2019	482,579,640	50,000,000	1,624,482,631	2,157,062,271
Profit for the year	-	-	122,481,331	122,481,331
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	-	-	122,481,331	122,481,331
Dividend paid (Note 22)	-	-	(236,461,549)	(236,461,549)
Balance as at 31 December 2019	<u>482,579,640</u>	<u>50,000,000</u>	<u>1,510,502,413</u>	<u>2,043,082,053</u>

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

Tipco Foods Public Company Limited and its subsidiaries

Cash flow statements

For the year ended 31 December 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit before income tax	192,684,041	21,406,521	119,314,342	358,428,912
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	325,435,021	275,374,665	64,287,387	47,709,968
Allowance for doubtful accounts (reversal)	(587,874)	136,199	-	-
Reduction of cost of inventories to net realisable value (reversal)	20,229,888	(39,111,383)	(2,420,391)	2,173,935
Loss from inventory destruction	23,195,067	11,985,892	6,409,923	-
Impairment loss on investment in subsidiary	-	-	122,850,000	-
(Gain) loss on changes in fair value of biological assets	(2,140,529)	2,293,507	-	-
Unrealised (gain) loss on exchange	(1,064,321)	579,810	7,762	1,822
(Gain) loss on changes in fair value of forward exchange contracts	290,034	(840,431)	-	(896)
(Gain) loss on changes in fair value of interest rate swap contract	281,265	(697,421)	281,265	(697,421)
(Gain) loss on sales and write-off of property, plant and equipment	18,580,110	879,087	(195,236)	104,869
(Gain) loss on sales and write-off of intangible assets	325,178	(28,409)	-	(28,436)
Reversal of impairment loss on machinery	-	(29,000,000)	-	-
Provision for long-term employee benefits	38,447,724	19,975,943	9,996,923	10,929,647
Provision for dismantling cost	250,229	213,087	-	-
Dividend income from subsidiaries	-	-	(19,799,998)	(64,287,750)
Dividend income from associate	-	-	(258,917,162)	(332,893,494)
Share of profit from investment in associate	(732,668,446)	(132,661,359)	-	-
Interest income	(69,825)	(79,621)	(3,798,438)	(1,967,309)
Interest expenses	68,457,771	55,674,858	42,071,071	29,911,337
Profit (loss) from operating activities before changes in operating assets and liabilities	(48,354,667)	186,100,945	80,087,448	49,385,184
(Increase) decrease in operating assets				
Trade and other receivables	95,626,653	10,088,309	20,497,416	(5,895,448)
Inventories	263,584,701	(43,472,335)	7,065,148	(13,945,069)
Other current assets	37,363,289	9,149,966	(1,190,309)	25,899,464
Other non-current assets	(5,243,825)	(13,688,481)	(450,125)	1,193,624
Increase (decrease) in operating liabilities				
Trade and other payables	(177,188,119)	(25,210,953)	(23,231,494)	(33,657,245)
Other current liabilities	(24,327,822)	43,463,985	288,167	(393,082)
Other non-current liabilities	(1,459,349)	811,913	-	-
Cash paid for long-term employee benefits	(7,563,541)	(14,190,277)	(2,077,881)	(4,769,239)
Cash flows from operating activities	132,437,320	153,053,072	80,988,370	17,818,189
Cash paid for interest expenses	(68,759,162)	(55,484,336)	(42,168,434)	(29,721,263)
Cash paid for corporate income tax	(15,952,167)	(39,903,111)	-	(2,192,577)
Cash received for withholding tax	6,107,025	-	6,107,025	-
Net cash flows from (used in) operating activities	53,833,016	57,665,625	44,926,961	(14,095,651)

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

Tipco Foods Public Company Limited and its subsidiaries

Cash flow statements (continued)

For the year ended 31 December 2019

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Cash paid for investment in subsidiary	-	-	-	(150,000,000)
Increase in current investment	(44,211)	(43,819)	-	-
Increase in short-term loans to related parties	-	-	(179,000,000)	(82,000,000)
Cash received from sales of property, plant and equipment	3,610,886	3,407,759	216,446	1,078,148
Cash paid for acquisition of property, plant and equipment	(175,857,540)	(535,344,017)	(24,142,393)	(412,877,868)
Cash received from sales of intangible assets	-	131,552	-	131,552
Cash paid for acquisition of intangible assets	(1,418,632)	(6,039,365)	(18,400)	(216,786)
Dividend received from subsidiaries	-	-	19,799,998	64,287,750
Dividend received from associate	258,917,162	332,893,494	258,917,162	332,893,494
Interest received	69,825	79,621	3,798,438	1,967,309
Net cash flows from (used in) investing activities	<u>85,277,490</u>	<u>(204,914,775)</u>	<u>79,571,251</u>	<u>(244,736,401)</u>
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	(8,526,139)	49,154,533	250,318,437	100,000,000
Cash paid under finance lease agreements	(369,145)	-	(369,145)	-
Cash receipts from long-term loans from financial institutions	406,746,659	443,253,341	56,746,659	443,253,341
Repayment of long-term loans from financial institutions	(365,000,000)	(197,500,000)	(201,200,000)	(86,200,000)
Dividend paid	(236,461,549)	(241,287,170)	(236,461,549)	(241,287,170)
Net cash flows from (used in) financing activities	<u>(203,610,174)</u>	<u>53,620,704</u>	<u>(130,965,598)</u>	<u>215,766,171</u>
Net decrease in cash and cash equivalents	<u>(64,499,668)</u>	<u>(93,628,446)</u>	<u>(6,467,386)</u>	<u>(43,065,881)</u>
Cash and cash equivalents at beginning of year	<u>105,836,016</u>	<u>199,464,462</u>	<u>21,594,772</u>	<u>64,660,653</u>
Cash and cash equivalents at end of year	<u>41,336,348</u>	<u>105,836,016</u>	<u>15,127,386</u>	<u>21,594,772</u>
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions:				
Acquisition of equipment for which cash has not been paid	12,007,725	20,034,200	13,000	9,983,453
Acquisition of intangible assets for which cash has not been paid	1,115,417	470,224	-	18,400
Acquisition of asset under finance lease agreements	6,614,257	-	6,614,257	-

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

Tipco Foods Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2019

1. General information

Tipco Foods Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The major shareholders of the Company is Supsakorn family. The Company is principally engaged in the manufacture and distribution of mineral water. The registered office of the Company is at 118/1 Rama 6 Road, Phayathai Sub district, Phayathai District, Bangkok.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of the Company and its subsidiaries (“the Group”). The details of subsidiary companies are as follows:

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage	
			<u>2019</u> (Million Baht)	<u>2018</u> (Million Baht)	<u>2019</u> (Percent)	<u>2018</u> (Percent)
Tipco F&B Company Limited (“TFB”)	Producing and distribution of ready-to-drink beverage product	Thailand	600.00	600.00	100.00	100.00
Tipco Retail Company Limited (87.75% owned by the Company and 12.25% owned by TFB)	Retail business	Thailand	200.00	200.00	100.00	100.00

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage	
			2019	2018	2019	2018
			(Million Baht)	(Million Baht)	(Percent)	(Percent)
Tipco Biotech Company Limited	Manufacturing of herbal extraction substance and agriculture business	Thailand	36.80	36.80	100.00	100.00
Tipco Pineapple Company Limited	Manufacturing and distribution of canned fruit and fruit juice	Thailand	700.00	700.00	100.00	100.00
TFB Distribution Company Limited (100% owned by TFB)	Dormant	Thailand	0.25	0.25	100.00	100.00

- 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 have been eliminated from the consolidated financial statements.
 - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associate under the cost method.

3 New financial reporting standards

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

During the current year, the Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below.

TFRS 15 Revenue from Contracts with Customers

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

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

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

This standard did not have any effect on profit or loss of the Group and resulted only in the reclassifications of the statement of comprehensive income for the year ended 31 December 2019 as described below.

(Unit: Million Baht)

	Consolidated financial statements		
	Previous financial reporting standard	Increase (decrease)	TFRS 15
Statement of comprehensive income			
Profit or loss:			
Sales	3,663	(102)	3,561
Cost of sales	3,169	10	3,179
Selling and distribution expenses	549	(112)	437

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

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

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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

TFRS 16 Leases

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

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

The management of the Group is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally 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 returns, discounts, allowances and price promotions to customers.

Interest income

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

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 Trade and other receivables

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

4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the weighted average method) and net realisable value. The cost of inventories includes all production costs and attributable factory overheads.

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

4.5 Agriculture

The biological asset of a subsidiary is unharvested pineapple fruit and agricultural produce is harvested pineapple fruit which were measured at their fair value less costs to sell and fair value less costs to sell at the point of harvest, respectively.

The fair value of pineapple fruit is determined reference to fair value less estimated point-of-harvest costs. Gains or losses on changes in fair value of biological asset and agricultural produce are recognised in profit or loss.

4.6 Investments

- a) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method less allowance for loss on impairment (if any).

4.7 Investment property - Land awaiting sale

Investment property - Land awaiting sale are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property are stated at cost less allowance for loss on impairment (if any).

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

4.8 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment and the pineapple plants, which are bearer plants, are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment, and bearer plant are calculated by reference to their costs, on the straight-line basis over the following estimated useful lives and accordance with the estimated production capacity of machinery and estimated harvest capacity as follows:

Land development	10 years
Buildings and complement	10 to 25 years
Machinery and equipment	10 to 20 years and estimated production capacity
Tools and equipment	5 to 20 years
Furniture and office equipment	3 to 10 years
Motor vehicles	5 to 10 years
Bearer plant	Estimated harvest capacity

An initial estimate of the costs of dismantling and removing of the item and restoring the site, when the Group has obligation to do, have been included in cost of property, plant and equipment.

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

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

4.9 Intangible assets

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

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

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

	<u>Useful lives</u>
Computer software	3 to 10 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

4.10 Related party transactions

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

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

4.11 Long-term leases

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

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

4.12 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, investment property 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Group could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, such reversal is recognised in profit or loss.

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

Defined benefit plans

The Group has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Group 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 defined benefit plans 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 Group recognises restructuring-related costs.

4.15 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.

4.16 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.

4.17 Derivatives

Forward exchange contracts

Forward exchange contracts are presented in the financial statements at fair value. Unrecognised gains and losses from the translation are included in determining income.

Interest rate swap contracts

Interest rate swap contracts are presented in the financial statements at fair value. Unrecognised gains and losses from the interest rate swap contracts are included in determining income.

4.18 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 judgements and estimates

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

Leases

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

Allowance of diminution in value of inventory

In determining allowance for diminution in the value of inventory, the management exercises judgment in estimating the net realisable value of inventory based on the amount the inventories are expected to realise. These estimates are based on estimates of selling prices, which take into account events occurring after the end of the period and estimates of related costs and expenses.

Allowance for impairment loss of investments

The Company treats investment as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property plant and equipment/Depreciation

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

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	352	374	Cost plus certain margin
Management income	-	-	71	76	As agreed
Interest income	-	-	4	2	2.3 - 3.7 percent per annum
Dividend income	-	-	20	64	Announced rate
<u>Transactions with associated company</u>					
Sales of goods	2	2	-	-	Market price
Rental and service expenses	1	1	-	-	Market price
Dividend income	-	-	259	333	Announced rate
<u>Transactions with related companies</u>					
Sales of goods	2	2	-	-	Market price
Rental and service expenses	42	45	17	15	Market price

As at 31 December 2019 and 2018, the balances of the accounts between the Company, subsidiaries and those related companies were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade and other receivables - related parties</u> (Note 7)				
Subsidiaries	-	-	23,110	45,364
Associate	1,191	1,450	61	83
Related companies (common shareholders and directors)	774	1,089	-	-
Total trade and other receivables - related parties	1,965	2,539	23,171	45,447
<u>Prepaid expenses - related parties</u>				
Associate	-	224	-	224
Related companies (common shareholders and directors)	272	390	121	156
Total prepaid expenses - related parties	272	614	121	380
<u>Retentions - related parties</u>				
Related companies (common shareholders and directors)	9,703	8,460	3,409	2,828
Total retentions - related parties	9,703	8,460	3,409	2,828
<u>Trade and other payables - related parties</u> (Note 13)				
Subsidiaries	-	-	109	125
Associate	633	596	144	128
Related companies (common shareholders and directors)	1,554	1,763	171	432
Total trade and other payables - related parties	2,187	2,359	424	685

Short-term loans to related parties

As at 31 December 2019 and 2018, the balances of short-term loans to related parties and the movements were as follows:

(Unit: Thousand Baht)

		Separate financial statements			
		Balance as at 31 December 2018	Increase during the year	Decrease during the year	Balance as at 31 December 2019
Short-term loans	Related by				
Tipco Pineapple Co., Ltd.	Subsidiary	90,000	441,000	(314,000)	217,000
Tipco Biotech Co., Ltd.	Subsidiary	-	46,000	(9,000)	37,000
Tipco Retail Co., Ltd.	Subsidiary	-	15,000	-	15,000
Total		<u>90,000</u>	<u>502,000</u>	<u>(323,000)</u>	<u>269,000</u>

Directors and management's benefits

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	40	35	28	23
Post-employment benefits	2	3	2	2
Total	<u>42</u>	<u>38</u>	<u>30</u>	<u>25</u>

Guarantee obligations with related parties

The Group has outstanding guarantee obligations with its related parties, as described in Note 15 to the financial statements.

7. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Trade receivables - related parties (Note 6)</u>				
Aged on the basis of due dates				
Not yet due	1,686	2,290	16,250	37,826
Past due				
Up to 3 months	218	166	-	-
Total trade receivables - related parties	<u>1,904</u>	<u>2,456</u>	<u>16,250</u>	<u>37,826</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	285,497	390,157	-	3
Past due				
Up to 3 months	91,786	80,094	-	-
3 - 6 months	5	817	-	-
6 - 12 months	-	501	-	-
Over 12 months	503	779	-	-
Total	<u>377,791</u>	<u>472,348</u>	<u>-</u>	<u>3</u>
Less: Allowance for doubtful accounts	<u>(299)</u>	<u>(887)</u>	<u>-</u>	<u>-</u>
Total trade receivables - unrelated parties, net	<u>377,492</u>	<u>471,461</u>	<u>-</u>	<u>3</u>
Total trade receivables - net	<u>379,396</u>	<u>473,917</u>	<u>16,250</u>	<u>37,829</u>
<u>Other receivables</u>				
Amounts due from related parties (Note 6)	61	83	6,921	7,621
Amounts due from unrelated parties	86,846	87,194	1,691	4
Advance to employees	300	674	79	19
Accrued income	570	464	28	1
Total other receivables	<u>87,777</u>	<u>88,415</u>	<u>8,719</u>	<u>7,645</u>
Trade and other receivables - net	<u><u>467,173</u></u>	<u><u>562,332</u></u>	<u><u>24,969</u></u>	<u><u>45,474</u></u>

8. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduction of cost to net realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Finished goods	437,295	688,166	(49,757)	(28,301)	387,538	659,865
Work in process	5,603	9,157	(360)	(769)	5,243	8,388
Raw materials	210,555	249,353	(8,168)	(9,283)	202,387	240,070
Spare parts and factory supplies	57,973	58,537	(1,270)	(973)	56,703	57,564
Goods in transit	27,594	20,588	-	-	27,594	20,588
Total	739,020	1,025,801	(59,555)	(39,326)	679,465	986,475

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduction of cost to net realisable value		Inventories - net	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Finished goods	5,733	7,517	(153)	(910)	5,580	6,607
Work in process	3,181	4,790	-	-	3,181	4,790
Raw materials	10,965	20,534	(455)	(1,925)	10,510	18,609
Spare parts and factory supplies	31,685	32,180	(38)	(231)	31,647	31,949
Goods in transit	-	18	-	-	-	18
Total	51,564	65,039	(646)	(3,066)	50,918	61,973

During the current year, the Group reduced cost of inventories by Baht 20.2 million, to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 2.4 million, and reduced the amount of inventories recognised as expenses during the year.

9. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)	
	Cost	
	<u>2019</u>	<u>2018</u>
Tipco F&B Company Limited	729,050	729,050
Tipco Retail Company Limited	175,500	175,500
Tipco Biotech Company Limited	160,787	160,787
Tipco Pineapple Company Limited	700,000	700,000
Total	1,765,337	1,765,337
Less: Allowance for impairment loss on investment in subsidiary	(122,850)	-
Investments in subsidiaries - net	1,642,487	1,765,337

The paid-up capital and percentage of shareholding were presented in Note 2.2 to the financial statements.

During the years, the Company received the following dividends from its subsidiaries:

Company's name	(Unit: Thousand Baht)	
	For the year ended 31 December	
	<u>2019</u>	<u>2018</u>
Tipco F&B Company Limited	19,800	49,200
Tipco Biotech Company Limited	-	15,088
Total dividend received	19,800	64,288

Investment in Tipco Retail Company Limited ("Tipco Retail")

On 19 December 2018, the extraordinary shareholders' meeting No. 2/2018 of Tipco Retail passed a resolution to approve the increase in its registered and paid up capital of Baht 150 million, through the issue of 15 million ordinary shares of Baht 10 each. The Company has invested in such increased shares capital in full and as a result its shareholding in this company rose from 51 percent to 87.75 percent. However, the proportionate shareholding of the group is not affected. As a result of the capital increase, Tipco Retail's registered and paid-up capital consists of 20 million shares of Baht 10 each, totaling Baht 200 million. Tipco Retail completed its share increase process and registered the new share capital with the Ministry of Commerce on 22 December 2018.

During the current year, the Company recorded allowance for impairment loss on investment in Tipco Retail of Baht 122.85 million.

10. Investment in associate

The Company has investment in an associate, Tipco Asphalt Public Company Limited, which incorporate in Thailand and engaged in the manufacture and distribution of asphalt and petroleum products. The shareholding percentage of the Company as at 31 December 2019 and 2018 are 23.4583 and 23.5021 percent, respectively.

10.1 Details of associate:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cost	644,930	644,930	644,930	644,930
Carrying amounts based on equity method	3,145,108	2,910,063	-	-

10.2 Share of comprehensive income and dividend received

During the years, the Company has recognised its share of profit from investment in associate company in the consolidated financial statements and dividend income in the separate financial statements as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Share of profit from investment in associate during the year	732,668	132,661	-	-
Share of other comprehensive income from investment in associate during the year	(237,739)	77,500	-	-
Dividend received during the year	-	-	258,917	332,893

10.3 Fair value investment in listed associate

The fair value of investment in Tipco Asphalt Public Company Limited which is a listed company on the Stock Exchange of Thailand as at 31 December 2019 and 2018 are Baht 7,841 million and Baht 5,363 million, respectively.

10.4 Summarised financial information about associate

Summarised information about financial position as at 31 December 2019 and 2018:

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Current assets	15,162	14,390
Non-current assets	10,100	9,863
Current liabilities	11,473	11,480
Non-current liabilities	211	236

Summarised information about comprehensive income for the years ended 31 December 2019 and 2018:

	(Unit: Million Baht)	
	<u>2019</u>	<u>2018</u>
Revenue	37,494	27,865
Profit for the year	3,146	580
Other comprehensive income	(1,029)	316
Total comprehensive income	2,117	896

11. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	
Cost							
1 January 2018	331,859	1,196,087	2,432,428	279,538	225,730	86,065	4,551,707
Additions	-	-	2,691	19,612	37,358	484,981	544,642
Disposals/write-off	-	(90)	(56,545)	(26,874)	(6,602)	-	(90,111)
Transfer in (transfer out)	308	312,813	189,271	31,749	2,815	(536,956)	-
31 December 2018	332,167	1,508,810	2,567,845	304,025	259,301	34,090	5,006,238
Additions	-	-	310	8,140	58,847	107,149	174,446
Disposals/write-off	-	(1,795)	(7,312)	(45,520)	(11,793)	-	(66,420)
Transfer in (transfer out)	-	23,908	54,875	50,062	692	(129,537)	-
31 December 2019	332,167	1,530,923	2,615,718	316,707	307,047	11,702	5,114,264
Accumulated depreciation							
1 January 2018	28,200	670,432	1,268,497	206,473	178,282	-	2,351,884
Depreciation for the year	3,948	61,629	120,178	28,742	38,206	-	252,703
Depreciation on disposals/write-off	-	(87)	(56,530)	(17,490)	(6,193)	-	(80,300)
31 December 2018	32,148	731,974	1,332,145	217,725	210,295	-	2,524,287
Depreciation for the year	3,940	67,609	196,183	28,522	6,825	-	303,079
Depreciation on disposals/write-off	-	(865)	(7,104)	(25,023)	(11,069)	-	(44,061)
31 December 2019	36,088	798,718	1,521,224	221,224	206,051	-	2,783,305

(Unit: Thousand Baht)

Consolidated financial statements

	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	Total
Allowance for impairment loss							
1 January 2018	-	-	223,668	5,524	-	-	229,192
Decrease from disposals	-	-	-	(5,524)	-	-	(5,524)
Reversal of allowance for impairment loss	-	-	(29,000)	-	-	-	(29,000)
31 December 2018	-	-	194,668	-	-	-	194,668
Decrease from disposals	-	-	(168)	-	-	-	(168)
31 December 2019	-	-	194,500	-	-	-	194,500
Net book value							
31 December 2018	300,019	776,836	1,041,032	86,300	49,006	34,090	2,287,283
31 December 2019	296,079	732,205	899,994	95,483	100,996	11,702	2,136,459
Depreciation for the year							
2018 (Baht 208 million included in manufacturing cost, and the balance in selling and administrative expenses)							252,703
2019 (Baht 173 million included in manufacturing cost, and the balance in selling and administrative expenses)							303,079

(Unit: Thousand Baht)

Separate financial statements

	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	Total
Cost							
1 January 2018	123,319	93,108	199,029	37,692	31,957	59,323	544,428
Additions	-	-	-	666	267	419,613	420,546
Disposals	-	-	-	(8,675)	(455)	-	(9,130)
Transfer in (transfer out)	308	296,929	158,488	4,216	1,070	(461,011)	-
31 December 2018	123,627	390,037	357,517	33,899	32,839	17,925	955,844
Additions	-	-	-	1,309	8,009	11,468	20,786
Disposals	-	-	(231)	(59)	(2,085)	-	(2,375)
Transfer in (transfer out)	-	800	15,400	12,203	327	(28,730)	-
31 December 2019	123,627	390,837	372,686	47,352	39,090	663	974,255
Accumulated depreciation							
1 January 2018	-	41,142	79,049	22,178	29,238	-	171,607
Depreciation for the year	3	12,905	26,067	3,961	1,331	-	44,267
Depreciation on disposals	-	-	-	(2,254)	(169)	-	(2,423)
31 December 2018	3	54,047	105,116	23,885	30,400	-	213,451
Depreciation for the year	6	20,048	34,583	5,073	1,516	-	61,226
Depreciation on disposals	-	-	(63)	(59)	(2,063)	-	(2,185)
31 December 2019	9	74,095	139,636	28,899	29,853	-	272,492

(Unit: Thousand Baht)

	Separate financial statements						
	Land and Land development	Buildings and complement	Machinery and equipment	Tools and equipment	Others	Assets under installation	Total
Allowance for impairment loss							
1 January 2018	-	-	225	5,524	-	-	5,749
Decrease from disposals	-	-	-	(5,524)	-	-	(5,524)
31 December 2018	-	-	225	-	-	-	225
Decrease from disposals	-	-	(168)	-	-	-	(168)
31 December 2019	-	-	57	-	-	-	57
Net book value							
31 December 2018	123,624	335,990	252,176	10,014	2,439	17,925	742,168
31 December 2019	123,618	316,742	232,993	18,453	9,237	663	701,706
Depreciation for the year							
2018 (Baht 43 million included in manufacturing cost, and the balance in selling and administrative expenses)							44,267
2019 (Baht 43 million included in manufacturing cost, and the balance in selling and administrative expenses)							61,226

As at 31 December 2019, certain items of plant, machinery and equipment had been fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,763 million (2018: Baht 1,695 million) (The Company only: Baht 77 million, 2018: Baht 70 million).

12. Intangible assets

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	Trade mark	Computer software	Computer software in progress	Total
Cost				
1 January 2018	26,051	82,236	3,224	111,511
Additions	-	4,340	2,170	6,510
Disposals/write-off	-	(550)	-	(550)
Transfer in (transfer out)	-	2,147	(2,147)	-
31 December 2018	26,051	88,173	3,247	117,471
Additions	-	-	2,064	2,064
Disposals/write-off	-	(561)	-	(561)
Transfer in (transfer out)	-	1,994	(1,994)	-
31 December 2019	26,051	89,606	3,317	118,974
Accumulated amortisation				
1 January 2018	-	39,053	-	39,053
Amortisation for the year	-	22,672	-	22,672
Amortisation on disposals/ write-off	-	(447)	-	(447)
31 December 2018	-	61,278	-	61,278
Amortisation for the year	-	22,356	-	22,356
Amortisation on disposals/ write-off	-	(236)	-	(236)
31 December 2019	-	83,398	-	83,398
Net book value				
31 December 2018	26,051	26,895	3,247	56,193
31 December 2019	26,051	6,208	3,317	35,576

(Unit: Thousand Baht)

	Separate financial statements			
	Trade mark	Computer software	Computer software in progress	Total
Cost				
1 January 2018	26,463	24,674	-	51,137
Additions	-	213	23	236
Disposals	-	(186)	-	(186)
Transfer in (transfer out)	-	5	(5)	-
31 December 2018	26,463	24,706	18	51,187
Transfer in (transfer out)	-	18	(18)	-
31 December 2019	26,463	24,724	-	51,187
Accumulated amortisation				
1 January 2018	-	17,590	-	17,590
Amortisation for the year	-	3,443	-	3,443
Amortisation on disposals	-	(83)	-	(83)
31 December 2018	-	20,950	-	20,950
Amortisation for the year	-	3,061	-	3,061
31 December 2019	-	24,011	-	24,011
Net book value				
31 December 2018	26,463	3,756	18	30,237
31 December 2019	26,463	713	-	27,176

13. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Trade payables - related parties (Note 6)	-	-	104	85
Trade payables - unrelated parties	200,251	274,251	9,418	29,755
Amounts due to related parties (Note 6)	2,187	2,359	320	600
Other payables - unrelated parties	102,479	141,270	5,353	13,386
Accrued expenses	300,341	372,249	28,357	33,043
Total trade and other payables	<u>605,258</u>	<u>790,129</u>	<u>43,552</u>	<u>76,869</u>

14. Long-term loans from financial institutions

			(Unit: Thousand Baht)			
			Consolidated		Separate	
			financial statements		financial statements	
Loan	Interest rate (%)	Repayment schedule	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
1	Rate referenced to THBFIX + 1.95%	Quarterly installments, as stipulated in the agreement, commencing from March 2018	400,000	443,253	400,000	443,253
2	Rate referenced to THBFIX + 2.40%	Quarterly installments, as stipulated in the agreement, commencing from October 2017	151,950	304,450	41,245	82,445
3	Rate referenced to THBFIX + 2.50%	Quarterly installments, as stipulated in the agreement, commencing from November 2017	345,000	405,000	345,000	405,000
4	Rate referenced to THBFIX + 2.35%	Quarterly installments, as stipulated in the agreement, commencing from March 2019	297,500	-	-	-
Total			1,194,450	1,152,703	786,245	930,698
Less: Current portion			(411,950)	(312,500)	(231,245)	(201,200)
Long-term loans from financial institutions - net of current portion			<u>782,500</u>	<u>840,203</u>	<u>555,000</u>	<u>729,498</u>

In February 2019, a subsidiary entered into a credit facility agreement for a long-term loan no. (4) with a bank amounting to Baht 350 million to repay its short-term loans from banks, with a term of 5 years.

Movements in the long-term loans account during the year ended 31 December 2019 are summarised below.

			(Unit: Thousand Baht)	
			Consolidated	Separate
			financial statements	financial statements
Balance as at 1 January 2019			1,152,703	930,698
Add: Additional borrowings during the year			406,747	56,747
Less: Repayment during the year			(365,000)	(201,200)
Balance as at 31 December 2019			<u>1,194,450</u>	<u>786,245</u>

Loan covenants

The loans are secured by the mortgage of land, building and certain machines thereon.

The loan agreements of the Group contain certain restrictive covenants pertaining to, among others things, the maintenance of debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements and the prohibition from creating lien over related assets.

As at 31 December 2019, there were no long-term credit facilities of the Company which has not yet been drawn down (2018: the long-term credit facilities of the Company which has not yet been drawn down amounted to Baht 57 million).

Interest rate swap agreement

In September 2017, the Company entered into an interest rate swap agreement to swap a floating interest rate on a long-term loan from a local bank to a fixed rate interest at 3.95 percent per annum. As at 31 December 2019, the notional amount of Baht 41 million (2018: Baht 82 million) was outstanding. The notional amount reduces on a quarterly basis in accordance with the long-term loan repayment schedule of the Company in (2), starting from October 2017 and matures in December 2020.

15. Credit facilities

The credit facilities of the Group granted by financial institutions are secured by the following collaterals:

- a) The guarantees by the Group.
- b) The mortgages of the assets of the Group of which the net book value as at 31 December 2019 and 2018 are summarised below.

(Unit: Million Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	104	63	17	17
Buildings and complement	369	402	274	289
Machinery and equipment	71	93	-	-

16. 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		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Provision for long-term employee benefits				
at beginning of year	98,360	85,849	25,109	23,174
Included in profit or loss:				
Current service cost	11,559	11,246	3,958	6,078
Interest cost	3,020	3,054	739	1,580
Past service costs and gains or losses on settlement	23,869	5,676	5,300	3,272
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	1,708	-	470
Financial assumptions changes	-	5,451	-	1,420
Experience adjustments	-	(434)	-	(6,116)
Benefits paid during the year	(7,564)	(14,190)	(2,078)	(4,769)
Provision for long-term employee benefits				
at end of year	<u>129,244</u>	<u>98,360</u>	<u>33,028</u>	<u>25,109</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Group has additional long-term employee benefit liabilities of Baht 24 million (The Company only: Baht 5 million) as a result. The Group reflects the effect of the change by recognising past service costs as expenses in profit or loss of the current year.

The Group expects to pay Baht 8 million of long-term employee benefits during the next year (The Company only: Baht 2 million) (2018: Baht 2 million, The Company only: Baht 1 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefit is 9 years (The Company only: 9 years) (2018: 9 years, The Company only: 9 years).

Significant actuarial assumptions are summarised below.

(Unit: Percent per annum)

	Consolidated/Separate financial statements	
	<u>2018</u>	
Discount rate	2.5	2.5
Salary increase rate	3.0 - 5.0	3.0 - 5.0
Turnover rate	0.0 - 50.0	0.0 - 50.0

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

(Unit: Million Baht)

	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(5)	6	(1)	1
Salary increase rate	7	(6)	2	(2)

(Unit: Million Baht)

	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(4)	5	(1)	1
Salary increase rate	4	(4)	1	(1)

17. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

18. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Salaries, wages and other employee benefits	745,162	792,359	150,736	151,954
Depreciation	303,079	252,703	61,226	44,267
Amortisation expenses	22,356	22,672	3,061	3,443
Finance cost	69,945	55,993	43,376	30,196
Costs related to production of goods and services (excluding of staff cost and depreciation)	2,130,094	2,214,484	204,045	203,814

19. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Current income tax charge	10,540	12,884	-	-
Adjustment in respect of income tax of previous year	-	30,001	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(25,523)	9,398	(3,167)	9,243
Income tax expenses (benefit) reported in profit or loss	(14,983)	52,283	(3,167)	9,243

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to actuarial gain	-	21	-	845

The reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	192,684	21,407	119,314	358,429
Income tax at Thai corporate income tax rate of 20%	38,537	4,281	23,863	71,686
Adjustment in respect of income tax of previous year	-	30,001	-	-
Effects of:				
Non-deductible expenses	13,498	17,525	25,029	1,933
Additional expenses deductions allowed	(1,944)	(1,468)	(211)	(232)
Exemption of income	(443)	(11,026)	(55,743)	(79,436)
Share of profit from investment in associate	(146,534)	(26,532)	-	-
Unused tax loss	83,788	44,738	5,957	14,985
Others	(1,885)	(5,236)	(2,062)	307
Total	(53,520)	18,001	(27,030)	(62,443)
Income tax expenses (benefit) reported in profit or loss	(14,983)	52,283	(3,167)	9,243

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

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax assets				
Allowance for diminution in value				
of inventories	1,214	1,477	129	613
Values of property, plant and equipment	49,328	34,751	-	20
Provision for long-term employee benefits	13,143	9,686	6,606	5,022
Others	26,161	20,383	21	-
Total	<u>89,846</u>	<u>66,297</u>	<u>6,756</u>	<u>5,655</u>
Deferred tax liabilities				
Amortisation of trademark	-	(2,030)	-	(2,030)
Others	(16,944)	(16,888)	-	(36)
Total	<u>(16,944)</u>	<u>(18,918)</u>	<u>-</u>	<u>(2,066)</u>
Deferred tax assets - net	<u>72,902</u>	<u>47,379</u>	<u>6,756</u>	<u>3,589</u>

As at 31 December 2019, the Group has deductible temporary differences and unused tax losses totaling Baht 821 million (2018: Baht 362 million) (The Company only: Baht 120 million, 2018: Baht 136 million), on which deferred tax assets have not been recognised as the Group believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. The unused tax losses will expire by 2024.

20. Earnings per share

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

21. Segment information

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

The following tables present revenue and profit information regarding operating segments of the Group for the years ended 31 December 2019 and 2018, respectively.

(Unit: Million Baht)

	Products of		Beverage		Others		Consolidation	
	vegetable & fruit							
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues from sales of goods	1,418	1,697	2,107	2,429	36	122	3,561	4,248
Gross profit (loss)	(137)	162	529	655	(9)	35	383	852
Other incomes							126	108
Selling and distribution expenses							(437)	(604)
Administrative expenses and other expenses							(542)	(412)
Loss before share of profit from investment								
in associate, finance cost and income tax expenses							(470)	(56)
Share of profit from investment in associate							733	133
Profit before finance cost and income tax expenses							263	77
Finance cost							(70)	(56)
Income tax benefit (expenses)							15	(52)
Profit (loss) for the year							208	(31)

Geographic segment information for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Million Baht)					
	Domestic sales		Export sales		Consolidation	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues from the sales of goods	1,930	2,342	1,631	1,906	3,561	4,248
Gross profit	483	625	(100)	227	383	852

Major customers

For the year 2019, the Group has revenues from two major customers in amount of Baht 1,663 million and Baht 579 million, arising from sales by the beverage segment (2018: Baht 2,363 million derived from one major customer, arising from the same segment).

22. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend</u>
		<u>(Million Baht)</u>	<u>per share</u>
			<u>(Baht per share)</u>
Final dividends for 2017	Annual General Meeting of the shareholders on 10 April 2018	241.3	0.50
Total dividends for the year 2018		241.3	0.50
Final dividends for 2018	Annual General Meeting of the shareholders on 4 April 2019	120.7	0.25
Interim dividends for 2019	Board of Directors' meeting on 14 August 2019	115.8	0.24
Total dividends for the year 2019		236.5	0.49

23. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Group contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by K-Master Pooled Fund, will be paid to employees upon termination in accordance with the fund rules. The Group's contributions for the year 2019 amounting to approximately Baht 17 million (2018: Baht 16 million) were recognised as expenses (The Company only: Baht 4 million, 2018: Baht 4 million).

24. Commitments and contingent liabilities

24.1 Capital commitments

As at 31 December 2019 and 2018, the Group had outstanding capital commitments relating to the construct of buildings and complement, the purchases of machinery and equipment and computer software as follows:

(Unit: Million)

Foreign currency	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Baht	9	14	-	12

24.2 Operating lease commitments

The Group has entered into several agreements in respect of the lease of buildings, warehouses, motor vehicles, office equipment and other service agreements.

As at 31 December 2019 and 2018, future minimum rental and service fees payable under these agreements are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Payable within:				
1 year	61	76	28	26
2 to 5 years	32	103	20	36

24.3 Guarantees

As at 31 December 2019 and 2018, the outstanding bank guarantees issued by the banks on behalf of the Group in respect of certain performance bonds as required in the normal course of business are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Bank guarantees	17	54	7	11

25. Fair value of financial instruments

The assets and liabilities of the Group that were measured at fair value are derivatives. The level in determining the fair value of such assets and liabilities is level 2. As at 31 December 2019 and 2018, the fair value of such assets and liabilities are presented below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Financial assets measured at fair value				
Forward exchange contracts	386	527	-	-
Interest rate swap contract	-	177	-	177
Financial liabilities measured at fair value				
Forward exchange contracts	332	182	-	-
Interest rate swap contract	104	-	104	-

26. Financial instruments

26.1 Financial risk management

The Group's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, and short-term and long-term loans. 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 and other receivable. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the statement of financial position.

Interest rate risk

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

As at 31 December 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2019						
Fixed interest rates						
Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)	
Financial assets						
Cash and cash equivalents	-	-	3	38	41	0.10 - 1.00
Current investment	5	-	-	-	5	0.90
Trade and other receivables	-	-	-	467	467	-
	5	-	3	505	513	
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	761	-	-	-	761	2.00 - 6.95
Trade and other payables	-	-	-	605	605	-
Liabilities under finance lease agreements	1	5	-	-	6	7.30 - 8.76
Long-term loans from financial institutions	-	-	1,194	-	1,194	Note 14
	762	5	1,194	605	2,566	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2018						
Fixed interest rates						
Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)	
Financial assets						
Cash and cash equivalents	-	-	2	104	106	0.25 - 1.00
Current investment	5	-	-	-	5	0.90 - 1.00
Trade and other receivables	-	-	-	562	562	-
	5	-	2	666	673	
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	770	-	-	-	770	2.05 - 2.80
Trade and other payables	-	-	-	790	790	-
Long-term loans from financial institutions	-	-	1,153	-	1,153	Note 14
	770	-	1,153	790	2,713	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2019						
Fixed interest rates						
Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate	
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	2	13	15	0.01 - 1.00
Trade and other receivable	-	-	-	25	25	-
Short-term loan to related parties	269	-	-	-	269	2.65
	269	-	2	38	309	
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	490	-	-	-	490	2.10 - 6.95
Trade and other payables	-	-	-	44	44	-
Liabilities under finance lease agreements	1	5	-	-	6	7.30 - 8.76
Long-term loans from financial institutions	-	-	786	-	786	Note 14
	491	5	786	44	1,326	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2018						
Fixed interest rates						
Within 1 year	1-5 years	Floating interest rate	Non- interest bearing	Total	Effective interest rate	
						(% per annum)
Financial assets						
Cash and cash equivalents	-	-	2	20	22	0.25 - 1.00
Trade and other receivables	-	-	-	45	45	-
Short-term loan to related party	90	-	-	-	90	2.30
	90	-	2	65	157	
Financial liabilities						
Bank overdrafts and short-term loans						
from financial institutions	240	-	-	-	240	2.50 - 2.76
Trade and other payables	-	-	-	77	77	-
Long-term loans from financial institutions	-	-	931	-	931	Note 14
	240	-	931	77	1,248	

Foreign currency risk

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

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

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	2.3	5.1	1.1	1.1	30.15	32.45
Euro	0.7	-	0.2	0.2	33.73	37.13

The Group had outstanding forward exchange contracts which maturity date within one year were summarised below.

Foreign currency	As at 31 December 2019					
	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements			
	Sold	Bought	Sold	Bought	Sold	Bought
	amount	amount	amount	amount		
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	9.0	-	-	-	29.96 - 33.50	-
Euro	0.3	-	-	-	33.50	-

Foreign currency	As at 31 December 2018					
	Consolidated		Separate		Contractual exchange rate	
	financial statements		financial statements			
	Sold	Bought	Sold	Bought	Sold	Bought
	amount	amount	amount	amount		
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US Dollar	1.7	0.4	-	-	32.27 - 33.01	32.31 - 32.98
Euro	-	0.1	-	-	-	37.60

26.2 Fair values of financial instruments

Since the majority of the Group's financial assets and liabilities are short-term in nature, loans to and loans from are carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position. For derivatives, their fair value is generally derived from quoted market prices.

27. Capital management

The primary objective of the capital management of the Group is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2019, the Group's debt-to-equity ratio was 0.71:1 (2018: 0.70:1) and the Company's was 0.67:1 (2018: 0.59:1).

28. Events after the reporting period

On 17 February 2020, the Company's Board of Directors' meeting passed the resolution to propose the Annual General Meeting of shareholders approve a dividend payment of Baht 0.34 per share, a total of Baht 164 million. Since an interim dividend of Baht 0.24 per share, or a total of Baht 116 million, was already distributed to the shareholders in September 2019, the remaining final dividend is Baht 48 million (Baht 0.10 per share).

29. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 17 February 2020.