

NORTH EAST RUBBER PUBLIC COMPANY LIMITED

Financial Statements

For the Year Ended December 31, 2022

and Report of Certified Public Accountant

M.R. & ASSOCIATES CO., LTD.
Certified Public Accountants

REPORT OF CERTIFIED PUBLIC ACCOUNTANT

To the Shareholders and the Board of Directors of North East Rubber Public Company Limited

Opinion

I have audited the financial statements of North East Rubber Public Company Limited, which comprise the statement of financial position as at December 31, 2022, and the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of North East Rubber Public Company Limited as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, 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.

Accuracy, Completeness and Proper Cutoff of Revenue from Sales of Goods

Risk Description

Revenue from sales of goods is the increase in economic benefits in form of inflows or enhancements of assets triggered by the Company's performance obligation on transfers of control in goods to the customers that is attributable to the Company's core business activities. Revenue from sales is directly significant to the Company's financial performance and its amount is material to the financial statements. In addition, the Company's sales of goods in each year comprise voluminous number of entries. Accordingly, the assurance is required to ensure that the Company's sales were accounted for with accuracy, completeness and proper cutoff.

Significant accounting policies and other information relating to revenue from sales of goods were disclosed in Notes 3, 21, and 24 to the financial statements.

Responses to the Risk

I have performed the following key audit procedures as responses to the identified and assessed significant risk in order that such risk shall be managed to the appropriate and acceptable level and enable financial statements to be free from material misstatement:

- Read, inquire and gather understanding in the Company's revenue streams and revenue recognition policies on the Company's sales of goods.
- Test and assess efficiency, effectiveness and reliability of the design and operations of internal controls relating to revenue streams.
- Perform analytical reviews of information relating to sales of goods.
- Perform substantive test on sales of goods e.g. vouching of supporting documents for sales of goods, cutoff test both before and after yearend on sales of goods whether they were recorded in the proper period.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Registration Statement and the Annual Report, but does not include the financial statements as well as my auditor's report thereon. The aforesaid other information 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 will 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 identified above when it becomes available 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 aforesaid other information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order that they shall acknowledge and arrange the correction on such misstatement as appropriate.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

I 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.

(Mr. Akadet Pliensakul)
Certified Public Accountant
Registration No. 5389

M.R. & ASSOCIATES CO., LTD.
Bangkok
February 17, 2023

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022 AND 2021

ASSETS

		In Baht	
	Note	2022	2021
CURRENT ASSETS			
Cash and cash equivalents		1,395,823,341	540,046,861
Trade and other receivables			
- Related parties	2, 4, 5	229,219	3,088,182
- Other parties	5, 8	989,986,786	796,568,795
Inventories	6, 11	11,821,786,010	11,067,461,137
Biological assets	7	270,367	157,374
Other current assets		24,210,462	8,890,870
Total Current Assets		<u>14,232,306,185</u>	<u>12,416,213,219</u>
NON-CURRENT ASSETS			
Restricted deposits at banks	11, 15, 27	355,204,932	257,423,485
Other receivable		-	4,882,892
Property, plant and equipment - net	8, 11, 15	1,688,576,422	1,520,761,872
Right-of-use assets - net	4, 9, 13	19,931,898	24,322,335
Intangible assets - net	10	2,947,435	434,543
Deferred tax assets	21	2,473,625	4,059,141
Deposits and guarantees		5,099,979	11,192,662
Total Non-Current Assets		<u>2,074,234,291</u>	<u>1,823,076,930</u>
TOTAL ASSETS		<u><u>16,306,540,476</u></u>	<u><u>14,239,290,149</u></u>

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

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022 AND 2021

LIABILITIES AND SHAREHOLDERS' EQUITY

	Note	In Baht	
		2022	2021
CURRENT LIABILITIES			
Short-term borrowings from financial institutions	11	2,694,670,000	3,847,536,934
Trade and other payables			
- Related parties	4	1,279,281	2,172,842
- Other parties	12	281,771,737	458,331,362
Current portion of long-term borrowings from financial institutions	15	154,566,789	111,624,955
Current portion of lease liabilities	4, 13	8,319,021	8,231,968
Current portion of debentures	14	1,300,000,000	700,000,000
Income tax payable		35,751,022	18,769,584
Other current financial liabilities			
- Liabilities on purchase commitment of inventories	27	16,968,433	270,496
- Others		11,824,428	6,678,164
Total Current Liabilities		4,505,150,711	5,153,616,305
NON-CURRENT LIABILITIES			
Long-term borrowings from financial institutions - net	15	418,241,267	358,240,530
Lease liabilities - net	4, 13	10,593,970	16,121,173
Debentures - net	4, 14	4,764,615,123	3,250,456,086
Deferred tax liabilities	21	3,293,032	-
Liability for post-employment benefits	16	16,813,350	14,727,069
Total Non-Current Liabilities		5,213,556,742	3,639,544,858
Total Liabilities		9,718,707,453	8,793,161,163
SHAREHOLDERS' EQUITY			
Share capital - common shares, Baht 0.50 par value			
Authorized share capital - 2,009,467,890 shares, Baht 0.50 par value	17	1,004,733,945	1,004,733,945
Issued and fully paid-up share capital - 1,847,789,748 shares, Baht 0.50 par value in 2022 and 1,760,635,056 shares, Baht 0.50 par value in 2021	17, 18	923,894,874	880,317,528
Premium on shares	17, 18	1,571,731,024	1,458,429,924
Retained earnings			
- Appropriated for legal reserve	19	100,473,395	100,473,395
- Unappropriated		3,991,733,730	3,006,908,139
Total Shareholders' Equity		6,587,833,023	5,446,128,986
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		16,306,540,476	14,239,290,149

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

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Note	In Baht	
		2022	2021
REVENUES			
Sales	21, 24	25,172,062,332	24,425,659,928
Other income	4, 5, 6	30,643,703	30,626,710
Gain (loss) on valuation of fair value of derivatives		5,528,523	(3,266,195)
Total Revenues		25,208,234,558	24,453,020,443
EXPENSES			
Cost of sales	4, 22	22,116,163,589	21,190,434,198
Distribution costs		601,459,961	692,887,112
Administrative expenses	4, 10, 22	164,331,164	134,664,397
Loss on exchange rate		103,364,398	217,479,233
Total Expenses		22,985,319,112	22,235,464,940
Profit from Operating Activities		2,222,915,446	2,217,555,503
Finance Costs	4, 13	421,069,830	331,032,085
PROFIT BEFORE INCOME TAX EXPENSE		1,801,845,616	1,886,523,418
Income Tax Expense	21	53,846,122	36,333,040
PROFIT FOR THE YEAR	21	1,747,999,494	1,850,190,378
Other Comprehensive Income for the Year		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,747,999,494	1,850,190,378
Basic Earnings per Share	18	0.964	1.130
Diluted Earnings per Share	18	0.950	1.088

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

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	Note	In Baht				
		Issued and Fully Paid-up Share Capital	Premium on Shares	Retained Earnings		Total Shareholders' Equity
				Appropriated for Legal Reserve	Unappropriated	
Beginning Balance as at January 1, 2021		807,339,453	1,268,686,929	100,100,000	1,514,458,218	3,690,584,600
Proceeds from increase in share capital	18	72,978,075	189,742,995	-	-	262,721,070
Dividends paid	23	-	-	-	(357,367,062)	(357,367,062)
Appropriation for legal reserve	19	-	-	373,395	(373,395)	-
Profit for the year		-	-	-	1,850,190,378	1,850,190,378
Ending Balance as at December 31, 2021		880,317,528	1,458,429,924	100,473,395	3,006,908,139	5,446,128,986
Proceeds from increase in share capital	18	43,577,346	113,301,100	-	-	156,878,446
Dividends paid	23	-	-	-	(763,173,903)	(763,173,903)
Profit for the year		-	-	-	1,747,999,494	1,747,999,494
Ending Balance as at December 31, 2022		<u>923,894,874</u>	<u>1,571,731,024</u>	<u>100,473,395</u>	<u>3,991,733,730</u>	<u>6,587,833,023</u>

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

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	In Baht	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year	1,747,999,494	1,850,190,378
Adjustments		
Income tax expense	53,846,122	36,333,040
Depreciation and amortization	183,859,460	178,411,350
Expenses on post-employment benefits	2,155,281	2,107,150
Unrealized loss on exchange rate	3,630,853	16,420,990
Gain on valuation of biological assets	(7,136,726)	(8,019,791)
Loss on diminution in value of inventories	9,771,268	-
Gain on sales of equipment	-	(338,258)
Unrealized loss (gain) on valuation of fair value of derivatives	(4,603,392)	925,132
Loss on written-off assets	333,998	847,012
Loss (reversal of loss) on purchase commitment of inventories	16,968,433	(4,242,871)
Interest income	(24,220,541)	(884,222)
Interest expense	418,304,011	329,429,570
Decrease (increase) in operating assets		
Trade and other receivables	(166,809,475)	(68,780,617)
Inventories	(757,072,408)	(4,131,840,317)
Other current assets	(10,716,200)	32,657,703
Other non-current assets	(64,480)	(8,241,563)
Increase (decrease) in operating liabilities		
Trade and other payables	(180,716,865)	132,281,229
Other current financial liabilities	4,875,768	(3,400,639)
Liability for post-employment benefits	(69,000)	-
Net cash flows provided by (used in) operations	1,290,335,601	(1,646,144,724)
Income tax paid	(31,986,136)	(38,323,037)
Net Cash Flows Provided by (Used in) Operating Activities	1,258,349,465	(1,684,467,761)
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in restricted deposits at banks	(97,781,446)	(84,282,756)
Additions to plant and equipment	(331,467,078)	(200,337,195)
Additions to right-of-use assets	-	(869,770)
Additions to intangible assets	(2,785,812)	(102,726)
Proceeds from sales of equipment	-	2,803,738
Interest received	1,709,063	927,169
Net Cash Flows Used in Investing Activities	(430,325,273)	(281,861,540)

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	In Baht	
	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in bank overdrafts and short-term borrowings from financial institutions	(1,152,859,331)	(1,236,769,045)
Increase in long-term borrowing from financial institutions	210,000,000	258,994,121
Repayment of long-term borrowings from financial institutions	(107,057,428)	(112,479,952)
Payments of lease liabilities	(8,509,650)	(7,632,507)
Issuance of debentures	2,814,300,000	3,300,000,000
Redemption of debentures	(700,000,000)	-
Debenture issuance costs	(26,157,703)	(50,662,282)
Dividends paid	(763,169,573)	(454,245,626)
Interest paid	(395,672,473)	(283,920,761)
Proceeds from increase in share capital	156,878,446	262,721,070
Net Cash Flows Provided by Financing Activities	27,752,288	1,676,005,018
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	855,776,480	(290,324,283)
Cash and Cash Equivalents at Beginning of Year	540,046,861	830,371,144
CASH AND CASH EQUIVALENTS AT END OF YEAR	1,395,823,341	540,046,861
Supplementary disclosures of cash flow information:		
a. Cash and cash equivalents at end of year:		
Cash in hand	35,000	205,000
Current accounts at banks	1,098,035,186	181,806,607
Savings deposits at banks	297,753,155	358,035,254
Total	1,395,823,341	540,046,861
b. Non-cash transactions:		
Increase (decrease) in payables on purchase of fixed assets (other payables)	2,677,619	(3,388,903)
Interest on loans capitalized as cost of fixed assets	2,928,493	-
Transfer of biological assets to inventories	7,023,733	8,013,896
Dividends payable	4,330	2,170
Transfer of deposits and guarantees to fixed assets	6,157,163	-
Increase in right-of-use assets and lease liabilities from the new leases	5,298,560	18,236,559
Decrease in right-of-use assets and lease liabilities from cancellation of leases and re-measurement of lease liabilities	1,184,261	-
Fixed assets transferred from right-of-use assets	-	8,518,187

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

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements
December 31, 2022 and 2021

1. GENERAL

North East Rubber Public Company Limited (“the Company”) was listed in the Stock Exchange of Thailand on November 7, 2018. The Company is engaged in manufacturing and sales of rubber smoked sheets, skim block rubbers and other rubber products for both domestic and international markets and its registered office addresses are as follows:

- Head office is located at 398 Moo 4 Khok Ma, Prakhon Chai, Buri Ram.
- Branch office (1) is located at 388 Moo 4 Khok Ma, Prakhon Chai, Buri Ram.
- Branch office (2) is located at 388/1 Moo 4 Khok Ma, Prakhon Chai, Buri Ram.
- Branch office (3) is located at 158 Moo 3 Tako Taphi, Prakhon Chai, Buri Ram.
- Branch office (4) is located at 589/156 Condo Tower 1 Office Tower 29th Floor, Debaratna Rd., Bangna Nuea, Bangna, Bangkok.
- Branch office (5) is located at 254 Moo 4 Khok Ma, Prakhon Chai, Buri Ram.

As at December 31, 2022, the Company’s major shareholders, with the portion totalling approximately 36.77%, were four individuals in the Jungtanasomboon family.

2. BASIS FOR THE FINANCIAL STATEMENT PREPARATION

The accompanying financial statements are prepared in Thai Baht, which are the core functional currency, and in the Thai language in accordance with the financial reporting standards in Thailand including interpretations and guidelines promulgated by the Federation of Accounting Professions (“TFAC”), applicable rules and regulations of the Securities and Exchange Commission. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance, and cash flows in accordance with the financial reporting standards in Thailand.

Except as otherwise disclosed in the significant accounting policies, the accompanying financial statements have been prepared under the historical cost convention.

Starting from January 1, 2022, the Company has adopted Thai Accounting Standards (TAS) and Thai Financial Reporting Standards (TFRS) as well as Thai Accounting Interpretation (TSIC), Thai Financial Reporting Interpretation (TFRIC) and accounting guidance, newly issued and revised by TFAC, which became effective from the accounting period starting on or after January 1, 2022 which the important part for the year 2022 related to (1) the practical expedient relating to COVID-19-related rent concessions for lessee in respect of TFRS 16 and (2) the Interest Rate Benchmark (IBOR) Reform-Phase 2 which relates to certain significant TFRSs e.g. TFRS 4, TFRS 7, TFRS 9 and TFRS 16. The aforesaid adoption of newly issued and revised TAS / TFRS / TSIC / TFRIC and accounting guidance did not have any material effect to the financial statements of the Company.

In addition, TFAC issued Conceptual Framework for Financial Reporting and various TAS, TFRS, TSIC, TFRIC and accounting guidance that were revised, in overall, for the Thai financial reporting standards to be more explicit and appropriate whereby this revision become effective for the accounting period starting on or after January 1, 2023. Notwithstanding, there is a significant change relating to recognition in TAS 16 “Property, Plant and Equipment” that proceeds before intended use of property, plant and equipment shall be recognized as revenue together with related cost in profit or loss while such items were previously regulated to be recognized as deduction to cost of property, plant and equipment. Furthermore, TFAC also issued the new TFRS 17 “Insurance Contracts” to supersede TFRS 4 that will become effective for the accounting period starting on or after January 1, 2025. Thus, the Company has not yet adopted aforesaid revised Conceptual Framework for Financial Reporting, TAS, TFRS, TSIC, TFRIC and accounting guidance as well as the new TFRS 17 in preparation of the accompanying financial statements and has no policy to early adopt before the effective periods. Management has preliminarily assessed and believed that there is no material effect to the financial statements of the Company upon adoption.

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

The Company disclosed information for the year ended December 31, 2021 for being the comparative information in the financial statements for the year ended December 31, 2022 in form of corresponding figures.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements that are issued for domestic financial reporting purposes.

At the Board of Directors' meeting on November 8, 2021, the Board of Directors passed the resolution to approve the liquidation of N.E. Power Co., Ltd. ("NEP"), the subsidiary whose shares were held by the Company at 99.99% and was established in March 2021 in order to conduct the business relating to the generating and sales of electricity from biomass under the Community Power Plants for Local Economy Project (Pilot Project), whereby NEP was subsequently not selected in September 2021 to participate in such project. NEP has authorized and paid-up share capital of Baht 2.75 million and never had any business transactions since its incorporation date. Thus, NEP was registered for its liquidation with the Ministry of Commerce on December 7, 2021 which is the date on which the Company's control in NEP was ceased. Therefore, the consolidated financial statements of the Company and NEP were not prepared for the year 2021. NEP has completed its liquidation on January 26, 2022 whereby the Company's net interest in NEP as at the liquidation date of approximately Baht 2.75 million was presented as part of "Other receivables" in the statement of financial position as at December 31, 2021 whereas effect from discontinued operations to the statement of comprehensive income for the year 2021 was insignificant in respect of the fact that NEP has not yet started its business activities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

In order to prepare financial statements in conformity with the Thai financial reporting standards, management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant estimates and underlying assumptions used in preparation of these financial statements which may be affected by significant uncertainty are as follows:

- Net realizable value of inventories
- Useful lives and residual values of plant and equipment, right-of-use assets and intangible assets
- Consideration on cancellation or renewal option of leases and discount rates of lease liabilities
- Expected amount and periods that deferred tax assets will be utilized
- Assumptions and parameters used in calculation of liability for post-employment benefits
- Assessment of and estimates for the fair values of financial assets and financial liabilities.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the statement of financial position at cost that include cash on hand and cash at financial institutions. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturity of three months or less and without restriction of use or being collateral and that are subject to a low or an insignificant risk of change in value.

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

Restricted deposits at banks were presented as a separate item under non-current assets in the statements of financial position.

Trade / Other Receivables and Allowance for Impairment for Expected Credit Loss

Trade and other receivables are carried at original invoice amount or at the accrued amount net of expected credit loss (if any).

The Company provides allowance for impairment for expected credit loss in accordance with the policies discussed in the section of financial instruments.

Inventories

Inventories are valued at the lower of cost net of allowance for diminution in value and net realizable value. Cost is calculated and determined using the weighted average method.

Costs of inventories comprise the purchase cost, conversion costs, and other costs incurred in bringing the inventories to their present location and condition. In case of own-manufactured inventories and work in process, costs of inventories include the appropriate allocation of production overheads which is based on the normal capacity of production facilities.

Net realizable value is the estimate of the selling price in the ordinary course of business less necessary costs to sell (if any).

Biological Assets

Biological assets (Napier grass in plots that are used as raw materials for the biogas project), including agricultural produce at the point of harvest from biological assets (if any), are measured at their fair values less costs to sell. Fair value is the market price which is the Level 1 input of the fair value hierarchy.

Property, Plant and Equipment

Land is stated at cost less allowance for impairment (if any). Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). When assets are retired or disposed of, their carrying amounts are eliminated from the accounts and any gain or loss resulting from their retirement or disposal is included in the statement of comprehensive income. Costs of testing run the production or utilization of assets at normal level and costs of asset dismantlement, removal, and restoration (if any) are included as part of asset cost and subject to depreciation.

Depreciation is charged to the statement of comprehensive income on a straight-line method over the useful lives of each part of an item separately for each significant part of the assets. Depreciation methods, residual values, and useful lives are reviewed at each financial year-end, at least, and adjusted if appropriate. In determining the depreciable amount, residual value of particular asset is measured at amount estimated receivable currently for the asset if the asset is already of the age and in the condition expected at the end of its useful life. The useful lives of the assets are as follows:

	<u>No. of Years</u>
Land improvements	5 - 20
Buildings and building improvements	5 - 20
Machinery and equipment	5 - 10
Plots of Napier grass	10
Furniture, fixtures and office equipment	5
Vehicles	5

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

No depreciation has been charged for land and assets under construction or installation.

Government grants related to assets are government grants whose primary condition is that the Company qualifying for them should purchase, construct or otherwise acquire fixed assets. Subsidiary conditions may also be attached restricting the type or location of the fixed assets or the periods which they are to be acquired or held. A government grant is recognized only when there is reasonable assurance that the Company will comply with the conditions attaching to the grant and the grant will be received. Government grant related to assets in the statements of financial position was recorded as a deduction from cost of the related fixed assets.

Right-of-use Assets

The Company measures right-of-use assets at cost less accumulated depreciation and allowance for impairment (if any) with adjustment pertaining to re-measurement of lease liabilities (if any).

At the commencement date, cost of the right-of-use assets comprised (1) the amount of initial measurement of lease liability, (2) lease payments made at or before the commencement date, less any lease incentives received, (3) initial direct costs incurred by the lessee (if any) and (4) an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease (if any and being material).

Depreciation is charged as expense in profit or loss and calculated by the straight-line method attributable to the related lease terms as follows:

	<u>No. of Years</u>
Land for cultivation	5-10
Office space	4
Vehicles and equipment	3-5

Intangible Assets

Intangible assets are computer programs that are stated at cost net of accumulated amortization and allowance for impairment (if any). Amortization is made on a straight-line method over the useful lives of the assets of 3 years.

Impairment of Non-Financial Assets

The carrying amounts of the assets of the Company are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts (the higher of asset's fair value less costs to sell or value in use) shall be estimated. The review is made for individual assets or for the cash-generating unit.

In case that the carrying amount of an asset exceeds its recoverable amount, the Company recognizes the impairment losses by reducing the carrying amount of the asset to its recoverable amount and by recording the devaluation in the statement of comprehensive income. The reversal of the recognized impairment losses is recorded as part of other income when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased. The reversal of the impairment losses shall not exceed the carrying amount of the asset, net of depreciation or amortization, that would have been determined had no impairment losses been recognized for the asset in prior years.

Trade and Other Payables

Trade and other payables are stated at cost.

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
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Lease Liabilities

At the commencement date, the Company measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company's incremental borrowing rates (average interest rates on borrowings with similar term and characteristics to the underlying asset) shall be used. The lease payments that are not paid comprised (1) fixed payments (less any lease incentives receivable), (2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date (if any), (3) amounts expected to be payable under residual value guarantees (if any), (4) exercise price of a purchase option if it is reasonably certain to exercise that option (if any) and (5) payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate the lease (if any).

After the commencement date, the Company measures the lease liability by (1) increasing the carrying amount to reflect interest on the lease liability (if any), (2) reducing the carrying amount to reflect the lease payments made (if any) and (3) re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments (if any). Interest on lease liability and variable lease payments not included in the measurement of the lease liability is charged as expense in profit or loss.

The estimated discount rates that are used on the lease liabilities for land for cultivation, office space, and vehicles and equipment are 4.74-5.00%, 4.74%, and 4.05-4.59% p.a., respectively.

Lease fees attributable to short-term lease (not exceeding 12 months from commencement date) and lease of low-value asset (based on physical characteristics of the asset) are charged as expense in profit or loss on the straight-line method over the related lease terms which is the amount of rent are insignificant.

Deferred interest, presented as deduction to lease liability, is amortized as finance cost over the lease term by the effective interest rate method. Each installment payment under the lease liability is separated into parts of principal and interest.

Employment Benefits

Short-term benefits

Salaries, wages, bonuses and contributions to social security fund are recognized as an expense upon their occurrences and on an accrual basis.

Post-employment benefits

Obligations on defined contribution plan which is the provident fund are recognized as an expense in the statement of comprehensive income when contribution to the fund on an accrual basis.

Obligations on post-employment benefits which are defined benefit plan that will be settled to the employees upon retirement or termination are calculated by estimating the amount of future benefits that employees have earned in return for their service in the prior and current periods. The benefits are discounted using the project unit credit method to determine present value of obligations. The calculation is annually performed, or at least every three years, by the qualified actuary. Expenses from the estimated liability for post-employment benefits comprise current service cost, part service cost and interest cost, which are recognized as profit or loss whereas actuarial gain/loss on measurement is recognized as other comprehensive income or loss in the statement of comprehensive income.

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
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Revenue Recognition

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue as well as related cost can be measured reliably whereby there is consideration about characteristics, amount, timing as well as uncertainty of revenue and contractual cash flows from contract with customer.

Sales are recognized net of discounts at a point in time when delivery has taken place and transfer of risks and rewards of ownership and control to the buyer has been completed.

Short-term service income is recognized at a point in time when the Company has completely rendered service to the customer and on an accrual basis.

Interest income is recognized over time on a time proportion basis that reflects the effective yield on the asset if significant.

Rental income on the assets which is operating lease is recognized over time on a straight-line basis over the lease term.

Other income is recognized on an accrual basis.

Expense Recognition

Expenses are recognized on an accrual basis.

Borrowing Costs

Interest and financial charges on liabilities acquired for construction of building and installation of machinery and equipment is capitalized as part of the cost of the asset. The capitalization of such finance costs is ceased when the construction or installation is completed and ready for the intended use.

Foreign Currency Transactions

Transactions in foreign currencies are translated and recorded in Thai Baht at the exchange rates prevailing at the dates of the transactions. The outstanding balances of monetary assets and liabilities denominated in foreign currencies at the statement of financial position dates are translated into Baht at the exchange rates prevailing at those dates. Non-monetary assets and liabilities denominated in foreign currencies which are carried under historical cost convention are translated to Thai Baht at the exchange rates ruling at the dates of the transactions. Gain or loss on foreign exchange differences arising on translation are recognized as profit or loss in the statement of comprehensive income.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Principal market is the market with the greatest volume and level of activity for the asset or liability. Market participants comprise buyers and sellers in the principal or most advantageous market for the asset or liability whereby market participants are independent of each other, knowledgeable and having a reasonable understanding, able to enter into a transaction for the asset or liability, and willing to enter into a transaction for the asset or liability.

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
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To increase the consistency and comparability in fair value measurements and related disclosures in the financial statements, the fair value hierarchy is categorized into 3 levels with respect of the inputs to valuation techniques used to measure the fair value. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (“Level 1 inputs”), secondary priority to other observable inputs (“Level 2 inputs”), and the lowest priority to unobservable inputs (“Level 3 inputs”).

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

Financial Instruments

Recognition and measurement

The Company initially measures financial assets at fair value, plus transaction costs in case of financial assets that are not measured at fair value through profit or loss. Financial assets shall be classified and measured with respect to the business model on asset management and characteristics of the asset’s contractual cash flows which is divided into three categories i.e. amortized cost, fair value through other comprehensive income, and fair value through profit or loss. Upon changes in business model on financial asset management are known, the affected financial assets shall be considered for proper reclassification.

The Company initially measures financial liabilities at fair value net of transaction costs. Financial liabilities shall be classified and measured at amortized cost except for financial liabilities measured at fair value through profit or loss (such liabilities include derivative liabilities). Reclassification of financial liabilities is prohibited.

Classification and measurement

Assets classified and measured at amortized cost

- Cash and cash equivalents
- Restricted deposits at banks
- Trade and other receivables (excluding prepaid expenses and advances for goods / raw materials)
- Refundable deposits or guarantees

Assets classified and measured at fair value through profit or loss

- Derivatives assets

Assets classified and measured at fair value through other comprehensive income - none

Liabilities classified and measured at amortized cost

- Bank overdrafts and short-term borrowings from financial institutions
- Trade and other payables (including accrued expenses and retention payables but excluding advances received and unearned revenues)
- Long-term borrowings from financial institutions
- Lease liabilities
- Debentures

Liabilities classified and measured at fair value through profit or loss

- Derivatives liabilities

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
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Impairment

Impairment loss from the expected credit loss of financial assets is recognized under General approach in the following stages:

- Stage 1 (performing): the 12-month expected credit loss is recognized in profit or loss. Interest income (if any) is calculated base on gross carrying amount without netting the allowance for expected credit loss.
- Stage 2 (under-performing): upon significant rise in credit risk and not being at low level, the Company recognizes the full lifetime expected credit loss in profit or loss. Interest income (if any) is calculated based on the same principle to Stage 1.
- Stage 3 (credit-impaired): upon significant rise in credit risk of financial asset that is considered as credit impaired, the Company recognizes the full lifetime expected credit loss in profit or loss. Interest income (if any) is calculated base on gross carrying amount net of the allowance for impairment.

For trade receivables and contract assets (accrued income), the Company adopts the Simplified approach by recognizing the full lifetime expected credit loss for financial assets considered as aforesaid. In consideration and measurement of the expected credit loss for both General approach and Simplified approach, the historical credit loss shall be combined with the forward looking information pertaining to the assets and significant factors relating to economic environment. For receivables, the Company categorizes the population by focusing on aging balance information whereby the past records were captured for historical credit loss approximately 1 year.

Hedge accounting

Hedge accounting is aimed for reflecting the impacts in the financial statements that are caused in risk management activities using the financial instruments on management of exposures to the risks and such risks shall affect profit or loss and/or other comprehensive income. Relationships and related accounting treatment of hedge accounting are divided into three categories i.e. fair value hedge, cash flows hedge, and hedge of net investment in foreign entity.

Derivative financial instruments are used to manage fair value risk exposed by change in foreign exchange rates arising from operating activities. Derivatives are not intended to use for trading purpose. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments. Derivatives are recognized initially at fair value and then are re-measured at fair value. Gain or loss on re-measurement to fair value is recognized as profit or loss.

The fair value of derivatives is the quoted market price at the statement of financial position date, which is the Level 2 inputs of the fair value hierarchy whereby such price is the present value of the quoted derivative price where market approach was used as valuation technique and core information used in evaluation was the adjusted exchange rates in market to fit for the issued instrument which was computed by bank who was the counterparty.

Provisions

A provision (if any) is recognized in the statement of financial position when there is a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
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Income Tax

Current tax

Current tax is the amount of tax payable or recoverable which is calculated from taxable profit or loss for the year, using tax rates enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years (if any) by considering the promotional privileges as discussed in Note 21.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognized for the initial recognition of assets and liabilities that affect neither accounting nor taxable profit to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, at the tax rates that are expected to apply to the period when the deferred tax asset is realized or the tax liability is settled based on tax rates that have been enacted as at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profit will be available against which the asset can be utilized. Deferred tax asset are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings per Share

Basic earnings per share is determined by dividing profit for the year, attributable to owners of the Company, by the weighted average number of common shares outstanding during the year whereas diluted earnings per share that is determined by dividing the profit for the year by the weighted average number of common shares outstanding during the year after adjusting the effect from dilutive potential common shares.

4. TRANSACTIONS WITH RELATED PARTIES

Related parties are those parties controlled by the Company or have control over the Company, directly or indirectly, or significant influence to govern the financial and operating policies of the Company.

Types of relationship of related parties are as follows:

<u>Company / Person Name</u>	<u>Type of Business</u>	<u>Relationship</u>
<u>Related companies</u>		
-N.E. Agritech Company Limited	Importation for sales of caterpillar tractors and equipment for use in agriculture	Director and shareholder are relative of directors
-Chuwit Farm (2019) Company Limited	Feeding services of broiler under the integrated farming	Director are relative of directors and co-shareholders
-S.K. Petroleum Company Limited	Fuel service station	Shareholders are relative of directors
-N.E. Power Company Limited (dissolution was registered on December 7, 2021 and liquidation was completed on January 26, 2022)	Generating and sales of electricity from biogas	Co-directors and co-shareholders
-N.E. Hemp Company Limited	Wholesale of agricultural materials	Co-director and co-shareholder

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

Company / Person Name	Type of Business	Relationship
<u>Related persons</u>		
Mr. Churat Jungtanasonboon	-	Relative of directors
Ms. Chum Jungtanasonboon	-	Relative of directors
Key management	-	Key management are persons having authority and responsibility for planning, directing and controlling the activities of the entity, either directly or indirectly, including the Company's director (whether as executive or otherwise)

Pricing policies for transactions with related parties are as follows:

Type of Transaction	Pricing Policies
Rental income	Mutually agreed price and referenced to market rate assessed by an independent appraiser
Sales of Napier grass	Prices approximated market prices
Sales of livestock mattress from the test-run	Prices approximated market prices
Service income	Mutually agreed price
Purchase of raw materials and supplies	Mutually agreed price
Maintenance expense	Mutually agreed price
Service expense	Mutually agreed price
Gasoline expense	Market prices
Vehicle and other asset rental charges	Mutually agreed price
Interest expense on debentures	5.65% p.a. (same rate to other debenture holders)
Key management's remunerations	Mutually agreed amount
Corporate guarantee on credit facilities	Free of charge

Outstanding balances with related parties as at December 31, 2022 and 2021 are as follows:

	In Thousand Baht	
	2022	2021
Other receivables		
<u>Other income receivable</u>		
- Related person	229	338
<u>Other receivable</u>		
- Related company	-	2,750
Total other receivables	229	3,088
Right-of-use assets - net		
- Related person	1,945	3,109
- Related companies	2,077	5,121
Total	4,022	8,230
Other payables		
<u>Payables on supplies</u>		
- Related companies	565	-
<u>Accrued vehicle rental charges</u>		
- Related companies	220	475
<u>Accrued gasoline expense</u>		
- Related company	477	549
<u>Accrued maintenance expense</u>		
- Related company	3	1,149
<u>Accrued interest expense on debentures</u>		
- Related person	14	-
Total other payables	1,279	2,173

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

	In Thousand Baht	
	2022	2021
Lease liabilities - net		
- Related person	1,915	1,924
- Related companies	2,227	-
Total	<u>4,142</u>	<u>1,924</u>
Debentures - net		
- Related person	<u>3,000</u>	<u>-</u>

Revenues and expenses with related parties for the years ended December 31, 2022 and 2021 are as follows:

	In Thousand Baht	
	2022	2021
Rental income		
- Related person	<u>270</u>	<u>270</u>
Sales of Napier grass		
- Related person	<u>2,260</u>	<u>1,147</u>
Sales of livestock mattress from the test-run		
- Related person	<u>1,611</u>	<u>-</u>
Service income		
- Related company	<u>85</u>	<u>15</u>
Purchase of supplies		
- Related person	1,544	1,488
- Related companies	8,878	-
Total	<u>10,422</u>	<u>1,488</u>
Maintenance expense		
- Related companies	<u>1,224</u>	<u>1,989</u>
Service expense		
- Related company	<u>7</u>	<u>8</u>
Gasoline expense		
- Related company	<u>25,360</u>	<u>20,153</u>
Depreciation of right-of-use assets		
- Related person	1,160	1,158
- Related companies	1,941	2,640
Total	<u>3,101</u>	<u>3,798</u>
Interest expense under lease liabilities		
- Related person	153	177
- Related companies	203	319
Total	<u>356</u>	<u>496</u>
Interest expense on debentures		
- Related person	<u>53</u>	<u>-</u>
Key management's remunerations		
- Short-term benefits	21,680	18,889
- Post-employment benefits	1,055	967
Total	<u>22,735</u>	<u>19,856</u>

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

5. TRADE AND OTHER RECEIVABLES

	In Thousand Baht	
	2022	2021
Related parties		
Other income receivables	229	338
Other receivable	-	2,750
Total	<u>229</u>	<u>3,088</u>
Other parties		
Trade receivables	925,144	733,398
Prepaid expenses	36,645	34,954
Interest receivable	22,878	366
Other receivables	5,320	7,845
Advances for raw materials	-	20,006
Total	<u>989,987</u>	<u>796,569</u>

Interest receivable in 2022 included an amount of approximately Baht 22.3 million which was interest income that the Company was compensated in respect of the project for subsidizing the revolving credits to the rubber manufacturers (dried rubber) for two periods with the total credits amounting to Baht 1,900 million. The Company is entitled to receive such interest from its counterparty that is a state enterprise in April 2023.

As at December 31, 2022 and 2021, trade receivables classified by outstanding period are as follows:

	In Thousand Baht	
	2022	2021
Current	880,057	685,612
Overdue not exceeding 3 months	45,087	47,786
Total	<u>925,144</u>	<u>733,398</u>

6. INVENTORIES

	In Thousand Baht	
	2022	2021
Finished goods (net of allowance for diminution in value of Baht 9,771 thousand in 2022)	310,349	574,290
Work-in-process	140,411	104,866
Raw materials	11,348,778	10,366,979
Factory supplies	22,248	21,326
Total	<u>11,821,786</u>	<u>11,067,461</u>

As at December 31, 2022 and 2021, the Company pledged raw materials and finished goods as guarantee for short-term loan credit facilities from financial institutions (see Note 11).

In September 2020, there was fire accident in warehouse storing synthetic rubber raw materials that triggered damages to a portion of raw materials and warehouse building whereby the Company incurred loss on damaged inventories of approximately Baht 24.3 million and estimated cost for maintenance of the damaged building of approximately Baht 2.8 million, totalling approximately Baht 27.1 million, which was recognized as expense in the statement of comprehensive income for the year 2020. Later in early 2021, the Company was affirmed by and received proceeds from insurance compensation totalling approximately Baht 24.0 million from the insurance companies.

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
December 31, 2022 and 2021

7. BIOLOGICAL ASSETS

	In Thousand Baht			Balance as at December 31, 2022
	Balance as at December 31, 2021	Changes		
		Gain on Valuation	Harvest and Transfer to Inventories	
Napier grass in plots	157	7,137	(7,024)	270

	In Thousand Baht			Balance as at December 31, 2021
	Balance as at December 31, 2020	Changes		
		Gain on Valuation	Harvest and Transfer to Inventories	
Napier grass in plots	151	8,020	(8,014)	157

8. PROPERTY, PLANT AND EQUIPMENT - NET

	In Thousand Baht				Balance as at December 31, 2022
	Balance as at December 31, 2021	Movements			
		Addition	Deduction	Transfer	
Cost					
Land and land improvements	117,577	37	-	6,358	123,972
Building and building improvements	699,185	1,518	2	11,193	711,894
Machinery and equipment	1,086,262	8,503	2,146	31,719	1,124,338
Plots of Napier grass	4,372	-	-	-	4,372
Furniture, fixtures and office equipment	14,289	3,649	1,084	392	17,246
Vehicles	96,739	1,662	3	-	98,398
Construction in progress and machinery under installation	202,366	330,263	-	(52,065)	480,564
Total Cost	2,220,790	345,632	3,235	(2,403)	2,560,784
Accumulated Depreciation					
Land improvements	29,868	16,075	-	-	45,943
Building and building improvements	198,456	35,510	3	-	233,963
Machinery and equipment	409,402	109,334	1,843	-	516,893
Plots of Napier grass	2,080	437	-	-	2,517
Furniture, fixtures, and office equipment	9,588	2,075	1,053	-	10,610
Vehicles	50,634	11,650	2	-	62,282
Total Accumulated Depreciation	700,028	175,081	2,901	-	872,208
Net	1,520,762				1,688,576

	In Thousand Baht				Balance as at December 31, 2021
	Balance as at December 31, 2020	Movements			
		Addition	Deduction	Transfer	
Cost					
Land and land improvements	93,204	-	-	24,373	117,577
Building and building improvements	602,202	839	-	96,144	699,185
Machinery and equipment	848,754	9,732	22	227,798	1,086,262
Plots of Napier grass	4,372	-	-	-	4,372
Furniture, fixtures and office equipment	12,279	2,041	47	16	14,289
Vehicles	95,409	1,579	5,769	5,520	96,739
Construction in progress and machinery under installation	349,916	182,757	571	(329,736)	202,366
Total Cost	2,006,136	196,948	6,409	24,115	2,220,790

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Notes to Financial Statements (Continued)
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	In Thousand Baht				Balance as at December 31, 2021
	Balance as at December 31, 2020	Movements			
		Addition	Deduction	Transfer	
Accumulated Depreciation					
Land improvements	13,847	16,021	-	-	29,868
Building and building improvements	164,326	34,130	-	-	198,456
Machinery and equipment	286,975	106,933	20	15,514	409,402
Plots of Napier grass	1,642	438	-	-	2,080
Furniture, fixtures, and office equipment	8,024	1,601	37	-	9,588
Vehicles	42,967	10,697	3,303	273	50,634
Total Accumulated Depreciation	<u>517,781</u>	<u>169,820</u>	<u>3,360</u>	<u>15,787</u>	<u>700,028</u>
Net	<u>1,488,355</u>				<u>1,520,762</u>

As at December 31, 2022 and 2021, the Company has mortgaged its land and structures thereon, including machinery and equipment, of which carrying amounts totalling approximately Baht 510.6 million and Baht 1,186.9 million, respectively, as guarantees for the overdraft lines, short-term and long-term credit facilities from financial institutions (see Notes 11 and 15).

As at December 31, 2022 and 2021, cost of the Company's plant and equipment which have been fully depreciated but still in use amounting to approximately Baht 164.7 million and Baht 156.1 million, respectively.

Depreciation for the years ended December 31, 2022 and 2021 amounted to approximately Baht 175.1 million and Baht 169.8 million, respectively.

9. RIGHT-OF-USE ASSETS - NET

	In Thousand Baht				Balance as at December 31, 2022
	Balance as at December 31, 2021	Movements			
		Addition	Deduction	Transfer	
Cost					
land for cultivation	8,790	1,045	1,114	755	9,476
Building space	6,042	-	-	115	6,157
Vehicles and equipment	19,106	4,254	737	(870)	21,753
Total Cost	<u>33,938</u>	<u>5,299</u>	<u>1,851</u>	<u>-</u>	<u>37,386</u>
Accumulated Depreciation					
land for cultivation	2,828	1,408	341	-	3,895
Building space	1,526	1,529	-	-	3,055
Vehicles and equipment	5,262	5,568	326	-	10,504
Total Accumulated Depreciation	<u>9,616</u>	<u>8,505</u>	<u>667</u>	<u>-</u>	<u>17,454</u>
Net	<u>24,322</u>				<u>19,932</u>

	In Thousand Baht				Balance as at December 31, 2021
	Balance as at December 31, 2020	Movements			
		Addition	Deduction	Transfer	
Cost					
land for cultivation	8,877	-	87	-	8,790
Building space	7,169	-	1,127	-	6,042
Machinery and equipment	23,576	-	-	(23,576)	-
Vehicles and equipment	730	19,106	-	(730)	19,106
Total Cost	<u>40,352</u>	<u>19,106</u>	<u>1,214</u>	<u>(24,306)</u>	<u>33,938</u>

NORTH EAST RUBBER PUBLIC COMPANY LIMITED
Notes to Financial Statements (Continued)
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	In Thousand Baht				Balance as at December 31, 2021
	Balance as at December 31, 2020	Movements			
		Addition	Deduction	Transfer	
Accumulated Depreciation					
land for cultivation	1,323	1,505	-	-	2,828
Building space	1,297	1,443	1,214	-	1,526
Machinery and equipment	15,334	180	-	(15,514)	-
Vehicles and equipment	223	5,312	-	(273)	5,262
Total Accumulated Depreciation	<u>18,177</u>	<u>8,440</u>	<u>1,214</u>	<u>(15,787)</u>	<u>9,616</u>
Net	<u>22,175</u>				<u>24,322</u>

Depreciation for the years ended December 31, 2022 and 2021 amounted to approximately Baht 8.5 million and Baht 8.4 million, respectively.

10. INTANGIBLE ASSETS - NET

	In Thousand Baht				Balance as at December 31, 2022
	Balance as at December 31, 2021	Movements			
		Addition	Deduction	Transfer	
Cost	1,200	383	-	2,403	3,986
Accumulated amortization	(765)	(273)	-	-	(1,038)
Net	<u>435</u>	<u>110</u>	<u>-</u>	<u>2,403</u>	<u>2,948</u>

	In Thousand Baht				Balance as at December 31, 2021
	Balance as at December 31, 2020	Movements			
		Addition	Deduction	Transfer	
Cost	1,097	103	-	-	1,200
Accumulated amortization	(613)	(152)	-	-	(765)
Net	<u>484</u>	<u>(49)</u>	<u>-</u>	<u>-</u>	<u>435</u>

Amortization, which was presented as part of administrative expenses, for the years ended December 31, 2022 and 2021 amounted to approximately Baht 0.27 million and Baht 0.15 million, respectively.

11. SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

	In Thousand Baht	
	2022	2021
Loans under packing credit	1,124,500	2,152,960
Loans under promissory note	1,570,170	1,694,577
Total	<u>2,694,670</u>	<u>3,847,537</u>

As at December 31 2022 and 2021, the Company had credit facilities from eleven local banks. As at December 31, 2022, the entire credit facilities from financial institutions were as follows:

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Type of Credit Facilities	In Million		Interest Rate (p.a.)
	In Million Baht	U.S. Dollar	
Bank overdraft	50	-	Referenced to MOR
Loan under packing credit	2,700	-	Referenced to MOR, MLR, LIBOR, BIBOR, SHIBOR and as per bank announcement
Loan under promissory note	2,450	-	Referenced to MLR, MOR, Prime Rate, BIBOR, LIBOR, and as per bank announcement
Letter of credit	20	0.6	As per bank announcement
Total	<u>5,220</u>	<u>0.6</u>	(2021 totalling approximately Baht 6,940 million)

The above credit facilities are guaranteed by land with structures thereon and investment in government bonds of certain directors of the Company, land with structures thereon of persons related to certain directors of the Company, the Company's deposits with six local banks totalling approximately Baht 355.2 million in 2022 (four local banks totalling approximately Baht 253.1 million in 2021), raw materials and finished goods (see Note 6) as well as land with structures thereon including machinery and equipment (see Note 8).

12. TRADE AND OTHER PAYABLES - OTHER PARTIES

	In Thousand Baht	
	2022	2021
Accrued expenses	132,323	128,445
Trade payables	60,563	135,370
Accrued interest on loans	52,450	52,921
Advances from customers	36,429	128,809
Dividends payable	7	2
Payables on purchase of fixed assets	-	12,784
Total	<u>281,772</u>	<u>458,331</u>

13. LEASE LIABILITIES

	In Thousand Baht	
	2022	2021
Lease liabilities		
- Due for payments within one year	9,180	9,414
- Due for payments between two and five years	11,528	17,837
Total	20,708	27,251
Less deferred interest	(1,795)	(2,898)
Lease liabilities - net of deferred interest	18,913	24,353
Less current portion	(8,319)	(8,232)
Net	<u>10,594</u>	<u>16,121</u>

During 2022 and 2021, the Company's cash outflow from leases amounted to approximately Baht 9.8 million and Baht 9.7 million, respectively.

Amortized interest, which was presented as part of "Finance costs" in the statements of comprehensive income, for the years ended December 31, 2022 and 2021 amounted to approximately Baht 1.2 million and Baht 1.5 million, respectively.

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14. DEBENTURES

	In Thousand Baht	
	2022	2021
Debentures	6,114,300	4,000,000
Less Deferred direct transaction costs on debenture issuance	(49,685)	(49,544)
Net	6,064,615	3,950,456
Less Current portion	(1,300,000)	(700,000)
Net	4,764,615	3,250,456

On October 30, 2020, the Company limitedly issued and offered the registered, unsubordinated, and unsecured debentures to the institutional and potential investors of 700,000 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 6.50% p.a. whereby interest was payable on a quarterly basis and matured for redemption on October 30, 2022.

On April 9, 2021, the Company limitedly issued and offered the registered, unsubordinated, and unsecured debentures to the institutional and potential investors of 1,300,000 units of which face value per unit is Baht 1,000. Such debentures bear interest rate at 5.85% p.a. whereby interest is payable on a quarterly basis and will mature for redemption on October 9, 2023.

On November 4, 2021, the Company limitedly issued and offered the two series of registered, unsubordinated, and unsecured debentures to the institutional and potential investors of 2,000,000 units (1,000,000 units per serie) of which face value per unit is Baht 1,000. Such debentures bear interest rate at 5.25% p.a. (the first serie) and 6.00% p.a. (the second serie) whereby interest is payable on a quarterly basis and will mature for redemption on November 4, 2025 (the first serie) and 2026 (the second serie).

On September 8, 2022, the Company limitedly issued and offered the two series of registered, unsubordinated, and unsecured debentures to the institutional and potential investors of 2,814,300 units (the first serie of 1,161,500 units and the second serie of 1,652,800 units) of which face value per unit is Baht 1,000. Such debentures bear interest rate at 5.65% p.a. (the first serie) and 6.40% p.a. (the second serie) whereby interest is payable on a quarterly basis and will mature for redemption on September 8, 2027 (the first serie) and 2029 (the second serie).

The abovementioned debentures have significant conditions which include maintaining Debt-to-Equity ratio at the rate not exceeding 2.5:1.

Direct transaction costs on debenture issuance were underwriter and management fees on debenture issuance, which were recorded as a deferred item and systematically amortized on a straight-line method as expense in profit or loss over the term of related debentures.

As at December 31, the Company had amount for issuance of debentures not exceeding Baht 8,000 million in 2022 and Baht 4,000 million in 2021 which was approved in the general shareholders' meetings on April 20, 2020, April 8, 2021 and April 7, 2022.

As at December 31, 2022 and 2021, such debentures had fair values of approximately Baht 6,124.0 million and Baht 4,014.6 million, respectively, which represented the Level 2 input of the fair value hierarchy.

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15. LONG-TERM BORROWINGS FROM FINANCIAL INSTITUTION

As at December 31 2022 and 2021, the Company has credit facilities from four local banks. Thus, the entire credit facilities and related outstanding balances are as follows:

	In Thousand Baht	
	2022	2021
1) Loan under facilities of Baht 415 million, repayable monthly until June 2022, bear interest at MLR and MLR-0.25 p.a.	-	26,133
2) Loan under facilities of Baht 15 million, repayable monthly until December 2027, bear interest at 5% p.a.	3,997	9,058
3) Loan under facilities of Baht 100 million, repayable monthly until December 2027, bear interest at 2% p.a. in the 1st and the 2nd years, at Prime Rate-2 p.a. in the 3rd to the 5th years and at Prime Rate p.a. in the 6th to the 7th years	72,996	87,221
4) Loan under facilities of Baht 270 million, repayable monthly until December 2027, bear interest at Prime Rate-1.5 p.a.	196,276	232,453
5) Loan under facilities of Baht 15 million, repayable monthly starting from the month that loan is drawdown (i.e. August 2021) whereby the 1st to 6th months contain deferral of principal repayment but interest shall be paid monthly, the 7th to 36th months contain principal repayment of Baht 500,000 per month and interest shall be paid monthly, bear interest at 2.75% p.a.	10,000	15,000
6) Loan under facilities of Baht 100 million, repayable monthly until November 2026, bear interest at 3.8% p.a.	79,540	100,000
7) Loan under facilities of Baht 300 million, repayable monthly starting from the month that loan is drawdown (i.e. August 2022) whereby the 1st to 6th months contain deferral of principal repayment but interest shall be paid monthly, the 7th to 53rd months contain principal repayment of Baht 5,560,000 per month and interest shall be paid monthly and the remaining principal and interest shall be paid in the 54th month, bear interest at MLR-2.375 p.a.	210,000	-
Total	572,809	469,865
Less current portion	(154,567)	(111,625)
Net	418,242	358,240

Such long-term borrowings are guaranteed by certain directors of the Company, land with structures thereon and investment in government bonds of certain directors of the Company, the Company's deposits as well as land with structures thereon and machinery and equipment of the Company (see Note 8). In addition, the Company must comply with certain covenants and undertakings of these loans e.g. maintaining Debt Service Coverage Ratio and Debt-to-Equity Ratio, etc.

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16. LIABILITY FOR POST-EMPLOYMENT BENEFITS

The Company has obligations on the provisions for post-employment benefits which were reassessed and recomputed by the qualified actuary during the year 2020. Movements of liability for post-employment benefits for the years ended December 31, 2022 and 2021 are as follows:

	In Thousand Baht	
	2022	2021
Liability for post-employment benefits as at January 1	14,727	12,620
Current service cost	1,871	1,836
Interest cost	284	271
Expense recognized in statement of comprehensive income	2,155	2,107
Employee benefits paid during the year	(69)	-
Liability for post-employment benefits as at December 31	<u>16,813</u>	<u>14,727</u>

Significant assumptions used in calculation of liability for post-employment benefits are as follows:

- Discount rate	1.91% p.a.
- Salary escalation rate	7.52% p.a.
- Employee turnover rate	0% - 25% p.a.

The abovementioned changes in significant assumptions may affect the sensitivity of the balance of provision or liability for post-employment benefits in respect of the information as per the calculation report of the qualified actuary as follows:

Significant Assumptions	Liability may increase (decrease) from changes in significant assumptions (In Thousand Baht)	
	If Increased by 0.5%	If Decreased by 0.5%
Discount rate	(767)	832
Salary escalation rate	929	(862)
Employee turnover rate	(928)	1,065

17. SHARE CAPITAL AND PREMIUM ON SHARES

	Par Value (In Baht)	In Thousand Shares / In Thousand Baht			
		2022		2021	
		No. of Share	At Par Value	No. of Share	At Par Value
Authorized share capital					
As at December 31					
- Common shares	0.50	<u>2,009,468</u>	<u>1,004,734</u>	<u>2,009,468</u>	<u>1,004,734</u>
Issued and fully paid-up shares					
As at January 1					
- Common shares	0.50	1,760,635	880,318	1,614,679	807,339
Exercise of warrants (see Note 18)	0.50	<u>87,155</u>	<u>43,577</u>	<u>145,956</u>	<u>72,979</u>
As at December 31					
- Common shares	0.50	<u>1,847,790</u>	<u>923,895</u>	<u>1,760,635</u>	<u>880,318</u>

At the general shareholders' meeting on April 8, 2021, the shareholders unanimously approved the Company to decrease in the Company's authorized share capital by eliminating the common shares appropriated for issuance and offering of incremental common shares under General Mandate method of 154,000,000 shares for private placement and increase in authorized share capital of Baht 80,733,945 from previously Baht 924,000,000 to become the new authorized share capital of Baht 1,004,733,945 by issuance of incremental common shares of 161,467,890 shares, Baht 0.50 par value, for supporting the issuance of incremental common shares under General Mandate for offering on the private placement whereby such matter has been extended by the general shareholders' meeting on April 7, 2022.

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Section 51 of the Public Limited Companies Act, B.E. 2535 (1992) requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account, premium on shares, separated from the reserve account referred to in Section 116 of the Public Limited Companies Act, B.E. 2535 (1992) (legal reserve as per Note 19). This premium on shares is not available for dividend distribution.

18. WARRANTS AND EARNINGS PER SHARE

Warrants

At the general shareholders' meeting on April 20, 2020, the shareholders unanimously approved the Company to issue 308,000,000 units of free warrants ("NER-W1") to the existing shareholders for the purchase of incremental shares on the basis of 5 common shares for 1 unit of warrant on May 27, 2020. Terms of the warrants are as follows:

Exercise ratio	1 unit of warrant is able to buy 1 incremental common share
Exercise price	Baht 1.80 per share
Exercise period	The warrants shall be exercisable with the first exercise date on December 15, 2020 and other 3 times, i.e. the 15th of June and December 2021 and the last exercise date is May 26, 2022.
Term of warrants	2 years from the date on which the warrants are issued to the shareholders

Later on June 17, 2020, the Stock Exchange of Thailand has granted the Company's warrants (NER-W1) of 307,999,935 units as the listed securities and has permitted such warrants to be traded on the Stock Exchange of Thailand since June 18, 2020. Details of the exercised warrants are as follows:

Exercise Date	Number of warrants exercised for purchases of common shares (Unit)	Proceeds from the exercise of warrants (Baht)	Paid-up share capital (Baht)	Premium on shares (Baht)	Number of unexercised warrants	Date of the registered increase in issued and paid-up share capital with the Ministry of Commerce
December 15, 2020	74,678,906	134,422,031	37,339,453	97,082,578	233,321,029	December 18, 2020
June 15, 2021	30,632,040	55,137,672	15,316,020	39,821,652	202,688,989	June 22, 2021
December 15, 2021	115,324,110	207,583,398	57,662,055	149,921,343	87,364,879	December 17, 2021
May 26, 2022 *	87,154,692	156,878,446	43,577,346	113,301,100	210,187	May 30, 2022

* Last exercise date whereby May 27, 2022 was the delisting date of the Company's warrants from the Stock Exchange of Thailand

Basic earnings per share

Basic earnings per share for the years ended December 31, 2022 and 2021 are determined by dividing profit for the year by the weighted average number of common shares outstanding during the period as follows:

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	2022	2021
Profit for the year (In thousand Baht)	<u>1,747,999</u>	<u>1,850,190</u>
Basic weighted average number of outstanding common shares (In thousand shares)	<u>1,813,167</u>	<u>1,636,835</u>
Basic earnings per share (Baht)	<u>0.964</u>	<u>1.130</u>

Diluted earnings per share

Diluted earnings per share for years ended December 31, 2022 and 2021 are determined by dividing the profit for the period by the weighted average number of common shares outstanding during the period after adjusting the effect from dilutive potential common shares as follows:

	2022	2021
Profit for the year (In thousand Baht)	<u>1,747,999</u>	<u>1,850,190</u>
Basic weighted average number of outstanding common shares (In thousand shares)	1,813,167	1,636,835
Effect from the assumed exercise of warrants (In thousand shares)	<u>25,870</u>	<u>63,574</u>
Diluted weighted average number of outstanding common shares (In thousand shares)	<u>1,839,037</u>	<u>1,700,409</u>
Diluted earnings per share (Baht)	<u>0.950</u>	<u>1.088</u>

19. LEGAL RESERVE

Section 116 of the Public Limited Companies Act B.E. 2535 requires the Company to appropriate not less than 5% of its annual profit, less accumulated losses brought forward (if any), to a reserve account (“Legal reserve”) until this account reaches an amount not less than 10% of the authorized share capital. The legal reserve is not available for dividend distribution.

20. EXPENSES BY NATURE

	In Thousand Baht	
	2022	2021
Raw materials and supplies used	20,634,973	19,374,217
Purchases of finished goods (rubber)	635,393	1,265,736
Finance costs	421,070	331,032
Outward freight	311,671	295,976
Contributions to the rubber replanting aid fund	286,985	327,839
Personnel expenses	228,796	204,065
Depreciation and amortization	183,860	178,411
Electricity charges	137,723	117,137
Changes in finished goods and work-in-process	228,396	5,416

21. INCOME TAX AND PROMOTIONAL PRIVILEGES FROM INVESTMENT PROMOTION

Corporate income tax recorded as (income) expense for the years ended December 31, 2022 and 2021 consists of:

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	In Thousand Baht	
	2022	2021
Income tax computed from accounting profit	360,369	377,305
Effects from non-deductible expenses	12,957	7,784
Effects from additional deductible expenses	(44,742)	(66,557)
Effects from reduction in income tax rate under investment promotion	(284,299)	(284,467)
Current tax computed from taxable profit	44,285	34,065
Adjustment to tax payable pertaining to prior period	4,683	-
Decrease in deferred tax assets	1,585	2,268
Increase in deferred tax liabilities	3,293	-
Income tax presented as profit or loss item in statement of comprehensive income	53,846	36,333

Deferred tax assets and liabilities presented in statements of financial position as at December 31, 2022 and 2021 consist of:

	In Thousand Baht	
	2022	2021
<i>Deferred tax assets</i>		
Effects from temporary non-deductible items or items not yet recognized as accounting income :		
- Loss on diminution in value of inventories	864	-
- Liability for post-employment benefits	956	2,945
- Liabilities on purchase commitment of inventories	654	10
- Derivatives liabilities	-	35
- Gain on sales and leaseback	-	1,069
Total deferred tax assets	2,474	4,059

	In Thousand Baht	
	2022	2021
<i>Deferred tax liabilities</i>		
Effects from temporary items not yet recognized as accounting expense or taxable income :		
- Deferred direct transaction costs on debenture issuance	3,014	-
- Derivatives assets	279	-
Total deferred tax assets	3,293	-

By virtue of the provisions of the Investment Promotion Act B.E. 2520, the Company has been granted the privileges, which include among others, exemption from payment of import duty on the imported machines used in the promoted business, exemption from payment of income tax on net profit from the promoted business attributable to (1), (2) and (3) in the extent not exceeding 100% of investment excluding land and working capital for a period of eight years from the date income was first derived from the promoted business and 50% exemption from payment of income tax on net profit from the promoted business attributable to (1), (2) and (3) for a period of five years from the end of the aforesaid exemption from payment of income tax for the first eight years, exemption from corporate income tax on net profit from the promoted businesses attributable to (4) and (5) in the extent not exceeding 100% of investment excluding land and working capital for a period of six years from the date income was first derived from the promoted business. The dates on which income was first derived from the promoted businesses are as follows:

(1) November 12, 2007	Rubber smoked sheet manufacturer
(2) July 21, 2010	Compound rubber manufacturer
(3) August 4, 2014	Skim block rubber manufacturer
(4) July 4, 2019	Compound block rubber manufacturer
(5) July 8, 2020	Compound and skim block rubber manufacturer

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As a promoted entity, the Company must comply with certain conditions and regulations as specified in the promotional certificates.

Operating results classified by the promoted and non-promoted businesses for the years ended December 31, 2022 and 2021 are as follows:

	2022 (In Thousand Baht)			Total
	Entirely Promoted Business	Partially Promoted Business	Non-Promoted Business	
Sales	14,586,556	5,907,786	4,677,720	25,172,062
Total revenues	14,604,618	5,915,112	4,688,504	25,208,234
Total cost of sales and expenses	(13,246,438)	(5,541,488)	(4,672,309)	(23,460,235)
Profit (loss) for the year	1,358,180	373,624	16,195	1,747,999

	2021 (In Thousand Baht)			Total
	Entirely Promoted Business	Partially Promoted Business	Non-Promoted Business	
Sales	18,138,168	3,424,021	2,863,471	24,425,660
Total revenues	18,160,440	3,428,225	2,867,621	24,456,286
Total cost of sales and expenses	(16,474,548)	(3,177,786)	(2,953,762)	(22,606,096)
Profit (loss) for the year	1,685,892	250,439	(86,141)	1,850,190

22. REGISTERED PROVIDENT FUND

The Company has a contributory registered employees' provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987). Membership to the fund is on a voluntary basis. Under the plan, the Company and employees contribute an amount equivalent to 2%-4% of the employees' basic salaries depending on the length of employment. The fund will pay back the provident fund to employees in accordance with the conditions stated in the policies of provident fund regulations.

The Company's contribution, which was recorded as part of cost of sales and administrative expenses, for the years ended December 31 amounted to approximately Baht 0.9 million and Baht 1.0 million in 2022 and Baht 0.7 million and Baht 0.9 million in 2021, respectively.

23. DIVIDENDS

At the Board of Directors' meeting on August 8, 2022, the Board of Directors unanimously approved the Company to pay interim dividends from the operations for the six-month period ended June 30, 2022 at Baht 0.07 per share, totalling approximately Baht 129.3 million. Such dividends shall be entirely paid from profit of the promoted business. The Company paid such dividends to the shareholders on September 7, 2022.

At the general shareholders' meeting on April 7, 2022, the shareholders unanimously passed the resolution to approve the declaration of final dividends from the 2021 operations to shareholders at Baht 0.36 per share, totalling approximately Baht 633.8 million. Such dividends shall be paid from profit of the entirely promoted business. The Company paid such dividends to the shareholders on May 6, 2022.

At the Board of Directors' meeting on August 9, 2021, the Board of Directors unanimously approved the Company to pay interim dividends from the operations for the six-month period ended June 30, 2021 at Baht 0.07 per share, totalling approximately Baht 115.2 million. Such dividends shall be entirely paid from profit of the promoted business. The Company paid such dividends to the shareholders on September 6, 2021.

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At the general shareholders' meeting on April 8, 2021, the shareholders unanimously passed the resolution to approve the declaration of final dividends from the 2020 operations to shareholders at Baht 0.15 per share, totalling approximately Baht 242.2 million. Such dividends shall be paid from profit of the entirely promoted business. The Company paid such dividends to the shareholders on May 7, 2021.

24. SIGNIFICANT FINANCIAL INFORMATION CLASSIFIED BY OPERATING SEGMENT

The gross profit margin emphasized in statement of income is significant and core financial information of the Company that is provided regularly to the highest authority in decision-making operation and also used in evaluation of financial performances of the segments. As at December 31, 2022, the Company still had a single core operating segment (identified by internal reporting segments), i.e. manufacturing and sales of rubber smoked sheets, skim block rubbers and other rubber products, both in domestic and abroad, whereby the other segments are insignificant portion. Accordingly, the accompanying financial statements do not include information relating to information on business or product segment. In addition, the Company's transfers between segments were accounted for at cost and the Company is unable to apportion the segment information for assets and liabilities without undue costs.

Information on Geographic Areas

	In Thousand Baht					
	Export Sales		Domestic Sales		Total	
	2022	2021	2022	2021	2022	2021
Sales	8,469,918	9,242,720	16,702,144	15,182,940	25,172,062	24,425,660
Less Segment expenses***	(7,959,631)	(8,541,074)	(14,855,829)	(13,562,993)	(22,815,460)	(22,104,067)
Segment result	510,287	701,646	1,846,315	1,619,947	2,356,602	2,321,593
Add non-allocated revenues						
- Other income					30,644	30,627
Less non-allocated expenses						
- Administrative expenses					(164,331)	(134,665)
- Finance costs					(421,070)	(331,032)
- Income tax expense					(53,846)	(36,333)
Profit for the year					1,747,999	1,850,190

***including gain or loss on exchange rate, gain or loss on valuation of fair value of derivatives and distribution costs

Export sales classified by significant geographic areas (countries) are as follows:

	In Thousand Baht	
	2022	2021
China	5,010,814	6,534,676
Singapore	3,322,284	2,657,199
India	122,336	37,990
Bangladesh	12,154	12,855
Switzerland	2,330	-
Total	8,469,918	9,242,720

The Company had no any non-current asset located in the countries other than Thailand.

Information on Key Customers

(customers whose transactions exceeding 10% of total balance of transactions)

The Company had no transaction with any key customer in 2021 while in 2022 transactions with a key customer represented the portions to total sales, export sales and domestic sales of 11.90%, 10.53% and 12.59%, respectively.

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25. DISCLOSURES OF FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

The Company is exposed to normal business risks relating to liquidity risk, credit risk, foreign currency exchange risk and interest rate risk. The Company has used derivative financial instruments for hedging against the foreign currency risk without intention for trading or speculation purposes. The Company had no significant change in risk management policy relating to financial instruments during 2022 and 2021.

Liquidity Risk

The Company manages its liquidity risk by maintaining an appropriate level of cash and cash equivalents as well as its current assets and liabilities and short-term and long-term sources of fund as deemed adequate to finance the operations of the Company and to mitigate the effects of fluctuations in cash flows and the lack of financial liquidity.

Credit Risk

Credit risk is the risk that a customer or counterparty is unable or unwilling to meet its financial and contractual commitments. To mitigate this risk, the Company periodically assesses the financial viability of customers and counterparties.

Carrying amount of receivables presented in the statements of financial position is the maximum exposure to credit risk.

Foreign Currency Risk

The Company has significant business transactions internationally, which mainly is export of its products and importation of machines, giving rise to exposure to fluctuations in foreign currency exchange rates. In practical, the Company reduces this risk by matching cash receipts from its customers (receivables) against the related cash payments on loans under packing credit as well as payables for machines. In addition, the Company has used forward exchange contracts (buy-sell) to mitigate this risk.

As at December 31, 2022 and 2021, the Company had the outstanding forward exchange contracts (buy-sell) as follows:

	Foreign Currency (In Thousands)		Fixed Baht (In Thousand Baht)	
	2022	2021	2022	2021
Forward exchange contracts - sell				
- U.S. Dollar	28,076	20,992	973,858	700,826
Forward exchange contracts - buy				
- U.S. Dollar	-	769	-	25,097

In addition, fair values of forward exchange contracts (buy-sell) outstanding as at December 31, 2022 and 2021 were as follows:

	Fair Values (In Thousand Baht)	
	2022	2021
Forward exchange contract - sell	969,254	702,243
Forward exchange contract - buy	-	25,589

The forward exchange contracts (sell) as at December 31, 2022 had maturities between January and July 2023.

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As at December 31, 2022 and 2021, the Company had the significant outstanding non-hedged foreign currency assets and liabilities as follows:

	Foreign Currency Assets		Foreign Currency Liabilities	
	2022	2021	2022	2021
Thousand U.S. Dollar	-	-	-	36,453

Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates in the future which may have a negative effect to current and future operations and cash flows of the Company. The Company's management believes that the interest rate risk is minimal because the Company's deposits at banks, bank overdrafts, short-term and long-term loans bear interest at the floating market interest rates. Debentures and lease liabilities bear interest at fixed rates which approximate or in the range of market interest rates without material difference.

Fair Value Measurements

The following method and assumptions were used by the Company in estimating fair values of financial assets and financial liabilities:

Cash and cash equivalents, restricted deposits at banks, trade and other receivables, other current assets, bank overdrafts and short-term and long-term borrowings from financial institutions, trade and other payables, other current financial liabilities, lease liabilities and debentures.

Carrying amounts of these financial assets and liabilities approximate fair values due to a portion of these financial instruments was stated at cash status or had the relatively short-term maturities whereas the rest bear interest at the floating or fixed interest rates which approximate or in the range of market interest rates without material difference (Level 2 input of the fair value hierarchy).

Fair value of debentures was disclosed as discussed in Note 14.

26. CAPITAL MANAGEMENT

Significant objectives on capital management are to ensure that the Company has appropriate financial and capital structures to maintain financial liquidity and ability to continue its business as a going concern. Besides the additional issuance of debentures in 2022, the Company did not have any significant change relating to capital management policy during 2022 and 2021.

As at December 31, 2022 and 2021, Debt-to-Equity ratio of the Company was 1.48:1.00 and 1.61:1.00, respectively.

27. OTHERS

As at December 31, 2022, the Company had:

- a) Commitments on construction in progress as well as procurement and installation of machinery and equipment with respect to several projects totalling approximately Baht 67.8 million.
- b) Letters of guarantee issued by a local bank to two government agencies totalling approximately Baht 8.9 million which are guaranteed by the Company's savings deposits with such bank of approximately Baht 1.4 million.

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- c) Commitments on the rubber purchase agreements with several non-related suppliers totalling approximately Baht 297.1 million.

28. EVENTS AFTER THE REPORTING PERIOD

At the Board of Directors' meeting on February 17, 2023, the Board of Directors passed the resolutions approving the following matters that will be proposed for approval in the upcoming shareholders' meeting:

- a) Payment of final dividends from the 2022 operations to shareholders at Baht 0.31 per share, totalling approximately Baht 572.81 million. The dividends shall be entirely paid from the profit of the promoted business and scheduled for dividend payment on May 9, 2023.
- b) Extension of the appropriation for the Company's common shares by issuance of incremental common shares under General Mandate method of 161,467,890 shares, Baht 0.50 par value, for private placement as discussed in Note 17 whereby the conditions are those approved in the 2022 annual general shareholders' meeting.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been approved for issuance by the Company's Board of Directors' meeting on February 17, 2023.