

Malee Group Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2021



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EY OFFICE LIMITED
AFTER HAVING
THE FINANCIAL STATEMENTS SIGNED**

Independent Auditor's Report

To the Shareholders of Malee Group Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Malee Group Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021, 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 Malee Group 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 Malee Group Public Company Limited and its subsidiaries and of Malee Group Public Company Limited as at 31 December 2021, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

Key audit matter and how audit procedures respond to the matter are described below.

Goodwill and trademark

As at 31 December 2021, the Company had goodwill and trademark which are intangible assets with indefinite useful lives amounting to Baht 55 million and Baht 184 million, respectively.

I have focused on the consideration of the impairment of the goodwill and trademark because the assessment of impairment of goodwill and trademark is a significant accounting estimate requiring the management to exercise judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate.

I assessed the identified cash generating units by gaining an understanding of and testing the key assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the group of assets and the discount rate and long-term growth rate applied, making enquiry of responsible executives and comparing details with sources of information about the Group and the industry, and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill and trademark in the notes to the financial statements.

Other Matter

The consolidated financial statements of Malee Group Public Company Limited and its subsidiaries (the Group) and the separate financial statements of Malee Group Public Company Limited for the year ended 31 December 2020 were audited by another auditor who, under his report dated 22 February 2021, expressed an unmodified opinion on those 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.



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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.



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- 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.

Supachai Phanyawattano
Certified Public Accountant (Thailand) No. 3930

EY Office Limited
Bangkok: 25 February 2022

Malee Group Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Shareholders' equity					
Share capital					
Registered					
276,000,000 ordinary shares of Baht 0.5 each		138,000,000	138,000,000	138,000,000	138,000,000
Issued and fully paid up					
276,000,000 ordinary shares of Baht 0.5 each		138,000,000	138,000,000	138,000,000	138,000,000
Retained earnings					
Appropriated - statutory reserve	24	14,000,000	14,000,000	14,000,000	14,000,000
Unappropriated		237,514,672	351,531,413	314,061,368	453,481,060
Other components of shareholders' equity		254,123,285	230,587,746	247,449,251	247,449,251
Equity attributable to owners of the Company		643,637,957	734,119,159	713,510,619	852,930,311
Non-controlling interests of the subsidiaries		112,349,182	105,510,968	-	-
Total shareholders' equity		755,987,139	839,630,127	713,510,619	852,930,311
Total liabilities and shareholders' equity		4,045,502,673	4,002,637,010	3,509,397,795	3,554,350,070

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

R. Bomyun

(นางสาวรุ่งฉัตร บุญรัตน์)

[Signature]

(นายกิตติ วิไลรวงร)

Directors



Malee Group Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Assets					
Current assets					
Cash and cash equivalents	8	80,321,083	83,668,757	39,557,026	46,294,223
Trade and other receivables	9	650,185,907	490,288,669	491,330,484	302,562,612
Current portion of lease receivables	21	-	-	2,431,065	1,959,075
Inventories	10	553,713,626	543,646,215	350,502,431	361,255,299
Other current assets		<u>53,216,016</u>	<u>109,310,781</u>	<u>21,108,660</u>	<u>29,870,567</u>
Total current assets		<u>1,337,436,632</u>	<u>1,226,914,422</u>	<u>904,929,666</u>	<u>741,941,776</u>
Non-current assets					
Lease receivables, net of current portion	21	-	-	44,191,115	34,356,879
Investments in subsidiaries	11	-	-	542,125,535	532,125,535
Investments in joint ventures	12	14,120,951	21,117,979	-	99,372,066
Long-term loans to related party	7	-	-	-	31,500,000
Other long-term loans	13	31,656,758	31,656,758	-	-
Property, plant and equipment	14	1,581,616,461	1,669,898,560	1,415,746,860	1,487,912,000
Right-of-use assets	21	438,821,323	477,537,443	286,309,244	334,405,821
Intangible assets	15	197,444,065	180,180,291	12,784,052	15,980,822
Goodwill	16	54,605,667	48,332,779	-	-
Deferred tax assets	26	325,511,895	284,407,151	278,152,796	250,047,430
Right to claim from the former shareholder		34,991,957	31,026,999	-	-
Other non-current assets		<u>29,296,964</u>	<u>31,564,628</u>	<u>25,158,527</u>	<u>26,707,741</u>
Total non-current assets		<u>2,708,066,041</u>	<u>2,775,722,588</u>	<u>2,604,468,129</u>	<u>2,812,408,294</u>
Total assets		<u>4,045,502,673</u>	<u>4,002,637,010</u>	<u>3,509,397,795</u>	<u>3,554,350,070</u>

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

Malee Group Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	17	1,128,196,731	1,104,177,884	951,281,841	954,531,625
Trade and other payables	18	652,372,913	585,115,205	439,389,430	400,035,217
Advances received from customers		82,702,340	25,896,538	75,436,688	22,736,170
Advance received from related party	7	-	-	30,000,000	-
Short-term loans from related parties	7	-	-	40,000,000	29,000,000
Current portion of					
- Long-term loans from financial institutions	19	21,740,775	224,482,174	16,796,400	224,482,174
- Lease liabilities	21	40,841,176	63,553,343	37,452,516	55,541,840
Income tax payable		5,530,883	467,785	-	-
Other current liabilities		42,473,646	30,877,084	10,910,303	7,114,930
Total current liabilities		1,973,858,464	2,034,570,013	1,601,267,178	1,693,441,956
Non-current liabilities					
Net current portion of					
- Long-term loans from financial institutions	19	795,487,142	608,187,529	795,487,142	602,342,029
- Lease liabilities	21	224,486,346	262,086,035	224,125,104	256,313,858
Provision for long-term employee benefits	22	108,055,901	99,466,152	85,780,742	79,594,869
Deferred tax liabilities	26	152,635,723	127,670,155	87,724,560	68,224,598
Provision for taxation liabilities		34,991,958	31,026,999	-	-
Other non-current liabilities		-	-	1,502,450	1,502,449
Total non-current liabilities		1,315,657,070	1,128,436,870	1,194,619,998	1,007,977,803
Total liabilities		3,289,515,534	3,163,006,883	2,795,887,176	2,701,419,759

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

Malee Group Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2021

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2021	2020	2021	2020
Shareholders' equity					
Share capital					
Registered					
276,000,000 ordinary shares of Baht 0.5 each		<u>138,000,000</u>	<u>138,000,000</u>	<u>138,000,000</u>	<u>138,000,000</u>
Issued and fully paid up					
276,000,000 ordinary shares of Baht 0.5 each		138,000,000	138,000,000	138,000,000	138,000,000
Retained earnings					
Appropriated - statutory reserve	24	14,000,000	14,000,000	14,000,000	14,000,000
Unappropriated		237,514,672	351,531,413	314,061,368	453,481,060
Other components of shareholders' equity		<u>254,123,285</u>	<u>230,587,746</u>	<u>247,449,251</u>	<u>247,449,251</u>
Equity attributable to owners of the Company		643,637,957	734,119,159	713,510,619	852,930,311
Non-controlling interests of the subsidiaries		<u>112,349,182</u>	<u>105,510,968</u>	-	-
Total shareholders' equity		<u>755,987,139</u>	<u>839,630,127</u>	<u>713,510,619</u>	<u>852,930,311</u>
Total liabilities and shareholders' equity		<u>4,045,502,673</u>	<u>4,002,637,010</u>	<u>3,509,397,795</u>	<u>3,554,350,070</u>
		-	-	-	-

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

.....
Directors
.....

Malee Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2021

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues					
Sales		3,457,770,376	3,870,374,745	2,538,049,844	2,808,657,229
Other income					
Exchange gains		3,594,933	2,460,883	-	746,512
Others		30,722,099	39,812,769	131,571,666	150,719,368
Total revenues		<u>3,492,087,408</u>	<u>3,912,648,397</u>	<u>2,669,621,510</u>	<u>2,960,123,109</u>
Expenses					
Cost of sales		2,623,447,965	3,168,839,179	2,246,844,777	2,786,011,346
Selling and distribution expenses		429,969,052	422,611,898	29,119,539	22,706,547
Administrative expenses		494,529,244	493,363,026	372,071,951	413,941,425
Impairment loss on investment in joint venture		-	-	99,372,066	-
Exchange losses		-	-	1,744,035	-
Total expenses		<u>3,547,946,261</u>	<u>4,084,814,103</u>	<u>2,749,152,368</u>	<u>3,222,659,318</u>
Operating loss		(55,858,853)	(172,165,706)	(79,530,858)	(262,536,209)
Share of loss from investments in joint ventures	12	(5,527,517)	(27,485,012)	-	-
Finance income		198,317	1,965,222	570,801	1,855,655
Finance cost		(76,168,743)	(70,863,253)	(69,065,039)	(60,736,330)
Loss before income tax		<u>(137,356,796)</u>	<u>(268,548,749)</u>	<u>(148,025,096)</u>	<u>(321,416,884)</u>
Income tax	26	15,771,917	65,648,861	8,605,404	74,089,197
Loss for the year		<u>(121,584,879)</u>	<u>(202,899,888)</u>	<u>(139,419,692)</u>	<u>(247,327,687)</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements					
in foreign currency		37,941,891	5,311,491	-	-
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Actuarial gain - net of income tax		-	7,594,973	-	6,552,548
Other comprehensive income for the year		<u>37,941,891</u>	<u>12,906,464</u>	<u>-</u>	<u>6,552,548</u>
Total comprehensive income for the year		<u>(83,642,988)</u>	<u>(189,993,424)</u>	<u>(139,419,692)</u>	<u>(240,775,139)</u>

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

Malee Group Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2021

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Loss attributable to:					
Equity holders of the Company		(114,016,741)	(200,902,539)	<u>(139,419,692)</u>	<u>(247,327,687)</u>
Non-controlling interests of the subsidiaries		<u>(7,568,138)</u>	<u>(1,997,349)</u>		
		<u>(121,584,879)</u>	<u>(202,899,888)</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		(90,481,202)	(187,838,112)	<u>(139,419,692)</u>	<u>(240,775,139)</u>
Non-controlling interests of the subsidiaries		<u>6,838,214</u>	<u>(2,155,312)</u>		
		<u>(83,642,988)</u>	<u>(189,993,424)</u>		
Earnings per share					
	28				
Basic earnings per share					
Loss attributable to equity holders of the Company		<u>(0.41)</u>	<u>(0.73)</u>	<u>(0.51)</u>	<u>(0.90)</u>

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

Malee Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2021

Consolidated financial statements											
Equity attributable to owners of the Company											
						Other components of equity					
						Other comprehensive income					
						Exchange differences on translation of financial statements in foreign currency					
						Revaluation surplus on assets					
						Total other components of shareholders' equity					
						Total equity attributable to owners of the Company					
						Non-controlling interests of the subsidiaries					
						Retained earnings					
						Appropriated					
						Unappropriated					
Issued and fully paid-up share capital	Premium on treasury shares	Treasury shares	Legal reserve	Treasury shares reserve	Unappropriated	foreign currency	Revaluation surplus on assets	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Non-controlling interests of the subsidiaries	
Balance as at 1 January 2020	140,000,000	5,848,058	(114,335,425)	14,000,000	114,335,425	536,990,921	(28,076,488)	253,194,780	225,118,292	921,957,271	107,666,280
Loss for the year	-	-	-	-	(200,902,539)	-	-	-	(200,902,539)	(1,997,349)	
Other comprehensive income for the year	-	-	-	-	7,594,973	5,469,454	-	5,469,454	13,064,427	(157,963)	
Total comprehensive income for the year	-	-	-	-	(193,307,566)	5,469,454	-	5,469,454	(187,838,112)	(2,155,312)	
Share capital reduction from treasury shares cancellation (Note 23)	(2,000,000)	(5,848,058)	114,335,425	-	(114,335,425)	7,848,058	-	-	-	-	
Balance as at 31 December 2020	138,000,000	-	-	14,000,000	-	351,531,413	(22,607,034)	253,194,780	230,587,746	734,119,159	105,510,968
Balance as at 1 January 2021	138,000,000	-	-	14,000,000	-	351,531,413	(22,607,034)	253,194,780	230,587,746	734,119,159	105,510,968
Loss for the year	-	-	-	-	(114,016,741)	-	-	-	(114,016,741)	(7,568,138)	
Other comprehensive income for the year	-	-	-	-	-	23,535,539	-	23,535,539	23,535,539	14,406,352	
Total comprehensive income for the year	-	-	-	-	(114,016,741)	23,535,539	-	23,535,539	(90,481,202)	6,838,214	
Balance as at 31 December 2021	138,000,000	-	-	14,000,000	-	237,514,672	928,505	253,194,780	254,123,285	643,637,957	112,349,182

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

(Unit: Baht)

Total
shareholders'
equity
<hr/>
1,029,623,551
(202,899,888)
12,906,464
(189,993,424)
<hr/>
-
839,630,127
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-
839,630,127
(121,584,879)
37,941,891
<hr/>
(83,642,988)
755,987,139
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-

Malee Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2021

(Unit: Baht)

	Separate financial statements							Total shareholders' equity
	Issued and fully paid-up share capital	Premium on treasury shares	Treasury shares	Retained earnings		Other components of equity		
				Appropriated		Other comprehensive income		
				Legal reserve	Treasury shares reserve	Unappropriated	Revaluation surplus on revaluation of assets	
Balance as at 1 January 2020	140,000,000	5,848,058	(114,335,425)	14,000,000	114,335,425	686,408,141	247,449,251	1,093,705,450
Loss for the year	-	-	-	-	-	(247,327,687)	-	(247,327,687)
Other comprehensive income for the year	-	-	-	-	-	6,552,548	-	6,552,548
Total comprehensive income for the year	-	-	-	-	-	(240,775,139)	-	(240,775,139)
Share capital reduction from treasury shares cancellation (Note 23)	(2,000,000)	(5,848,058)	114,335,425	-	(114,335,425)	7,848,058	-	-
Balance as at 31 December 2020	<u>138,000,000</u>	<u>-</u>	<u>-</u>	<u>14,000,000</u>	<u>-</u>	<u>453,481,060</u>	<u>247,449,251</u>	<u>852,930,311</u>
Balance as at 1 January 2021	138,000,000	-	-	14,000,000	-	453,481,060	247,449,251	852,930,311
Total comprehensive income for the year	-	-	-	-	-	(139,419,692)	-	(139,419,692)
Balance as at 31 December 2021	<u>138,000,000</u>	<u>-</u>	<u>-</u>	<u>14,000,000</u>	<u>-</u>	<u>314,061,368</u>	<u>247,449,251</u>	<u>713,510,619</u>

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

Malee Group Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2021

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from operating activities				
Loss before tax	(137,356,796)	(268,548,749)	(148,025,096)	(321,416,884)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	180,560,506	285,752,376	129,435,644	232,478,824
Allowance for expected credit losses (reversal)	(3,124,106)	5,548,301	(1,729,580)	2,925,758
Reduce cost to net realisable value of inventories (reversal)	(38,821,658)	(735,135)	(48,530,470)	7,357,053
Write-off of withholding tax	273,564	180,818	-	-
Impairment loss on investment in joint venture	-	-	99,372,066	-
(Gain) loss on disposal of investments in joint ventures	-	(682,164)	-	14,833,251
Impairment loss of fixed assets (reversal)	(1,972,585)	1,420,036	(1,972,585)	1,420,036
(Gains) losses on disposals/write-off of equipment	5,630,340	(70,208)	5,630,215	(80,665)
Unrealised gains on exchange	(1,911,434)	(1,008,954)	(1,368,417)	(16,737)
Share of loss from investments in joint ventures	5,527,517	27,485,012	-	-
Provision for long-term employee benefits	10,038,282	10,205,403	7,336,273	7,883,325
Finance income	(198,317)	(1,965,222)	(570,801)	(1,855,655)
Finance cost	<u>76,168,743</u>	<u>70,863,253</u>	<u>69,065,039</u>	<u>60,736,330</u>
Profit from operating activities before changes in operating assets and liabilities	94,814,056	128,444,767	108,642,288	4,264,636
Operating assets (increase) decrease				
Trade and other receivables	(160,004,132)	232,211,651	(185,450,425)	370,181,565
Inventories	28,754,248	(19,634,281)	59,283,338	(41,280,605)
Other current assets	65,414,352	2,169,804	15,666,021	1,911,619
Other non-current assets	2,267,664	(1,526,823)	1,548,213	(1,032,326)
Operating liabilities increase (decrease)				
Trade and other payables	58,265,432	(86,781,649)	27,507,763	(46,514,296)
Advances from customers	56,805,802	6,410,587	52,700,518	6,831,207
Advance received from related party	-	-	30,000,000	-
Other current liabilities	11,596,562	21,560,013	3,795,373	15,022,983
Provision for long-term employee benefits	<u>(1,448,533)</u>	<u>(1,851,066)</u>	<u>(1,150,400)</u>	<u>(1,013,067)</u>
Cash flows from operating activities	156,465,451	281,003,003	112,542,689	308,371,716
Cash received from interest income	198,317	1,965,222	570,801	1,855,655
Cash paid for interest expenses	(72,784,300)	(70,863,253)	(63,599,570)	(60,736,330)
Cash paid for income tax	<u>(9,988,042)</u>	<u>(20,614,418)</u>	<u>(6,164,159)</u>	<u>(4,471,113)</u>
Net cash flows from operating activities	<u>73,891,426</u>	<u>191,490,554</u>	<u>43,349,761</u>	<u>245,019,928</u>

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

Malee Group Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2021

(Unit: Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash flows from investing activities				
Decrease in restricted bank deposits	-	21,001,047	-	21,001,047
Cash received from long-term loans to related party	-	-	31,500,000	-
Cash received from lease receivables	-	-	3,673,029	1,996,884
Cash received from capital decrease in subsidiary	-	-	30,000,000	-
Cash paid for investment in subsidiary	-	-	(40,000,000)	-
Cash paid for additional investments in joint ventures	-	(15,008,700)	-	-
Cash received from investments in joint ventures	-	44,952,817	-	68,988
Cash received from disposals of equipment	2,355,579	5,661,057	2,355,579	2,768,177
Cash paid for acquisitions of equipment	(34,004,894)	(21,550,462)	(33,492,802)	(18,780,972)
Cash paid for acquisitions of intangible assets	<u>(2,605,683)</u>	<u>(2,188,642)</u>	<u>(2,605,683)</u>	<u>(2,188,642)</u>
Net cash flows from (used in) investing activities	<u>(34,254,998)</u>	<u>32,867,117</u>	<u>(8,569,877)</u>	<u>4,865,482</u>
Cash flows from financing activities				
Decrease in bank overdrafts	46,019,845	65,938,432	10,713,714	17,949,426
Cash received from short-term loans from financial institutions	2,810,641,784	2,921,490,700	2,552,066,584	2,626,028,100
Repayment of short-term loans from financial institutions	(2,832,642,782)	(3,322,742,600)	(2,566,030,082)	(3,026,738,000)
Cash received from repayment of short-term loans				
from related parties	-	-	40,000,000	29,000,000
Repayment of short-term loans from related party	-	-	(29,000,000)	-
Cash received from long-term loans from financial institutions	-	298,000,000	-	298,000,000
Repayment of long-term loans from financial institutions	(16,098,786)	(149,399,644)	(14,540,660)	(149,399,644)
Repayment of lease liabilities	<u>(39,191,242)</u>	<u>(72,776,972)</u>	<u>(34,726,637)</u>	<u>(63,778,462)</u>
Net cash flows used in financing activities	<u>(31,271,181)</u>	<u>(259,490,084)</u>	<u>(41,517,081)</u>	<u>(268,938,580)</u>
Increase (decrease) in translation adjustments	<u>(11,712,921)</u>	<u>30,931</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	<u>(3,347,674)</u>	<u>(35,101,482)</u>	<u>(6,737,197)</u>	<u>(19,053,170)</u>
Cash and cash equivalents at beginning of year	<u>83,668,757</u>	<u>118,770,239</u>	<u>46,294,223</u>	<u>65,347,393</u>
Cash and cash equivalents at end of year	<u>80,321,083</u>	<u>83,668,757</u>	<u>39,557,026</u>	<u>46,294,223</u>
	-	-	-	-
Supplemental cash flow information:				
Non-cash transactions				
Acquisitions of equipment for which cash has not been paid	1,119,509	1,996,000	1,119,509	1,996,000
Increase in right-of-use assets from lease liabilities	36,830,722	-	36,830,722	-
Decrease in right-of-use assets due to lease modification	(57,952,394)	-	(52,382,063)	-

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

Malee Group Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2021

1. General information

1.1 General information of the Company

Malee Group Public Company Limited (“The Company”) is a public company incorporated and domiciled in Thailand. The Company and its subsidiaries are principally engaged in the manufacture and distribution of agriculture products such as canned fruit, fruit juices, milk and cereal drink and non-alcohol beverage for local and export. The registered office of the Company is at 401/1, Moo 8, Phaholyothin Road, Kookod, Lumlookka, Pathumthani.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact of various issues as the situation has evolved.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Malee Group Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (collectively as “the Group”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2021</u> Percent	<u>2020</u> Percent
<u>Subsidiaries directly owned by the Company</u>				
Malee Enterprise Company Limited	Distribution of canned food and beverage	Thailand	99.99	99.99
Malee International Company Limited	Importer, exporter, distribution of canned agriculture products, fruit juices and non-alcohol beverage	Thailand	99.99	99.99
Malee Capital Company Limited	Investment	Thailand	99.99	99.99
Malee Applied Sciences Company Limited	Research and development of scientifically, transformation, agriculture	Thailand	99.99	99.99
Icon Foods LLC.	Distributor (not currently operate)	USA	99.00	99.00
<u>Subsidiary held through Malee Capital Company Limited</u>				
Long Quan Safe Food Joint Stock Company	Distributor consumer products in Vietnam and neighboring countries	Vietnam	65.00	65.00
<u>Subsidiary held through Long Quan Safe Food Joint Stock Company</u>				
Tan Quang Minh Manufacture and Trading Company Limited	Manufacture and distributor consumer products in Vietnam and neighboring countries	Vietnam	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) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
 - f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.
 - g) 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 joint ventures under the cost method net of allowance for impairment loss (if any).

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current period

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

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

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

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and, for some standards, providing temporary reliefs or temporary exemptions for users.

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

4. Cumulative effects of changes in an accounting estimate related to depreciation method of machines

During the current year, the Company has reviewed and changed the depreciation method of certain machinery from the straight-line method to the units of production method to reflect the change in the expected pattern of consumption of the future economic benefits embodied in the assets. The change, became effective immediately from 1 January 2021 onwards. As a result of the change loss of the Group for the year ended 31 December 2021 decreased by Baht 76 million (0.28 Baht per share) (the Company only: Baht 76 million (0.28 Baht per share)).

5. Significant accounting policies

5.1 Revenue and expense recognition

Sales of goods

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

Revenue from sale related to contract manufacturing is recognised over time when services have been rendered taking into account the stage of completion.

Rendering of services

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

Interest income

Interest income is calculated using the effective interest method and recognised on an accrual basis. The effective interest rate is applied to the gross carrying amount of a financial asset, unless the financial assets subsequently become credit-impaired when it is applied to the net carrying amount of the financial asset (net of the expected credit loss allowance).

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

Dividends

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

5.2 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.

5.3 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 is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials, packaging 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.

5.4 Investments in subsidiaries and joint ventures

Investments in joint ventures are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and joint ventures are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

5.5 Export incentive receivable

Export incentive, in the form of tax coupons, is recognised as revenue when the relevant export shipment is made. Export incentive is calculated by multiplying of the determined percentage and invoicing value based on F.O.B. basis.

5.6 Property, plant and equipment/Depreciation

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

Land is initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised in equity under the heading of "Revaluation surplus on assets". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on assets" in respect of the same asset.

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

Land improvement	5 years
Buildings	20 years and 40 years
Buildings improvement	3 years to 20 years
Machinery and equipment	15 years and 20 years
Furniture and office equipment	5 years and 10 years
Motor vehicles	5 years

Depreciation of certain machinery is calculated by reference to their costs, on the units of production method.

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction and installation.

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

5.7 Borrowing costs

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

5.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the 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 the straight-line 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>
Customer relationship	7 years
Computer software	10 years

Intangible assets with indefinite useful lives is trademark.

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.

5.9 Goodwill

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

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

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

5.10 Leases

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as a lessee

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land	29 years
Buildings	3 - 16 years
Machinery and equipment	3 years
Office equipment	3 years
Motor vehicles	5 years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

The Group as a lessor

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

5.11 Related party transactions

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

They also include joint ventures, 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.

5.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Group functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

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.

5.13 Impairment of non-financial assets

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, right-of-use assets and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Group also carries out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss. However, in cases where property was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

5.14 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 in Thailand are recognised as expenses when incurred

Defined benefit plans

The Group has obligations in respect of the severance payments it 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.

5.15 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.

5.16 Income tax

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

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

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

5.17 Treasury shares

Treasury shares are stated at cost in the statements of financial position and presented as a deduction from shareholders' equity. If the selling price of treasury shares is greater than the purchase price of treasury shares, the Company recognises the difference under the caption of "Premium on treasury shares". If the selling price of treasury shares is less than the purchase price of treasury shares, the difference is initially deducted from premium on treasury shares, with the remainder deducted against retained earnings.

5.18 Financial instruments

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), or fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets at amortised cost

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

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

Financial assets at FVTPL

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

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

Classification and measurement of financial liabilities

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

For trade receivables, the Group applies a simplified approach in calculating ECLs. The Group recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

5.19 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.

6. 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:

Allowance for expected credit losses of trade receivables

In determining an allowance for expected credit losses of trade receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic condition for groupings of various customer segments with similar credit risks. The Group's historical credit loss experience and forecast economic conditions may also not be representative of whether a customer will actually default in the future.

Net realisable value of inventories

The management uses judgement to estimate the net realisable value of inventories based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of reporting date. In addition, the management makes judgement and estimates expected loss from stock obsolescence based upon past sales history and the prevailing economic condition.

Property plant and equipment/Depreciation

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

The Group measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach. The valuation involves certain assumptions and estimates.

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.

Goodwill and intangible assets

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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.

7. 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>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,385	1,359	As agreed
Management fee income	-	-	100	116	Contract price
Rental income	-	-	5	4	Contract price
Guarantee fee income	-	-	4	4	2.50 percent of the guarantee amount
Interest income	-	-	-	2	Contract price
Purchases of goods	-	-	1	2	As agreed
Rental and service expenses	-	-	18	21	Contract price
Guarantee fee expenses	-	-	9	19	2.50 percent of the guarantee amount
Interest expenses	-	-	2	-	3.25 and 3.30 percent per annum
<u>Transactions with joint ventures</u>					
Sales of goods	31	38	-	-	As agreed
Management fee income	-	1	-	1	Contract price
Marketing support income	2	11	-	-	Contract price
<u>Transactions with related companies</u>					
Service income	3	3	3	3	Contract price
Purchases of raw materials and others	13	30	13	30	As agreed
Contract manufacturing service fee	81	98	81	98	As agreed
Rental and service expenses	15	15	15	15	Contract price
Other services expenses	2	2	2	2	Contract price

As at 31 December 2021 and 2020, the balances of the accounts between the Group and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Trade and other receivables - related parties</u>				
<u>Trade receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	193,362	58,586
Joint ventures	11,126	11,423	1,980	-
Total trade receivables - related parties	<u>11,126</u>	<u>11,423</u>	<u>195,342</u>	<u>58,586</u>
<u>Other receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	27,563	30,140
Joint ventures	2,050	1,884	2,050	1,884
Related companies (Common shareholders/directors)	125	1,347	125	1,315
Total other receivables - related parties	<u>2,175</u>	<u>3,231</u>	<u>29,738</u>	<u>33,339</u>
Total trade and other receivables - related parties	<u>13,301</u>	<u>14,654</u>	<u>225,080</u>	<u>91,925</u>
<u>Deposit - related party</u>				
Related company (Common shareholders/directors)	<u>8,125</u>	<u>8,125</u>	<u>8,125</u>	<u>8,125</u>
<u>Trade and other payables - related parties</u>				
<u>Trade payables - related parties (Note 18)</u>				
Subsidiaries	-	-	6	20
Related companies (Common shareholders/directors)	14,336	25,472	14,324	25,472
Total trade payables - related parties	<u>14,336</u>	<u>25,472</u>	<u>14,330</u>	<u>25,492</u>
<u>Other payables - related parties (Note 18)</u>				
Subsidiaries	-	-	56,416	37,162
Related companies (Common shareholders/directors)	131	138	124	135
Total other payables - related parties	<u>131</u>	<u>138</u>	<u>56,540</u>	<u>37,297</u>
Total trade and other payables - related parties	<u>14,467</u>	<u>25,610</u>	<u>70,870</u>	<u>62,789</u>
<u>Advance received from related party</u>				
Subsidiary	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>-</u>

Long-term loans to related party and short-term loans from related parties

During the current year, the movements of loans to and loans from between the Group and those related parties are as follows:

(Unit: Thousand Baht)

Loans to	Separate financial statements		
	Balance as at 1 January 2021	Decrease during the year	Balance as at 31 December 2021
<u>Subsidiary</u>			
Malee Applied Sciences Company Limited	31,500	(31,500)	-
Total	31,500	(31,500)	-

The above loans are repayable on demand, unsecured, and carry interest at the rate of 3.50 percent per annum (2020: 3.50 percent per annum).

(Unit: Thousand Baht)

Loans from	Separate financial statements			
	Balance as at 1 January 2021	Increase during the year	Decrease during the year	Balance as at 31 December 2021
<u>Subsidiaries</u>				
Malee Capital Company Limited	29,000	-	(29,000)	-
Malee International Company Limited	-	40,000	-	40,000
Total	29,000	40,000	(29,000)	40,000

The above loans and interest are repayable within January 2022, unsecured, and carry interest at the rates of 3.25 and 3.30 percent per annum (2020: 3.25 percent per annum).

Directors and management's benefits

During the year ended 31 December 2021 and 2020, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Short-term employee benefits	59,194	64,865	53,807	63,317
Post-employment benefits	2,046	1,899	2,046	1,899
Total	61,240	66,764	55,853	65,216

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with a subsidiary and its subsidiary has outstanding guarantee obligations with the Company, as described in Note 20 to the consolidated financial statements.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash	926	630	32	37
Bank deposits	78,553	75,166	38,683	39,148
Cheque in hand	842	7,873	842	7,109
Total	<u>80,321</u>	<u>83,669</u>	<u>39,557</u>	<u>46,294</u>

As at 31 December 2021, bank deposits in saving accounts and fixed deposits carried interests 0.125 to 0.4 percent per annum (2020: 0.125 to 0.4 percent per annum).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	7,603	11,423	88,903	58,586
Past due up to 3 months	3,523	-	106,439	-
Total trade receivables - related parties	<u>11,126</u>	<u>11,423</u>	<u>195,342</u>	<u>58,586</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	482,613	347,502	190,966	154,014
Past due				
Up to 3 months	139,663	113,559	65,772	46,237
3 - 6 months	262	64	-	-
6 - 12 months	120	5,368	-	2,926
Over 12 months	7,587	5,049	5,616	4,613
Total	<u>630,245</u>	<u>471,542</u>	<u>262,354</u>	<u>207,790</u>
Less: Allowance for expected credit losses	<u>(9,223)</u>	<u>(12,193)</u>	<u>(5,454)</u>	<u>(7,184)</u>
Total trade receivables - unrelated parties, net	<u>621,022</u>	<u>459,349</u>	<u>256,900</u>	<u>200,606</u>
Total trade receivables - net	<u>632,148</u>	<u>470,772</u>	<u>452,242</u>	<u>259,192</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Other receivables</u>				
Other receivables - related parties	2,175	3,231	29,738	33,339
Accrued income	16,678	17,255	9,350	10,032
Total	18,853	20,486	39,088	43,371
Less: Allowance for expected credit losses	(815)	(969)	-	-
Total other receivables - net	18,038	19,517	39,088	43,371
Total trade and other receivables - net	<u>650,186</u>	<u>490,289</u>	<u>491,330</u>	<u>302,563</u>

The normal credit term is 30 to 60 days.

Changes of allowance for expected credit losses of trade and other receivables as are follows:

	(Unit: Thousand Baht)							
	Consolidated financial statements						Separate	
	Trade receivables		Other receivables		Total		Trade receivables	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Balance at the beginning of the year	12,193	6,645	969	969	13,162	7,614	7,184	4,258
Provision for expected credit losses								
(reversal)	(2,970)	5,548	(154)	-	(3,124)	5,548	(1,730)	2,926
Balance at the ending of the year	<u>9,223</u>	<u>12,193</u>	<u>815</u>	<u>969</u>	<u>10,038</u>	<u>13,162</u>	<u>5,454</u>	<u>7,184</u>

10. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statements					
	Cost		Reduce cost to net		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	241,103	293,155	(11,030)	(45,211)	230,073	247,944
Raw materials	185,481	164,710	(7,165)	(12,343)	178,316	152,367
Packing materials	121,096	124,386	(10,761)	(11,382)	110,335	113,004
Spare parts and factory supplies	25,556	26,407	(1,158)	-	24,398	26,407
Goods in transit	10,592	3,924	-	-	10,592	3,924
Total	<u>583,828</u>	<u>612,582</u>	<u>(30,114)</u>	<u>(68,936)</u>	<u>553,714</u>	<u>543,646</u>

(Unit: Thousand Baht)

Separate financial statements

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Finished goods	91,925	158,151	(3,500)	(47,390)	88,425	110,761
Raw materials	142,666	132,153	(7,165)	(12,343)	135,501	119,810
Packing materials	102,658	112,353	(9,500)	(10,121)	93,158	102,232
Spare parts and factory supplies	23,984	24,528	(1,158)	-	22,826	24,528
Goods in transit	10,592	3,924	-	-	10,592	3,924
Total	<u>371,825</u>	<u>431,109</u>	<u>(21,323)</u>	<u>(69,854)</u>	<u>350,502</u>	<u>361,255</u>

During the current year, the Group reversed the write-down of cost of inventories by Baht 39 million (2020: Baht 1 million) (the Company only: Baht 49 million), and reduced the amount of inventories recognised as expenses during the year (2020: The Company reduced cost of inventories by Baht 7 million to reflect the net realisable value. This was included in cost of sales).

11. Investments in subsidiaries

11.1 Details of investments in subsidiaries as presented in separate financial statements

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment loss on investments		Carrying amounts based on cost method - net	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
			(Percent)	(Percent)						
Malee Enterprise Company Limited	100,000	100,000	99.99	99.99	99,988	99,988	-	-	99,988	99,988
Malee International Company Limited	40,000	40,000	99.99	99.99	37,138	37,138	-	-	37,138	37,138
Malee Capital Company Limited	345,000	385,000	99.99	99.99	355,000	385,000	-	-	355,000	385,000
Malee Applied Sciences Company Limited	10,000	10,000	99.99	99.99	50,000	10,000	-	-	50,000	10,000
Icon Foods LLC.	USD 51 thousand	USD 51 thousand	99.00	99.00	1,291	1,291	(1,291)	(1,291)	-	-
Total					543,417	533,417	(1,291)	(1,291)	542,126	532,126

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

(Unit: Thousand Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Loss allocated to non-controlling interests during the year		Other comprehensive income allocated to non-controlling interests during the year	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Percent)	(Percent)						
Long Quan Safe Food Joint Stock Company	35	35	112,349	105,511	(7,568)	(1,997)	6,838	(2,155)

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

Summarised information about financial position

(Unit: Thousand Baht)

	Long Quan Safe Food Joint Stock Company	
	<u>2021</u>	<u>2020</u>
Current assets	84,458	66,074
Non-current assets	102,734	111,264
Current liabilities	(196,686)	(159,443)
Non-current liabilities	-	(6,190)

Summarised information about comprehensive income

(Unit: Thousand Baht)

	For the year ended 31 December	
	Long Quan Safe Food Joint Stock Company	
	<u>2021</u>	<u>2020</u>
Revenue	393,317	417,859
Loss for the year	(21,623)	(5,707)
Other comprehensive income	424	1,271
Total comprehensive income	(21,199)	(4,436)

Summarised information about cash flow

(Unit: Thousand Baht)

	For the year ended 31 December	
	Long Quan Safe Food Joint Stock Company	
	<u>2021</u>	<u>2020</u>
Cash flow from (used in) operating activities	(9,302)	24,205
Cash flow used in investing activities	(454)	(2,359)
Cash flow from (used in) financing activities	8,016	(22,148)
Increase (decrease) in translation adjustment	2,061	(221)
Net increase (decrease) in cash and cash equivalents	<u>321</u>	<u>(523)</u>

Movements of the investments in subsidiaries during the year ended 31 December 2021 are summarised below.

Investment in Malee Applied Sciences Company Limited

On 29 March 2021, the Extraordinary General Meeting of the shareholders of Malee Applied Sciences Company Limited passed a special resolution to approve capital increase of a subsidiary, from Baht 10 million to Baht 50 million, by issuing 0.4 million ordinary shares with a par value of Baht 100 per share to be offered to the existing shareholders. Such subsidiary registered the capital increase for the first time on 31 March 2021 and received a payment of Baht 35 million for the share subscription. Subsequently, the subsidiary registered the capital increase for the second time on 30 April 2021 and received a payment of Baht 5 million for the share subscription.

Investment in Malee Capital Company Limited

On 15 March 2021, the Extraordinary General Meeting of the shareholders of Malee Capital Company Limited passed a special resolution to approve a reduction in its share capital from Baht 500 million to Baht 460 million by cancelling 4 million ordinary shares (with par value of Baht 10 each) which were paid-up share capital amounting to Baht 30 million. Such subsidiary registered the reduction in share capital with the Ministry of Commerce on 19 April 2021 and made payments to the shareholders for share reduction in full amount.

12. Investments in joint ventures

12.1 Details of investments in joint ventures

Investments in joint ventures represent investments in entities which are jointly controlled by the Company/subsidiaries and other companies.

Details of these investments are as follows:

(Unit: Thousand Baht)

Joint ventures	Nature of business	Country of incorporation	Shareholding percentage		Consolidated financial statements		Separate financial statements					
			2021 <small>(Percent)</small>	2020 <small>(Percent)</small>	Carrying amounts based on equity method		Cost		Allowance for impairment of investments		Carrying amounts based on cost method - net	
					2021	2020	2021	2020	2021	2020	2021	2020
Monde Malee Beverage Corporation	Importation, marketing promotion and sale of the Company's food and beverage in Philippine	Philippine	49.00	49.00	-	5,578	99,372	99,372	(99,372)	-	-	99,372
PT Kino Malee Trading	Importer of food and beverage for sale in Indonesia	Indonesia	49.00	49.00	14,121	14,699	-	-	-	-	-	-
Malee Kino (Thailand) Company Limited	Importing, selling, marketing and distribution of KINO products	Thailand	51.00	51.00	-	841	-	-	-	-	-	-
Total					14,121	21,118	99,372	99,372	(99,372)	-	-	99,372

Malee Kino (Thailand) Company Limited registered the dissolution on 16 June 2020 and the liquidation is in process.

12.2 Share of comprehensive income

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

(Unit: Thousand Baht)

Joint ventures	Consolidated financial statements			
	Share of profit (loss) from investments in joint ventures during the years		Share of other comprehensive income from investments in joint ventures during the years	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Monde Malee Beverage Corporation	(4,018)	(19,708)	(5,392)	6,720
PT Kino Malee Trading	(1,510)	(266)	28	-
Malee Kino (Thailand) Company Limited	-	(4,803)	-	-
PT Kino Malee Indonesia	-	183	-	-
Mega Malee	-	(2,891)	-	-
Total	<u>(5,528)</u>	<u>(27,485)</u>	<u>(5,364)</u>	<u>6,720</u>

12.3 Summarised financial information about material joint ventures

Summarised information about financial position.

(Unit: Thousand Baht)

	Monde Malee Beverage Corporation		PT Kino Malee Trading	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalent	9,615	28,981	30,216	28,578
Other current assets	23,657	34,265	2,377	7,514
Non-current assets	2,452	1,969	2,555	349
Current liabilities	(34,202)	(53,427)	(1,847)	(536)
Non-current liabilities	-	(405)	(2,341)	-

Summarised information about comprehensive income

(Unit: Thousand Baht)

	Monde Malee Beverage		PT Kino Malee Trading	
	Corporation			
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenue	37,087	52,005	6,271	7,253
Profit (loss)	8,199	(40,130)	(3,081)	(2,083)
Other comprehensive income	11,004	(9,558)	58	(37)
Total comprehensive income	19,203	(49,688)	(3,023)	(2,120)

13. Other long-term loans

During the year 2014 - 2016, Malee International Company Limited had entered into various loan agreements with Lanchang Farm Company Limited (formerly is subsidiary of Malee International Company Limited on 31 March 2017, Malee International Company Limited disposed the investment in Lanchang Farm Company Limited with interest at the rate MLR percent per annum and payment conditions on principal and interest as specified in each agreement.

On 1 February 2017, Lanchang Farm Company Limited has executed a letter of acknowledgement of debt as of 31 January 2017 with Malee International Company Limited and amended payment conditions on principal and accrued interest as follows:

- Grace period for all principal and accrued interest until September 2017 and start to make quarterly repayment from October 2017 as described in the agreement and the whole amount will be fully paid within January 2022.
- Starting from February 2017, the loan will be subject to interest rate of 6.275 percent per annum monthly payable.

Since Lanchang Farm Company Limited has some liquidity concerns where it cannot meet the obligation to repay its debt and interest for certain period during the past and on 12 December 2018, Lanchang Farm Company Limited has issued the letter requesting to delay debt payments and suggest the approach to comply such obligation. On 8 January 2019, Board of Directors of Malee International Company Limited agreed and approved reduction of the unpaid interest from July 2018 to December 2018 at the amount of Baht 0.82 million to Lanchang Farm Company Limited and stopping charging interest expenses commencing from 1 January 2019 onwards, and also allowed Lanchang Farm Company Limited to sell its land and property under the mortgage, then repay the debt to Malee International Company Limited within 30 December 2020.

On 30 November 2020, Lanchang Farm Company Limited has issued the letter requesting an extension of the repayment period. On 17 December 2020, Board of Directors of Malee International Company Limited agreed and approved extension of the repayment period within 30 December 2022.

Other long-term loans is secured by the mortgage of land together with buildings constructed thereon. The fair value are assessment by an independent professional appraiser, which is over the outstanding balance of other long-term loans

Lanchang Farm Company Limited is currently under sale proposal process.

14. Property, Plant and equipment

Movements of property, plant and equipment for the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Revaluation basis		Cost basis					
	Land	Land improvement	Building and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress and machinery under installation	
Cost/Revalued amount:								
As at 1 January 2020	426,820	25,100	595,080	2,129,724	106,911	67,149	205,012	3,555,796
Additions	-	-	1,250	13,329	2,189	147	6,464	23,379
Disposals/write-off	-	-	-	(3,356)	(163)	-	-	(3,519)
Transfer in (out)	-	-	23,262	136,716	(158)	-	(159,820)	-
Translation adjustment	-	-	(105)	(797)	(8)	(102)	(2)	(1,014)
As at 31 December 2020	426,820	25,100	619,487	2,275,616	108,771	67,194	51,654	3,574,642
Additions	-	12	544	27,932	299	-	4,341	33,128
Disposals/write-off	-	(130)	(955)	(112,479)	(1,470)	(2,590)	-	(117,624)
Transfer in (out)	-	-	-	34,166	1,208	-	(35,374)	-
Translation adjustment	-	-	6,967	34,377	565	6,446	-	48,355
As at 31 December 2021	426,820	24,982	626,043	2,259,612	109,373	71,050	20,621	3,538,501
Accumulated depreciation:								
As at 1 January 2020	-	17,774	301,342	1,239,373	70,569	48,487	-	1,677,545
Depreciation for the year	-	2,668	30,608	162,693	11,953	4,604	-	212,526
Depreciation on disposals/write-off	-	-	-	(162)	(147)	-	-	(309)
Translation adjustment	-	-	(144)	(845)	(15)	(227)	-	(1,231)
As at 31 December 2020	-	20,442	331,806	1,401,059	82,360	52,864	-	1,888,531
Depreciation for the year	-	2,444	28,859	90,874	8,310	4,005	-	134,492
Depreciation on disposals/write-off	-	(130)	(941)	(104,509)	(1,468)	(2,590)	-	(109,638)
Translation adjustment	-	-	2,659	21,068	527	5,007	-	29,261
As at 31 December 2021	-	22,756	362,383	1,408,492	89,729	59,286	-	1,942,646

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis		Cost basis					Total
	Land	Land improvement	Building and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress and machinery under installation	
Allowance for impairment loss:								
As at 1 January 2020	-	-	13,317	1,475	-	-	-	14,792
Increase during the year	-	-	-	1,420	-	-	-	1,420
As at 31 December 2020	-	-	13,317	2,895	-	-	-	16,212
Decrease during the year	-	-	-	(1,973)	-	-	-	(1,973)
As at 31 December 2021	-	-	13,317	922	-	-	-	14,239
Net book value:								
As at 31 December 2020	426,820	4,658	274,364	871,662	26,411	14,330	51,654	1,669,899
As at 31 December 2021	426,820	2,226	250,343	850,198	19,644	11,764	20,621	1,581,616
Depreciation for the year								
2020 (Baht 155 million included in manufacturing cost, and the balance in selling and distribution expenses and administrative expenses)								212,526
2021 (Baht 71 million included in manufacturing cost, and the balance in selling and distribution expenses and administrative expenses)								134,492

(Unit: Million Baht)

Separate financial statements

	Revaluation basis		Cost basis					Construction in progress and machinery under installation	Total
	Land	Land improvement	Building and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles			
Cost/Revalued amount:									
As at 1 January 2020	408,600	25,100	478,514	1,862,121	84,136	14,293	204,051	3,076,815	
Additions	-	-	1,250	10,758	2,138	-	6,464	20,610	
Disposals/write-off	-	-	-	(652)	(54)	-	-	(706)	
Transfer in (out)	-	-	23,262	136,716	(158)	-	(159,820)	-	
As at 31 December 2020	408,600	25,100	503,026	2,008,943	86,062	14,293	50,695	3,096,719	
Additions	-	12	544	26,562	197	-	5,300	32,615	
Disposals/write-off	-	(130)	(955)	(112,479)	(1,034)	(179)	-	(114,777)	
Transfer in (out)	-	-	-	34,166	1,208	-	(35,374)	-	
As at 31 December 2021	408,600	24,982	502,615	1,957,192	86,433	14,114	20,621	3,014,557	
Accumulated depreciation:									
As at 1 January 2020	-	17,774	256,830	1,090,025	50,751	11,269	-	1,426,649	
Depreciation for the year	-	2,668	23,796	138,185	10,654	73	-	175,376	
Depreciation on disposals/write-off	-	-	-	(162)	(52)	-	-	(214)	
As at 31 December 2020	-	20,442	280,626	1,228,048	61,353	11,342	-	1,601,811	
Depreciation for the year	-	2,444	21,935	66,750	7,396	243	-	98,768	
Depreciation on disposals/write-off	-	(130)	(941)	(104,509)	(1,033)	(179)	-	(106,792)	
As at 31 December 2021	-	22,756	301,620	1,190,289	67,716	11,406	-	1,593,787	

(Unit: Million Baht)

	Separate financial statements							Total
	Revaluation basis		Cost basis					
	Land	Land improvement	Building and building improvement	Machinery and equipment	Furniture and office equipment	Motor vehicles	Construction in progress and machinery under installation	
Allowance for impairment loss:								
As at 1 January 2020	-	-	4,101	1,475	-	-	-	5,576
Increase during the year	-	-	-	1,420	-	-	-	1,420
As at 31 December 2020	-	-	4,101	2,895	-	-	-	6,996
Decrease during the year	-	-	-	(1,973)	-	-	-	(1,973)
As at 31 December 2021	-	-	4,101	922	-	-	-	5,023
Net book value:								
As at 31 December 2020	408,600	4,658	218,299	778,000	24,709	2,951	50,695	1,487,912
As at 31 December 2021	408,600	2,226	196,894	765,981	18,717	2,708	20,621	1,415,747
Depreciation for the year								
2020 (Baht 155 million included in manufacturing cost, and the balance in selling and distribution expenses and administrative expenses)								175,376
2021 (Baht 71 million included in manufacturing cost, and the balance in selling and distribution expenses and administrative expenses)								98,768

The Group has pledged their land together with buildings constructed and certain machinery as collateral, as described in Note 20 to the consolidated financial statements.

The Group arranged for an independent professional valuer to appraise the value of land in 2019. The basis of the valuation was market approach.

Had the land been carried in the financial statements on a historical cost basis, its net book value as of 31 December 2021 would have been Baht 112 million (2020: Baht 112 million) (the Company only: Baht 99 million (2020: Baht 99 million)).

As at 31 December 2021, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,169 million (2020: Baht 1,055 million) (the Company only: Baht 1,001 million, 2020: Baht 922 million).

15. Intangible asset

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

	Consolidated				(Unit: Thousand Baht)
	financial statements				Separate
	Trademark	Customer relationship	Computer software	Total	Computer software
Cost:					
As at 1 January 2020	163,481	699	74,628	238,808	69,020
Additions	-	-	2,189	2,189	2,189
Translation adjustment	(287)	(1)	-	(288)	-
As at 31 December 2020	163,194	698	76,817	240,709	71,209
Additions	-	-	2,605	2,605	2,605
Translation adjustment	20,855	89	-	20,944	-
As at 31 December 2021	184,049	787	79,422	264,258	73,814
Accumulated amortisation:					
As at 1 January 2020	-	-	51,436	51,436	47,656
Amortisation for the year	-	-	9,093	9,093	7,572
As at 31 December 2020	-	-	60,529	60,529	55,228
Amortisation for the year	-	413	5,881	6,294	5,802
Translation adjustment	-	(9)	-	(9)	-
As at 31 December 2021	-	404	66,410	66,814	61,030
Net book value:					
As at 31 December 2020	163,194	698	16,288	180,180	15,981
As at 31 December 2021	184,049	383	13,012	197,444	12,784

16. Goodwill and trademark

Movements of goodwill for the years ended 31 December 2021 and 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2021</u>	<u>2020</u>
Net book value as of 1 January	48,333	48,429
Translation adjustment	6,273	(96)
Net book value as of 31 December	<u>54,606</u>	<u>48,333</u>

The Company allocates goodwill acquired through business combination and trademark with indefinite useful lives to an asset's cash-generating unit for annual impairment testing as follows:

	(Unit: Thousand Baht)
	<u>Long Quan Safe Food Joint Stock Company</u>
Goodwill	54,606
Trademark (Note 15)	184,049

The Group has determined the recoverable amount of the cash generating units based on value in use, using cash flow projections from financial estimation approved by management covering a five-year period.

Key assumptions used in the value in use calculation are summarised below:

Terminal growth rate	3.0 percent per annum
Pre-tax discount rate	10.4 percent per annum

The management has determined expected operations and future cash flow projections based on factors including historical operating results, expected market growth and economic growth. The discount rate is a pre-tax rate that reflects the risks specific to cash generating units.

The management has considered and believes that there is no occurrence of impairment of goodwill and trademark which are an intangible assets with indefinite useful lives.

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Bank overdrafts	12,186	9,969	12,186	9,969
Promissory notes	905,462	927,463	874,171	888,135
Discounted promissory notes	136,619	122,004	40,632	47,129
Trust receipt	49,637	35,443	-	-
Packing credits	24,293	9,299	24,293	9,299
Total	<u>1,128,197</u>	<u>1,104,178</u>	<u>951,282</u>	<u>954,532</u>

Bank overdrafts and short-term loans from financial institutions are secured as described in Note 20 to the consolidated financial statements.

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Trade payables - related parties	14,336	25,472	14,330	25,492
Trade payables - unrelated parties	341,324	320,651	248,428	258,115
Other payables - related parties	131	138	56,540	37,297
Other payables - unrelated parties	88,090	83,104	54,531	48,397
Accrued expenses	208,492	155,750	65,560	30,734
Total trade and other payables	<u>652,373</u>	<u>585,115</u>	<u>439,389</u>	<u>400,035</u>

19. Long-term loans from financial institutions

The balances of long-term loans from financial institutions as at 31 December 2021 and 2020 are as follows:

Loan	Credit facilities	Agreement date	Interest rate	Repayment schedule	Consolidated financial statements		Separate financial statements	
					<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
					(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
<u>The Company</u>								
1	Baht 656 million	8 May 2017	6M THBFIX plus fixed rate per annum	The principle and its interest are repayable in monthly installments, the final installments within March 2024	346,860	350,400	346,860	350,400
2	Baht 30 million	4 June 2018	Fixed rate per annum	The principle and its interest are repayable in monthly installments, the final installments within June 2022	5,246	5,300	5,246	5,300
3	Baht 300 million	1 August 2018	SPRL minus fixed rate per annum	The principle and its interest are repayable in monthly installments, the final installments within July 2023	194,989	203,124	194,989	203,124
4	Baht 303 million	26 June 2020	MLR minus fixed rate per annum	The principle and its interest are repayable in monthly installments, the final installments within June 2025	265,188	268,000	265,188	268,000
<u>The subsidiary (Long Quan Safe Food Joint Stock Company)</u>								
1	VND 20,700 million	25 October 2017	Fixed rate per annum	The principle and its interest are repayable in quarterly installments, the final installments within September 2022	4,945	5,846	-	-
Total					817,228	832,670	812,283	826,824
Less: Current portion					(21,741)	(224,482)	(16,796)	(224,482)
Long-term loans - net from current portion					<u>795,487</u>	<u>608,188</u>	<u>795,487</u>	<u>602,342</u>

Movements of the long-term loans account during the year ended 31 December 2021 and 2020 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Balance as at 1 January	832,670	684,416	826,824	678,224
Additions	-	298,000	-	298,000
Repayments of borrowing	(16,099)	(149,400)	(14,541)	(149,400)
Translation adjustment	657	(346)	-	-
Balance as at 31 December	<u>817,228</u>	<u>832,670</u>	<u>812,283</u>	<u>826,824</u>

Long-term loans of the Company

In November 2020, the Company participated in the project “DR BIZ Program” with four local financial institutions for the first time, in August 2021 for the second time and in December 2021 for the third time. Under the project, the Company received an approval for adjusting the conditions of installment payment for the principal and interest rate as follows:

The conditions of principal installment payment

- January to June 2021 - principal moratorium period
- July to August 2021 - principal repayment in accordance with conditions agreed by each financial institution
- September 2021 to June 2022 - principal moratorium period
- July to December 2022 - principal repayment in accordance with conditions agreed by each financial institution
- January 2023 onwards - principal repayment in accordance with original conditions agreed by each financial institution

The conditions of interest installment payment and interest rate

During the year 2021, the interests are payable in monthly installment at the same rate as agreed upon in the agreement with each financial institution. From January 2023 onwards, the interests are payable in monthly installment in accordance with the original conditions.

Long-term loans from financial institutions of the Group are secured by as described in Note 20 to the consolidated financial statements.

20. Credit facilities

Credit facilities granted by financial institutions of the Group are guaranteed by the following.

- a) The guarantee provided by the Company and its subsidiary. Guarantee fees have been charged at 2.50 percent per guarantee amount.
- b) The pledge/mortgage of by the assets of the Company and its subsidiary with the net book value as at 31 December 2021 and 2020 as summarised below:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	327	327	327	327
Property - net	82	89	71	76
Machinery and equipment - net	405	417	350	355

- c) The Company and its subsidiary entered in to an agreement to transfer debt collection right to financial institutions amounting to approximately Baht 137 million (2020: Baht 122 million) (the Company only: Baht 41 million 2020: Baht 47 million) as collateral to secure discounted promissory notes.

21. Leases

21.1 The Group as a lessee

The Group entered into lease contracts for assets used in its operations. Leases generally have lease terms between 3 - 29 years.

a) Right-of-use asset

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	Land	Buildings	Machinery and	Office	Motor vehicles	Total
			equipment	equipment		
As at 1 January 2020	97,715	293,869	144,054	2,891	4,739	543,268
Additions	-	-	-	-	1,521	1,521
Write off - net	-	-	-	-	(2,381)	(2,381)
Depreciation for the year	(3,390)	(33,567)	(23,382)	(2,196)	(1,599)	(64,134)
Translation adjustment	(737)	-	-	-	-	(737)
As at 31 December 2020	93,588	260,302	120,672	695	2,280	477,537
Additions	-	22,487	10,033	3,412	106	36,038
Lease modification	-	(48,445)	53	-	-	(48,392)
Depreciation for the year	(4,108)	(25,987)	(7,550)	(827)	(1,302)	(39,774)
Translation adjustment	13,412	-	-	-	-	13,412
As at 31 December 2021	102,892	208,357	123,208	3,280	1,084	438,821

(Unit: Thousand Baht)

	Separate financial statements					
	Land	Buildings	Machinery and	Office	Motor vehicles	Total
			equipment	equipment		
As at 1 January 2020	-	234,105	143,421	2,891	4,040	384,457
Additions	-	-	-	-	1,521	1,521
Write off - net	-	-	-	-	(2,196)	(2,196)
Depreciation for the year	-	(22,826)	(23,187)	(2,196)	(1,167)	(49,376)
As at 31 December 2020	-	211,279	120,234	695	2,198	334,406
Additions	-	22,487	10,033	3,412	106	36,038
Lease modification	-	(59,323)	53	-	-	(59,270)
Depreciation for the year	-	(15,463)	(7,356)	(827)	(1,219)	(24,865)
As at 31 December 2021	-	158,980	122,964	3,280	1,085	286,309

b) Lease liabilities

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Lease payments	314,969	339,960	311,159	325,763
Less: Deferred interest expenses	(49,642)	(14,321)	(49,581)	(13,907)
Total	265,327	325,639	261,578	311,856
Less: Portion due within one year	(40,841)	(63,553)	(37,453)	(55,542)
Lease liabilities - net of current portion	224,486	262,086	224,125	256,314

Changes in accounts of lease liabilities for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year	325,639	396,896	311,856	374,114
Additions	36,831	1,521	36,831	1,521
Accretion of interest	14,043	5,125	13,810	4,690
Repayments	(53,234)	(76,063)	(48,537)	(66,999)
Transfer during this year	-	(1,840)	-	(1,470)
Lease modification	(57,952)	-	(52,382)	-
Balance at end of year	265,327	325,639	261,578	311,856

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Depreciation expenses of right-of-use assets	39,774	64,134	24,865	49,376
Interest expenses on lease liabilities	14,043	5,125	13,810	4,690
Expenses relating to leases of low-value assets	767	767	767	767

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2021 of Baht 54 million (2020: Baht 79 million) (the Company only: Baht 49 million, 2020: Baht 69 million), including the cash outflow related to leases of low-value assets.

21.2 Group as a lessor

The Group has entered into finance leases for its office buildings of the lease terms are 16 years.

	(Unit: Thousand Baht)	
	Separate	
	financial statements	
	<u>2021</u>	<u>2020</u>
Undiscounted lease payments receivables under finance leases		
Within 1 year	3,833	3,024
Over 1 and up to 5 years	15,670	12,097
Over 5 years	38,284	29,992
Total	57,787	45,113
Less: Deferred interest income	(11,165)	(8,797)
Total	46,622	36,316
Less: Current portion	(2,431)	(1,959)
Lease receivables - net of current portion	<u>44,191</u>	<u>34,357</u>

22. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, as at 31 December 2021 and 2020 was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Provision for long-term employee benefits at beginning of year	99,466	100,606	79,595	80,915
Included in profit or loss:				
Current service cost	8,718	7,545	6,298	5,872
Interest cost	1,320	2,660	1,038	2,012
Included in other comprehensive income:				
Actuarial gain arising from				
Demographic assumptions changes	-	(9,494)	-	(8,191)
Benefits paid during the year	(1,448)	(1,851)	(1,150)	(1,013)
Provision for long-term employee benefits at end of year	<u>108,056</u>	<u>99,466</u>	<u>85,781</u>	<u>79,595</u>

The Group expects to pay Baht 3 million of long-term employee benefits during the next year (2020: Baht 2 million) (the Company only: Baht 2 million) (2020: Baht 1 million).

As at 31 December 2021, the weighted average duration of the liabilities for long-term employee benefit is 13 - 20 years (2020: 13 - 20 years) (the Company only: 13 years, 2020: 13 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	2021	2020	2021	2020
Discount rate	0.80% - 1.93%	0.78% - 1.93%	1.33%	1.30%
Salary increase rate	2.50% - 4.00%	2.50% - 4.00%	2.50% - 4.00%	2.50% - 4.00%
Turnover rate	0 - 70.00	0 - 70.00	0 - 70.00	0 - 70.00

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

(Unit: million Baht)

	2021			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(5)	5	(4)	4
Salary increase rate	5	(5)	4	(4)
	Change	Change	Change	Change
	increase 10%	decrease 10%	increase 10%	decrease 10%
Turnover rate	(4)	4	(3)	3

(Unit: million Baht)

	2020			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(5)	5	(4)	4
Salary increase rate	5	(4)	4	(3)
	Change	Change	Change	Change
	increase 10%	decrease 10%	increase 10%	decrease 10%
Turnover rate	(3)	4	(3)	3

23. Treasury shares

On 10 August 2017, the Board of Directors had approved to undertake a treasury share program for financial management purposes with the maximum amount of not exceeding Baht 500 million for the repurchase of not exceeding 15 million shares at the par value of Baht 0.50 per share or equal to not exceeding 5.36 percent of the total of paid-up shares. The procedure used for the repurchasing of shares is on the Stock Exchange of Thailand. The repurchase period started from 25 August 2017 to 23 February 2018.

The period of the resale of share is 6 months after the completion date of share repurchase and not later than 3 years from this time which the Board of Directors will consider fixing the schedule of the share resale later on.

During the first quarter of year 2018, the Company had purchased back 4 million ordinary shares (par value of Baht 0.50 each), or 1.43 percent of the total number of issued and fully shares, for a total of Baht 114 million (excluded cost of repurchase treasury shares).

According to letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission, dated 14 February 2005, concerning the acquisition of treasury shares, a public limited company may purchase back treasury shares in an amount not exceeding the amount of its retained earnings and is to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the Company either sells the treasury shares or reduced its paid-up share capital by an amount equal to the value of the treasury shares which it could not sell. As at 31 March 2018, the Company appropriated the full required amount of retained earnings to a reserve for the treasury shares amounting to Baht 114 million.

On 13 November 2020, the Board of Directors has approved the resale of repurchased shares. The repurchased shares will be resold on the Stock Exchange of Thailand from 30 November 2020 to 4 December 2020 and resale price of the repurchased shares shall not be less than 85 percent of the average closing price of the latest five trading days of such average closing price.

The Board of Directors Meeting approved the decrease in issued and paid-up share capital of the Company by writing off the unsold amount of the repurchased shares, totaling 4 million shares at a total cost of Baht 2 million. Also, the Company has registered the decrease in issued and paid-up share capital with the Ministry of Commerce on 15 December 2020, resulting in a decline in the issued and paid-up share capital from Baht 140 million to Baht 138 million and adjust treasury shares reserve with retained earnings at Baht 5.85 million.

24. 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.

25. Expense by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Changes in inventories of finished goods	52,052	(8,944)	66,226	(21,605)
Reduce cost to net realisable value of inventories (reversal)	(38,822)	(735)	(48,530)	7,357
Raw materials and consumables used	2,113,209	2,295,390	1,837,954	2,084,980
Purchases of finished goods	56,880	79,291	1,951	3,992
Reduction of inventory cost to net realisable value (reversal)	38,822	735	48,530	(7,357)
Salaries and wages and other employee benefits	507,759	519,811	380,551	403,473
Depreciation and amortisation	180,561	285,752	129,436	232,479
Warehouse management fee	41,808	40,177	12,641	17,979

26. Income tax

Tax income for the years ended 31 December 2021 and 2020 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current income tax:				
Current income tax charge	(8,319)	(9,514)	-	-
Adjustment in respect of income tax of previous year	-	3,853	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	24,091	71,310	8,605	74,089
Tax income reported in profit or loss	<u>15,772</u>	<u>65,649</u>	<u>8,605</u>	<u>74,089</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Actuarial gains	-	(1,899)	-	(1,638)
Others	-	120	-	-
	<u>-</u>	<u>(1,779)</u>	<u>-</u>	<u>(1,638)</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Accounting loss before tax	<u>(137,357)</u>	<u>(268,549)</u>	<u>(148,025)</u>	<u>(321,417)</u>
Applicable tax rate	20%	20%	20%	20%
Accounting loss before tax multiplied by income tax rate	27,471	53,710	29,605	64,283
Deductible temporary differences in the current year which not recognised as deferred tax assets during the current year	(19,917)	-	(19,874)	-
Unused tax loss in the current year	(9,591)	(4,070)	(9,591)	-
Effects of:				
Share of loss from investments in joint ventures	-	(5,497)	-	-
Adjustment deferred tax assets of unused tax benefit recognised in previous years	-	3,156	-	(698)
Additional expense deductions allowed	15,092	24,671	15,000	24,671
Others	2,717	(6,321)	(6,535)	(14,167)
Total	<u>17,809</u>	<u>16,009</u>	<u>8,464</u>	<u>9,806</u>
Tax income reported in profit or loss	<u>15,772</u>	<u>65,649</u>	<u>8,605</u>	<u>74,089</u>

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	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Deferred tax assets				
Allowance for expected credit losses	1,869	2,508	1,091	1,437
Allowance for diminution in value of inventories	5,771	14,616	4,265	13,971
Allowance for impairment of investments	2,665	2,665	258	258
Allowance for assets impairment	2,848	3,243	1,005	1,399
Provision for long-term employee benefits	21,611	19,893	17,156	15,919
Unused tax loss	289,856	241,482	253,589	216,763
Other	892	-	788	300
Total	325,512	284,407	278,152	250,047
Deferred tax liabilities				
Revaluation surplus of land	62,991	62,991	61,862	61,862
Accumulated depreciation resulting from change in the estimated useful lives of assets	19,228	4,676	18,977	4,446
Effect of changes in accounting policy from revenue recognition	6,885	1,788	6,886	1,788
Effect from business combination adjustments	63,532	58,162	-	-
Leases	-	53	-	129
Total	152,636	127,670	87,725	68,225

As at 31 December 2021, the Company has deductible temporary differences and unused tax losses totaling Baht 29 million (2020: Baht 7 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 10 million will expire in 2026.

27. Promotional privileges

A subsidiary has received promotional privileges from the Board of Investment for the research and development of food industry and energy, pursuant to the investment promotion certificate No. 60-1384-1-00-2-0 issued on 16 November 2017. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations begin generating revenues and a 50 percent reduction of corporate income tax on income derived from the promoted operations for a period of 8 years after the tax-exemption period end.

28. Earnings per share

Basic earnings per share is calculated by dividing 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.

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

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Earnings per share				
Loss attributable to equity holders of the Company (Thousand Baht)	(114,017)	(200,903)	(139,420)	(247,328)
Weighted average number of ordinary shares (Thousand shares)	276,000	276,000	276,000	276,000
Loss per share (Baht per share)	(0.41)	(0.73)	(0.51)	(0.90)

29. Segment information

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

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

- (1) Agriculture products: canned fruit, fruit juices, coffee, tea and dairy products
- (2) Other products: ready-to-drink beverages

No operating segments have been aggregated to form the above reportable operating segments.

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

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

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

	Agriculture products		Others		Total		Elimination of inter-segment revenues		(Unit: Thousand Baht) Consolidated financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Revenues										
Revenues from external customers	3,286,598	3,695,237	171,172	175,138	3,457,770	3,870,375	-	-	3,457,770	3,870,375
Inter-segment revenues	1,385,313	1,360,165	19,328	3,778	1,404,641	1,363,943	(1,404,641)	(1,363,943)	-	-
Total revenues	<u>4,671,911</u>	<u>5,055,402</u>	<u>190,500</u>	<u>178,916</u>	<u>4,862,411</u>	<u>5,234,318</u>	<u>(1,404,641)</u>	<u>(1,363,943)</u>	<u>3,457,770</u>	<u>3,870,375</u>
Segment profit	790,496	620,952	70,024	69,178	860,520	690,130	(26,198)	11,406	834,322	701,536
Unallocated income and expenses:										
Other income									30,722	39,812
Exchange gains									3,595	2,461
Selling and distribution expenses									(429,969)	(422,612)
Administrative expenses									(494,529)	(493,363)
Share of loss from investments in joint ventures									(5,527)	(27,485)
Finance income									198	1,965
Finance cost									(76,169)	(70,863)
Loss before income tax									(137,357)	(268,549)
Income tax									15,772	65,649
Loss for the year									<u>(121,585)</u>	<u>(202,900)</u>

Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2021</u>	<u>2020</u>
Segment in Thailand	1,939,543	2,469,440
Segment in overseas	1,518,227	1,400,935
Total	<u>3,457,770</u>	<u>3,870,375</u>

Other non-current assets (other than deferred tax assets goodwill and trademark) as at 31 December 2021 and 2020 as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2021</u>	<u>2020</u>
Non-current assets		
Thailand	2,041,165	2,331,719
Vietname	102,734	111,264
Total	<u>2,143,899</u>	<u>2,442,983</u>

Major customers

For the year 2021, the Group has revenue from two major customers in amount of Baht 664 million, arising from sales agriculture products segments (2020: Baht 805 million derived from two major customers, arising from sales by agriculture products segments).

30. Provident fund

The Group and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Group and employee contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2021 amounting to approximately Baht 6 million (2020: Baht 7 million) (the Company only: Baht 5 million 2020: Baht 5 million) were recognised as expenses.

31. Commitments and contingent liabilities

31.1 Capital commitments

As at 31 December 2021, the Company had capital commitments of approximately Baht 33 million (2020: Baht 11 million) relating to the construction of factory buildings and acquisition of machinery.

31.2 Service commitments

As at 31 December 2021 and 2020, the Group has future minimum payable under non-cancellable service agreements totaling Baht 13 million (2020: Baht 13 million).

31.3 Bank guarantees

As at 31 December 2021, there were outstanding bank guarantees issued by banks on behalf of the Group for electricity usage and sales of goods amounting to Baht 11 million (2020: Baht 11 million) (the Company only: Baht 9 million 2020: Baht 9 million).

32. Fair value hierarchy

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

(Unit: Million Baht)

		Consolidated financial statements							
		As at 31 December							
		Level 1		Level 2		Level 3		Total	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets measured at fair value									
Land		-	-	-	-	427	427	427	427
		Separate financial statements							
		As at 31 December							
		Level 1		Level 2		Level 3		Total	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Assets measured at fair value									
Land		-	-	-	-	409	409	409	409

33. Financial instruments

33.1 Financial risk management objectives and policies

The Group's financial instruments principally comprise cash and cash equivalents, trade and other receivables, loans, bank overdrafts, 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 and other receivables and loans. 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 trade and other receivables and loans as stated in the statements of financial position.

Trade receivables

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customer segments by customer type and customer rating.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties.

The credit risk on debt instruments and derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Market risk

There are two types of market risk comprising foreign currency risk and interest rate risk.

Foreign currency risk

The Group's exposure to the foreign currency risk relates primarily to its trading transactions that are denominated in foreign currencies.

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

Consolidate financial statement						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	1.0	1.3	1.5	0.8	33.4199	30.0371

Separate financial statement						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	0.2	1.4	0.8	33.4199	30.0371

Foreign currency sensitivity analysis

The Group expects that there is no effect to be significantly impact on the Group's profit before tax arising from the change in the fair value of monetary assets and liabilities due to the possible change in exchange rates of assets and liabilities that are denominated in foreign currencies.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term loan and long-term loans. However, most of the Group's financial assets and liabilities bear fixed interest rates which are close to the market rate and concluded to be low. At present, the Group does not use derivative to manage interest rate risk.

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

Consolidate financial statements												
As at 31 December												
	Fixed interest rates				Floating interest rate				Total		Effective interest rate	
	Within 1 year		1 - 5 years		2021		2020		2021		2020	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Financial assets	(% per annum)											
Cash and cash equivalents	-	-	-	-	80,321	83,669	-	-	80,321	83,669	Note 8	
Trade and other receivables	-	-	-	-	-	-	650,186	490,289	650,186	490,289	-	-
Other long-term loans	33,643	35,628	-	-	-	-	-	-	33,643	35,628	Note 13	
	33,643	35,628	-	-	80,321	83,669	650,186	490,289	764,150	609,586		
Financial liabilities												
Bank overdrafts and short-term loans												
from financial institutions	1,128,197	1,104,178	-	-	-	-	-	-	1,128,197	1,104,178	2.25 - 3.77	2.25 - 4.00
Trade and other payables	-	-	-	-	-	-	652,373	585,115	652,373	585,115	-	-
Long-term loans from financial institutions	10,191	11,146	-	-	807,037	821,524	-	-	817,228	832,670	Note 19	
Lease liabilities	265,327	325,639	-	-	-	-	-	-	265,327	325,639	3.08 - 4.75	3.08 - 4.75
	1,403,715	1,440,963	-	-	807,037	821,524	652,373	585,115	2,863,125	2,847,602		

(Unit: Thousand Baht)

Separate financial statements

As at 31 December

	Fixed interest rates										Effective interest rate (% per annum)	
	Within 1 year		1 - 5 years		Floating interest rate		Non-interest bearing		Total			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
Financial assets												
Cash and cash equivalents	-	-	-	-	39,557	46,294	-	-	39,557	46,294	Note 8	
Trade and other receivables	-	-	-	-	-	-	491,330	302,562	491,330	302,562	-	-
Lease receivables	2,431	1,959	44,191	34,357	-	-	-	-	46,622	36,316	3.08	3.08
Long-term loans to related party	-	31,500	-	-	-	-	-	-	-	31,500	Note 7	
	<u>2,431</u>	<u>33,459</u>	<u>44,191</u>	<u>34,357</u>	<u>39,557</u>	<u>46,294</u>	<u>491,330</u>	<u>302,562</u>	<u>577,509</u>	<u>416,672</u>		
Financial liabilities												
Bank overdrafts and short-term loans from financial institutions	951,282	954,532	-	-	-	-	-	-	951,282	954,532	2.25 - 3.77	2.25 - 4.00
Trade and other payables	-	-	-	-	-	-	439,389	400,035	439,389	400,035	-	-
Short-term loans from related parties	40,000	29,000	-	-	-	-	-	-	40,000	29,000	Note 7	
Long-term loans from financial institutions	5,246	5,300	-	-	807,037	821,524	-	-	812,283	826,824	Note 19	
Lease liabilities	261,578	311,856	-	-	-	-	-	-	261,578	311,856	3.08 - 4.75	3.08 - 4.75
	<u>1,258,106</u>	<u>1,300,688</u>	<u>-</u>	<u>-</u>	<u>807,037</u>	<u>821,524</u>	<u>439,389</u>	<u>400,035</u>	<u>2,504,532</u>	<u>2,522,247</u>		

Liquidity risk

The Group monitors the risk of a shortage of liquidity and has access to a sufficient variety of sources of funding to ensure that the Group has sufficient cash for operation.

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

(Unit: Thousand Baht)

	Consolidated financial statements							
	As at 31 December							
	Less than 1 year		1 to 5 years		> 5 years		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Non-derivatives								
Bank overdraft and short-term loans from financial institutions	1,154,551	1,104,178	-	-	-	-	1,154,551	1,104,178
Trade and other payables	652,373	585,115	-	-	-	-	652,373	585,115
Long-term loans from financial institutions	48,982	48,165	829,503	873,541	-	-	878,485	921,706
Lease liabilities	55,911	61,798	94,091	101,148	164,967	177,014	314,969	339,960
Total non-derivatives	1,911,817	1,799,256	923,594	974,689	164,967	177,014	3,000,378	2,950,959

(Unit: Thousand Baht)

Separate financial statements

	As at 31 December									
	On demand		Less than 1 year		1 to 5 years		> 5 years		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Non-derivatives										
Bank overdraft and short-term loans from financial institutions	-	-	976,836	954,532	-	-	-	-	976,836	954,532
Trade and other payables	-	-	439,389	400,035	-	-	-	-	439,389	400,035
Short-term loans from related parties	40,000	29,000	-	-	-	-	-	-	40,000	29,000
Long-term loans from financial institutions	-	-	44,038	42,320	829,503	873,541	-	-	873,541	915,861
Lease liabilities	-	-	52,465	55,751	93,659	97,811	165,035	170,201	311,159	325,763
Total non-derivatives	40,000	29,000	1,512,728	1,454,638	923,162	971,352	165,035	170,201	2,640,929	2,625,191

33.2 Fair values of financial instruments

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

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

- a) For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, accounts and other receivables, short-term loan, bank overdrafts and short-term loans from financial institutions, accounts and other payables and short-term loans from related parties, the carrying amounts in the statement of financial position approximate their fair value.
- b) The carrying amounts of long-term loans carrying interest at stable rates approximating the market rate, in the statement of financial position approximates their fair value.

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

34. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

As at 31 December 2021 and 2020, the Group's debt-to-equity ratio are summarised below:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Debt-to-equity ratio	4.35	3.77	3.91	3.17

35. Events after the reporting period

On 25 February 2022, a meeting of the Company's Board of Directors passed a resolution to propose the Company's shareholding and management restructuring plan and the acquisition of ordinary shares of Abico Holdings Public Company Limited whose securities are listed on the Market for Alternative Investment for approval by the 2022 Annual General Meeting of the Company's shareholders.

36. Reclassification

During the current year, certain amounts in the statement of financial position as at 31 December 2020 have been reclassified to conform to the current period's classifications. The reclassifications are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Assets				
Trade and other receivables	490,289	593,022	302,562	326,158
Other current assets	109,310	6,577	29,871	6,275
Liabilities				
Advances from customers	25,897	-	22,736	-
Other current liabilities	30,877	56,774	7,115	29,851

The reclassification has no effect on the previously reported profit or shareholders' equity.

37. Approval of financial statements

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



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Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Malee Group Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Malee Group Public Company Limited and its subsidiaries as at 30 June 2022, and the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period then end, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of Malee Group Public Company Limited for the same period (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Sutthirak F.

Sutthirak Fakon

Certified Public Accountant (Thailand) No. 7712

EY Office Limited

Bangkok: 10 August 2022

Malee Group Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2022

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2022 (Unaudited but reviewed)	31 December 2021 (Audited)	30 June 2022 (Unaudited but reviewed)	31 December 2021 (Audited)
Assets					
Current assets					
Cash and cash equivalents		62,351	80,321	20,859	39,557
Trade and other receivables	3	551,195	650,186	430,965	491,330
Current portion of lease receivables	10	-	-	2,469	2,431
Inventories		615,133	553,713	430,159	350,503
Other current assets		91,968	53,216	35,562	21,109
Total current assets		1,320,647	1,337,436	920,014	904,930
Non-current assets					
Lease receivables, net of current portion	10	-	-	42,947	44,191
Investments in subsidiaries		-	-	542,126	542,126
Investments in joint ventures		16,590	14,121	-	-
Other long-term loans		31,657	31,657	-	-
Property, plant and equipment	5	1,560,676	1,581,616	1,405,771	1,415,747
Right-of-use assets	10	455,558	438,821	299,557	286,309
Intangible assets		202,124	197,444	11,001	12,784
Goodwill		56,601	54,606	-	-
Deferred tax assets		325,259	325,512	277,909	278,153
Right to claim from the former shareholder		36,234	34,992	-	-
Other non-current assets		38,748	29,297	34,682	25,158
Total non-current assets		2,723,447	2,708,066	2,613,993	2,604,468
Total assets		4,044,094	4,045,502	3,534,007	3,509,398

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

Malee Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2022

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	6	1,115,149	1,128,197	947,849	951,282
Trade and other payables	7	689,981	652,373	496,266	439,389
Advances received from customers		22,992	82,702	10,521	75,437
Advance received from related party	2	-	-	15,000	30,000
Short-term loans from related parties	2	-	-	-	40,000
Current portions of:					
- Long-term loans from financial institutions	8	153,400	21,741	143,658	16,796
- Lease liabilities	10	40,914	40,841	35,660	37,453
Income tax payable		4,322	5,531	-	-
Other current liabilities		71,448	42,473	39,176	10,910
Total current liabilities		2,098,206	1,973,858	1,688,130	1,601,267
Non-current liabilities					
Non-current portions of:					
- Long-term loans from financial institutions	8	680,790	795,487	668,625	795,487
- Lease liabilities	10	231,901	224,486	229,997	224,125
Provision for long-term employee benefits		113,046	108,056	89,384	85,781
Deferred tax liabilities		159,429	152,636	93,265	87,725
Provision for taxation liabilities		36,234	34,992	-	-
Other non-current liabilities		-	-	1,502	1,502
Total non-current liabilities		1,221,400	1,315,657	1,082,773	1,194,620
Total liabilities		3,319,606	3,289,515	2,770,903	2,795,887

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

Malee Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2022

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2022 (Unaudited but reviewed)	31 December 2021 (Audited)	30 June 2022 (Unaudited but reviewed)	31 December 2021 (Audited)
Shareholders' equity					
Share capital					
Registered					
552,000,000 ordinary shares of Baht 0.5 each	11	276,000	138,000	276,000	138,000
(31 December 2021: 276,000,000 ordinary shares of Baht 0.5 each)					
Issued and fully paid					
276,000,000 ordinary shares of Baht 0.5 each		138,000	138,000	138,000	138,000
Retained earnings					
Appropriated - statutory reserve		14,000	14,000	14,000	14,000
Unappropriated		203,039	237,515	363,655	314,062
Other components of shareholders' equity		264,011	254,123	247,449	247,449
Equity attributable to owners of the Company		619,050	643,638	763,104	713,511
Non-controlling interests of the subsidiaries		105,438	112,349	-	-
Total shareholders' equity		724,488	755,987	763,104	713,511
Total liabilities and shareholders' equity		4,044,094	4,045,502	3,534,007	3,509,398

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

R. Bomyun

(นางสาวรุ่งฉัตร บุญรัตน์)

[Signature]

(นายกิตติ วิไลรวงศ์)

Directors



(Unaudited but reviewed)

Malee Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2022

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2022	2021	2022	2021
Revenues					
Sales		943,970	943,255	655,243	712,932
Other income					
Exchange gains		576	655	-	-
Dividend income		-	-	59,999	-
Others		12,283	9,575	41,803	35,958
Total revenues		956,829	953,485	757,045	748,890
Expenses					
Cost of sales		716,083	699,885	577,871	617,066
Selling and distribution expenses		113,272	120,603	14,790	3,537
Administrative expenses		127,988	119,025	90,050	86,927
Exchange losses		-	-	1,391	454
Total expenses		957,343	939,513	684,102	707,984
Operating profit (loss)		(514)	13,972	72,943	40,906
Share of loss from investments in joint ventures		(1,859)	(1,727)	-	-
Finance income		46	614	378	377
Finance cost		(18,621)	(14,880)	(16,422)	(13,747)
Profit (loss) before income tax		(20,948)	(2,021)	56,899	27,536
Income tax	12	(5,362)	1,727	(2,132)	(3,243)
Profit (loss) for the period		(26,310)	(294)	54,767	24,293
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements					
in foreign currency		14,481	14,228	-	-
Other comprehensive income for the period		14,481	14,228	-	-
Total comprehensive income for the period		(11,829)	13,934	54,767	24,293

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

(Unaudited but reviewed)

Malee Group Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 30 June 2022

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit (loss) attributable to:				
Equity holders of the Company	(19,976)	218	<u>54,767</u>	<u>24,293</u>
Non-controlling interests of the subsidiaries	<u>(6,334)</u>	<u>(512)</u>		
	<u>(26,310)</u>	<u>(294)</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	(10,701)	11,408	<u>54,767</u>	<u>24,293</u>
Non-controlling interests of the subsidiaries	<u>(1,128)</u>	<u>2,526</u>		
	<u>(11,829)</u>	<u>13,934</u>		
Earnings per share				
Basic earnings per share				
Profit (loss) attributable to equity holders of the Company	<u>(0.072)</u>	<u>0.001</u>	<u>0.198</u>	<u>0.088</u>

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

(Unaudited but reviewed)

Malee Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2022

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
Note	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues				
Sales	1,921,845	1,746,278	1,330,049	1,273,108
Other income				
Exchange gains	1,917	1,602	-	-
Dividend income	-	-	59,999	-
Others	21,009	14,928	76,118	67,556
Total revenues	<u>1,944,771</u>	<u>1,762,808</u>	<u>1,466,166</u>	<u>1,340,664</u>
Expenses				
Cost of sales	1,472,400	1,338,414	1,172,129	1,132,482
Selling and distribution expenses	216,841	217,155	23,785	13,904
Administrative expenses	255,217	232,911	182,360	165,719
Exchange losses	-	-	413	1,083
Total expenses	<u>1,944,458</u>	<u>1,788,480</u>	<u>1,378,687</u>	<u>1,313,188</u>
Operating profit (loss)	313	(25,672)	87,479	27,476
Share of loss from investments in joint ventures	(614)	(2,748)	-	-
Finance income	61	1,535	751	1,086
Finance cost	(36,782)	(31,385)	(32,853)	(29,340)
Profit (loss) before income tax	<u>(37,022)</u>	<u>(58,270)</u>	<u>55,377</u>	<u>(778)</u>
Income tax	12 <u>(8,877)</u>	<u>13,725</u>	<u>(5,784)</u>	<u>7,592</u>
Profit (loss) for the period	<u>(45,899)</u>	<u>(44,545)</u>	<u>49,593</u>	<u>6,814</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	<u>14,400</u>	<u>32,232</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>14,400</u>	<u>32,232</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>(31,499)</u>	<u>(12,313)</u>	<u>49,593</u>	<u>6,814</u>

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

(Unaudited but reviewed)

Malee Group Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the six-month period ended 30 June 2022

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Profit (loss) attributable to:				
Equity holders of the Company	(34,476)	(42,782)	<u>49,593</u>	<u>6,814</u>
Non-controlling interests of the subsidiaries	<u>(11,423)</u>	<u>(1,763)</u>		
	<u>(45,899)</u>	<u>(44,545)</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	(24,588)	(18,708)	<u>49,593</u>	<u>6,814</u>
Non-controlling interests of the subsidiaries	<u>(6,911)</u>	<u>6,395</u>		
	<u>(31,499)</u>	<u>(12,313)</u>		
Earnings per share				
Basic earnings per share				
Profit (loss) attributable to equity holders of the Company	<u>(0.125)</u>	<u>(0.155)</u>	<u>0.180</u>	<u>0.025</u>

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

(Unaudited but reviewed)

Malee Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2022

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to owners of the Company									
	Issued and fully paid-up share capital	Retained earnings	Other components of shareholders' equity		Surplus on revaluation of assets	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Non-controlling interests of the subsidiaries	Total shareholders' equity	
	Appropriated	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Other comprehensive income						
Balance as at 1 January 2021	138,000	14,000	351,531	(22,607)	253,195	230,568	734,119	105,511	839,630	
Loss for the period	-	-	(42,782)	-	-	-	(42,782)	(1,763)	(44,545)	
Other comprehensive income for the period	-	-	-	24,074	-	24,074	24,074	8,158	32,232	
Total comprehensive income for the period	-	-	(42,782)	24,074	-	24,074	(18,708)	6,395	(12,313)	
Balance as at 30 June 2021	138,000	14,000	308,749	1,467	253,195	254,662	715,411	111,906	827,317	
Balance as at 1 January 2022	138,000	14,000	237,515	929	253,194	254,123	643,638	112,349	755,987	
Loss for the period	-	-	(34,476)	-	-	-	(34,476)	(11,423)	(45,899)	
Other comprehensive income for the period	-	-	-	9,888	-	9,888	9,888	4,512	14,400	
Total comprehensive income for the period	-	-	(34,476)	9,888	-	9,888	(24,588)	(6,911)	(31,499)	
Balance as at 30 June 2022	138,000	14,000	203,039	10,817	253,194	264,011	619,050	105,438	724,488	

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

(Unaudited but reviewed)

Malee Group Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the six-month period ended 30 June 2022

(Unit: Thousand Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Retained earnings		Other components of equity	
		Appropriated		Other	
		- Statutory reserve	Unappropriated	comprehensive income	
			Surplus on revaluation of assets	Total shareholders' equity	
Balance as at 1 January 2021	138,000	14,000	453,481	247,449	852,930
Total comprehensive income for the period	-	-	6,814	-	6,814
Balance as at 30 June 2021	<u>138,000</u>	<u>14,000</u>	<u>460,295</u>	<u>247,449</u>	<u>859,744</u>
Balance as at 1 January 2022	138,000	14,000	314,062	247,449	713,511
Total comprehensive income for the period	-	-	49,593	-	49,593
Balance as at 30 June 2022	<u>138,000</u>	<u>14,000</u>	<u>363,655</u>	<u>247,449</u>	<u>763,104</u>

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

(Unaudited but reviewed)

Malee Group Public Company Limited and its subsidiaries**Cash flow statement**

For the six-month period ended 30 June 2022

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from operating activities				
Profit (loss) before tax	(37,022)	(58,270)	55,377	(778)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	83,826	94,399	59,643	69,415
Allowance for expected credit losses	4,172	155	1,673	-
Reversal of reduce cost to net realisable value of inventories	(9,110)	(1,471)	(4,840)	(1,790)
Write-off of withholding tax	105	274	-	-
Gains on disposal of equipment	(769)	(568)	(769)	(568)
Unrealised (gains) losses on exchange	(602)	(1,444)	(480)	91
Share of loss from investments in joint ventures	614	2,748	-	-
Provision for long-term employee benefits	5,136	5,019	3,749	3,669
Dividend income	-	-	(59,999)	-
Finance income	(61)	(1,535)	(751)	(1,086)
Finance cost	36,782	31,385	32,853	29,340
Profit from operating activities before changes in operating assets and liabilities	83,071	70,692	86,456	98,293
Operating assets (increase) decrease				
Trade and other receivables	94,818	(100,423)	58,693	(92,997)
Inventories	(52,309)	25,464	(74,817)	(2,949)
Other current assets	(35,432)	25,031	(11,171)	(17,893)
Other non-current assets	(9,452)	1,055	(9,523)	1,094
Operating liabilities increase (decrease)				
Trade and other payables	21,065	42,601	25,226	42,945
Advances from customers	(59,711)	57,722	(64,915)	51,175
Other current liabilities	28,972	4,188	28,264	(104)
Provision for long-term employee benefits	(146)	-	(146)	-
Cash flows from operating activities	70,876	126,330	38,067	79,564
Cash received from interest income	61	1,535	41	1,086
Cash paid for interest expenses	(33,958)	(31,731)	(29,333)	(25,525)
Cash paid for income tax	(8,956)	(3,059)	(3,282)	(114)
Net cash flows from operating activities	28,023	93,075	5,493	55,011

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

(Unaudited but reviewed)

Malee Group Public Company Limited and its subsidiaries**Cash flow statement (continued)**

For the six-month period ended 30 June 2022

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash flows from investing activities				
Cash received from long-term loans to related party	-	-	-	31,500
Cash received from lease receivables	-	-	1,206	1,829
Cash paid for investment in subsidiary	-	-	-	(10,000)
Cash received from dividends from subsidiaries	-	-	59,999	-
Cash received from disposals of equipment	4,484	3,220	4,484	3,220
Cash paid for acquisitions of equipment	(23,339)	(16,162)	(22,333)	(15,715)
Cash paid for acquisitions of intangible assets	(975)	(1,148)	(975)	(1,148)
Net cash flows from (used in) investing activities	<u>(19,830)</u>	<u>(14,090)</u>	<u>42,381</u>	<u>9,686</u>
Cash flows from financing activities				
Decrease in bank overdrafts	(9,029)	(6,378)	(3,434)	(17,394)
Cash received from short-term loans from financial institutions	1,532,490	-	1,417,380	-
Repayment of short-term loans from financial institutions	(1,536,508)	-	(1,417,380)	-
Cash received from short-term loans from related party	-	-	-	40,000
Repayment of short-term loans from related party	-	-	(40,000)	(29,000)
Cash received from long-term loans from financial institutions	20,000	-	-	-
Repayment of long-term loans from financial institutions	(3,145)	(6,145)	-	(6,145)
Repayment of lease liabilities	(25,610)	(33,200)	(23,138)	(27,285)
Net cash flows used in financing activities	<u>(21,802)</u>	<u>(45,723)</u>	<u>(66,572)</u>	<u>(39,824)</u>
Increase (decrease) in translation adjustments	<u>(4,361)</u>	<u>9,467</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	<u>(17,970)</u>	<u>42,729</u>	<u>(18,698)</u>	<u>24,873</u>
Cash and cash equivalents at beginning of period	<u>80,321</u>	<u>83,669</u>	<u>39,557</u>	<u>46,294</u>
Cash and cash equivalents at end of period	<u><u>62,351</u></u>	<u><u>126,398</u></u>	<u><u>20,859</u></u>	<u><u>71,167</u></u>
Supplemental cash flow information:				
Non-cash transactions				
Acquisitions of equipment for which cash has not been paid	15,441	-	15,441	-
Increase in right-of-use assets from lease liabilities	33,098	1,573	27,217	159
Decrease in right-of-use assets due to lease modification	-	(2,927)	-	(7,608)

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

Malee Group Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month and six-month periods ended 30 June 2022

1. General information

1.1 Restructuring plan

On 27 April 2022, the Annual General Meeting of the Company's shareholders for the year 2022 passed a resolution approving a shareholding and management restructuring plan of the Company through the acquisition of ordinary shares of Abico Holdings Public Company Limited ("ABICO"), whose securities are listed on the Market for Alternative Investment. The Company will pay for the share subscription with its newly issued ordinary shares, at the swap ratio of one ordinary share of ABICO per 1.12930899 newly issued ordinary shares of the Company for the purpose of allocating them to ABICO's shareholders who accept the offer. Subsequently, in May 2022, the Company increased the registered share capital from Baht 138 million to Baht 276 million by issuing 276 million new ordinary shares with a par value of Baht 0.50 each, a total of 138 million. Currently, the Company is awaiting approval for the offering of newly issued shares from the Securities and Exchange Commission, Thailand.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the group operates. The Group's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

1.3 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.4 Basis of consolidation

These consolidated financial statements include the financial statements of Malee Group Public Company Limited ("the Company") and its subsidiaries ("the subsidiaries") ("the Group") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2021. There have been no significant changes in the composition of the Group during the period.

1.5 Significant accounting policies

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2021.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2022, do not have any significant impact on the Group's financial statements.

2. Related party transactions

During the period, 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. There were no significant changes in the transfer pricing policy of transactions with related parties during the current period. Summarised significant business transactions with related parties are as follows.

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Sales of goods	-	-	387	354
Management fee income	-	-	25	25
Dividend income	-	-	60	-
Other income	-	-	5	1
Other expenses	-	-	1	-
<u>Transactions with joint ventures</u>				
Sales of goods	1	7	-	-
<u>Transactions with related companies</u>				
Purchases of raw materials and others	4	2	4	2
Production cost	19	20	19	20
Rental and service expenses	5	4	5	4

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<u>Transactions with subsidiaries</u>				
(eliminated from the consolidated financial statements)				
Sales of goods	-	-	718	642
Management fee income	-	-	50	50
Dividend income	-	-	60	-
Other income	-	-	6	2
Service expenses	-	-	7	-
Other expenses	-	-	2	-
<u>Transactions with joint ventures</u>				
Sales of goods	7	15	-	-
<u>Transactions with related companies</u>				
Purchases of raw materials and others	6	4	6	4
Production cost	47	39	47	39
Rental and service expenses	9	8	9	8

As at 30 June 2022 and 31 December 2021, the balances of the accounts between the Group and those related companies are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Audited)		(Audited)	
<u>Trade and other receivables - related parties</u>				
<u>Trade receivables - related parties (Note 3)</u>				
Subsidiaries	-	-	190,930	193,362
Joint ventures	3,404	11,126	-	1,980
Total trade receivables - related parties	<u>3,404</u>	<u>11,126</u>	<u>190,930</u>	<u>195,342</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	(Audited)		(Audited)	
<u>Other receivables - related parties (Note 3)</u>				
Subsidiaries	-	-	10,844	27,563
Joint ventures	6,393	2,050	6,393	2,050
Related companies (Common shareholders/directors)	386	125	386	125
Total other receivables - related parties	6,779	2,175	17,623	29,738
Total trade and other receivables - related parties	10,183	13,301	208,553	225,080
<u>Deposit - related party</u>				
Related company (Common shareholders/directors)	8,125	8,125	8,125	8,125
<u>Trade and other payables - related parties</u>				
<u>Trade payables - related parties (Note 7)</u>				
Subsidiaries	-	-	-	6
Related companies (Common shareholders/directors)	25,980	14,336	25,980	14,324
Total trade payables - related parties	25,980	14,336	25,980	14,330
<u>Other payables - related parties (Note 7)</u>				
Subsidiaries	-	-	44,714	56,416
Related companies (Common shareholders/directors)	188	131	188	124
Directors	30	-	30	-
Total other payables - related parties	218	131	44,932	56,540
Total trade and other payables - related parties	26,198	14,467	70,912	70,870
<u>Advance received from related party</u>				
Subsidiary	-	-	15,000	30,000
<u>Short-term loans from related party</u>				
Subsidiary	-	-	-	40,000

The above loans and interest are repayable within January 2023, unsecured, and carry interest at the rate 3.3 percent per annum. During the current period has already paid the principal repayment.

Directors and management's benefits

For the three-month and six-month periods ended 30 June 2022 and 2021, the Group had employee benefit expenses payable to their directors and management as below:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	14,846	14,713	12,728	13,773
Post-employment benefits	527	836	527	822
Total	<u>15,373</u>	<u>15,549</u>	<u>13,255</u>	<u>14,595</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Short-term employee benefits	31,868	29,190	27,564	27,886
Post-employment benefits	1,053	1,664	1,053	1,636
Total	<u>32,921</u>	<u>30,854</u>	<u>28,617</u>	<u>29,522</u>

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with a subsidiary and its subsidiary has outstanding guarantee obligations with the Company, as described in Note 9 to the interim financial statements.

3. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	(Audited)		(Audited)	
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	452	7,603	117,072	88,903
Past due				
Up to 3 months	1,410	3,523	73,858	106,439
3 - 6 months	1,542	-	-	-
Total trade receivables - related parties	3,404	11,126	190,930	195,342
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	428,064	482,613	186,313	190,966
Past due				
Up to 3 months	100,433	139,663	28,988	65,772
3 - 6 months	13	262	13	-
6 - 12 months	1,207	120	-	-
Over 12 months	6,952	7,587	5,332	5,616
Total	536,669	630,245	220,646	262,354
Less: Allowance for expected credit losses	(11,513)	(9,223)	(5,147)	(5,454)
Total trade receivables - unrelated parties, net	525,156	621,022	215,499	256,900
Total trade receivables - net	528,560	632,148	406,429	452,242
<u>Other receivables</u>				
Other receivables - related parties	6,779	2,175	17,623	29,738
Accrued income	18,553	16,678	8,893	9,350
Total	25,332	18,853	26,516	39,088
Less: Allowance for expected credit losses	(2,697)	(815)	(1,980)	-
Total other receivables - net	22,635	18,038	24,536	39,088
Total trade and other receivables - net	551,195	650,186	430,965	491,330

The Company and its subsidiary entered in to an agreements to transfer debt collecion right to financial institution, as described in Note 9 to the interim financial statements.

4. Inventories

Movements in the reduce cost to net realisable value of inventories account for the six-month period ended 30 June 2022 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2022	30,114	21,323
Reverse cost to net realisable value of inventories during the period	(9,110)	(4,840)
Balance as at 30 June 2022	<u>21,004</u>	<u>16,483</u>

5. Property, Plant and equipment

Movements in property, plant and equipment account for the six-month period ended 30 June 2022 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2022	1,581,616	1,415,747
Acquisitions during the period - at cost	37,661	36,655
Disposal during the period - net book value as at disposal date	(3,715)	(3,715)
Depreciation for the period	(60,556)	(42,916)
Translation adjustments	5,670	-
Net book value as at 30 June 2022	<u>1,560,676</u>	<u>1,405,771</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
				(Audited)
Bank overdrafts	13,276	12,186	13,276	12,186
Promissory notes	901,443	905,462	874,173	874,171
Discounted promissory notes	101,327	136,619	37,795	40,632
Trust receipt	76,498	49,637	-	-
Packing credits	22,605	24,293	22,605	24,293
Total	<u>1,115,149</u>	<u>1,128,197</u>	<u>947,849</u>	<u>951,282</u>

7. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
		(Audited)		(Audited)
Trade payables - related parties	25,980	14,336	25,980	14,330
Trade payables - unrelated parties	404,144	341,324	313,655	248,428
Other payables - related parties	218	131	44,932	56,540
Other payables - unrelated parties	92,050	88,090	64,589	54,531
Accrued expenses	167,589	208,492	47,110	65,560
Total trade and other payables	689,981	652,373	496,266	439,389

8. Long-term loans from financial institutions

Movements of the long-term loans from financial institutions account for the six-month period ended 30 June 2022 are summarised below:

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2022	817,228	812,283
Additional borrowings	20,000	-
Repayments	(3,145)	-
Translation adjustments	107	-
Balance as at 30 June 2022	834,190	812,283
Less: Current portion	(153,400)	(143,658)
Long-term loans - net of current portion	680,790	668,625

In March 2022, the subsidiary had entered into a loan agreement with local bank amounting to Baht 20 million with interest rate at MLR+1.5 per annum. The principle and interests are payable in monthly installment from the date of the first installment in April 2022 to March 2025.

9. Credit facilities

Credit facilities granted by financial institutions of the Group are guaranteed by the following.

- a) The guarantee provided guarantee fees have been charged at 2.50 percent per guarantee amount.
- b) The pledge/mortgage of by the assets of the Company and its subsidiaries with the net book value as at 30 June 2022 as summarised below:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Land	327	327
Property - net	79	68
Machinery and equipment - net	397	344

- c) The Company and its subsidiary entered in to an agreements to transfer debt collection right to financial institution amounting to approximately Baht 101 million (the Company only: Baht 38 million) as collateral to secure discounted promissory notes.

10. Lease agreements

10.1 Right-of-use assets

Movements of the right-of-use assets account for the six-month period ended 30 June 2022 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2022	438,821	286,309
Acquisitions during the period - at cost	33,098	27,217
Depreciation for the period	(20,443)	(13,969)
Translation adjustments	4,082	-
Net book value as at 30 June 2022	<u>455,558</u>	<u>299,557</u>

10.2 Lease receivables

Movements of the lease receivables account for the six-month period ended 30 June 2022 are summarised below:

	(Unit: Thousand Baht)
	<u>Separate financial statements</u>
Balance as at 1 January 2022	46,622
Recognised interest income during the period	710
Received during the period	(1,916)
Balance as at 30 June 2022	<u>45,416</u>
Less: Current portion	<u>(2,469)</u>
Lease receivables - net of current portion	<u><u>42,947</u></u>

10.3 Lease liabilities

Movements of the lease liabilities account for the six-month period ended 30 June 2022 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2022	265,327	261,578
Increase during the period	33,098	27,217
Recognised as interest during the period	4,304	4,263
Repayment during the period	(29,914)	(27,401)
Balance as at 30 June 2022	<u>272,815</u>	<u>265,657</u>
Less: Current portion	<u>(40,914)</u>	<u>(35,660)</u>
Lease liabilities - net of current portion	<u><u>231,901</u></u>	<u><u>229,997</u></u>

11. Registered share capital

On 27 April 2022, the Annual General Meeting of the Company's shareholders for year 2022 passed a resolution approving an increase in the registered share capital from Baht 138 million (276 million ordinary shares with a par value of Baht 0.50 each) to Baht 276 million by issuing 276 million new ordinary shares with a par value of Baht 0.50 each, a total of 138 million. The Company registered the increase in share capital with the Ministry of Commerce on 18 May 2022.

12. Income tax

Interim corporate income tax was calculated on profit (loss) before income tax for the period, using the estimated effective tax rate for the year.

Income tax for the three-month and six-month periods ended 30 June 2022 and 2021 are made up as follows:

(Unit: Thousand Baht)

	For the three-month period ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current income tax:				
Current income tax charge	(2,754)	(932)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,608)	2,659	(2,132)	(3,243)
Income tax reported in profit or loss	<u>(5,362)</u>	<u>1,727</u>	<u>(2,132)</u>	<u>(3,243)</u>

(Unit: Thousand Baht)

	For the six-month period ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current income tax:				
Current income tax charge	(4,322)	(3,312)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,555)	17,037	(5,784)	7,592
Income tax reported in profit or loss	<u>(8,877)</u>	<u>13,725</u>	<u>(5,784)</u>	<u>7,592</u>

(Unaudited but reviewed)

13. Segment information

The Group is organised into business units based on their products and services. During the current period, the Group has not changed the organisation of their reportable segments from the last annual financial statement.

The following tables present revenue and profit information regarding the Group's operating segments for the three-month and six-month periods ended 30 June 2022 and 2021.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June						Consolidated financial statements			
	Agriculture products		Others		Total				Elimination of inter-segment revenues	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenues										
Revenues from external customers	894,285	892,890	49,685	50,365	943,970	943,255	-	-	943,970	943,255
Inter-segment revenues	386,324	354,923	1,041	86	387,365	355,009	(387,365)	(355,009)	-	-
Total revenues	1,280,609	1,247,813	50,726	50,451	1,331,335	1,298,264	(387,365)	(355,009)	943,970	943,255
Segment profit	206,211	223,948	17,474	20,107	223,685	244,055	4,202	(685)	227,887	243,370
Unallocated income and expenses:										
Other income									12,283	9,575
Exchange gains									576	655
Selling and distribution expenses									(113,272)	(120,603)
Administrative expenses									(127,988)	(119,025)
Share of loss from investments in joint ventures									(1,859)	(1,727)
Finance income									46	614
Finance cost									(18,621)	(14,880)
Loss before income tax									(20,948)	(2,021)
Income tax									(5,362)	1,727
Loss for the period									(26,310)	(294)

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Agriculture products		Others		Total		Elimination of inter-segment revenues		Consolidated financial statements	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenues										
Revenues from external customers	1,820,721	1,653,370	101,124	92,908	1,921,845	1,746,278	-	-	1,921,845	1,746,278
Inter-segment revenues	717,531	642,523	1,426	804	718,957	643,327	(718,957)	(643,327)	-	-
Total revenues	2,538,252	2,295,893	102,550	93,712	2,640,802	2,389,605	(718,957)	(643,327)	1,921,845	1,746,278
Segment profit	404,856	378,473	34,772	36,805	439,628	415,278	9,817	(7,414)	449,445	407,864
Unallocated income and expenses:										
Other income									21,009	14,928
Exchange gains									1,917	1,602
Selling and distribution expenses									(216,841)	(217,155)
Administrative expenses									(255,217)	(232,911)
Share of loss from investments in joint ventures									(614)	(2,748)
Finance income									61	1,535
Finance cost									(36,782)	(31,385)
Loss before income tax									(37,022)	(58,270)
Income tax									(8,877)	13,725
Loss for the period									(45,899)	(44,545)

Sales by geographic market are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Segment in Thailand	491,961	509,576	1,040,893	958,008
Segment in Overseas	452,009	433,679	880,952	788,270
Total	943,970	943,255	1,921,845	1,746,278

14. Commitments and contingent liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	(Audited)		(Audited)	
Capital commitments - purchases of fixed assets	31	33	31	33
Service commitments				
Payable:				
Within 1 year	13	13	-	-
Over 1 and up to 5 years	7	-	-	-
Total	20	13	-	-
Bank guarantees				
Electricity usage and sales of goods	15	11	13	9

15. Foreign currency risk

As at 30 June 2022 and 31 December 2021, the balance of financial assets and financial liabilities in foreign currency are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	30 June	31 December	30 June	31 December	30 June	31 December
	2022	2021	2022	2021	2022	2021
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
		(Audited)		(Audited)		
USD	0.8	1.0	1.3	1.5	35.2970	33.4199

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	30 June	31 December	30 June	31 December	30 June	31 December
	2022	2021	2022	2021	2022	2021
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
		(Audited)		(Audited)		
USD	0.3	-	1.3	1.4	35.2970	33.4199

16. Financial instruments**16.1 Fair values of financial instruments**

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

16.2 Fair value hierarchy

As at 30 June 2022 and 31 December 2021, the Group had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements							
Level 1		Level 2		Level 3		Total	
30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021

(Audited)

Assets measured at
fair value

Land	-	-	-	-	427	427	427	427
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(Unit: Million Baht)

Separate financial statements							
Level 1		Level 2		Level 3		Total	
30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021	30 June 2022	31 December 2021

(Audited)

Assets measured at
fair value

Land	-	-	-	-	409	409	409	409
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During the current period, there were no changes in the methods and assumptions used in estimating the fair value of financial instruments and there were no transfers within the fair value hierarchy.

17. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 10 August 2022.

**Internal Control Sufficiency Evaluation Form
Malee Group Public Company Limited**

Concepts and Objectives

Good internal control is essential for a listed company or a public company as it can help preventing, managing, mitigating risks and damages that may occur to the company and the stakeholders. It is therefore a duty of the company's board of directors to ensure that the company has in place an appropriate and adequate internal control system for goals and objectives achievement, compliance with applicable laws and regulations, safeguarding of the assets from frauds and damage, and preparing reliable accounts and reports.

The Securities and Exchange Commission (the "SEC"), in cooperation with the PricewaterhouseCoopers Thailand ("PwC Thailand"), has developed this internal control sufficiency evaluation form ("evaluation form") as a guidance for companies to evaluate their internal control adequacy.

This evaluation form is based on COSO¹'s framework (The Committee of Sponsoring Organizations of the Treadway Commission) revised on May 2013. It was simplified for users to easily understand and was adjusted to be applicable for Thai listed companies. The main questionnaires in the evaluation form are classified into 5 components similar to original COSO framework and elucidated into 17 principles to clarify the concept.

Applications

The companies are recommended to use this evaluation form as a guidance for evaluating and reviewing the adequacy of the internal control at least once a year. Extra revision may be necessary in case of any incidents which have significant impacts on the companies' operations. Such assessment should be considered by the audit committee and the board of directors so that they can exchange their views, align their understandings and decide on appropriate practical guidelines for the companies.

The answers to each questionnaire should base on actual practices. If the assessment results in deficiencies in any internal control components (whether it is the reason for neither system existence nor appropriateness of the existing one), the companies should provide the explanations and solutions from such findings.

¹ COSO is a joint committee of 5 professional associations including the American Institute of Certified Public Accountants (AICPA), Financial Executives International (FEI), the American Accounting Association (AAA), The Institute of Internal Auditors (IIA), and the Institute of Management Accountants (IMA)

Control Environment

1. The organization demonstrates a commitment to integrity and ethical values.

Questions	Yes	No
<p>1.1 The board of directors and the management set up principles and guidelines based on integrity and codes of conduct in the following areas:</p> <p style="margin-left: 40px;">1.1.1 Daily routine operation and decision making;</p> <p style="margin-left: 40px;">1.1.2 Treatment of trade partners, clients and other parties.</p>	✓	
<p>1.2 Following written rules are provided to ensure that executives and employees perform the duties with integrity and ethics:</p> <p style="margin-left: 40px;">1.2.1 Appropriate code of conduct for executives and employees;</p> <p style="margin-left: 40px;">1.2.2 Prohibitions on any actions by the executives and employees that could cause conflicts of interest with the business; and prohibitions on corruptions which will cause damages to the organization².</p> <p style="margin-left: 40px;">1.2.3 Appropriate penalties in the case of violation of the aforementioned rules</p> <p style="margin-left: 40px;">1.2.4 Communication of the aforementioned rules and penalties to the executives and the employees. For example: they are included in the orientation session for new employees; employees annually sign for acknowledgment of the rules and penalties; the code of conduct is publicized for employees and outsiders.</p>	✓	
<p>1.3 There are procedures to monitor and assess whether the code of conduct is complied:</p> <p style="margin-left: 40px;">1.3.1 Monitoring and assessment by an internal audit unit or a compliance unit;</p> <p style="margin-left: 40px;">1.3.2 Self -assessment by executives and employees;</p> <p style="margin-left: 40px;">1.3.3 Assessment by independent professionals ,outsiders of the organization.</p>	✓	
<p>1.4 There is timely management upon a detection of non-compliance with rules on integrity and code of conduct.</p> <p style="margin-left: 40px;">1.4.1 There are procedures for timely detection of the violations;</p> <p style="margin-left: 40px;">1.4.2 There are procedures for suitable and timely punishment or management of the violations;</p> <p style="margin-left: 40px;">1.4.3 There are timely and suitable corrections for the violations of rules for integrity and code of conduct.</p>	✓	

² The company should specify anti-corruption measures suitable to the risk profile of the company.

2. The board of directors demonstrates independence from the management and exercises oversight of the development and performance of internal control.

Questions	Yes	No
2.1 The roles and duties of the board of directors are set separately from those of the management. The authorities of the board of directors are clearly defined.	✓	
2.2 The board of directors oversees whether the company goals are clear and measurable to be used as guidelines for executives' and employees' operation.	✓	
2.3 The board of directors oversees that the company follows the laws and charters in specifying roles and duties of the board of directors, the executives, the audit committee, auditors, internal auditors, and the personnel who is responsible for financial statements.	✓	
2.4 The board of directors are knowledgeable for the company business and have expertise beneficial to the company or can seek advices from experts in a particular area.	✓	
2.5 The board of directors comprises of independent directors who are knowledgeable, reliable and truly independent in performing the duties. For example, the independent directors should have no business relationship with the company or any relationship that could influence their judgement and independent performance.	✓	
2.6 The board of directors oversees the development and implementation of the internal control in the organization, including creating control environment, risk assessment, control activities, information and communication, and monitoring activities.	✓	

3. Management establishes, with board oversight, structures, reporting line, and appropriate authorities, and responsibilities in the pursuit of objectives.

Questions	Yes	No.
3.1 Top management set up the organizational structure which supports the pursuit of the company's objectives by considering appropriateness of business functions and legal requirement. There is, also effective internal control function. For example, there is a separation of duties in important business units which would result in check and balance; there is an internal audit unit which reports directly to the audit committee; there is a clear line of report..	✓	
3.2 Top management establishes reporting line by considering appropriateness of authorities, responsibilities and communication.	✓	
3.3 Authorities and responsibilities among the board of directors, top management, management and employees are appropriately defined and assigned.	✓	

4. The organization demonstrates its commitment to attract, develop and retain competent individuals in alignment with objectives.

Questions	Yes	No
4.1 The company has policies and practices to recruit, develop and retain competent employees and regularly reviews such policies and practices.	✓	
4.2 The company has evaluation process, incentives or rewards to employees with good performance, and management measures for employees who do not achieve the targets. Such processes are well informed to executives and employees.	✓	
4.3 The company has process of timely solutions and preparation when lacking competent employees.	✓	
4.4 The company has process of recruitment, development and retention for executives and employees such as providing mentoring system and trainings.	✓	
4.5 The company has a succession plan for important positions.	✓	

5. The organization hold personnel accountable for their internal control responsibilities in the pursuit of objectives.

Questions	Yes	No.
5.1 The board of directors and executives have procedures and communication tools to enforce all employees to take responsibilities in internal control and to provide corrective measure for such procedure, if necessary.	✓	
5.2 The board of directors and executives set suitable indicators for performance appraisal, incentives and rewards with regard to code of conduct, and the company's short-term and long-term objectives.	✓	
5.3 The board of directors and executives continuously assess the incentives and rewards by focusing on the connection between success of the performance and the compliance with the internal control .	✓	
5.4 The board of directors and executives do not put excessive pressures on each personnel duties.	✓	

Risk Assessment

6. The organization specifies the objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Questions	Yes	No
6.1 The company is able to comply with the generally accepted accounting principles which is suitable to the business at that time by presenting that transactions in financial statements exist, complete, correctly show the rights or obligations of the company, have the right value as well as properly disclosed.	✓	
6.2 The company determines materiality of the financial statement by considering key factors including financial report users, transaction sizes, and business trends.	✓	
6.3 Financial statements reflect true business operation activities of the company.	✓	
6.4 The board of directors or the risk management committee approves and communicate risk management policy to executives and all employees. The policy is acknowledged and accepted for practices as a part of the organization's culture.	✓	

7. The organization identifies risks to the achievement of the objectives across the entity and analyses risks as basis for determining how the risk should be managed.

Questions	Yes	No
7.1 The company identifies all risks which may affect business operation at levels of organization, business unit, departments, and working functions.	✓	
7.2 The company analyzes all risks that could come from both internal and external factors, including risks from business strategies, operations, reporting, compliance with law and regulation, and information technology.	✓	

Questions	Yes	No
7.3 Executives at all levels participate in risk management.	✓	
7.4 The company assesses the significance of risks by considering the likelihood and the possible effects.	✓	
7.5 The company has measures and operational plans to handle risk by either accepting, reducing, avoiding or sharing risks.	✓	

8. The organization considers the potential for fraud in assessing risks to the achievement of the organization's objectives.

Questions	Yes	No
8.1 The company assesses the potential for fraud covering all types of fraud including fraudulent financial reporting, losses of assets, corruptions, management override of internal controls, manipulations on important financial information, unauthorized acquisition or disposition of assets etc.	✓	
8.2 The company carefully reviews the operational objectives, considering possibility of achieving the goals. Also, incentives and rewards granted to the employees should be reasonable and would not instigate wrong doing. For example, The company does not set expected sales much higher than its capabilities so that it will lead to sales manipulation.	✓	
8.3 The audit committee considers and inquires executives in accordance with the potential for fraud and measures that the company establishes to prevent or correct the frauds.	✓	
8.4 The company communicates to all employees to understand and comply with the policies and guidelines.	✓	

9. The organization can identify and assess changes that could have impacts on the system of internal control.

Questions	Yes	No
9.1 The company assesses changes of external factors which could affect the business operations, internal control, and financial reporting. Moreover, the company launches measures to deal with the changes sufficiently.	✓	
9.2 The company assesses changes in business models which could affect business operations, internal control, and financial reporting. Moreover, the company launches measures to deal with the changes sufficiently.	✓	
9.3 The company assesses changes of the organizational leaders which could affect the business operation, internal control, and financial reporting. Moreover, the company launches measures to deal with the changes sufficiently.	✓	

Control Activities

10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of the objectives to the acceptable levels.

Questions	Yes	No
10.1 The company's control measures are suitable to the risks and specific characteristics of the organization such as the environment; the work complexity, the characteristics of work, the scope of the operations, and other specific condition	✓	
10.2 The company has written internal control measures covering all procedures appropriately. For example, the company has policies and procedures in regard to financial transactions, procurement, and general administration. The company also gives clear scope of authorities and approval hierarchy of each management level to prevent fraudulence. For example, the company establishes: chart of authority approval to each management level to limit amounts of expenditures; project/investment approval manual; procurement and vendors selection manual; decision	✓	

Questions	Yes	No
<p>making on procurement process manual; or equipment/tools disbursement manual. Therefore, following procedures are provided:</p> <p>10.2.1 Collection on information of major shareholders, directors, executives and related persons, as well as connected persons benefits for monitoring and reviewing on related transactions or transactions with conflict of interests. The collection will be consistently up-to-date.</p> <p>10.2.2 In case that the company has already approved transactions or entered into the contracts with long term obligations such as purchasing and selling contracts, lending, guaranteeing, the company monitors whether the conditions of the agreements are followed through the contracts periods. For example, monitoring compliance with loans repayment agreement or the contracts are regularly reviewed for appropriateness.</p>		
<p>10.3 The company sets up suitable varieties of internal control such as manual and automated controls or preventing and monitoring controls.</p>	✓	
<p>10.4 The company builds internal control throughout all level of the organization such as the group of companies, business unit, function, department, division or process.</p>	✓	
<p>10.5 The company conducts segregation of duties to the 3 parts as followed for check and balance purposes:</p> <p>(1) Authorization;</p> <p>(2) Recording accounting entries and information and;</p> <p>(3) Custody of assets.</p>	✓	

11. The organization selects and develops general control activities over technology to support the achievement of objectives.

Questions	Yes	No
<p>11.1 The company should define relationship between uses of information technology in the operation process and the general control of the information technology system.</p>	✓	
<p>11.2 The company should define suitable control measures for infrastructure of technology system.</p>	✓	
<p>11.3 The company should define suitable security control for the technology system.</p>	✓	

Questions	Yes	No
11.4 The company should define suitable control measures on process of procurement, development, and maintenance of the technology system.		

12. The organization deploys control activities through policies which establish what is expected and procedures that put the policies into action.

Questions	Yes	No
12.1 The company has strict policies to monitor that transactions made by major shareholders, directors, executives, or the related persons must be passed through approval procedures as defined in , for example, by the articles of corporation, the regulation of the Stock Exchange of Thailand and SEC etc. This is to prevent exploitation of company benefit against the use for personal gains.	✓	
12.2 The company has a policy that a transaction must be approved by the person who has no personal interests in such transaction.	✓	
12.3 The company has a policy to approve transactions by considering the company's best interests, and consider the transactions as at arm's length basis.	✓	
12.4 The company has monitoring process for operations of subsidiaries or associated companies including setting guidelines to the person who is appointed as a director or an executive in the subsidiaries or associated companies. <i>(Answer this question is not required if the company does not invested in the subsidiary or associated companies)</i>	✓	
12.5 The company assigns roles and responsibilities that executives and employees are to implement the policies and procedures in their operation.	✓	
12.6 The company's policies and procedures are timely implemented by competent personnel including the process of operation correction.	✓	

Questions	Yes	No
12.7 The company regularly reviews its policy and procedures.	✓	

Information & Communications

13. The organization obtains or generates and uses relevant and quality information to support the functioning of internal control as intended.

Questions	Yes	No
13.1 The company specifies information required for business operations. The information should be from both internal and external sources, which are quality and related to the company business.	✓	
13.2 The company reviewed cost and benefit to gain the information, including quality and accuracy of such information.	✓	
13.3 The company provides the board of directors with essential and sufficient information for their decision-making. Examples of essential information include details of the proposed agenda, reasons and impacts on the company, and alternatives available.	✓	
13.4 The company provides the board of directors with the invitations to the board of directors' meetings and documentation for the meetings which contain necessary and sufficient information for consideration. The documents should be delivered before the meeting date at least as minimum requirement period by the regulations.	✓	
13.5 The company provides minutes of board of directors meeting with sufficient details in order to be used for subsequent audit on appropriateness of each director's responsibilities; such as: records of directors' questions; directors' views and remarks of the issues; their opposing views and reasons against the proposed agenda etc.	✓	
13.6 The company has the following procedures: 13.6.1 Filing and Classification with completeness on important documents. 13.6.2 In case of report of deficiency found by the external auditor or internal auditor on deficiencies in internal control, the company fix the deficiency thoroughly.	✓	

14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.

Questions	Yes	No
14.1 The company has effective process of internal communication and appropriate channels of communication to support internal control.	✓	
14.2 The company regularly reports important information to the board of directors. The board of directors has access to information sources that are vital to the operations or to review any transactions as required. For example, the company assigned contact personnel for providing other information except those received from management; requesting information from external auditor and internal auditor; arranging meetings between the board of directors and executives as requested by the board of directors; conducting other meetings for the board of directors and executives except the regular board of directors' meetings etc.	✓	
14.3 The company establishes whistle-blower hotline in order that personnel could safely inform information or traces of frauds or corruptions to the company.	✓	

15. The organization communicates with external parties about matters affecting the functioning of internal control.

Questions	Yes	No
15.1 The company has effective procedures of communication with external stakeholders and appropriate channels of communication to support internal control. For example, the company sets up an investor relations officers/center or compliant center etc.	✓	
15.2 The company establishes whistle-blower hotline in order that external stakeholders could safely inform information or traces of frauds or corruptions to the company.	✓	

Monitoring Activities

16. The organization monitors and evaluates to ascertain whether the components of internal control are completely present and suitably functioning.

Questions	Yes	No
16.1 The company has a process to monitor the compliance with code of conduct and prohibit the executives and employees from conducting themselves in a manner is likely to cause conflicts of interest. The company, for example, assigns each individual unit to monitor operation and report to the respective supervisors. Alternatively, the company assigns the internal auditor to monitor operation and report to the audit committee etc.	✓	
16.2 The company provides inspection on compliance with internal control procedures by self-assessment and /or by independent assessment of internal auditors.	✓	
16.3 Frequency of monitoring and assessment activities is suitable to the company's change.	✓	
16.4 The monitoring and assessment activities on the internal control are carried out by knowledgeable and competent personnel.	✓	
16.5 The company specifies that the internal control evaluation is directly reported to the audit committee.	✓	
16.6 The company encourages the internal auditors comply with International Standards for the Professional Practice of Internal Auditing (IIA).	✓	

17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Questions	Yes	No
<p>17.1 The company evaluates and communicates internal control deficiencies and monitors for correcting immediately, in case that results of the performance significantly deviates from the target.</p>	✓	
<p>17.2 The company has a reporting policy as follows :</p> <p>17.2.1 Management must report to the board of directors immediately if there is an incident or a suspicion of serious fraudulence, law violation, or other unusual actions that could significantly affect the reputation and financial position of the company.</p> <p>17.2.2 Significant internal control deficiencies including solutions (although the problems may have already been managed) are timely reported to the board of directors/the audit committee for consideration.</p> <p>17.2.3 The progress on remedies of the significant internal control deficiencies is reported to the board of directors/the audit committee.</p>	✓	

**Internal Control Sufficiency Evaluation Form
ABICO Holdings Public Company Limited**

Concepts and Objectives

Good internal control is essential for a listed company or a public company as it can help preventing, managing, mitigating risks and damages that may occur to the company and the stakeholders. It is therefore a duty of the company's board of directors to ensure that the company has in place an appropriate and adequate internal control system for goals and objectives achievement, compliance with applicable laws and regulations, safeguarding of the assets from frauds and damage, and preparing reliable accounts and reports.

The Securities and Exchange Commission (the "SEC"), in cooperation with the PricewaterhouseCoopers Thailand ("PwC Thailand"), has developed this internal control sufficiency evaluation form ("evaluation form") as a guidance for companies to evaluate their internal control adequacy.

This evaluation form is based on COSO¹'s framework (The Committee of Sponsoring Organizations of the Treadway Commission) revised on May 2013. It was simplified for users to easily understand and was adjusted to be applicable for Thai listed companies. The main questionnaires in the evaluation form are classified into 5 components similar to original COSO framework and elucidated into 17 principles to clarify the concept.

Applications

The companies are recommended to use this evaluation form as a guidance for evaluating and reviewing the adequacy of the internal control at least once a year. Extra revision may be necessary in case of any incidents which have significant impacts on the companies' operations. Such assessment should be considered by the audit committee and the board of directors so that they can exchange their views, align their understandings and decide on appropriate practical guidelines for the companies.

The answers to each questionnaire should base on actual practices. If the assessment results in deficiencies in any internal control components (whether it is the reason for neither system existence nor appropriateness of the existing one), the companies should provide the explanations and solutions from such findings.

¹ COSO is a joint committee of 5 professional associations including the American Institute of Certified Public Accountants (AICPA), Financial Executives International (FEI), the American Accounting Association (AAA), The Institute of Internal Auditors (IIA), and the Institute of Management Accountants (IMA)

Control Environment

1. The organization demonstrates a commitment to integrity and ethical values.

Questions	Yes	No
<p>1.1 The board of directors and the management set up principles and guidelines based on integrity and codes of conduct in the following areas:</p> <p style="margin-left: 20px;">1.1.1 Daily routine operation and decision making;</p> <p style="margin-left: 20px;">1.1.2 Treatment of trade partners, clients and other parties.</p>	✓	
<p>1.2 Following written rules are provided to ensure that executives and employees perform the duties with integrity and ethics:</p> <p style="margin-left: 20px;">1.2.1 Appropriate code of conduct for executives and employees;</p> <p style="margin-left: 20px;">1.2.2 Prohibitions on any actions by the executives and employees that could cause conflicts of interest with the business; and prohibitions on corruptions which will cause damages to the organization².</p> <p style="margin-left: 20px;">1.2.3 Appropriate penalties in the case of violation of the aforementioned rules</p> <p style="margin-left: 20px;">1.2.4 Communication of the aforementioned rules and penalties to the executives and the employees. For example: they are included in the orientation session for new employees; employees annually sign for acknowledgment of the rules and penalties; the code of conduct is publicized for employees and outsiders.</p>	✓	
<p>1.3 There are procedures to monitor and assess whether the code of conduct is complied:</p> <p style="margin-left: 20px;">1.3.1 Monitoring and assessment by an internal audit unit or a compliance unit;</p> <p style="margin-left: 20px;">1.3.2 Self -assessment by executives and employees;</p> <p style="margin-left: 20px;">1.3.3 Assessment by independent professionals ,outsiders of the organization.</p>	✓	
<p>1.4 There is timely management upon a detection of non-compliance with rules on integrity and code of conduct.</p> <p style="margin-left: 20px;">1.4.1 There are procedures for timely detection of the violations;</p> <p style="margin-left: 20px;">1.4.2 There are procedures for suitable and timely punishment or management of the violations;</p> <p style="margin-left: 20px;">1.4.3 There are timely and suitable corrections for the violations of rules for integrity and code of conduct.</p>	✓	

² The company should specify anti-corruption measures suitable to the risk profile of the company.

2. The board of directors demonstrates independence from the management and exercises oversight of the development and performance of internal control.

Questions	Yes	No
2.1 The roles and duties of the board of directors are set separately from those of the management. The authorities of the board of directors are clearly defined.	✓	
2.2 The board of directors oversees whether the company goals are clear and measurable to be used as guidelines for executives' and employees' operation.	✓	
2.3 The board of directors oversees that the company follows the laws and charters in specifying roles and duties of the board of directors, the executives, the audit committee, auditors, internal auditors, and the personnel who is responsible for financial statements.	✓	
2.4 The board of directors are knowledgeable for the company business and have expertise beneficial to the company or can seek advices from experts in a particular area.	✓	
2.5 The board of directors comprises of independent directors who are knowledgeable, reliable and truly independent in performing the duties. For example, the independent directors should have no business relationship with the company or any relationship that could influence their judgement and independent performance.	✓	
2.6 The board of directors oversees the development and implementation of the internal control in the organization, including creating control environment, risk assessment, control activities, information and communication, and monitoring activities.	✓	

3. Management establishes, with board oversight, structures, reporting line, and appropriate authorities, and responsibilities in the pursuit of objectives.

Questions	Yes	No.
3.1 Top management set up the organizational structure which supports the pursuit of the company's objectives by considering appropriateness of business functions and legal requirement. There is, also effective internal control function. For example, there is a separation of duties in important business units which would result in check and balance; there is an internal audit unit which reports directly to the audit committee; there is a clear line of report..	✓	
3.2 Top management establishes reporting line by considering appropriateness of authorities, responsibilities and communication.	✓	
3.3 Authorities and responsibilities among the board of directors, top management, management and employees are appropriately defined and assigned.	✓	

4. The organization demonstrates its commitment to attract, develop and retain competent individuals in alignment with objectives.

Questions	Yes	No
4.1 The company has policies and practices to recruit, develop and retain competent employees and regularly reviews such policies and practices.	✓	
4.2 The company has evaluation process, incentives or rewards to employees with good performance, and management measures for employees who do not achieve the targets. Such processes are well informed to executives and employees.	✓	
4.3 The company has process of timely solutions and preparation when lacking competent employees.	✓	
4.4 The company has process of recruitment, development and retention for executives and employees such as providing mentoring system and trainings.	✓	
4.5 The company has a succession plan for important positions.	✓	

5. The organization hold personnel accountable for their internal control responsibilities in the pursuit of objectives.

Questions	Yes	No.
5.1 The board of directors and executives have procedures and communication tools to enforce all employees to take responsibilities in internal control and to provide corrective measure for such procedure, if necessary.	✓	
5.2 The board of directors and executives set suitable indicators for performance appraisal, incentives and rewards with regard to code of conduct, and the company's short-term and long-term objectives.	✓	
5.3 The board of directors and executives continuously assess the incentives and rewards by focusing on the connection between success of the performance and the compliance with the internal control .	✓	
5.4 The board of directors and executives do not put excessive pressures on each personnel duties.	✓	

Risk Assessment

6. The organization specifies the objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Questions	Yes	No
6.1 The company is able to comply with the generally accepted accounting principles which is suitable to the business at that time by presenting that transactions in financial statements exist, complete, correctly show the rights or obligations of the company, have the right value as well as properly disclosed.	✓	
6.2 The company determines materiality of the financial statement by considering key factors including financial report users, transaction sizes, and business trends.	✓	
6.3 Financial statements reflect true business operation activities of the company.	✓	
6.4 The board of directors or the risk management committee approves and communicate risk management policy to executives and all employees. The policy is acknowledged and accepted for practices as a part of the organization's culture.	✓	

7. The organization identifies risks to the achievement of the objectives across the entity and analyses risks as basis for determining how the risk should be managed.

Questions	Yes	No
7.1 The company identifies all risks which may affect business operation at levels of organization, business unit, departments, and working functions.	✓	
7.2 The company analyzes all risks that could come from both internal and external factors, including risks from business strategies, operations, reporting, compliance with law and regulation, and information technology.	✓	

Questions	Yes	No
7.3 Executives at all levels participate in risk management.	✓	
7.4 The company assesses the significance of risks by considering the likelihood and the possible effects.	✓	
7.5 The company has measures and operational plans to handle risk by either accepting, reducing, avoiding or sharing risks.	✓	

8. The organization considers the potential for fraud in assessing risks to the achievement of the organization's objectives.

Questions	Yes	No
8.1 The company assesses the potential for fraud covering all types of fraud including fraudulent financial reporting, losses of assets, corruptions, management override of internal controls, manipulations on important financial information, unauthorized acquisition or disposition of assets etc.	✓	
8.2 The company carefully reviews the operational objectives, considering possibility of achieving the goals. Also, incentives and rewards granted to the employees should be reasonable and would not instigate wrong doing. For example, The company does not set expected sales much higher than its capabilities so that it will lead to sales manipulation.	✓	
8.3 The audit committee considers and inquires executives in accordance with the potential for fraud and measures that the company establishes to prevent or correct the frauds.	✓	
8.4 The company communicates to all employees to understand and comply with the policies and guidelines.	✓	

9. The organization can identify and assess changes that could have impacts on the system of internal control.

Questions	Yes	No
9.1 The company assesses changes of external factors which could affect the business operations, internal control, and financial reporting. Moreover, the company launches measures to deal with the changes sufficiently.	✓	
9.2 The company assesses changes in business models which could affect business operations, internal control, and financial reporting. Moreover, the company launches measures to deal with the changes sufficiently.	✓	
9.3 The company assesses changes of the organizational leaders which could affect the business operation, internal control, and financial reporting. Moreover, the company launches measures to deal with the changes sufficiently.	✓	

Control Activities

10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of the objectives to the acceptable levels.

Questions	Yes	No
10.1 The company's control measures are suitable to the risks and specific characteristics of the organization such as the environment; the work complexity, the characteristics of work, the scope of the operations, and other specific condition	✓	
10.2 The company has written internal control measures covering all procedures appropriately. For example, the company has policies and procedures in regard to financial transactions, procurement, and general administration. The company also gives clear scope of authorities and approval hierarchy of each management level to prevent fraudulence. For example, the company establishes: chart of authority approval to each management level to limit amounts of expenditures; project/investment approval manual; procurement and vendors selection manual; decision	✓	

Questions	Yes	No
<p>making on procurement process manual; or equipment/tools disbursement manual. Therefore, following procedures are provided:</p> <p>10.2.1 Collection on information of major shareholders, directors, executives and related persons, as well as connected persons benefits for monitoring and reviewing on related transactions or transactions with conflict of interests. The collection will be consistently up-to-date.</p> <p>10.2.2 In case that the company has already approved transactions or entered into the contracts with long term obligations such as purchasing and selling contracts, lending, guaranteeing, the company monitors whether the conditions of the agreements are followed through the contracts periods. For example, monitoring compliance with loans repayment agreement or the contracts are regularly reviewed for appropriateness.</p>		
<p>10.3 The company sets up suitable varieties of internal control such as manual and automated controls or preventing and monitoring controls.</p>	✓	
<p>10.4 The company builds internal control throughout all level of the organization such as the group of companies, business unit, function, department, division or process.</p>	✓	
<p>10.5 The company conducts segregation of duties to the 3 parts as followed for check and balance purposes:</p> <p>(1) Authorization;</p> <p>(2) Recording accounting entries and information and;</p> <p>(3) Custody of assets.</p>	✓	

11. The organization selects and develops general control activities over technology to support the achievement of objectives.

Questions	Yes	No
<p>11.1 The company should define relationship between uses of information technology in the operation process and the general control of the information technology system.</p>	✓	
<p>11.2 The company should define suitable control measures for infrastructure of technology system.</p>	✓	
<p>11.3 The company should define suitable security control for the technology system.</p>	✓	

Questions	Yes	No
11.4 The company should define suitable control measures on process of procurement, development, and maintenance of the technology system.		

12. The organization deploys control activities through policies which establish what is expected and procedures that put the policies into action.

Questions	Yes	No
12.1 The company has strict policies to monitor that transactions made by major shareholders, directors, executives, or the related persons must be passed through approval procedures as defined in , for example, by the articles of corporation, the regulation of the Stock Exchange of Thailand and SEC etc. This is to prevent exploitation of company benefit against the use for personal gains.	✓	
12.2 The company has a policy that a transaction must be approved by the person who has no personal interests in such transaction.	✓	
12.3 The company has a policy to approve transactions by considering the company's best interests, and consider the transactions as at arm's length basis.	✓	
12.4 The company has monitoring process for operations of subsidiaries or associated companies including setting guidelines to the person who is appointed as a director or an executive in the subsidiaries or associated companies. (<i>Answer this question is not required if the company does not invested in the subsidiary or associated companies</i>)	✓	
12.5 The company assigns roles and responsibilities that executives and employees are to implement the policies and procedures in their operation.	✓	
12.6 The company's policies and procedures are timely implemented by competent personnel including the process of operation correction.	✓	

Questions	Yes	No
12.7 The company regularly reviews its policy and procedures.	✓	

Information & Communications

13. The organization obtains or generates and uses relevant and quality information to support the functioning of internal control as intended.

Questions	Yes	No
13.1 The company specifies information required for business operations. The information should be from both internal and external sources, which are quality and related to the company business.	✓	
13.2 The company reviewed cost and benefit to gain the information, including quality and accuracy of such information.	✓	
13.3 The company provides the board of directors with essential and sufficient information for their decision-making. Examples of essential information include details of the proposed agenda, reasons and impacts on the company, and alternatives available.	✓	
13.4 The company provides the board of directors with the invitations to the board of directors' meetings and documentation for the meetings which contain necessary and sufficient information for consideration. The documents should be delivered before the meeting date at least as minimum requirement period by the regulations.	✓	
13.5 The company provides minutes of board of directors meeting with sufficient details in order to be used for subsequent audit on appropriateness of each director's responsibilities; such as: records of directors' questions; directors' views and remarks of the issues; their opposing views and reasons against the proposed agenda etc.	✓	
13.6 The company has the following procedures: 13.6.1 Filing and Classification with completeness on important documents. 13.6.2 In case of report of deficiency found by the external auditor or internal auditor on deficiencies in internal control, the company fix the deficiency thoroughly.	✓	

14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.

Questions	Yes	No
14.1 The company has effective process of internal communication and appropriate channels of communication to support internal control.	✓	
14.2 The company regularly reports important information to the board of directors. The board of directors has access to information sources that are vital to the operations or to review any transactions as required. For example, the company assigned contact personnel for providing other information except those received from management; requesting information from external auditor and internal auditor; arranging meetings between the board of directors and executives as requested by the board of directors; conducting other meetings for the board of directors and executives except the regular board of directors' meetings etc.	✓	
14.3 The company establishes whistle-blower hotline in order that personnel could safely inform information or traces of frauds or corruptions to the company.	✓	

15. The organization communicates with external parties about matters affecting the functioning of internal control.

Questions	Yes	No
15.1 The company has effective procedures of communication with external stakeholders and appropriate channels of communication to support internal control. For example, the company sets up an investor relations officers/center or compliant center etc.	✓	
15.2 The company establishes whistle-blower hotline in order that external stakeholders could safely inform information or traces of frauds or corruptions to the company.	✓	

Monitoring Activities

16. The organization monitors and evaluates to ascertain whether the components of internal control are completely present and suitably functioning.

Questions	Yes	No
16.1 The company has a process to monitor the compliance with code of conduct and prohibit the executives and employees from conducting themselves in a manner is likely to cause conflicts of interest. The company, for example, assigns each individual unit to monitor operation and report to the respective supervisors. Alternatively, the company assigns the internal auditor to monitor operation and report to the audit committee etc.	✓	
16.2 The company provides inspection on compliance with internal control procedures by self-assessment and /or by independent assessment of internal auditors.	✓	
16.3 Frequency of monitoring and assessment activities is suitable to the company's change.	✓	
16.4 The monitoring and assessment activities on the internal control are carried out by knowledgeable and competent personnel.	✓	
16.5 The company specifies that the internal control evaluation is directly reported to the audit committee.	✓	
16.6 The company encourages the internal auditors comply with International Standards for the Professional Practice of Internal Auditing (IIA).	✓	

17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Questions	Yes	No
<p>17.1 The company evaluates and communicates internal control deficiencies and monitors for correcting immediately, in case that results of the performance significantly deviates from the target.</p>	✓	
<p>17.2 The company has a reporting policy as follows :</p> <p>17.2.1 Management must report to the board of directors immediately if there is an incident or a suspicion of serious fraudulence, law violation, or other unusual actions that could significantly affect the reputation and financial position of the company.</p> <p>17.2.2 Significant internal control deficiencies including solutions (although the problems may have already been managed) are timely reported to the board of directors/the audit committee for consideration.</p> <p>17.2.3 The progress on remedies of the significant internal control deficiencies is reported to the board of directors/the audit committee.</p>	✓	