

2017 ANNUAL REPORT

SHREDDED
PORK
หมูหยองกรอบ



CRUNCHY
PORK
THREAD
หมูเส้นกรอบ



BARBECUED
CRISPY
PORK
หมูแผ่นบาร์บีคิว



CRISPY FLOSSY
PORK WITH
FRIED SHALLOT
หมูฟอยทรงเครื่อง



S.KHONKAEN®

S.Khonkaen Foods Public Company Limited



Awards for 3 consecutive years



Rice with fried cashew nuts



Rice with minced pork and fried basil leaf



Pad-Thai with shrimp



Rice with fried pork and garlic

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MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS



In past Year 2017, Thailand's economic condition did not differ from that of 2016. This was because agricultural produce, such as rice, rubber, which affects the economy overall, produced unavoidable impacts on purchasing powers. In addition, investments in public utilities were not carried out as expected within the previous year. Investments from abroad remained at a low level. The reason of most of the investors was that they were waiting for an elected government.

However, the Board of Directors of S. Khonkaen Foods Public Company Limited, as a policy-making participant, took part in advising that the Company avoid investments in new products but maximize its available property. At the same time, to analyze economic conditions in order to maximize use of data to forecast the forthcoming trend in future.

Finally, I would like to thank all shareholders, customers and suppliers, including all employees of the Company for their always good cooperation in and support to the business of the Company.

(Mr. Somchai Sakulsurat)
Chairman of the Board of Directors

MESSAGE FROM CHIEF EXECUTIVE OFFICER



In Year 2017 that has passed, the economic condition did not improve significantly. What's more, it tended to be inferior to what had been in the previous years. This was because most people in the agricultural sector still incurred high household debts and their receipts did not correspond to their expenditures. And this cause affected their purchasing powers directly. However, from its long-standing experience, the Company still perceived an opportunity to derive revenues and profits from some sectors that still earned income, such as the tourism sector. Moreover, the Company focused on the business of ready-to-eat foods, thereby serving the basic needs in one's daily life. In particular, foods sold via convenience stores became more popular, resulting in the Company's operation results in the previous year in terms of both sales turnovers and profits being regarded as an all-time new high, partly as a result of direct access to raw material sources in conjunction with a concrete cut in the expenses.

Still, I admire the work of management and employees who worked in perfect harmony and in unity until a concrete output of performance was achieved. This is therefore another chance to express my sincere thanks to everyone in every part or section for their contribution to the Company's success beyond all expectations.

A handwritten signature in blue ink, appearing to read 'Charoen Rujirasopon'.

(Dr. Charoen Rujirasopon)
Chief Executive Officer





VISION

The Company is ambitious to be a leader in Thai foods on the world market, who impresses its stakeholders sustainably through excellent standards and processes of work.

TARGETS

- “ To be an AEC kitchen ” for the production and distribution of Thai foods, building the brand “S. Khonkaen” and other brands of the Company so that they are recognized in the AEAN Community;
- To become a leader in snacks processed from meat in the AEC, whereas snacks processed from seafood will be targeted at markets in Muslim countries, especially those in the Middle East;
- To build the “ S. Khonkaen ” brand of ready-to-eat frozen foods so that it becomes one on the mind of general consumers, like it has succeeded in building the brand for native foods and fish balls, that is, “ Think about deliciousness, think of S. Khonkaen ”;
- To become a price setter, controlling production cost to a level lower than that of its competitors by developing its production processes or applying new technologies to the improvement thereof so as to increase the efficiency and reduce the cost continuously.

STRATEGIES

- In the beginning of its market expansion towards the AEC, the Company uses the policy to appoint a distributor in each country, emphasizing on qualifications of the relevant distributor, who must have wide distribution channels covering all target groups of customers and whose financial position is stable.
- The Company focuses on the penetration of food and snack markets in the Muslim country group by taking steps to build a new food and snack factory in accordance with the standards of the Central Islamic Council of Thailand. This enables the Company to expand its market towards Muslim countries in the AEC, especially Indonesia and Malaysia, and to export goods to Middle East countries.
- The Company focuses on an upgrade of its factory standards correctly in accordance with rules and regulations so as to export products for distribution in the European Union (EU) and the United States of America.
- The Company allocates budgets of investment in the increase of efficiency and the reduction of cost in an appropriate proportion. Every investment project must yield satisfactory returns.
- The Company attaches continued importance to research and development, taking into consideration consumers’ needs according to changes in their way of living.
- The Company will focus on ready-to-eat frozen products, especially foods which are popular for daily consumption by most of the country’s population, such as stewed pork leg with rice, barbecued red pork in sauce with rice, and fried rice with basis, etc. To this, importance will be attached to the process of developing products before launching them onto the market. That is to say, the products must have passed tests to the extent that they are recognized as ones which are delicious, fresh and clean and meet standards.
- The expansion of the channels of sale or distribution of products of the Company will be both in the form of restaurants and points of sale of the Company itself and through franchising.



POLICY AND BUSINESS OVERVIEW

1984

S. Khonkaen Foods Public Company Limited was born of visions of Mr. Charoen Rujirasopon and his family, who wanted to set up a Thai food business and make it grow on the world market. The business started in 1984 in the form of a limited company distributing dried shredded pork, dried and crispy pork sheet and Chinese sausage products from Khonkaen Province before the form of operation was changed to a limited company under the name “ S. Khonkaen Food Industry Company Limited ”. It had a factory processing foods in the category of native food from meat and had a pig farm of its own to reduce the risk of lacks of raw materials.

1991 - 1994

The Company started exporting products processed from pork in 1991. The products were exported to Hong Kong as the first country. The Company was later converted into a public company with new shares issued for sale to the general public and it was listed on the Stock Exchange of Thailand in 1994.

2003

In 2003, the Company branched out into a seafood processing business by investing in a subsidiary to distribute risks resulting from fluctuations of income from the core business. Consequently, a nearly 30 percent growth in its operating income was achieved.

2008

Later, in 2008, the Company diversified into a business of snacks made from pork, expanding from its native food business. To this, it invested additionally in packing machines, thereby increasing its operating income in the same year by 13 percent.

2009

Then, in 2009, the Company branched out into a business of ready-to-eat frozen foods by purchasing assets from another company because it had discerned a fairly high rate of growth in future in this business as a consequence of a change in the lifestyle of the population in big cities. And in the very same year, the Company expanded its native food market to European Union countries, employing a manufacturer in the Republic of Poland to manufacture native products under the brand “ S. Khonkaen ” for marketing in European Union countries and the United Kingdom.

2010

In 2010, the Company launched a Quick Service Restaurant (QSR) business to increase the channels of distribution of its products and to enhance its production capacity. In addition, during the period of Years 2009 - 2010, restructuring the group of companies, the Company and its subsidiaries sold shares of associate companies which do not relate to its core business. This was to focus on the core business and render the business structure clearer. Also, the name was change from “ S. Khonkaen Food Industry Company Limited ” to “ S. Khonkaen Foods Public Company Limited ”.

2013

In 2013, the Company set up S. Khonkaen Foods (Netherlands) B.V. to carry on the business of distributing products of the Company, employing manufacturers in the Netherlands to make productions as original equipment manufacturers (OEM), with groups of customers residing in European Union countries, including the United Kingdom. The production base was therefore deemed to be relocated from S. Khonkaen Foods (E.U.) Co., Ltd., Republic of Poland, to the Netherlands and such relocation increased the efficiency in the management of cost, especially that involving goods transport, and supported a future growth in the sales turnovers because the ample production capacity of the OEM was sufficient to meet the requirements of the Company. The main products were in the categories of pork ball, beef ball, fermented sausage in banana leaf, Vietnamese Sausage and others of S. Khonkaen. And in the same year, the Company took steps to develop its Quick Service Restaurant (QSR) business by opening a “ Yunnan ” restaurant for stewed pork leg on rice with an emphasis with the opening of 4 branches at service stations.



2014 - 2017

In 2014, the Company aimed at the implementation of its “From Farm to Table” policy by opened Esan restaurant style under brand of Zaap Classic.

From 2015 to 2017, the Company increased the sales of its Quick Service Restaurant in format of “Zaap Classic” and “Yunnan” stewed pork leg with rice, both brands had applied franchise system for domestic and abroad. As at end of 2017, there were number of branches as follows:-

	Year		
	2015	2016	2017
Zaap Classic (spicy papaya salad, roasted chicken)	6	14	14
Yunnan (stewed pork leg with rice)			
1) Domestic	32	19	18
2) International			
• Kampuchea	1	3	4
• Laos	2	2	2
Total	41	38	38

Fourteen branches of the Zaap Classic and eighteen branches of Yunnan were opened for business in 2016. The number of outlet had been declined compared to previous year because certain number of outlet located in the wrong location and the sales did not justified the operating cost. For the international Yunnan one additional branch was opened in Kampuchea and as a result the international Yunnan opened for business included 6 branches in total.

Zaap Classic Sales Strategy

The Company has added more sales channels, such as channel in the format of delivery, with a call center set up as one owned by the Company itself, including orders for products via applications and websites for more and easier access to customers, as well as sales in the format of membership and merchandising in association with bank credit cards and mobile phone service providers, whereas for the Yunnan sale strategy its franchising format has been improved with a reduced size of investment so that small investors who were interested would be offered an opportunity to become business owners more easily. In addition, the Company has cooperated as an alliance with 2 banks to help find suitable sources of finance for entrepreneurs interested in doing business with both brands of the Company.





“ทำด้วยใจ...อะไรก็อร่อย”

BUSINESS POLICIES

S. Khonkaen Foods Public Company Limited implements business policies with the objective of expanding its market so that worldwide groups of customers are covered. The Company is ambitious to become a leader in the production and distribution of foods with good tastes, freshness, cleanliness, and nutritional value under state-of-the-art and hygienic processes of production, mainly taking into account the highest satisfaction of consumers. Also, it emphasizes on sustainable development of business, attaching importance to good corporate governance and corporate social responsibilities (CSR) and anti-corruption.



The Group Structure of the Company



S. Khonkaen Foods Public Company Limited “ SORKON ”

Carries on the business of manufacturing and distributing native products and ready-to-eat frozen foods and the business of food shops in the category of Quick Service Restaurant (QSR), with 3 factories operating under the Company, namely:

1. Factory producing dry native foods in Nakhon Pathom Province
2. Factory producing fresh native foods in Samut Prakan Province
3. Factory producing ready-to-eat frozen foods in Samutsakhon Province

Also, S. Khonkaen Foods Public Company Limited distributes processed seafood products through the modern trade channel to Mahachai Food Processing Company Limited

Mahachai Food Processing Company Limited “ MFP ”

Carries on the business of producing and distributing processed seafood in the forms of chilled, frozen and ready-to-eat processed seafood. Its office and processing plant is located at No. 71/11, Moo 6, Rung Setthakit Alley, Setthakit Road, Tha Sai Sub-district, Muang Samutsakhon District, Samutsakhon Province.

In the past, the company purely engaged in manufacturing activities while the marketing and sales job had been entrusted to S. Khonkaen Foods Public Company Limited through modern trade channels, including international markets, and appointing S.K.K Food Company Limited, an S. Khonkaen affiliate, to market its products through traditional trade channels in both Bangkok and other provinces. However, in 2017 S K K Food Company Limited ceased the operation as a result of Board's policy. Since then, Mahachai Food Processing Company Limited had resumed the marketing and sales task in the wet market channel, and had applied the extensive sales nation wide through business alliance and main distributors.

S K K Food Company Limited “ SKKF ”

Previously, the company functional as the exclusive distributor of Mahachai Food Processing Company Limited in the category of seafood products and products of S. Khonkaen Foods Public Company Limited limited to wet market (Traditional Trade) but currently, Mahachai Food Processing Company Limited had totally replaced the distributorship of S.K.K Food Company Limited.

S. Pasusat Company Limited “SPS”

Carries on the business of producing parent stock and to further bred to be fattening pig.

S. Khonkaen Foods (Netherlands) B.V.

Carries on the business of distributing the Company's products (by employing manufacturers in the Netherlands to make production as OEMs).

Thai Home Foods Company Limited

Carries on the business of food and beverage selling centers. The business has ceased since June 2015 on account of the termination of the agreement on the Project for Cooperation in Conserving Thai Food Cultures.

S. Training Center Company Limited

Carries on the business of providing training services for companies affiliated to the same group or for companies having business relationships as a network.

Thai Home Foods (Bangkok) Company Limited

The company has ceased its business since the beginning of 2017 on account of a merger with S. Khonkaen Foods Public Company Limited for more flexibility and efficiency in the management.

3D Food and Beverage Company Limited

The company has ceased its business since the beginning of 2017 on account of a merger with S. Khonkaen Foods Public Company Limited for more flexibility and efficiency in the management.

Rice with curry pork



Fried rice with fermented sausage



Rice with minced chicken and fried basil leaf



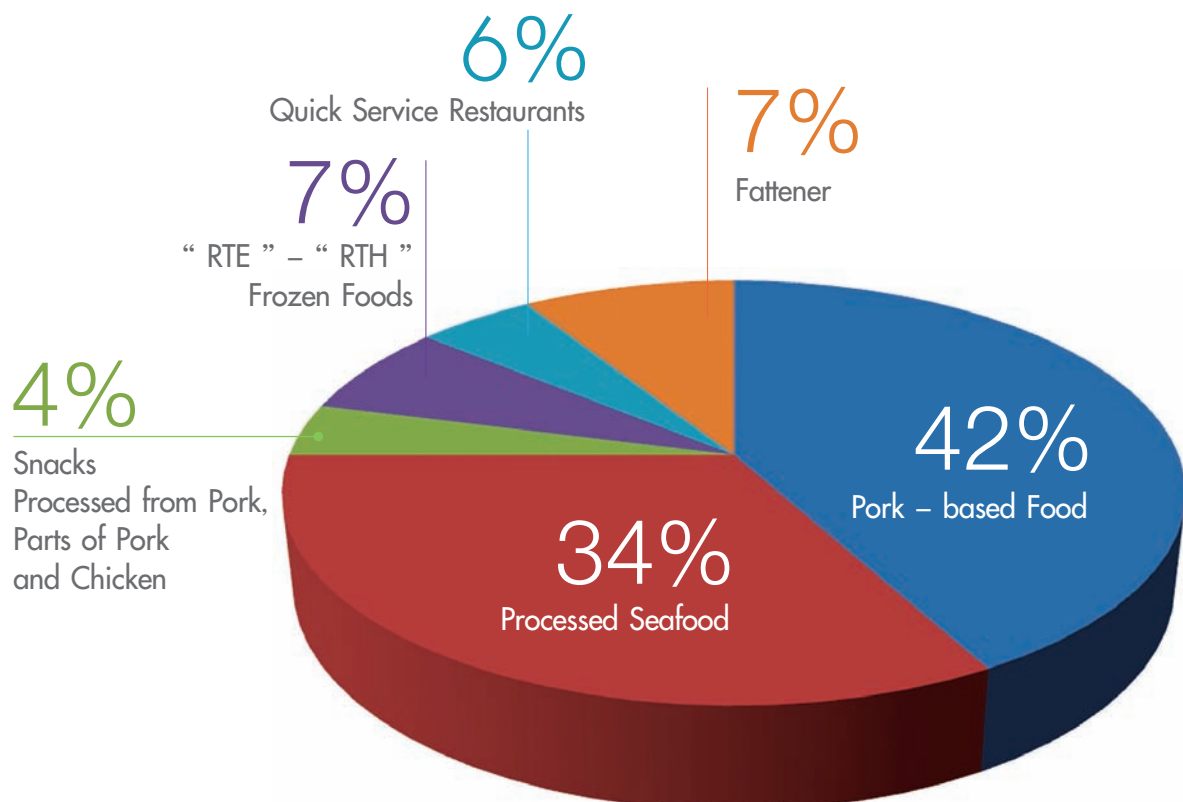
Nature of Business

Group of companies' products are categorized into 6 product groups as follows:

1. Pork – based Food (Native Foods)
2. Processed Seafood (Fish Balls)
3. Snacks Processed from Pork, Parts of Pork and Chicken
4. Ready-to-Eat “ RTE ” and Ready-to-Heat “ RTH ” Frozen Foods
5. Foods Shop in the Category of Quick Service Restaurants
6. Fattener

The main income of the company derived 93% from domestic sales while export sales yields about 7% and the main export item was fish balls. For native food and the pork snack could be exported a very few countries because of the claim of foot and mouth disease and complete banned importation into EU, U.S.A. and Japan.

2017 Group of Products' Ratio





1. Pork-based Foods (Native Foods)

Pork-based foods or “ native foods ” constitute one of the core businesses of the Company. Their sales turnover is in the proportion of 42 percent to the total sales turnover. And this is the first business which has been conducted since the commencement of the commercial operation. The pork-based foods are produced from both factories of the Company at Bangplee and in Nakhon Pathom. The products are mainly marketed and distributed through modern trade comprising major retail business operators and convenience stores, up-country agents, direct-to-consumer distributors, and Mahachai Food Processing Company Limited (“ MFP ”) markets and distributes the products to all fresh-food markets in the country, whereas the foreign markets is limited to Hong Kong only.

Pork - based foods comprise shredded pork, crispy pork, Chinese sausages, Northeastern (Isan) sausages, Vietnamese sausages, fermented sausages, pork balls and others manufactured under the brands “ S. Khonkaen ”, “ Moodee ”, “ Moohoh ”, “ Huaykaew ”, “ Baanphai ”, “ Moo Champ ” and “ Setthi ”.

Status of the Industry and Competition in 2017

Due to economic condition in year 2017 is still in the sluggish condition. The consumers lack of confident of economics in general. Therefore, there were very careful in spending and consequently, it did not create more purchasing power. At the same time, the cost of raw material in the meat category reclined. The competition in the industry became more tough both in the products of the same category and the substitute one. Consequently, it caused the sales growth of the company in 2017 lower than 2016. However, the total sales of the company still showed a continuous growth, and the company manage to share the market more than 50% as a leading producer of pork products more than 30 years. Consumers lastly trusted the company since the company has continuously innovated new products and extended the channel of distribution unceasingly in order to satisfy consumers in all aspects.

At the same time, the pork meat processors can sustain in the business in the long run. The manufacturer and the products must be widely accepted in term of quality freshness, deliciousness, money worth, trust. The forementioned factors are main entry barriers for new comers.

Strategies as a Leader

The methods the Company still employs are to add new products to the existing markets and to open new markets with the existing products continuously.

2. Processed Seafood

Processed seafood is another core business of the Company. Its sales turnover is in the proportion of 34 percent to the total sales turnover. The products are processed by the factory of Mahachai Food Processing Company Limited and marketed and distributed by the Company and SKK Food Company Limited (“SKKF”). SKKF markets and distributes the products to all fresh-food markets in the country, whereas SORKON markets and distributes them through other channels comprising major retail business operators and convenience stores, up-country agents, direct-to-consumer distributors, and foreign markets via importers abroad. The main importer countries include the United States of America, countries in the European Community, the United Kingdom, Israel, Japan, Korea and Hong Kong. The proportion of domestic sales to exports is 90 percent to 10 percent.

The processed seafood comprises fish balls, shrimp balls and squid balls. The products are graded according to quality to penetrate upper and lower markets. At present, the processed seafood of the Company comprises both products manufactured under the Company’s own brands and OEM products. The processed seafood of the Company is produced under the brands “Taechiew”, “Kwangchow”, “Kowloon”, “Mahachai”, “Odeng”, “Yaowaraj”, “Hengheng”, “Kaizen”, “Hong Kong”, and “Taipei”.

In addition, chili pastes and dips are included in the seafood production line because their raw materials are based on shrimps and fish and they are produced at the factory of Mahachai Food Processing Company Limited which is a subsidiary. They are entirely produced under the Company’s brands “Thai Doem” and “Thai Niyom”. They are marketed and distributed by the Company through modern trade channels and are distributed by SKK Food Company Limited to fresh-food markets. The sales turnover of chili pastes and dips is in the proportion of approx. 4 percent, which is included in the processed seafood sales turnover.



Status of the Industry and Competition in 2017

This year the seafood industry has been affected by the measurements applied by the government agency to solve the illegal fishing which had been in effect continued from 2016. Consequently, the fish price was still on high trend, therefore, it caused the production cost to be raised up. In addition to the sluggish economic, the domestic purchasing power went down trend because the consumers are very careful in spending, the competition in the market got more severe because competitors in the business turn to compete in the local market, due to the limitation of restricted enforcement of new law.

However, this year the Company can manage the problem about price and raw materials shortage of fish which had occurred in 2016. At the same time, the improvement of production efficiency help the productivity and enable the Company to be more competitive. As a result, the sales of processed seafood increase by about 5% when compared to previous year which denote the continuous growth.

The channels of distribution to which the Company attached importance this year include :

- **Convenience Stores** : Because of a change in behaviors of consumers, especially those living in the capital, most of whom have smaller families in size or live alone in condominium units or apartments and lead their life in a rush, having no time to cook or not feeling comfortable with cooking, ready-to-eat foods of the Company serve as an answer for this group of consumers.

- **Wholesalers** : As it has become more popular for consumers to eat out, either by dining at restaurants or taking foods home, seafood products are offered for sale in bulk packs to food service groups that use them as raw materials in food shops or restaurants and offered through wholesale stores. The products so offered are of good quality and at low prices and have received good responses.

- **Foreign Channels** : In the previous year, the penetration of markets in Italy, Australia and the People's Republic of China began.



3. Snacks Processed from Pork, Parts of Pork and Chicken

Snacks in the categories of pork, parts of pork and chicken, which comprise crispy sweet roast pork, seasoned roast pork and roast chicken with various flavors under the brand “ Entrée ” are still distributed by DKSH (Thailand) Company Limited only to other markets than convenience stores, whereas for the convenience stores the Company releases the products onto the market itself. At the same time, in the previous year the Company produced pork crackling for distribution under 2 brands in total, namely, “ Entrée ” and “ S. Khonkaen ”, and the product has been classified as a good accompaniment to alcoholic drinks for beer drinkers and those who like eating pork crackling with boat noodles.

Status of the Industry and Competition in 2017

The snacks processed from pork, parts of pork and chicken (meat based snacks) are produced solely by the Company under the brand “ Entrée ”.

For the status of the snack market, in 2017 it was found that the factor affecting the snack industry directly was still the economic condition, especially the expenditure on household consumptions, because snacks are light, not heavy meals. Their sales turnover is in accordance with an economic condition. The emphasis on sales turnover stimulations by advertising or sales promotion by means of prize draws or discounts, redemptions, gives-away or premiums will not become successful. Most business operators offer discounts by increasing product quantities or focusing on sales of products in smaller-size packaging but at low prices. The snacks of the Company were not significantly affected because its snacks processed from pork, parts of pork and chicken had been placed as premium products and targeted only at customers with purchasing powers. Therefore, the Company was still able to maintain its market share.





4. Ready-to-Eat and Ready-to-Heat Frozen Foods

Frozen ready-to-eat meal and ready-to-heat meal consist of frozen meal and sweet. Presently, all manufacture under the brand of the clients (OEM) and the central kitchen serve to prepare food for Quick Service Restaurant under the brand “ Zaap Classic ” and “ Yunnan ”. And by policy, the Company has applied the strategy to gradually manufacture food product under its house brand in higher proportion. Presently, the Company had manufacture stew pork leg “ Yunnan ” for distribution in the Supermarket outlets.

Status of the Industry and Competition in 2017

At the beginning of 2017 and thereafter, the frozen food market began to change significantly for 3 main reasons, that is :

- 1) The prices of frozen foods are low when compared to those of noodles and rice with curry.
- 2) Frozen foods are available for sale at general convenience stores. They are easy to buy.
- 3) A state of hurry makes consumers adjust their conduct regarding consumption by consuming ready-to-eat or ready-to-heat foods.

5. Food Shop in the Category of Quick Service Restaurant

Quick Service Restaurant, the Company has opened restaurants in the category of spicy papaya salad (Somtam) and grilled chicken under the brand “ Zaap Classic ”, five outlets to be opened 2014 and the numbers had been increased to fourteen outlets in 2017. In this year, the Company has offered delivery service in the mode of call center of the company, and also offered food delivery service to outside platforms. At the same time, a lot of variety of food to serve the patron more satisfactorily.

Stewed pork leg with rice branded “ Yunnan ” has been opened 19 outlets in 2016 and the number to be reduced to 18 by the end of 2017. The number of outlets had been reduced because the sales target not achieved, so the Company has adjusted the sales plan and new strategy by reducing lesser investment budget per unit. The strategy will be applied in 2017 onwards.

For stewed pork leg with rice outlets branded “ Yunnan ” located oversea in 2 countries, namely 4 branches In Cambodia and 2 branches in the People Republic of Lao, totally 6 branches in 2017

Status of the Industry and Competition in 2017

Competition in this industry was deemed severe because apart from competing with Thai national business operators and Thai brands the Company had to compete with countless foreign operators, such as Japanese, Korean, American. Based on the declining purchasing power, coupled with the trend of dining out habit, the Company adopted to apply strategy to approach more close to the consumer, in term of value worth and delivery facility to be adopted by introducing more channel of delivery and more variety in dishes to serve the new generation consumers who do not like travelling for food must still enjoy their favourite food.



6. Fattener Business

The pig farm business is deemed to be one that provides raw material surety for the Company. Over the years, the farms have been able to generate profits to the Company continuously. However, year 2017 was regarded as a year in which the farms were affected by fattening pig sale prices, which lowered considerably, because over the past years many big and small entrepreneurs had increased the quantity of parent stocks. Included was S. Pasusat Co., Ltd., which had increased its parent stocks 2,200 in 2015 to 2,700 ones in 2017. The result produced was that in that year there was a large quantity of raised pigs that exceeded market requirements. However, S. Pasusat Co., Ltd. has endeavored to increase its management efficiency for more efficiency with lower cost of production, acquiring high-quality raised pigs to the extent that it is recognized by the circle that S. Pasusat Co., Ltd. is a producer of nice carcasses of pigs without the use of leanness enhancing agents, which carcasses sell easily at decent prices, and that its farms were registered by the Department of Livestock Development as foot-and-mouth-disease-free and environment-friendly farms.



Status of the Industry and Competition in 2017

The advantages that are regarded as strengths of “ S. Pasusat ” are:

- 1) **Location** : The farm is located in a valley with mountain ridges serving as walls for protection against access of diseases to the farm.
- 2) It has **professional executives** who are skilled in the management and administration of the farm for cost efficiency and competitiveness.
- 3) S. Pasusat **has selected the Danish breed of pig**, which is deemed to have a nice carcass, that is, it has low fat but has much red meat and is needed by the market. At present, pigs of “ S. Pasusat ” can be sold at a price higher than the market price or than the announced price by 1-2 Baht per kilogram.
- 4) For the reason in item 2) above, “ S. Pasusat ”, being able to **reduce a waste from animal epidemics**, has acquired a cost advantage.
- 5) “ S. Pasusat ” has succeeded in solving **pollution problems** by producing biogas from pig dung for the generation of electricity for use in the farm by itself. The charges for public utilities in the category of electricity are thereby reduced significantly.



(2) Operating Results and Profitability

2.1 Revenue Structure by Product Group

	2017		2016		2015	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
1. Pork -based Food (Native Foods)						
- Domestic	1,047.6	37.7	1,029.5	38.1	973.1	40.6
- Export	85.6	3.1	89.1	3.3	64.9	2.7
Total	1,133.2	40.8	1,118.6	41.4	1,038.0	43.3
2. Processed Seafood (Fish Balls)						
- Domestic	836.6	30.1	812.6	30.1	746.0	31.2
- Export	90.6	3.3	71.4	2.6	79.1	3.3
Total	927.2	33.4	884.0	32.7	825.1	34.5
3. Snacks Processed from Pork						
- Domestic	100.7	3.6	97.2	3.6	98.0	4.1
- Export	0.7	0.0	2.2	0.1	3.0	0.1
Total	101.4	3.6	99.4	3.7	101.0	4.2
4. RTH / RTE Frozen Food						
- Domestic	186.3	6.7	176.8	6.5	108.3	4.5
- Export	5.9	0.2	6.8	0.3	4.6	0.2
Total	192.2	6.9	183.6	6.8	112.9	4.7
5. Quick Service Restaurant (QSR)	158.6	5.7	129.7	4.8	99.3	4.1
6. Swine Farm	194.9	7.0	224.3	8.3	202.2	8.4
Grand Total	2,707.5	97.4	2,639.6	97.7	2,378.5	99.3
Other Income	69.2	2.6	60.5	2.3	15.7	0.8
Total Revenue	2,776.7	100.0	2,700.1	100.0	2,394.2	100.0

Marketing Policies

- The Company uses the **multi-brand strategies** to market its products in response to the needs of all groups of customers through every channel of distribution. All product brands of the Company are well known to consumers and the consumers have a somewhat high loyalty to the brands (brand loyalty). In addition, the multi-brand strategies result in the Company's efficiency in the distribution of products to various channels of distribution. Product prices and quality can be determined to be fit each market without impacts produced to each other.

- The Company attaches utmost importance to the **maintenance of product quality** in terms of food cleanliness, hygiene and taste by emphasizing on standard processes of production. Now the Company's factory located in the Samutsakhon Industrial Estate has been HACCP, GMP, ISO9200 and BRC accredited.

- To maintain the **price setter** status, the Company has made continued developments to its production system by means of automation, which tends to grow higher in future, and by focusing on quantitative production. Thus, it has enabled itself to maintain its cost of production to an appropriate level and to become a price setter.

- **Channels of Distribution**

The current channels of distribution of the Company comprise :

(1) Direct distribution through large-size wholesalers or retailers, such as supermarkets, hypermarkets (modern trade) and convenience stores: at present the modern trade still serves as a main channel of distribution of products of the Company, especially native products and snacks, 80 percent of which are distributed through this channel;

(2) Distribution through retailers on fresh-food markets, which is an important channel of distribution of products, especially processed seafood, with approx. 55 percent of the fish ball being distributed via this channel;

(3) Distribution through distributors, which is a channel elected by the Company for the distribution of products in the category of snack made from pork;

(4) Direct distribution to industries or marketing agencies of the business sector providing food services (Hotel, Restaurant and Catering - HoReCa);

(5) Direct distribution to consumers through Company restaurants named " Zaap Classic " and " Yunnan "



Production and Production Capacity

(A) **S. Khonkaen Foods Public Company Limited** has three factories :

- **Bangplee Factory**

Located at 44/4 Moo 13, Pracharat Uthit Road, Racha Thewa Sub-district,
Bang Plee District, Samut Prakan Province

The capacity of fresh traditional Thai products (Fermented sausages, Vietnamese sausages,
Thai sausages and Pork balls) : 7,000tons per year

- **Nakhon Pathom Factory**

Located at 114 Moo 8, Phai Lin Chang Road, Bo Phlap Sub-district,
Mueang Nakhon Pathom District, Nakhon Pathom Province

The capacity of dried traditional products (Chinese sausages, Shredded pork and
Crispy pork) : 800 tons per year

- **Mahachai Factory**

Located at 39/61 Moo 2, Rama II Road, Samutsakhon Industrial Estate,
Bang Krajae Sub-district, Mueang Samutsakhon, Samutsakhon Province

The capacity of frozen foods : 2,700 tons per year

(B) **Mahachai Food Processing Company Limited**

Factory located at 71/11 Moo 6, Tha Sai Sub-district, Mueang Samutsakhon District,
Samutsakhon Province

The capacity of processed seafood : 15,000 tons per year

(C) **S. Pasusat Company Limited**

Farm located at 44 Moo 2, Phayayen Sub-district, Pakchong District,
Nakhon Ratchasima Province 30320

The capacity of fattening pig : 2,700 sows



Procurement of Products

The Company is determined to offer useful and highest-quality foods to consumers. Therefore, it attaches importance to the selection of good-quality materials from both local and international sources and has made available a supplier check and selection process to ensure that raw materials received from suppliers must be materials or products which are of quality and of good and internationally recognized standards of production in terms of both pre-trade quality checks and inspections for acceptance of products, including the punctuality of raw material or product deliveries to the Company. This punctuality is regarded as one of the important factors to consider and select product suppliers for the prevention of problems regarding lacks of production materials and distribution.

In addition to considering the aspect in terms of quality, the Company attaches importance to product prices because they affect product cost. Therefore, there are, in purchasing and procurement processes, price checks and comparisons and bidding to ensure that the relevant products' prices are suitable and consistent with the then market condition.

For the production of fish balls, the Company generally orders fresh sea fish from domestic trader and it imported frozen fish directly from traders abroad and this is deemed to be another way of risk management regarding raw material quantities and prices.

For the distribution of products, the Company distributes its products to customers in countries in the European Community, which has high and strict standards of products and production processes. Certain categories of raw material brought into the production processes must be ordered only from sources certified by countries in the European Community. As a result, the procurement of those raw materials is limited to only the certified deliverers, who quote somewhat high prices when compared with those of other deliverers.

Environmental Impacts

The processes for processing products of the Company mainly use electrical energy and cooking gas. Both the electricity and cooking gas are clean energies, which do not pollute the environment. In addition, the Company has installed a system generating biomass power based on pig dung for its own use in the pig farm at Pakchong District. Apart from reducing its cost of product, the Company participates in conserving energies and the environment.

In addition, the Company has provided training on working environments and improved its premises and areas so that its employees stay in a good environment. It has also employed a private company which has been granted a lawful concession by the Sub-district Administrative Organization to remove garbage and refuse to be disposed of through a proper process. Water discharged from the factory has been treated by a wastewater treatment system and the wastewater quality has been controlled and examined so that it conforms to standards before being drained into a public canal.



Risk Factors

1. Marketing Risk

The Company has a risk regarding its sales turnovers and market shares, which may not meet the targets. This is because most of the Company's products are sold through modern trade channels. The Company is required to rely on those distribution channels and its negotiation power is thereby limited. However, the Company has established a good and close relationship with each modern trade outlet and expanded its markets to other channels of distribution, such as fresh-food markets (traditional trade), electronic markets (digital marketing) and export markets, etc. The products have also been distributed in the form of restaurants and points of sale, which belong to both the Company and its business allies.

In addition, the distribution of products via modern trade channels still incurs a risk regarding new competitors, who have grabbed more market shares, and regarding consumers' trends and behaviors which are subject to change. However, the Company has done market researches to study and analyze customers' needs and future trends for the purpose of developing and releasing new products, while doing marketing activities continuously and managing the cost of products for their competitiveness. The Company is confident that it will be able to manage its marketing risk.



2. Processed Seafood Business Risk

The processed seafood industry was affected by the Government's measures to solve the problem of illegal fishing because the European Commission had pressed for decisive action to be taken by the Government against fishing boats which had not been registered and had no proper fishing permits. In this regard, if the Government failed to act accordingly and still allowed illegal fishing boats to continue fishing, the European Union would refuse to buy seafood products from Thailand. As a result, the Company might have a risk because it would not be able to export processed seafood products to countries in the European Union. However, the Company still has main customers based in many countries, such as the United States of America, the United Kingdom, Israel, Japan, Korea and Hong Kong, etc. It has also endeavored to expand its foreign markets continuously, especially those in halal food consuming countries with a great population.

The said law also affected part of the fishing boat operators, who were not ready to comply with the measures above, and they had to cease their business. Therefore, the catch of fish did not suffice the market demand and such insufficiency resulted in a continuing rise in prices of fish raw materials and produced impacts on the Company, which is a processed seafood producer. However, the Company has looked for foreign allies who would supply fresh and frozen fish as raw materials in compensation for the decrease in the domestic fish materials, and it has procured fish materials as a reserve in intervals when prices become low. It has also developed production formulas so as to rely on less fresh fish by using more frozen fish and surimi. Besides, it has a project to survey raw material sources and set up a raw material purchasing base in Myanmar because there is a large quantity of raw materials which can be supplied at reasonable prices. The Company is confident that by doing so it will be able to reduce the impacts or risks in the processed seafood business.



3. Risk Regarding Corruption

The Company carries on the business of manufacturing and distributing processed food products both domestically and internationally, with 3 factories located in Samut Prakan, Nakhon Pathom and Samutsakhon Provinces, and the business of food shops in the category of Quick Service Restaurant. It is thereby required to communicate with both local and foreign government agencies and accordingly such communication may result in a risk regarding corruption, such as payment of facilitation charges, payment of moneys to or calls for moneys by government officials in the case where the Company might have acted improperly, etc., or a risk that may result from dishonest acts relating to cash or property, purchases or procurement, payment of salaries or foreign labor fees, revenues and expenses, and the information technology system. The Company has set up a risk management committee to make assessments and analyses and formulate measures to manage the risk in terms of both business and corruption and has also made available an efficient and effective system of internal control and audit.

Moreover, the Company has been certified as a member of the Thailand's Private Sector Collective Action Coalition against Corruption by the Thailand's Private Sector Collective Action Coalition against Corruption. This certification indicates its determination and intention to resist all forms of corruption and has prepared an anti-corruption policy, determining responsibilities and guidelines for appropriate action against corruption in all activities, and communicated the policy to directors, management, and both internal and external stakeholders so that it serves as guidelines for mutual practice of business with transparency.

4. Risk from the Majority Shareholder's Ability to Control Resolutions of Meetings of Shareholders and Have the Power to Manage the Company

The shareholding of the Rujirasopon family, majority shareholder of the Company, which represents 51.58 percent of the issued and paid-up capital of the Company, has resulted in the Rujirasopon family becoming able to have the power to manage the Company and appoint agents directors of the Company as well as to gather up majority votes on resolutions of a meeting of shareholders on various matters that require a majority of the votes of the shareholders present and entitled to vote. However, the Rujirasopon family has no right to vote on a resolution in which they have interests. And for the transparency, accountability and balance of the management and conduct of business, the Company has appointed third persons as independent directors and members of the Audit and Corporate Governance Committee to engage in supervisory activities and for the sake of authority balancing besides to assist to verify and comment related to the subject to be further presented to the shareholders' meeting. Therefore, the Company is confident to ascertain the shareholders and the related stakeholders that both parties will be equally and fairly treated.

Significant Changes and Developments

In 2017, the Company saw significant changes in its business operations as follows:

1. S. Khonkaen Foods Public Company Limited

The Quick Service Restaurant business added one more “Yunnan” branch abroad in Phnom Penh, Cambodia. Therefore, there are 6 international branches in total, and branches of both the brands “Zaap Classic” and “Yunnan”, whose operation results had failed to meet the targets, were closed.

2. Mahachai Food Processing Company Limited (Subsidiary)

The company opened a new factory whose production capacity was fully increased to 15,000 tons/year and products were marketed and distributed through traditional trade channels by the company itself.



3. S. Pasusat Company Limited (Subsidiary)

In 2017, there were in total 2,700 sows. The company attached importance to the development of pig breeds so that their quality would meet standards continuously. For this purpose, it imported parent stock from Denmark for an improvement to its pig breeds to enable the production of fattening pigs with carcass quality corresponding to the market requirements, such as a lot of red meat, little fat, nice streaky pork, etc., without the use of pig carcass conditioning agents. In addition, the pig breed from Denmark is fertile, requires little feed and grows quickly. The productivity could be increased, from 10.2 newborn piglets per sty to 12.5 ones per sty, or at the rate of 22 - 23 percent.

In addition, the farm of S. Pasusat was registered as a farm free of the pig mouth and foot disease by the Department of Livestock Development because it was recognized as an environment – friendly farm that eliminated the problem of wastewater discharged from the farm, which wastewater was, however, brought for the production of digester gas or biogas for the generation of electricity for its own use within the farm. This reduced the pollutions and saved the charges for electricity for pork production of the Company.





Awards of Pride

Rewards Received in 2017

1. 2017 Superbrands Award

The Company has built a Thai brand, which has become prominent in the world market. The brand S. Khonkaen has been awarded the top brand of 2015-2017 for 3 consecutive years or "Superbrands Thailand's Choice 2015-2017" by Superbrands Organization, England. The brand is internationally recognized and has become widespread to over 100 countries.



2. Anti-corruption

In 2014, the Company signed a declaration of intention to participate in a project of Thailand's Private Sector Collective Action Coalition against Corruption or CAC, with the Thai Institute of Directors serving as the project secretary, for the purpose of declaring an intention and determination to resist all forms of corruption. In addition, the Board of Directors resolved to introduce the Company into the membership admission process of that project and anti-corruption policies and relevant regulations were made available to promote concrete participation of directors, executives, employees and parties concerned in anti-corruption activities.

In March 2017, the CAC Council resolved to recognize the Company as a member of Thailand's Private Sector Collective Action Coalition against Corruption.

3. Drug-free Establishment

On September 13, 2017, the Company received from Mr. Siam Sirimongkol, Samut Prakan Deputy Provincial Governor, a certificate of standards for the prevention and resolution of narcotic drug problems in the establishment (Bangplee Factory) and a 2017 trophy.

General Information and Other Information

(1) S. Khonkaen Foods Public Company Limited

Head Office Address	: No. 259/13 Pridi Banomyong 13 Alley, Sukhumvit 71 (Pridi Banomyong) Road, Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Type of Business	: Manufacturer and distributor of meat processed.
Registration No.	: 0107537001811
Telephone	: (02) 339 - 3999
Fax	: (02) 339 - 3990
Website	: http://www.sorkon.co.th
E-mail	: president@sorkon.co.th
Registered Capital	: Baht 323,400,000, fully paid-up divided into 32,340,000 shares
Issuance	: 32,340,000 shares

(2) Subsidiaries or Affiliated Companies with more than 10% shareholding of the total shares

2.1 S.K.K. Food Company Limited

Head Office Address	: 1 st Floor, No. 259/17 Pridi Banomyong 13 Alley, Sukhumvit 71 (Pridi Banomyong) Road, Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Type of Business	: Wholesale and retail of S. Khonkaen Foods Public Company Limited and Mahachai Food Processing Company Limited's products, mainly to the wet market channel.
Telephone	: (02) 339 - 3999
Fax	: (02) 339 - 3990
Type of Share	: Ordinary share
Registered Capital	: Baht 120,000,000, fully paid-up
Total Share	: 24,000,000 shares
% of Shareholding	: 99.68%

2.2 Mahachai Food Processing Company Limited

Head Office Address	: No. 259/13 Pridi Banomyong 13 Alley, Sukhumvit 71 (Pridi Banomyong) Road, Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Type of Business	: Manufacturer of processed seafood i.e. fish balls, shrimp balls
Telephone	: (02) 339 - 3999
Fax	: (02) 339 - 3990
Type of Share	: Ordinary share
Registered Capital	: Baht 85,000,000, fully paid-up
Total Share	: 17,000,000 shares
% of Shareholding	: 99.33%

2.3 S. Pasusat Company Limited

Head Office Address	:	No. 44 Moo 2, Phayayen Sub-district, Pakchong District, Nakhon Rajsima Province 30320
Type of Business	:	Swine farm
Telephone	:	(02) 339 - 3999
Fax	:	(02) 339 - 3990
Type of Share	:	Ordinary share
Registered Capital	:	Baht 45,000,000, fully paid-up
Total Share	:	4,500,000 shares
% of Shareholding	:	100%

2.4 S. Khonkaen Foods (Netherlands) B.V.

Head Office Address	:	Bolderweg 45, 1332 BA Almere, The Netherlands
Type of Business	:	Distributor of the Company's traditional Thai foods products in EU countries and others.
Telephone	:	+31 616485383
Type of Share	:	Ordinary share
Registered Capital	:	EUR 100 (approx. Baht 4,268), fully paid-up
% of Shareholding	:	100%

2.5 S. Training Center Company Limited

Head Office Address	:	2 nd Floor, No. 259/13 Pridi Banomyong 13 Alley, Sukhumvit 71 (Pridi Banomyong) Road, Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Type of Business	:	Computer training provision and other training services to the public or group of companies or business partners.
Telephone	:	(02) 339 – 3999
Fax	:	(02) 339 – 3990
Type of Share	:	Ordinary share
Registered Capital	:	Baht 1,000,000 with 50% paid-up or Baht 500,000 (Baht five hundred thousand)
Total Share	:	10,000 shares
% of Shareholding	:	99.96%

2.6 Thai Home Food (Bangkok) Company Limited

Head Office Address	:	No. 257/5 Sukhumvit 71 (Pridi Banomyong) Road, Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Type of Business	:	Fast foods; noodles, rice and curry, stewed pork leg with rice, barbecued pork in sauce on rice,snacks, beverage and souvenirs.
Telephone	:	(02) 339 – 3999
Fax	:	(02) 339 – 3990
Type of Share	:	Ordinary share
Registered Capital	:	Baht 10,000,000 with 50% paid-up or Baht 5,000,000 (Baht five million)
Total Share	:	100,000 shares
% of Shareholding	:	79.99%

2.7 3D Food and Beverage Company Limited

Head Office Address	:	No. 259/13 Pridi Banomyong 13 Alley, Sukhumvit 71 (Pridi Banomyong) Road, Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Type of Business	:	Food and beverage services for restaurants, food shops and food and beverage delivery.
Telephone	:	(02) 339 – 3999
Fax	:	(02) 339 – 3990
Type of Share	:	Ordinary share
Registered Capital	:	Baht 10,000,000, fully paid-up
Total Share	:	100,000 shares
% of Shareholding	:	99.99%

2.8 Thai Home Food Company Limited

Head Office Address	:	2 nd Floor, No. 259/17 Pridi Banomyong 13 Alley, Sukhumvit 71 (Pridi Banomyong) Road, Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Type of Business	:	Food Center
Telephone	:	(02) 339 – 3999
Fax	:	(02) 339 – 3990
Type of Share	:	Ordinary share
Registered Capital	:	Baht 14,700,000 withfully paid-up
Total Share	:	1,470,000 shares
% of Shareholding	:	13.33%

(3) Other References

3.1 Securities Registrar

Name	:	Thailand Securities Depository Company Limited
Address	:	No. 93 Rachadapisek Road, Dindaeng Sub-district, Dindaeng District, Bangkok Metropolis 10400
Telephone	:	(02) 009 – 9000
Fax	:	(02) 009 – 9991

3.2 Auditor

3.2.1 Name	:	EY Office Limited
Address	:	33 rd Floor, Lake Rajada Office Complex No. 193/136 -137 Rajadapisek Road, Klongtoey, Bangkok Metropolis 10110
Telephone	:	(02) 264 - 9090
Fax	:	(02) 264 - 0789
Auditors	:	1. Mr. Sophon Permsirivallop (CPA No.3182) and / or 2. Miss Rungnapa Lertsuwankul (CPA No.3516) and / or 3. Miss Pimjai Manitkajohnkit (CPA No.4521) and / or 4. Mr. Chayapol Suppasedtanon (CPA No.3972)

3.2.2 Name	:	Miss Wipornrat Triwatcharanont (CPA No.10920)
Address	:	No. 997/2 Piboon-upatam Alley, Suthisarn Road, Huay Kwang Sub-district, Huay Kwang District, Bangkok Metropolis 10310
Telephone	:	(086) 419 – 5900
Email	:	Faipancy@gmail.com

3.3 Tax Consultant

Name	:	Tax Specialist Company Limited
Address	:	No. 168/3 Banklangkrung Office Park, Ladprao 71 Alley, Nakniwas Road, Ladprao Sub-district, Ladprao District, Bangkok Metropolis 10230
Telephone	:	(02) 514 – 4334
Fax	:	(02) 514 – 4424

3.4 Legal Advisor

- None -

Top Ten Shareholders

A. Top ten shareholders as of 29th December 2017.

No.	Name of Shareholders	No. of Shares Held	% of Shareholding
1.	Mr. Charoen Rujirasopon	9,898,186	30.607
2.	Mrs. Niramorn Rujirasopon	4,507,955	13.939
3.	Mr. Ayuth Charnsethikul	1,857,365	5.743
4.	KBL European Private Bankers S.A.	1,389,657	4.297
5.	Miss Orapan Assamongkol	1,258,566	3.892
6.	Mr. Jarunpoj Rujirasopon	1,142,258	3.532
7.	Mr. Jaraspon Rujirasopon	1,133,358	3.505
8.	Mr. Songkiat Rujirasopon	1,121,266	3.467
9.	Mr. Thanathip Pichetwanich-choke	1,084,808	3.354
10.	Denalee Prestige Asset Management Co., Ltd., shares held for Mr. Sathit Withayakorn	801,030	2.477

Note : Information from Thailand Securities Depository Company Limited

B. Group of Major Shareholders as of 29th December 2017

Group of Major Shareholders	No. of Shares Held (Share)	% of Shareholding
1. “ Rujirasopon ” Family	17,803,023	55.05%
Mr. Charoen Rujirasopon	9,898,186	30.61%
Mr. Charoen Rujirasopon	4,507,955	13.94%
Mr. Jarunpoj Rujirasopon	1,142,258	3.53%
Mr. Jaraspon Rujirasopon	1,133,358	3.50%
Mr. Songkiat Rujirasopon	1,121,266	3.47%
2. “ Pichetwanich-choke ” Family	2,451,607	7.58%
Mr. Thanathip Pichetwanich-choke	1,084,808	3.35%
Mr. Suwit Pichetwanich-choke	723,666	2.24%
Miss Winthanee Pichetwanich-choke	539,733	1.67%
Mrs. Wipaporn Pichetwanich-choke	103,400	0.32%
3. “ Charnsethikul ” Family	1,862,831	5.76%
Mr. Ayuth Charnsethikul	1,857,365	5.74%
Mr. Ayuth Charnsethikul for Master Rathawitch Charnsethikul	2,800	0.01%
Mr. Ayuth Charnsethikul for Ms. Pichsinee Charnsethikul	2,666	0.01%
4. KBL EUROPEAN PRIVATE BANKERS S.A.	1,389,657	4.30%
5. Miss Orapan Assamongkol	1,258,566	3.89%
6. Group of “ Denalee Prestige Asset Management Co., Ltd. ”	1,044,989	3.23%
Denalee Prestige Asset Management Co., Ltd., shares held for Mr. Sathit Withayakorn	801,030	2.48%
Denalee Prestige Asset Management Co., Ltd., shares held for Miss Pikulkaew Krairuek	242,859	0.75%
Denalee Prestige Asset Management Co., Ltd., shares held for Miss Pikulkaew Krairuek	1,100	0.003%
7. “ Ussanajit ” Family	708,400	2.19%
Mrs. Chatporn Ussanajit	400,300	1.24%
Mr. Wuth Ussanajit	308,100	0.95%
8. Mrs. Arunee Mahathorn	623,633	1.93%
9. “ Kanokpreechawut ” Family	546,690	1.69%
Mr. Ruengkitt Kanokpreechawut	522,914	1.62%
Mrs. Wilaisiri Kanokpreechawut	12,776	0.04%
Mrs. Sukarnda Kanokpreechawut	10,000	0.03%
Mr. Thanasit Kanokpreechawut	1,000	0.003%
10. Thai N V D R Company Limited	544,633	1.68%
Total	28,234,029	87.30%

Shareholding of Directors of S.Khonkaen Foods Public Company Limited on 2016 - 2017

No.	Name of Directors	No. of Shares Held		No. of Shares	Remarks
		31/12/2016	31/12/2017	Increase (Decrease)	
1	Mr. Charoen Rujirasopon	9,898,186	9,898,186	-	-
	Spouse	4,507,955	4,507,955	-	Mrs. Niramon Rujirasopon (Spouse)
	Minor Children	-	-	-	-
2	Mrs. Niramon Rujirasopon	4,507,955	4,507,955	-	-
	Spouse	9,898,186	9,898,186	-	Mr. Charoen Rujirasopon (Spouse)
	Minor Children	-	-	-	-
3	Mr. Jarunpoj Rujirasopon	1,142,258	1,142,258	-	-
	Spouse and Minor Children	-	-	-	-
4	Mr. Jaraspon Rujirasopon	1,133,358	1,133,358	-	-
	Mr. Charoen Rujirasopon	-	-	-	-

Shareholding of Directors of S.Khonkaen Foods Public Company Limited on 2016 - 2017

No.	Name of Executives	No. of Shares Held		No. of Shares	Remarks
		31/12/2016	31/12/2017	Increase (Decrease)	
1	Mr. Charoen Rujirasopon	9,898,186	9,898,186	-	-
	Spouse	4,507,955	4,507,955	-	Mrs. Niramon Rujirasopon (Spouse)
	Minor Children	-	-	-	-
2	Mrs. Niramon Rujirasopon	4,507,955	4,507,955	-	-
	Spouse	9,898,186	9,898,186	-	Mr. Charoen Rujirasopon (Spouse)
	Minor Children	-	-	-	-
3	Mr. Jarunpoj Rujirasopon	1,142,258	1,142,258	-	-
	Spouse and Minor Children	-	-	-	-
4	Mr. Jaraspon Rujirasopon	1,133,358	1,133,358	-	-
	Spouse and Minor Children	-	-	-	-
5	Mr. Thanakrit Rujirasopon	-	-	-	-
	Spouse and Minor Children	-	-	-	-
6	Mrs. Narinthorn Asawapanyawongse	-	-	-	-
	Spouse and Minor Children	-	-	-	-
7	Miss. Wanwarang Watcharananun	-	-	-	-
	Spouse and Minor Children	-	-	-	-

Dividends Payment Policy

1. S. Khonkaen Foods Public Company Limited

Dividend Payment Policy : Not less than 50 percent of the net profit after income tax, unless there is a cause of necessity.

2. 7 Subsidiariesare :

- (1) S. Pasusat Company Limited
- (2) S.K.K. Food Company Limited
- (3) Mahachai Food Processing Company Limited
- (4) Thai Home Food (Bangkok) Company Limited
- (5) S. Training Center Company Limited
- (6) 3D Food and Beverage Company Limited
- (7) S.Khonkaen Foods (Netherlands) B.V.

Payment of dividend is subject to business profits and also availability of Company's cash flow.

Table Shown Dividend Paid in the Past 5 Years

S. Khonkaen Foods Public Company Limited	Paid in Year				
	2017	2016	2015	2014	2013
Net profit per share (Baht / Share)	3.33	3.93	1.78	4.69	3.95
Dividend per share (Baht / Share)	2.75	2.75	2.75	2.43	2.43
Dividend per net profit (%)	82.6	70.0	154.5	51.8	61.5



The Company's Board of Directors



Mr. Somchai Sakulsurarat
Chairman of the Board of Directors
and Independent Director



Mr. Charoen Rujirasopon
Director and
Chairman of Executive Board



Mr. Prasarn Marukpitak
Audit and Corporate Governance Committee
Member and Independent Director



Mr. Worapon Lopansri
Audit and Corporate Governance Committee
Chairman and Independent Director



Mr. Chusak Vijakkhana
Audit and Corporate Governance Committee
Member and Independent Director



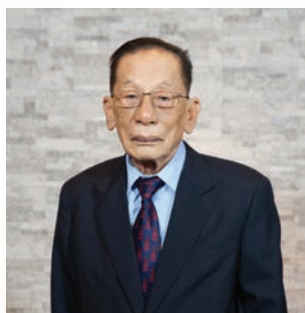
Miss Panjama Vipamas
Independent Director



Mrs. Niramon Rujirasopon
Executive Director



Mrs. Sirilak Chaiwattanapa
Executive Director



Mr. Charoenphan Phantumongkol
Independent Director



Mr. Jaraspon Rujirasopon
Executive Director



Mr. Jarunpoj Rujirasopon
Executive Director



Mr. Thanakrit Rujirasopon
Executive Director

Managerial Structure

1. The management structure of the Company comprises a Board of Directors and 4 Committees.

1.1 The Board of Directors

As of 31st December 2017, the Company's Directors consisted of 12 Directors as follows:-

Name	Position
1. Mr. Somchai Sakulsurarat	Chairman of the Board of Directors and Independent Director
2. Mr. Charoen Rujirasopon	Director and Chairman of the Executive Board
3. Mr. Worapon Lopansri	Independent Director
4. Mr. Prasarn Marukpitak	Independent Director
5. Mr. Chusak Vijakkhana	Independent Director
6. Mr. Charoenphan Phantumongkol	Independent Director
7. Miss Panchama Vipamas	Independent Director
8. Mrs. Niramon Rujirasopon	Executive Director
9. Mr. Jaraspon Rujirasopon	Executive Director
10. Mr. Jarunpoj Rujirasopon	Executive Director
11. Mr. Thanakrit Rujirasopon	Executive Director
12. Mrs. Siriluck Chaiwattanaprapa	Executive Director

Authority of Directors

"Mr. Charoen Rujirasopon co-signs his name with Mrs. Niramon Rujirasopon and affixes the seal of the Company; or either Mr. Charoen Rujirasopon or Mrs. Niramon Rujirasopon co-signs his/her name with another director, namely, Mr. Jaraspon Rujirasopon or Mr. Thanakrit Rujirasopon or Mr. Jarunpoj Rujirasopon, thereby constituting two signatures and affixes the seal of the Company."

Approval Authority of the Company's Board of Directors

The authority of the Board of Directors will be authorized to approve

- objectives related to the company's business.
- the company's regulations and
- matters to be assigned by the company's shareholders.

Meetings of Board of Directors of the Company

The Company's Board of Directors as a schedule for at least 6 meetings a year and for such special meeting as required. In 2017, seven meetings in total were held, the directors present at the meetings were as follows:-

Name	Position	Number of Attending / Number of Meeting
1. Mr. Somchai Sakulsurarat	Chairman of the Board of Directors and Independent Director	7/7
2. Mr. Charoen Rujirasopon	Director, Chairman of the Executive Board and Recruitment and Compensation on Remuneration Committee Member	6/7
3. Mr. Worapon Lopansri	Independent Director and Chairman of the Audit and Corporate Governance Committee	7/7
4. Mr. Prasarn Marukpitak	Independent Director and Audit and Corporate Governance Committee Member	7/7
5. Mr. Chusak Vijakhana	Independent Director, Audit and Corporate Governance Committee Member, Recruitment and Compensation on Remuneration Committee Member and Risk Management Committee Member	7/7
6. Mr. Charoenphan Phantumongkol	Independent Director and Chairman of the Recruitment and Compensation on Remuneration Committee	7/7
7. Miss Panchama Vipamas	Independent Director	7/7
8. Mrs. Niramon Rujirasopon	Executive Director	5/7
9. Mr. Jaraspon Rujirasopon	Executive Director and Risk Management Committee Member	6/7
10. Mr. Jarunpoj Rujirasopon	Executive Director and Chairman of the Risk Management Committee	6/7
11. Mr. Thanakrit Rujirasopon	Executive Director and Risk Management Committee Member	7/7
12. Mrs. Siriluck Chaiwattanaprapa	Executive Director	7/7

The Company Secretary is also present at each Board of Directors meeting. She takes minutes of the meeting and submits them for adoption to the subsequent meeting and also files information or documents related to meetings.

Independent Directors

As of 31st December 2017, the Company's Independent Directors consisted of 6 Directors as follows:-

- | | |
|----------------------------------|---|
| 1. Mr. Somchai Sakulsurarat | Chairman of the Board of Directors and Independent Director |
| 2. Mr. Worapon Lopansri | Independent Director and Chairman of the Audit and Corporate Governance Committee |
| 3. Mr. Prasarn Marukpitak | Independent Director and Audit and Corporate Governance Committee Member |
| 4. Mr. Chusak Vijakhana | Independent Director and Audit and Corporate Governance Committee Member |
| 5. Mr. Charoenphan Phantumongkol | Independent Director |
| 6. Miss Panchama Vipamas | Independent Director (since 20 th July 2017) |

Meetings of Independent Directors

In 2017, Independent Directors held 5 meetings in total. The directors present at the meetings were as follows:-

Name	Position	Number of Attending / Number of Meeting
1. Mr. Somchai Sakulsurarat	Chairman of the Board of Directors and Independent Director	5/5
2. Mr. Worapon Lopansri	Independent Director and Chairman of the Audit and Corporate Governance Committee	5/5
3. Mr. Prasarn Marukpitak	Independent Director and Audit and Corporate Governance Committee Member	5/5
4. Mr. Chusak Vijakhana	Independent Director, Audit and Corporate Governance Committee Member, Recruitment and Compensation on Remuneration Committee Member and Risk Management Committee Member	5/5
5. Mr. Charoenphan Phantumongkol	Independent Director and Chairman of the Recruitment and Compensation on Remuneration Committee	5/5
6. Miss Panchama Vipamas	Independent Director	5/5

Committees

1) Audit and Corporate Governance Committee

Audit and Corporate Governance Committee consisted of 3 Directors as follows:-

1. Mr. Worapon Lopansri Chairman of the Audit and Corporate Governance Committee
2. Mr. Prasarn Marukpitak Audit and Corporate Governance Committee Member
3. Mr. Chusak Vijakkhana Audit and Corporate Governance Committee Member

(Mr. Nipon Nuchplean as the secretary of the Audit and Corporate Governance Committee)

Mr. Worapon Lopansri, Chairman of the Audit and Corporate Governance Committee, has had knowledge and experience in accounting, finance and audit for 31 years and conducted as the Chairman of the Audit and Corporate Governance Committee, a review of the financial statements in 2017.

The Audit and Corporate Governance Committee had 6 meetings in total with management, the internal audit unit and the auditor in 2017 to deliver a progress report on the performance of its duty and make recommendations to the Board of Directors on subjects it deems reasonable regularly on a quarterly basis.

Name	Position	Number of Attending / Number of Meeting
1. Mr. Worapon Lopansri	Chairman of the Audit and Corporate Governance Committee	6/6
2. Mr. Prasarn Marukpitak	Audit and Corporate Governance Committee Member	6/6
3. Mr. Chusak Vijakkhana	Audit and Corporate Governance Committee Member	6/6

2) Recruitment and Compensation on Remuneration Committee

Recruitment and Compensation on Remuneration Committee consisted of 3 Directors; the Chairman and 1 of the committee member were independent director as follows:-

1. Mr. Charoenphan Phantumongkol Chairman of the Recruitment and Compensation on Remuneration Committee and Independent Director
2. Mr. Chusak Vijakkhana Recruitment and Compensation on Remuneration Committee Member and Independent Director
3. Mr. Charoen Rujirasopon Recruitment and Compensation on Remuneration Committee Member

In 2017, the Recruitment and Compensation on Remuneration Committee held 3 meetings in total. The committee members present at the meetings were as follows:-

Name	Position	Number of Attending / Number of Meeting
1. Mr. Charoenphan Phantumongkol	Chairman of the Recruitment and Compensation on Remuneration Committee and Independent Director	3/3
2. Mr. Chusak Vijakkhana	Recruitment and Compensation on Remuneration Committee Member and Independent Director	3/3
3. Mr. Charoen Rujirasopon	Recruitment and Compensation on Remuneration Committee Member	3/3

3) Risk Management Committee

On March 23, 2017, The Board of Directors resolved that the name “ Risk Management Sub-committee ” be corrected to read “ the Risk Management Committee ” and which the committee consisted of company's directors and the high-level executives as follows;

- | | |
|------------------------------------|---|
| 1. Mr. Jarunpoj Rujirasopon | Chairman of the Risk Management Committee |
| 2. Mr. Chusak Vijakhana | Risk Management Committee Member |
| 3. Mr. Thanakrit Rujirasopon | Risk Management Committee Member |
| 4. Mr. Jaraspon Rujirasopon | Risk Management Committee Member |
| 5. Mrs. Narinthorn Assawapanyawong | Risk Management Committee Member |

Mr. Sompak Kiratipongwuthi as the secretary of Risk Management Committee

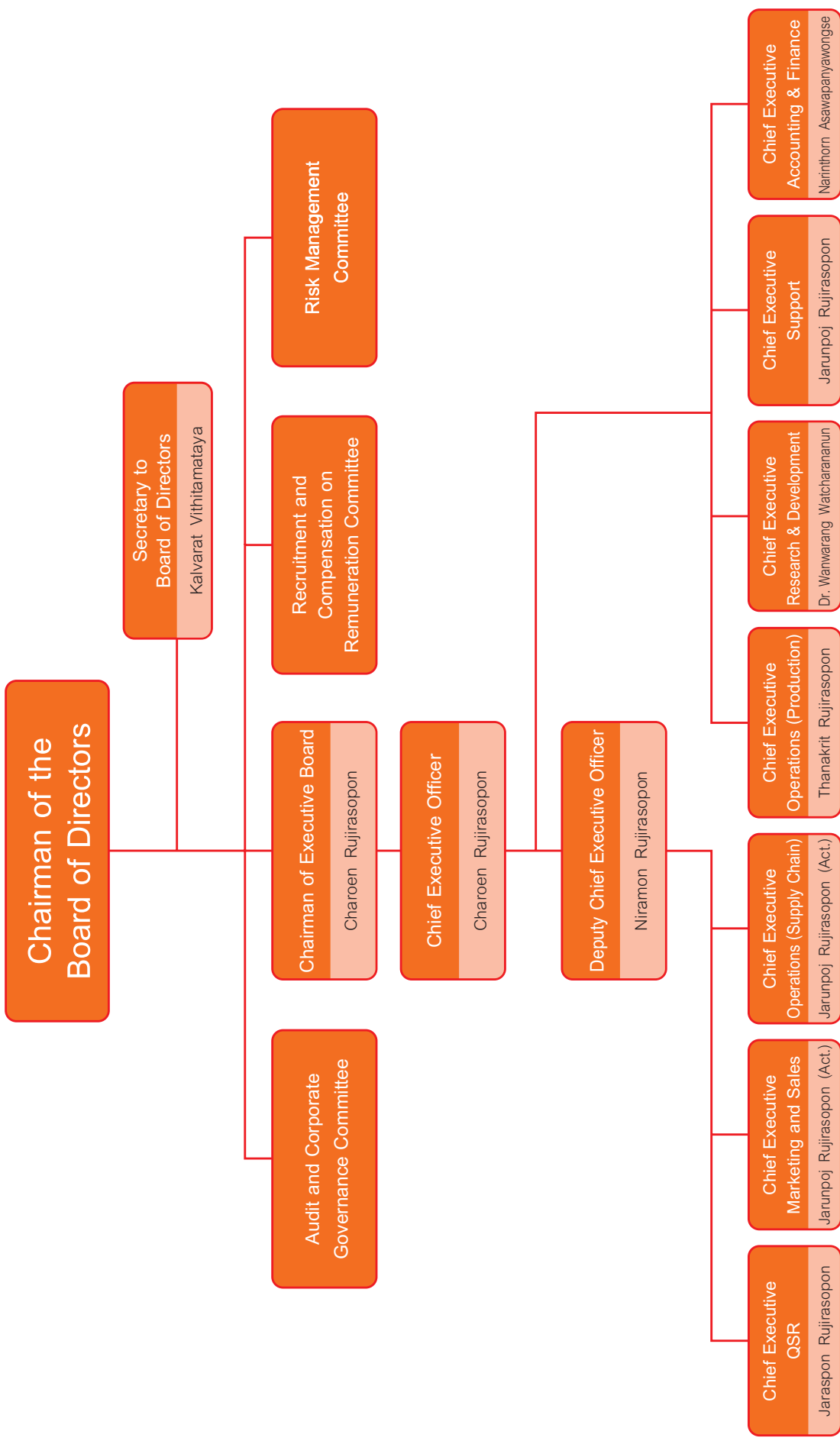
In 2017, the Risk Management Committee held 2 meetings in total. The committee members present at the meetings were as follows:-

Name	Position	Number of Attending / Number of Meeting
1. Mr. Jarunpoj Rujirasopon	Chairman of the Risk Management Committee	2/2
2. Mr. Chusak Vijakhana	Risk Management Committee Member	2/2
3. Mr. Thanakrit Rujirasopon	Risk Management Committee Member	2/2
4. Mr. Jaraspon Rujirasopon	Risk Management Committee Member	2/2
5. Mrs. Narinthorn Asawapanyawong	Risk Management Committee Member	2/2

4) The Executive Directors

The Executive Directors and the executive of the company consisted of 5 Executive Directors&executives, 1 Executive Director and 2 executives, 8 in total as follows :-

- | | |
|-------------------------------------|--|
| 1. Mr. Charoen Rujirasopon | Chairman of the Executive Board and
Chief Executive Officer |
| 2. Mrs. Niramon Rujirasopon | Executive Director and Deputy Chief Executive Officer |
| 3. Mr. Jarunpoj Rujirasopon | Executive Director and <ul style="list-style-type: none"> - Chief Executive (Support) - Acting Chief Executive (Marketing and Sales) - Acting Chief Executive(Supply Chain) |
| 4. Mr. Jaraspon Rujirasopon | Executive Director and Chief Executive (QSR) |
| 5. Mr. Thanakrit Rujirasopon | Executive Director and
Chief Executive Operation (Production) |
| 6. Dr. Wanwarang Watcharananun | Chief Executive (Research & Development) |
| 7. Mrs. Siriluck Chaiwattanaprapa | Executive Director |
| 8. Mrs. Narinthorn Asawapanyawongse | Chief Executive (Accounting & Finance) |



Evaluation of the Board of Directors' Performance

The Board of Directors shall evaluate its own performance as individual and quorum on an annual basis in order to assess and improve the directors' own fiduciary duties and their compliance with corporate governance policy and good practice. The process is as follow :

- 1) The Recruitment and Compensation on Remuneration Committee reviews the evaluation form to ensure that it is correct and complete and is in accordance with the criteria stipulated by the Audit and Corporate Governance Committee;
- 2) The Board Secretary will propose the form to directors every year, then gather and report summarizes the result of the evaluation of the efficiency in the Board's performance for consideration.

1. Self-evaluation of the Board of Directors' performance as a whole, divided into 6 headings, that are

1. Structure and Qualifications of the Board
2. Roles, Duties and Responsibilities of the Board
3. Board's Meetings
4. Performance of the Function
5. Relationship with Management
6. Self-development of Directors and Development of Executives

The average score resulting from the evaluation of the Board of Directors' performance as a whole in 2017 is average 83.51%.

2. Self-evaluation of performance of the Board's Members individually, divided into 3 headings, that are

1. Structure and Qualifications of the Board
2. Board Meetings
3. Roles, Duties and Responsibilities of the Board

The average score resulting from the evaluation of performance of the Board's Members individually in 2017 is average 84.46%.

3. Self-evaluation of performance of each Sub-committee, divided into 3 headings, that are:

1. Structure and Qualifications of the Committee Board are appropriate and satisfactory result
2. Committee Meetings, at which the following business was transacted so that the Committee performed its duties efficiently at the meetings.
3. Roles, Duties and Responsibilities, to which the Committee attached importance and which the Committee spent time to consider, review and implement sufficiently.

The average score resulting from the evaluation of performance of each Sub-committee in 2017 are as follows :-

	Average Percentage
3.1 Audit and Corporate Governance Committee	94
3.2 Recruitment and Compensation on Remuneration Committee	82.89
3.3 Risk Management Committee	71

4. Self-evaluation of performance of each Sub-committee individually, divided into 3 headings, that are:

1. Structure and Qualifications of the Board
2. Board Meetings
3. Roles, Duties and Responsibilities of the Board

The average score resulting from the performance of evaluation of each Sub-committee individually in 2017 as follows :-

	Average Percentage
4.1 Audit and Corporate Governance Committee	90
4.2 Recruitment and Compensation on Remuneration Committee	84.09
4.3 Risk Management Committee	77.25

5. Evaluation of Performance of the Chief Executive Officer (CEO), divided into 10 headings, that are:

1. Leadership
2. Division of Strategies
3. Compliance with Strategies
4. Result of Financial Performance
5. Relationship with the Board of Directors
6. Relationship with the Outsiders
7. Business Management and Relationship with Staff
8. Position Succession
9. Knowledge of Products and Services
10. Personal Characteristic

The average score resulting from the evaluation of performance of the Chief Executive Officer (CEO) in 2017 is average 93.79%.

Company Secretary

Miss Kalvarat Vithitamaya, retaining the position of Company Secretary, has such duties as entrusted by the Board of Directors as follows:

- (1) To organize Board of Directors' meetings and shareholders' meetings;
- (2) To organize Board of Directors' meetings and shareholders' meetings of subsidiaries;
- (3) To prepare and file such documents as required by the pertinent laws;
- (4) To perform other matters assigned by the Board of Directors

Company Director's Attendance at Training Courses of the Thai Institute of Directors

The following directors attended seminars and training courses of the Thai Institute of Directors:

Name	Position	Course
1. Mr. Somchai Sakulsurarat	Chairman of the Board of Directors and Independent Director	DIRECTOR CERTIFICATION PROGRAM (DCP) Certificate Class 80/2006 Thai Institute of Directors
2. Mr. Charoen Rujirasopon	Director, Chairman of the Executive Board and Chief Executive Officer	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 6/2003 Thai Institute of Directors
3. Mr. Worapon Lopansri	Independent Director and Chairman of the Audit and Corporate Governance Committee	<ul style="list-style-type: none"> - DIRECTOR CERTIFICATION PROGRAM (DCP) Certificate Class 167/2012 Thai Institute of Directors - AUDIT COMMITTEE PROGRAM (ACP) 45-2013 - “ Enhancing Growth through Governance in Family - Controlled Business ” on 26th May 2016 Thai Institute of Directors - Audit Committee Forum 2016 “ New Auditor’s Report; What is it for you? ” on 29th June 2016 Thai Institute of Directors - “ Managing Technology and Disruption ” on 15th September 2016 Thai Institute of Directors - AC Forum 2017; The Audit Committee’s Role in Compliance and Ethical Culture Oversight on 5th October 2017 - Independent Director, role, duties and expectation of individual shareholder - Updated COSO Enterprise Risk Management : Integrating with Strategy and Performance on 8th November 2017

Name	Position	Course
4. Mr. Prasarn Marukpitak	Independent Director and Audit and Corporate Governance Committee Member	- DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 29/2004 Thai Institute of Directors - DIRECTOR CERTIFICATIONPROGRAM (DCP) Certificate Class 84/2007 Thai Institute of Directors
5. Mr. Chusak Vijakkhana	Independent Director and Audit and Corporate Governance Committee Member	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 43/2005 Thai Institute of Directors
6. Mr. Charoenphan Phantumongkol	Independent Director	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 29/2004 Thai Institute of Directors
7. Mrs. Niramon Rujirasopon	Executive Director	- DIRECTOR ACCREDITATION PROGRAM (DAP) Class 60/2007 Thai Institute of Directors - DIRECTOR CERTIFICATION PROGRAM (DCP) Class 160/2012 Thai Institute of Directors
8. Mr. Thanakrit Rujirasopon	Executive Director	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 6/2003 Thai Institute of Directors
9. Mr. Jaraspon Rujirasopon	Executive Director	- DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 105/2013 Thai Institute of Directors - FINANCIAL STATEMENT FOR DIRECTORS (FSD) Certificate Class 17/2012 Thai Institute of Directors

Remuneration for Directors and Executives

The Company has the policy to pay remuneration at appropriate levels to its directors and executives, taking into consideration its operation results and comparisons based on the same type of industry and on suitability for the duties and responsibilities of each director and executive. The directors' remuneration is in the form of annual returns and meeting allowances, whereas the executives' remuneration is in the form of salaries and bonuses.

(1) Remuneration in Money

1.1 Remuneration for the Company's Directors and Management for 2017:

(A) Remuneration for Directors, totally Baht 2,000,000.-

Name	Position	Remuneration for Directors
Mr. Somchai Sakulsurarat	Chairman of the Board of Directors and Independent Director	Baht 260,000.-
Mr. Charoen Rujirasopon	Director, Chairman of the Executive Board and Recruitment and Compensation on Remuneration Committee Member	Baht 140,000.-
Mr. Worapon Lopansri	Independent Director and Chairman of the Audit and Corporate Governance Committee	Baht 220,000.-
Mr. Prasarn Marukpitak	Independent Director and Audit and Corporate Governance Committee Member	Baht 190,000.-
Mr. Chusak Vijakkhana	Independent Director, Audit and Corporate Governance Committee Member, Recruitment and Compensation on Remuneration Committee Member and Risk Management Committee Member	Baht 190,000.-
Mr. Charoenphan Phantumongkol	Independent Director and Chairman of the Recruitment and Compensation on Remuneration Committee	Baht 190,000.-
Miss Panchama Vipamas	Independent Director	Baht 190,000.-
Mrs. Niramon Rujirasopon	Executive Director	Baht 140,000.-
Mr. Jaraspon Rujirasopon	Executive Director and Risk Management Committee Member	Baht 130,000.-
Mr. Jarunpoj Rujirasopon	Executive Director and Chairman of the Risk Management Committee Member	Baht 130,000.-
Mr. Thanakrit Rujirasopon	Executive Director and Risk Management Committee Member	Baht 130,000.-
Mrs. Siriluck Chaiwattanaprapa	Executive Director	Baht 90,000.-*

(* Starting the office of Director in May 2016, she received the remuneration pro rata.)

(B) Meeting Allowance for Directors, totally Baht 885,000.-

Name	Position	Meeting Allowance for			Total
		Directors	Audit & Corporate Governance Committee	Risk Management Committee	
Mr. Somchai Sakulsurarat	Chairman of the Board of Directors and Independent Director	Baht 200,000.-			Baht 200,000.-
Mr. Worapon Lopansri	Independent Director and Chairman of the Audit and Corporate Governance Committee	Baht 95,000.-	Baht 75,000.-		Baht 170,000.-
Mr. Prasarn Marukpitak	Independent Director and Audit and Corporate Governance Committee Member	Baht 95,000.-	Baht 55,000.-		Baht 150,000.-
Mr. Chusak Vijakkhana	Independent Director, Audit and Corporate Governance Committee Member, Recruitment and Compensation on Remuneration Committee Member and Risk Management Committee Member	Baht 95,000.-	Baht 55,000.-	Baht 25,000.-	Baht 175,000.-
Mr. Charoenphan Phantumongkol	Independent Director and Chairman of the Recruitment and Compensation on Remuneration Committee	Baht 95,000.-			Baht 95,000.-
Miss Panchama Vipamas	Independent Director	Baht 95,000.-			Baht 95,000.-

(C) Remuneration for the Company's Executive Directors and Executives

In 2017, The Company paid remuneration for the 7 Executive Directors and Executives in the amount of Baht 21,837,623.- in term of the remuneration as below :-

1. Salary	Baht 19,976,996.-
2. Bonus	Baht 1,728,077.-
3. Social Security	Baht 54,750.-
4. Travelling expenses	Baht 60,000.-
5. Mobile expenses	Baht 17,800.-
6. Others	- None -

(2) Other Remuneration

- Other Remuneration for Directors	- None -
- Other Remuneration for Executives	- None -

Personnel

As of 31st December 2017, the Company had 1,376 employees in total. In 2017, the Company paid them returns, such as, salaries, overtime pay, bonuses, special support funds, social security contributions, etc. (however, the Company has not yet established a provident fund) amounting in aggregate to Baht 376,748,735.-. In addition, the subsidiary companies paid their employees remuneration of the same natures as those of the Company, which remuneration amounted in aggregate to Baht 164,561,366.-. Details of the remuneration are in summary as follows:

2017	Operational Employee	Executive	Total	Remuneration (Baht)
S. Khonkaen Foods Public Company Limited	1,289	87	1,376	376,748,735.-
(Subsidiary) S. Pasusat Company Limited	104	4	108	18,637,117.-
(Subsidiary) Mahachai Food Processing Company Limited	548	27	575	145,924,249.-
(Subsidiary) SKK Food Company Limited	-	-	-	-
(Subsidiary) S. Khonkaen Foods (Netherlands) B.V.	-	-	-	-
(Subsidiary) S. Training Center Company Limited	-	-	-	-
(Subsidiary) Thai Home Food (Bangkok) Co., Ltd.	-	-	-	-
(Subsidiary) 3D Food and Beverage Company Limited	-	-	-	-
Total	1,941	118	2,059	541,310,101.-

Remark

“ **Operational Employee** ” means an employee at the level from a daily employee not yet permanently appointed to a senior sectional manager.

“ **Executive** ” means an employee at the level from a departmental manager to the Chief Executive Officer.

Employee Development Policy

Development of Directors and Executives

The Board of Directors has the policy to promote and encourage its directors, executives, company secretary and related persons by having them attend various courses of training provided by the Thai Institute of Directors, the Stock Exchange of Thailand or independent organizations for the purposes of strengthening their knowledge, improving their performance and increasing the efficiency in the performance of their duties. In the event of a change of director or the appointment of a new director, management will make available documentation and information which are helpful to the performance of the new director's duty and will provide the new director with advice on the natures of business and guidelines for conducting business of the Company.

The development of personnel is an important process to develop or improve working procedures and to promote the knowledge, ability, skills and attitudes of personnel towards a better direction in order that the developed personnel can achieve the objectives of work of their working units efficiently. This is because the trend of changes in the modern world has resulted in high and rapid changes to social systems in general. In particular, the business sector must adjust administrative processes, management methods and ways of thinking to keep pace with quantum leap changes in the current era. Human resources therefore are regarded as one of the important keys of business which require rapid and continuing developments so as to accommodate changes and situations that are occurring. In addition, the development of human resources for quality in terms of both intelligence and labor is deemed to constitute a managerial factor important to the creation of competitive advantages and to the leading of the organization towards universal standards. To act in accordance with its visions and missions, the Company has stipulated that the Central Human Resource Administration Department in association with the human resource administration department of every business group serve as the core working unit responsible for human resource management. To this, the Company has a policy on promoting and developing its personnel at all levels continuously, manages the development of its personnel efficiently, provides methods and manages the environment to a condition befitting its employees' learning. To strengthen their knowledge and ability for more efficiency in working, the Company has prepared, on a systematic and continuing basis, personnel training plans as guidelines for various forms of development of its personnel, taking into consideration qualifications or ability the employees at each level should have, and then a summary is made as a guideline for developing human resources of the Company. In 2017, the Company both provided in-house training and seminars for employees and dispatched employees to attend off-site training sessions and seminars. In this regard, the Company's employees have on average 7.18 hours of training per year each.

BIOGRAPHY OF DIRECTORS AND EXECUTIVES

1. Name : Mr. Somchai Sakulsurarat Age : 69 Years

Present Position : - Chairman of the Board of Directors and Independent Director

Date of Appointment : - Chairman of the Board of Directors 20th May 2003

- Independent Director 28th February 2010

Education Background :

- M.B.A, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Bachelor of Economics (English Program), Thammasat University
- Certificate of Course on the Defense of the Royal Kingdom, The Joint State-Private Sectors Regular Course (Wo-Por-Ro-Or Generation 4414), National Defense College
- Advance Certificate Course in Public Administration and Law for Executives, King Prajadhipok's Institute (Generation 11)
- Certificate of Financial and Banking, Associateship Diploma of the Institute of Bankers, London

Record of Training on Roles, Duties and Skills of a Director :

- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in 5 years :

Period	Position / Company
2011 - Present	Chairman of the Board of Directors / Prachuab Port Company Limited
2011 - Present	Director / West Coast Engineering Company Limited
2010 - Present	Board Vice Chairman / Sahaviriya Steel Industry Public Company Limited
2010 - Present	Independent Director / S. Khonkaen Foods Public Company Limited
2005 - Present	Chairman of the Board of Directors / Chumporn Palm Oil Industry Public Company Limited
2003 - Present	Chairman of the Board of Directors / S. Khonkaen Foods Public Company Limited
2006 - 2008	Member of Parliament
2004 - 2013	Chairman of the Board of Directors / Thai Agro Exchange Company Limited (Thai Market)

Years of Holding Office of Director : 14 years and 7 months (since : 20th May 2003)

Office of Director / Other Offices Held at Present :-

- | | |
|--|---|
| • Other Listed Companies : | - Sahaviriya Steel Industry Public Company Limited |
| | - Chumporn Palm Oil Industry Public Company Limited |
| • Other Business than a Listed Company : | - Prachuab Port Company Limited |
| | - West Coast Engineering Company Limited |
| • Other Business that May Result in a Conflict of Interests with the Company : | - None - |

2. Name : Mr. Charoen Rujirasopon Age : 70 Years

- Present Position :**
- Chairman of Executive Board
 - Chief Executive Officer and
 - Recruitment and Compensation on Remuneration Committee Member

- Date of Appointment :**
- Chairman of Executive Board 12th November, 2012
 - Chief Executive Officer 9th May, 2005
 - Recruitment and Compensation on
Remuneration Committee Member 24th February, 2014

Education Background :

- 2011 Master of Arts, Course on Social, Business and Political Leadership, Rangsit University
- 2003 Bachelor of Laws, Ramkhamhaeng University
- 1969 Vocational Certificate, Assumption Commercial College

Honorary Degrees :

- 2016 Ph.D. in Social Change, Universal Ministries of the Kings College, Florida, U.S.A.
- 2016 Honorary Doctorate Degree in Business Management from Western University
- 2012 Honorary Doctorate of Science (Food Science and Technology),
Rajamangala University of Technology Lanna
- 1997 Honorary Bachelor of Home Economics in the field of foods and nutrition, Rajamangala University
- 1994 Honorary Bachelor of Arts in Business Management, Chandrakasem Rajabhat University

Certificate / Advanced Level Certificate :

- 2013 Certificate, Course on High-Level Executives, Capital Market
- 2010 Advanced Level Certificate, Course on Public Sector Management and Public Law,
King Prajadhipok's Institute

Record of Training on Roles, Duties and Skills of a Director :

- Guidelines for Setting-up and Performance for an Audit Committee (Director Accreditation Program - DAP)
Certificate, Class 6/2003

Proportion of Shareholding in the Company (%) : 9,898,186 shares or 30.607 percent

Relationship with Company's Management :

- Mrs. Niramon Rujirasopon's Spouse
- Mr. Jarasopon Rujirasopon and Mr. Jarunpoj Rujirasopon's Father
- Mr. Thanakrit Rujirasopon's Uncle

Working Experience in 5 years :

Period	Position / Company
2017 - Present	Vice President of Thai – Chinese Culture and Economic Association
2017 - Present	President of Thai Myanmar Culture and Economic Association
2017 - Present	Honorary Advisor to the Withstanding Committee on Law, Justice Process and Police Affairs of the National Legislative Assembly
2016 - Present	Chairman of the Board of Directors / 3D Food and Beverage Company Limited
2015 - Present	Chairman of the Board of Directors / S. Training Center Company Limited
2015 - Present	Chairman of the Board of Directors / S. Tower Company Limited
2015 - Present	Chairman of the Board of Directors / Thai Home Food (Bangkok) Company Limited
2014 - Present	Recruitment and Compensation on Remuneration Committee / S. Khonkaen Foods Public Company Limited
2013 - Present	Chairman of the Board of Directors / S. Khonkaen Foods (Netherlands) B.V.
2012 - Present	<div> <div>- Chairman of Executive Board</div> <div>- Chief Executive Officer</div> </div> } S. Khonkaen Foods Public Company Limited
2012 - Present	Chairman of the Board of Directors / Thai Home Food Company Limited
2012 - Present	Vice President of Swine Producers and Processors for Exporting Association
1998 - Present	Chairman of the Board of Directors / Earth Wealth Mining Company Limited
1994 - Present	Chairman of the Board of Directors / S. Pasusat Company Limited
1989 - Present	Chairman of the Board of Directors / Mahachai Food Processing Company Limited
1989 - Present	Chairman of the Board of Directors / S K K Food Company Limited
2014 - 13 May 2016	Chairman of Risk Management Sub-committee / S. Khonkaen Foods Public Company Limited
2015	Honorary Advisor to the Sub-committee of the Reform Affairs on the Industry and Service of the National Reform Steering Assembly
2013	Honorary Advisor to the Withstanding Committee on Religion, Art and Culture, Parliament House

Years of Holding Office of Director : 5 years (since 12th November 2012)

Office of Director / Other Offices Held at Present :-

- **Other Listed Companies :** - None -
- **Other Business than a Listed Company :**
 - Mahachai Food Processing Company Limited
 - S K K Food Company Limited
 - S.Pasusat Company Limited
 - S. Training Center Company Limited
 - Thai Home Food (Bangkok) Company Limited
 - Thai Home Food Company Limited
 - 3D Food and Beverage Company Limited
 - Earth Wealth Mining Company Limited
 - S. Tower Company Limited
 - S. Khonkaen (Netherlands) B.V.
- **Other Business that May Result in a Conflict of Interests with the Company :** - None -

3. Name : Mr. Worapon Lopansri Age : 53 Years

Present Position : - Director, Independent Director and
 - Chairman of the Audit and Corporate Governance Committee

Date of Appointment : - Director, Independent Director 29th April 2014
 - Chairman of the Audit and Corporate
 Governance Committee 12th May 2014

Education Background :

- Master of Accountancy, Thammasat University
- Certificate of Internal Auditor (CIA) No. 30858

Record of Training on Roles, Duties and Skills of a Director :

- Director Certification Program, 167/2012 (DCP 167/2012)
- Audit Committee Program 45-2013 (ACP 45-2013)
- “ Enhancing Growth through Governance in Family - Controlled Business ” on 26TH May 2016
- Audit Committee Forum 2016 “ New Auditor’s Report; What is it for You? on 29th June 2016
- Managing Technology and Disruption on 15th September 2016
- AC Forum 2017; The Audit Committee’s Role in Compliance and Ethical Culture Oversight
- Independent Director, role, duties and expectation of individual shareholder
- Updated COSO Enterprise Risk Management : Integrating with Strategy and Performance

Proportion of Shareholding in the Company (%) : 8,000 shares or 0.0247 percent

Relationship with Company’s Management : - None -

Working Experience in 5 years :

Period	Position / Company
11 th August 2016 - Present	Independent Director and Audit Committee Member Fire Trade Engineering Public Company Limited
12 th May 2014 - Present	Chairman, Audit and Corporate Governance Committee S. Khonkaen Foods Public Company Limited
29 th April 2014 - Present	Director and Independent Director / S. Khonkaen Foods Public Company Limited
15 th June 2005 - Present	Head of Internal Audit / MSIG (Insurance) Thailand Public Company Limited
8 th April 2016 - 10 th August 2016	Director / Fire Trade Engineering Public Company Limited

Years of Holding Office of Director : 3 years and 8 months (since 29th April 2014)

Office of Director / Other Offices Held at Present :-

- Other Listed Companies : - Fire Trade Engineering Public Company Limited
- Other Business than a Listed Company : - None -
- Other Business that May Result in a Conflict of Interests with the Company : - None -

4. Name : Mr. Prasarn Marukpitak Age : 69 Years

Present Position : - Director, Independent Director and
- Audit and Corporate Governance Committee Member

Date of Appointment : - Director, Independent Director 25th May 1994
- Audit and Corporate Governance
Committee Member 24th February 2014

Education Background :

- Bachelor of Arts (Political Science), Chulalongkorn University

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP), Certificate, Class 29/2004, Thai Institute of Directors Association
- Director Certification Program (DCP), Certificate, Class 84/2007, Thai Institute of Directors Association

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in 5 years :

Period	Position / Company
2014 - Present	Audit and Corporate Governance Committee Member / S.Khonkaen Foods Public Company Limited
1994 - Present	Director and Independent Director / S.Khonkaen Foods Public Company Limited
1988 - Present	Chairman of the Board of Directors / Cheewit Thurakij Company Limited
1981 - Present	Business Narrator, Government and State Enterprises
2014 - 2015	Member of the National Reform Council
2008 - 2014	Senator : Academic Sector
2011 - 2012	Advisor to Ms. Supinya Klangnarong (NBTC – Director)
1999 - 2014	Audit Committee / S.Khonkaen Foods Public Company Limited

Years of Holding Office of Director : 23 years and 7 months

Office of Director / Other Offices Held at Present :-

- Other Listed Companies : - None -
- Other Business than a Listed Company : - Cheewit Thurakij Company Limited
- Other Business that May Result in a Conflict of Interests with the Company : - None -

5. Name : Mr. Chusak Vijakkhana Age : 67 Years

Present Position :

- Director and Independent Director,
- Audit and Corporate Governance Committee Member,
- Risk Management Committee Member and
- Recruitment and Compensation on Remuneration Committee Member

Date of Appointment :

- Director 23rd November 2004
- Independent Director, 28th February 2010
- Audit and Corporate Governance Committee Member 24th February 2014
- Risk Management Committee Member 24th February 2014
- Recruitment and Compensation on Remuneration Committee Member 23rd March 2017

Education Background : Bachelor of Laws (Hon.), Thammasat University

Record of Training on Roles, Duties and Skills of a Director :

Director Accreditation Program (DAP), Certificate, Class 43/2005, Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in 5 years :

Period	Position / Company
2017 - Present	Member of Risk Management Committee / S. Khonkaen Foods Public Company Limited
October 2016 - Present	Director / Mahachai Food Processing Co., Ltd.
2014 - Present	Director / Chao Phaya Hospital Public Company Limited
2014 - Present	Managing Director / Marwell Media Company Limited
2014 - Present	Director / Wealthy Health Care Company Limited
2014 - Present	Director / Thai Value Care Company Limited
2014 - Present	Member of Audit & Corporate Governance Committee / S. Khonkaen Foods Public Company Limited
2014 - Present	Member of Recruitment & Compensation on Remuneration Committee / S. Khonkaen Foods Public Company Limited
2010 - Present	Independent Director / S. Khonkaen Foods Public Company Limited
2004 - Present	Director / S. Khonkaen Foods Public Company Limited
2000 - Present	Managing Director / P.S.D. & Associate Company Limited
1999 - Present	Director / Mahachai Hospital Public Company Limited
2004 - 2014	Member of Audit Committee / S. Khonkaen Foods Public Company Limited

Years of Holding Office of Director : 13 years and 1 month

Office of Director / Other Offices Held at Present :-

- Other Listed Companies :
 - Mahachai Hospital Public Company Limited
 - Chao Phaya Hospital Public Company Limited
- Other Business than a Listed Company :
 - P.S.D. & Associate Company Limited
 - Mahachai Food Processing Company Limited
 - Marwell Media Company Limited
 - Wealthy Health Care Company Limited
 - Thai Value Care Company Limited
- Other Business that May Result in a Conflict of Interests with the Company : - None -

6. Name : Mr. Charoenphan Phantumongkol Age : 86 Years

Present Position :

- Director, Independent Director and
- Chairman of Recruitment and Compensation on Remuneration Committee

Date of Appointment :

- Director, Independent Director 11th January 2000
- Chairman of Recruitment and Compensation on Remuneration Committee 24th February 2014

Education Background :

- Higher Certificate of Accountancy (Equivalent to BA), Thammasat University
- Certified Public Accountant (CPA)

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP) Certificate, Class 29/2004
- Internal Control and Risk Management (SET)
- TAS 2013 – 2014 (Federation of Accounting Professions)
- IAS 39 Financial Instruments : Recognition and Measurement (Federation of Accounting Professions)
- Hedge Accounting (Federation of Accounting Professions)

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in 5 years :

Period	Position / Company
July 2015 - Present	Consultant – Internal Audit Committee Amtel Group Bangkok Company Limited
2014 - Present	Consultant – Accounting & Finance Amtel Group Bangkok Company Limited
24 th February 2014 - Present	Chairman of the Recruitment and Compensation on Remuneration Committee S. Khonkaen Foods Public Company Limited
11 th January 2000 - Present	Independent Director S. Khonkaen Foods Public Company Limited

Years of Holding Office of Director : 17 years

Office of Director / Other Offices Held at Present :-

- Other Listed Companies : - None -
- Other Business than a Listed Company : - None -
- Other Business that May Result in a Conflict of Interests with the Company : - None -

7. Name : Miss Panchama Vipamas Age : 66 Years

Present Position : - Director and Independent Director

Date of Appointment : - Director 2015
- Independent Director 20th July 2017

Education Background :

- M.B.A., Thammasat University
- Master of Accountancy, Chulalongkorn University
- Bachelor of Laws, Skhothai Thammathirat Open University
- Bachelor of Accountancy, Chulalongkorn University

Record of Training on Roles, Duties and Skills of a Director : - None -

Proportion of Shareholding in the Company (%) : 11,375 shares or 0.0035 percent

Relationship with Company's Management : - None -

Working Experience in 5 years :

Period	Position / Company
August 2017 - Present	Group Internal Auditor / Group of Santi-dhamma Foundation
20 th July 2017 - Present	Independent Director / S. Khonkaen Foods Public Company Limited
10 th October 2006 - Present	Certified Public Accountant
July 2015 - December 2016	Vice President (Accounting & Finance) / C.J. Express Group Co., Ltd.
2015 - 19 th July 2017	Director / S. Khonkaen Foods Public Company Limited
10 th November 2014 - 22 nd February 2017	Risk Management Sub-committee Member / S. Khonkaen Foods Public Company Limited
2013 - June 2015	Director (Cash Management) Carabao Tawandaeng Group / - Carabao Group Company Limited - Carabao Tawandaeng Company Limited - Tawandaeng DCM Company Limited - Asia Pacific Glass Company Limited
2009 - 2015	Executive Director / S. Khonkaen Foods Public Company Limited
2007 - 2014	Executive Director / Carabao Tawandaeng Company Limited
2003 - 2013	Director, Accounting & Finance / Carabao Tawandaeng Company Limited

Years of Holding Office of Director : 8 years and 8 months (since 28th April 2009)

Office of Director / Other Offices Held at Present :-

- Other Listed Companies : - None -
- Other Business than a Listed Company : - None -
- Other Business that May Result in a Conflict of Interests with the Company : - None -

8. Name : Mrs. Niramon Rujirasopon Age : 67 Years

Present Position :

- Executive Director and
- Deputy Chief Executive Officer

Date of Appointment :

- Executive Director 25th May 1994
- Deputy Chief Executive Officer 9th May 2005

Education Background :

- Bachelor of Economics (Industrial Economics), Ramkhamhaeng University

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP 60/2007), Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP 160/2012), Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%) : 4,507,955 shares or 13.939 percent

Relationship with Company's Management :

- Mr. Charoen Rujirasopon's Spouse
- Mother of Mr. Jaraspon Rujirasopon and Mr. Jarunpoj Rujirasopon

Working Experience in 5 years :

Period	Position / Company
2015 - Present	Director / 3D Food and Beverage Company Limited
2015 - Present	Director / Thai Home Food (Bangkok) Company Limited
2015 - Present	Director / S. Training Center Company Limited
2015 - Present	Director / S. Tower Company Limited
2013 - Present	Director / S. Khonkaen Foods (Netherlands) B.V.
2008 - Present	Chairman of the Board / Thai Food for International Trade Employee's Association
2008 - Present	Director / Earth Wealth Mining Company Limited
9 th May 2005 - Present	Deputy Chief Executive Officer / S. Khonkaen Foods Public Company Limited
25 th May 1994 - Present	Executive Director / S. Khonkaen Foods Public Company Limited
1994 - Present	Chairman of the Board of Directors / S. Pasusat Company Limited
1989 - Present	Chairman of the Board of Directors / Mahachai Food Processing Company Limited
1989 - Present	Chairman of the Board of Directors / S K K Food Company Limited
10 th November 2014 - 13 th May 2016	Risk Management Sub-committee Member / S. Khonkaen Foods Public Company Limited
2013 - 2014	- Acting Marketing Director (Marketing 4, Processed Seafood) / S. Khonkaen Foods Public Company Limited
2013 - 2014	- Acting Marketing Director (Marketing 3, Traditional Thai Food) / S. Khonkaen Foods Public Company Limited
2012 - 2014	- Acting Marketing Director (Marketing 2, Frozen Foods) / S. Khonkaen Foods Public Company Limited

Years of Holding Office of Director : 23 years and 7 months

Office of Director / Other Offices Held at Present :-

- Other Listed Companies : - None -
- Other Business than a Listed Company :
 - 3D Food and Beverage Company Limited
 - Thai Home Food (Bangkok) Company Limited
 - S. Training Center Company Limited
 - S. Tower Company Limited
 - S. Khonkaen (Netherlands) B.V.
 - Earth Wealth Mining Company Limited
 - S.Pasusat Company Limited
 - Mahachai Food Processing Company Limited
 - S K K Food Company Limited
 - Thai Food for International Trade Employee's Association
- Other Business that May Result in a Conflict of Interests with the Company : - None -

9. Name : Mr. Jaraspon Rujirasopon Age : 35 Years

Present Position :

- Executive Director and
- Chief Executive (QSR)

Date of Appointment :

- Executive Director 14th August 2008
- Chief Executive (QSR) 16th December 2017

Education Background :

- M.B.A. (Marketing) / Aston University, Birmingham, UK
- Bachelor of Arts in Communication Management, Chulalongkorn University

Record of Training on Roles, Duties and Skills of a Director :

- Financial Statements for Directors (FSD), Certificate, Class 17/2012
- Director Accreditation Program (DAP), Certificate, Class 105/2013

Proportion of Shareholding in the Company (%) : 3.50%

Relationship with Company's Management :

- Son of Mr. Charoen Rujirasopon and Mrs. Niramon Rujirasopon
- Brother of Mr. Jarunpoj Rujirasopon
- Mr. Thanakrit Rujirasopon's first cousin

Working Experience in 5 years :

Period	Position / Company
16 th December 2017 - Present	Chief Executive (QSR) / S. Khonkaen Foods Public Company Limited
30 th April 2015 - Present	Executive Director / S. Tower Company Limited
13 th March 2015 - Present	Executive Director / 3D Food and Beverage Company Limited
14 th October 2015 - Present	Executive Director / Thai Home Food (Bangkok) Company Limited
28 th August 2015 - Present	Executive Director / S. Training Center Company Limited
14 th August 2008 - Present	Executive Director / S. Khonkaen Foods Public Company Limited
5 th August 2008 - Present	Executive Director / Earth Wealth Mining Company Limited

S. Khonkaen Foods Public Company Limited :

2 nd August 2016 - 15 th December 2017	Chief Executive Operation (QSR)
20 th August 2015 - 1 st August 2016	- Executive Vice President (QSR) and - Assistant Executive Vice President (Strategy, QSR)
1 st March 2014 - 19 th August 2015	- Assistant Chief Executive Officer (Operation) and - Acting Director, QSR (T)
15 th November 2013 - 29 th September 2014	Assistant to Deputy Chief Executive Officer
1 st January 2012 - 14 th November 2013	Director, QSR

Years of Holding Office of Director : 9 years and 4.5 months

Office of Director / Other Offices Held at Present :-

- Other Listed Companies : - None -
- Other Business than a Listed Company :
 - Earth Wealth Mining Company Limited
 - S. Training Center Company Limited
 - Thai Home Food (Bangkok) Company Limited
 - 3D Food and Beverage Company Limited
 - S. Tower Company Limited
- Other Business that May Result in a Conflict of Interests with the Company : - None -

10. Name : Mr. Jarunpoj Rujirasopon Age : 31 Years

- Present Position :**
- Executive Director
 - Chairman of the Risk Management Committee
 - Chief Executive (Support)
 - Acting Chief Executive (Marketing and Sales)
 - Acting Chief Executive (Supply Chain)

- Date of Appointment :**
- Executive Director 27th April 2015
 - Chairman of the Risk Management Committee 23rd March 2017
 - Chief Executive (Support) 1st January 2017
 - Acting Chief Executive (Marketing and Sales) 1st January 2017
 - Acting Chief Executive (Supply Chain) 1st January 2017

Education Background :

- Bachelor of Business Administration, Major in Finance, Faculty of Commerce and Accountancy

Record of Training on Roles, Duties and Skills of a Director : - None -

Proportion of Shareholding in the Company (%) : 3.532 percent

Relationship with Company's Management :

- Son of Mr. Charoen Rujirasopon and Mrs. Niramorn Rujirasopon
- Brother of Mr. Jaraspon Rujirasopon
- Mr. Thanakrit Rujirasopon's first cousin

Working Experience in 5 years :

Period	Position / Company
23 rd March 2017 - Present	Chairman of Risk Management Committee / S. Khonkaen Foods Public Company Limited
1 st January 2017 - Present	<ul style="list-style-type: none"> - Chief Executive (Support) - Acting Chief Executive (Marketing and Sales) - Acting Chief Executive Operation (Supply Chain)
10 th October 2016 - Present	Executive Director / Mahachai Food Processing Company Limited
30 th April 2015 - Present	Executive Director / S. Tower Company Limited
13 th March 2015 - Present	Executive Director / 3D Food and Beverage Company Limited
14 th October 2015 - Present	Executive Director / Thai Home Food (Bangkok) Company Limited
28 th August 2015 - Present	Executive Director / S. Training Center Company Limited
25 th June 2008 - Present	Executive Director / Earth Wealth Mining Company Limited

Working Experience in 5 years :

Period	Position / Company
	S.Khonkaen Foods Public Company Limited :
1 st August 2016 - May 2017	Acting Chief Executive Operation (Production)
1 st August 2016 - January 2017	- Chief Executive Operation (Support) - Acting Chief Executive Officer (Marketing and Sales)
1 st August 2016 - 31 st August 2016	Acting Human Resource and Administration Director
20 th July 2015 - 31 st July 2016	- Executive Vice President (Support) - Acting Executive Vice President (Marketing and Sales) - Acting Executive Vice President (Production)
1 st July 2015 - 19 th July 2015	- Executive Vice President (Support) - Acting Executive Vice President (Marketing and Sales) - Acting Executive Vice President (Production)
1 st January 2015 - 30 th June 2015	- Acting Assistant to Deputy Chief Executive Officer (Marketing and Sales) - Acting Assistant to Deputy Chief Executive Officer (Production) - Acting Sales Director - Acting Marketing Director - Acting Human Resource and Administration Director
10 th November 2014 - 22 nd March 2017	Member of Risk and Management Sub-committee
1 st March 2014 - 30 th June 2015	Assistant to Chief Executive Officer (Support)
1 st March 2014 - 31 st December 2014	Acting Quality Management and Organization Improvement Director
1 st May 2013 - 28 th February 2014	- Acting Assistant to Chief Executive Officer (Support) - Acting Strategic and Business Development Director - Acting Director – Information System and Technology
1 st January 2010 - 28 th February 2014	General Manager (Strategy)

Years of Holding Office of Director : 2 years and 8 months

Office of Director / Other Offices Held at Present :-

- Other Listed Companies : - None -
- Other Business than a Listed Company :
 - Mahachai Food Processing Company Limited
 - S. Training Center Company Limited
 - 3D Food and Beverage Company Limited
 - Thai Home Food (Bangkok) Company Limited
 - Earth Wealth Mining Company Limited
 - S. Tower Company Limited
- Other Business that May Result in a Conflict of Interests with the Company : - None -

11. Name : Mr. Thanakrit Rujirasopon Age : 51 Years

Present Position :

- Executive Director and
- Chief Executive Operation (Production)

Date of Appointment : - Executive Director 29th April 2013
- Chief Executive Operation (Production) 1st May 2017

Education Background :

- Bachelor of Engineering (Mechanical Engineering), Prince of Songkla University

Record of Training on Roles, Duties and Skills of a Director :

- Director Accreditation Program (DAP) / Thai Institute of Directors Association (IOD)

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management :

- Nephew of Mr. Charoen Rujirasopon
- Mr. Jaraspon Rujirasopon and Mr. Jarunpoj Rujirasopon's cousin

Working Experience in 5 years :

Period	Position / Company
	S.Khonkaen Foods Public Company Limited :
1st May 2017 - Present	Chief Executive Operation (Production)
23rd March 2017 - Present	Member of Risk Management Committee
29th April 2013 - Present	Executive Director
2016 - 2017	Production Director (Bangplee Factory)
2015 - 2016	Deputy Managing Directors (Production) - Bangplee Factory
2002 - 2015	Director, Production 1
2002 - 2012	Executive Director

Years of Holding Office of Director : 4 years and 8 months

Office of Director / Other Offices Held at Present :-

- Other Listed Companies : - None -
- Other Business than a Listed Company : - None -
- Other Business that May Result in a Conflict of Interests with the Company : - None -

12. Name : Mrs. Sirilak Chaiwattanaprapa Age : 57 Years

Present Position : Executive Director

Date of Appointment : 13th May 2016

Education Background :

- Bachelor of Business Management (Advertising and Public Relation), Ramkhamhaeng University

Record of Training on Roles, Duties and Skills of a Director : - None -

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in 5 years :

Period	Position / Company
	S.Khonkaen Foods Public Company Limited :
13 th May 2016	Executive Director
1 st August 2016 - Present	Domestic Sales Director
2015 - April 2016	Advisor to Chairman of the Board of Directors
21 st July 2015 - 31 st July 2016	Executive Vice President (Domestic Sales)
2011 - 20 th July 2015	Director of Domestic Sales

Years of Holding Office of Director : 1 year and 7.5 months

13. Name : Mrs. Narinthorn Asawapanyawongse Age : 55 Years

Present Position : Chief Executive (Accounting and Finance)

Date of Appointment : 1st April 2016

Education Background :

- Master of Business Administration, Chulalongkorn University
- Bachelor of Business and Accounting (Accounting / Finance), Thammasat University
- MMP, Chulalongkorn University

Record of Training on Roles, Duties and Skills of a Director : - None -

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in 5 years :

Period	Position / Company
1 st January 2017 - Present	Chief Executive (Accounting and Finance) / S.Khonkaen Foods Public Company Limited
1 st April 2016 - 31 st December 2016	Chief Financial Officer / S.Khonkaen Foods Public Company Limited
2014 - 2016	Chief Financial Officer / Health Food Corporation Co., Ltd.
2012 - 2014	Chief Financial Officer / Infonet Thailand Limited

14. Name : Dr. Wanwarang Watcharananun Age : 39 Years

Present Position : Chief Executive (Research and Deveopment)

Date of Appointment : 1st September 2017

Education Background :

- B.S. (Food Science & Technology), Kasetsart University
- M.S. (Food Science & Technology), King Mongkut's Institute of Technology Ladkrabang
- Ph.D. (Food Science & Technology), King Mongkut's Institute of Technology Ladkrabang
- M.S. (Food Science & Technology), King Mongkut's Institute of Technology Ladkrabang

Record of Training on Roles, Duties and Skills of a Director : - None -

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in 5 years :

Period	Position / Company
1 st September 2017 - Present	Chief Executive (Research & Development) / S.Khonkaen Foods Public Company Limited
2012 - 2017	Research & Development Assistance Vice President / CPF (Thailand) Public Company Limited
2010 - 2012	Manager, Research & Development Office CPF (Thailand) Public Company Limited

15. Name : Miss Kalvarat Vithitamataya Age : 63 Years

Present Position : - Secretary to Board of Directors and
- Company Secretary

Date of Appointment : - Secretary to Board of Directors 19th September 1994
- Company Secretary 13th August 2008

Education Background :

- Pursuing Bachelor Degree in Laws, Ramkhamhaeng University

Record of Training on Roles, Duties and Skills of a Director : - None -

Proportion of Shareholding in the Company (%) : - None -

Relationship with Company's Management : - None -

Working Experience in 5 years :

Period	Position / Company
13th August 2008 - Present	Company Secretary
2004 - 2014	Acting President Office Director

Duties and Responsibilities of the Company Secretary

1. Duties under the Securities and Exchange Act (No. 4) B.E. 2551 (A.D. 2008), Section 89/15

1.1 To prepare and file the following documents :

- (1) Registra of Directors Profile;
- (2) Notices for Board meetings, minutes of Board meetings, and annual reports of the Company;
- (3) Notices for and minutes of meetings of shareholders

1.2 To keep records of interests reported by directors or executives;

1.3 To take such other actions as required by the Capital Market Supervisory Board

2. Other relevant duties

2.1 To provide the Board of Directors with preliminary advice on points of law, rules and regulations of the Company;

2.2 To contact and communicate with general shareholders to let them know their rights and information of the Company;

2.3 To support the management of the Company to ensure that it conforms to principles of good corporate governance.

Corporate Governance

Corporate Governance Policy

The Board of Directors thoroughly realizes that good corporate governance is so important that it builds competitiveness of the Company and strengthens confidence of the shareholders, investors, and all stakeholders of the Company.

In 2014, the Company set up a written corporate governance policy as guidelines for the directors, executives, employees, and other concerned people to follow. The Company has prepared the policy in accordance with “The Principles of Good Corporate Governance for Listed Companies” issued in 2012 by the Stock Exchange of Thailand (SET) developed with reference to the OECD principles of corporate governance, which are accepted internationally and referred to as a framework for development of corporate governance policy in many countries. The Company’s policy was also developed in line with the Corporate Governance Report of Thai Listed Companies (CGR) under the corporate governance survey project of Thai listed companies conducted by Thai Institute of Directors Association (IOD), which has been modified to be consistent with the ASEAN Corporate Governance Scorecard.

The Company has revised the corporate governance policy in 2017 to appropriately align with the current situations and with other related policies, which have been concurrently revised, including business code of ethics, anti-corruption policies, and the guidelines thereof.

The Company published the corporate governance policy and other related policies on the Intranet and on the website of the Company (www.sorkon.co.th) under the heading ‘Corporate Governance’. The Company’s corporate governance policy is summarized as follows :

Chapter 1: Rights of Shareholders

- 1) Fundamental Rights of Shareholders consist of:-
 - The rights to obtain share subscriptions, to transfer shares and to receive sufficient and timely information in an appropriate manner for decision making with impact on oneself and the Company.
 - The rights to attend and vote in the shareholders’ meeting to decide on any changes of the Company’s significant policies and on the shareholders’ rights to which the Board of Directors have to request the shareholders’ meeting for consent
 - The rights to elect and relieve directors, and to give consent to appointment of an independent auditor
 - The right to profit sharing.
- 2) Shareholders are entitled to receive a notice of meeting, the information about the date, time and place of the meeting, organized properly by the Company, and the meeting agenda accompanied by the Board of Directors’ opinions and all other relevant information concerning agenda items for consideration. The notice of meeting and accompanying notes shall be sent to the shareholders and the registrar at least 7 days prior to the meeting date, publicized in a newspaper for 3 consecutive days at least 3 days in advance of the meeting date, and posted on the Company’s website at least 1 month prior to the meeting date.
- 3) In the agenda item of dividend payment, the Company shall disclose the actual amount of dividend payment to be made and supplementary information in comparison with the policy.

- 4) In the agenda item of election of directors, the Company shall designate the names and profiles of whom nominated for directors in the notice of meeting. The shareholders can vote for each director individually with one voting right per share.
- 5) In the agenda item of appointment of auditors, the Company shall provide in the notice of meeting the names of the nominated auditors, their companies, and helpful information for shareholders to consider their competence and appropriateness, including the proposed audit fees.
- 6) The Chairman of the Board of Directors, the directors, and managers in charge of Finance or Accounting are responsible for attending the shareholders' meeting to answer shareholders' questions.
- 7) The Company shall inform the shareholders of methods for voting and vote counting before the commencement of the meeting, arrange for persons to verify the vote counting in the shareholders' meeting, and disclose them in the minutes of the shareholders' meeting.
- 8) The Company shall record in the minutes of the shareholders' meeting, the names of directors, the chairman of each sub-committee, and the Chief Executive Officer/Executive Board Chairman, who attend the shareholders' meeting as well as the resolutions and the affirmative, negative and abstaining votes for each agenda item that requires a resolution of the meeting.
- 9) The Company shall provide the shareholders with an opportunity to propose agenda items and/or the names of persons nominated to be directors prior to the meeting date and to make inquiries in the meeting. The inquiries and replies shall be recorded in the minutes of the meeting.
- 10) After the meeting, the shareholders shall have an access to the information about the resolutions and the voting results of the meeting.
- 11) The Company shall facilitate the meeting and encourage the shareholders and institutional investors to attend the shareholders' meeting.

The Company recognizes the importance of the fundamental rights of the shareholders including purchase, sale, and transfer of shares, profit sharing, and adequate access to news and information of the Company. The shareholders shall be informed of the rules and procedures for attendance at the meeting and of adequate information for consideration of each agenda item for a proper period of time prior to the meeting. The shareholders shall be given opportunities to raise questions for the directors in the meeting and the rights to assign proxy to someone to attend the meeting in order to vote in the shareholders' meeting to appoint or remove directors, to determine remuneration of directors, to appoint an external auditor and audit fees, and other matters affecting the Company, for instance, dividend appropriation, determination or amendment of the Company's Articles of Association and Memorandum of Association, capital increase or decrease, and approval of extraordinary items.

During the year 2017, the Company has fulfilled promotion and facilitation of the shareholders' rights execution as follows :-

1. The Company held the 2017 Annual General Meeting of Shareholders on Thursday 27 April 2017 at which all directors were in attendance including the Chairman of Board Directors, Chairman of Executive Board /Chief Executive Officer and other directors. In addition, the Sub-committee including the Audit and Corporate Governance Committee Chairman and the members thereof, the Chairman of Recruitment and Compensation on Remuneration Committee and the members thereof, the Chairman of Risk Management Committee and the members thereof, high-level executives and the external auditor attended the meeting.

2. The Company assigned the Thailand Securities Depository Company Limited as the share registrar of the Company to send to the shareholders at least 14 days prior to the meeting date the notice of meeting along with the rules and procedures of attendance and supplementary information attached to certain agenda items, in each of which the objectives, rationale, and opinions of the Board of Directors are provided adequately and clearly. The notice of meeting was publicized in a newspaper for 3 consecutive days at least 3 days in advance of the meeting date, and posted on the Company's website (www.sorkon.co.th) prior to the meeting date to allow the time for the shareholders to study the information in advance.
3. The shareholders who are not able to attend the meeting in person are provided with an opportunity to assign proxy to someone or to an independent director to attend the meeting and vote on their behalf. The Company sent the notice of meeting along with attachments including brief profiles of independent directors and two forms of proxy determined by the Department of Business Development.
4. The Company prepared and submitted the minutes of meeting to SET no later than 14 days from the meeting date.
5. For convenience of the shareholders' travelling, the Company held the last meeting at the Emerald Hotel, where the shareholders can conveniently travel to the meeting place thanks to its location in the inner city on the electric train route.

Chapter 2: Equitable Treatment of Shareholders

- 1) The Board of Directors shall protect the shareholders' rights and treat the shareholders equally. The shareholders are entitled to the voting rights in proportion to the owned shares. The Company shall apply equitable treatment to provide for the shareholders necessary information relating to the Company adequately, fairly, and on a timely basis. The Company shall refrain from releasing undisclosed information with bias to a particular group of shareholders.
- 2) The shareholders have the rights to attend the meeting and to vote by proxy. They are entitled also to receive documents and instructions for proxy together with the notice of meeting. Legal proxies who deliver the form of proxy to the directors at the meeting shall hold the right to attend the meeting and to vote as equally in all aspects as the shareholders. The shareholders can alternatively assign proxy to one of the independent directors to attend the meeting and to vote. In this regard, the shareholders hold the rights to receive the complete and appropriate profiles and works of each independent director for their consideration.
- 3) The shareholders shall be fairly treated in the meeting.
- 4) Before initiating a connected transaction that is conditional on approval from the shareholders in accordance with the SET's regulations, the Company shall disclose the details and rationale for such initiative to the shareholders.
- 5) The Company shall disclose whether related-party transactions are made fairly at a market value and in the normal business.
- 6) The Company established a policy requiring the directors and high-level executives to report to the Board of Directors or their assigned persons, purchase and sale of their own shares, at least 1 day before the transaction date.

The Board of Directors monitored and protected the fundamental rights of every individual shareholder and group of shareholders equally including procedures of shareholders' meeting, measures to prevent the misuse of insider information for undue benefits of the directors, executives, and employees, and disclosure made by the directors and executives of interests of their own and their related persons.

When the shareholders are not able to attend a meeting in person, the Company provided an opportunity to the shareholders to assign proxy to independent directors or others to attend and to vote on their behalf by using the proxy form B, which the shareholders can determine the direction of voting by themselves on each agenda item, sent along with the notice of meeting and publicized on the Company's website from which the shareholders can download.

The Company informed the directors and executives of their duty to report the holding of the Company's securities and of punishments as prescribed by the Securities and Exchange Act B.E. 2535 and the SET's regulations. Whenever the directors and executives purchase and sell the Company's securities, they are liable for reporting the holding of the Company's securities of themselves, their spouses and minor children in compliance with section 50 of the Securities and Exchange Act B.E. 2535 within 3 working days, to the Office of Securities and Exchange Commission for information and also for publication. Also, the directors are required to report their holding of the Company's securities at every meeting of the Board of Directors.

Chapter 3: Role of Stakeholders

- 1) The Board of Directors realizes and recognizes the rights of stakeholders as prescribed by the laws, respect for human rights, fair treatment of labor, and the importance of communities, social, and environment. With respect to this awareness, the Board promotes collaboration between the Company and stakeholders in creation of prosperity, jobs, and sustainably strong financial position of the Company. The Board of Directors believes that the rights of stakeholders are righteously protected and treated.
- 2) The Board of Directors takes into consideration employee welfare. The employees are provided with appropriate remuneration, training for higher potential, pleasant work environment, safety standards, disciplines at work, and thorough caretaking.
- 3) In building competitive advantage and making profits to the Company, the Board of Directors takes into consideration benefits received and delivered to the stakeholders. The Board of Directors established a policy to treat every group of stakeholders in respect of the stakeholders' rights under the laws or any agreements with the Company and to refrain from any actions that could violate their rights.

In conducting its business, the Company has regard to righteousness, fairness, and the rights of all groups of stakeholders thus refraining from any actions that violate the rights of those stakeholders. The guidelines, to which executives and employees adhere, for treatment of all groups of stakeholders including shareholders, customers, business partners, the ones with business relations, employees, and society, are summarized as follows.

Roles toward Shareholders

The executives and employees shall perform their duties honestly, transparently and for the benefits of the Company and the shareholders. Management shall be done carefully and prudently to prevent loss to shareholders. They shall refrain from exploiting any undisclosed information of the Company, pursuing anything in a manner that possibly cause a conflict of interest with the Company, and revealing confidential information of the Company to outsiders.

Roles toward Customers

The Company insists on development of better goods and services constantly. The customers shall be provided with the right, adequate, and up-to-date information about the products and services without exaggeration, which could cause misunderstanding to the customers about quality, quantity, or any conditions of goods or services. Product pricing is properly set not to take advantage of consumers in compliance with the consumer protection laws.

Roles toward Business Partners and/or Creditors

The Company shall treat its business partners and/or creditors on a fair and equal basis from which both parties receive mutual benefits. The Company shall adhere strictly to contracts or any terms and conditions as agreed. Should the Company is not able to follow any of the conditions, the business partners and/or creditors shall be promptly informed in advance to collaboratively resolve the issue.

Roles toward Trade Competitors

The Company shall conform to the rules of fair business competition. It shall refrain from dishonest or improper seeking for trade secrets of trade competitors, for example, bribery paid to employees of the competitors, and from ruining reputation of trade competitors by allegations against them.

Roles toward Employees

The Company shall treat all employees equally and fairly based on principles of human rights, commit to non-discrimination against race, gender, and religious belief. Employees' remuneration is fairly and properly based on types of work, responsibilities, and competence of each employee and is comparable to the ones of companies in the same industry. The Company established a policy to develop and improve knowledge and skills of employees continuously so that they proceed to career growth. The Company also provides employee welfare, such as uniform, annual physical check-up, off-site travelling allowance, housing loans (with the Government Housing Bank), in-house clinic, shuttle bus service, incidental expenses, gifts for sick employees, discounted prices offer on the Company's goods.

Furthermore, the Company established a policy to keep work environment safe for employees' lives and property in compliance with the laws and international standards. Employees and related persons are continuously educated and trained for safety in the work environment, for instance, a fire evacuation drill, a training course on safety at work, a first aid.

The Company encourages effective use of resources through its policy on energy conservation to be applied as a guideline for energy management and to urge for effective use of energy for maximum benefits. In this regard, the Company established a committee to set an energy conservation policy. The Company also established its intellectual property policy that prohibits employees from intellectual property infringement irrespective of whether it is a domestic or foreign one and from the use of pirated software at work, of which the copyright is violated. Additionally, policies exist for anti-corruption and impermissible bribery for the benefits of business.

In the prior year, the Company found no case of violation of laws pertaining to labor or employment, of wrongful infringement of others' intellectual property, of corruption, or of unethical business actions.

Roles toward Society, Community and Environment

The Company takes into consideration its role and responsibility to the society, community and environment in operating business. The Company constantly advocates activities for the benefits of community and society as a whole. It strictly complies with the concerning laws and regulations with care and accountability for the possible impact arising from the products, services, or operations of the Company.

Moreover, the Company cultivated social responsibility and a sense of volunteer mind among employees to build a happily shared society, develop virtue and morality, preserve culture, and refrain from any actions that probably cause damage to natural resources and environment.

- 4) The Board of Directors arranged for a measure to notify clues or file grievances about illegal or unethical actions, behaviors that is inclined to corruption or misconduct of persons in the organization including employees and other stakeholders, misleading financial statements, or deficiencies of the internal control system. Mechanisms were developed to safeguard the whistleblower to urge the participatory actions of stakeholders in monitoring the Company's benefits more effectively.

Channels for notifying clues or filing grievances

Email address	:	dua@sorkon.co.th
Postal address	:	The Chairman of Audit and Corporate Governance Committee S.Khonkaen Foods Public Company Limited 259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road, North Prakanong, Vadhana, Bangkok 10110

- 5) The Board of Directors has set a policy and a guideline for anti-corruption and prohibits the directors, executives, and employees of the Company (including subsidiaries, associates, other controlled companies, business partners, and any person deemed to be an intermediary or agent of the Company) from execution, acceptance, or support for any forms of corruption both directly and indirectly and has publicized the practices.

Chapter 4: Disclosure of Information and Transparency

- 1) The Company insists on providing information equally to shareholders, financial institutions, securities companies, investors, anyone who wants to use financial information, and the public. It focuses on transparency, accuracy, completeness, timeliness, consistency, and impartiality to the information either positively or negatively. Nevertheless, the Company realizes the necessity for confidentiality of the critical business information and business strategies. This policy is consistent with the rules and regulations on disclosure of information prescribed by the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC).
- 2) The disclosure policy covers all communication methods of the Company, for instance, an annual report, quarterly report of summary results of the business operations, news, press release, the Company's website. In addition to these methods, the policy also covers verbal communication, such as a group meeting, a meeting between two people, and a talk on the phone with an analyst or an investor.
- 3) The Company communicates with investors, analysts, persons involved in investment, and shareholders through the Chief Executive Officer or the Company's assigned representatives, i.e., the Chief Financial Officer and the Investor Relations Unit, whose main duties are to contact and coordinate with analysts, investors, and others who want the financial information, operating results, financial position, and any transactions affecting the Company.

- 4) The information disclosed regularly encompasses the Company's objectives, its financial position and operating results, report of Audit and Corporate Governance Committee Chairman, analysis of shareholding structure, management of risk factors, and the corporate governance policy. The Board of Directors also prepared a complimentary report of discussion attached in the annual report elaborating the key matters difficult to understand and delineating the critical policies of the Company concerning management of operating and financial risks. The Board also provided a record of attendances of the members of the Committee and the Sub-committee compared to the total number of meeting of the Committee and the Sub-committee.
- 5) The Company will not disclose any significant information that has not yet been publicized to unauthorized employees, a group of people, or anyone else (including investors, press, and analysts) unless that information is open to the public. When there is a need for business purpose to disclose information to related persons, external auditor, underwriter, banks, legal advisor, or other consultants, the Company will take any actions to ensure that these persons commit to keep confidential the information received with due care. Should any undue information is released, the Company will immediately disclose that information to the public. The Company commits to comply with SET's rules about new releases and other regulations or, if necessary, the Company will request SET to suspend the securities trading temporarily. Under specific circumstances, the Company may have to postpone disclosure of information to the public for some business reasons (such as a case when the disclosure is likely to affect business negotiations of the Company) until an appropriate time.
- 6) The Company established a policy to avoid dissemination of operating results that affects the share prices or that is in favor of someone especially during the time before submission of financial statements to SET, in other words, starting from the ending date of a quarter up until the date on which the Company notifies its operating results officially and completely through the information disclosure channels of SET except for a case where an issue or event causes the Company's operating results to be predicted with so significant discrepancies that the users of information are more likely to misunderstand, in which case the Company will disclose information to SET.
- 7) The Company has set up an Investor Relations page on the Company's website (www.sorkon.co.th) to be an alternative channel for investors and other people to access the same information as the analysts or the institutional investors do. The Company will put all efforts in keeping the website ready to use and the information up-to-date constantly. Even though the format and characteristics of the information uploaded to the website may differ from that previously publicized depending on constraints of the website, the major content will not be significantly different.

The Board of Directors realizes the importance of disclosure of accurate, complete, and transparent information including both financial and general information in accordance with the rules of SEC and SET through an easily accessible channel. The Company has disclosed information of the Company to the shareholders, investors, and the public through the SET's channel and the Company's website in both Thai and English and has regularly updated the information thereon.

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries, which have been prepared in accordance with the generally accepted accounting principles and given an unqualified opinion from the independent auditor, who has acceptable qualifications and gained consent from SEC.

The Chief Executive Officer performs a duty to give interview to the press to release information to the public. With respect to investor relations, the Company established the Investor Relations Unit to communicate with outsiders, for example, investors, institutional investors, general investors, and analysts on a fair and equal basis.

Chapter 5 : Responsibilities of the Board of Directors

The Board of Directors and Committees

The Board of Directors consists of 12 directors, 6 of them are independent directors or more than one-third of the total number of directors, in accordance with the rules determined by SEC. This composition helps create the balance of the voting power in consideration of any matters. In addition, there are 4 committees as follows.

- 1) Audit and Corporate Governance Committee
- 2) Recruitment and Compensation on Remuneration Committee
- 3) Risk Management Committee
- 4) Executive Committee

Board of Directors

Term of Office

1. According to the Public Limited Companies Act, B.E.2535 and the Articles of Association of the Company, one-third of the directors shall resign from their positions in each Annual General Meeting of Shareholders. If the number of directors is not exactly a multiple of three, the nearest number of one-third shall resign, in which case the directors who have served the longest term in office shall resign. The resigning directors may be re-elected to the position.

2. When there is a vacant position as a result of any reasons other than the retirement at the end of the term of office, the Board of Directors shall elect a person who is qualified for the position with no prohibited characteristics defined by section 68 of the Public Limited Companies Act, B.E.2535 to be a substitute director in the Board's meeting although the substitute director shall hold the position no longer than the remaining term of office of the vacated director whom is replaced.

Roles and Responsibilities of the Board of Directors

1. To perform its duties in compliance with the laws, objectives and stipulations in the Articles of Association of the Company, and resolutions of the Board's and the shareholders' meeting with integrity and prudence based on its value to safeguard the Company's interests except for matters contingent on approval of the shareholders' meeting, for example, matters required by the laws to obtain shareholders meeting's approval, connected transactions, major purchase and sale of assets under the SET's rules;

2. To review and to give consent to corporate policy, business plans, budget, management structure, scope of authority, corporate governance policy, and other matters prescribed by SET or the laws;

3. To supervise management operations to ensure that they are in agreement with the approved policies, business plans, and budget;

4. To appoint the Audit and Corporate Governance Committee and other committees;

5. To set up a reliable accounting system, financial reporting, and auditing together with effective and efficient internal control system and internal audit.

6. To direct the Company to undertake a comprehensive risk management system and effective process, reporting and monitoring of risk management;

7. To report accountability of the Board of Directors for preparation of financial statements along with the auditor's report in the annual report;

8. To treat the shareholders and stakeholders fairly in respect of conflict of interests, transparency of operations, and adequate disclosure of information;

9. To consider remuneration of directors and propose to the shareholders' meeting for consideration;

10. To appoint the Company Secretary to handle activities of the Board of Directors and the Company, including the Board's and the shareholders' meetings, counselling the Board and the Company to act and to run business in compliance with the laws and relevant regulations on a regular basis.

Independent Directors

Independent directors shall have the following qualifications.

1. Hold the shares of the Company and its subsidiaries, inclusive of shares held by related persons, not larger than 1% of the total outstanding shares with voting rights;
2. Do not take part in management of the Company, affiliated companies, associated companies, companies related to the major shareholders of the Company, and not being an employee, staff, or an advisor who earns a regular salary of the Company, affiliated companies, associated companies, or the major shareholders of the Company;
3. Have neither benefit nor interest directly or indirectly both in financial and operational management of the Company, affiliated companies, associated companies, or the major shareholders of the Company, including during the two-year period prior to appointment to the position unless, subsequent to thorough consideration of the Board of Directors, such earlier beneficial involvement is envisaged to have no effect on performance and independent judgment of the independent directors;
4. Not being related persons or closed relatives of executives or major shareholders of the Company;
5. Are not appointed as representatives of the Company directors, major shareholders of the Company or shareholders who are related to major shareholders of the Company;
6. Are able to perform the duty, express opinions, or report their performance of duty as delegated from the Board of Directors under no control of executives, or the major shareholders of the Company, including any persons related to or the closed relatives of those persons.

When there is a vacant position as a result of any reasons other than the retirement at the end of the term of office and the remaining term of office of the vacant position is more than 2 months, the Board of Directors shall elect a person who is qualified for the position with no prohibited characteristics defined by the law to be a substitute independent director in the next committee's meeting on condition that the resolution must be derived from not less than three-fourth of the votes of the remaining independent directors although the substitute director shall hold the position no longer than the remaining term of office of the vacated director whom is replaced.

Committees

1) Audit and Corporate Governance Committee

The Board of Directors appointed the Audit and Corporate Governance Committee, which consists of 3 independent directors as follows;

1. Mr.Worapon Lopansri Chairman of the Audit and Corporate Governance Committee
2. Mr.Prasarn Marukpitak Member of the Audit and Corporate Governance Committee
3. Mr.Chusak Vijakkhana Member of the Audit and Corporate Governance Committee
(Mr.Nipon Nuchpleanas, as secretary of the Audit and Corporate Governance Committee)

Mr. Worapon Lopansri, Chairman of the Audit and Corporate Governance Committee has had knowledge of an experience accounting, finance and audit for 31 years and conducted as the Chairman of the Audit and Corporate Governance Committee, a review of the financial statements in 2017.

Term of Office

Members of the Audit and Corporate Governance Committee hold a two-year term in office. The retired members may be re-elected to the position.

Roles and Responsibilities of the Audit and Corporate Governance Committee

1. To review the Company's financial reporting to ensure its accuracy and adequacy;
2. To review the system of corporate governance, risk management, internal control, internal audit, and anti-corruption measures that are effective and appropriate, to consider the independence of the internal audit unit, and to give consent to the appointment, transfer, dismissal, and performance evaluation of the Head of Internal Audit Unit or any other units responsible internal audit;
3. To review the Company's compliance with the laws concerning securities and exchange, the regulations of SET, and other laws relating to the Company's business;
4. To consider, select, and nominate an independent person to serve as the Company's external auditor, to propose his/her remuneration, and to attend a meeting with the external auditor at least once a year without participation of the management;
5. To consider connected transactions or transactions that may involve a conflict of interests to ensure that they are in accordance with the laws and the regulations of SET and that they are reasonable and for the maximum benefits of the Company;
6. To prepare a report of the Audit and Corporate Governance Committee, which must be signed by the Chairman of Audit and Corporate Governance Committee. The report is disclosed in the Company's annual report with the minimum information as follows:
 - a. Comments on the accuracy, completeness and reliability of the Company's financial statements;
 - b. Comments on adequacy of the Company's internal control system;
 - c. Comments on the Company's compliance with the laws concerning securities and exchange, the regulations of SET, and other laws relating to the Company's business;
 - d. Comments on the appropriateness of the Company's external auditor;
 - e. Comments on transactions that may involve a conflict of interests;
 - f. The number of the meetings of the Audit and Corporate Governance Committee and the attendance of each member;
 - g. Comments and overall observations from the performance of the Committee's duty in accordance with the charter;
 - h. Any other information that, from the perspective of the Committee, should be known to the shareholders and general investors, which is confined to the scope of duties and responsibilities as assigned by the Board of Directors;
7. To set up a corporate governance policy suitable for the Company in accordance with the laws, rules and regulations of the supervisory agencies, i.e. the Stock Exchange of Thailand, the Office of Securities and Exchange Commission and other relevant agencies, and also with the guidelines on corporate governance based on international standards to propose to the Board of Directors for approval;
8. To monitor, supervise and give suggestions to the Board of Directors and the executives on their performance of duty and responsibilities in line with the corporate governance policy to ensure their practicable results and continuity;
9. To consider, revise and amend the corporate governance policy regularly to ensure that it is in agreement with the guidelines on corporate governance based on international standards, the laws and regulations, the Articles of Association and the Company's business;
10. To follow up and report the compliance with the corporate governance policy to the Board of Directors, shareholders and general investors;
11. To give suggestions on the rules and guidelines on morality and business ethics and guidance for the Company's directors, executives and employees;
12. To appoint a working group to support the corporate governance functions as appropriate;

13. To perform other duties assigned by the Board of Directors with approval from the Audit and Corporate Governance Committee;
14. In performing the duties of the Audit and Corporate Governance Committee, if it finds or suspects that there is a transaction or an action that could possibly have material effects on the Company's financial position or operating results, the Audit and Corporate Governance Committee should report to the Board of Directors to make adjustments or corrections within the period of time deemed appropriate by the Audit and Corporate Governance Committee. Should the Board of Directors or the executives do not make adjustments or corrections over that period, any one of the members of the Audit and Corporate Governance Committee may report that transaction or action to SEC or SET.

2) Recruitment and Compensation on Remuneration Committee

The Board of Directors appointed the Recruitment and Compensation on Remuneration Committee on 24 February 2014. The Recruitment and Compensation on Remuneration Committee consists of 3 company directors with the Chairman and one of the other two as independent directors as follows;

- | | | |
|----|-------------------------------|---|
| 1. | Mr. Charoenphan Phantumongkol | Chairman of the Recruitment and Compensation on Remuneration Committee and independent director |
| 2. | Mr. Chusak Vichakana | Member of the Recruitment and Compensation on Remuneration Committee and independent director |
| 3. | Mr. Charoen Rujirasopon | Member of the Recruitment and Compensation on Remuneration Committee |

Term of Office

The Chairman and members of the Recruitment and Compensation on Remuneration Committee hold a two-year term in office since the election date or a term of office of the Company's director position. The retired members may be re-appointed to the position.

Charter of the Recruitment and Compensation on Remuneration Committee

The Board of Directors has approved the Charter of the Recruitment and Compensation on Remuneration Committee and set the remuneration rates in written together with the following roles and responsibilities.

a. Recruitment Function

1. To consider the suitability of compositions of the Board of Directors and the other committees;
2. To establish a policy, the rules and methods for nominating persons to be directors in order to propose these documents to the Board of Directors' meeting for approval;
3. To nominate, select and propose persons who are qualified for directors in the Board of Directors, members in the various committees of the Company and the top executives to the Board of Directors for consideration;
4. To perform other missions as assigned by the Board of Directors.

b. Compensation and Remuneration Function

1. To propose a remuneration policy and guidelines for payment of remuneration and other benefits for the Board of Directors, the Company's committees and the top executives. The proposed remuneration should be commensurate with their duties and responsibilities taking into account the results of the Company's operations;
2. To consider remuneration rate applied by other companies in the same industry as the Company;
3. To establish guidelines for annual performance evaluation of the Board of Directors, the Company's committees and the top executives, to report the results of evaluation to the Board of Directors and to disclose such information in the annual report;
4. To perform other missions as assigned by the Board of Directors.

3) Risk Management Committee

On March 23, 2017, The Board of Directors resolved that the name “ Risk Management Sub-committee ” be corrected to read “ the Risk Management Committee ” and which consists of company’s directors and the high-level executives as follows;

1. Mr. Jarunpoj Rujirasopon	Chairman of the Risk Management Committee
2. Mr. Chusak Vijakkhana	Member of the Risk Management Committee
3. Mr. Thanakrit Rujirasopon	Member of the Risk Management Committee
4. Mr. Jaraspon Rujirasopon	Member of the Risk Management Committee
5. Mrs. Narinthorn Assawapanyawong	Member of the Risk Management Committee

Mr. Sompak Kiratipongwuthi as the secretary of Risk Management Committee

Term of Office

The Chairman and members of the Risk Management Committee hold a two-year term in office since the election date or a term of office of the Company’s director position. The retired members may be re-appointed to the position.

4) Executive Committee

The Executive Committee consists of 6 executive directors and executives and 2 executives, in total 8 as follows;

1. Mr. Charoen Rujirasopon	Chairman of Executive Director and Chief Executive Officer
2. Mrs. Niramorn Rujirasopon	Executive Director and Deputy Chief Executive Officer
3. Mr. Jarunpoj Rujirasopon	Executive Director and - Chief Executive (Support) - Acting Chief Executive (Marketing and Sales) - Acting Chief Executive Operation (Supply Chain)
4. Mr. Jaraspon Rujirasopon	Executive Director and Chief Executive (QSR)
5. Mr. Thanakrit Rujirasopon	Executive Director and Chief Executive Operation (Production)
6. Mrs. Siriluck Chaiwattanaprapa	Executive Director
7. Mrs. Narinthorn Asawapanyawong	Chief Executive (Accounting and Finance)
8. Dr. Wanwarang Watcharananun	Chief Executive (Research & Development)

The Executive Committee has the following roles and responsibilities.

1. To set the directions, business strategies, management structure, business plans and annual budget of the Company to propose to the Board of Directors for approval;
2. To manage the business operations of the Company to achieve the pre-determined objectives and goals;
3. To supervise and monitor the results of operations and financial position of the Company, and to report these information to the Board of Directors for information;
4. To seek and evaluate opportunities for investment in new businesses;
5. To consider the dividend policy of the Company and to provide comments for the Board of Directors;
6. To review and approve transactions on investment, human resource management, finance, general business administration and any other transactions related to the Company's business under the scope of delegated authority approved by the Board of Directors;
7. To consider and comment on matters requiring approval from the Board of Directors except for any activities that the Board of Directors assigned another committee to undertake them;
8. To review the risk management and the internal control system of the Company;
9. To employ an advisor or an independent person to give opinions or suggestions as necessary;
10. To undertake any other duties assigned by the Board of Directors in line with the Board's occasional delegation of authority and responsibility.

Board of Directors' Meeting

The Board of Directors' meetings are scheduled for at least 6 times in a year. In the previous year, there were 7 meetings in total. All meetings were scheduled in advance for the whole year to ensure that every director could allot the time to attend the meeting simultaneously. The notice of meeting, consisting of details of agenda items and the annex, will be sent to the directors prior to the meeting date to allow each director to study the information ahead of the meeting time.

Independent Directors Committee's Meeting

The Audit and Corporate Governance Committee and the Independent Directors hold jointly at least 3 meetings a year without any executive director in attendance. This allows for freely open discussion of any issues pertaining to the Company's business and issues in the interest of the directors. In the preceding year, there were 5 meetings in total. All meetings were scheduled in advance for the whole year to ensure that every director could allot the time to attend the meeting simultaneously.

The Board of Directors has appointed the Company Secretary to arrange the Board of Directors' meeting, the non-executive directors committee's meeting, and the shareholders' meeting, to prepare the minutes of meetings of the Board of Directors, the independent directors committee, and the shareholders, to file the documents as specified by laws, to give suggestions on legislation, rules, and regulations need to be known to the Board of Directors and the independent directors committee, to handle the Board of Directors' activities, and to co-ordinate for implementation of the resolutions of the Board of Directors and the independent directors committee.

Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors considers and gives consent to the critical matters concerning the Company's operations which cover policies, business plans, risks, operation plan, and budget, as well as monitors and supervises the management to implement the Company's determined policies effectively and efficiently.

Recruitment of Directors and Senior Executives

A) Recruitment and appointment of directors

1. The Recruitment and Compensation on Remuneration Committee is responsible for nominating and selecting qualified persons to propose to the Board of Directors for an appointment or to the shareholders' meeting in accordance with the Articles of Association of the Company.
2. To re-elect a vacated director for another term of office, the Nomination and Remuneration Committee will take into consideration various factors including the past performance, history records of attendance and active participation in the meeting, and support of the Board of Directors' activities, in case of an independent director, the independence of that person is also considered.
3. The election of directors shall be in compliance with the Articles of Association of the Company and stipulations in the relevant laws, which shall be transparent and clear and undertaken through the Recruitment and Compensation on Remuneration Committee. The criteria and methods of election of directors in the shareholders' meeting are as follows.
 - a. A shareholder has the votes in proportion to his/her shareholding, i.e., one voting right per share.
 - b. Each shareholder has to exercise all the voting rights as described in a. to vote for an individual or many individuals to be directors but cannot split the votes to provide any portions to anyone.
 - c. The election of directors by voting applies a majority rule, if more than one individual receive the equal number of votes, the chairman of the meeting shall cast a decisive vote.

In each Annual General Meeting of Shareholders, one-third of directors shall resign from their positions. If the number of directors is not exactly a multiple of three, the nearest number of one-third shall resign, in which case the directors who have served the longest term in office shall resign. The resigning directors may be re-elected to the position upon approval of the shareholders. In case of the election of a new director, the Nomination and Remuneration Committee will nominate qualified persons who possess appropriate knowledge and competence to assume a director position.

When there is a vacant position as a result of any reasons other than the retirement at the end of the term of office, the Board of Directors shall elect a person who is qualified for the position with no prohibited characteristics defined by the laws to be a director in replacement of the vacated director to attend the next meeting of the Board of Directors unless the remaining term of office of the vacant position is less than 2 months. The substitute director shall hold the position no longer than the remaining term of office of the vacated director whom is replaced. The resolution of that election of substitute director must be derived from not less than three-fourth of the votes of the remaining directors.

In the Annual General Meeting of Shareholders for the year 2018, the Company has provided an opportunity for the shareholders to propose a qualified person to be elected as a Company's director for the Board of Directors' consideration in advance during October to December 2017. None of the shareholders proposed a person to be elected as a Company's director.

B) Recruitment of Senior Executives

An appointment of the Company's appropriate senior executives is subject to consideration of the Chief Executive Officer.

Administration of Subsidiaries and Associates

The Company has set up rules and regulations on critical matters for subsidiaries to observe as follows;

1. Execution of connected transactions, acquisition and disposal of assets, and any other important transactions of the Company shall be done rightfully and completely and shall apply the same rules as the Company's on disclosure of information and handling of those transactions;
2. Subsidiaries shall comply with the same accounting standards and policies used by the Company including filing of information and bookkeeping in order that the Company could verify and compile the information to prepare the consolidated financial statements in a timely manner;
3. Subsidiaries shall apply the same human resource management policy as the Company's to build unity in the group of companies. The Company's policy requires that the directors monitor and control business of subsidiaries to ensure that their management is in line with the Company's policy. Furthermore, companies in the group collectively hold a monthly meeting to consider performance and set a plan and targets for each initiative of investment. The Company takes into consideration the expertise of each company in the group to start that new investment and, in case of expansion to a new line of business, it will assign a company which has the particular expertise in that business to join the project and the Company itself will venture into it.

Handling of the Use of Insider Information

The handling of the use of insider information is prescribed as follows;

- The executives are informed of their duties and responsibilities to prepare and report their shareholdings;
- The executives are informed that they report their purchase and sale of securities since the appointment to the positions;
- The directors and executives are compelled to keep critical insider information confidential until it is reported to SET.

Auditor's Remuneration

1. Audit fee

In 2017, the Company and its subsidiaries paid audit fee to two auditors namely,

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| • EY Office Limited | Baht 3,135,000.- and |
| • Miss Wiparat Triwacharanont | Baht 18,000.- |

The amount of which can be broken down to

- | | |
|--|----------------------|
| • the audit fee incurred to the Company | Baht 1,450,000.- and |
| • the audit fee incurred to the subsidiaries | Baht 1,703,000.- |

2. Non-Audit fees

- Other service fees
 - Service fees for observation of the destruction of inventory of S.Khonkaen Foods Plc. of Baht 30,000.-
- Fees to be paid in the future resulting from unfinished services of any assignments in the prior accounting period - None -

Business Code of Ethics

The Board of Directors intends to support the development of the Company into an organization that operates business efficiently with corporate governance and the excellent business administration and runs its business responsibly, ethically, fairly, and transparently. The Board determines to create the greatest benefits to the shareholders taking into consideration the related stakeholders in order to build trustworthiness and to thrive sustainably together.

In 2014, the Company set up a written corporate governance policy as guidelines for the directors, executives, employees, and other concerned people to follow. In addition, the Company established guidelines on the process of control and monitoring the compliance with the business code of ethics. The code is reviewed every year to ensure its consistency with the Company's circumstances.

The Company has revised the corporate governance policy in 2017 to appropriately align with the current situations and with other related policies. The Company published the corporate governance policy and other related policies on the Intranet and on the website of the Company (www.sorkon.co.th) under the heading 'Corporate Governance'.

Conflicts of Interests

The Board of Directors set a policy on the conflicts of interests on the basis that requires any decisions on business activities to be made solely for the highest benefits of the Company and any actions that causes potential conflicts of interests to be avoided. The policy requires that any persons to whom a transaction to be considered relates or connects inform the Company of their relationship or connection with that transaction. Those persons shall neither participate in deciding on that transaction nor receive authority to approve the transaction. The Audit and Corporate Governance Committee will present to the Board of Directors connected transactions or transactions that may involve a conflict of interests, which have been carefully considered for their appropriateness, handled in accordance with the rules prescribed by SET and disclosed in the annual registration statement (form 56-1) as well as the annual report.

Risk Management

The Board of Directors and the senior executives of the Company emphasize the importance of the actions in the risk management process of the Company. The Risk Management Committee responsible to outline the scope of risk management, policy of risk management, process of risk management and charter of risk management including business risk to cover the whole organization in term of strategy, operation, finance, the compliance to observe the regulation and anti-corruption by define the measurement of control and preventive and prepare risk management's plan as well as supervise, follow up and appraisal to ensure that the Company has adequately and properly managed the risks.

Internal Control and Risk Management

Board's Opinion about the Internal Control System

The Board of Directors has evaluated the internal control system of the Company by asking for information from management as well as by considering the Audit and Corporate Governance Committee's report. It can be summarized that, following the evaluation of 5 elements in the internal control system of the Company, that is:

- In-house Control
- Risk Assessment
- Operation Control
 - Information System;
 - Data Communication; and
 - Monitoring System

The internal control system of the Company is, in the Board's opinion, sufficient and appropriate. In this connection, the Company has made available personnel adequate for the efficient implementation of the system and also made available adequately an internal control system regarding the monitoring and supervision of operations so that it can prevent illegal or unauthorized use by directors or executives of properties of the Company and its subsidiaries and prevent transactions with persons who are likely to have conflicts and with related persons, whereas for the other headings of internal control the Board of Directors is of the opinion that sufficient internal control has also been made available.

Audit and Corporate Governance Committee's Opinion about the Internal Control System

The Company is aware of the importance of a good system of internal control because the good system will be well able to help prevent, administrate and manage a variety of risks or damages which may occur to the Company and its stakeholders. The Audit and Corporate Governance Committee, having reviewed the internal control system in association with the Company's internal audit unit and the Company's auditor, is of the opinion that the Company has a suitable and sufficient system of internal control to see to it that business is efficiently conducted in accordance with the relevant targets, objectives, laws and requirements, that property can be protected against dishonest acts or damage, and that correct and trustworthy accounts and reports are prepared.

In 2017, 6 meetings in total of the Audit and Corporate Governance Committee were held and members of the Committee were present at all those 6 meetings.

Internal Audit Supervisor

The Audit and Corporate Governance Committee's Meeting, No. 5/2017, held on 1st September 2017, appointed Mr. Nipon Nuchplean, to the position of Internal Audit Supervisor of the Company because he had been experienced in performing internal audits for a period of 18 years and had understanding of activities and operations of the Company. Therefore, the Audit and Corporate Governance Committee considers that Mr. Nipon Nuchplean is properly and sufficiently suitable to perform that duty.

In addition, the appointment, removal or transfer of a person to or from the position of Internal Audit Supervisor of the Company must be approved and agreed by the Audit and Corporate Governance Committee.

Social Responsibility

Activities for Society and the Environment

The Company and its subsidiaries conduct business under policies on sustainable business development, attaching importance to principles of good corporate governance and corporate social responsibilities (CSR), which have been implemented through various projects and activities, with emphasis on the participation of employees, suppliers, society and communities. The activities on various aspects in the previous year are, in summary, as follows:

1. Environmental Activities

The Company and its subsidiaries conducted business, taking the environment into consideration, and prepared for a continued development of environmental management processes for the worthwhile use of natural resources and the reduction of impacts from activities that would affect the environment, by doing as follows:

1.1 Setting-up of an Energy Conservation Committee

The Company was aware of the energy conservation as an important thing to help reduce the global warming and help the nation reduce a foreign currency loss for imports of fuel in various forms. It should therefore be the duty of every employee to cooperate in managing energies on a continuing and sustainable basis. For this purpose, the Company formulated energy conservation policies for use as guidelines for action to be taken regarding energies and for the promotion of maximum efficiency and benefit in the use of energies. The policies formulated by the Company are as follows:

- 1.1.1 The Company will implement and develop an energy management system appropriately, stipulating that the energy conservation constitutes a part of the conduct of business by the Company in accordance with the laws and other relevant requirements;
- 1.1.2 The Company will take steps to improve efficiency in the use of energies by the organization on a continuing basis and in a manner befitting the business, technologies applied and good working guidelines;
- 1.1.3 The Company will set a plan and a target for energy conservation every year and communicate them to all employees for understanding and proper compliance;
- 1.1.4 The Company considers that the energy conservation is a duty and responsibility of management and employees at all levels, who will cooperate in complying with measures stipulated, monitoring such compliance and reporting to the Energy Management Working Group;
- 1.1.5 The Company will provide support regarding human resources, budgets, working hours, training, public relations, energy conservation promoting activities, and participation in presenting comments for the development of energy work;
- 1.1.6 Management and the Energy Management Working Group will review and improve the energy policy, target and action plan every year.

1.2 Activities were held to earnestly promote participation of all levels of employees of the Company through a variety of group activities, which include the 5S (5^{So}), Kaizen, TQM, Cost Reduction, and work improvement to reduce the process, reduce the procedure and reduce the use of resources or use resources that are worth the costs of performance.

1.3 Seminars were held as activities for all levels of employees so that they had knowledge and understanding of systems of quality regarding GMP and HACCP Safety and emphasis was put on employees' participation in energy conservation projects for the purpose of energy use that would be worth the costs and reduction of waste resulting from energy use.

1.4 The Company had employees participate in training in water management, waste management, health promotion and disease prevention, the prevention and resolution of narcotic drug problems. Training in working environments was made available and the Company area and premises were improved for a better and safer environment for employees (details of the training are mentioned under the heading "Personnel"). In addition, a private company obtaining a lawful concession from the Sub-district Administrative Organization was employed to remove garbage and waste materials for disposal through a proper process, whereas wastewater from the factory was treated by a wastewater treatment system and the wastewater quality was checked and controlled in accordance with standards before the water was discharged into a public canal.

1.5 One of the projects continuously implemented by the Company for society and the environment is the processing of pig dung into biogas for the generation of electricity for use in pig farms. In addition to eliminating the pollution effectively, the Company used a by-product in the category of dried pig dung to prepare organic fertilizers, which were then given out to villagers in the surrounding areas.

2. In Terms of Anti-corruption

The Company has intent and aspiration to fight against all forms of corruption in order that business decisions and actions of the Company, which are probably risky in terms of corruption, are considered and taken appropriately and that confidence is built on stakeholders of the Company.

In 2017, the Company agreed that reviews and updates were to be made to its anti-corruption policy and a manual on guidelines for implementing the anti-corruption policy, as well as to other relevant policies, such as the policies on business ethics and good corporate governance, in order that they would contain subject-matters be fitting business circumstances and risks that had changed. All those policies were approved by the Board of Directors. In addition, the Company prepared forms of self-evaluation relating to anti-corruption measures and submitted them for consideration and adoption to the Thai Institute of Directors as a member of the Private Sector Collective Action Coalition against Corruption Program. In this regard, the Company implemented its anti-corruption policy by assessing business risks to identify risky transactions as to whether they involved corruption, by formulating guidelines for controlling, preventing and monitoring corruption risks, by providing training for employees, and by making available communication covering all working units and all businesses in the Company, including business-related parties, such as suppliers, customers, subsidiary companies, business partners, persons who are intermediaries or agents of the Company, so as to give them knowledge and understanding of its anti-corruption policy and guidelines. Follow-ups and evaluations of compliance with the anti-corruption policies were made by the internal control unit and reviews of the completeness and sufficiency of the anti-corruption process made by the Audit and Corporate Governance Committee and there were channels of reporting if violations or corrupt acts had been found and protective measures were also made available to reporters.

In addition, details of the anti-corruption policy and the manual on guidelines for compliance with the anti-corruption policy, including other relevant policies, such as the policies on business ethics and good corporate governance, are disclosed on the Company's website (www.sorkon.co.th) under the heading Good Corporate Governance.

3. Social Activities

- Donating contributions to the World Vision Foundation of Thailand to support the Happiness We Share (Dolls Make Little Children Full) Project on January 18, 2017;
- Providing support products to Search Entertainment Co., Ltd. in the Chinese Calendar Giving Ceremony at the Thai Red Cross Society on January 25, 2017;
- Donating merit-making funds to build a hall pairing with the crematory at Wat Pradu Hom, Songkhla Province, on February 1, 2017;
- Providing support products to the Employers' Confederation of Thai Trade and Industry in the 2017 Relationship-Tightening Golf Tournament on February 2, 2017;
- Donating merit-making funds to the presentation of robes to monks (Thod Pha Pa) to restore Wat Phakho in Songkhla Province on February 17, 2017;
- Donating merit-making funds to the presentation of Kathin robes to monks to build a crematory at Wat Thamma Thiraram in Buriram Province on February 17, 2017;
- Donating contributions to support the sale of lotteries supporting the Thai Red Cross Society / the National Council of Women of Thailand under the Royal Patronage of Her Majesty the Queen on March 17, 2017;
- Providing support products on the 2017 Mother's Day, August 12, 2017, to the National Council on Social Welfare of Thailand under the Royal Patronage of His Majesty the King;
- Providing support products to the Employers' Confederation of Thai Trade and Industry in the 2017 Relationship-Tightening Bowling Tournament on August 21, 2017;
- Donating contributions to the presentation of a royal Kathin robes (in a ceremony performed in the name of His Majesty the King) at the Samut Prakan Provincial Industry Office on October 11, 2017;
- Donating contributions to the restoration of the sermons hall of Wat Bamrungtham on October 15, 2017;
- Donating contributions to the Klangjaturas Art Gallery (of Ajarn Smarn) to support the 2017 Guide to the Way of Art for Teachers to Juveniles Activity on October 25, 2017;
- Providing support products to people presenting sandalwood flowers in the Royal Funeral Ceremony of His Majesty the late King Rama IX at the Suan Luang Rama IX Park on October 26, 2017;
- Donating contributions to the building of the priest's dwelling at Wat Ton Thongchai, Lampang Province, on October 28, 2017;
- Donating contributions to the presentation of Kathin robes to monks at Wat Pa Lang Rong Lueai, Buriram Province, on October 29, 2017.



Inter-company Transactions

During Year 2017, the Company and its subsidiaries had an inter-company transaction with a director and majority shareholder as follows:

Person Likely to Have a Conflict	Nature of Relationship	Important Nature of Inter-company Transaction	Value of Transaction
Mr. Charoen Rujirasopon	Majority Shareholder and Executive	A subsidiary company is taking on lease land at No. 44, Moo 2, Phayayen Sub-district, Pakchong District, Nakhon Ratchasima Province, covering the area of approx. 368 Rai, 72 square Wah.	Baht 478,634.-

Note : The lease is for a term of 3 (three) years counting from 1st October 2015 until 30th September 2018.

Necessity and Reasonability of Inter-company Transaction

The Company and the subsidiary entered into the inter-company transaction to carry on a normal business and support the normal businesses of the Company on general commercial terms.

Measure for Supervision Relating to Inter-company Transaction

To enter into an inter-company transaction which is a normal business either with a third person or a person who may have a conflict of interests, the Company has likewise a guideline for approving it, mainly taking benefits of the Company into consideration, whereas for other inter-company transactions the Company requires that they be reviewed by the Audit and Corporate Governance Committee in order that care is taken to prevent a conflict of interests. For this purpose, the Audit and Corporate Governance Committee may employ an independent appraiser or financial consultant to assess the price of such inter-company transaction so that it is used as a guideline for comparison. Thereafter, the transaction will be proposed for approval to the Board of Directors.

Audit and Corporate Governance Committee Report

To : The Shareholders of S.Khonkaen Foods Public Company Limited

The Audit and Corporate Governance Committee of S.Khonkaen Foods Public Company Limited is comprised of three independent members, namely Mr.Worapon Lopansri, who possesses competence and expertise in Accounting and Finance, as Chairman of the Audit and Corporate Governance Committee, Mr.Prasarn Marukpitak and Mr.Chusak Vijakkhana as members of the Audit and Corporate Governance Committee. All the members are fully qualified in accordance with the regulations of the Stock Exchange of Thailand (SET). The members of the Audit and Corporate Governance Committee have performed their duties and responsibilities pursuant to the Charter approved by the Board of Directors of the Company.

In 2017, the Audit and Corporate Governance Committee has held 6 meetings in total with the management, the internal auditors and the external auditor. All the members of the Audit and Corporate Governance Committee attended each and every meeting to regularly report to the Board of Directors in each quarter on the Committee's performance and their recommendations as deemed appropriate. The main activities of the Committee are concluded as follows.

1. Financial Statements Review

The Audit and Corporate Governance Committee reviewed the quarterly and annual financial statements for the year 2017, which had been reviewed and audited by the external auditor prior to submission to the Board of Directors for approval. The Audit and Corporate Governance Committee's objectives of the review are to ensure that the financial statements have been prepared in accordance with the accounting standards or the generally accepted accounting principles and with adequate disclosure. Additionally, the Committee discussed with the management and the external auditor to collaboratively consider key accounting issues. After all, the management is responsible for preparation and presentation of financial statements and for necessary internal controls in the preparation process whereas the external auditor is responsible for expression of opinion on those financial statements.

2. Risk Management Review

The Audit and Corporate Governance Committee reviewed the Company's risk management to ensure that it was adequate, appropriate and efficient. The material risks are disclosed in the Risk Factor caption.

3. Internal Control Review

The Audit and Corporate Governance Committee, in conjunction with the Internal Audit Unit, reviewed and evaluated the internal control system using an evaluation form of the Office of the Securities and Exchange Commission (SEC) and the COSO-Internal Control Integrated Framework. In the Audit and Corporate Governance Committee's opinion, the Company has a proper and adequate internal control system to allow the operations to efficiently pursue the goals and objectives in compliance with the laws and relevant regulations, to prevent fraud on assets, and to produce accurate and reliable accounting records and reports.

4. Internal Audit Unit Review and Oversight

The Audit and Corporate Governance Committee approved the 2016 internal audit plan that was prepared on a risk-based approach. The Committee also reviewed independence and adequacy of resources needed for the Internal Audit Unit's operations. In addition, we reviewed the internal audit results and monitored progress of operations on a quarterly basis. The meetings with internal auditors were held with no participation from the management to discuss internal audit work independently. The Charter of the Internal Audit Unit was revised to assure that it was appropriate and up-to-date. The performance of the Head of the Internal Audit Unit was considered and evaluated on a yearly basis to ensure that the internal audit function has achieved its objectives.

5. Law Compliance Review

The Audit and Corporate Governance Committee reviewed the Company's compliance with the laws concerning securities and Stock Exchange, the regulations of SET and other related oversight bodies and the laws involving the Company's business.

6. Corporate Governance Review

The Audit and Corporate Governance Committee reviewed the Company's operations to ensure that the corporate governance system was adequate, appropriate and efficient. Moreover, the review aimed at existence of the corporate governance policy that was consistent with good corporate governance principles of the Thai Institute of Directors (IOD), and in strict compliance with the policy. The Company got good mark from Corporate Governance Report of Thai Listed Companies in 2017 and as a result of which the company got 2 stars in 2014 and further up to 4 stars in 2017. Additionally, in 2017, the Audit and Corporate Governance Committee agreed with the revision and amendment of the good corporate governance policy to have the same text as 2017 CG Code of the Stock Exchange of Thailand.

In addition, the company has joined the Thailand's Private Sector Collective Action Coalition against Corruption by express intention in May 2014. In March 2017, the Company has been recognized as a member of Thailand's Private Sector Collective Action Coalition against Corruption. The Audit and Corporate Governance Committee had assigned the internal audit to verify the observance in anti-corruption.

7. Whistleblowing Arrangements Review

The Audit and Corporate Governance Committee reviewed the adequacy and appropriateness of corruption preventive measures and of channels provided for whistleblowers to notify a trail or file a complaint. They should be able to efficiently prevent, control or solve the problems resulting from wrongdoing and corruption.

8. Selection and Proposal for Appointment of External Auditors

The Audit and Corporate Governance Committee is accountable for considering, selecting, nominating and proposing remuneration for the Company's external auditor in order to obtain an independent auditor. Qualifications, competences, experiences, past performance and appropriateness of audit fee are all considered. According to the Committee's meeting resolution, appointment of EY Office Limited as the Company's external auditor was agreed upon. The resolution was proposed to the Board of Directors for consideration and requested for further approval from the shareholders' meeting to appoint the Company's external auditor for 2017.

Furthermore, in 2017 the Audit and Corporate Governance Committee held a joint meeting with the auditor without the presence of the management, in order to ascertain that it is a discussion without interference. The Audit and Corporate Governance Committee seek source sought the opinion from the auditor in other matters i.e. quality of audit task and the co-operation during auditing including any concern that the auditor might have worry or be restricted the scope of auditing.

9. Related-Party Transactions Review

The Audit and Corporate Governance Committee reviewed the related-party transactions or transactions exposed to a conflict of interest to ensure that the Company had treated them and made relevant disclosure properly and completely in accordance with the laws concerning securities and Stock Exchange, the regulations of the Stock Exchange of Thailand and other related oversight bodies.

10. Performance Self-Assessment

The Audit and Corporate Governance Committee reviewed and undertook a self-assessment of the performance both collectively and individually taking into consideration best practices and the Charter of the Committee. The result revealed that the Committee had carried out their duties effectively in line with the scope of duty in the Charter. In addition, the Committee revised and amended the Charter in 2016 and requested for approval from the Board of Directors to extend the scope of duty and responsibility to cover a review of the Company's proper and efficient anti-corruption measures.

In conclusion, the Audit and Corporate Governance Committee performed its duties independently and duly in accordance with the scope of duty assigned by the Board of Directors. In the Committee's opinion, the financial statements of the Company had been prepared fairly, in all material aspects, in accordance with the financial reporting standards, the related-party transactions were reasonable, disclosure of information was adequate, complete and reliable, the internal control system and the risk management system were effective and efficient, and the Company had complied with its key policies and the relevant laws and regulations.



.....
Mr. Worapon Lopansri
Chairman of Audit and Corporate Governance Committee



.....
Mr. Prasarn Marukpitak
Member of Audit and Corporate Governance Committee



.....
Mr. Chusak Vijakhana
Member of Audit and Corporate Governance Committee

Financial Highlights

Consolidated Financial Statements

Statement of Financial Position	As at					
	31 December 2017		31 December 2016		31 December 2015	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Cash and cash equivalent	81.51	3.3	79.31	3.5	66.76	3.5
Trade and other receivables	418.20	16.9	397.20	17.3	392.76	21.0
Inventories	214.87	8.7	201.46	8.8	191.32	10.2
Other current assets	5.45	0.2	4.43	0.2	5.48	0.3
Total current assets	720.03	29.1	682.40	29.8	656.32	35.0
Non-current biological assets	18.85	0.8	17.02	0.7	21.79	1.2
Property, plant and equipment	930.18	37.6	846.15	36.9	776.68	41.5
Investment properties	647.55	26.2	628.10	27.4	328.28	17.5
Other non-current assets	159.14	6.4	117.70	5.2	90.19	4.8
Total assets	2,475.75	100.0	2,291.37	100.0	1,873.26	100.0
Bank overdraft and short-term loans	646.67	26.1	550.52	24.0	550.89	29.4
Trade and other payables	286.32	11.6	277.64	12.1	255.48	13.6
Current portion of long-term loans	94.70	3.8	89.06	3.9	54.99	2.9
Other current liabilities	29.24	1.2	34.77	1.5	36.14	1.9
Total current liabilities	1,056.93	42.7	951.99	41.5	897.50	47.8
Long-term liabilities	416.42	16.8	453.49	19.8	216.37	11.6
Provision for long-term employee benefits	64.72	2.6	63.16	2.8	59.49	3.2
Total liabilities	1,538.07	62.1	1,468.64	64.1	1,173.36	62.6
Equity to owners of the Company	936.64	37.8	822.14	35.9	698.83	37.3
Non-controlling interests of the subsidiaries	1.04	0.1	0.59	0.0	1.07	0.1
Total shareholder's equity	937.69	37.9	822.73	35.9	699.90	37.4
Total liabilities and shareholder's equity	2,475.75	100.0	2,291.37	100.0	1,873.26	100.0

Statement of Income	Year Ended					
	2017		2016		2015	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Revenue from sales	2,707.52	97.5	2,639.62	97.8	2,378.55	99.3
Revenue from rental and service	26.32	1.0	14.59	0.5	-	0.0
Other income	42.82	1.5	45.95	1.7	15.75	0.7
Total revenue	2,776.66	100.0	2,700.16	100.0	2,394.30	100.0
Cost of sales	1,878.97	67.7	1,866.32	69.1	1,614.54	67.4
Cost of rental and service	16.18	0.6	8.44	0.3	-	0.0
Selling expenses	408.74	14.7	378.29	14.0	298.48	12.5
Administrative expenses	256.91	9.3	273.22	10.2	305.19	12.7
Operating income	215.86	7.8	173.89	6.4	176.09	7.4
Financial cost	42.03	1.5	37.10	1.4	23.74	1.0
Tax expense	37.10	1.3	27.95	1.0	30.10	1.3
Profit for the year	136.73	4.9	108.84	4.0	122.25	5.1
Non-controlling interests of the subsidiaries	0.33	0.0	(0.33)	0.0	(1.24)	-0.1
Equity holders of the Company	136.40	4.9	109.17	4.0	123.49	5.2

Cash Flow Statement	Year Ended		
	2017	2016	2015
	Mil. Baht	Mil. Baht	Mil. Baht
Profit from operating activities before changes in operating assets and liabilities	301.08	246.79	243.46
Net cash flows from operating activities	222.03	204.38	170.30
Net cash flows from investing activities	(125.13)	(444.59)	(233.16)
Net cash flows from financing activities	(95.58)	252.76	102.72
Net increase in cash and cash equivalents	1.32	12.55	39.86
Cash and cash equivalents at beginning of year	79.31	66.76	26.94
Cash and cash equivalents at end of year	80.68	79.31	66.76

Financial Ratio	Year Ended		
	2017	2016	2015
Liquidity Ratio			
Current ratio (Times)	0.7	0.7	0.7
Quick ratio (Times)	0.5	0.5	0.5
Cash flow ratio (Times)	0.2	0.2	0.2
Accounts receivable turnover (Times)	6.7	6.7	6.3
Average collection period (Days)	53.7	53.6	57.3
Inventory turnover (Times)	9.0	9.5	8.5
Average day's sales in inventory (Days)	39.9	37.9	42.4
Account payable turnover (Times)	6.7	7.0	6.4
Average payment period (Days)	53.6	51.2	56.2
Cash Cycle (Days)	40.0	40.3	43.5
Profitability Ratio			
Gross profit margin (%)	30.68%	29.37 %	32.12 %
Gross profit margin (%)	7.90%	6.55 %	7.40 %
Net profit margin (%)	4.92%	4.03 %	5.11 %
Return to equity (%)	15.53%	14.30 %	17.92 %
Efficiency Ratio			
Return on assets (%)	5.74%	5.23 %	7.02%
Return on fixed assets (%)	26.36%	24.16 %	26.86%
Total asset turnover (Times)	1.2	1.3	1.4
Financial Policy Ratio			
Debt to equity ratio (Times)	1.6	1.8	1.7
Interest coverage ratio (Times)	7.1	7.2	8.2
Dividend payout ratio (%)	82.58%	69.97%	136.52%

Management Discussion and Analysis

Operating Results and Financial Position of the prior year

1) Business overview and major changes

Revenues and sales

S. Khonkaen Foods Public Company Limited or “SORKON” (“Company”) and its subsidiaries had the total revenues of Baht 2,776.7 million, increased by Baht 76.5 million from the year 2016 or 2.8%, of which sales amounted to Baht 2,707.5 million, increased by Baht 67.9 million from the year 2016 or 2.6%. Sales increase is mostly attributable to increase in sales of processed seafood of Baht 43.2 million and restaurant sales of Baht 28.9 million. In 2017, the Company recognized reversal of loss on impairment of investment properties and land of Baht 25.6 and 7.0 million respectively and loss on change in fair value less cost to sale of raised pigs of Baht 6.2 million.

Gross profit

The Company’s gross profit of 2017 has increased from 29.3% in 2016 to 30.6%. The increase in the gross profit of Baht 55.3 million or 7.1% to Baht 828.6 million in 2017 is due to the decline of pork prices, a success in handling of shortage of fish as raw materials through imports of fresh fish and frozen fish, and an efficient measure of manufacturing cost control.

Selling and administrative expenses

Selling and administrative expenses have increased by Baht 14.1 million from the prior year or 2.2%. Due to the decline in pork prices, the Company launched a sales promotion campaign with customers to offer discounts to consumers directly to boost up sales and competitiveness. Moreover, the Company strengthened its cost control measures on administrative expenses, which decreased by Baht 16.3 million or 6%.

Finance costs

Finance costs in 2017 have increased by Baht 4.9 million from the prior year as a result of investment in an expansion of seafood processing factory in 2015 and in new office buildings in 2016.

Net profits

The Company had profit attributable to equity holders of the Company of Baht 136.4 million in 2017, increased by Baht 27.2 million or 24.9% compared to the prior year. The better operating results of the current year are mainly resulted from an efficient cost control measure covering costs of raw materials, manufacturing costs and administrative expenses.

(2) 2) Operating results of each business group

Type of Business	2017		2016		2015	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
1. Pork-based Foods (Native Food)	1,133.3	40.8	1,118.6	41.4	1,038.0	43.4
2. Processed Seafood (Fish Balls)	927.2	33.4	884.0	32.7	825.1	34.5
3. Snacks Processed from Pork	101.4	3.7	99.4	3.7	101.0	4.2
4. Ready-to-Eat and Ready-to-Heat Frozen Foods	192.2	6.9	183.6	6.8	112.9	4.7
5. Food Shop in the Category of Quick Service Restaurant(QSR)	158.6	5.7	129.7	4.8	99.3	4.1
6. Swine Farm	194.9	7.0	224.3	8.3	202.2	8.4
Total Sales	2,707.5	97.5	2,639.6	97.8	2,378.6	99.3
Other Income	69.1	2.5	60.5	2.2	15.7	0.7
Grand Total	2,776.7	100.0	2,700.1	100.0	2,394.3	100.0

- Processed foods group (including processed food made from pork, processed seafood, snack food and frozen foods) had total revenues of Baht 2,354.0 million, increased by Baht 68.5 million from the year 2016 or 3%.
- Quick-service restaurants group had total revenues of Baht 158.6 million, increased by Baht 28.9 million from the year 2016 or 22.3%. This business group has the highest growth rate thanks to the expansion of franchises and distribution channels and to a sales promotion campaign.
- Swine farm business had total revenues of Baht 94.9 million, the only business that was unfavorably affected by the decline in the prices of fattening pigs at 15% on average, which accounted for a decrease in revenues of Baht 29.5 million.

Changes in other comprehensive income

Changes in other components of the shareholders' equity net of any concerned taxes in the Statement of Comprehensive Income of 2017 are an increase of Baht 67.0 million as a consequence of the increase in asset revaluation surplus of Baht 73.0 million and an actual loss of Baht 6.0 million.

Financial position

Assets

As at 31 December 2017, the Company had total assets of Baht 2,475.8 million, increased by Baht 184.4 million from the previous year or 8%. Changes in value are mainly attributable to the increase in revaluation surplus of land under the Property, plant and equipment heading of Baht 84.6 million as well as land awaiting development and other non-current assets (deposits for land) of Baht 19.5 and 45.0 million respectively.

Liabilities

As at 31 December 2017, the Company had total liabilities of Baht 1,538.1 million, increased by Baht 69.4 million from the previous year or 4.7%. Changes in value are mainly attributable to the increase in short term loans from financial institutions to spend on deposits for 20 Rai of land in Bang Pu Nua Industrial Estate and on imports of frozen fish as inventory when the prices were low amounting to Baht 45.0 and 10.0 million respectively.

Shareholders' equity

As at 31 December 2017, the Company had total shareholders' equity of Baht 937.7 million, increased by Baht 115.0 million from the previous year or 14%. Changes in value comprised of net profit of Baht 136.4 million, other comprehensive income of Baht 67.0 million, dividend payment of Baht 88.9 million and non-controlling interest of the subsidiaries of Baht 0.5 million.

Cash flows

In 2017, the Company had net cash inflows from operating activities of Baht 222.0 million, net cash outflows from investing activities of Baht 125.1 million resulting from investment in fixed assets and payment of deposits for land and net cash outflows from financing activities of Baht 95.6 million, comprising repayment of long term loans and interest payment of Baht 94.0 and 42.2 million respectively and dividend payment of Baht 89.0 million financed by short term and long term loans from financial institutions of Baht 96.1 and 33.5 million respectively. Cash and cash equivalents as at 31 December 2017 were Baht 80.7 million.

Liquidity

As at 31 December 2017, the liquidity ratio was identical to the prior year at 0.7 whereas the cash cycle was 40 days slightly decreased compared to the previous year. Long term loans and finance lease payables due for repayment during 2018-2026 are as follows.

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Repayment of principal	94.38	73.77	56.77	33.93	50.29	49.80	49.80	49.80	17.75

As at 31 December 2017, the Company had outstanding trade receivables of Baht 418.2 million, increased by 5.3% and an average collection period of 53.7 days mostly identical to the previous year. Inventories of Baht 214.9 million consisted of raw materials and finished goods amounting to Baht 160.7 million and biological assets amounting to Baht 54.2 million. The inventory turnover ratio was 9.0 decreased from 9.5 of the previous year.

Financial ratio analysis

Profitability

Net profit was 4.9%, increased from 4.0% of the previous year as a result of efficient cost management covering raw materials and manufacturing costs and of cost control measure for administrative expenses.

Return on equity was 15.5%, increased from 1.2% of the previous year. Likewise, the return on total assets was 5.7%, increased from 5.2% of the previous year.

Financial leverage

Debt to equity ratio was 1.6, decreased from 1.8 of the previous year owing to repayment of long term loans of Baht 94.0 million.

Interest coverage ratio was 7.1 almost identical to 7.2 of the previous year.

Dividend payment

According to the Company's dividend payment policy, total dividend payment shall not be less than 50% of net profit after tax in the separate financial statements each year. In accordance with the resolution of the 1/2018 meeting of the board of directors on 21 February 2018, dividend would be paid from 2017 operating results to the shareholders at a rate Baht 2.2 per share, totaling Baht 71.1 million. In pursuit of this, the board of directors will propose the dividend payment to the meeting of shareholders which will be held on 26 April 2018 for further approval.

Factors or events that could materially affect financial position or operations in the future

Factors that could materially affect the Company's operations are outside factors out of control of the Company including price fluctuations of the main raw materials, for example, fattening pig prices and pork prices, anti-illegal fishing measures of the government and macro-economic threats of the country. The Company strongly believes that Thailand economic conditions are inclined to be better because of government approval of a number of capital projects, which brings about greater public spending, hence an increase in employment and household consumption. Furthermore, the Company has been steadily improving its performance efficiency and product development that will result in continuously progressive performance.

Report on the Board's Responsibility for Financial Reports

The Board of Directors is responsible for financial statements of S. Khonkaen Foods Public Company Limited and for consolidated financial statements of S. Khonkaen Foods Public Company Limited and its subsidiaries, as well as for financial information appearing in the Annual Report. These financial statements have been prepared in conformity with generally accepted accounting standards with the selection of appropriate and regularly applied accounting policies and the exercise of careful discretion and the use of optimum estimates for such preparation, as well as with significant information to be sufficiently disclosed in the notes to the financial statements so that it is transparently beneficial to shareholders and general investors. In addition, these financial statements have been audited with unqualified opinions given by an independent auditor.

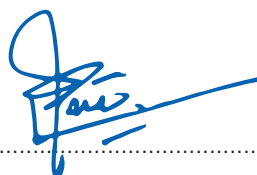
For this purpose, the Board of Directors has appointed the Audit and Corporate Governance Committee comprising 3 independent directors to perform the duty to oversee and verify the financial reports, the internal control and internal audit system, the risk management system and to consider disclosures of information on interrelated transactions. The Audit and Corporate Governance Committee's opinions about this subject appear in the Audit and Corporate Governance Committee's report, which is indicated in this Annual Report.

The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries have been audited by the Company's auditor, namely, EY Office Company Limited. In the audits, the Board of Directors has provided supporting information and documentation to enable the auditor to perform the audits and express its opinions in accordance with audit standards. The auditor's opinions appear in the independent auditor's report, which is indicated in this Annual Report.

In the Board's opinion, the overall system of internal control of the Company is at a sufficiently efficient and suitable level, which can provide a reasonable basis for one to believe that the financial statements of S. Khonkaen Foods Public Company Limited and the consolidated financial statements of S. Khonkaen Foods Public Company Limited and its subsidiaries for the year ended 31st December 2017 are reliable, with generally accepted accounting standards adhered to and the pertinent laws and rules and regulations correctly complied with.



(Mr. Somchai Sakulsurarat)
Chairman of the Board of Directors



(Mr. Charoen Rujirasopon)
Chairman of Executive Board

S. Khonkaen Foods Public Company Limited
and its subsidiaries

Report and consolidated financial statements

31 December 2017

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 2017, 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 2017, 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 as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. 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 Company has a significant number of trading transactions. There is therefore risk of the Company recognising revenue that has not actually occurred.

I have examined the revenue recognition of the Company by

- Assessing and testing the Company'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 Company'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 Company issued after the period-end.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Inventories

Estimating the net realisable value of inventories, as disclosed in Note 9 to the financial statements, is an area of significant management judgment corroborated with actual fact, particularly with regard to the estimation of allowance for diminution in the value of slow-moving and obsolete inventories. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. There is a risk with respect to the amount of allowance set aside for diminution in the value of inventories.

I assessed and tested the internal controls of the Company relevant to the determination of allowance for diminution in the value of inventories by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I also assessed the method and the assumptions applied by management in determining such allowance.

The procedures that I performed included:

- Gaining an understanding of the basis applied in determining an allowance for diminution in value of inventories and reviewing the consistency of the application of that basis, and the rationale for the recording of specific allowance.
- Comparing the inventories holding periods and inventory movements to identify product lines with indicators of lower than normal inventory turnover.
- Comparing proceeds from sales transactions occurring after the date of the financial statements with the cost of inventory for each product line.
- Comparing historical data of actual losses on sales and write-offs of inventories during previous years with the allowance for diminution in value of inventories recorded at the preceeding year-end.

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.



Sophon Permsirivallop

Certified Public Accountant (Thailand) No. 3182

EY Office Limited

Bangkok: 21 February 2018

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 Dec 2017	31 Dec 2016	1 Jan 2016	31 Dec 2017	31 Dec 2016	1 Jan 2016
Assets							
Current assets							
Cash and cash equivalents	7	80,675,067	79,306,777	66,761,657	61,683,767	49,701,239	35,844,996
Current investment		834,385	-	-	-	-	-
Trade and other receivables	6, 8	418,201,954	397,202,951	392,763,662	399,527,674	387,538,864	378,546,824
Short term loans to subsidiaries	6	-	-	-	194,642,718	151,747,839	102,173,068
Inventories	9	160,679,536	149,451,753	148,384,796	96,272,510	98,754,643	97,430,679
Current biological assets	15	54,185,838	52,009,926	42,933,435	-	-	-
Other current assets		5,453,025	4,429,628	5,475,873	2,941,083	3,361,154	2,981,192
Total current assets		720,029,805	682,401,035	656,319,423	755,067,752	691,103,739	616,976,759
Non-current assets							
Restricted bank deposits	10	1,481,890	2,300,054	1,371,224	-	-	-
Loan to other company	11	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Investments in subsidiaries	12	-	-	-	298,188,198	302,688,198	306,688,198
Investment properties	13	647,554,251	628,096,959	328,283,237	380,212,815	364,207,726	55,030,000
Property, plant and equipment	14	930,182,893	846,145,613	776,682,837	380,517,688	329,466,079	310,685,088
Deposits for land		127,000,000	82,000,000	48,750,000	127,000,000	82,000,000	48,750,000
Non-current biological assets	15	18,852,004	17,018,829	21,793,241	-	-	-
Leasehold right on buildings		-	2	998,974	-	2	998,974
Intangible assets	16	14,613,859	17,348,126	19,834,144	14,148,490	16,650,581	19,510,676
Deferred tax assets	26	1,261,955	833,938	4,120,863	-	-	-
Other non-current assets		9,778,217	10,224,946	10,107,947	9,036,032	9,393,260	9,546,925
Total non-current assets		1,755,725,069	1,608,968,467	1,216,942,467	1,214,103,223	1,109,405,846	756,209,861
Total assets		2,475,754,874	2,291,369,502	1,873,261,890	1,969,170,975	1,800,509,585	1,373,186,620

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 2017

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
	Note	31 Dec 2017	31 Dec 2016	1 Jan 2016	31 Dec 2017	31 Dec 2016	1 Jan 2016
Liabilities and shareholders' equity							
Current liabilities							
Bank overdrafts and short-term loans							
from financial institutions	17	646,665,119	550,518,642	550,889,385	581,546,700	506,174,516	476,725,432
Trade and other payables	6, 18	286,324,057	277,644,735	255,479,356	240,925,122	207,980,575	201,538,883
Short term loan from subsidiary	6	-	-	-	-	30,000,000	46,000,000
Current portion of financial lease							
payables	19	1,348,880	1,557,712	1,664,623	242,826	706,151	765,301
Current portion of long-term loans	20	93,352,963	87,503,291	53,323,386	41,579,963	27,900,291	13,460,386
Income tax payable		10,997,404	14,840,219	16,274,090	4,747,858	8,337,901	7,015,885
Other current liabilities		18,240,320	19,923,618	19,869,860	12,022,046	13,789,341	14,482,830
Total current liabilities		1,056,928,743	951,988,217	897,500,700	881,064,515	794,888,775	759,988,717
Non-current liabilities							
Financial lease payables, net of							
current portion	19	2,786,059	794,763	1,949,076	-	242,833	948,991
Long-term loans, net of current portion	20	378,798,720	443,269,597	199,154,183	285,384,720	299,113,597	19,766,183
Deferred tax liabilities	26	30,122,925	2,408,221	5,810,571	20,641,181	2,182,221	5,444,210
Provisions for long-term employee							
benefits	21	64,717,621	63,155,740	59,488,132	48,701,394	42,412,014	38,371,261
Other non-current liabilities		4,714,089	7,021,307	9,456,563	3,095,514	3,738,287	462,411
Total non-current liabilities		481,139,414	516,649,628	275,858,525	357,822,809	347,688,952	64,993,056
Total liabilities		1,538,068,157	1,468,637,845	1,173,359,225	1,238,887,324	1,142,577,727	824,981,773

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 2017

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at 31 Dec 2017	As at 31 Dec 2016	As at 1 Jan 2016	As at 31 Dec 2017	As at 31 Dec 2016	As at 1 Jan 2016
Shareholders' equity							
Share capital	22						
Registered							
32,340,000 ordinary shares of Baht 10 each							
(1 January 2016: 24,255,000							
ordinary share of Baht 10 each)		<u>323,400,000</u>	<u>323,400,000</u>	<u>242,550,000</u>	<u>323,400,000</u>	<u>323,400,000</u>	<u>242,550,000</u>
Issued and fully paid							
32,340,000 ordinary shares of Baht 10 each							
(1 January 2016: 24,255,000							
ordinary share of Baht 10 each)		323,400,000	323,400,000	242,550,000	323,400,000	323,400,000	242,550,000
Share premium		50,281,000	50,281,000	50,281,000	50,281,000	50,281,000	50,281,000
Share premium on treasury stock		37,552,153	37,552,153	37,552,153	-	-	-
Retained earnings							
Appropriated - statutory reserve	24	32,340,000	32,340,000	24,255,000	32,340,000	32,340,000	24,255,000
Unappropriated		331,437,194	289,993,762	255,612,670	204,910,468	173,743,722	152,951,711
Other components of shareholders' equity		<u>161,633,388</u>	<u>88,577,533</u>	<u>88,585,037</u>	<u>119,352,183</u>	<u>78,167,136</u>	<u>78,167,136</u>
Equity attributable to owners of the Company		936,643,735	822,144,448	698,835,860	730,283,651	657,931,858	548,204,847
Non-controlling interests of the subsidiaries		<u>1,042,982</u>	<u>587,209</u>	<u>1,066,805</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total shareholders' equity		<u>937,686,717</u>	<u>822,731,657</u>	<u>699,902,665</u>	<u>730,283,651</u>	<u>657,931,858</u>	<u>548,204,847</u>
Total liabilities and shareholders' equity		<u>2,475,754,874</u>	<u>2,291,369,502</u>	<u>1,873,261,890</u>	<u>1,969,170,975</u>	<u>1,800,509,585</u>	<u>1,373,186,620</u>
		-	-	-	-	-	-

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

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of income

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Revenues					
Sales		2,707,518,553	2,639,619,295	1,940,158,125	1,863,834,939
Revenue from rental and service	13	26,319,444	14,595,452	26,319,444	14,595,452
Dividend income	12	-	-	29,902,505	70,950,237
Other income		15,147,195	9,268,708	17,886,626	15,827,805
Gain on sale of assets	13	1,284,273	28,359,582	832,841	-
Gain (loss) on change in fair value less cost to sale of biological assets	15	(6,164,209)	8,319,651	-	-
Reversal of loss on impairment of investment properties	13	25,582,134	-	19,740,934	-
Reversal of loss on impairment of land	14	6,977,051	-	6,977,051	-
Total revenues		2,776,664,441	2,700,162,688	2,041,817,526	1,965,208,433
Expenses					
Cost of sales		1,878,967,452	1,866,318,725	1,287,893,549	1,286,322,408
Cost of rental and service	13	16,182,183	8,442,038	16,182,183	8,442,038
Selling expenses		408,741,922	378,286,094	364,345,079	340,692,678
Administrative expenses		256,910,670	273,221,374	191,699,720	202,467,200
Total expenses		2,560,802,227	2,526,268,231	1,860,120,531	1,837,924,324
Profit before finance cost and tax expense		215,862,214	173,894,457	181,696,995	127,284,109
Finance cost		(42,027,385)	(37,103,278)	(32,068,604)	(25,662,597)
Profit before tax expense		173,834,829	136,791,179	149,628,391	101,621,512
Tax expense	26	(37,100,606)	(27,953,681)	(23,667,840)	(6,043,251)
Profit for the year		136,734,223	108,837,498	125,960,551	95,578,261
Profit attributable to:					
Equity holders of the Company		136,399,018	109,167,342	125,960,551	95,578,261
Non-controlling interests of the subsidiaries		335,205	(329,844)		
		136,734,223	108,837,498		
Earnings per share	27				
Basic earnings per share					
Profit attributable to equity holders of the Company		4.22	3.80	3.89	3.33

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit for the year		136,734,223	108,837,498	125,960,551	95,578,261
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements in foreign currency		46,831	(7,504)	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Changes in revaluation of assets					
- net of income tax	14	73,009,024	-	41,185,047	-
Actuarial loss - net of income tax		(6,020,586)	-	(5,858,805)	-
Other comprehensive income for the year		67,035,269	(7,504)	35,326,242	-
Total comprehensive income for the year		203,769,492	108,829,994	161,286,793	95,578,261
Total comprehensive income attributable to:					
Equity holders of the Company		203,434,287	109,159,838	161,286,793	95,578,261
Non-controlling interests of the subsidiaries		335,205	(329,844)		
		203,769,492	108,829,994		

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 2017

(Unit: Baht)

Consolidated financial statements													
Equity attributable to owners of the Company													
Other components of equity holders													
Other comprehensive income													
	Issued and fully paid share capital	Share premium	Share premium on treasury stock	Retained earnings		Surplus on revaluation of assets	Surplus on revaluation of subsidiary's assets	Surplus on changes in proportion of 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	
				Statutory reserve	Unappropriated								
						Exchange differences on translation of financial statements in foreign currency							
Balance as at 1 December 2016	242,550,000	50,281,000	37,552,153	24,255,000	255,612,670	(15,031)	78,167,136	502,260	88,585,037	698,835,860	1,066,805	699,902,665	
Profit for the year	-	-	-	-	109,167,342	-	-	-	-	109,167,342	(329,844)	108,837,498	
Other comprehensive income for the year	-	-	-	-	-	(7,504)	-	-	(7,504)	(7,504)	-	(7,504)	
Total comprehensive income for the year	-	-	-	-	109,167,342	(7,504)	-	-	(7,504)	109,159,838	(329,844)	108,829,994	
Increase in share capital (Note 22)	80,850,000	-	-	-	-	-	-	-	-	80,850,000	-	80,850,000	
Appropriated to statutory reserve	-	-	-	8,085,000	(8,085,000)	-	-	-	-	-	-	-	
Dividends paid (Note 29)	-	-	-	-	(66,701,250)	-	-	-	-	(66,701,250)	(149,752)	(66,851,002)	
Balance as at 31 December 2016	323,400,000	50,281,000	37,552,153	32,340,000	289,993,762	(22,535)	78,167,136	502,260	88,577,533	822,144,448	587,209	822,731,657	
Balance as at 1 January 2017	323,400,000	50,281,000	37,552,153	32,340,000	289,993,762	(22,535)	78,167,136	502,260	88,577,533	822,144,448	587,209	822,731,657	
Profit for the year	-	-	-	-	136,399,018	-	-	-	-	136,399,018	335,205	136,734,223	
Other comprehensive income for the year	-	-	-	-	(6,020,586)	46,831	41,185,047	-	73,055,855	67,035,269	-	67,035,269	
Total comprehensive income for the year	-	-	-	-	130,378,432	46,831	41,185,047	-	73,055,855	203,434,287	335,205	203,769,492	
Increase non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	
Dividends paid (Note 29)	-	-	-	-	(88,935,000)	-	-	-	-	(88,935,000)	(97,495)	(89,032,495)	
Balance as at 31 December 2017	323,400,000	50,281,000	37,552,153	32,340,000	331,437,194	24,296	119,352,183	502,260	161,633,388	936,643,735	1,042,982	937,686,717	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	-	

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 2017

	Separate financial statements						(Unit: Baht)
	Issued and fully paid share capital	Share premium	Retained earnings		Other components of equity holders		
			Statutory reserve	Unappropriated	Other comprehensive income	Surplus on revaluation of assets	
Balance as at 1 January 2016	242,550,000	50,281,000	24,255,000	152,951,711	78,167,136	548,204,847	
Profit for the year	-	-	-	95,578,261	-	95,578,261	
Other comprehensive income for the year	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	95,578,261	-	95,578,261	
Increase share capital (Note 22)	80,850,000	-	-	-	-	80,850,000	
Appropriated to statutory reserve	-	-	8,085,000	(8,085,000)	-	-	
Dividends paid (Note 29)	-	-	-	(66,701,250)	-	(66,701,250)	
Balance as at 31 December 2016	323,400,000	50,281,000	32,340,000	173,743,722	78,167,136	657,931,858	
Balance as at 1 January 2017	323,400,000	50,281,000	32,340,000	173,743,722	78,167,136	657,931,858	
Profit for the year	-	-	-	125,960,551	-	125,960,551	
Other comprehensive income for the year	-	-	-	(5,858,805)	41,185,047	35,326,242	
Total comprehensive income for the year	-	-	-	120,101,746	41,185,047	161,286,793	
Dividends paid (Note 29)	-	-	-	(88,935,000)	-	(88,935,000)	
Balance as at 31 December 2017	323,400,000	50,281,000	32,340,000	204,910,468	119,352,183	730,283,651	
	-	-	-	-	-	-	
	-	-	-	-	-	-	

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 2017

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax expense	173,834,829	136,791,179	149,628,391	101,621,512
Adjustments to reconcile profit before tax expense to net cash provided by (paid from) operating activities:				
Allowance for doubtful accounts of trade and other receivables	624,405	(174,428)	165,015	(15,700)
Depreciation	86,373,579	75,467,557	40,438,984	35,386,918
Depreciation of stud swine	8,064,896	8,163,588	-	-
Amortisation of leasehold right	-	495,381	-	495,381
Amortisation of intangible assets	2,965,866	3,054,383	2,836,118	2,933,280
Amortisation of deferred rental expense	(135,223)	207,436	225,223	117,436
Losses on impairment of equipment	2,775,455	10,456,327	2,775,455	10,406,308
Losses on diminution in value of investments in subsidiaries	-	-	4,500,000	4,000,000
Reversal of loss on impairment of investment properties	(25,582,134)	-	(19,740,934)	-
Reversal of loss on impairment of land	(6,977,051)	-	(6,977,051)	-
Reduction of inventories to net realisable value (reversal)	(6,865,866)	3,623,220	(6,091,581)	1,240,997
Write-off equipment and computer software	13,849,976	5,662,610	13,849,973	5,662,610
Write-off leasehold right on buildings	2	503,591	2	503,591
(Gain) loss on sales of equipment	(2,236,441)	(2,177,896)	(798,520)	62,097
(Gain) loss on sales of investment properties	803,084	(28,544,592)	-	-
Gain on sales of stud swine	(1,772,549)	(2,483,852)	-	-
(Gain) loss on changes in fair value less cost to sale of biological assets	6,164,209	(8,319,651)	-	-
Unrealised (gain) loss on exchange	126,051	(201,683)	231,172	23,546
Long-term employee benefit expenses	7,672,551	7,481,227	5,351,185	5,244,273
Interest income	(631,630)	(322,358)	(6,613,453)	(5,051,049)
Interest expenses	42,027,385	37,103,278	32,068,604	25,662,597
Dividends income	-	-	(29,902,505)	(70,950,237)
Profit from operating activities before changes in operating assets and liabilities	301,081,394	246,785,317	181,946,078	117,343,560

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 2017

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Operating assets (increase) decrease				
Trade and other receivables	(21,782,377)	(4,000,632)	(12,446,580)	(8,776,536)
Inventories	(4,361,917)	(4,690,178)	8,573,714	(2,564,961)
Current biological assets	(5,597,961)	(7,505,096)	-	-
Other current assets	(1,023,397)	1,046,245	420,071	(379,962)
Other non-current assets	446,729	(116,999)	357,228	153,665
Operating liabilities increase (decrease)				
Trade and other payables	1,229,884	8,769,183	28,874,512	409,030
Other current liabilities	(1,683,298)	53,759	(1,767,294)	(693,490)
Other non-current liabilities	(2,171,995)	(2,642,692)	(867,996)	3,158,440
Cash paid for long-term employee benefit expenses	(13,632,148)	(3,813,619)	(6,385,312)	(1,203,520)
Cash flows from operating activities	252,504,914	233,885,288	198,704,421	107,446,226
Cash paid for corporate income tax	(30,470,008)	(29,500,943)	(17,630,483)	(7,983,224)
Net cash flows from operating activities	222,034,906	204,384,345	181,073,938	99,463,002
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	818,164	(928,830)	-	-
Increase in current investments	(834,385)	-	-	-
Increase in short-term loans to subsidiaries	-	-	(43,000,000)	(49,800,000)
Acquisitions of equipment	(75,161,006)	(152,995,265)	(43,047,083)	(63,952,527)
Acquisitions of stud swine and feed costs	(16,077,282)	(1,060,060)	-	-
Acquisitions of computer software	(261,001)	(607,980)	(363,428)	(112,800)
Acquisitions of investment properties	(700,000)	(312,981,698)	-	(311,481,698)
Increase in deposits for land	(45,000,000)	(33,250,000)	(45,000,000)	(33,250,000)
Increase in bearer plant	(38,038)	(457,525)	-	-
Proceeds from sales of equipment	3,913,122	10,714,579	2,166,711	1,895,819
Proceeds from sales of stud swine	5,247,638	7,360,516	-	-
Proceeds from sales of investment properties	2,285,913	39,358,577	-	-
Cash receipt from interest income	676,197	257,778	6,780,157	5,052,927
Dividend income	-	-	29,902,505	70,950,237
Net cash flows used in investing activities	(125,130,678)	(444,589,908)	(92,561,138)	(380,698,042)

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 2017

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	96,146,477	(370,743)	75,372,184	29,449,084
Decrease in short-term loan from subsidiaries	-	-	(30,000,000)	(16,000,000)
Cash receipt from long-term loans	33,499,310	342,449,661	33,499,310	320,249,661
Cash paid for long-term loans	(92,120,515)	(64,154,342)	(33,548,515)	(26,462,342)
Decrease in financial lease payables	(1,904,684)	(1,757,724)	(706,158)	(765,308)
Cash paid for interest expenses	(42,170,862)	(37,407,663)	(32,212,093)	(25,528,562)
Cash receipt from share capital increase	-	80,850,000	-	80,850,000
Dividends paid	(89,032,495)	(66,851,002)	(88,935,000)	(66,701,250)
Net cash flows from (used in) financing activities	(95,582,769)	252,758,187	(76,530,272)	295,091,283
Net increase in cash and cash equivalents	1,321,459	12,552,624	11,982,528	13,856,243
Translation adjustments	46,831	(7,504)	-	-
Cash and cash equivalents at beginning of year	79,306,777	66,761,657	49,701,239	35,844,996
Cash and cash equivalents at end of year	80,675,067	79,306,777	61,683,767	49,701,239
	-	-	-	-
Supplemental cash flows information				
Non-cash items transaction				
Purchases of equipment under financial lease agreements	3,687,148	496,500	-	-
Payable for purchase of equipment	7,592,915	13,204,771	4,213,523	5,898,629
Interest capitalised as property, plant and equipment	-	495,811	-	-
Revaluation surplus on land	91,529,604	-	51,481,309	-

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 2017

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, restaurants and swine farm.

The registered office of the Company is at 259/13 Soi Pridi Banomyong 13, Sukhumvit 71 Road (Pridi Banomyong), Phrakonong 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 dated 11 October 2016, 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”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding (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 Food Processing Co., Ltd.	Manufacture and distribution of processed products	Thailand	99
3D Food and Beverage Co., Ltd.	Restaurant business and distribution of food and beverage	Thailand	100
S. Training Center Co., Ltd.	Training and seminar service	Thailand	100
Thai Home Food (Bangkok) Co., Ltd.	Restaurant business and distribution of food and beverage and franchise business	Thailand	80
S. Khonkaen Foods (Netherlands) B.V.	Distribution of processed products	The Netherlands	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 Company and its subsidiaries 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, which present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Income recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised as interest accrues based on the effective rate method.

Dividends

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

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 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of cost 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.

4.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any).

4.6 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 development.

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.

4.7 Property, plant and equipment and depreciation

Land is stated at 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 Company'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 Company's assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to the 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:

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

4.8 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 and harvested agricultural produce, are presented under the caption "Current assets". Non-current biological assets, comprising stud swine and bearer plants, are 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

Intangible assets are initially recognised at cost. Following the initial recognition, the intangible assets are carried 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 assets with finite useful lives is computer software which useful lives are 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 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company'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.

4.14 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time

value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

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 Company 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.

4.15 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

Defined benefit plans

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.16 Provisions

Provisions are recognised when the Company 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.

4.17 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 Company and its subsidiaries recognise 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 Company and its subsidiaries review and reduce 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 Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 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 Company and its subsidiaries apply 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 Company and its subsidiaries measure 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 Company and its subsidiaries determine 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:

Allowance for diminution in value of inventories

The determination of allowance for diminution in the value of inventories requires the management to exercise judgement in estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business; minus selling expenses and allowance for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventories.

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 Company's plant and equipment and to review estimate useful lives and residual values when there are any changes.

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 fair value of harvested agricultural produce is measured with reference to the quoted prices of such produce after deducting cost to sale at the point of harvest.

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

Deferred tax assets

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

Post-employment benefits under defined benefit plans

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

6. Related party transactions

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

(Unit: Thousand Baht)					
	Consolidated		Separate		Pricing policy
	financial statements		financial statements		
	2017	2016	2017	2016	
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	26,799	34,957	Cost plus margin
Rental income	-	-	11	295	As stipulated in agreements
Service income	-	-	820	7,225	As stipulated in agreements
Sales of equipment and supplies	-	-	192	150	Cost plus margin
Dividend income	-	-	29,902	70,950	As declared
Interest income	-	-	6,012	4,787	Average cost of debt 3.581% - 4.50% per annum (2016: 3.238% - 4.50% per annum)
Purchases of goods	-	-	307,123	314,332	Cost plus margin
Rental expenses	-	-	1,075	-	As stipulated in agreements
Other expenses	-	-	908	933	Cost plus margin
Interest expenses	-	-	415	808	3.769% per annum (2016: 3.769% per annum)

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Trade and other receivables - related parties</u>				
(Note 8)				
Subsidiaries	-	-	3,361	17,021
<u>Trade and other payables - related parties</u>				
(Note 17)				
Subsidiaries	-	-	36,915	21,383

Short-term loans to and short-term loan from related parties

The balance of loans between the Company and those subsidiaries and their movements are as follows:

(Unit: Thousand Baht)					
	Separate financial statements				
	Balance				Balance
	as at	Increase	Decrease	Unrealised	as at
	31 Dec	during	during	loss on	31 Dec
Short-term loans to related parties	2016	the year	the year	exchange	2017
Mahachai Food Processing Co., Ltd.	117,000	-	-	-	117,000
S. Pasusat Co., Ltd.	28,000	43,000	-	-	71,000
S. Training Center Co., Ltd.	300	-	(300)	-	-
Thai Home Food (Bangkok) Co., Ltd.	1,000	-	(1,000)	-	-
S. Khonkaen Foods (Netherlands) B.V.	5,448	-	-	(105)	5,343
3D Food and Beverage Co., Ltd.	-	1,300	-	-	1,300
Total	151,748	44,300	(1,300)	(105)	194,643

Those short-term loans bear interest at rates of 3.581% - 4.50% per annum (31 December 2016: 3.238% - 4.50% per annum). There is no fixed term of repayment for principals and interests.

Short-term loans to S. Khonkaen Foods (Netherlands) B.V. were denominated in Euro dollar with the balance of Euro 0.14 million (2016: Euro 0.14 million). There was no fixed term for repayment.

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2016	Increase during the year	Decrease during the year	Balance as at 31 December 2017
Short-term loan from related party				
S.K.K. Food Co., Ltd.	30,000	-	(30,000)	-

Short-term loan from subsidiary was unsecured loan and carried interest at a rate of 3.769% per annum (2016: 3.769% per annum). There was no fixed term for repayment of principals and interests.

Directors and management's benefits

During the year ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	35,361	30,316	21,838	16,760
Post-employment benefits	6,815	1,108	4,558	378
Total	42,176	31,424	26,396	17,138

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 30.3 (2) to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	4,475	1,675	4,218	817
Bank deposits	76,200	77,632	57,466	48,884
Total	80,675	79,307	61,684	49,701

As at 31 December 2017, bank deposits in saving accounts carried interests between 0.125 and 0.50 percent per annum (2016: between 0.125 and 0.75 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	2,771	4,339
Total trade receivables - related parties	-	-	2,771	4,339
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	390,642	380,576	373,192	354,917
Past due				
Up to 3 months	25,425	5,812	21,723	5,812
3 - 6 months	34	16	28	16
6 - 12 months	461	79	461	79
Over 12 months	-	2	-	2
Total	416,562	386,485	395,404	360,826
Less: Allowance for doubtful debts	(410)	(48)	(410)	(48)
Total trade receivables - unrelated parties, net	416,152	386,437	394,994	360,778
Total trade receivables, net	416,152	386,437	397,765	365,117
<u>Other receivables</u>				
Advances - related party	-	-	36	12,003
Interest receivable - related party	-	-	554	679
Advance to employees	-	322	-	321
Others	3,031	11,163	1,695	10,138
Total	3,031	11,485	2,285	23,141
Less: Allowance for doubtful debts	(981)	(719)	(522)	(719)
Total other receivables - net	2,050	10,766	1,763	22,422
Total trade and other receivables - net	418,202	397,203	399,528	387,539

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	36,886	39,981	(222)	(799)	36,664	39,182
Work in process	18,779	17,313	-	(43)	18,779	17,270
Raw materials	60,714	49,908	(886)	(8,447)	59,828	41,461
Packing materials	28,143	35,871	(2,693)	(1,378)	25,450	34,493
Spare parts and factory supplies	7,621	8,238	-	-	7,621	8,238
Animal foods and vaccine for swine	6,450	5,466	-	-	6,450	5,466
Raw materials for production of animal foods	5,888	3,342	-	-	5,888	3,342
Total	164,481	160,119	(3,801)	(10,667)	160,680	149,452

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	28,679	31,785	(222)	(504)	28,457	31,281
Work in process	18,708	17,313	-	(43)	18,708	17,270
Raw materials	25,310	26,140	(254)	(7,738)	25,056	18,402
Packing materials	21,656	27,599	(1,718)	-	19,938	27,599
Spare parts and factory supplies	4,114	4,203	-	-	4,114	4,203
Total	98,467	107,040	(2,194)	(8,285)	96,273	98,755

During the year, the Company and its subsidiaries reduced cost of inventories by Baht 1.7 million (2016: Baht 11.1 million) (the Company only: Baht 1.7 million 2016: Baht 8.7 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed reduced cost of inventories by Baht 8.5 million (2016: Baht 7.4 million) (the Company only: Baht 7.8 million 2016: Baht 7.4 million), and reduced the amount of inventories recognised as expenses during the year.

10. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure credit facilities.

11. Loan to other company

In October 2015, the Company had provided loan to an overseas company of Baht 5 million. This loan has been guaranteed by the pledge of its shares with the value of LAK 1,000 billion. The loan carried interest at rates of 9.125 - 9.975 percent per annum (2016: 9.375 percent per annum). The repayment term is five years which is due in full in October 2020.

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	
			2017	2016	2017	2016	2017	2016
		(Percent)						
S. Pasusat Co., Ltd.	Baht 45 million	100	44,968	44,968	-	-	44,968	44,968
S.K.K. Food Co., Ltd	Baht 120 million	99	119,225	119,225	-	-	119,225	119,225
Mahachai Food Processing Co., Ltd.	Baht 85 million	99	127,992	127,992	-	-	127,992	127,992
3D Food and Beverage Co., Ltd.	Baht 10 million	100	10,000	10,000	(5,000)	(2,000)	5,000	8,000
S. Training Center Co., Ltd.	Baht 0.5 million	100	500	500	-	-	500	500
Thai Home Food (Bangkok) Co., Ltd.	Baht 5 million	80	3,999	3,999	(3,500)	(2,000)	499	1,999
S. Khonkaen Foods (Netherlands) B.V.	EUR 100	100	4	4	-	-	4	4
			<u>306,688</u>	<u>306,688</u>	<u>(8,500)</u>	<u>(4,000)</u>	<u>298,188</u>	<u>302,688</u>

During current year, the Company received dividend from a subsidiary of Baht 29.9 million (2016: dividend income from two subsidiaries of Baht 71.0 million). In addition, the Company recognised impairment losses on investments in two subsidiaries of totalling Baht 4.5 million (2016: Baht 4.0 million).

13. Investment properties

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Land awaiting development	Land, office building for rent	Total	Land awaiting development	Land, office building for rent	Total
Cost:						
1 January 2016	354,247	-	354,247	74,771	-	74,771
Additions	1,500	311,482	312,982	-	311,482	311,482
Disposals	(10,914)	-	(10,914)	-	-	-
31 December 2016	344,833	311,482	656,315	74,771	311,482	386,253
Additions	700	-	700	-	-	-
Disposals	(3,089)	-	(3,089)	-	-	-
31 December 2017	342,444	311,482	653,926	74,771	311,482	386,253
Accumulated depreciation:						
1 January 2016	-	-	-	-	-	-
Depreciation for the year	-	2,304	2,304	-	2,304	2,304
31 December 2016	-	2,304	2,304	-	2,304	2,304
Depreciation for the year	-	3,376	3,376	-	3,376	3,376
31 December 2017	-	6,040	6,040	-	6,040	6,040
Allowance for diminution in value:						
1 January 2016	25,964	-	25,964	19,741	-	19,741
Reversal	(50)	-	(50)	-	-	-
31 December 2016	25,914	-	25,914	19,741	-	19,741
Reversal	(25,582)	-	(25,582)	(19,741)	-	(19,741)
31 December 2017	332	-	332	-	-	-
Net book value:						
31 December 2016	318,919	309,178	628,097	55,030	309,178	364,208
31 December 2017	342,112	305,442	647,554	74,771	305,442	380,213

In 2016, the Company acquired land and office building with the price of Baht 311.48 million for which Baht 236.95 million represented cost of land (appraised by an independent valuer).

In 2016, a subsidiary sold land awaiting development with gain of Baht 28.4 million.

Revenue and expenses related to land, office building for rent for the years ended 31 December 2017 and 2016 are as follow;

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	2017	2016
Revenue from rental and service	26,319	14,595
Cost of rental and service	16,182	8,442

The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Land awaiting development	910,567	487,969	140,252	55,030
Office building for rent	319,000	311,482	319,000	311,482

The latest fair values of investment properties were appraised in 2011. The Company and its subsidiaries hired an independent professional valuer in 2017, to appraise their fair values for which land awaiting development have been appraised based on market approach, and land and office building for rent has been appraised based on income approach.

The Company and its subsidiaries recognised a reversals of impairment losses on land awaiting development in profit or loss during current year of Baht 25.6 million (The Company only: Baht 19.7 million).

Key assumptions used in the valuation of office building for rent are summarised below:

	Consolidated/Separate financial statements	Result to fair value where as an increase in assumption value
Rental growth rate (%)	10	Increase in fair value
Vacancy rate (%)	35	Decrease in fair value
Expense increasing rate (%)	1-2	Increase in fair value
Discount rate (%)	10	Decrease in fair value

The Company and its subsidiaries have operating lease agreements in respect of the office rental. The terms of the agreements are generally between 1 months and 3 years. Future minimum rental income to be generated under these agreements are as follows.

(Unit: Thousand Baht)

	2017	2016
In up to 1 year	8,008	19,552
In over 1 year and up to 3 years	421	1,516

The Company and its subsidiaries have mortgaged investment properties with a total net book value of Baht 433 million (2016: Baht 441 million) (The Company only: Baht 380 million, 2016: Baht 364 million) as collaterals to secure credit facilities provided by banks.

14. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis	Cost basis						Total
	Land	Land improvements	Plant and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
Cost / Revalued amount:								
1 January 2016	180,440	22,949	500,185	411,257	67,085	55,099	74,010	1,311,025
Additions	-	3,142	4,176	20,020	10,040	12,553	117,262	167,193
Disposals	-	-	(674)	(3,894)	(3,864)	(10,425)	(400)	(19,257)
Write-off	-	-	(6,814)	(7,936)	(2,841)	-	-	(17,591)
Transfers in (out)	-	-	97,171	50,632	7,151	-	(154,954)	-
31 December 2016	180,440	26,091	594,044	470,079	77,571	57,227	35,918	1,441,370
Additions	-	361	6,218	11,410	8,400	7,876	55,132	89,397
Disposals	-	-	(73)	(4,385)	(4,218)	(12,282)	-	(20,958)
Write-off	-	(1,245)	(34,423)	(44,336)	(24,509)	(476)	-	(104,989)
Transfers in (out)	-	101	46,252	25,594	896	-	(72,843)	-
Revaluation increase	91,530	-	-	-	-	-	-	91,530
31 December 2017	271,970	25,308	612,018	458,362	58,140	52,345	18,207	1,496,350
Accumulated depreciation:								
1 January 2016	-	8,143	196,548	237,816	41,279	43,548	-	527,334
Depreciation for the year	-	809	27,990	30,981	8,147	5,245	-	73,172
Depreciation on disposals	-	-	(143)	(3,297)	(1,659)	(5,662)	-	(10,761)
Depreciation on write-off	-	-	(2,303)	(7,616)	(2,009)	-	-	(11,928)
31 December 2016	-	8,952	222,092	257,884	45,758	43,131	-	577,817
Depreciation for the year	-	744	30,970	36,474	8,958	5,492	-	82,638
Depreciation on disposals	-	-	(39)	(3,710)	(1,228)	(11,376)	-	(16,353)
Depreciation on write-off	-	(1,245)	(15,380)	(44,114)	(19,762)	(476)	-	(80,977)
31 December 2017	-	8,451	237,643	246,534	33,726	36,771	-	563,125
Allowance for impairment loss								
1 January 2016	6,977	-	-	9	22	-	-	7,008
Increase during the year	-	-	7,969	157	2,273	-	-	10,399
31 December 2016	6,977	-	7,969	166	2,295	-	-	17,407
Increase during the year	-	-	1,267	1,143	-	-	-	2,410
Reversal	(6,977)	-	-	-	(186)	-	-	(7,163)
Write-off	-	-	(7,616)	(135)	(1,861)	-	-	(9,612)
31 December 2017	-	-	1,620	1,174	248	-	-	3,042
Net book value:								
31 December 2016	173,463	17,139	363,983	212,029	29,518	14,096	35,918	846,146
31 December 2017	271,970	16,857	372,755	210,654	24,166	15,574	18,207	930,183
Depreciation for the year								
2016 (Baht 49 million included in manufacturing cost, and the balance in selling and administrative expenses)								73,172
2017 (Baht 58 million included in manufacturing cost, and the balance in selling and administrative expenses)								82,638

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis	Cost basis						Total
	Land	Land improvements	Plant and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
Cost / Revalued amount:								
1 January 2016	130,692	2,247	176,162	239,031	57,912	29,997	12,428	648,469
Additions	-	-	2,900	16,942	5,315	2,316	42,380	69,853
Disposals	-	-	(675)	(3,344)	(2,325)	(1,405)	-	(7,749)
Write-off	-	-	(6,814)	(7,936)	(2,841)	-	-	(17,591)
Transfers in (out)	-	-	26,310	17,989	3,252	-	(47,551)	-
31 December 2016	130,692	2,247	197,883	262,682	61,313	30,908	7,257	692,982
Additions	-	-	3,066	6,987	6,866	2,533	27,809	47,261
Disposals	-	-	(73)	(3,560)	(1,213)	(7,095)	-	(11,941)
Write-off	-	-	(34,423)	(44,336)	(24,509)	(476)	-	(103,744)
Transfers in (out)	-	-	8,030	13,335	896	-	(22,261)	-
Revaluation increase	51,481	-	-	-	-	-	-	51,481
31 December 2017	182,173	2,247	174,483	235,108	43,353	25,870	12,805	676,039
Accumulated depreciation:								
1 January 2016	-	2,247	98,514	171,358	34,698	23,959	-	330,776
Depreciation for the year	-	-	8,810	14,584	6,929	2,767	-	33,090
Depreciation on disposals	-	-	(143)	(3,038)	(1,245)	(1,404)	-	(5,830)
Depreciation on write-off	-	-	(2,303)	(7,615)	(2,009)	-	-	(11,927)
31 December 2016	-	2,247	104,878	175,289	38,373	25,322	-	346,109
Depreciation for the year	-	-	9,025	17,899	7,173	2,606	-	36,703
Depreciation on disposals	-	-	(39)	(3,203)	(846)	(6,513)	-	(10,601)
Depreciation on write-off	-	-	(15,380)	(44,114)	(19,762)	(476)	-	(79,732)
31 December 2017	-	2,247	98,484	145,871	24,938	20,939	-	292,479
Allowance for impairment loss								
1 January 2016	6,977	-	-	9	22	-	-	7,008
Increase during the year	-	-	7,969	157	2,273	-	-	10,399
31 December 2016	6,977	-	7,969	166	2,295	-	-	17,407
Increase during the year	-	-	1,267	1,143	-	-	-	2,410
Reversal	(6,977)	-	-	-	(186)	-	-	(7,163)
Write-off	-	-	(7,616)	(135)	(1,861)	-	-	(9,612)
31 December 2017	-	-	1,620	1,174	248	-	-	3,042
Net book value:								
31 December 2016	123,715	-	85,036	87,227	20,645	5,586	7,257	329,466
31 December 2017	182,173	-	74,379	88,063	18,167	4,931	12,805	380,518
Depreciation for the year								
2016 (Baht 14 million included in manufacturing cost, and the balance in selling and administrative expenses)								33,090
2017 (Baht 18 million included in manufacturing cost, and the balance in selling and administrative expenses)								36,703

During the year 2017, the Company and its subsidiaries hired an independent professional valuer to appraise the value of land. The basis of the revaluation was market approach.

The Company and its subsidiaries recognised an increase in fair value as a result of this revaluation, net of a reversal of impairment loss on land, of Baht 7.0 million that recognised to profit or loss in prior period and recognised the extent of an increase in other comprehensive income, net of income tax, of Baht 73.0 million (The Company only: Baht 41.2 million).

Had the land been carried on a historical cost basis, their net book values as of 31 December 2017 and 2016 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Land	70,497	70,497	32,983	32,983

As at 31 December 2017, the Company and its subsidiaries have equipment acquired under financial lease agreement, with net book value amounting to approximately Baht 56 million (2016: Baht 42 million) (The Company only: Baht 51 million, 2016: Baht 40 million).

As at 31 December 2017, 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 330 million (2016: Baht 340 million) (The Company only: Baht 197 million, 2016: Baht 219 million).

The Company and its subsidiaries have mortgaged land and building constructed thereon and machinery with a total net book value of Baht 450 million (2016: Baht 354 million) (The Company only: Baht 182 million, 2016: Baht 124 million) as collaterals for credit facilities granted by banks.

15. Biological assets

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2017	2016
Current biological assets	54,186	52,010
Non-current biological assets	18,852	17,019
Total biological assets	73,038	69,029

Biological assets comprise of fattening swine, stud swine and lemon tree. The Company and its subsidiaries 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 2017 and 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2017	2016
Balance at beginning of year	69,029	64,726
Increases due to purchases/feeding	236,846	213,273
Decreases due to sale	(218,608)	(214,928)
Depreciation	(8,065)	(2,362)
Gain (loss) on change in fair value less cost to sale	(6,164)	8,320
Balance at end of year	73,038	69,029

16. Intangible assets

The net book value of intangible assets, computer software, as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 31 December 2017		
Cost	28,835	27,688
Less: Accumulated amortisation	(14,221)	(13,540)
Net book value	14,614	14,148
As at 31 December 2016		
Cost	35,372	34,056
Less: Accumulated amortisation	(18,024)	(17,405)
Net book value	17,348	16,651

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	17,348	19,834	16,651	19,511
Acquisitions	261	608	363	113
Amortisation for the year	(2,965)	(3,054)	(2,836)	(2,933)
Disposal during the year - net book value as at disposal date	(30)	(40)	(30)	(40)
Net book value at end of year	14,614	17,348	14,148	16,651

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

	Interest rates (percent per annum)	(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Bank overdrafts	7.12 - 7.70	52,677	16,121	22,559	1,777
Short-term loans from financial institutions	3.00 - 3.75	593,988	534,398	558,988	504,398
Total		646,665	550,519	581,547	506,175

The above credit facilities of the Company and its subsidiaries are secured by the mortgage of the Company and its subsidiaries' land and structures thereon and by the guarantee of the Company's directors.

18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade payables - related parties	-	-	36,665	21,157
Trade payables - unrelated parties	159,056	173,283	94,201	104,673
Advance from related parties	-	-	250	130
Interest payables - related parties	-	-	-	96
Accrued sale promotion	75,848	54,835	75,848	54,835
Accrued expenses	43,323	35,283	29,480	20,957
Payables for equipment	7,593	13,205	4,214	5,899
Others	504	1,039	267	234
Total trade and other payables	286,324	277,645	240,925	207,981

19. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Liabilities under finance lease	4,486	2,539	263	1,050
Less: Deferred interest expense	(351)	(186)	(20)	(101)
Total	4,135	2,353	243	949
Less: Portion due within one year	(1,349)	(1,558)	(243)	(706)
Liabilities under finance lease agreement - net of current portion	<u>2,786</u>	<u>795</u>	<u>-</u>	<u>243</u>

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of vehicles, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are 3 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	As at 31 December 2017			As at 31 December 2016		
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	1,500	2,986	4,486	1,693	846	2,539
Deferred interest expenses	(151)	(200)	(351)	(135)	(51)	(186)
Present value of future minimum lease payments	<u>1,349</u>	<u>2,786</u>	<u>4,135</u>	<u>1,558</u>	<u>795</u>	<u>2,353</u>

(Unit: Thousand Baht)

	Separate financial statements					
	As at 31 December 2017			As at 31 December 2016		
	Less than			Less than		
	1 year	1-5 years	Total	1 year	1-5 years	Total
Future minimum lease payments	263	-	263	788	262	1,050
Deferred interest expenses	(20)	-	(20)	(82)	(19)	(101)
Present value of future minimum lease payments	<u>243</u>	<u>-</u>	<u>243</u>	<u>706</u>	<u>243</u>	<u>949</u>

20. Long-term loans

As at 31 December 2017 and 2016, long-term loans are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Loans from banks	472,152	530,773	326,965	327,014
Less: Current portion of long-term loans	(93,353)	(87,503)	(41,580)	(27,900)
Net	<u>378,799</u>	<u>443,270</u>	<u>285,385</u>	<u>299,114</u>

Details of long-term loans are presented below.

Company's name	Balance of long-term loans		Interest rates	Repayment
	2017	2016		
	(Thousand Baht)	(Thousand Baht)	(% per annum)	(Monthly repayment)
S. Khonkaen Foods Pcl.	6,876	-	MLR less fixed amount	Started in May 2017
	14,086	24,273	Fixed amount	Started in June 2016
	39,503	32,741	Fixed amount	Started in January 2016
	266,500	270,000	MLR less fixed amount	Started in June 2017
Total	<u>326,965</u>	<u>327,014</u>		
Mahachai Food Processing Co., Ltd.	1,400	9,920	MLR	Started in May 2013
	72,000	96,000	MLR less fixed amount	Started in January 2016
	63,800	86,000	MLR less fixed amount	Started in January 2017
S. Pasusat Co., Ltd.	7,987	11,839	Year 1: MLR less fixed amount Year 2-6: MLR	Started in July 2013
Total	<u>472,152</u>	<u>530,773</u>		

The above long-term loans of the Company and its subsidiaries are secured by the mortgages of land and building, machinery and investment properties and by the guarantee of the Company's directors.

The loan agreements contain several covenants which, among other things, require the Company and its subsidiaries to maintain debt-to-equity ratio at the rate prescribed in the agreements.

As at 31 December 2017, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 88.7 million (2016: Baht 88.7 million) (The Company only: Baht 64.7 million, 2016: Baht 64.7 million).

21. Provisions for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Provisions for long-term employee				
benefits at beginning of year	63,156	59,488	42,412	38,371
Included in profit or loss:				
Current service cost	5,786	5,759	4,151	4,151
Interest cost	1,886	1,722	1,200	1,093
Included in other comprehensive income:				
Actuarial (gain) loss arising from:				
Demographic assumptions changes	2,502	-	2,685	-
Financial assumptions changes	414	-	(269)	-
Experience adjustments	4,606	-	4,907	-
Benefits paid during the year	(13,632)	(3,813)	(6,385)	(1,203)
Provisions for long-term employee				
benefits at end of year	64,718	63,156	48,701	42,412

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	
	2017	2016	2017	2016
Selling and administrative expenses	7,672	7,481	5,351	5,244
Total expense recognised in profit or loss	7,672	7,481	5,351	5,244

The Company and its subsidiaries expect to pay Baht 5.2 million of long-term employee benefits during the next year (The Company only: Baht 4.1 million) (2016: Baht 6.6 million, The Company only: Baht 4.5 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 10 - 13 years (The Company only: 10 years) (31 December 2016: 12 years, The Company only: 10 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Discount rates	2.55 - 2.80	2.57 - 3.07	2.55	2.57
Salary increase rates	6.80 - 6.95	6.35 - 6.94	6.84	6.94
Turnover rates	0.0 - 67.0	0.0 - 51.0	0.0 - 54.0	0.0 - 51.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefits obligation as at 31 December 2017 and 2016 are summarised below:

	Consolidated financial statements					
		Obligation change			Obligation change	
	Increase	2017	2016	Decrease	2017	2016
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(3,979)	(3,884)	(1.0)	4,420	4,312
Salary increase rate	1.0	4,138	4,718	(1.0)	(3,810)	(4,324)
Turnover rate	1.0	(3,688)	(3,928)	(1.0)	3,904	3,994

Separated financial statements						
		Obligation change			Obligation change	
	Increase	2017	2016	Decrease	2017	2016
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(2,777)	(2,371)	(1.0)	3,062	2,615
Salary increase rate	1.0	2,863	2,873	(1.0)	(2,655)	(2,650)
Turnover rate	1.0	(2,406)	(2,492)	(1.0)	2,656	2,769

22. Share capital

On 28 April 2016, the Annual General Meeting of the Company's shareholders approved an increase in its registered share capital from Baht 242.55 million to Baht 323.40 million, through the issuance of 8,085,000 ordinary shares with a par value of Baht 10 each. Such shares are to be allocated to its existing shareholders at the ratio of one new share for three existing shares at Baht 10 each.

The Company registered an increase in its capital with the Ministry of Commerce on 14 June 2016.

23. Surplus on revaluation of assets

These represent surplus arising from revaluation of property as follow:

	(Unit: Thousand Baht)			
	Subsidiaries		The Company	
	2017	2016	2017	2016
Balance at beginning of year	9,931	9,931	78,167	78,167
Add: Revaluation increase	31,824	-	41,185	-
Balance at end of year	<u>41,755</u>	<u>9,931</u>	<u>119,352</u>	<u>78,167</u>

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

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 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent 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	
	2017	2016	2017	2016
Salaries and wages and other				
employee benefits	526,860	502,773	366,965	353,780
Depreciation and amortisation	97,403	87,181	43,275	38,816
Rental expenses from operating				
lease agreements	36,399	34,069	27,924	28,452
Raw materials and consumables used	1,372,358	1,324,592	1,040,663	1,040,202
Changes in inventories of finished				
goods and work in process	664	10,909	1,711	1,014
Sale promotion expenses	162,680	181,638	162,680	181,638

26. Income tax

Income tax expense for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current income tax:				
Current income tax charge	26,627	28,067	14,040	9,305
Deferred tax:				
Relating to origination and reversal				
of temporary differences	10,474	(113)	9,628	(3,262)
Income tax expense reported				
in profit or loss	37,101	27,954	23,668	6,043

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax from surplus on				
revaluation of assets	18,305	-	10,296	-
	<u>18,305</u>	<u>-</u>	<u>10,296</u>	<u>-</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	<u>173,835</u>	<u>136,791</u>	<u>149,628</u>	<u>101,622</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by				
income tax rate	34,767	27,358	29,926	20,324
Effects of:				
Non-deductible expenses	3,054	2,362	2,767	2,101
Additional expense deductions allowed	(5,583)	(1,333)	(5,334)	(885)
Exempted revenue	-	(33)	(5,980)	(14,190)
Others	4,863	(400)	2,289	(1,307)
Total	<u>2,334</u>	<u>596</u>	<u>(6,258)</u>	<u>(14,281)</u>
Income tax expense reported in the income				
statement	<u>37,101</u>	<u>27,954</u>	<u>23,668</u>	<u>6,043</u>

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	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for doubtful	278	153	186	153
Allowance for diminution in value of inventories	760	2,133	439	1,657
Impairment on investment properties	-	6,578	-	5,344
Impairment of equipments	1,209	2,620	1,143	2,620
Impairment of investment	-	1,192	-	1,192
Depreciation of stud swine	625	659	-	-
Provisions for long-term employee benefits	12,051	11,313	9,740	8,482
Unused tax losses	82	359	-	-
Deferred rental expenses	129	156	71	116
Total deferred tax assets	15,134	25,163	11,579	19,564
Deferred tax liabilities				
Cost of fattening swine	(247)	(262)	-	-
Cost of machinery and equipment	(3,257)	(3,293)	(2,383)	(2,204)
Surplus on revaluation of assets	(40,295)	(21,989)	(29,837)	(19,542)
Gain on change in fair value less cost to sale of biological assets	(196)	(1,193)	-	-
Total deferred tax liabilities	(43,995)	(26,737)	(32,220)	(21,746)
Deferred tax liabilities - net	(28,861)	(1,574)	(20,641)	(2,182)
Deferred tax assets (liabilities) presented in statement of financial position				
Deferred tax assets	1,262	834	-	-
Deferred tax liabilities	(30,123)	(2,408)	(20,641)	(2,182)

As at 31 December 2017, two subsidiaries have deductible temporary differences and unused tax losses totaling Baht 9.5 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 amounting to Baht 9.5 million will expire within 2022.

27. Earnings per share

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

Basic earnings per share are calculated as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Profit attributable to equity holder of the Company (Thousand Baht)	136,399	109,167	125,961	95,578
Weighted average number of ordinary shares (Thousand shares)	32,340	28,707	32,340	28,707
Earnings per share (Baht/share)	4.22	3.80	3.89	3.33

28. 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.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and have four reportable segments as follows:

1. Production 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 Company and its subsidiaries reorganised segment reporting for the year ended 31 December 2016 to conform the current year's reporting.

The Following table present revenue and profit regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2017 and 2016.

For the years ended 31 December 2017 and 2016		Processed food				Processed seafood		Restaurants		Swine farm		Elimination entries		Total	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from external customers		1,426,858	1,401,544	927,166	883,965	158,554	129,684	194,941	224,426	-	-	-	-	2,707,519	2,639,619
Inter-segment revenue		26,889	29,239	307,032	548,554	-	-	-	-	(333,921)	(577,793)	-	-	-	-
Total sales		<u>1,453,747</u>	<u>1,430,783</u>	<u>1,234,198</u>	<u>1,432,519</u>	<u>158,554</u>	<u>129,684</u>	<u>194,941</u>	<u>224,426</u>	<u>(333,921)</u>	<u>(577,793)</u>	<u>2,707,519</u>	<u>2,639,619</u>		
Gross operating profit (loss)		492,949	456,738	253,392	211,817	86,806	75,954	(4,621)	30,177	25	(1,385)	828,551	773,301		
Unallocated income and expenses															
Other income												26,569	43,780		
Gain (loss) on change in fair value less cost to sale of biological assets														(6,164)	8,320
Selling expenses												(408,742)	(378,286)		
Administrative expenses												(256,911)	(273,221)		
Reversal of loss on impairment of investment properties												25,582	-		
Reversal of loss on impairment of land												6,977	-		
Finance cost												(42,027)	(37,103)		
Tax expense												(37,101)	(27,954)		
Profit for the year												<u>136,734</u>	<u>108,837</u>		
Segment total assets															
Property, plant and equipment		<u>337,132</u>	<u>268,880</u>	<u>450,182</u>	<u>417,340</u>	<u>48,995</u>	<u>70,182</u>	<u>93,874</u>	<u>89,744</u>	<u>-</u>	<u>-</u>	<u>930,183</u>	<u>846,146</u>		
Intangible assets		<u>13,256</u>	<u>15,487</u>	<u>403</u>	<u>497</u>	<u>955</u>	<u>1,364</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,614</u>	<u>17,348</u>		

Geographic information

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

	(Unit: Thousand Baht)	
	2017	2016
Revenue from external customers		
Thailand	2,524,672	2,479,440
Others	182,847	160,179
Total	2,707,519	2,639,619

Major customers

For the year 2017, the Company has revenue from two major customers in the amounts of Baht 564 million and Baht 297 million, arising from sales by production and distribution of processed food from pork segment (2016: Baht 680 million and Baht 301 million derived from two major customers in same segment).

29. Dividends paid

Dividends paid	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend for 2016	Annual General Meeting of the shareholders on 27 April 2017	88,935	2.75
Dividend for 2015	Annual General Meeting of the shareholders on 28 April 2016	66,701	2.75

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2017, the Company and its subsidiaries had capital commitments of approximately Baht 28 million relating to the acquisitions of land and machineries (2016: Baht 108 million) (The Company only: Baht 21 million, 2016: Baht 106 million).

30.2 Operating lease and service commitments

The Company and its subsidiaries has entered into several lease agreements in respect of the lease of land, office building space and service. The terms of the agreements are generally between 1 and 20 years.

Future minimum lease payments required under these non-cancellable operating lease contracts and service agreements were as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Payable:				
In up to 1 year	43,251	49,872	28,884	40,505
In over 1 year and up to 5 years	10,347	34,747	6,558	29,145
In over 5 years	8,895	9,720	-	-

30.3 Guarantees

- (1) As at 31 December 2017, the subsidiaries have pledged their bank deposits to secure credit card for fuel and letter of guarantees issued by a bank of Baht 1.2 million and Baht 0.2 million, respectively (31 December 2016: Baht 2 million and Baht 0.2 million, respectively).
- (2) As at 31 December 2017, the Company has the obligations in respect of guarantees to its subsidiaries for loan facilities of Baht 282 million (2016: Baht 342 million).
- (3) As at 31 December 2017, there were outstanding bank guarantees of totalling Baht 8.1 million issued by the banks on behalf of the Company and on behalf of its subsidiaries in respect of guarantees for electricity use (2015: Baht 6.7 million) (The Company only: Baht 5.9 million, 2016: Baht 4.6 million).

31. Fair value hierarchy

As at 31 December 2017, the Company and its subsidiaries had assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2017							
	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	-	272	-	272	-	182	-	182
Current biological assets - stud swine	-	25	29	54	-	-	-	-
Assets for which fair value is disclosed								
Investment properties	-	911	319	1,230	-	140	319	459

(Unit: Million Baht)

As at 31 December 2016

	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	-	173	-	173	-	124	-	124
Current biological assets - stud swine	-	15	37	52	-	-	-	-
Assets for which fair value is disclosed								
Investment properties	-	488	311	799	-	55	311	366

32. Financial instruments

32.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investment, trade accounts receivable, restricted bank deposits, loans, trade accounts payable, bank overdrafts, loans from financial institutions and financial lease payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable, loans and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, loans to, bank overdrafts and loans from financial institutions. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

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 2017							
Fixed interest rates							
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)	
Financial assets							
Cash and cash equivalents	-	-	-	15,855	64,820	80,675	0.125 - 0.375
Current investment	834	-	-	-	-	834	1.05
Trade and other receivables	39	-	-	-	418,163	418,202	4.5
Restricted bank deposits	-	1,452	-	-	30	1,482	0.9 - 1.15
Loan to other company	-	-	-	5,000	-	5,000	MOR+2
Financial liabilities							
Bank overdrafts and short-term							
loans from financial institutions	-	-	-	646,665	-	646,665	7.12 - 7.70
Trade and other payables	-	-	-	-	286,324	286,324	-
Financial lease payables	1,349	2,786	-	-	-	4,135	2.45 - 2.75
Long-term loans	93,353	378,799	-	-	-	472,152	MLR, MLR-1.5, MLR-2, 4.0, 5.0

(Unit: Thousand Baht)

Consolidated financial statements							
As at 31 December 2016							
Fixed interest rates							
Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)	
Financial assets							
Cash and cash equivalents	-	-	-	79,307	-	79,307	0.125 - 0.75
Trade and other receivables	681	-	-	-	396,522	397,203	4.500
Restricted bank deposits	-	2,300	-	-	-	2,300	0.90 - 2.00
Loan to other company	-	-	-	5,000	-	5,000	MOR+2
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	550,519	-	550,519	MOR, 7.00 - 7.98
Trade and other payables	-	-	-	-	277,645	277,645	-
Financial lease payables	1,558	795	-	-	-	2,353	2.45 - 2.75
Long-term loans	87,503	443,270	-	-	-	530,773	MLR, MLR-2, 5.00

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2017

	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
Financial Assets							
Cash and cash equivalents	-	-	-	15,556	46,128	61,684	0.25 - 0.375
Trade and other receivables	39	-	-	-	399,489	399,528	4.5
Short-term loans to subsidiaries	5,343	-	-	189,300	-	194,643	3.581 - 4.50
Loan to other company	-	-	-	5,000	-	5,000	MOR+2
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	581,547	-	581,547	3.00 - 7.70
Trade and other payables	-	-	-	-	240,925	240,925	-
Financial lease payables	243	-	-	-	-	243	2.50 - 2.99
Long-term loans	41,580	285,385	-	-	-	326,965	MLR-2, 4.00, 5.00

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2016

	Fixed interest rates						
	Within 1 year	1-5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	49,701	-	49,701	0.125 - 0.75
Trade and other receivables	681	-	-	-	386,858	387,539	4.500
Short-term loans to subsidiaries	-	-	-	151,748	-	151,748	3.238 - 3.778
Loan to other company	-	-	-	5,000	-	5,000	MOR+2
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	506,175	-	506,175	7.00 - 7.50
Trade and other payables	-	-	-	-	207,981	207,981	-
Short-term loan from subsidiary	-	-	-	30,000	-	30,000	3.00 - 3.30
Financial lease payables	706	243	-	-	-	949	2.50 - 2.99
Long-term loans	27,900	299,114	-	-	-	327,014	MLR, MLR-2, 5.00

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions and loans that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 31 December 2017 and 2016, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2017	2016	2017	2016	2017	2016
(Baht per 1 foreign currency unit)						
US dollar	118,701	59,188	-	-	32.5146	35.6588
HKD	2,684,486	4,032,011	-	-	4.1421	4.5796
EUR	-	-	32,499	59,577	39.3938	38.1362

32.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' 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.

33. 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 2017, the Group's debt-to-equity ratio was 1.64:1 (2016: 1.79:1) and the Company's was 1.70:1 (2016: 1.74:1).

34. Event after the reporting period

The meeting of the Company's Board of Directors held on 21 February 2018 passed a resolution to propose to the Annual General Meeting of Shareholders that a dividend in respect of the operating results for 2017 be paid to the Company's shareholders at Baht 2.20 per share, or Baht 71.15 million. The dividend will be paid and accounted for after an approval of the Annual General Meeting of the shareholders.

35. Reclassifications

Certain amounts in 2016 financial statements have been reclassified to conform with the current year's classification with no effect to previously reported net profit or shareholders' equity as follow:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
<u>Statement of financial position</u>				
Property, plant and equipment	846,146	928,146	329,466	411,466
Deposits for land	82,000	-	82,000	-
<u>Income statement</u>				
Cost of sales	1,866,319	1,816,107	1,286,322	1,238,650
Selling expenses	378,286	378,443	-	-
Administrative expenses	273,221	323,276	202,467	250,139

In addition, statement of financial position as at 1 January 2016 has been presented for comparisons purpose.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 21 February 2018.

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NEW
MENU

ยำข้าวปุ้น

แซ่บ... รัดกังจ



ยำข้าวปุ้น

Spicy Siamese rice noodle salad
with Vietnamese sausage





The Company is ambitious to be a leader in Thai foods on the world market, who impresses its stakeholders sustainably through excellent standards and processes of work.



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