**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

# 1. General information

(a) The operation of the Company

NEP Realty and Industry Public Company Limited, the “Company”, is incorporated in Thailand and the address of its registered office is at 41 Soi Phaholyothin 5, Phaholyothin Road, Phayathai, Phayathai, Bangkok.

The Company was listed on the Stock Exchange of Thailand in July 1987.

The principal business activities of the Company are the production and distribution of packaging products made from plastic.

1. Assumption underlying the preparation of the financial statements

The Company has suffered continuous losses on main operations since 2008 to the present. And the Company had negative cash flows used in operating activities for the year ended December 31, 2023 in the financial statements have both presented the investment in associates which the equity method is applied and separate financial statement in which the cost method is applied of Baht 29.22 million. As at December 31, 2023 the Company had the deficits in the financial statements have both presented the investment in associates in which the equity method is applied and the separate financial statements in which the cost method is applied amounted to Baht 1,224.45 million and Baht 1,049.84 million.

The Company’s ability to continue its business as a going concern depends on the business plan and the development in products. In addition, the Company has improved the efficiency and effectiveness of production by reducing defects from production in order to increase the volume and increase the value of the sale of goods. And in the year 2024, the Company has the termination plan for the production and distribution of plastic sacks and flexible packaging products and the layoff of employees in all production lines, including marketing and sales division, some support lines, including selling of assets, machinery, equipment, vehicles, and raw materials that are not in use, and areas and factory buildings for rent. It also depends on the performance and the value of investment in the associate that the Company has invested. These financial statements are still prepared in accordance with the going concern basis of the Company by considering that sales or recoverable value of the assets and the settlement of liabilities of the Company will follow in the normal course of business. It is not expected to have any interruption in the normal course of business operation of the Company.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

# 2. Significant accounting policies

# 2.1 Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English version of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re: the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

The financial statements are presented in Thai Baht and notes to the financial statements are rounded to the nearest thousand, unless otherwise stated. They are prepared on the historical cost basis, except as disclosed in the accounting policies.

The preparation of financial statements in conformity with financial reporting standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on a regular basis. Adjustments to accounting estimates are recognised in the period in which the estimate is revised. If the adjustment has an effect on that period only it will be recorded in the period of the adjustment or in the future period if the adjustment affects both current and future periods.

The Company has presented the financial statements in which investment is presented by the equity method by considering from the participation in the decision related to the financial policies and the operation of the associates with a significant influence.

# 2.2 Financial reporting standards that became effective in the current year

During the year, the Company have adopted the revised financial reporting standards, which are effective for fiscal years beginning on or after January 1, 2023. This revision is for the financial reporting standards to be clearer and more appropriate and to conform with international financial reporting standards. Such revision does not affect the principles of the standards and does not affect the users of the financial reporting standards.

The adoption of these financial reporting standards does not have any significant impact on the financial statements in the current year.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

2.3 Revised financial reporting standards to be applied in the future

The Federation of Accounting Professions has announced to apply the revised financial reporting standards 2023 and it was announced in the Royal Gazette on August 8, 2023 on altogether 4 topics: definition of the accounting estimates, disclosure of information of the accounting policy, deferred income tax related to assets and liabilities arising from one transaction and other adjustments due to the change of the Accounting Standard No. 17 “Insurance Contracts”. This adjustment is an adjustment for the financial reporting standards to be clearer and more appropriate. This is effective for the financial statements for the accounting period beginning on or after January 1, 2024.

The Management of the Company have assessed and believed that this revision will not significantly affect the financial statements in the year that such standard is applied.

2.4 Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling on the transactions dates.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

2.5 Financial Instruments

Classification and measurement of financial assets

Financial assets are classified, at initial recognition, as to be subsequently measured at amortized cost, fair value through other comprehensive income, or fair value through profit or loss. The classification of financial assets at initial recognition is driven by the Company business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Equity instruments can be classified and cannot be changed by two types of measurement which are measuring fair value through profit or loss or measuring fair value through other comprehensive income that without recycling to profit or loss.

The initial recognition of financial assets that are not measured at fair value through profit or loss with fair value plus or deduct transaction cost directly related to the acquisition or issuance. Financial assets that are measured at fair value through profit or loss, transaction costs are recognized as expense in profit or loss.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

Subsequent measurement of debt instruments by 3 methods depend on the classification of debt instruments.

* Financial assets measured at amortized cost when financial assets are held to receive cash flow under the agreement and condition of the agreement of the financial assets that generate cash flow to pay the principal and interest from the principal balance on the specified date only. Such financial assets have to be calculated using the effective rate and are subject to impairment assessment. Profit or loss arising from derecognized, modified or impaired will be recognized in profit or loss.
* Financial assets measured at fair value through other comprehensive income when financial assets are held to receive cash flow under the agreement and to sell financial assets and the agreement condition of financial assets generating cash flow that only pays the principal and interest from the principal balance on the specified date. The change of value of financial assets is recognized through other comprehensive income except loss on impairment and interest income and gain and loss on exchange rate are recognized as profit or loss upon recognized of financial assets. Earning or deficit previously recognized in other comprehensive income has to be reclassified into profit or loss. Such financial asset has to be calculated using the effective interest rate same as financial assets measured at amortized cost.
* Financial assets measured at fair value through profit or loss when financial assets that do not meet the criteria for amortized cost or financial assets measured at fair value through other comprehensive income will be presented in the statement of financial position at fair value by recognizing the net change of fair value in profit or loss.

Subsequent valuation of equity instruments must present equity instruments using the fair value and record profit/loss from change in fair value through profit or loss or other comprehensive income depending on equity instruments classification.

Classification and valuation of financial liabilities

The Company is recognized initially of financial liabilities at fair value net of transaction costs and classified as financial liabilities as financial liabilities subsequently measured at amortized cost using the effective rate. The amortized cost is calculated taking into account fees or costs that are an integral part of the effective rate. Amortization by the effective rate is presented as part of financial costs in profit or loss.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

Derivative

Derivative is recognized at fair value and measured fair value at the end of the reporting period. Profit or loss from fair value remeasurement is recognized in profit or loss immediately unless that derivative is used for hedge.

Derecognition of financial instruments

Financial assets will be derecognized from the account when the right to receive cash flow of such asset has ended or when the right to receive cash flow of the assets is transferred including upon the transfer of all risk and consideration of that asset or transfer of internal control in that asset although there is no transfer or maintaining of nearly all risk and consideration of such asset.

Financial liabilities will be derecognized from the account when the obligation of such liabilities has been complied, the obligation is cancelled or the obligation has ended. In case existing financial liabilities are changed to new liabilities from one single lender with considerably different requirements or there is a significant amendment in the requirements of existing liabilities, these are considered as recognition old liabilities and recognizing new liabilities by recognizing the difference of such carrying value under profit or loss.

Impairment of financial assets

Expected credit loss for financial assets measured at amortized cost or debt instrument financial asset measured at fair value through other comprehensive income and assets arising from credit facility obligation and financial guarantee agreement are assessed without having to wait for the credit event to occur first. The Company use the general approach in considering the allowance for loss on impairment. For trade receivables, the Company apply a simplified approach in calculating ECLs. The Company recognize a loss based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

Offset of financial instruments

Financial assets and liabilities will be offset and presented at net balance in the statement of financial position in the case legally enforced in offsetting the recognized amount. The Company intend to pay the net balance or intends to receive assets and settle payment of liabilities at the same time.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

2.6 Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments with an original maturity of three months or less and not subject to withdrawal restrictions. Bank overdrafts due at call are a component of financing activities in the statement of cash flows.

Restricted deposit is shown as non-current assets and is a component of investing activities.

2.7 Trade account receivables and other current receivables

Trade receivables are stated at their invoice value less allowance for expected credit losses unless they contain significant financing components, when they are recognized at present value.

The allowance for expected credit losses is disclosed in Note 2.5.

2.8 Inventories

Inventories are stated at the lower of cost or net realisable value.

Cost is calculated using the first-in first-out method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of finished goods and work-in-process, cost includes an appropriate share of overheads based on normal production capacity.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete production and the estimated costs necessary to make the sale.

The allowance for decline in value of inventories is assessed from the net realisable value and long-time outstanding and defective, damaged inventories.

2.9 Investments in associates

Associates are all entities over which the Company has significant influence but not control generally accompanying a shareholding of between 20% and 50% of the voting rights. In the consolidated financial statement, investments in associates are initially recognized at cost and are accounted for using the equity method as mentioned.

Investments in associates are stated at cost net from allowance on impairment (if any) in the separate financial statements.

Investments in associates are presented in the financial statements by the equity method in accordance with the basis of financial statements preparation as described in Note 2.1

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

2.10 Investment property

Investment property is stated at cost less accumulated depreciation and allowance on impairment (if any).

Depreciation of investment property under building and constructions category is calculated by the straight-line method over the estimated useful life of 20 years. Depreciation of investment property is included in determining income.

2.11 Property, plant and equipment

Assets under the Company’s ownership

Land is stated at cost.

Plant and equipment are stated at cost less accumulated depreciation and allowance on impairment (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the assets. The estimated useful lives are as follows:

|  |  |  |
| --- | --- | --- |
| Land improvements building and construction | 5 - 40 | years |
| Machinery and equipment | 5 - 10 | years |
| Furniture and office equipment | 3 - 5 | years |
| Vehicles | 10 | years |

The Company has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

2.12 Leases

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

The Company assess the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercise by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

Right-of-use assets-as a lessee

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

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee 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.

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

Lease liabilities

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments **(**including in-substance fixed payments**)** less any lease incentives receivable **(**if any**)** and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

In calculating the present value of lease payments, the Company use its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Company apply the short-term lease recognition exemption to its short-term leases **(**those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option**).** It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit and loss on a straight-line basis over the lease term.

2.13 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

2.14 Intangible assets

Computer software acquired by the Company is stated at cost less accumulated amortisation and allowance on impairment (if any).

Amortisation

Amortisation is charged to the statement of comprehensive income on the straight-line basis over the estimated useful lives of the assets of five to ten years from the date that intangible assets are available for use.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

2.15 Impairment of non-financial assets

The carrying amount of the Company’s asset is reviewed at each of the statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset’s recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of comprehensive income.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of the asset’s net selling price or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows independently from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, as if no impairment loss has ever been recognised.

2.16 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable borrowing charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortisation cost. The difference between the borrowing amount and balance due is recognised in the statement of comprehensive income over the entire period of the borrowing by the effective rate method.

2.17 Trade and other current accounts payable

Trade and other current accounts payable are stated at cost.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

2.18 Employee benefits

Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans)

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

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in other comprehensive income.

2.19 Provision for liability

A liability provision is recognised in the statement of financial position when the Company has 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.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

2.20 Revenue

Sale of goods

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

For sale with a right to return the goods, the Company recognizes the refund amount expected to be returned to customers, by considering the consistent level of returns over historical experiences which is highly probable that a significant reversal in the cumulative revenue recognized will not occur, as a refund liability and recognized a return of goods from customers as an asset in the statement of financial position. The asset is measured by the previous carrying amount of the inventory, deducting expected costs of returned goods, including any potential of the diminution in value of the returned goods.

For sale with warranties to assure that the goods comply with agree-upon specifications, the Company recognized the warranty as provisions, contingent liabilities and contingent assets.

The service-type warranties provided customers with a service in addition to the assurance that the product company with agree-upon specifications is recognized as revenue over the period in which the service is provided.

Dividends

Dividends are recognized as income when having the rights to receive the dividends.

Interest income

Interest income is recognised in the statement of comprehensive income on the accrual basis.

Other income

Other income is recognised in the statement of comprehensive income on the accrual basis.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

2.21 Expenses

Finance expenses

Interest expense and similar expenses are charged to the statement of comprehensive income for the period in which they are incurred. The interest component of the finance lease payments is recognised in the statement of comprehensive income using the effective interest rate method.

Expenses

Expenses are recognised in the statement of comprehensive income on the accrual basis.

2.22 Income tax

Income tax

Income tax comprises current income tax and deferred tax.

Current tax

The Company records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates 20% of profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

Deferred tax

Deferred tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders’ equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

2.23 Significant accounting judgements and estimates

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

Allowance for expected credit losses of account receivables

In determining an allowance for expected credit losses of account receivables, the management needs to make judgement in selecting a method and make assumptions as disclosed in Note 2.5 to the financial statements.

Allowance for declining-in value of inventory

The determination of allowance for declining in the value of inventory, requires management to make judgements and estimates of the loss expected to occur. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business less selling expense. The provision for obsolete slow-moving and deteriorated inventory, is estimated based on the approximate useful life of each type of inventory. The allowance for diminution in value of inventory as determined is compared with the original balance in the books of account and the increase or decrease in the allowance for diminution in value of inventory will be recognized as cost of sales in profit or loss.

Allowance for impairment of investment

The Company has considered the allowance for impairment of investment in associates. The management has reviewed the financial position, analyzed the results of operation and cash flows of the associates to estimate the expected future cash flow from such investment.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

Investment property, right-of-assets and Depreciation

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

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

Property, plant and equipment, right-of-assets and Depreciation

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

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

Determining the lease term of contracts with renewal and termination options

The Company determine the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The management is required to use judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Intangible assets

In recording the initial recognition and measurement of intangible assets as at the acquired date and subsequent impairment testing, the management is required to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit of the lease. Therefore, the incremental borrowing rate of the Company is used to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay for necessary borrowing to acquire the assets, or assets with close value to right-of-use assets in similar economic environment, borrowing period and borrowing security.

**3. Related party transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

Relationships with related parties were as follows:

|  |  |  |
| --- | --- | --- |
| Name of entities |  | Nature of relationships |
| Vava Pack Co., Ltd. |  | As a major shareholder of the company |
| Pae pack Co., Ltd. |  | Related company of the major shareholder |
| Vava Z Co., Ltd. |  | Related company of the major shareholder |
| Nava Nakorn Public Co., Ltd. |  | The associated company and common directors |
| Security Navanakorn International Guarding Co., Ltd. |  | Related company of the associated company |
| NEP Realty and Industry Public Company Limited Fund (KOR-SOR-YOR) |  | Fund administrator |
| Welfare fund - NEP |  | Fund administrator |
| Key management personnel |  | Persons having authority and responsibility for planning, directing, and controlling the activities of the entity directly or indirectly |

The pricing policies for particular types of transactions are explained further below:

|  |  |  |
| --- | --- | --- |
| Transactions |  | Pricing policies |
| Purchase and sale of assets |  | Book value plus profit margin |
| Sale goods |  | Market price |
| Sale supplies |  | At Cost |
| Labor service income |  | Cost plus profit margin about 10% |
| Utility fee income |  | Cost plus profit margin about 10% |
| Asset lease income |  | Contract price |
| Revenue from dividend |  | By the amount declared |
| Other income |  | As agreed |
| Service |  | Cost plus profit margin about 10 - 50% |
| Raw material expense |  | Market price |
| Cost of finished goods |  | Market price |
| Employee Wages |  | At cost |
| Freight expense |  | At cost |
| Other employee welfare |  | At cost |
| Security service expense |  | Contract price |
| Cleaning service expense |  | Contract price |
| Water expense |  | Contract price |
| Management benefit expenses |  | Approved by shareholders’ meeting |
| Other expense |  | As agreed |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

Transactions for the years ended December 31, 2023 and 2022 with related parties are summarised as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied/Separate financial statements | | |
|  | 2023 |  | 2022 |
| Revenues |  |  |  |
| Sale of assets | - |  | 12,679 |
| Sale goods | 45 |  | 36,209 |
| Labour service income | - |  | 2,574 |
| Utility fee income | - |  | 391 |
| Asset lease income | - |  | 900 |
| Expenses |  |  |  |
| Raw material expense | - |  | 35,607 |
| Cost of finished goods | - |  | 80,067 |
| Freight expense | - |  | 32 |
| Security service expense | 32 |  | 384 |
| Cleaning service expense | 276 |  | 296 |
| Water expense | 82 |  | 84 |
| Other expense | 377 |  | - |
| Management benefit expenses |  |  |  |
| Short-term employee benefits | 7,159 |  | 13,089 |
| Post-employee benefits | 180 |  | 223 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Separate financial statements | | |
|  | 2023 |  | 2022 |
| Revenue from dividend | 25,800 |  | 28,380 |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied/Separate financial statements | | |
|  | 2023 |  | 2022 |
| Trade accounts receivable |  |  |  |
| Vava Pack Co., Ltd. | 48 |  | 74 |
| Less Allowance for expected credit losses | (1) |  | (1) |
| Total trade accounts receivable | 47 |  | 73 |
|  |  |  |  |
| Trade accounts payable |  |  |  |
| Vava Pack Co., Ltd. | - |  | 2,928 |
| Total | - |  | 2,928 |
| Other current payable |  |  |  |
| Navanakorn Public Co., Ltd. | 33 |  | 35 |
| Security Navanakorn International Guarding Co., Ltd. | - |  | 34 |
| Total | 33 |  | 69 |
| Total trade accounts payable and other current payable | 33 |  | 2,997 |

Short-term loan from related party

Changes in short-term loan from related party for the years ended December 31, 2023 are summarized as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | In Thousand Baht | | | | | | |
|  | Financial statement in which the equity method is applied/  Separate financial statements | | | | | | |
|  | As at December |  | Transactions during the year | | |  | As at December |
|  | 31, 2022 |  | Increase |  | Decrease |  | 31, 2023 |
| Welfare fund - NEP | - |  | 2,632 |  | (2,632) |  | - |
|  | - |  | 2,632 |  | (2,632) |  | - |

On September 28, 2023 the Company has borrowed from the welfare fund - NEP in the amount of Baht 2.63 million. The repayment is within 1 month free of interest. The Company has repaid the loan in full amount on October 25, 2023.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

**4. Cash and cash equivalents**

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which  the equity method is applied/ Separate financial statements | | |
|  | 2023 |  | 2022 |
| Cash on hand | 62 |  | 68 |
| Cash at bank - current accounts | 372 |  | 537 |
| Cash at bank - savings accounts | 3,957 |  | 11,481 |
| Total | 4,391 |  | 12,086 |

As at December 31, 2023 and 2022, Cash at bank - savings accounts bear interest at the floating rates which are set by the bank.

# 5. Trade accounts receivable and other current receivable

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | In Thousand Baht | | |
|  |  | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  | Note | 2023 |  | 2022 |
| Trade accounts receivable |  |  |  |  |
| Related parties | 3 | 48 |  | 74 |
| Less Allowance for expected credit losses | 3 | (1) |  | (1) |
| Total |  | 47 |  | 73 |
| Other receivable |  | 12,799 |  | 23,350 |
| Less Allowance for expected credit losses |  | (779) |  | (2,002) |
| Total |  | 12,020 |  | 21,348 |
| Net |  | 12,067 |  | 21,421 |
|  |  |  |  |  |
| Other current receivables |  |  |  |  |
| Other receivable |  | 3,935 |  | 5,656 |
| Less Allowance for expected credit losses |  | (3,887) |  | (5,609) |
| Net |  | 48 |  | 47 |
| Total Trade accounts receivable and  other current receivable - net |  | 12,115 |  | 21,468 |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

Trade accounts receivable classified by aging are as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  | 2023 |  | 2022 |
| Trade accounts receivable |  |  |  |
| Related parties |  |  |  |
| Within credit term: | 48 |  | 74 |
| Less Allowance for expected credit losses | (1) |  | (1) |
|  | 47 |  | 73 |
| Other parties |  |  |  |
| Within credit term: | 6,199 |  | 11,059 |
| Overdue: |  |  |  |
| Less than 3 months | 5,721 |  | 6,550 |
| 3 - 6 months | 129 |  | 3,552 |
| 6 - 12 months | - |  | 2,012 |
| Over 12 months | 750 |  | 177 |
|  | 12,799 |  | 23,350 |
| Less Allowance for expected credit losses | (779) |  | (2,002) |
|  | 12,020 |  | 21,348 |
| Trade accounts receivable - net | 12,067 |  | 21,421 |
|  |  |  |  |
| Other current receivable - net | 48 |  | 47 |
| Total Trade accounts receivable and  other current receivable - net | 12,115 |  | 21,468 |

The normal credit term granted by the Company is 30 - 60 days.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

Changes in the allowance for expected credit losses of trade accounts receivable and other current receivable as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | In Thousand Baht | | |
|  |  | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  |  | 2023 |  | 2022 |
| As at January 1, |  | 7,612 |  | 6,421 |
| Add Increase during the year |  | 235 |  | 1,703 |
| Bad debt |  | 1,921 |  | - |
| Less Reversal during the year |  | (5,101) |  | (512) |
| As at December 31, |  | 4,667 |  | 7,612 |

During the year 2023 and 2022, the allowance for expected credit losses decreased due to the return from customers and reversal of Baht 5.10 million and Baht 0.51 million, respectively.

# 6. Inventories

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  | 2023 |  | 2022 |
| Finished goods | 3,064 |  | 8,826 |
| Work in process | 1,769 |  | 2,075 |
| Raw materials | 8,952 |  | 10,219 |
| Supplies | 1,028 |  | 1,190 |
| Total | 14,813 |  | 22,310 |
| Less Allowance for obsolescence and decline |  |  |  |
| in value of inventories | (4,669) |  | (2,879) |
| Net | 10,144 |  | 19,431 |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

Changes in the allowance for obsolescence and decline as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  | 2023 |  | 2022 |
| As at January 1, | 2,879 |  | 4,936 |
| Add Increase during the year | 6,275 |  | 2,671 |
| Less Reversal during the year | (4,485) |  | (4,728) |
| As at December 31, | 4,669 |  | 2,879 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  | 2023 |  | 2022 |
| Decline in value of inventory and recognized as cost of  goods sold | 6,275 |  | 2,671 |
| Reversal of the decline in value of inventory | (4,485) |  | (4,728) |

There are allowances for declining in value of inventory during the years 2023 and 2022 due to the goods sold and production amounting to Baht 4.49 million and Baht 4.73 million, respectively.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

**7. Other current assets**

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied/ Separate financial statements | | |
|  | 2023 |  | 2022 |
| Accrued interest | 37 |  | 3 |
| Revenue department receivable | 59 |  | 70 |
| Prepaid expense | 756 |  | 865 |
| Input tax-not yet due | 62 |  | 90 |
| Withholding corporate income tax | 124 |  | 728 |
| Other | 41 |  | 5 |
| Total | 1,079 |  | 1,761 |

**8. Restricted deposit**

As at December 31, 2023 and 2022, the Company has fixed deposit with a financial institution of Baht 15.00 million and Baht 20.00 million, respectively, which carries interest rate at 0.30 - 1.15% and 0.15 - 0.50% per annum, respectively, and was guaranteed against the liabilities under trust receipt agreement as described in Note 14.

**9. Investment in associates**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | In Thousand Baht | | |
|  |  | Financial statements in which the equity method is applied | | |
|  |  | 2023 |  | 2022 |
| Net book value at the beginning of the year |  | 427,775 |  | 427,854 |
| Share of profit from investment accounted for using the equity method |  | 50,266 |  | 28,301 |
| Dividend income |  | (25,800) |  | (28,380) |
| Net book value at the end of the year |  | 452,241 |  | 427,775 |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

Investments in associated company as at December 31, 2023 and 2022 and dividend income for the years ended December 31, 2023 and 2022 are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Percentage | | |  | In Thousand Baht | | | | | | | | | | | | | | |
|  | Ownership interest | | |  | Paid-up capital | | |  | Cost method | | |  | Equity method | | |  | Dividend income | | |
|  | 2023 |  | 2022 |  | 2023 |  | 2022 |  | 2023 |  | 2022 |  | 2023 |  | 2022 |  | 2023 |  | 2022 |
| Associate |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Nava Nakorn Public Co., Ltd. |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| (“NNCL”) | 12.60 |  | 12.60 |  | 2,048,255 |  | 2,048,255 |  | 626,844 |  | 626,844 |  | 452,241 |  | 427,775 |  | 25,800 |  | 28,380 |

Share of profit (loss) of associates for the years ended December 31, 2023 and 2022, were as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied | | |
|  | 2023 |  | 2022 |
| Nava Nakorn Public Co., Ltd. | 50,266 |  | 28,301 |

Summarized financial information in respect of Nava Nakorn Public Co., Ltd. of the material associate;

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | In Thousand Baht | | |
|  | | Financial statements in which the equity method is applied | | |
|  |  | 2023 |  | 2022 |
| Current assets |  | 1,658,664 |  | 1,773,015 |
| Non-current assets |  | 2,858,031 |  | 2,552,181 |
| Current liabilities |  | 197,231 |  | 222,991 |
| Non-current liabilities |  | 709,530 |  | 790,504 |
| Revenue |  | 1,039,761 |  | 1,005,938 |
| Profit (loss) for the year |  | 399,065 |  | 216,898 |
| Total comprehensive income for the year |  | 399,065 |  | 224,673 |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

As at December 31, 2023 and 2022, the Company has ordinary shares in associate amounting to 258,000,000 shares, The Company’s share of investment in NNCL is 12.60%.

Investment in the associated company by the cost method for the separate financial statements is an investment in marketable securities which the Company has a purpose to invest for the long term. As at December 31, 2023, the closing price is Baht 1.95 per share, amounting in total to Baht 503.10 million.   
(As at December 31, 2022, the closing price is Baht 2.04 per share, amounting in total to Baht 526.32 million).

**10. Investment property**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | In Thousand Baht | | | | | |
|  | Financial statements in which the equity method is applied/  Separate financial statements | | | | | |
|  | Land |  | Building and constructions | |  | Total |
| **Cost** |  |  |  | |  |  |
| As at January 1, 2023 | 3,148 |  | 5,125 | |  | 8,273 |
| Additions | - |  | - | |  | - |
| Disposals | - |  | - | |  | - |
| As at December 31, 2023 | 3,148 |  | 5,125 | |  | 8,273 |
| Less Accumulated depreciation |  |  |  | |  |  |
| As at January 1, 2023 | - |  | 3,802 | |  | 3,802 |
| Depreciation charge for the year | - |  | - | |  | - |
| Disposals | - |  | - | |  | - |
| As at December 31, 2023 | - |  | 3,802 |  | | 3,802 |
| **Less Allowance for impairment** |  |  |  |  | |  |
| As at January 1, 2023 | 3,148 |  | 1,323 |  | | 4,471 |
| Allowance for impairment for the year | - |  | - |  | | - |
| As at December 31, 2023 | 3,148 |  | 1,323 |  | | 4,471 |
| **Net book value** |  |  |  |  | |  |
| As at December 31, 2023 | - |  | - | |  | - |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | In Thousand Baht | | | | | |
|  | Financial statements in which the equity method is applied/  Separate financial statements | | | | | |
|  | Land |  | Building and constructions | |  | Total |
| **Cost** |  |  |  | |  |  |
| As at January 1, 2022 | 3,148 |  | 5,125 | |  | 8,273 |
| Additions | - |  | - | |  | - |
| Disposals | - |  | - | |  | - |
| As at December 31, 2022 | 3,148 |  | 5,125 | |  | 8,273 |
| Less Accumulated depreciation |  |  |  | |  |  |
| As at January 1, 2022 | - |  | 3,802 | |  | 3,802 |
| Depreciation charge for the year | - |  | - | |  | - |
| Disposals | - |  | - | |  | - |
| As at December 31, 2022 | - |  | 3,802 |  | | 3,802 |
| **Less Allowance for impairment** |  |  |  |  | |  |
| As at January 1, 2022 | 3,148 |  | 1,323 |  | | 4,471 |
| Allowance for impairment for the year | - |  | - |  | | - |
| As at December 31, 2022 | 3,148 |  | 1,323 |  | | 4,471 |
| **Net book value** |  |  |  |  | |  |
| As at December 31, 2022 | - |  | - | |  | - |

Investment property of the Company is the land and clubhouse building of a housing project held by the Company. Presently, the Company cannot benefit from its use. Such factor is an impairment indication. resulting in the setting of an allowance for impairment loss in full amount.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

**11. Property, plant and equipment**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | In Thousand Baht | | | | | | | | | | | | |
|  | Financial statements in which the equity method is applied/Separate financial statements | | | | | | | | | | | | |
|  | Land |  | Land |  | Machinery |  | Furniture and |  | Vehicles |  | Assets under |  | Total |
|  |  |  | improvements, |  | and |  | office |  |  |  | installation |  |  |
|  |  |  | buildings and |  | equipment |  | equipment |  |  |  |  |  |  |
|  |  |  | constructions |  |  |  |  |  |  |  |  |  |  |
| **Cost** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| As at January 1, 2023 | 27,223 |  | 142,097 |  | 99,308 |  | 21,726 |  | 20,697 |  | - |  | 311,051 |
| Additions | - |  | 27 |  | 93 |  | 119 |  | - |  | 600 |  | 839 |
| Transfers | - |  | - |  | 600 |  | - |  | - |  | (600) |  | - |
| Disposals/discontinuation | - |  | - |  | (5,384) |  | - |  | (4,637) |  | - |  | (10,021) |
| As at December 31, 2023 | 27,223 |  | 142,124 |  | 94,617 |  | 21,845 |  | 16,060 |  | - |  | 301,869 |
| **Less Accumulated depreciation** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| As at January 1, 2023 | - |  | 80,031 |  | 55,126 |  | 20,723 |  | 15,508 |  | - |  | 171,388 |
| Depreciation charge for the year | - |  | 6,577 |  | 9,477 |  | 377 |  | 280 |  | - |  | 16,711 |
| Transfers | - |  | - |  | - |  | - |  | - |  | - |  | - |
| Disposals/discontinuation | - |  | - |  | (4,772) |  | - |  | (4,060) |  | - |  | (8,832) |
| As at December 31, 2023 | - |  | 86,608 |  | 59,831 |  | 21,100 |  | 11,728 |  | - |  | 179,267 |
| **Less Allowance for impairment** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| As at January 1, 2023 | - |  | - |  | 2,031 |  | - |  | - |  | - |  | 2,031 |
| Allowance for impairment for the year | - |  | - |  | 17,191 |  | - |  | 1,553 |  | - |  | 18,744 |
| As at December 31, 2023 | - |  | - |  | 19,222 |  | - |  | 1,553 |  | - |  | 20,775 |
| **Net book value** |  |  |  |  |  |  |  |  |  |  |  |  |  |
| As at December 31, 2023 | 27,223 |  | 55,516 |  | 15,564 |  | 745 |  | 2,779 |  | - |  | 101,827 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | In Thousand Baht | | | | | | | | | | | |
|  | Financial statements in which the equity method is applied/Separate financial statements | | | | | | | | | | | |
|  | Land |  | Land |  | Machinery |  | Furniture and |  | Vehicles |  | | Total |
|  |  |  | improvements, |  | and |  | office |  |  |  | |  |
|  |  |  | buildings and |  | equipment |  | equipment |  |  |  | |  |
|  |  |  | constructions |  |  |  |  |  |  |  | |  |
| **Cost** |  |  |  |  |  |  |  |  |  |  | |  |
| As at January 1, 2022 | 27,223 |  | 142,097 |  | 163,333 |  | 21,408 |  | 30,997 |  | | 385,058 |
| Additions | - |  | - |  | 125 |  | 390 |  | - |  | | 515 |
| Transfers | - |  | - |  | (32,093) |  | - |  | - |  | | (32,093) |
| Disposals/discontinuation | - |  | - |  | (32,057) |  | (72) |  | (10,300) |  | | (42,429) |
| As at December 31, 2022 | 27,223 |  | 142,097 |  | 99,308 |  | 21,726 |  | 20,697 |  | | 311,051 |
| **Less Accumulated depreciation** |  |  |  |  |  |  |  |  |  |  | |  |
| As at January 1, 2022 | - |  | 73,239 |  | 93,712 |  | 20,367 |  | 22,797 |  | | 210,115 |
| Depreciation charge for the year | - |  | 6,792 |  | 11,305 |  | 428 |  | 1,111 |  | | 19,636 |
| Transfers | - |  | - |  | (28,226) |  | - |  | - |  | | (28,226) |
| Disposals/discontinuation | - |  | - |  | (21,665) |  | (72) |  | (8,400) |  | | (30,137) |
| As at December 31, 2022 | - |  | 80,031 |  | 55,126 |  | 20,723 |  | 15,508 |  | | 171,388 |
| **Less Allowance for impairment** |  |  |  |  |  |  |  |  |  |  |  | |
| As at January 1, 2022 | - |  | - |  | - |  | - |  | - |  | - | |
| Allowance for impairment for the year | - |  | - |  | 2,031 |  | - |  | - |  | 2,031 | |
| As at December 31, 2022 | - |  | - |  | 2,031 |  | - |  | - |  | 2,031 | |
| **Net book value** |  |  |  |  |  |  |  |  |  |  |  | |
| As at December 31, 2022 | 27,223 |  | 62,066 |  | 42,151 |  | 1,003 |  | 5,189 |  | 137,632 | |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

Amounts recognized in the statement of comprehensive income for the years ended December 31, 2023 and 2022 as follow

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied / Separate financial statements | | |
|  | 2023 |  | 2022 |
| Depreciation | 16,711 |  | 19,636 |
| Loss on disposal of assets | 107 |  | 1,167 |
| Loss on impairment of assets | 18,744 |  | 2,031 |

As at December 31, 2023, the gross carrying amount of the fully depreciated property, plant and equipment of the Company still in use amounted to Baht 72.92 million (As at December 31, 2022 : Baht 59.02 million).

During the year 2022 the Company transferred the machinery and equipment to non-current assets classified as assets held for sale at net carrying value Baht 3.87 million. As at December 31, 2022 the Company sold the machinery and equipment in the full amount.

**12.** **Right-of-use assets**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | In Thousand Baht | | | | | | | | |
|  | Financial statements in which the equity method is applied/Separate financial statements | | | | | | | | |
|  | As at |  | Transactions during the year | | | | |  | As at |
|  | January  1, 2023 |  | Addition |  | Change in conditions/ written-off |  | Transfer-in  (Transfer-out) |  | December  31, 2023 |
| At cost |  |  |  |  |  |  |  |  |  |
| Building | 923 |  | 1,507 |  | - |  | - |  | 2,430 |
| Equipment factory | 2,940 |  | - |  | (1,808) |  | - |  | 1,132 |
| Vehicles | 14,704 |  | - |  | (11,504) |  | - |  | 3,200 |
| Total | 18,567 |  | 1,507 |  | (13,312) |  | - |  | 6,762 |
| Less Accumulateddepreciation |  |  |  |  |  |  |  |  |  |
| Building | 690 |  | 233 |  | - |  | - |  | 923 |
| Equipment factory | 1,851 |  | 618 |  | (1,808) |  | - |  | 661 |
| Vehicles | 8,148 |  | 1,514 |  | (8,369) |  | - |  | 1,293 |
| Total | 10,689 |  | 2,365 |  | (10,177) |  | - |  | 2,877 |
| Right-of-use assets - net | 7,878 |  |  |  |  |  |  |  | 3,885 |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | In Thousand Baht | | | | | | | | |
|  | Financial statements in which the equity method is applied/Separate financial statements | | | | | | | | |
|  | As at |  | Transactions during the year | | | | |  | As at |
|  | January  1, 2022 |  | Addition |  | Change in conditions/ written-off |  | Transfer-in  (Transfer-out) |  | December  31, 2022 |
| At cost |  |  |  |  |  |  |  |  |  |
| Building | 923 |  | - |  | - |  | - |  | 923 |
| Equipment factory | 2,940 |  | - |  | - |  | - |  | 2,940 |
| Vehicles | 13,225 |  | 1,479 |  | - |  | - |  | 14,704 |
| Total | 17,088 |  | 1,479 |  | - |  | - |  | 18,567 |
| Less Accumulateddepreciation |  |  |  |  |  |  |  |  |  |
| Building | 458 |  | 232 |  | - |  | - |  | 690 |
| Equipment factory | 1,152 |  | 699 |  | - |  | - |  | 1,851 |
| Vehicles | 5,972 |  | 2,176 |  | - |  | - |  | 8,148 |
| Total | 7,582 |  | 3,107 |  | - |  | - |  | 10,689 |
| Right-of-use assets - net | 9,506 |  |  |  |  |  |  |  | 7,878 |

The Company lease several assets including office buildings, equipment factory and vehicles of which average lease term during 5 - 6 years.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

# 13. Intangible assets

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which  the equity method is applied/  Separate financial statements | | |
|  | 2023 |  | 2022 |
| **Computer software - Cost** |  |  |  |
| As at January 1, | 4,950 |  | 4,950 |
| Additions | 6 |  | - |
| Disposals/discontinuation | - |  | - |
| As at December 31, | 4,956 |  | 4,950 |
| **Less Accumulated amortisation** |  |  |  |
| As at January 1, | 4,475 |  | 4,242 |
| Amortisation charge for the year | 84 |  | 233 |
| Disposals/discontinuation | - |  | - |
| As at December 31, | 4,559 |  | 4,475 |
| **Net book value** |  |  |  |
| As at December 31, | 397 |  | 475 |
| Amortisation for the year | 84 |  | 233 |

As at December 31, 2023, the gross carrying amount of the fully amortisation computer software of the Company still in use amounted to Baht 4.16 million (As at December 31, 2022 : Baht 4.10 million).

**14. Short-term loan from financial institution**

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied/ Separate financial statements | | |
|  | 2023 |  | 2022 |
| Trust receipt agreement | 7,921 |  | 15,241 |

Short-term loan from financial institution

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Credit line (Million Baht) | | |  |  |  |  |  |  |  |  |
|  |  | 2023 |  | 2022 |  | Purpose |  | Interest rate |  | Payment term |  | Guarantee |
| Liabilities under trust receipt agreement |  | 15 |  | 20 |  | To pay for raw material purchase |  | 1.15% - 2.15% per annum  (2022 : 1.15% - 1.30% per annum) |  | - Interest payment within 90 - 120 days |  | Fixed deposit account with a financial institution |
|  |  | 15 |  | 20 |  |  |  |  |  |  |  |  |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

Secured interest-bearing liabilities were secured on the following assets:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | In Million Baht | | |
|  |  |  | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  |  |  | 2023 |  | 2022 |
| Fixed deposit |  |  | 15.00 |  | 20.00 |

**15. Trade accounts payable and other current payable**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | | | In Thousand Baht | | |
|  |  | | | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  | Note | | | 2023 |  | 2022 |
| Trade accounts payable |  | | |  |  |  |
| Related parties | 3 | | | - |  | 2,928 |
| Other parties |  | | | 18,728 |  | 17,760 |
| Total |  | | | 18,728 |  | 20,688 |
| Other current payable |  | | |  |  |  |
| Related parties | 3 | | | 33 |  | 69 |
| Other parties |  | | | 2,516 |  | 2,402 |
| Accrued expenses - other parties |  | | | 2,652 |  | 889 |
| Advance received from goods |  | | | 511 |  | 493 |
| Other |  | | | 26 |  | 77 |
| Total | |  | | 5,738 |  | 3,930 |
| Total trade accounts payable and other current payable | | |  | 24,466 |  | 24,618 |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

**16. Lease liabilities**

The carrying amounts of lease liabilities and the movement for the year ended December 31, 2023 and 2022 are presented below.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | In Thousand Baht | | |
|  |  | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  |  | 2023 |  | 2022 |
| As at January 1, |  | 4,727 |  | 6,260 |
| Addition |  | 1,507 |  | 1,479 |
| Accretion of interest |  | 192 |  | 329 |
| Payments |  | (2,124) |  | (3,341) |
| Decrease from lease agreement cancellation |  | (1,290) |  | - |
| As at December 31, |  | 3,012 |  | 4,727 |
| Less current portion |  | (739) |  | (2,154) |
| Lease liabilities-net of current portion |  | 2,273 |  | 2,573 |

Amounts recognized in the statement of comprehensive income for the years ended December 31, 2023 and 2022 are comprise;

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which  the equity method is applied/ Separate financial statements | | |
|  | 2023 |  | 2022 |
| Depreciation - right-of-use assets | 2,365 |  | 3,107 |
| Interest expenses | 192 |  | 329 |
|  | 2,557 |  | 3,436 |

For the years ended December 31, 2023 and 2022, the total cash outflow for leases on financial statements in which the equity method is applied and separated financial statements amount to Baht 2.12 million and Baht 3.34 million, respectively.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

**17. Deferred tax assets and liabilities**

As at December 31, 2023, the Company has the accumulated tax losses that have not been used from year 2018 at the amount of Baht 478.38 million which the Company does not record such deferred tax assets from losses as there is uncertainty that the Company will have sufficient taxable profits enough to be utilized of deferred tax assets.

**18. Non-current provision for employee benefits** **liabilities**

Movement of non-current provision for employee benefits liabilities for the years ended December 31, 2023 and 2022 shown as follow :-

**The statement of financial position**

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  | 2023 |  | 2022 |
| Non-current provision for employee benefits liabilities, balance forward | 3,803 |  | 9,023 |
| Current cost of service and interest | 576 |  | 644 |
| Paid during the year | (351) |  | (4,599) |
| Adjusted the services cost due to the cancelled employment | (1,946) |  | - |
| Profit on estimation over actuarial principles | (1,460) |  | (1,265) |
| Non-current provision for employee benefits liabilities, ending forward | 622 |  | 3,803 |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

**Expenses recognized in the statement of comprehensive income**

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  | For the year ended December 31, | | |
|  | 2023 |  | 2022 |
| **Recognized in statement of comprehensive income** |  |  |  |
| Current service costs |  |  |  |
| Cost of sales | 141 |  | 144 |
| Distribution costs | 44 |  | 54 |
| Administrative expenses | 111 |  | 160 |
| Management benefit expenses | 180 |  | 223 |
| Finance costs | 100 |  | 63 |
| Total | 576 |  | 644 |
| **Recognized in other comprehensive income** | |  |  |  |
| Profit on estimation over actuarial principles | | (1,460) |  | (1,265) |
| Total | | (1,460) |  | (1,265) |
| Total | | (884) |  | (621) |

Gain from the estimate based on actuarial principles recognized in the other comprehensive income for the year ended December 31, 2023 and 2022 arise from

|  |  |  |  |
| --- | --- | --- | --- |
| **Recognized in other comprehensive income** | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  | For the year ended December 31, | | |
|  | 2023 |  | 2022 |
| Improvement from experience | (1,461) |  | (954) |
| Financial assumption | 1 |  | (311) |
| Total | (1,460) |  | (1,265) |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

18.1 Principal actuarial assumptions at the reporting date

|  |  |  |  |
| --- | --- | --- | --- |
|  | % per annum | | |
|  | Financial statements in which the  equity method is applied/  Separate financial statements | | |
|  | 2023 |  | 2022 |
| Discount rate | 2.74 |  | 2.75 |
| Inflation rate | 3.00 |  | 3.00 |
| Salary increase rate | 4.00 |  | 4.00 |
| Employee turnover rate (depending on age) | 7.64 - 45.84 |  | 7.64 - 45.84 |
| Mortality rate | 105 of Thai mortality table 2017 |  | 105 of Thai mortality table 2017 |

18.2 Sensitivity analysis

Change in each assumption that relates to the estimate based on actuarial principles that may be reasonably possible as at the reporting date with other assumptions fixed will affect the obligations required in the following amounts:

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  | Increase |  | Decrease |
| Defined benefit obligation December 31, 2023 |  |  |  |
| Discount rate (percentage of change 1.0) | (47) |  | 53 |
| Future salary increase rate (percentage of change 1.0) | 51 |  | (47) |
| Staff turnover rate (percentage of change 20) | (83) |  | 100 |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

|  |  |  |  |
| --- | --- | --- | --- |
|  | In Thousand Baht | | |
|  | Financial statements in which the equity method is applied/  Separate financial statements | | |
|  | Increase |  | Decrease |
| Defined benefit obligation December 31, 2022 |  |  |  |
| Discount rate (percentage of change 1.0) | (262) |  | 293 |
| Future salary increase rate (percentage of change 1.0) | 286 |  | (261) |
| Staff turnover rate (percentage of change 20) | (464) |  | 566 |

# 19. Capital management

The primary objective of the Company’s capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

According to the financial statement in which the equity method is applied position as at December 31, 2023 and 2022, the Company’s debt-to-equity ratios were 0.06 and 0.08, respectively. (The Separate financial statements 0.05 and 0.06, respectively.)

# 20. Segment information

Segment information is presented in respect of the Company’s business segment. The primary format, business segment is based on the Company’s management and internal reporting structure.

Segment assets revenues include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The company comprises of two business segments that are manufacturing and sales of packaging products made from plastic and investments business and carried on in the single geographical area in Thailand. Segment performance is considered by revenue and gross profit, and is also measured based on the group operating profit or loss, on a basis consistent with used to measure operating profit or loss in the financial statement. Information relating to business segments, in the Company’s financial statements for the year end December 31, 2023 and 2022 were as follows:

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Financial statements in which the Equity method is applied (In Thousand Baht) | | | | | | | | | | |
|  | Manufacturing and sales of packaging products | | |  | Investment | | |  | Total | | |
|  | 2023 |  | 2022 |  | 2023 |  | 2022 |  | 2023 |  | 2022 |
| Revenue from sale | 126,564 |  | 282,224 |  | - |  | - |  | 126,564 |  | 282,224 |
| Cost of sales and expenses | (216,853) |  | (369,626) |  | - |  | - |  | (216,853) |  | (369,626) |
| Profit (loss) from operations | (90,289) |  | (87,402) |  | - |  | - |  | (90,289) |  | (87,402) |
| Share of profit (loss) from investment in |  |  |  |  |  |  |  |  |  |  |  |
| an associated company |  |  |  |  | 50,266 |  | 27,321 |  | 50,266 |  | 27,321 |
| Other income |  |  |  |  |  |  |  |  | 2,647 |  | 4,086 |
| Finance costs |  |  |  |  |  |  |  |  | (439) |  | (602) |
| Income tax (revenue) expense |  |  |  |  |  |  |  |  | - |  | - |
| Profit (loss) for the year |  |  |  |  |  |  |  |  | (37,815) |  | (56,597) |

Assets as at December 31, 2023 and 2022

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Financial statements in which the Equity method is applied (In Thousand Baht) | | | | | | | | | | |
|  | Manufacturing and sales of packaging products | | |  | Investment | | |  | Total | | |
|  | 2023 |  | 2022 |  | 2023 |  | 2022 |  | 2023 |  | 2022 |
| Trade account receivable and other current receivable | 12,115 |  | 21,468 |  | - |  | - |  | 12,115 |  | 21,468 |
| Inventories | 10,144 |  | 19,431 |  | - |  | - |  | 10,144 |  | 19,431 |
| Restricted bank deposits | 15,000 |  | 20,000 |  | - |  | - |  | 15,000 |  | 20,000 |
| Investment in associated company | - |  | - |  | 452,241 |  | 427,775 |  | 452,241 |  | 427,775 |
| Property, plant and equipment | 101,827 |  | 137,632 |  | - |  | - |  | 101,827 |  | 137,632 |
| Other | 11,965 |  | 25,759 |  | - |  | - |  | 11,965 |  | 25,759 |
| Total assets | 151,051 |  | 224,290 |  | 452,241 |  | 427,775 |  | 603,292 |  | 652,065 |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

**21. Other income**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | In Thousand Baht | | |
|  | | Financial statements in which  the equity method is applied/  Separate financial statements | | |
|  |  | For the years ended December 31, | | |
|  |  | 2023 |  | 2022 |
| Revenue from sale of supplies |  | 218 |  | - |
| Revenue from sale of scrap and waste products |  | 247 |  | 123 |
| Interest income |  | 122 |  | 65 |
| Building rental income |  | 1,506 |  | 955 |
| Money return from the fund |  | 62 |  | 63 |
| Gain on disposal of assets |  | - |  | 2,289 |
| Others |  | 492 |  | 591 |
| Total |  | 2,647 |  | 4,086 |

**22. Expenses by nature**

Significant expenses by nature are as follow :

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | In Thousand Baht | | |
|  | | Financial statements in which  the equity method is applied/  Separate financial statements | | |
|  |  | For the years ended December 31, | | |
|  |  | 2023 |  | 2022 |
| Changes in finished goods and work in process |  | 6,068 |  | 12,729 |
| Raw material used |  | 80,086 |  | 147,371 |
| Depreciation and amortisation |  | 19,200 |  | 23,016 |
| Employee benefit expenses |  | 30,809 |  | 45,507 |
| Management benefit expenses |  | 7,339 |  | 13,312 |
| Retirement employee benefit |  | 576 |  | 644 |
| Loss on impairment of assets |  | 18,744 |  | 2,031 |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

The employee benefit expenses consisted of salary, incentive, social security, provident fund and welfare.

Management benefit expenses represents the benefits paid to the Company’s management such as salaries and related benefit including the benefit paid by other means. The Company’s management is the persons who are defined under the Securities and Exchange Act.

**23. Provident fund**

The Company has established a contributory provident fund for its employees. Membership to the fund is on a voluntary basis. Contributions are made monthly by the employees and the Company at the rate of 3% and 5% of the employees’ basic salaries. The provident fund is registered with the Provident Fund Act and is managed by a licensed Fund Manager.

The Company contribution for the years ended December 31, 2023 and 2022 amounted to Baht 0.71 million and Baht 0.81 million, respectively.

**24. Earnings (loss) per share**

Basic earnings (loss) per share for the years ended December 31, 2023 and 2022 is calculated by dividing profit (loss) for the years by the weighted average number of ordinary shares which are issued during the years as follows :

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Financial statements in which | | |  | Separate financial statements | | |
|  | the equity method is applied | | |  |  | | |
|  | 2023 |  | 2022 |  | 2023 |  | 2022 |
| Profit (loss) for the year (Thousand Baht) | (37,815) |  | (56,597) |  | (62,281) |  | (55,538) |
| Weighted average number of ordinary |  |  |  |  |  |  |  |
| shares (Thousand shares) | 2,325,381 |  | 2,325,381 |  | 2,325,381 |  | 2,325,381 |
| Basic earnings (loss) per share   (Baht per share) | (0.016) |  | (0.024) |  | (0.027) |  | (0.024) |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

**25. Financial instruments**

## Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not hold or issue any derivative financial instruments for speculative or trading purposes.

## Interest rate risk

Interest rate risk means the risk that arises from the change in interest rates in the market in the future which has impact on the Company’s operation and cash flow. The Company has interest risk that arises from deposit at the financial institution, temporary investment, bank overdraft and liabilities under the financial lease agreement which mostly bear floating interest rate. However, the Company does not use any financial derivative to hedge against such risk.

## As at December 2023 and 2022, the significant financial assets and financial liabilities classified by types of interest rates were as follows:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | In Thousand Baht | | | | | | | | |
|  | Financial statements in which the equity method is applied/Separate financial statements | | | | | | | | |
|  | Book Valve as at December 31, 2023 | | | | | | | | |
|  | Interest rate |  | Floating |  | Fixed |  | Interest |  | Total |
|  | (Percentage per year) |  | interest rate |  | interest rate |  | - free |  |  |
| Financial assets |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | 0.50 - 0.70 |  | 3,957 |  | - |  | 434 |  | 4,391 |
| Restricted bank deposits | 0.30 - 1.15 |  | - |  | 15,000 |  | - |  | 15,000 |
| Financial liabilities |  |  |  |  |  |  |  |  |  |
| Short-term loan from financial institutions | 1.15 - 2.15 |  | - |  | 7,921 |  | - |  | 7,921 |
| Lease liabilities | 2.31 - 9.55 |  | - |  | 3,012 |  | - |  | 3,012 |

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | In Thousand Baht | | | | | | | | |
|  | Financial statements in which the equity method is applied/Separate financial statements | | | | | | | | |
|  | Book Valve as at December 31, 2022 | | | | | | | | |
|  | Interest rate |  | Floating |  | Fixed |  | Interest |  | Total |
|  | (Percentage per year) |  | interest rate |  | interest rate |  | - free |  |  |
| Financial assets |  |  |  |  |  |  |  |  |  |
| Cash and cash equivalents | 0.10 - 0.20 |  | 11,481 |  | - |  | 605 |  | 12,086 |
| Restricted bank deposits | 0.15 - 0.50 |  | - |  | 20,000 |  | - |  | 20,000 |
| Financial liabilities |  |  |  |  |  |  |  |  |  |
| Short-term loan from financial institutions | 1.15 - 1.30 |  | - |  | 15,241 |  | - |  | 15,241 |
| Lease liabilities | 2.31 - 6.875 |  | - |  | 4,727 |  | - |  | 4,727 |

## Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Company as when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit analysis is performed on all customers requiring credit over a certain amount. At the statement of financial position date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of customers comprising the Company’s customer base, the management does not anticipate material losses from its debt collection.

## Liquidity risk

As at December 31, 2023, the Company is exposed to operating risks as discussed in Note 1 (b).

## Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm’s length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle liabilities of the underlying financial instrument.

The Company uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

Fair value hierarchy

Level 1 - Use of quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Use of inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (e.g. prices) or indirectly (e.g. derived from prices).

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

As at December 31, 2023, the Company cannot make benefit from the use of investment property which has been considered to provide an allowance for impairment as mentioned in Note 10.

## Classification and measurement the financial assets and liabilities

On December 31, 2023 and 2022, the financial assets and liabilities held by the Company and its subsidiaries were classified the financial assets and liabilities as amortized cost.

**26. Reconciliation of liabilities arising from financing activities**

Changes in the liabilities arising from financing activities for the years ended December 31, 2023 and 2022 are as follows:

|  |  |  |  |  |  |  | Unit : Thousand Baht | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied /  Separated financial statements | | | | | | | | |
|  | As at |  | Cash flows |  | Non-cash transaction | | |  | As at |
|  | January 1, |  | Increase |  | Increase |  | Decrease |  | December 31, |
|  | 2023 |  | (decrease)\* |  |  |  |  |  | 2023 |
| Short-term borrowings from financial institutions | 15,241 |  | (7,320) |  | - |  | - |  | 7,921 |
| Lease liabilities | 4,727 |  | (2,124) |  | 1,699 |  | (1,290) |  | 3,012 |
| Total | 19,968 |  | (9,444) |  | 1,699 |  | (1,290) |  | 10,933 |

|  |  |  |  |  |  |  | Unit : Thousand Baht | | |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Financial statements in which the equity method is applied /  Separated financial statements | | | | | | | | |
|  | As at |  | Cash flows |  | Non-cash transaction | | |  | As at |
|  | January 1, |  | Increase |  | Increase |  | Decrease |  | December 31, |
|  | 2022 |  | (decrease)\* |  |  |  |  |  | 2022 |
| Short-term borrowings from financial institutions | 18,678 |  | (3,437) |  | - |  | - |  | 15,241 |
| Lease liabilities | 6,260 |  | (3,341) |  | 1,808 |  | - |  | 4,727 |
| Total | 24,938 |  | (6,778) |  | 1,808 |  | - |  | 19,968 |

\* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

**NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2023**

**27. Commitments and contingent liabilities**

As at December 31, 2023, the Company had commitments relating to the purchase of goods for trading under the memorandums and purchase of goods agreements with various companies. The price and trading conditions are as specified in the said memorandum and agreements in the amount of Baht 1.66 million (inclusive of VAT).

**28. Important matters**

The Board of Directors’ Meeting of NEP Realty and Industry Public Company Limited (the "Company") No. 18/2023 held on December 21, 2023, it was resolved to approve the principles of the 2024 annual business plan, which is the termination plan for the production and distribution of plastic sacks and flexible packaging products and the layoff of employees in all production lines, including marketing and sales division, some support lines, including selling of assets, machinery, equipment, vehicles, and raw materials that are not in use. The Company has a plan to stop operations in businesses that are making losses and reduce the size of the organizational structure to clearly reduce fixed costs so that the Company has positive cash flow and there will be cash from the sale of assets to be used as working capital for the new business plan in the future.

Later, the Board of Directors’ Meeting of NEP Realty and Industry Public Company Limited   
(the “Company”) No. 1/2024 held on January 18, 2024, it was resolved to acknowledge the progress report of solving the loss problem in accordance with the 2024 Annual Business Plan. The action plans are as follows :

* Announcement of the termination of the production and distribution line of plastic sacks and flexible packaging products, signed on January 9, 2024.
* End of the production process from February 23, 2024 onwards.
* Lay off employees in all lines of work: marketing and sales division and some supporting departments, totaling 108 people with Group 1 ending on February 24, 2024, totaling 75 people, Group 2 ending on March 24, 2024, totaling 12 people, Group 3 ending on May 1, 2024, totaling 21 people.
* Open for bidding and selling assets that are machinery, equipment, vehicles, and raw materials that are not in use and announce on the Company’s website from January 19, 2024 - February 20, 2024 by opening the auction envelope on February 20, 2024 and announcing the auction price winner on March 1, 2024.
* Announcement of areas and factory buildings for rent in March - April 2024.
* Study of new business with long - term potential for further investment within 2024.

**29. Authorization of financial statements**

These financial statements were authorized for issue by the Board of Directors of the Company on February 28, 2024.