

S. Khonkaen Foods Public Company Limited
and its subsidiaries

Review report and interim financial information

For the three-month period ended 31 March 2023

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of S. Khonkaen Foods Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of S. Khonkaen Foods Public Company Limited and its subsidiaries as at 31 March 2023, the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the interim consolidated financial statements. I have also reviewed the separate financial information of S. Khonkaen Foods Public Company Limited for the same period (collectively "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 11 May 2023

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2023

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 March 2023	31 December 2022	31 March 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		148,692	186,781	50,807	88,171
Trade and other receivables	2, 3	441,392	524,350	390,363	458,185
Short-term loans to subsidiaries	2	-	-	117,090	10,500
Short-term loans to other company		11,042	10,935	-	-
Inventories		417,701	384,090	256,327	235,120
Current biological assets	8	68,397	90,815	-	-
Other current assets		33,180	27,351	16,875	15,534
Total current assets		1,120,404	1,224,322	831,462	807,510
Non-current assets					
Restricted bank deposits		1,515	1,515	-	-
Long-term loans to subsidiary	2	-	-	-	74,090
Investments in subsidiaries		-	-	537,612	537,612
Investments in joint ventures	4	7,933	-	-	-
Other non-current financial assets		4,333	-	4,333	-
Investment properties	5	664,518	665,707	397,310	398,499
Property, plant and equipment	6	1,089,079	1,081,679	493,897	483,120
Right-of-use assets	7	97,591	100,610	80,708	84,409
Non-current biological assets	8	9,608	9,845	-	-
Intangible assets		6,582	6,900	2,333	3,005
Other non-current assets		8,030	8,013	6,388	6,222
Total non-current assets		1,889,189	1,874,269	1,522,581	1,586,957
Total assets		3,009,593	3,098,591	2,354,043	2,394,467

The accompanying notes to interim financial statements 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 March 2023

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 March 2023	31 December 2022	31 March 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions		565,000	545,000	475,000	455,000
Trade and other payables	2	313,937	381,270	208,708	258,711
Current portion of lease liabilities		12,454	13,162	9,755	10,275
Current portion of long-term loans	9	139,478	157,257	87,757	95,552
Income tax payable		32,524	24,770	-	-
Other current liabilities		34,002	41,261	13,811	17,788
Total current liabilities		1,097,395	1,162,720	795,031	837,326
Non-current liabilities					
Lease liabilities, net of current portion		90,454	92,740	75,698	78,227
Long-term loans, net of current portion	9	430,966	453,569	388,049	405,776
Deferred tax liabilities		22,612	24,315	10,358	11,408
Provisions for long-term employee benefits		90,570	87,701	54,636	53,102
Other non-current liabilities		1,735	1,904	1,207	1,306
Total non-current liabilities		636,337	660,229	529,948	549,819
Total liabilities		1,733,732	1,822,949	1,324,979	1,387,145

The accompanying notes to interim financial statements 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 March 2023

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered				
323,400,000 ordinary shares of Baht 1 each	323,400	323,400	323,400	323,400
Issued and paid-up				
323,400,000 ordinary shares of Baht 1 each	323,400	323,400	323,400	323,400
Share premium	50,281	50,281	50,281	50,281
Share premium on treasury stock	37,552	37,552	-	-
Retained earnings				
Appropriated - statutory reserve	32,340	32,340	32,340	32,340
Unappropriated	652,888	652,048	487,639	465,897
Other components of shareholders' equity	182,272	182,198	135,404	135,404
Equity attributable to owners of the Company	1,278,733	1,277,819	1,029,064	1,007,322
Non-controlling interests of the subsidiaries	(2,872)	(2,177)	-	-
Total shareholders' equity	1,275,861	1,275,642	1,029,064	1,007,322
Total liabilities and shareholders' equity	3,009,593	3,098,591	2,354,043	2,394,467
	-	-	-	-

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

Director

Director

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 31 March 2023**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Revenues					
Sales		767,059	748,178	423,257	388,297
Revenue from rental and service		3,036	2,320	3,036	2,320
Dividend income	2	-	-	31,636	-
Other income		10,048	5,888	5,677	2,512
Total revenues		780,143	756,386	463,606	393,129
Expenses					
Cost of sales		581,591	555,892	330,290	295,118
Cost of rental and service		6,414	5,222	6,414	5,222
Selling and distribution expenses		79,375	73,279	48,933	44,586
Administrative expenses		74,363	65,005	50,146	43,441
Loss on changes in fair value less cost to sale of biological assets	8	21,805	19,078	-	-
Total expenses		763,548	718,476	435,783	388,367
Operating profit		16,595	37,910	27,823	4,762
Share of loss from investments in joint ventures	4	(67)	-	-	-
Interest income		129	9	927	838
Finance cost		(9,640)	(7,287)	(8,058)	(5,727)
Profit (loss) before tax expense		7,017	30,632	20,692	(127)
Tax income (expense)		(6,659)	(5,886)	1,050	269
Profit for the period		358	24,746	21,742	142
Profit and loss attributable to:					
Equity holders of the Company		840	24,655	21,742	142
Non-controlling interests of the subsidiaries		(482)	91		
		358	24,746		
(Unit: Baht)					
Earnings per share					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.0026	0.0762	0.0672	0.0004

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

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2023

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Profit for the period	<u>358</u>	<u>24,746</u>	<u>21,742</u>	<u>142</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss</i>				
<i>in subsequent periods:</i>				
Exchange differences on translation of				
financial statements in foreign currency	<u>74</u>	<u>(125)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>74</u>	<u>(125)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>432</u></u>	<u><u>24,621</u></u>	<u><u>21,742</u></u>	<u><u>142</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>914</u>	<u>24,530</u>	<u><u>21,742</u></u>	<u><u>142</u></u>
Non-controlling interests of the subsidiaries	<u>(482)</u>	<u>91</u>		
	<u><u>432</u></u>	<u><u>24,621</u></u>		

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

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2023

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to the owners of the Company												
	Other components of equity holders												
	Other comprehensive income												
	Exchange differences					Total other			Total equity	Equity attributable	Total shareholders'		
	Issued and paid up	Share premium	Share premium on treasury stock	Retained earnings		on translation of financial statements	Surplus on revaluation of assets	Surplus on revaluation assets of subsidiary's assets	Surplus on changes in proportion in interest of subsidiary	components of shareholders' equity		attributable to shareholders of the Company	to non-controlling interests of the subsidiaries
share capital	Share premium		Statutory reserve	Unappropriated	in foreign currency	revaluation of assets							
Balance as at 1 January 2022	323,400	50,281	37,552	32,340	602,000	579	132,044	43,471	502	176,596	1,222,169	1,748	1,223,917
Profit for the period	-	-	-	-	24,655	-	-	-	-	-	24,655	91	24,746
Other comprehensive income for the period	-	-	-	-	-	(125)	-	-	-	(125)	(125)	-	(125)
Total comprehensive income for the period	-	-	-	-	24,655	(125)	-	-	-	(125)	24,530	91	24,621
Balance as at 31 March 2022	323,400	50,281	37,552	32,340	626,655	454	132,044	43,471	502	176,471	1,246,699	1,839	1,248,538
Balance as at 1 January 2023	323,400	50,281	37,552	32,340	652,048	469	135,404	45,823	502	182,198	1,277,819	(2,177)	1,275,642
Profit (loss) for the period	-	-	-	-	840	-	-	-	-	-	840	(482)	358
Other comprehensive income for the period	-	-	-	-	-	74	-	-	-	74	74	-	74
Total comprehensive income for the period	-	-	-	-	840	74	-	-	-	74	914	(482)	432
Dividends paid	-	-	-	-	-	-	-	-	-	-	-	(213)	(213)
Balance as at 31 March 2023	323,400	50,281	37,552	32,340	652,888	543	135,404	45,823	502	182,272	1,278,733	(2,872)	1,275,861
	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-

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

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2023

(Unit: Thousand 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	50,281	32,340	471,026	132,044	1,009,091
Profit for the period	-	-	-	142	-	142
Total comprehensive income for the period	-	-	-	142	-	142
Balance as at 31 March 2022	323,400	50,281	32,340	471,168	132,044	1,009,233
Balance as at 1 January 2023	323,400	50,281	32,340	465,897	135,404	1,007,322
Profit for the period	-	-	-	21,742	-	21,742
Total comprehensive income for the period	-	-	-	21,742	-	21,742
Balance as at 31 March 2023	323,400	50,281	32,340	487,639	135,404	1,029,064
	-	-	-	-	-	-
	-	-	-	-	-	-

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

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries**Cash flow statement****For the three-month period ended 31 March 2023**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit before tax	7,017	30,632	20,692	(127)
Adjustments to reconcile profit (loss) before tax expenses to net cash provided by (paid from) operating activities				
Depreciation	33,062	31,069	14,312	14,150
Depreciation of biological assets	1,165	1,097	-	-
Amortisation of intangible assets	823	824	702	711
Allowance for expected credit losses of trade and other receivables (reversal)	608	(353)	610	130
Reduction of inventories to net realisable value (reversal)	(149)	(932)	8	(1,275)
Reversal of loss on impairment of equipment	(251)	(233)	(251)	(233)
Reversal of impairment of computer software	(30)	(35)	(30)	(35)
Gain on write-off of lease agreements	(815)	-	(79)	-
Share of loss from investments in joint ventures	67	-	-	-
Loss (gain) on sales of equipment	(153)	10	(146)	-
Write-off building and equipment	59	54	49	54
Gain on sale of stud swine	(992)	(2,117)	-	-
Long-term employee benefit expenses	2,900	2,364	1,565	1,534
Unrealised loss on exchanges	129	46	129	46
Loss on changes in fair value less cost to sale of biological assets	21,805	19,078	-	-
Gain on changes in fair value of interest rate exchanges	(36)	(325)	(36)	(325)
Interest income	(129)	(9)	(927)	(838)
Dividend income from subsidiary	-	-	31,636	-
Finance cost	9,640	7,287	8,058	5,727
Profit from operating activities before changes in operating assets and liabilities	74,720	88,457	76,292	19,519
Operating assets (increase) decrease				
Trade and other receivables	82,221	4,722	35,871	3,566
Inventories	(33,462)	(10,299)	(21,215)	(6,806)
Biological assets	(886)	12,229	-	-
Other current assets	(5,793)	(7,036)	(1,305)	(2,659)
Other non-current assets	(17)	1,040	(166)	397
Operating liabilities increase (decrease)				
Trade and other payables	(75,788)	(921)	(56,465)	5,458
Other current liabilities	(7,259)	(714)	(3,977)	894
Other non-current liabilities	(169)	(1)	(99)	209
Cash paid for long-term employee benefit	(31)	-	(31)	-
Cash flows from operating activities	33,536	87,477	28,905	20,578
Cash paid for corporate income tax	(608)	(127)	-	(96)
Net cash flows from operating activities	32,928	87,350	28,905	20,482

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

(Unaudited but reviewed)

S. Khonkaen Foods Public Company Limited and its subsidiaries**Cash flow statement (continued)****For the three-month period ended 31 March 2023**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from investing activities				
Cash paid for investment in joint venture	(8,000)	-	-	-
Cash paid for capital investment in other investment	(4,333)	-	(4,333)	-
Decrease (increase) in loans to subsidiaries	-	-	(32,500)	40,000
Increase in loans to other investment	(107)	-	-	-
Acquisition of building and equipment	(27,420)	(26,749)	(14,131)	(13,211)
Acquisition of stud swine and raising cost	(466)	(612)	-	-
Acquisition of computer software	(475)	(290)	-	-
Proceeds from sales of equipment	765	13	212	-
Proceeds from sales of stud swine	2,029	3,065	-	-
Cash received from interest income	129	9	503	273
Net cash flows from (used in) investing activities	(37,878)	(24,564)	(50,249)	27,062
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	20,000	(23,198)	20,000	(24,000)
Cash received from long-term loans	-	36,586	-	18,179
Cash paid for repayment of long-term loans	(40,382)	(48,388)	(25,522)	(13,697)
Cash paid repayment of lease liabilities	(2,940)	(2,121)	(2,418)	(1,932)
Cash paid for interest expenses	(9,678)	(7,482)	(8,080)	(5,811)
Dividend paid	(213)	-	-	-
Net cash flows (used in) financing activities	(33,213)	(44,603)	(16,020)	(27,261)
Net increase (decrease) in cash and cash equivalents	(38,163)	18,183	(37,364)	20,283
Translation adjustments	74	(125)	-	-
Cash and cash equivalents at beginning of period	186,781	103,375	88,171	48,488
Cash and cash equivalents at end of period	148,692	121,433	50,807	68,771
	-		-	
Supplemental cash flow information				
Non-cash item transaction				
Payable from acquisition of equipment	8,493	12,295	6,484	2,621
Lease liabilities	(2,348)	(9,225)	(485)	(6,101)
Dividend receivable	-	-	31,636	-
Transfer property, plant and equipment to investment properties	-	(4,287)	-	(4,287)

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month period ended 31 March 2023

1. General information

1.1 The Company's general information

S. Khonkaen Foods Public Company Limited (“the Company”) is a public company limited 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), Phrakanong Nuer, Vadhana, Bangkok.

1.2 Basis of preparation of interim financial information

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

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

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

1.3 Basis of consolidation

The interim consolidated financial statements include the financial statements of S. Khonkaen Foods Public Company Limited (“the Company”) and its subsidiary companies (“the subsidiaries”) (collectively as “the Group”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2022, with the change in the composition of the group of companies during the current period as summarised below.

On 5 January 2023, the board of directors' meeting of S.Khonkaen Holding Company Limited (the subsidiary) passed a resolution to approve the establishment of S. Restaurant Holding Company Limited. S.Khonkaen Holding Company Limited invests 399,996 ordinary shares with a par value of Baht 10 each. As a result, the subsidiary owns 100% of the authorised share capital of that company.

On 21 February 2023, the board of directors' meeting of S. Restaurant Holding Company Limited passed a resolution to approve the investment of Sor. Kitchen Company Limited. S. Restaurant Holding Company Limited invests 399,996 ordinary shares in amounting of Baht 4 million. As a result, the subsidiary owns 100% of its authorised share capital.

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2022.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, do not have any significant impact on the Group's financial statements.

2. Related party transactions

During the period, the Group had significant business transactions with related parties. Such transactions were conclude on commercial terms and based agreed upon between the Company, subsidiaries and related parties.

Significant business transactions with related parties could be summarised as follows.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March				
	Consolidated		Separate		
	financial statements		financial statements		
	2023	2022	2023	2022	Pricing Policy
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	3,634	3,180	Cost plus margin
Service income	-	-	3,370	404	As stipulated in agreements
Dividend income	-	-	31,636	-	As declared
Interest income	-	-	923	838	Average cost of debt of 3.25% - 4.00% per annum (2022: 3.25% per annum)
Purchases of goods	-	-	18,493	18,318	Cost plus margin
<u>Transactions with joint venture</u>					
Sales of goods	794	-	794	-	Cost plus margin

(Unaudited but reviewed)

Balances of the accounts as at 31 March 2023 and 31 December 2022 between the Group and related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
<u>Trade and other receivables (Note 3)</u>				
Subsidiaries	-	-	48,865	56,778
Joint venture	849	-	849	-
Total trade and other receivables - related parties	849	-	49,714	56,778
<u>Trade and other payables</u>				
Subsidiaries	-	-	6,107	4,791

Loans to the subsidiaries

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

	Separate financial statements					
	Balance as at 31 December 2022	Increase during the period	Decrease during the period	Balance as at 31 March 2023	Less: Short-term loan to subsidiaries	Long-term loan to subsidiary
Loans to subsidiaries						
S. Pasusat Co., Ltd.	74,090	25,910	(5,010)	94,990	(94,990)	-
S. Khonkaen Holding Co., Ltd.	10,500	11,600	-	22,100	(22,100)	-
Total	84,590	37,510	(5,010)	117,090	(117,090)	-

Those loans bear interest at rates of 3.25% - 4.00% per annum. The due date for repayment of principal and interest by 20 March 2028 or at call.

Directors and management's benefits

During the three-month periods ended 31 March 2023 and 2022 the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	For the three-month periods ended 31 March			
	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Short-term employee benefits	12,434	16,345	9,468	13,210
Post-employment benefits	547	450	320	234
Total	12,981	16,795	9,788	13,444

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as discussed in Note 11.2 (2).

3. Trade and other receivables

Balances of trade and other receivables as at 31 March 2023 and 31 December 2022, aged on the basis of due dates, are summarised below.

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	849	-	1,703	1,092
Total trade accounts receivable - related parties	849	-	1,703	1,092
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	422,600	512,410	326,666	393,493
Past due				
Up to 3 months	13,648	10,160	9,965	6,364
3 - 6 months	962	822	918	632
6 - 12 months	751	303	655	250
Over 12 months	2,349	2,260	2,252	2,165
Total	440,310	525,955	340,456	402,904
Less: Allowance for expected credit losses	(3,228)	(2,620)	(2,964)	(2,354)
Total trade accounts receivable - unrelated parties, net	437,022	523,335	337,492	400,550
Total trade accounts receivable, net	437,931	523,335	339,195	401,642
<u>Other receivables</u>				
Other receivables - related parties	-	-	48,011	55,686
Other receivables - unrelated parties	3,411	944	3,106	850
Others	452	473	453	409
Total	3,863	1,417	51,570	56,945
Less: Allowance for expected credit losses	(402)	(402)	(402)	(402)
Total other receivables - net	3,461	1,015	51,168	56,543
Total trade and other receivables - net	441,392	524,350	390,363	458,185

4. Investments in joint ventures

4.1 Details of investments in joint ventures as at 31 March 2023 are as follows.

(Unit: Thousand Baht)			
Joint ventures	Issued and paid up capital	Percentage of shareholding (%)	Consolidated financial statements
			Carrying amounts based on equity method
LM SK Thaifoods Company Limited	10,000	40	3,987
Leanlicious Company Limited	1,000	30	3,946
Total			7,933

4.2 Share of comprehensive income and dividend received

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

(Unit: Thousand Baht)		
For the three-month periods ended 31 March 2023		
Joint ventures	Consolidated financial statements	
	Share of loss from investments in joint ventures	Share of other comprehensive income from investments in joint ventures
LM SK Thaifoods Company Limited	(13)	-
Leanlicious Company Limited	(54)	-
Total	(67)	-

5. Investment properties

Movements of investment properties account during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value at the beginning of the period	665,707	398,499
Depreciation for the period	(1,189)	(1,189)
Net book value at the end of the period	664,518	397,310

The Group has pledged investment properties with a total net book value as at 31 March 2023 of Baht 431 million (the Company only: Baht 363 million) as collateral for credit facilities granted by bank.

6. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial	financial
	statements	statements
Net book value as at 1 January 2023	1,081,679	483,120
Acquisitions during the period - at cost	35,913	20,615
Disposals during the period - net book value at disposal date	(612)	(66)
Write-off during the period - net book value at write-off date	(59)	(49)
Depreciation for the period	(28,093)	(9,974)
Reversal of allowance for impairment	251	251
Net book value as at 31 March 2023	1,089,079	493,897

The Group has mortgaged land and building constructed thereon and machinery with a total net book value as at 31 March 2023 of Baht 364 million (the Company only: Baht 253 million) as collaterals against credit facilities received from financial institutions.

7. Right of use assets

Movement of right of use assets for the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2023	100,610	84,409
Increase during the period	2,348	485
Write-off during the period	(1,587)	(1,037)
Depreciation for the period	(3,780)	(3,149)
Net book value as at 31 March 2023	<u>97,591</u>	<u>80,708</u>

8. Biological assets

Movements of the biological assets during the three-month period ended 31 March 2023 are as follows:

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2023	100,660
Increase due to feeding costs	72,802
Decrease due to sales	(72,487)
Depreciation for the period	(1,165)
Loss on changes in fair value less cost to sale of biological assets	(21,805)
Balance as at 31 March 2023	<u>78,005</u>

9. Long-term loans

Movements in the long-term loan account during the three-month period ended 31 March 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2023	610,826	501,328
Less: Repayments	(40,382)	(25,522)
Balance as at 31 March 2023	<u>570,444</u>	<u>475,806</u>

The long-term loans of the Company are secured by the mortgage of land and building constructed thereon and investment properties of the Company.

The long-term loans of the subsidiaries are secured by the mortgage of land, 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 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 March 2023, the long-term credit facilities of the Group which have not yet been drawn down amounted to Baht 11 million (the Company only: Baht 11 million).

10. 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 are 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 meat
2. Processed seafood
3. Restaurants
4. Swine farm

(Unaudited but reviewed)

The revenue and profit information regarding the Group operating segments for the periods of three-month ended 31 March 2023 and 2022 is presented below.

(Unit: Thousand Baht)

	Processed food		Processed seafood		Restaurants		Swine farm		Total segments		Elimination entries		Total	
	from meat													
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from external customers	405,462	356,945	256,156	265,667	17,033	14,452	88,408	111,114	767,059	748,178	-	-	767,059	748,178
Inter-segment revenue	3,858	3,180	18,492	18,317	-	-	-	-	22,350	21,497	(22,350)	(21,497)	-	-
Total sales	409,320	360,125	274,648	283,984	17,033	14,452	88,408	111,114	789,409	769,675	(22,350)	(21,497)	767,059	748,178
Gross operating profit	85,260	82,339	72,784	68,147	8,385	7,370	19,039	34,430	185,468	192,286	-	-	185,468	192,286
Loss from rental and service											-		(3,378)	(2,902)
Other income													10,177	5,897
Loss on changes in fair value less cost to sale of biological assets													(21,805)	(19,078)
Selling and distribution expenses													(79,375)	(73,279)
Administrative expenses													(74,363)	(65,005)
Share of loss from investments in joint ventures													(67)	-
Finance cost													(9,640)	(7,287)
Income tax expenses													(6,659)	(5,886)
Profit for the period													358	24,746

11. Commitments and contingent liabilities

11.1 Capital commitments

As at 31 March 2023, the Group had capital commitments in respect of construction of building and acquisition of assets of approximately Baht 41 million, (the Company only: Baht 30 million).

11.2 Guarantees

- (1) As at 31 March 2023, the subsidiaries pledged their bank deposit to secure against a fuel credit card of Baht 1 million.
- (2) As at 31 March 2023, the Company had obligations in respect of guarantees provided to banks for loan facilities of the subsidiaries of Baht 317 million.
- (3) As at 31 March 2023, there were outstanding bank guarantees of approximately Baht 8 million issued by the banks on behalf of the Group to guarantee utility charges (the Company only: Baht 6 million).

12. Events after the reporting period

On 31 March 2023, the board of directors' meeting of S. Restaurant Holding Company Limited (the subsidiary) had approved the establishment of Sib Koon Sib Company Limited with the registered shared 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 Company Limited had 51% of shareholding (203,998 ordinary shares). The Company called for payment of 100% of the registered share capital.

On 25 April 2023, the annual general meeting of the Company's shareholders has resolutions approving the Company to process in significant matters as listed below.

- 1) Payment of annual dividend to the Company's shareholders by cash at the rate of Baht 0.10 per share or totaling of Baht 32.34 million. The Company scheduled to pay such dividend on 22 May 2023.
- 2) The Program of Offering the newly issued securities to Executives and/or Employees and/or Benefactors of the Company and subsidiaries (ESOP) by offering of new ordinary shares under non-ongoing program, type : specific named shareholders for a total number of 15,992,500 ordinary shares at par value of Baht 1 per share.

- 3) 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 ESOP program.

On 8 May 2023, the Company registered the increase in registered share capital with the Ministry of Commerce to be Baht 339,392,500

On 11 May 2023, the meeting of the Company's Board of Directors passed a resolution to approve the establishment of S. Khonkaen Foods (Guangzhou) Company Limited with the registered shared capital of CNY 3 million (300,000 ordinary shares with a par value of CNY 10 each). The Company will invest 153,000 ordinary shares, in approximate amounting of Baht 7.6 million. As a result, the Company will own 51% of its authorized share capital of that company.

13. Approval of interim financial information

These interim financial information were authorised for issue by the Company's Board of Directors on 11 May 2023.