

S. Khonkaen Foods Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2023

Independent Auditor's Report

To the Shareholders of S. Khonkaen Foods Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of S. Khonkaen Foods Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of S. Khonkaen Foods Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of S. Khonkaen Foods Public Company Limited and its subsidiaries and of S. Khonkaen Foods Public Company Limited as at 31 December 2023, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue recognition

The revenue from sales is the most significant amount in the statement of income and is also the key indicator of business performance on which the users of financial statements focus. In addition, the Group has a large customer base. Therefore, I focused on my audit on the occurrence of the revenue from sales.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's IT system and its internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Applying a sampling method to select sales and service agreements to assess whether revenue recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Reviewing credit notes that the Group issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period.

Other information

Management is responsible for the other information. The other information comprises the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 27 February 2024

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2023

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Assets					
Current assets					
Cash and cash equivalents	7	161,525,388	186,781,337	79,392,181	88,171,033
Trade and other receivables	6, 8	532,061,978	524,349,772	462,580,367	458,184,936
Short-term loans to subsidiaries	6	-	-	190,960,000	10,500,000
Short-term loans to other companies	9	7,900,370	10,934,820	-	-
Inventories	10	302,527,717	384,089,847	176,354,790	235,120,449
Current biological assets	17	67,199,859	90,814,931	-	-
Other current assets		24,879,900	27,351,323	12,875,402	15,533,569
Total current assets		1,096,095,212	1,224,322,030	922,162,740	807,509,987
Non-current assets					
Restricted bank deposits	11	1,520,753	1,515,361	-	-
Long-term loans to subsidiary	6	-	-	-	74,090,487
Long-term loans to other companies	9	2,000,000	-	-	-
Investments in subsidiaries	12	-	-	558,988,048	537,612,073
Investments in joint ventures	13	3,330,593	-	-	-
Investment properties	14	584,744,604	665,707,409	395,903,866	398,499,071
Property, plant and equipment	15	1,145,562,400	1,081,679,338	509,377,920	483,120,255
Right-of-use assets	16	86,491,467	100,609,872	69,522,192	84,409,154
Non-current biological assets	17	13,775,443	9,844,856	-	-
Intangible assets	18	29,484,553	6,899,863	8,944,250	3,005,260
Other non-current assets		14,903,752	8,012,725	6,203,264	6,220,527
Total non-current assets		1,881,813,565	1,874,269,424	1,548,939,540	1,586,956,827
Total assets		2,977,908,777	3,098,591,454	2,471,102,280	2,394,466,814

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2023

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	19	688,638,230	545,000,000	615,000,000	455,000,000
Trade and other payables	6, 20	357,221,850	381,270,348	226,117,989	258,711,207
Current portion of lease liabilities	16	11,610,338	13,162,261	7,316,066	10,274,991
Short-term loan from the subsidiary	6	-	-	65,000,000	-
Current portion of long-term loans	21	109,108,954	157,257,327	86,839,836	95,552,186
Income tax payable		11,304,184	24,769,649	-	-
Other current liabilities		26,591,101	41,260,887	23,503,642	17,787,660
Total current liabilities		1,204,474,657	1,162,720,472	1,023,777,533	837,326,044
Non-current liabilities					
Lease liabilities, net of current portion	16	82,176,525	92,740,159	68,733,807	78,227,317
Long-term loans, net of current portion	21	266,606,452	453,568,553	229,510,775	405,775,643
Deferred tax liabilities	26	22,936,320	24,315,485	17,717,188	11,407,765
Provisions for long-term employee bene	22	90,021,249	87,701,497	51,340,850	53,102,377
Other non-current liabilities		1,709,761	1,903,174	1,566,100	1,306,230
Total non-current liabilities		463,450,307	660,228,868	368,868,720	549,819,332
Total liabilities		1,667,924,964	1,822,949,340	1,392,646,253	1,387,145,376

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Shareholders' equity					
Share capital					
Registered	23				
339,392,500 ordinary shares of Baht 1 each					
(2022: 323,400,000 ordinary shares					
of Baht 1 each)		339,392,500	323,400,000	339,392,500	323,400,000
Issued and paid-up					
323,400,000 ordinary shares of Baht 1 each		323,400,000	323,400,000	323,400,000	323,400,000
Share premium		50,281,000	50,281,000	50,281,000	50,281,000
Share premium on treasury stock		37,552,153	37,552,153	-	-
Retained earnings					
Appropriated - statutory reserve	24	32,340,000	32,340,000	32,340,000	32,340,000
Unappropriated		674,374,268	652,047,643	537,031,468	465,896,879
Other components of shareholders' equity		181,658,591	182,197,935	135,403,559	135,403,559
Equity attributable to owners of the Company		1,299,606,012	1,277,818,731	1,078,456,027	1,007,321,438
Non-controlling interests of the subsidiaries		10,377,801	(2,176,617)	-	-
Total shareholders' equity		1,309,983,813	1,275,642,114	1,078,456,027	1,007,321,438
Total liabilities and shareholders' equity		2,977,908,777	3,098,591,454	2,471,102,280	2,394,466,814
		-	-	-	-

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

Director

Director

S. Khonkaen Foods Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2023

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Revenues					
Sales		3,082,918,176	3,172,476,826	1,761,038,523	1,731,334,616
Revenue from rental and service		12,819,575	10,699,683	12,819,575	10,699,683
Dividend income	6, 12	-	-	75,002,717	76,499,966
Gain on sales of assets		30,866,633	-	9,988,054	-
Other income		36,553,296	33,077,828	29,447,385	23,387,387
Total revenues		3,163,157,680	3,216,254,337	1,888,296,254	1,841,921,652
Expenses					
Cost of sales		2,331,377,376	2,408,836,722	1,314,186,509	1,375,560,744
Cost of rental and service		25,751,382	24,974,234	25,751,382	24,974,234
Selling and distribution expenses		320,752,602	326,476,747	199,857,194	205,328,831
Administrative expenses		340,495,048	294,186,242	208,533,585	182,037,416
Loss on change in fair value less cost to sale of biological assets	17	29,057,412	14,642,997	-	-
Total expenses		3,047,433,820	3,069,116,942	1,748,328,670	1,787,901,225
Operating profit		115,723,860	147,137,395	139,967,584	54,020,427
Share of loss from investments in joint ventures	13	(4,327,679)	-	-	-
Loss on impairment of investments in joint ventures	13	(1,451,252)	-	-	-
Interest income		940,300	120,311	4,613,604	2,645,027
Finance cost		(39,595,285)	(30,465,370)	(34,797,175)	(24,344,401)
Profit before tax expense		71,289,944	116,792,336	109,784,013	32,321,053
Tax income (expense)	26	(20,996,277)	(19,213,185)	(6,309,424)	9,508,616
Profit for the year		50,293,667	97,579,151	103,474,589	41,829,669
Profit attributable to:					
Equity holders of the Company		54,666,625	101,483,447	103,474,589	41,829,669
Non-controlling interests of the subsidiaries		(4,372,958)	(3,904,296)		
		50,293,667	97,579,151		
Earnings per share					
Basic earnings per share	27				
Profit attributable to equity holders of the Company		0.17	0.31	0.32	0.13

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2023

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Profit for the year		50,293,667	97,579,151	103,474,589	41,829,669
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(539,344)	(109,424)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Changes in revaluation of assets					
- net of income tax	15	-	5,727,104	-	3,359,280
Actuarial gain (loss) - net of income tax	22	-	(2,962,557)	-	1,551,534
Other comprehensive income for the year		(539,344)	2,655,123	-	4,910,814
Total comprehensive income for the year		49,754,323	100,234,274	103,474,589	46,740,483
Total comprehensive income attributable to:					
Equity holders of the Company		54,127,281	104,158,961	103,474,589	46,740,483
Non-controlling interests of the subsidiaries		(4,372,958)	(3,924,687)		
		49,754,323	100,234,274		

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2023

(Unit: Baht)

Consolidated financial statements														
Equity attributable to owners of the Company														
						Other components of equity holders								
						Other comprehensive income			Surplus on changes in proportion in interest of subsidiary		Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
						Exchange differences	Surplus on revaluation	Surplus on revaluation of subsidiary's assets						
	Issued and paid-up share capital	Share premium	Share premium on treasury stock	Retained earnings	Unappropriated	on translation of financial statements in foreign currency	of assets	of subsidiary's assets						
Balance as at 1 January 2022	323,400,000	50,281,000	37,552,153	32,340,000	602,000,498	578,509	132,044,279	43,471,071	502,260	176,596,119	1,222,169,770	1,748,044	1,223,917,814	
Profit for the year	-	-	-	-	101,483,447	-	-	-	-	-	101,483,447	(3,904,296)	97,579,151	
Other comprehensive income for the year	-	-	-	-	(2,926,302)	(109,424)	3,359,280	2,351,960	-	5,601,816	2,675,514	(20,391)	2,655,123	
Total comprehensive income for the year	-	-	-	-	98,557,145	(109,424)	3,359,280	2,351,960	-	5,601,816	104,158,961	(3,924,687)	100,234,274	
Dividends paid (Note 30)	-	-	-	-	(48,510,000)	-	-	-	-	-	(48,510,000)	(34)	(48,510,034)	
Increase non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	60	60	
Balance as at 31 December 2022	323,400,000	50,281,000	37,552,153	32,340,000	652,047,643	469,085	135,403,559	45,823,031	502,260	182,197,935	1,277,818,731	(2,176,617)	1,275,642,114	
Balance as at 1 January 2023	323,400,000	50,281,000	37,552,153	32,340,000	652,047,643	469,085	135,403,559	45,823,031	502,260	182,197,935	1,277,818,731	(2,176,617)	1,275,642,114	
Profit for the year	-	-	-	-	54,666,625	-	-	-	-	-	54,666,625	(4,372,958)	50,293,667	
Other comprehensive income for the year	-	-	-	-	-	(539,344)	-	-	-	(539,344)	(539,344)	-	(539,344)	
Total comprehensive income for the year	-	-	-	-	54,666,625	(539,344)	-	-	-	(539,344)	54,127,281	(4,372,958)	49,754,323	
Dividends paid (Note 30)	-	-	-	-	(32,340,000)	-	-	-	-	-	(32,340,000)	(397,616)	(32,737,616)	
Increase non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	17,324,992	17,324,992	
Balance as at 31 December 2023	323,400,000	50,281,000	37,552,153	32,340,000	674,374,268	(70,259)	135,403,559	45,823,031	502,260	181,658,591	1,299,606,012	10,377,801	1,309,983,813	
	-	-	-	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	-	-	-	

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2023

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity holders Other comprehensive income	
					Surplus on	
					revaluation of assets	
	share capital	Share premium	Statutory reserve	Unappropriated		
Balance as at 1 January 2022	323,400,000	50,281,000	32,340,000	471,025,676	132,044,279	1,009,090,955
Profit for the year	-	-	-	41,829,669	-	41,829,669
Other comprehensive income for the year	-	-	-	1,551,534	3,359,280	4,910,814
Total comprehensive income for the year	-	-	-	43,381,203	3,359,280	46,740,483
Dividends paid (Note 30)	-	-	-	(48,510,000)	-	(48,510,000)
Balance as at 31 December 2022	<u>323,400,000</u>	<u>50,281,000</u>	<u>32,340,000</u>	<u>465,896,879</u>	<u>135,403,559</u>	<u>1,007,321,438</u>
Balance as at 1 January 2023	323,400,000	50,281,000	32,340,000	465,896,879	135,403,559	1,007,321,438
Profit for the year	-	-	-	103,474,589	-	103,474,589
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	103,474,589	-	103,474,589
Dividends paid (Note 30)	-	-	-	(32,340,000)	-	(32,340,000)
Balance as at 31 December 2023	<u>323,400,000</u>	<u>50,281,000</u>	<u>32,340,000</u>	<u>537,031,468</u>	<u>135,403,559</u>	<u>1,078,456,027</u>
	-	-	-	-	-	-
	-	-	-	-	-	-

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

S. Khonkaen Foods Public Company Limited and its subsidiaries
Cash flow statement
For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit before tax	71,289,944	116,792,336	109,784,013	32,321,053
Adjustments to reconcile profit before tax expense to net cash provided by (paid from) operating activities:				
Depreciation	135,010,000	130,787,590	56,277,169	57,818,969
Depreciation of biological assets	5,048,680	4,543,513	-	-
Amortisation of intangible assets	2,165,338	3,340,924	1,592,231	2,877,302
Allowance for expected credit losses of trade and other receivables (reversal)	1,529,542	(704,044)	1,642,710	52,961
Reversal reduction of inventories to present at net realisable value	(795,412)	(675,098)	(882,234)	(876,794)
Loss on impairment of equipment (reversal)	(2,955,383)	3,264,291	(2,955,383)	3,264,291
Reversal loss on impairment of computer software	(30,310)	(130,843)	(30,310)	(130,843)
Gain on sales of investment properties	(28,879,269)	-	-	-
Gain on sales of equipment	(1,861,818)	(962,719)	(9,354,315)	(651,932)
Loss on disposal of intangible assets	16,176	-	16,176	-
Write-off building and equipment and computer software	2,898,621	178,148	1,527,732	176,471
Loss (gain) on write-off of lease agreement	(1,044,737)	3,492	(88,029)	3,492
Share of loss from investments in joint ventures	4,318,165	-	-	-
Loss on impairment of investments in joint ventures	1,451,252	-	-	-
Reversal right-of-use due to adjustment of rental rate	-	35,232	-	35,232
Reversal of loss on impairment of investment properties	-	(1,695,000)	-	-
Reversal of loss on impairment of investment in subsidiary	-	-	(5,000,000)	-
Loss on impairment of financial assets	5,400,000	-	-	-
Gain on sale of stud swine	(6,802,854)	(10,688,965)	-	-
Transfer of long-term employee benefit to subsidiary	-	-	(420,244)	-
Long-term employee benefit expense	11,614,820	10,471,127	6,257,580	6,729,814
Unrealised loss (gain) on exchange	(235,577)	302,888	129,973	302,888
Loss on changes in fair value less cost to sell of biological assets	29,057,412	14,642,997	-	-
Gain on changes in fair value of interest rate exchanges	3,447,352	(890,072)	3,447,352	(890,072)
Dividend income from subsidiaries	-	-	(75,002,717)	(76,499,966)
Interest income	(940,300)	(120,311)	(4,613,604)	(2,645,027)
Finance cost	39,595,285	30,465,370	34,797,176	24,344,401
Profit from operating activities before changes in operating assets and liabilities	269,296,927	298,960,856	117,125,276	46,232,240

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Operating assets (increase) decrease				
Trade and other receivables	(8,807,255)	(91,522,033)	(4,440,031)	(130,341,980)
Inventories	82,357,542	(106,523,981)	59,647,893	(70,376,909)
Biological assets	(6,011,981)	(1,848,002)	-	-
Other current assets	(975,929)	(11,797,735)	(789,185)	(2,247,690)
Other non-current assets	(6,891,027)	995,359	17,263	477,295
Operating liabilities increase (decrease)				
Trade and other payables	(38,241,286)	73,981,449	(36,911,419)	65,886,169
Other current liabilities	(14,669,786)	20,291,484	5,715,983	5,379,085
Other non-current liabilities	(193,412)	(53,732)	259,870	(375,550)
Cash paid for long-term employee benefit	(9,295,068)	(16,902,657)	(7,598,863)	(11,198,108)
Cash flows from (used in) operating activities	266,568,725	165,581,008	133,026,787	(96,565,448)
Cash paid for corporate income tax	(34,469,744)	(17,300,754)	-	(679,455)
Net cash flows from (used in) operating activities	232,098,981	148,280,254	133,026,787	(97,244,903)
Cash flows from investing activities				
Increase in restricted bank deposits	(5,392)	(4,951)	-	-
Cash paid for capital increase in subsidiary	-	-	(16,375,975)	(999,980)
Cash paid for investments in joint ventures	(9,100,010)	-	-	-
Decrease (increase) in loans to subsidiaries	-	-	(106,369,513)	28,409,513
Increase in loans to other company	(4,000,000)	(10,934,820)	-	-
Acquisition of investment properties	(3,872,182)	(2,608,893)	(2,239,782)	(1,267,893)
Acquisition of building and equipment	(183,848,299)	(137,110,672)	(76,587,056)	(51,386,800)
Acquisition of computer software	(24,062,574)	(969,200)	(6,843,767)	(49,900)
Acquisitions of stud swine and feed costs	(3,269,698)	(1,389,105)	-	-
Proceeds from sales of investment property	108,879,269	-	-	-
Proceeds from sales of equipment	19,676,112	1,120,830	23,310,641	729,720
Proceeds from sales of stud swine	1,662,926	15,300,148	-	-
Cash received from interest income	375,834	120,311	2,885,521	2,102,140
Cash received from dividend income from subsidiary	-	-	75,002,717	76,499,966
Net cash flows from (used in) investing activities	(97,564,014)	(136,476,352)	(107,217,214)	54,036,766

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2023

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from financing activities				
Increase in bank overdrafts and				
short-term loans from financial institutions	143,638,230	30,000,000	160,000,000	5,000,000
Increase in short-term loans from subsidiary	-	-	65,000,000	-
Cash receipt from long-term loans	19,790,000	262,756,384	8,000,000	214,159,713
Cash paid for repayment of long-term loans	(254,900,474)	(131,326,510)	(192,977,218)	(54,107,421)
Cash paid for repayment of lease liabilities	(12,141,240)	(10,544,692)	(8,775,152)	(9,214,717)
Cash paid for interest expenses	(40,225,464)	(30,663,788)	(33,496,055)	(24,436,356)
Proceeds from share issued of non-controlling				
interests of the subsidiaries	17,324,992	60	-	-
Dividend paid	(32,737,616)	(48,510,034)	(32,340,000)	(48,510,000)
Net cash flows from (used in) financing activities	(159,251,572)	71,711,420	(34,588,425)	82,891,219
Net increase (decrease) in cash and cash equivalents	(24,716,605)	83,515,322	(8,778,852)	39,683,082
Translation adjustments	(539,344)	(109,424)	-	-
Cash and cash equivalents at beginning of year	186,781,337	103,375,439	88,171,033	48,487,951
Cash and cash equivalents at end of year (Note 7)	161,525,388	186,781,337	79,392,181	88,171,033
	-	-	-	-
Supplemental cash flows information				
Non-cash items transaction				
Payable from acquisition of equipment	13,854,881	5,697,459	3,017,080	4,311,367
Lease liabilities	(5,173,918)	11,679,623	(484,805)	8,555,623
Transfer investment properties to property, plant and equipment	-	38,719,376	-	38,719,376
Transfer property, plant and equipment to intangible assets	(673,320)	-	(673,320)	-
Revaluation surplus on land	-	7,158,880	-	4,199,100
Actuarial loss (gains)	-	3,927,483	-	(1,939,418)

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2023

1. General information

S. Khonkaen Foods Public Company Limited (“ the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of processed food products from meat and seafood, restaurants and swine farm.

The registered office of the Company is at 259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road (Pridi Banomyong), Phraeknong Nuer, Vadhana, Bangkok.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding
<u>Held by the Company</u>			(Percent)
S. Pasusat Co., Ltd.	Breeding and sales of finishing swine	Thailand	100
S.K.K. Food Co., Ltd.	Distribution of processed products	Thailand	99
Mahachai Foods Co., Ltd.	Manufacture and distribution of processed food products	Thailand	99

Company's name	Nature of business	Country of incorporation	Percentage of shareholding
<u>Held by the Company</u>			(Percent)
S. Biz Co., Ltd. (Formerly known as "S.Khehakarn Company Limited")	Selling and lease of investment properties	Thailand	100
Sor. Training Center Co., Ltd.	Training and seminar service	Thailand	100
S. Khonkaen Foods (Netherlands) B.V.	Distribution of processed food products	Netherlands	100
S. Khonkaen Holding Co., Ltd.	Investment in other companies	Thailand	100
S. Khonkaen USA, Inc.	Distribution of processed food products	USA	51
<u>Subsidiaries held by</u>			
<u>S. Khonkaen Holding Co., Ltd.</u>			
S. Khonkaen Cuisine (Thailand) Co., Ltd.	Joint venture with restaurant business	Thailand	100
S. Restaurant Holding Co., Ltd.	Investment in other companies	Thailand	100
S. Local Foods Co., Ltd.	Manufacture and distribution of food products	Thailand	60
<u>Subsidiaries held by</u>			
<u>S. Restaurant Holding Co., Ltd.</u>			
Sor. Kitchen Co., Ltd.	Manufacture and distribution of food products	Thailand	100

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary company are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Group have been eliminated from the consolidated financial statements.

- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements of the Company, which present investments in subsidiaries under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Group has adopted the revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2024

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2024. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

4. Significant accounting policies

4.1 Revenue and expense recognition

Sales of goods

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

When a contract provided a customer with a right to return the goods within a specified period, the Group recognises the amount ultimately expected they will have to return to customers as a refund liability and recognise the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Interest income

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

Dividend income

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

Finance cost

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

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Inventories

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

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

4.4 Investments in subsidiaries and joint ventures

Investments in joint ventures are accounted for in the consolidated financial statements at equity method less provision for impairment (if any).

Investments in subsidiaries and joint ventures are accounted for in the separate financial statements at cost less provision for impairment (if any).

4.5 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties with respect to office building for rent is calculated by reference to its cost on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income. No depreciation provided on land and land awaiting for sales.

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

4.6 Property, plant and equipment and depreciation

Land is stated on a revaluation basis. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

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

- When an asset's carrying amount is increased as a result of a revaluation of the Group's assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised equity under the heading of "Surplus on revaluation of assets". However, a revaluation decrease is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Group's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

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

Land improvements	5 - 20	years
Plant and improvements	5 - 20	years
Machinery and equipment	5 - 10	years
Furniture, fixtures and office equipment	5	years
Motor vehicles	5	years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

4.7 Leases

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

The Group as a lessee

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

Right-of-use assets

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

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

Land and improvements	13 - 15	years
Buildings and improvements	2 - 3	years
Machinery and equipment	2 - 5	years
Motor vehicles	5	years

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

Lease liabilities

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

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

Short-term leases and leases of low-value assets

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

The Group as a lessor

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to a lessee. Lease receivables from operating leases is recognised as income in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying assets and recognised as an expense over the lease term on the same basis as the lease income.

4.8 Biological assets

Biological assets are measured at fair value less cost to sale (incremental costs directly attributable to the disposal of biological assets). If the fair value cannot be measured reliably, it is measured at cost less accumulated depreciation and accumulated impairment losses. Gains or losses on changes in fair value less cost to sale are recognised in profit or loss.

Current biological assets, comprising fattening swine is presented under the caption “Current assets”. Non-current biological assets, comprising stud swine is presented under the caption “Non-current assets” in the statement of financial position.

4.9 Borrowing costs

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

4.10 Intangible assets

Following the initial recognition, the intangible assets are recognised at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

The intangible asset with finite useful lives is computer software which has useful lives of 5 - 10 years.

4.11 Related party transactions

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

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

4.12 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.13 Impairment of non-financial assets

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

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

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits and other long-term employee benefits

Defined benefit plans and other long-term employee benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plans. The Group treats these severance payment obligations as a defined benefit plan. In addition, the Group provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

4.15 Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

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

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

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

4.17 Financial instruments

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

Classification and measurement of financial assets

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

Financial assets at FVTPL

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

Classification and measurement of financial liabilities

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

Derecognition of financial instruments

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

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

Impairment of financial assets

For trade accounts receivable, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

ECLs are calculated based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

4.18 Derivatives

The Group uses derivatives, such as interest rate swaps, to hedge its interest rate risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss unless the derivative is designated and effective as a hedging instrument under cash flow hedge. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as current assets or current liabilities.

4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Group applies a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Group measures fair value using valuation technique that are appropriate in the circumstances and maximise the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

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

At the end of each reporting period, the Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

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

Leases

Determining the lease term with extension and termination options - The Group as a lessee

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

Estimating the incremental borrowing rate - The Group as a lessee

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Property, plant and equipment / Depreciation

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

The Group measures land at revalued amounts. Such amounts are determined by the independent valuer using the market approach.

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

Biological assets

Fattening swine are measured at their fair value less costs to sell. This fair value is measured with reference to the quoted prices of fattening swine at the reporting date, after deducting estimated cost to sale.

The measurement of fair value related to biological assets involves certain assumptions and some estimations, such as feeding costs of fattening swine and cost to sale.

6. Related party transactions

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2023	2022	2023	2022	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	15,506	14,491	Cost plus margin
Service income	-	-	14,483	13,640	As stipulated in agreements
Sales of assets	-	-	22,185	-	Cost plus margin
Dividend income	-	-	75,003	76,500	As declared
Interest income	-	-	4,550	2,633	Average cost of debt 3.25% - 4.00% per annum (2022: 3.25% - 4.00% per annum)
Purchases of goods	-	-	63,415	71,176	Cost plus margin
Purchases of assets	-	-	2,726	-	Cost plus margin
Other expenses	-	-	968	-	Cost plus margin

As at 31 December 2023 and 2022, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
<u>Trade and other receivables (Note 8)</u>				
Subsidiaries	1,723	-	69,620	56,778
<u>Trade and other payables (Note 20)</u>				
Subsidiaries	-	-	1,771	4,791

Loans to the subsidiaries

As at 31 December 2023 and 2022, the balance of loans to the subsidiaries and the movements are as follows:

(Unit: Thousand Baht)

Loans to subsidiaries	Separate financial statements					
	Balance as at 31 December 2022	Increase during the year	Decrease during the year	Balance as at 31 December 2023	Less: Short- term loan to subsidiaries	Long-term loan to subsidiary
S. Pasusat Co., Ltd.	74,090	100,910	(20,040)	154,960	(154,960)	-
S. Khonkaen Holding Co., Ltd.	10,500	25,500	-	36,000	(36,000)	-
Total	84,590	126,410	(20,040)	190,960	(190,960)	-

Those loans bear interest at rates of 3.25% - 4.00% per annum (2022: 3.25% - 4.00% per annum). The due date for repayment of principal and interests by the years 2026 and 2027 or on demand.

Short-term loan from the subsidiary

As at 31 December 2023 and 2022, the balances of loan from the subsidiary and the movements are as follows:

(Unit: Thousand Baht)

Short-term loan from subsidiary	Separate financial statements			
	Balance as at 31 December 2022	Increase during the year	Decrease during the year	Balance as at 31 December 2023
S. Biz Co., Ltd.	-	65,000	-	65,000
Total	-	65,000	-	65,000

This loan bear interest at rate 4.00% per annum. The loan has due date for repayment of principal and interest on demand.

Directors and management's benefits

During the years ended 31 December 2023 and 2022, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Short-term employee benefits	58,734	53,670	37,321	42,867
Post-employment benefits	2,358	1,802	1,090	935
Total	61,092	55,472	38,411	43,802

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its subsidiaries, as described in Note 31.2 (2).

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Cash	1,664	2,811	407	2,115
Bank deposits	159,861	183,970	78,985	86,056
Total	161,525	186,781	79,392	88,171

As at 31 December 2023, bank deposits in saving accounts and fixed accounts carried interests between 0.15% and 1.18% per annum (2022: 0.15% and 0.55 per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,723	-	10,337	1,092
Total trade accounts receivable - related parties	1,723	-	10,337	1,092
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	494,406	512,410	374,814	393,493
Past due				
Up to 3 months	22,892	10,160	14,771	6,364
3 - 6 months	455	822	456	632
6 - 12 months	366	303	364	250
Over 12 months	3,524	2,260	3,360	2,165
Total	521,643	525,955	393,765	402,904
Less: Allowance for expected credit losses	(4,149)	(2,620)	(3,997)	(2,354)
Total trade accounts receivable - unrelated parties, net	517,494	523,335	389,768	400,550
Total trade accounts receivable, net	519,217	523,335	400,105	401,642
<u>Other receivables</u>				
Other receivables - related parties	-	-	59,283	55,686
Other receivables - unrelated parties	11,866	944	2,213	850
Others	1,381	473	1,381	409
Total	13,247	1,417	62,877	56,945
Less: Allowance for expected credit losses	(402)	(402)	(402)	(402)
Total other receivables - net	12,845	1,015	62,475	56,543
Total trade and other receivables - net	532,062	524,350	462,580	458,185

The normal credit term is 30 days to 100 days

Set out below is the movements in the allowance for expected credit losses of trade accounts receivable.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Beginning balance	2,620	1,138	2,354	115
Provision for expected credit losses	3,172	1,806	3,285	2,156
Amount written off	(1,643)	(324)	(1,642)	83
Ending balance	4,149	2,620	3,997	2,354

9. Loans to other companies

As at 31 December 2023 and 2022, the balance of loan to other companies and the movements are as follows.

	(Unit: Thousand Baht)						
	Consolidated financial statements						
	Balance as at	Increase	Decrease	Balance as at	Less: Allowance	Less: Short-	Long-term
Loans to other companies	31 December 2022	during the year	during the year	31 December 2023	for impairment loss	term loan	loan
S. Khonkean Cuisine B.V.	10,935	365	-	11,300	(3,400)	(7,900)	-
Sib Yokkamlang Sib Co., Ltd.	-	4,000	-	4,000	(2,000)	-	2,000
Total	10,935	4,365	-	15,300	(5,400)	(7,900)	2,000

In December 2022, S. Khonkaen Cuisine (Thailand) Co., Ltd. (subsidiary) provided loan of Baht 11 million to a unrelated overseas company. The loan carried interest at the rate of 4.50% per annum. The repayment term is five years or on demand.

In December 2022, S. Restaurant Holding Co., Ltd. (subsidiary) provided loan of Baht 4 million to a unrelated company. The loan carried interest at the rate of 5.00% per annum.

During the current year, the Group recorded allowance for impairments loss on loans to other companies of Baht 5.4 million.

10. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2023	2022	2023	2022	2023	2022
Finished goods	50,320	67,471	(1,112)	(608)	49,208	66,863
Work in process	31,057	32,032	(27)	-	31,030	32,032
Raw materials	161,465	215,471	(176)	(247)	161,289	215,224
Packing materials	36,123	43,990	(2,126)	(3,378)	33,997	40,612
Spare parts and factory supplies	14,826	15,442	(1,157)	(1,161)	13,669	14,281
Animal foods and vaccine for swine	3,584	4,763	-	-	3,584	4,763
Raw materials for production of animal foods	9,751	10,315	-	-	9,751	10,315
Total	307,126	389,484	(4,598)	(5,394)	302,528	384,090

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2023	2022	2023	2022	2023	2022
Finished goods	28,941	37,703	(394)	(227)	28,548	37,476
Work in process	27,552	29,673	(27)	-	27,524	29,673
Raw materials	90,231	129,950	(176)	(247)	90,055	129,703
Packing materials	25,461	32,935	(1,911)	(2,917)	23,550	30,018
Spare parts and factory supplies	7,835	9,407	(1,157)	(1,157)	6,678	8,250
Total	180,020	239,668	(3,665)	(4,548)	176,355	235,120

During the year, the Group deducted cost of inventories by Baht 2 million (2022: Baht 4 million) (the Company only: Baht 1 million and 2022: Baht 3 million), to reflect the net realisable value. This was included as part of cost of sales. In addition, the Group reversed the write-down of cost of inventories by Baht 3 million (2022: Baht 5 million) (the Company only: Baht 2 million, 2022: Baht 4 million), by deducted the amount of inventories recognised as cost of sales during the year.

11. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure a fuel credit card and guarantee for utility usages.

12. Investments in subsidiaries

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

(Unit: Thousand Baht)										
Subsidiaries' name	Paid-up capital	Shareholding percentage	Cost		Allowance for impairment loss		Cost - net		Dividend received during the year	
			2023	2022	2023	2022	2023	2022	2023	2022
			(Percent)							
<u>Subsidiaries held by the Company</u>										
S. Pasusat Co., Ltd.	Baht 45 million	100	44,968	44,968	-	-	44,968	44,968	-	76,500
S.K.K. Food Co., Ltd.	Baht 120 million	99	119,225	119,225	-	-	119,225	119,225	-	-
Mahachai Foods Co., Ltd.	Baht 245 million	99	286,919	286,919	-	-	286,919	286,919	58,892	-
S. Biz Co., Ltd. (Formerly known as "S. Khehakarn Co., Ltd.")	Baht 90 million	100	89,996	89,996	-	(5,000)	89,996	84,996	5,940	-
Sor. Training Center Co., Ltd.	Baht 0.5 million	100	500	500	-	-	500	500	-	-
S. Khonkaen Foods (Netherlands) B.V.	EUR 100	100	4	4	-	-	4	4	10,171	-
S. Khonkaen Holding Co., Ltd.	Baht 1 million	100	1,000	1,000	-	-	1,000	1,000	-	-
S. Khonkaen (USA), Inc.	USD 0.9 million	51	16,376	-	-	-	16,376	-	-	-
Investments in subsidiaries - net			558,988	542,612	-	(5,000)	558,988	537,612	75,003	76,500
<u>Subsidiaries held by</u>										
<u>S. Khonkaen Holding Co., Ltd.</u>										
S. Khonkaen Cuisine (Thailand) Co., Ltd.	Baht 8 million	100	8,000	8,000	-	-	8,000	8,000	-	-
S. Restaurant Holding Co., Ltd.	Baht 4 million	100	4,000	-	-	-	4,000	-	-	-
S. Local Foods Co., Ltd.	Baht 4 million	60	2,400	-	-	-	2,400	-	-	-
			14,400	8,000	-	-	14,400	8,000	-	-
<u>Subsidiaries held by</u>										
<u>S. Restaurant Holding Co., Ltd.</u>										
Sor. Kitchen Co., Ltd.	Baht 4 million	100	4,000	-	-	-	4,000	-	-	-
			4,000	-	-	-	4,000	-	-	-

S. Khonkaen Foods (USA), Inc.

On 10 November 2022, the Board of Directors' meeting of the Company passed a resolution approved the establishment of subsidiary registered in the United States of America, "S. Khonkaen Foods (USA), Inc." with the registered share capital of USD 600,000 (600,000 ordinary shares with a par value of USD 1 each). The Company had 51% of shareholding (306,000 ordinary shares) in approximate amounting of Baht 12 million.

On 21 February 2023, S. Khonkaen Foods (USA), Inc. had increased the registered shares capital amount of USD 300,000 from USD 600,000 to USD 900,000. By the Board of Directors' meeting of the Company had approved to increase its shareholding in S. Khonkaen Foods (USA), Inc. in proportionate of their shareholdings (153,000 ordinary shares) in approximately amounting of Baht 5 million.

On 29 May 2023, such company called for payment of 75% of the first portion registered shares capital. The Company paid this called up capital at approximately amounting of Baht 8 million.

On 17 October 2023, The Company paid the remaining registered shares capital of S. Khonkaen Foods (USA), Inc. in the amount of USD 229,500 at approximate amounting of Baht 8 million.

S. Restaurant Holding Co., Ltd.

On 21 February 2023, the Board of Directors' meeting of S. Restaurant Holding Co., Ltd. (subsidiary) passed a resolution approved the investment of Sor. Kitchen Co., Ltd., S. Restaurant Holding Co., Ltd. invested 399,996 ordinary shares in amounting of Baht 4 million. As a result, the subsidiary owns 100% of its authorised share capital. Such company called for payment of 100% of the registered share capital.

S.Khonkaen Holding Co., Ltd.

On 5 January 2023, the Board of Directors' meeting of S.Khonkaen Holding Co., Ltd. (subsidiary) passed a resolution approved the establishment of S. Restaurant Holding Co., Ltd. with the registered shares capital of Baht 4 million (399,996 ordinary shares with a par value of Baht 10 each). S.Khonkaen Holding Co., Ltd. had 100% of shareholding. Such company called for payment of 100% of the registered share capital.

On 13 July 2023, the Board of Directors' meeting of S.Khonkaen Holding Co., Ltd. (subsidiary) passed a resolution approved the company to invest in Sor. Local Foods Co., Ltd. Whereby, S.Khonkaen Holding Co., Ltd. invested 239,998 ordinary shares in amounting of Baht 2.4 million. As a result, the subsidiary owns 60% of its authorised share capital. Such company called for payment of 100% of the registered share capital.

On 28 September 2023, the Board of Directors' meeting of the Company passed a resolution approved S. Khonkaen Holding Co., Ltd. (subsidiary) to increase the registered shares capital of S. Local Foods Co., Ltd. by Baht 66 million from Baht 4 million to Baht 70 million (7 million ordinary shares with a par value of Baht 10 each). Whereby, S. Khonkaen Holding Co., Ltd. invested 4,200,000 ordinary shares in amounting of Baht 42 million. As a result, the subsidiary owns 60% of its authorised shares capital. Such company has yet call for payment of such share subscriptions.

S. Khonkaen Food Industry (Guangzhou) Co., Ltd.

On 11 May 2023, the Board of Directors' meeting of the Company passed a resolution approved the establishment of S. Khonkaen Foods (Guangzhou) Co., Ltd. with the registered shares capital of CNY 3 million (300,000 ordinary shares with a par value of CNY 10 each). The Company had 51% of shareholding (153,000 ordinary shares), in approximate amounting of Baht 7.6 million.

On 28 September 2023, the Board of Directors' meeting of the Company passed a resolution to cancel the Board of Directors' meeting resolution on 11 May 2023, agenda No. 6 related to the investment and registered establishment of S. Khonkaen Foods (Guangzhou) Co., Ltd. and the Board of Directors' meeting of the Company passed a resolution approved the establishment of S. Khonkaen Food Industry (Guangzhou) Co., Ltd. with the registered shares capital of CNY 3 million (300,000 ordinary shares with a par value of CNY 10 each). The Company had 51% of shareholding (153,000 ordinary shares), in approximate amounting of Baht 7.6 million. Such company has yet call for payment of such share subscriptions.

S. Khonkaen Food (Henan) Co., Ltd.

On 18 December 2023, the Board of Directors' meeting of the Company passed a resolution approved the establishment of S. Khonkaen Food (Henan) Co., Ltd. with the registered share capital of USD 20 million (200,000 ordinary shares with a par value of USD 100 each). The Company had 51% of shareholding (102,000 ordinary shares), in approximate amounting of Baht 358 million. Such company has yet call for payment of such share subscriptions.

13. Investments in joint ventures

13.1 Details of investments in joint ventures as at 31 December 2023 are as follows.

(Unit: Thousand Baht)				
Joint ventures	Issued and paid up capital	Percentage of shareholding (%)	Consolidated financial statements	
			Carrying amounts based on cost method	Carrying amounts based on equity method
Leanlicious Co., Ltd.	1,000	30	4,000	3,331
Sib Koon Sib Co., Ltd.	10,000	51	5,100	1,451
Total			9,100	4,782
Less: Allowance for impairment loss of investments in joint ventures			(5,100)	(1,451)
Net			4,000	3,331

On 5 January 2023, the Board of Directors' meeting of S.Khonkaen Holding Co., Ltd. (subsidiary) passed a resolution approved the investment of Leanlicious Co., Ltd. S.Khonkaen Holding Co., Ltd. invested 30,000 ordinary shares in amounting of Baht 4 million. As a result, the subsidiary owns 30% of its authorised shares capital. Such company called for payment of 100% of registered share capital.

On 31 March 2023, the Board of Directors' meeting of S. Restaurant Holding Co., Ltd. (subsidiary) passed a resolution approved the establishment of Sib Koon Sib Co., Ltd. with the registered shares capital of Baht 4 million (400,000 ordinary shares with a par value of Baht 10 each). Such company was completed for registration on 3 April 2023. S. Restaurant Holding Co., Ltd. invested 203,998 ordinary shares in amounting of Baht 2 million, 51% of shareholding. Such company called for payment of 100% of the registered share capital.

On 4 August 2023, the Board of Directors' meeting of S. Restaurant Holding Co., Ltd. (subsidiary) passed a resolution to increase the registered shares capital of Sib Koon Sib Co., Ltd. by Baht 6 million from Baht 4 million to Baht 10 million (1,000,000 ordinary shares with a par value of Baht 10 each). Whereby, S. Restaurant Holding Co., Ltd. invested in proportionate of their shareholdings (51% of shareholding) in amounting of Baht 3.1 million. Such company called for payment of 100% of the registered share capital.

13.2 Share of comprehensive income and dividend received

During the year, the Group recognised its share of comprehensive income from investments in the joint ventures and dividend received in the consolidated financial statements as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2023		
	Consolidated financial statements		
	Share of other		
Joint ventures	Share of loss from investments in joint ventures	comprehensive income from investments in joint ventures	Dividend received from investments in joint ventures
Leanlicious Co., Ltd.	(679)	-	-
Sib Koon Sib Co., Ltd.	(3,649)	-	-
Total	(4,328)	-	-

13.3 Movement of investments in joint ventures

In January 2023, S. Restaurant Holding Co., Ltd. (subsidiary) invested in LM SK Thai Food Co., Ltd. as the shareholding percentage of 40% or totaling of Baht 4 million (called for payment of 50% of the registered shares capital). Subsequently, in May 2023, S. Restaurant Holding Co., Ltd. disposed investment in LM SK Thai Food Co., Ltd., as a result, shareholding percentage decreased from 40% to 19% and changed the status from investment in joint ventures to other non-current financial assets since the date of investment disposal. The receipt from disposal of investment was recognised as other income in profit or loss for the year and such subsidiary paid the remaining registered shares capital in approximate amounting of Baht 1.9 million.

On 19 July 2023, S. Restaurant Holding Co., Ltd. (subsidiary) disposed the remaining of investment in LM SK Thai Food Co., Ltd., of Baht 3.8 million (38,000 ordinary shares with a par value of Bath 100 each). Such subsidiary has completed the disposition and recorded disposal transactions.

13.4 Summarised financial information about material joint ventures

Summarised information about financial position

	(Unit: Thousand Baht)	
	For the year ended 31 December 2023	
	Leanlicious Co., Ltd.	Sib Koon Sib Co., Ltd.
Cash and cash equivalent	1,039	339
Other current assets	5,728	628
Non-current assets	2,596	6,312
Other current liabilities	(12,406)	(4,480)
Net assets	(3,043)	2,799
Shareholding percentage (%)	30 %	51 %
Share of net assets	(913)	1,427
Elimination entries	9	-
Goodwill	4,235	-
Adjustment Entries	-	24
Carrying amounts of joint ventures based on equity method	3,331	1,451

Summarised information about comprehensive income

	(Unit: Thousand Baht)	
	For the year ended 31 December 2023	
	Leanlicious Co., Ltd.	Sib Koon Sib Co., Ltd.
Revenue	6,908	3,119
Loss for the year	(2,263)	(7,154)
Other comprehensive income	-	-
Total comprehensive income	(2,263)	(7,154)

14. Investment properties

The net book value of investment properties as at 31 December 2023 and 2022 are presented below.

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	Land awaiting sales	Land and office building for rent	Total	Land awaiting sales	Land and office building for rent	Total
31 December 2023:						
Cost	263,815	353,280	617,095	74,771	353,280	428,051
Less: Accumulated depreciation	-	(32,147)	(32,147)	-	(32,147)	(32,147)
Less: Allowance for impairment loss	(203)	-	(203)	-	-	-
Net book value	<u>263,612</u>	<u>321,133</u>	<u>584,745</u>	<u>74,771</u>	<u>321,133</u>	<u>395,904</u>
31 December 2022:						
Cost	342,182	351,040	693,222	74,771	351,040	425,811
Less: Accumulated depreciation	-	(27,312)	(27,312)	-	(27,312)	(27,312)
Less: Allowance for impairment loss	(203)	-	(203)	-	-	-
Net book value	<u>341,979</u>	<u>323,728</u>	<u>665,707</u>	<u>74,771</u>	<u>323,728</u>	<u>398,499</u>

A reconciliation of the net book value of investment properties for the years 2023 and 2022 are presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Net book value at beginning of year	665,707	628,600	398,499	364,427
Purchase	3,873	2,608	2,240	1,268
Disposals - net book value	(80,000)	-	-	-
Transfer from property, plant and equipment	-	38,719	-	38,719
Depreciation charged	(4,835)	(5,915)	(4,835)	(5,915)
Reversal of allowance for impairment loss	-	1,695	-	-
Net book value at end of year	<u>584,745</u>	<u>665,707</u>	<u>395,904</u>	<u>398,499</u>

During the current year, S. Biz Co., Ltd. (subsidiary) disposed a plot of land with a net book value of Baht 80 million to an unrelated company at a price of approximately Baht 109 million. The Group recorded Baht 29 million gain on disposal in the consolidated statement of income of the current year.

Revenue and expenses related to land and office building for rent for the years ended 31 December 2023 and 2022 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Revenue from rental and service	12,820	10,700	12,820	10,700
Cost of rental and service	25,751	24,974	25,751	24,974

In 2022, the Group arranged for an independent value to appraise fair values of the investment properties. The fair value as at 31 December 2023 and 2022 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Land awaiting for sales	912,264	1,020,664	176,696	176,696
Land and office building for rent	320,000	320,000	320,000	320,000

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land awaiting for sale has been determined based on market prices (Market Approach), while that of the office building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

The Group have operating lease agreements in respect of the office rental. The terms of the agreements are generally between 1 year and 5 years. Future minimum rental income to be generated under these agreements are as follows.

	(Unit: Thousand Baht)	
	2023	2022
In up to 1 year	10,292	9,472
In over 1 year and up to 5 years	12,675	6,330

The Group has pledged investment properties amounting to approximately Baht 429 million (2022: Baht 432 million) (the Company only: Baht 362 million, 2022: Baht 364 million) as collateral against credit facilities received from banks.

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Revaluation basis	Cost basis						Total
	Land	Land improvements	Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
Cost / Revalued amount:								
1 January 2022	289,495	27,291	780,694	606,225	70,028	52,975	83,352	1,910,060
Addition	-	-	13,212	41,816	8,281	16,857	62,641	142,807
Disposals	-	-	(350)	(3,895)	(3,117)	(5,561)	-	(12,923)
Write-off	-	-	(3,453)	(5,198)	(3,804)	(205)	-	(12,660)
Transfers in (out)	-	8,905	66,191	28,565	13	783	(104,457)	-
Transfer to investment properties	-	-	(44,816)	(1,341)	-	-	-	(46,157)
Revaluations increase	7,158	-	-	-	-	-	-	7,158
31 December 2022	296,653	36,196	811,478	666,172	71,401	64,849	41,536	1,988,285
Addition	-	-	17,642	17,026	8,165	12,043	142,827	197,703
Disposals	-	-	(20,389)	(22,055)	(6,519)	(13,856)	-	(62,819)
Write-off	-	-	(1,578)	(2,995)	(457)	(3,842)	(1,202)	(10,074)
Transfers in (out)	-	17,631	80,903	9,931	113	-	(108,578)	-
Transfer to intangible assets	-	-	-	-	-	-	(673)	(673)
31 December 2023	296,653	53,827	888,056	668,079	72,703	59,194	73,910	2,112,422
Accumulated depreciation:								
1 January 2022	-	11,397	343,782	377,985	48,401	42,833	-	824,398
Depreciation for the year	-	1,636	43,111	52,621	8,049	4,649	-	110,066
Depreciation on disposals	-	-	(339)	(3,816)	(3,049)	(5,561)	-	(12,765)
Depreciation on write-off	-	-	(3,164)	(5,178)	(3,794)	(29)	-	(12,165)
Transfer to investment properties	-	-	(7,375)	(62)	-	-	-	(7,437)
31 December 2022	-	13,033	376,015	421,550	49,607	41,892	-	902,097
Depreciation for the year	-	1,942	46,151	53,389	7,897	6,010	-	115,389
Depreciation on disposals	-	-	(11,517)	(18,882)	(5,034)	(9,572)	-	(45,005)
Depreciation on write-off	-	-	(490)	(2,451)	(392)	(3,842)	-	(7,175)
31 December 2023	-	14,975	410,159	453,606	52,078	34,488	-	965,306
Allowance for impairment loss:								
1 January 2022	-	-	572	780	211	-	-	1,563
Increase during the year	-	-	1,565	1,427	272	-	-	3,264
Reverse during the year	-	-	(289)	(19)	(10)	-	-	(318)
31 December 2022	-	-	1,848	2,188	473	-	-	4,509
Increase during the year	-	-	(150)	(592)	(134)	-	-	(876)
Reverse during the year	-	-	(1,133)	(639)	(307)	-	-	(2,079)
31 December 2023	-	-	565	957	32	-	-	1,554
Net book value:								
31 December 2022	296,653	23,163	433,615	242,434	21,321	22,957	41,536	1,081,679
31 December 2023	296,653	38,852	477,332	213,516	20,593	24,706	73,910	1,145,562
Depreciation for the year								
2022 (Baht 74 million included in manufacturing cost, and the balance in selling and administrative expenses)								110,066
2023 (Baht 77 million included in manufacturing cost, and the balance in selling and administrative expenses)								115,389

Separate financial statements

	Separate financial statements							
	Revaluation basis	Cost basis						
		Land	Land improvements	Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress
Cost / Revalued amount:								
1 January 2022		198,038	2,247	301,007	305,991	48,306	20,942	10,978
Additions		-	-	11,160	14,312	5,910	10,833	13,482
Disposals		-	-	(215)	(3,096)	(2,966)	(4,847)	-
Write-off		-	-	(3,453)	(5,143)	(3,665)	(188)	-
Transfer in (out)		-	-	-	7,998	13	-	(8,011)
Transfer to investment properties		-	-	(44,816)	(1,341)	-	-	-
Revaluations increase		4,199	-	-	-	-	-	-
31 December 2022		202,237	2,247	263,683	318,721	47,598	26,740	16,449
Additions		-	-	6,027	10,349	4,187	6,779	52,262
Disposals		-	-	(19,927)	(9,176)	(6,384)	(10,224)	-
Write-off		-	-	(1,370)	(2,593)	(447)	-	-
Transfer in (out)		-	-	44,629	2,708	-	-	(47,337)
Transfer to intangible assets		-	-	-	-	-	-	(673)
31 December 2022		202,237	2,247	293,042	320,009	44,954	23,295	20,701
Accumulated depreciation:								
1 January 2022		-	2,247	120,953	205,866	33,981	18,088	-
Depreciation for the year		-	-	11,637	20,660	5,291	1,762	-
Depreciation on disposals		-	-	(215)	(3,078)	(2,907)	(4,847)	-
Depreciation on write-off		-	-	(3,164)	(5,124)	(3,655)	(12)	-
Transfer to investment properties		-	-	(7,375)	(62)	-	-	-
31 December 2022		-	2,247	121,836	218,262	32,710	14,991	-
Depreciation for the year		-	-	12,172	20,061	4,956	2,955	-
Depreciation on disposals		-	-	(11,054)	(8,307)	(4,928)	(7,466)	-
Depreciation on write-off		-	-	(436)	(2,065)	(381)	-	-
31 December 2023		-	2,247	122,518	227,951	32,357	10,480	-
Allowance for impairment loss:								
1 January 2022		-	-	572	780	211	-	-
Increase during the year		-	-	1,565	1,427	272	-	-
Reverse during the year		-	-	(289)	(19)	(10)	-	-
31 December 2022		-	-	1,848	2,188	473	-	-
Increase during the year		-	-	(149)	(592)	(134)	-	-
Reverse during the year		-	-	(1,133)	(639)	(308)	-	-
31 December 2023		-	-	566	957	31	-	-
Net book value:								
31 December 2022		202,237	-	139,999	98,271	14,415	11,749	16,449
31 December 2023		202,237	-	169,958	91,101	12,566	12,815	20,701
Depreciation for the year								
2022 (Baht 26 million included in manufacturing cost, and the balance in selling and administrative expenses)								39,350
2023 (Baht 25 million included in manufacturing cost, and the balance in selling and administrative expenses)								40,144

The Group arranged for an independent professional valuer to appraise the value of the land in 2022 on an asset-by-asset basis. The basis of the revaluation of land was revalued using the market approach.

Had the land been carried on a historical cost basis, their net book values as of 31 December 2023 and 2022 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Land	69,997	69,997	32,983	32,983

As at 31 December 2023, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 445 million (2022: Baht 441 million) (the Company only: Baht 243 million, 2022: Baht 247 million).

The Group has mortgaged land and building constructed thereon and machinery with a total net book value of Baht 335 million (2022: Baht 368 million) as collaterals against credit facilities received from financial institutions (the Company only: Baht 244 million, 2022: Baht 251 million).

16. Leases

16.1 The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 2 - 15 years.

a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2023 and 2022 are summarised below:

	(Unit: Thousand Baht)				
	Consolidated financial statements				
	Land and improvements	Buildings and improvements	Machinery and equipment	Motor vehicles	Total
1 January 2022	91,096	6,269	2,258	4,147	103,770
Additions	594	5,479	1,146	4,461	11,680
Reversal of right-of-use due to adjustment of expected rental rate	-	-	(35)	-	(35)
Depreciation for the year	(7,449)	(4,219)	(1,190)	(1,947)	(14,805)
31 December 2022	84,241	7,529	2,179	6,661	100,610
Additions	-	5,174	-	-	5,174
Write-off	(946)	(3,377)	(184)	-	(4,507)
Depreciation for the year	(7,270)	(4,117)	(1,320)	(2,079)	(14,786)
31 December 2023	76,025	5,209	675	4,582	86,491

(Unit: Thousand Baht)

	Separate financial statements				
	Land and improvements	Buildings and improvements	Machinery and equipment	Motor vehicles	Total
1 January 2022	78,095	6,269	1,418	2,660	88,442
Additions	593	5,479	1,146	1,337	8,555
Reversal of right-of-use due to adjustment of expected rental rate	-	-	(35)	-	(35)
Depreciation for the year	(6,371)	(4,219)	(945)	(1,018)	(12,553)
31 December 2022	72,317	7,529	1,584	2,979	84,409
Additions	-	485	-	-	485
Write-off	(396)	(3,377)	(184)	-	(3,957)
Depreciation for the year	(6,248)	(3,075)	(1,074)	(1,018)	(11,415)
31 December 2023	65,673	1,562	326	1,961	69,522

b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Lease payments	114,659	130,847	93,769	109,617
Less: Deferred interest expenses	(20,872)	(24,945)	(17,719)	(21,115)
Total	93,787	105,902	76,050	88,502
Less: Current portion of lease liabilities	(11,610)	(13,162)	(7,316)	(10,275)
Lease liabilities - net of current portion	82,177	92,740	68,734	78,227

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

(Unit: Thousand Baht)

	For the year ended 31 December			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Depreciation expense of right-of-use assets	14,780	14,805	11,415	12,553
Interest expense on lease liabilities	3,905	4,367	3,267	3,625
Expense relating to short-term leases	3,963	3,575	2,429	2,234
Expense relating to leases of low-value assets	1,645	2,554	1,645	2,554

d) Others

The Group had total cash outflows for leases for the year ended 31 December 2023 of Baht 22 million (2022: Baht 21 million) (the Company only: Baht 17 million, 2022: Baht 18 million), including the cash outflow related to short-term lease, leases of low-value assets and variable lease payments that do not depend on an index or a rate.

16.2 Group as a lessor

The Group has future minimum rentals receivable under non-cancellable operating leases as at 31 December 2023 and 2022 as follows:

	(Unit: Thousand Baht)	
	Consolidated /Separate financial statements	
	2023	2022
Within 1 year	10,292	9,472
Over 1 and up to 5 years	12,675	6,330
Total	<u>22,967</u>	<u>15,802</u>

17. Biological assets

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2023	2022
Current biological assets	67,200	90,815
Non-current biological assets	13,775	9,845
Total biological assets	<u>80,975</u>	<u>100,660</u>

Biological assets comprise of fattening swine and stud swine. The Group presented the biological assets with feeding cycle not over one year as current biological assets. The biological assets with feeding cycle over one year presented as non-current biological assets.

Movements of the biological assets account for the years ended 31 December 2023 and 2022 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2023	2022
Balance at beginning of year	100,660	121,220
Increases due to feeding costs	637,392	281,282
Decreases due to sales	(622,971)	(282,656)
Depreciation for the year	(5,049)	(4,543)
Loss on change in fair value less cost to sell of biological assets	(29,057)	(14,643)
Balance at end of year	80,975	100,660

18. Intangible assets

The net book value of intangible assets, computer software, as at 31 December 2023 and 2022 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 31 December 2023		
Cost	59,410	35,993
Less: Accumulated amortisation	(29,925)	(27,049)
Net book value	<u>29,485</u>	<u>8,944</u>
As at 31 December 2022		
Cost	35,354	29,127
Less: Accumulated amortisation	(28,424)	(26,092)
Less: Allowance for impairment loss	(30)	(30)
Net book value	<u>6,900</u>	<u>3,005</u>

A reconciliation of the net book value of intangible assets for the years 2023 and 2022 are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Net book value at beginning of year	6,900	9,141	3,005	5,702
Acquisitions	24,063	969	6,844	50
Transferred from property, plant and equipment	673	-	673	-
Amortisation during the year	(2,165)	(3,341)	(1,592)	(2,878)
Disposal/write-off during the year	(16)	-	(16)	-
Reversal allowance for impairment loss	30	131	30	131
Net book value at end of year	29,485	6,900	8,944	3,005

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

	Interest rate (% per annum)	(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2023	2022	2023	2022
Bank overdraft	7.52	3,645	-	-	-
Short-term loans from financial institutions	2.90 - 3.90	684,993	545,000	615,000	455,000
Total		688,638	545,000	615,000	455,000

The above credit facilities of the Company are secured by the mortgages of land and building constructed thereon and machines of the Company.

The above credit facilities of subsidiaries are secured by the mortgages of subsidiaries' land of subsidiaries and guaranteed by the Company.

20. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Trade accounts payable - related parties	-	-	1,771	4,791
Trade accounts payable - unrelated parties	230,814	256,541	151,220	172,306
Accrued sale promotions	59,274	56,080	42,639	40,221
Accrued expenses	52,226	61,695	27,471	36,021
Payable from purchase of equipment	6,474	5,697	3,017	4,311
Others	8,434	1,257	-	1,061
Total trade and other payables	357,222	381,270	226,118	258,711

21. Long-term loans

As at 31 December 2023 and 2022, long-term loans are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Loans from banks	375,715	610,826	316,351	501,328
Less: Current portion of long-term loans	(109,109)	(157,257)	(86,840)	(95,552)
Net	266,606	453,569	229,511	405,776

Details of long-term loans of each company are presented below.

Company's name	Balance of long-term loans		Interest rates	Repayment
	2023	2022		
	(Thousand Baht)	(Thousand Baht)	(% per annum)	(Monthly repayment)
S. Khonkaen Foods Pcl.	-	11,490	Fixed rate	Final dued in July 2023
	13,485	22,967	Fixed rate	Final dued in December 2025
	176,063	220,189	Fixed rate	Final dued in December 2027
	118,803	246,682	MLR less fixed rate	Final dued in October 2031
	8,000	-	MLR less fixed rate	Final dued in October 2031
	316,351	501,328		
Mahachai Foods Co., Ltd.	7,398	13,197	Fixed rate	Final dued in February 2025
	17,023	29,914	Fixed rate	Final dued in May 2026
	34,943	66,387	Fixed rate	Final dued in August 2027
	59,364	109,498		
Total	375,715	610,826		

Movement of the long-term loans account during the year ended 31 December 2023 is summarised below:

	(Unit: Thousand Baht)	
	Consolidated	Separate financial
	financial statements	statements
Balance as at 1 January 2023	610,826	501,328
Add: Additional borrowings	19,790	8,000
Less: Repayment	(254,901)	(192,977)
Balance as at 31 December 2023	375,715	316,351
Less: Current portion of long-term loans	(109,109)	(86,840)
Long-term loans, net of current portion	266,606	229,511

The long-term loans of the Company is secured by the mortgages of land and building constructed thereon, machinery and investment properties of the Company.

The long-term loans of the subsidiaries are secured by the mortgage of land and machinery of subsidiaries and guaranteed by the Company.

The loan agreements contain several covenants which, among other things, require the Group to maintain debt-to-equity ratio, interest-bearing debt to equity ratio and debt service coverage ratio at the rate prescribed in the agreements. Also, the Group has to maintain shareholding proportion in the parent prescribed in the agreement.

As at 31 December 2023, the long-term credit facilities of the Group which have not yet been drawn down amounted to Baht 603 million (2022: Baht 33 million) (the Company only: Baht 603 million, 2022: Baht 21 million).

22. Provisions for long-term employee benefits

Provisions for long-term employee benefits, which represent compensations payable to employees after they retire, are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Provisions for long-term employee benefits at				
beginning of year	87,701	90,206	53,102	59,510
Included in profit or loss:				
Current service cost	9,350	7,541	4,906	4,791
Interest cost	2,152	1,915	1,239	1,345
Past service cost	-	1,015	-	594
Included in other comprehensive income:				
Actuarial (gain) loss arising from:				
Demographic assumptions changes	-	11,479	-	1,890
Financial assumptions changes	-	(13,474)	-	(7,096)
Experience adjustments	-	5,922	-	3,266
Transfer out to subsidiary	-	-	(307)	-
Benefits paid during the year	(9,182)	(16,903)	(7,599)	(11,198)
Provisions for long-term employee				
benefits at end of year	90,021	87,701	51,341	53,102

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Cost of sales	4,114	2,704	2,190	1,771
Selling and administrative expenses	7,388	7,767	3,955	4,959
Total expense recognised in profit or loss	11,502	10,471	6,145	6,730

The Group expects to pay Baht 15 million of long-term employee benefits during the next year (2022: Baht 25 million) (the Company only: Baht 7 million, 2022: Baht 20 million).

As at 31 December 2023, the weighted average duration of the liabilities for retirement benefit and long service award of long-term employee benefit is 9 years (2022: 9 years) (the Company only: 9 years, 2022: 9 years).

Significant actuarial assumptions are summarised below:

	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Discount rates (percent per annum)	3.21	3.21	3.21	3.21
Salary increase rates (percent)	5.00	5.00	5.00	5.00
Gold prices (Baht)	30,050	30,050	30,050	30,050
Gold Inflation rate (percent)	2.00	2.00	2.00	2.00
Turnover rates (percent)	0.0 - 50.0	0.0 - 50.0	0.0 - 50.0	0.0 - 30.0
Improving mortality rate (percent)	3.00	3.00	3.00	3.00

The results of sensitivity analysis for significant assumptions that affect the present value for retirement benefit and long service award of the long-term employee benefits obligation as at 31 December 2023 and 2022 are summarized below:

Consolidated financial statements						
	Increase	Obligation change		Decrease	Obligation change	
		2023	2022		2023	2022
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(4,334)	(4,511)	(1.0)	4,821	5,006
Salary increase rate	1.0	5,295	4,701	(1.0)	(4,835)	(4,322)
Gold prices	20.0	545	570	(20.0)	(545)	(570)
Turnover rate	1.0	(2,462)	(2,044)	(1.0)	2,697	2,233
Improving mortality rate	1.0	131	136	(1.0)	(146)	(149)

Separated financial statements						
		Obligation change			Obligation change	
	Increase	2023	2022	Decrease	2023	2022
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(2,367)	(2,523)	(1.0)	2,617	2,780
Salary increase rate	1.0	2,888	2,617	(1.0)	(2,652)	(2,423)
Gold prices	20.0	301	342	(20.0)	(301)	(342)
Turnover rate	1.0	(1,355)	(1,120)	(1.0)	1,471	1,214
Improving mortality rate	1.0	68	81	(1.0)	(75)	(88)

23. Share capital

On 25 April 2023, the Annual General Meeting of shareholders of the Company passed a resolution to approve the increase in the Company's registered share capital of 15,992,500 ordinary shares of Baht 1 per share from the formerly registered share capital of Baht 323,400,000 to newly registered share capital of Baht 339,392,500 to reserve for the exercise of right under the employee stock option program (ESOP). The Company registered the increase in registered share capital with the Ministry of Commerce on 8 May 2023. Currently, the Company had yet to issue ESOP in accordance with the aforesaid program.

24. Statutory reserve

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

25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Salaries and wages and other				
employee benefits	677,364	696,192	423,448	443,709
Depreciation and amortisation	142,224	138,724	57,986	60,748
Raw materials and consumables used	1,591,772	1,693,445	936,469	1,028,256
Changes in inventories of finished				
goods and work in process	18,657	46,937	11,077	33,096
Sale promotion expenses	214,532	225,564	156,830	166,158

26. Income tax

Income tax expense (income) for the years ended 31 December 2023 and 2022 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Current income tax:				
Current income tax charge for the year	22,375	30,488	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,379)	(11,275)	6,309	(9,509)
Tax expense (income) reported in profit or loss	20,996	19,213	6,309	(9,509)

The reconciliation between accounting profit and income tax expense (income) is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Accounting profit before tax	71,290	116,792	109,784	32,321
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	14,258	23,358	21,957	6,464
Effects of:				
Non-deductible expenses	2,270	(2,348)	1,349	2,113
Additional deductible expenses allowed	(2,694)	(3,496)	(2,012)	(2,786)
Exempted revenue	-	-	(15,001)	(15,300)
Others	7,162	1,699	16	-
Total	6,738	(4,145)	(15,648)	(15,973)
Tax expense (income) reported in the income statement	20,996	19,213	6,309	(9,509)

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

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Deferred tax assets				
Allowance for expected credit losses	910	604	880	551
Allowance for diminution in value of inventories	920	1,079	733	910
Impairment on investment properties	41	41	-	-
Impairment on building, equipments and intangible asset	311	908	311	908
Cost of machinery and equipment	837	307	837	307
Depreciation of stud swine	473	504	-	-
Provision for long-term employee benefits	16,477	16,079	10,268	10,620
Unused tax losses	2,835	8,827	1,690	8,827
Leases	1,620	1,300	1,415	1,009
Total deferred tax assets	24,424	29,649	16,134	23,132
Deferred tax liabilities				
Interest rate swaps	-	(689)	-	(689)
Cost of fattening swine	-	(103)	-	-
Surplus on revaluation of assets	(45,331)	(45,331)	(33,851)	(33,851)
Gain on change in fair value less cost to sale of biological assets	(2,029)	(7,841)	-	-
Total deferred tax liabilities	(47,360)	(53,964)	(33,851)	(34,540)
Deferred tax liabilities - net	(22,936)	(24,315)	(17,717)	(11,408)
Deferred tax assets (liabilities) presented in statement of financial position				
Deferred tax assets	-	-	-	-
Deferred tax liabilities	(22,936)	(24,315)	(17,717)	(11,408)

As at 31 December 2023, eight subsidiaries (2022: two subsidiaries) have deductible temporary differences and unused tax losses totaling Baht 24 million (2022: Baht 3 million), on which deferred tax assets have not been recognised as those subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses. The unused tax losses will expire within 2028 (2022: Expire within 2027).

27. Earnings per share

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

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

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Profit attributable to equity holders of the Company (Thousand Baht)	54,667	101,483	103,475	41,830
Weighted average number of ordinary shares (Thousand Shares)	323,400	323,400	323,400	323,400
Earnings per share (Baht/share)	0.17	0.31	0.32	0.13

28. Provident fund

The Group and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the Group and their employees contribute to the fund monthly at the rates of 3% and 2% - 15%, respectively of basic salary. The fund will be paid to employees upon termination in accordance with the fund rules of the Group's provident fund.

During the years ended 31 December 2023 and 2022, the contributions were recognised as expenses as following details:

		(Unit: Million Baht)	
Company's name	Fund Manager	Company's contribution in	
		2023	2022
S. Khonkaen Foods Public Company Limited	Bangkok Capital Asset Management Company Limited	6	6
Mahachai Foods Company Limited	TISCO Asset Management Company Limited	2	2
S. Pasusat Company Limited	Bangkok Capital Asset Management Company Limited	0.2	0.2

29. Segment information

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

The Group is organised into business units based on its products and services. Their operating segments are classified into four reportable segments as follows:

1. Processed food from pork
2. Processed seafood
3. Restaurants
4. Swine farm

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

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

The revenue and profit information regarding the Group operating segments for the years ended 31 December 2023 and 2022 is presented below:

(Unit: Thousand Baht)

For the years ended	Processed food		Processed seafood		Restaurants		Swine farm		Total segment		Elimination entries		Total	
	from pork													
31 December 2023 and 2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from external customers	1,676,232	1,599,081	1,066,181	1,099,950	67,099	72,458	273,406	400,988	3,082,918	3,172,477	-	-	3,082,918	3,172,477
Inter-segment revenue	20,071	14,491	58,850	71,176	-	-	-	-	78,921	85,667	(78,921)	(85,667)	-	-
Total sales	1,696,303	1,613,572	1,125,031	1,171,126	67,099	72,458	273,406	400,988	3,161,839	3,258,144	(78,921)	(85,667)	3,082,918	3,172,477
Gross operating profit	414,463	309,245	291,632	279,306	32,677	34,544	12,760	140,545	751,532	763,640	9	-	751,541	763,640
Loss from rental and service													(12,932)	(14,275)
Other income													68,360	31,503
Selling and distribution expenses													(320,753)	(326,477)
Administrative expenses													(335,095)	(294,186)
Loss on change in fair value														
less cost to sale of biological assets													(29,057)	(14,643)
Loss on impairment in financial asset													(5,400)	-
Share of loss from investments in														
joint ventures													(4,328)	-
Loss on impairment of investment in														
joint venture													(1,451)	-
Reversal of loss on impairment of														
investment properties													-	1,695
Finance cost													(39,595)	(30,465)
Tax expense													(20,996)	(19,213)
Profit for the year													50,294	97,579
<u>Segment total assets</u>														
Property, plant and equipment	518,643	468,341	421,126	447,429	19,979	14,806	193,908	151,275	1,153,656	1,081,851	(8,094)	(171)	1,145,562	1,081,680
Intangible assets	8,944	2,968	4,249	3,845	474	37	15,833	50	29,500	6,900	(15)	-	29,485	6,900

Geographic information

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

	(Unit: Thousand Baht)	
	2023	2022
Revenue from external customers		
Thailand	2,926,722	3,022,877
Others	156,196	149,600
Total	<u>3,082,918</u>	<u>3,172,477</u>

Major customers

During the year, the Group had revenue from three major customers amounting to Baht 1,010 million arising from processed food from pork segment and processed seafood segment (2022: Baht 1,118 million derived from two major customers in the same segment).

30. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend for 2022	Annual General Meeting of the shareholders on 25 April 2023	<u>32,340</u>	<u>0.10</u>
Dividend for 2021	Annual General Meeting of the shareholders on 28 April 2022	<u>48,510</u>	<u>0.15</u>

31. Commitments and contingent liabilities

31.1 Capital commitments

As at 31 December 2023, the Group had capital commitments in respect of construction of office building and acquisition of assets of approximately Baht 77 million (2022: Baht 57 million) (the Company only: Baht 14 million, 2022: Baht 45 million).

31.2 Guarantees

- (1) As at 31 December 2023 and 2022, the subsidiaries pledged their bank deposit to secure a fuel credit card of Baht 1 million.
- (2) As at 31 December 2023, the Company has the obligations in respect of guarantees provided to banks for loan facilities of the subsidiaries of Baht 222 million (2022: Baht 317 million).

- (3) As at 31 December 2023, there were outstanding bank guarantees of approximately Baht 10 million (2022: Baht 8 million) issued by the banks on behalf of the Company and its subsidiaries to guarantee utility charges (the Company only: Baht 6 million, 2022: Baht 6 million).

31.3 Financial derivatives

As at 31 December 2023, the Group has unused foreign exchange contracts facilities outstanding of Baht 60 million (2022: Baht 60 Million) (the Company only: Baht 45 Million, 2022: Baht 45 million).

32. Fair value hierarchy

As at 31 December 2023 and 2022, the Group had assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2023							
	Consolidated financial statements				Separate financial statements			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Land	-	297	-	297	-	202	-	202
Biological assets	-	27	54	81	-	-	-	-
Assets for which fair value is disclosed								
Investment properties	-	912	320	1,232	-	177	320	497

(Unit: Million Baht)

	As at 31 December 2022							
	Consolidated financial statements				Separate financial statements			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Land	-	297	-	297	-	202	-	202
Biological assets	-	25	76	101	-	-	-	-
Assets for which fair value is disclosed								
Investment properties	-	1,021	320	1,341	-	177	320	497

33. Financial instruments

33.1 Financial risk management

The Group's financial instruments principally comprise cash and cash equivalents, trade accounts receivable, bank overdrafts and short-term loans, lease liabilities and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Group is exposed to credit risk primarily with respect to trade accounts receivable, loans, deposits with banks and financial institutions. The maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position.

Trade accounts receivable

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade accounts receivable are regularly monitored, by the group's policy and procedure of the debt collection.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The Group classifies customers by customer type and reliability. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, The Group sets aside full allowance for doubtful accounts when a receivable meets the criteria set by the Group and will follow the procedures that are clearly stipulated in the Group's debt collection policy.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's management in accordance with the Group's policy. Investments are made only with counterparties approved by the Group's Board of Directors and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities when revenue or expense is denominated in a foreign currency and the Group's net investments in foreign subsidiaries.

The Group's exposure to foreign currency changes for all other currencies is not material.

Interest rate risk

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

The Group manages its interest rate risk by financing long-term loans with fixed and variable rates that The Group had manages cash flow efficiently. And short-term loans with floating rates (Market rate). The Group carefully considers the sources of funds in order to ensure financing costs and consistent with the objectives of the Group.

As at 31 December 2023 and 2022, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

	Consolidate financial statements						
	As at 31 December 2023						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	870	-	-	20,453	140,202	161,525	0.15 - 1.18
Trade and other receivables	-	-	-	-	532,062	532,062	-
Restricted bank deposits	350	1,171	-	-	-	1,521	0.375 - 1.175
Loans to other companies	7,900	2,000	-	-	-	9,900	4.50 - 5.00
Financial liabilities							
Bank overdrafts and short-term							
loans from financial							
institutions	-	-	-	688,638	-	688,638	2.90 - 7.52
Trade and other payables	-	-	-	-	357,222	357,222	-
Lease liabilities	11,610	29,939	52,238	-	-	93,787	1.53 - 5.375
Long-term loans	109,109	243,492	23,114	-	-	375,715	Note 21

(Unit: Thousand Baht)

Consolidate financial statements

As at 31 December 2022

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	866	-	-	45,403	140,512	186,781	0.15 - 0.55
Trade and other receivables	-	-	-	-	524,350	524,350	-
Restricted bank deposits	349	1,166	-	-	-	1,515	0.375 - 0.725
Loans to other companies	-	10,935	-	-	-	10,935	4.50
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	545,000	-	545,000	1.76 - 2.60
Trade and other payables	-	-	-	-	381,270	381,270	-
Lease liabilities	13,162	33,113	59,627	-	-	105,902	1.53 - 5.375
Long-term loans	157,257	349,327	104,242	-	-	610,826	Note 21

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2023

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	2,517	76,875	79,392	0.35 - 0.55
Trade and other receivables	-	-	-	-	462,580	462,580	-
Loans to subsidiaries	190,960	-	-	-	-	190,960	3.25 - 4.00
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	615,000	-	615,000	3.00 - 3.50
Trade and other payables	-	-	-	-	226,118	226,118	-
Loans from subsidiaries	65,000	-	-	-	-	65,000	4.00
Lease liabilities	7,316	22,656	46,078	-	-	76,050	1.53 - 4.00
Long-term loans	86,840	206,397	23,114	-	-	316,351	Note 21

(Unit: Thousand Baht)

	Separate financial statements						
	As at 31 December 2022						
	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1 - 5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	7,760	80,411	88,171	0.15 - 0.325
Trade and other receivables	-	-	-	-	458,185	458,185	-
Loans to subsidiary	10,500	74,090	-	-	-	84,590	3.25 - 4.00
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	455,000	-	455,000	1.76 - 2.60
Trade and other payables	-	-	-	-	258,711	258,711	-
Lease liabilities	10,275	25,822	52,405	-	-	88,502	1.53 - 4.00
Long-term loans	95,552	301,534	104,242	-	-	501,328	Note 21

Liquidity risk

The Group realises the importance of effective working capital management and sets plans in advance for managing working capital and accessing sources of sufficient short-term financing to meet the needs of the Group's operations. This enables the Group to effectively mitigate risk, boost liquidity and manage costs.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities as at 31 December 2023 and 2022 based on contractual undiscounted cash flows:

(Unit: Thousand Baht)

Consolidated financial statements				
31 December 2023				
On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives				
Bank overdraft and short-term loans				
from financial institutions	-	688,638	-	688,638
Trade and other payables	-	357,222	-	357,222
Lease liabilities	-	11,610	29,939	93,787
Long-term loans	-	109,109	243,492	375,715
Total non-derivatives	-	1,166,579	273,431	1,515,362

(Unit: Thousand Baht)

Consolidated financial statements

31 December 2022

	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans					
from financial institutions	-	545,000	-	-	545,000
Trade and other payables	-	381,270	-	-	381,270
Lease liabilities	-	13,162	33,113	59,627	105,902
Long-term loans	-	157,257	349,327	104,242	610,826
Total non-derivatives	-	1,096,689	382,440	163,869	1,642,998

(Unit: Thousand Baht)

Separate financial statements

31 December 2023

	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans					
from financial institutions	-	615,000	-	-	615,000
Trade and other payables	-	226,118	-	-	226,118
Lease liabilities	-	7,316	22,656	46,078	76,050
Long-term loans	-	86,840	206,397	23,114	316,351
Total non-derivatives	-	935,274	229,053	69,192	1,233,519

(Unit: Thousand Baht)

Separate financial statements

31 December 2022

	On demand	Less than 1 year	1 to 5 years	More than 5 years	Total
Non-derivatives					
Bank overdraft and short-term loans					
from financial institutions	-	455,000	-	-	455,000
Trade and other payables	-	258,711	-	-	258,711
Lease liabilities	-	10,275	25,822	52,405	88,502
Long-term loans	-	95,552	301,534	104,242	501,328
Total non-derivatives	-	819,538	327,356	156,647	1,303,541

33.2 Fair values of financial instruments

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

34. Capital management

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2023, the Group's debt-to-equity ratio was 1.27:1 (2022: 1.43:1) (the Company only 1.29:1, 2022: 1.38:1).

35. Events after the reporting period

35.1 The Company

On 27 February 2024, the Board of Directors' meeting of the Company passed a resolution to propose to the Annual General Meeting of the Company's shareholders to approve significant matters as listed below:

- 1) To approve the dividend payment from operating results of the year 2023 at Baht 0.20 per share, or a total of Baht 64.68 million. The dividend will be paid and accounted for after an approval of the Annual General Meeting of the Company's shareholders.
- 2) To approve the reduction of the Company's registered share capital by Baht 15,992,500 from the original registered share capital of Baht 339,392,500 to the new registered share capital of Baht 323,400,000 because the cancellation of the ESOP program which has been previously approved.
- 3) To approve the relocation of the head office and amend Article 5 of the Memorandum of Association of the Company in line with the office relocation.

Old Address: 259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road (Pridi Banomyong)
Phra khanong Nuer, Vadhana, Bangkok 10110
New Address: 12/555, S. Tower Building, 12th Floor, Moo 15, Bangna-Trad Road, Km.
5.5, Bangkaew, Bang Phli, Samut Prakan 10540
- 4) To approval the amendment of a subsidiary's name from "S.Khonkaen Food (Henan) Co., Ltd." to "S.Khonkaen Meat Food Products (Henan) Co., Ltd.".

35.2 The subsidiary

On 20 February 2024, the Board of Directors' meeting of Mahachai Foods Co., Ltd. (subsidiary) passed a resolution to propose the Annual General Meeting of the subsidiary's shareholders to approve the dividend payment from operating results of the year 2023 at Baht 0.69 per share, or a total of Baht 33.8 million. However, the subsidiary made an interim dividend payment for the period from 1 January 2023 to 30 September 2023 at Baht 0.56 per share, or a total of Baht 27.4 million. The remains outstanding dividend payment will be paid at Baht 0.13 per share, totaling of Baht 6.4 million.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2024.