

S. Khonkaen Foods Public Company Limited
and its subsidiaries
Review report and interim financial information
For the three-month and six-month periods ended
30 June 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 30 June 2023, the related consolidated statements of income and comprehensive income for the three-month and six-month periods then ended, and the related consolidated statements of change in shareholders' equity and cash flows for the six-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: 8 August 2023

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2023

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	30 June 2023	31 December 2022	30 June 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		263,388	186,781	60,873	88,171
Trade and other receivables	2, 3	446,033	524,350	368,756	458,185
Short-term loans to subsidiaries	2	-	-	124,180	10,500
Short-term loans to other company		11,489	10,935	-	-
Inventories		385,527	384,090	231,706	235,120
Current biological assets	9	50,234	90,815	-	-
Other current assets		28,654	27,351	16,102	15,534
Total current assets		1,185,325	1,224,322	801,617	807,510
Non-current assets					
Restricted bank deposits		1,515	1,515	-	-
Long-term loans to subsidiaries	2	-	-	-	74,090
Long-term loans to other company		4,000	-	-	-
Investments in subsidiaries	4	-	-	550,619	537,612
Investments in joint ventures	5	8,274	-	-	-
Other non-current financial assets		8,133	-	4,333	-
Investment properties	6	585,071	665,707	396,230	398,499
Property, plant and equipment	7	1,102,851	1,081,679	511,718	483,120
Right-of-use assets	8	93,429	100,610	77,283	84,409
Non-current biological assets	9	9,875	9,845	-	-
Intangible assets		11,187	6,900	4,802	3,005
Deffered tax assets		835	-	-	-
Other non-current assets		13,179	8,013	6,363	6,222
Total non-current assets		1,838,349	1,874,269	1,551,348	1,586,957
Total assets		3,023,674	3,098,591	2,352,965	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 30 June 2023

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	30 June 2023	31 December 2022	30 June 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		604,000	545,000	494,000	455,000
Trade and other payables	2	358,013	381,270	240,249	258,711
Current portion of long-term loans	10	123,086	157,257	81,922	95,552
Current portion of lease liabilities		11,871	13,162	9,225	10,275
Income tax payable		12,360	24,770	-	-
Other current liabilities		32,937	41,261	14,510	17,788
Total current liabilities		1,142,267	1,162,720	839,906	837,326
Non-current liabilities					
Long-term loans, net of current portion	10	406,362	453,569	368,345	405,776
Lease liabilities, net of current portion		87,585	92,740	73,500	78,227
Provisions for long-term employee benefits		92,889	87,701	55,621	53,102
Deferred tax liabilities		17,520	24,315	12,208	11,408
Other non-current liabilities		1,788	1,904	1,505	1,306
Total non-current liabilities		606,144	660,229	511,179	549,819
Total liabilities		1,748,411	1,822,949	1,351,085	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 30 June 2023

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	30 June 2023	31 December 2022	30 June 2023	31 December 2022
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital	11				
Registered					
339,392,500 ordinary shares of Baht 1 each					
(31 December 2022: 323,400,000					
ordinary shares of Baht 1 each)		339,393	323,400	339,393	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		645,056	652,048	460,455	465,897
Other components of shareholders' equity		182,418	182,198	135,404	135,404
Equity attributable to owners of the Company		1,271,047	1,277,819	1,001,880	1,007,322
Non-controlling interests of the subsidiaries		4,216	(2,177)	-	-
Total shareholders' equity		1,275,263	1,275,642	1,001,880	1,007,322
Total liabilities and shareholders' equity		3,023,674	3,098,591	2,352,965	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 30 June 2023**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2023	2022	2023	2022
Revenues					
Sales		781,936	770,770	452,807	428,173
Revenue from rental and service		3,084	2,399	3,084	2,399
Dividend income	2	-	-	-	9,000
Other income		10,236	6,159	6,310	3,175
Gain on sale investment properties		28,879	-	-	-
Gain on changes in fair value less cost to sale of biological assets		-	22,657	-	-
Total revenues		824,135	801,985	462,201	442,747
Expenses					
Cost of sales		602,315	585,142	343,984	335,184
Cost of rental and service		6,240	5,710	6,240	5,710
Selling and distribution expenses		90,648	82,437	50,942	51,183
Administrative expenses		78,975	68,365	46,460	49,462
Loss on changes in fair value less cost to sale of biological assets	9	12,665	-	-	-
Total expenses		790,843	741,654	447,626	441,539
Operating profit		33,292	60,331	14,575	1,208
Share of loss from investments in joint ventures	5	(928)	-	-	-
Interest income		227	20	1,049	590
Finance cost		(10,155)	(7,078)	(8,617)	(5,581)
Profit (loss) before tax expense		22,436	53,273	7,007	(3,783)
Tax income (expense)		1,464	(12,815)	(1,851)	646
Profit (loss) for the period		23,900	40,458	5,156	(3,137)
Profit and loss attributable to:					
Equity holders of the Company		24,508	40,408	5,156	(3,137)
Non-controlling interests of the subsidiaries		(608)	50		
		23,900	40,458		
(Unit: Baht)					
Earnings per share					
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		0.0758	0.1249	0.0159	(0.0097)

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 30 June 2023

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Profit (loss) for the period	<u>23,900</u>	<u>40,458</u>	<u>5,156</u>	<u>(3,137)</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>146</u>	<u>33</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>146</u>	<u>33</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>24,046</u></u>	<u><u>40,491</u></u>	<u><u>5,156</u></u>	<u><u>(3,137)</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>24,654</u>	<u>40,441</u>	<u><u>5,156</u></u>	<u><u>(3,137)</u></u>
Non-controlling interests of the subsidiaries	<u>(608)</u>	<u>50</u>		
	<u><u>24,046</u></u>	<u><u>40,491</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**Income statement****For the six-month period ended 30 June 2023**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2023	2022	2023	2022
Revenues					
Sales		1,548,995	1,518,948	876,064	816,470
Revenue from rental and service		6,120	4,719	6,120	4,719
Dividend income	2	-	-	31,636	9,000
Other income		20,284	12,047	11,987	5,687
Gain on sale investment properties		28,879	-	-	-
Gain on changes in fair value less cost to sale of biological assets		-	3,579	-	-
Total revenues		1,604,278	1,539,293	925,807	835,876
Expenses					
Cost of sales		1,183,906	1,141,034	674,274	630,302
Cost of rental and service		12,654	10,932	12,654	10,932
Selling and distribution expenses		170,023	155,716	99,875	95,769
Administrative expenses		153,338	133,370	96,606	92,903
Loss on changes in fair value less cost to sale of biological assets	9	34,470	-	-	-
Total expenses		1,554,391	1,441,052	883,409	829,906
Operating profit		49,887	98,241	42,398	5,970
Share of loss from investments in joint ventures	5	(995)	-	-	-
Interest income		356	29	1,976	1,428
Finance cost		(19,795)	(14,365)	(16,675)	(11,308)
Profit (loss) before tax expense		29,453	83,905	27,699	(3,910)
Tax income (expense)		(5,195)	(18,701)	(801)	915
Profit (loss) for the period		24,258	65,204	26,898	(2,995)
Profit and loss attributable to:					
Equity holders of the Company		25,348	65,063	26,898	(2,995)
Non-controlling interests of the subsidiaries		(1,090)	141		
		24,258	65,204		
(Unit: Baht)					
Earnings per share					
Basic earnings (loss) per share					
Profit (loss) attributable to equity holders of the Company		0.0784	0.2012	0.0832	(0.0093)

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 six-month period ended 30 June 2023

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Profit (loss) for the period	<u>24,258</u>	<u>65,204</u>	<u>26,898</u>	<u>(2,995)</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currency	<u>220</u>	<u>(92)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>220</u>	<u>(92)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>24,478</u></u>	<u><u>65,112</u></u>	<u><u>26,898</u></u>	<u><u>(2,995)</u></u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>25,568</u>	<u>64,971</u>	<u><u>26,898</u></u>	<u><u>(2,995)</u></u>
Non-controlling interests of the subsidiaries	<u>(1,090)</u>	<u>141</u>		
	<u><u>24,478</u></u>	<u><u>65,112</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 six-month period ended 30 June 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												
	on translation of					Surplus on				Total other		Total equity	
	Issued and paid up share capital	Share premium	Share premium on treasury stock	Retained earnings Statutory reserve	Unappropriated	financial statements in foreign currency	Surplus on revaluation of assets	of subsidiary's assets	Surplus on changes in proportion in interest of subsidiary	components of shareholders' equity	shareholders of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
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	-	-	-	-	65,063	-	-	-	-	-	65,063	141	65,204
Other comprehensive income for the period	-	-	-	-	-	(92)	-	-	-	(92)	(92)	-	(92)
Total comprehensive income for the period	-	-	-	-	65,063	(92)	-	-	-	(92)	64,971	141	65,112
Dividends paid (Note 13)	-	-	-	-	(48,510)	-	-	-	-	-	(48,510)	-	(48,510)
Balance as at 30 June 2022	<u>323,400</u>	<u>50,281</u>	<u>37,552</u>	<u>32,340</u>	<u>618,553</u>	<u>487</u>	<u>132,044</u>	<u>43,471</u>	<u>502</u>	<u>176,504</u>	<u>1,238,630</u>	<u>1,889</u>	<u>1,240,519</u>
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	-	-	-	-	25,348	-	-	-	-	-	25,348	(1,090)	24,258
Other comprehensive income for the period	-	-	-	-	-	220	-	-	-	220	220	-	220
Total comprehensive income for the period	-	-	-	-	25,348	220	-	-	-	220	25,568	(1,090)	24,478
Dividends paid (Note 13)	-	-	-	-	(32,340)	-	-	-	-	-	(32,340)	(213)	(32,553)
Non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	7,696	7,696
Balance as at 30 June 2023	<u>323,400</u>	<u>50,281</u>	<u>37,552</u>	<u>32,340</u>	<u>645,056</u>	<u>689</u>	<u>135,404</u>	<u>45,823</u>	<u>502</u>	<u>182,418</u>	<u>1,271,047</u>	<u>4,216</u>	<u>1,275,263</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 (continued)

For the six-month period ended 30 June 2023

(Unit: Thousand Baht)

	Separate financial statements					
	Issued and paid up share capital	Share premium	Retained earnings		Other components of equity holders	Total shareholders' equity
					Other comprehensive	
					income Surplus on revaluation of assets	
			Statutory reserve	Unappropriated		
Balance as at 1 January 2022	323,400	50,281	32,340	471,026	132,044	1,009,091
Loss for the period	-	-	-	(2,995)	-	(2,995)
Total comprehensive income for the period	-	-	-	(2,995)	-	(2,995)
Dividends paid (Note 13)	-	-	-	(48,510)	-	(48,510)
Balance as at 30 June 2022	323,400	50,281	32,340	419,521	132,044	957,586
Balance as at 1 January 2023	323,400	50,281	32,340	465,897	135,404	1,007,322
Profit for the period	-	-	-	26,898	-	26,898
Total comprehensive income for the period	-	-	-	26,898	-	26,898
Dividends paid (Note 13)	-	-	-	(32,340)	-	(32,340)
Balance as at 30 June 2023	323,400	50,281	32,340	460,455	135,404	1,001,880
	-	-	-	-	-	-
	-	-	-	-	-	-

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 six-month period ended 30 June 2023**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from operating activities				
Profit (loss) before tax	29,453	83,905	27,699	(3,910)
Adjustments to reconcile profit (loss) before tax expenses to net cash provided by (paid from) operating activities				
Depreciation	66,295	63,558	28,358	28,541
Depreciation of biological assets	2,380	2,222	-	-
Amortisation of intangible assets	1,240	1,656	998	1,429
Allowance for expected credit losses of trade and other receivables (reversal)	711	(285)	731	482
Reduction of inventories to net realisable value (reversal)	(349)	(820)	77	(1,099)
Reversal of loss on impairment of equipment	(470)	(350)	(470)	(350)
Reversal of impairment of computer software	(30)	(69)	(30)	(69)
Gain on sales investment properties	(28,879)	-	-	-
Gain on sales of equipment	(1,469)	(68)	(469)	(78)
Gain on write-off lease agreements	(820)	-	(84)	-
Share of loss from investments in joint ventures	995	-	-	-
Gain on equity instruments at fair value through profit or loss	(169)	-	-	-
Write-off building and equipment	58	-	49	-
Reversal of impairment of investment in subsidiary	-	-	(5,000)	-
Gain on sale of stud swine	(1,866)	(6,634)	-	-
Long-term employee benefit expenses	5,798	4,728	3,129	3,068
Unrealised gain on exchanges	(380)	(246)	(380)	(246)
Loss (gain) on changes in fair value less cost to sale of biological assets	34,470	(3,579)	-	-
Gain on changes in fair value of interest rate exchanges	(55)	(645)	(55)	(645)
Interest income	(356)	(23)	(1,976)	(1,428)
Dividend income from subsidiary	-	-	(31,636)	(9,000)
Finance cost	19,795	14,365	16,675	11,308
Profit from operating activities before changes in operating assets and liabilities	126,352	157,715	37,616	28,003
Operating assets (increase) decrease				
Trade and other receivables	77,987	(21,527)	89,771	(25,064)
Inventories	(1,088)	(2,979)	3,337	11,275
Biological assets	2,655	7,672	-	-
Other current assets	(1,248)	(15,529)	(513)	(6,596)
Other non-current assets	(5,166)	864	(141)	343
Operating liabilities increase (decrease)				
Trade and other payables	(45,001)	7,206	(29,964)	7,991
Other current liabilities	(8,324)	(786)	(3,278)	461
Other non-current liabilities	(116)	385	199	212
Cash paid for long-term employee benefit	(610)	-	(610)	-
Cash flows from operating activities	145,441	133,021	96,417	16,625
Cash paid for corporate income tax	(25,235)	(11,751)	-	(679)
Net cash flows from operating activities	120,206	121,270	96,417	15,946

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 six-month period ended 30 June 2023**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2023	2022	2023	2022
Cash flows from investing activities				
Cash paid for investment in subsidiaries	-	-	(8,007)	-
Cash paid for investment in joint venture	(9,100)	-	-	-
Cash paid for capital investment in other investment	(8,133)	-	(4,333)	-
Decrease (increase) in loans to subsidiaries	-	-	(39,590)	46,000
Increase in loans to other investment	(4,554)	-	-	-
Acquisition of investment properties	(1,755)	(228)	(122)	(228)
Acquisition of building and equipment	(56,706)	(55,173)	(37,245)	(18,552)
Feed costs	(1,044)	(813)	-	-
Acquisition of computer software	(4,824)	(412)	(2,092)	(50)
Proceeds from sales investment properties	108,879	-	-	-
Proceeds from sales of equipment	2,238	104	680	91
Proceeds from sales of stud swine	3,956	9,328	-	-
Cash received from interest income	355	23	1,283	927
Cash received from dividend income from subsidiary	-	-	31,636	9,000
Net cash flows from (used in) investing activities	29,312	(47,171)	(57,790)	37,188
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	59,000	(93,198)	39,000	(114,000)
Cash received from long-term loans	-	159,708	-	141,301
Cash paid for repayment of long-term loans	(81,378)	(73,842)	(51,061)	(25,180)
Cash paid repayment of lease liabilities	(5,991)	(4,820)	(4,745)	(4,212)
Cash paid for interest expenses	-19,905	-14,630	(16,779)	(11,487)
Cash received from non-controlling interests of the subsidiaries	7,696	-	-	-
Dividend paid	-32,553	(48,510)	(32,340)	(48,510)
Net cash flows used in financing activities	(73,131)	(75,292)	(65,925)	(62,088)
Net increase (decrease) in cash and cash equivalents	76,387	(1,193)	(27,298)	(8,954)
Translation adjustments	220	(92)	-	-
Cash and cash equivalents at beginning of period	186,781	103,375	88,171	48,488
Cash and cash equivalents at end of period	263,388	102,090	60,873	39,534
	-	-	-	-
Supplemental cash flow information				
Non-cash item transaction				
Payable from acquisition of equipment	21,854	19,710	11,606	3,615
Lease liabilities	-2,348	-9,819	-485	(6,695)
Transfer property, plant and equipment to investment properties	-	-4,287	-	(4,287)
Transfer property, plant and equipment to intangible assets	(673)	-	(673)	-

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 and six-month periods ended 30 June 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 statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language financial statements.

1.3 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 described in Note 4.

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 periods, 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 30 June				
	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	-	-	3,670	3,637	Cost plus margin
Service income	-	-	3,618	400	As stipulated in agreements
Dividend income	-	-	-	9,000	As declared
Interest income	-	-	1,039	585	Average cost of debt 3.25% and 4.00% per annum (2022: 3.25% per annum)
Purchases of goods	-	-	9,685	16,575	Cost plus margin

(Unit: Thousand Baht)

For the six-month periods ended 30 June					
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	-	-	7,304	6,817	Cost plus margin
Service income	-	-	6,988	804	As stipulated in agreements
Dividend income	-	-	31,636	9,000	As declared
Interest income	-	-	1,962	1,423	Average cost of debt 3.25% and 4.00% per annum (2022: 3.25% per annum)
Purchases of goods	-	-	28,178	34,893	Cost plus margin

(Unaudited but reviewed)

Balances of the accounts as at 30 June 2023 and 31 December 2022 between the Group and related parties are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
<u>Trade and other receivables (Note 3)</u>				
Subsidiaries	-	-	13,210	56,778
Joint venture	2,918	-	2,918	-
Total trade and other receivables - related parties	2,918	-	16,128	56,778
<u>Trade and other payables</u>				
Subsidiaries	-	-	511	4,791

Loans to the subsidiaries

As at 30 June 2023 and 31 December 2022, the balances of loans to the subsidiaries and the movements are as follows:

	(Unit: Thousand Baht)					
	Separate financial statements					
	Balance as at 31 December 2022	Increase during the period	Decrease during the period	Balance as at 30 June 2023	Less: Short-term loan to subsidiaries	Long-term loan to subsidiary
Loans to subsidiaries						
S. Pasusat Co., Ltd.	74,090	25,910	(10,020)	89,980	89,980	-
S. Khonkaen Holding Co., Ltd.	10,500	23,700	-	34,200	34,200	-
Total	84,590	49,610	(10,020)	124,180	124,180	-

Those loans bear interest at rates of 3.25% - 4.00% per annum. The due date for repayment of principal and interest by 18 May 2028 or at call.

Directors and management's benefits

During the three-month and six-month periods ended 30 June 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 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Short-term employee benefits	10,585	11,536	8,177	9,229
Post-employment benefits	484	451	257	234
Total	11,069	11,987	8,434	9,463

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2023	2022	2023	2022
Short-term employee benefits	23,020	27,881	17,645	22,439
Post-employment benefits	1,031	901	577	468
Total	24,051	28,782	18,222	22,907

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as discussed in Note 14.2 (2).

3. Trade and other receivables

Balances of trade and other receivables as at 30 June 2023 and 31 December 2022, aged on the basis of due dates, are summarised below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,568	-	2,458	1,092
Total trade accounts receivable - related parties	1,568	-	2,458	1,092
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	429,894	512,410	342,129	393,493
Past due				
Up to 3 months	8,568	10,160	6,474	6,364
3 - 6 months	701	822	657	632
6 - 12 months	1,352	303	1,288	250
Over 12 months	2,429	2,260	2,295	2,165
Total	442,944	525,955	352,843	402,904
Less: Allowance for expected credit losses	(3,331)	(2,620)	(3,085)	(2,354)
Total trade accounts receivable - unrelated parties, net	439,613	523,335	349,758	400,550
Total trade accounts receivable, net	441,181	523,335	352,216	401,642

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
<u>Other receivables</u>				
Other receivables - related parties	1,350	-	13,670	55,686
Other receivables - unrelated parties	2,289	944	1,657	850
Others	1,615	473	1,615	409
Total	5,254	1,417	16,942	56,945
Less: Allowance for expected credit losses	(402)	(402)	(402)	(402)
Total other receivables - net	4,852	1,015	16,540	56,543
Total trade and other receivables - net	446,033	524,350	368,756	458,185

4. Investments in subsidiaries

Details of investments in subsidiaries as presented in the separate financial statements are presented below.

Company's name	Cost		Dividend received for the three-month periods ended 30 June		Dividend received for the six-month periods ended 30 June	
	30 June 2023	31 December 2022	2023	2022	2023	2022
<u>Subsidiaries held by the Company</u>						
S. Pasusat Co., Ltd.	44,968	44,968	-	9,000	-	9,000
S.K.K. Food Co., Ltd.	119,225	119,225	-	-	-	-
Mahachai Foods Co., Ltd.	286,919	286,919	-	-	31,636	-
S. Biz Co., Ltd. (Formerly known as S.Khehakarn Co., Ltd.)	89,996	89,996	-	-	-	-
Sor. Training Center Co., Ltd.	500	500	-	-	-	-
S. Khonkaen Foods (Netherlands) B.V.	4	4	-	-	-	-
S. Khonkaen Holding Co., Ltd.	1,000	1,000	-	-	-	-
S. Khonkaen (USA), Inc.	8,007	-	-	-	-	-
Total	550,619	542,612	-	9,000	31,636	9,000
Less: Allowance for impairment of investments	-	(5,000)				
Investments in subsidiaries - net	550,619	537,612				
<u>Subsidiaries held by</u> <u>S. Khonkaen Holding Co., Ltd.</u>						
S. Khonkaen Cuisine (Thailand) Co., Ltd.	8,000	-	-	-	-	-
S. Restaurant Holding Co., Ltd.	4,000	-	-	-	-	-
Total	12,000	-	-	-	-	-
<u>Subsidiaries held by</u> <u>S. Restaurant Holding Co., Ltd.</u>						
Sor. Kitchen Co., Ltd.	4,000	-	-	-	-	-
Total	4,000	-	-	-	-	-

On 5 January 2023, the board of directors' meeting of S.Khonkaen Holding Company Limited (the subsidiary) passed a resolution approved 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 its authorised share capital. Such company called for payment of 100% of the registered share capital.

On 21 February 2023, the board of directors' meeting of S. Restaurant Holding Company Limited (the subsidiary) passed a resolution approved 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. Such company called for payment of 100% of the registered share capital.

On 11 May 2023, the board of directors' meeting of the company passed a resolution approved 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 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.

5. Investments in joint ventures

5.1 Details of investments in joint ventures as at 30 June 2023 are as follows.

Joint ventures	Issued and paid up capital	Percentage of shareholding (%)	(Unit: Thousand Baht)
			Consolidated financial statements Carrying amounts based on equity method
Leanlicious Co., Ltd.	1,000	30	3,760
Sib Koon Sib Co., Ltd.	10,000	51	4,514
Total			8,274

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

5.2 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 30 June 2023		
Consolidated financial statements		
	Share of loss from investments in joint ventures	Share of other comprehensive income from investments in joint ventures
Joint ventures		
Leanlicious Co., Ltd.	(159)	-
LM SK Thai Food Co., Ltd.	(183)	-
Sib Koon Sib Co., Ltd.	(586)	-
Total	(928)	-

(Unit: Thousand Baht)		
For the six-month periods ended 30 June 2023		
Consolidated financial statements		
	Share of loss from investments in joint ventures	Share of other comprehensive income from investments in joint ventures
Joint ventures		
Leanlicious Co., Ltd.	(213)	-
LM SK Thai Food Co., Ltd.	(196)	-
Sib Koon Sib Co., Ltd.	(586)	-
Total	(995)	-

5.3 Movement of investments in joint ventures

In January 2023, S. Restaurant Holding Company Limited invested in LM SK Thai Food Company Limited as the shareholding percentage of 40% or totaling of Baht 4 million. Subsequently, In May 2023, S. Restaurant Holding Company Limited disposed investment in LM SK Thai Food Company Limited, as a result, shareholding percentage decreased from 40% to 19% and changed the status from investment in joint venture 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 period.

6. Investment properties

Movements of investment properties account during the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value at the beginning of the period	665,707	398,499
Acquisitions during the period - at cost	1,755	122
Disposals during the period - net book value at disposal date	(80,000)	-
Depreciation for the period	(2,391)	(2,391)
Net book value at the end of the period	585,071	396,230

The Group has pledged investment properties with a total net book value as at 30 June 2023 of Baht 430 million (the Company only: Baht 362 million) as collateral for credit facilities granted by bank.

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

7. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2023 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2023	1,081,679	483,120
Acquisitions during the period - at cost	78,560	48,850
Disposals during the period - net book value at disposal date	(769)	(211)
Write-off during the period - net book value at write-off date	(58)	(49)
Transfer property, plant and equipment to intangible assets	(673)	(673)
Depreciation for the period	(56,358)	(19,789)
Reversal of allowance for impairment	470	470
Net book value as at 30 June 2023	1,102,851	511,718

The Group has mortgaged land and building constructed thereon and machinery with a total net book value as at 30 June 2023 of Baht 365 million (the Company only: Baht 251 million) as collaterals against credit facilities received from financial institutions.

8. Right of use assets

Movement of right of use assets for the six-month period ended 30 June 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	(1,983)	(1,433)
Depreciation for the period	(7,546)	(6,178)
Net book value as at 30 June 2023	<u>93,429</u>	<u>77,283</u>

9. Biological assets

Movements of the biological assets during the six-month period ended 30 June 2023 are as follows:

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2023	100,660
Increase due to feeding costs	143,160
Decrease due to sales	(146,861)
Depreciation for the period	(2,380)
Loss on changes in fair value less cost to sale of biological assets	<u>(34,470)</u>
Balance as at 30 June 2023	<u>60,109</u>

10. Long-term loans

Movements in the long-term loan account during the six-month period ended 30 June 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	(81,378)	(51,061)
Balance as at 30 June 2023	<u>529,448</u>	<u>450,267</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 30 June 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).

11. 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.

12. 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 and six-month ended 30 June 2023 and 2022 is presented below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June													
	Processed food													
	from pork		Processed seafood		Restaurants		Swine farm		Total segments		Elimination entries		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from external customers	446,804	396,500	242,098	263,081	18,130	19,131	74,904	92,058	781,936	770,770	-	-	781,936	770,770
Inter-segment revenue	5,015	3,637	8,663	16,575	-	-	-	-	13,678	20,212	(13,678)	(20,212)	-	-
Total sales	451,819	400,137	250,761	279,656	18,130	19,131	74,904	92,058	795,614	790,982	(13,678)	(20,212)	781,936	770,770
Gross operating profit	101,406	81,689	64,553	61,964	9,043	9,214	4,408	32,761	179,410	185,628	211	-	179,621	185,628
Loss from rental and service													(3,156)	(3,311)
Other income													39,342	6,179
Gain (loss) on changes in fair value less cost to sale of biological assets													(12,665)	22,657
Selling and distribution expenses													(90,648)	(82,437)
Administrative expenses													(78,975)	(68,365)
Share of loss from investments in joint ventures													(928)	-
Finance cost													(10,155)	(7,078)
Income tax revenue (expenses)													1,464	(12,815)
Profit for the period													23,900	40,458

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Processed food													
	from meat		Processed seafood		Restaurants		Swine farm		Total segments		Elimination entries		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue from external customers	852,266	753,445	498,254	528,748	35,163	33,583	163,312	203,172	1,548,995	1,518,948	-	-	1,548,995	1,518,948
Inter-segment revenue	8,873	6,817	27,156	34,892	-	-	-	-	36,029	41,709	(36,029)	(41,709)	-	-
Total sales	<u>861,139</u>	<u>760,262</u>	<u>525,410</u>	<u>563,640</u>	<u>35,163</u>	<u>33,583</u>	<u>163,312</u>	<u>203,172</u>	<u>1,585,024</u>	<u>1,560,657</u>	<u>(36,029)</u>	<u>(41,709)</u>	<u>1,548,995</u>	<u>1,518,948</u>
Gross operating profit	186,666	164,029	137,336	130,110	17,428	16,585	23,448	67,190	364,878	377,914	211	-	365,089	377,914
Loss from rental and service													(6,534)	(6,213)
Other income													49,519	12,076
Gain (loss) on changes in fair value less cost to														
sale of biological assets													(34,470)	3,579
Selling and distribution expenses													(170,023)	(155,716)
Administrative expenses													(153,338)	(133,370)
Share of loss from investments in joint ventures													(995)	-
Finance cost													(19,795)	(14,365)
Income tax expenses													<u>(5,195)</u>	<u>(18,701)</u>
Profit for the period													<u>24,258</u>	<u>65,204</u>

13. 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	32,340	0.10
Dividend for 2021	Annual General Meeting of the shareholders on 28 April 2022	48,510	0.15

14. Commitments and contingent liabilities**14.1 Capital commitments**

As at 30 June 2023, the Group had capital commitments in respect of construction of building and acquisition of assets of approximately Baht 92 million, (the Company only: Baht 22 million).

14.2 Guarantees

- (1) As at 30 June 2023, the subsidiaries pledged their bank deposit to secure against a fuel credit card of Baht 1 million.
- (2) As at 30 June 2023, the Company had obligations in respect of guarantees provided to banks for loan facilities of the subsidiaries of Baht 323 million.
- (3) As at 30 June 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).

15. Events after the reporting period

On 12 July 2023, the Company's Board of Directors has resolutions approving the Company to process in significant matters as listed below.

- 1) Disposition of investment in CB TA Trading Company Limited of Baht 4.3 million (4,333 ordinary shares with a par value of Bath 1,000 each). The Company has completed the disposition and recorded disposal transactions on 18 July 2023.
- 2) S. Restaurant Holding Company Limited to dispose the remaining of investment in LM SK Thai Food Company Limited 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 on 19 July 2023.

- 3) Establishment of S. Local Foods Company Limited with the registered shared capital of Baht 4.0 million (400,000 ordinary shares with a par value of Baht 10 each). Such subsidiary was completed for registration on 24 July 2023. S. Khonkaen Holding Company Limited had 60% of shareholding (239,998 ordinary shares). The subsidiary called for payment of 100% of the registered share capital.

16. Approval of interim financial information

These interim financial information were authorised for issue by the Company's Board of Directors on 8 August 2023.