



S.Khonkaen Foods Public Company Limited

" 2018 ASIA CEO SUMMIT & AWARD CEREMONY "



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**S.KHONKAEN
FOODS**



BrandAlliance®
Building Global Brands

**ANNUAL
REPORT 2018**

สวัสดี

อโวคาโดไก่อบปาปริก้า

Healthy Salad



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MESSAGE FROM CHAIRMAN OF THE BOARD OF DIRECTORS



In past year 2018, even though the nation was encountering a slowdown in economic growth, which might have resulted from various causes, food remained an essential factor to life. An advantage of the situation is that demand being lower than supply resulted in lower cost of raw materials. Therefore, the Company had a chance to pay back profits to consumers in the form of discount for sales promotion, which resulted in an increase in the sales quantity and in the Company achieving New High statistical success in terms of sales and profits. This was regarded as another year of business success of the Company.

In addition, the Company upgraded its standards of products continuously, thereby convincing both domestic and international customers. This would serve as a factor producing good effects on the Company's business in the future as anticipated.

Finally, I would like to praise management and all levels of employees of the Company for their cooperation in struggling through various obstacles until the Company has succeeded today.

A handwritten signature in blue ink, appearing to read 'Thanong Bidaya'.

(Dr. Thanong Bidaya)

Chairman of the Board of Directors

MESSAGE FROM CHIEF EXECUTIVE OFFICER



As a consequence of some follow-ups made, the national economic growth rate, when compared with that of the previous year, did not become better as expected. The nation still faced the same problem, that is, unfair prices of sales of agricultural produce, such as rice, rubber etc. Moreover, the national household debts rose continuously, thereby affecting the overall purchasing power. However, the previous year was still a year in which the Company succeeded satisfactorily, that is, it generated statistical income and record high profits since its incorporation. The success was due to two factors. The primary one was efficient cost management in conjunction with effective increases in the products. This factor enabled the Company to generate profits like it had never done before. For the secondary one, the increase in the sum of revenue resulted from the aggressive penetration into markets with high purchasing power, such as tourists from abroad, especially Chinese, whose favorite foods are of those types produced and distributed by the Company. In addition, the release of new products contributed as well to the generation of income.

Finally, I would like to thank those people in various sectors who contributed to the Company's success, especially the staff who sacrificed and devoted themselves until the Company achieved its business targets. All of them deserve to be praised for the performance of their duties to their full capacity and to be thanked from the bottom of my heart.

(Dr. Charoen Rujirasopon)
Chief Executive Officer

เมนูอาหารเช้า ที่จะช่วยให้คุณตื่นเช้า มากขึ้น

Breakfast Moment





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.”

The Board of Directors performs the duty to determine vision and missions of the Company so that executives and employees aim at working in the same direction. In 2018, the Board of Directors reviewed and approved business vision, goals, strategies, targets and trends of the Company and also reviewed significant policies, such as those on corporate governance, anti-corruption etc., so that they would be appropriate and consistent with the conduct of business in accordance with principles of good corporate governance.

TARGETS

- The Company's target is to earn revenue of Baht 6,000 million a year in 2023. To achieve this target, the Company has developed suitable plans to welcome opportunities and face challenges in the future, concurrently fulfilling the needs of being an organization with social responsibility in all aspects of undertaking of the Company;
- To make profits with sustainable growths by increasing sales turnovers, reducing cost and managing assets efficiently;
- To gain maximum access to customers by expanding the distribution channels to make them cover all areas both domestically and internationally;
- To deliver experience beyond expectation to customers continuously with products and services which truly satisfy the customers' needs;

- To establish excellent operational systems through the philosophy of organization-wide quality management and through the suitable and efficient application of technologies;
- To be an organization of happiness which good and smart people want to join, by creating an organizational culture that attaches importance to the doing of right things, teamwork with clear common targets, lifetime learning, including the management of fair and competitive remuneration and welfare;
- To be socially responsible by sharing and exchanging knowledge and experiences with academic institutes and agencies in both the public and private sectors.

STRATEGIES

- Increase the distribution channels other than the modern trade one so that they cover all areas, such as local wholesale and retail shops, fresh-food markets, Food Services E-commerce, restaurants and points of sale in outlets of the Company, including international markets, such as Myanmar, Laos, Cambodia, Vietnam and China etc.
- Develop the existing products and add new ones to all product groups, such as native food, seafood, snacks, gift products and finished foods, aiming at satisfying the actual needs of all groups of customers, especially new ones, such as working people who have no time to cook foods themselves, teenagers and tourists
- Establish management systems which focus on the response to customers' needs both outside and inside the organization, with the continued improvement and development of personnel and performance systems and the application of technologies to increase the efficiency and effectiveness of the management and work processes.
- Develop the system of recruitment and selection of personnel who are suitable for the organization by creating an organizational culture which can draw the potential of all team members for maximum benefit to the organization to the fullest extent with consistent targets, and by supporting and developing leaders at all levels.
- Manage non-performing assets so that they yield appropriate returns.



POLICY AND BUSINESS OVERVIEW

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.

Performance and Growth of the Company

1991

The Company started exporting products processed from pork to Hong Kong as the first country.

1994

The Company has converted into a public company and listed on the Stock Exchange of Thailand.

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

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

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

The Company launched a Quick Service Restaurant (QSR) business to increase the channels of distribution of its products and to enhance its production capacity. During this years, 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

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.) Company Limited, 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 on the opening of 4 branches at service stations.

2014

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

2015 – 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.

	Year		
	2016	2017	2018
Zaap Classic (spicy papaya salad, roasted chicken)	14	14	13
Yunnan (stewed pork leg with rice)	19	18	19
1) Domestic			
2) International	3	4	0
• Kampuchea	2	2	2
• Laos			
Total	38	38	34

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.

Strategy of restaurants for this year will focus on efficiency management as well as cost improvement in order to create more satisfaction to clients and opening of new channels to cope with the changing behavior of consumers i.e. order food thru “on line” channel in every platform. At the same time, additional sales revenue will derive outdoor catering.

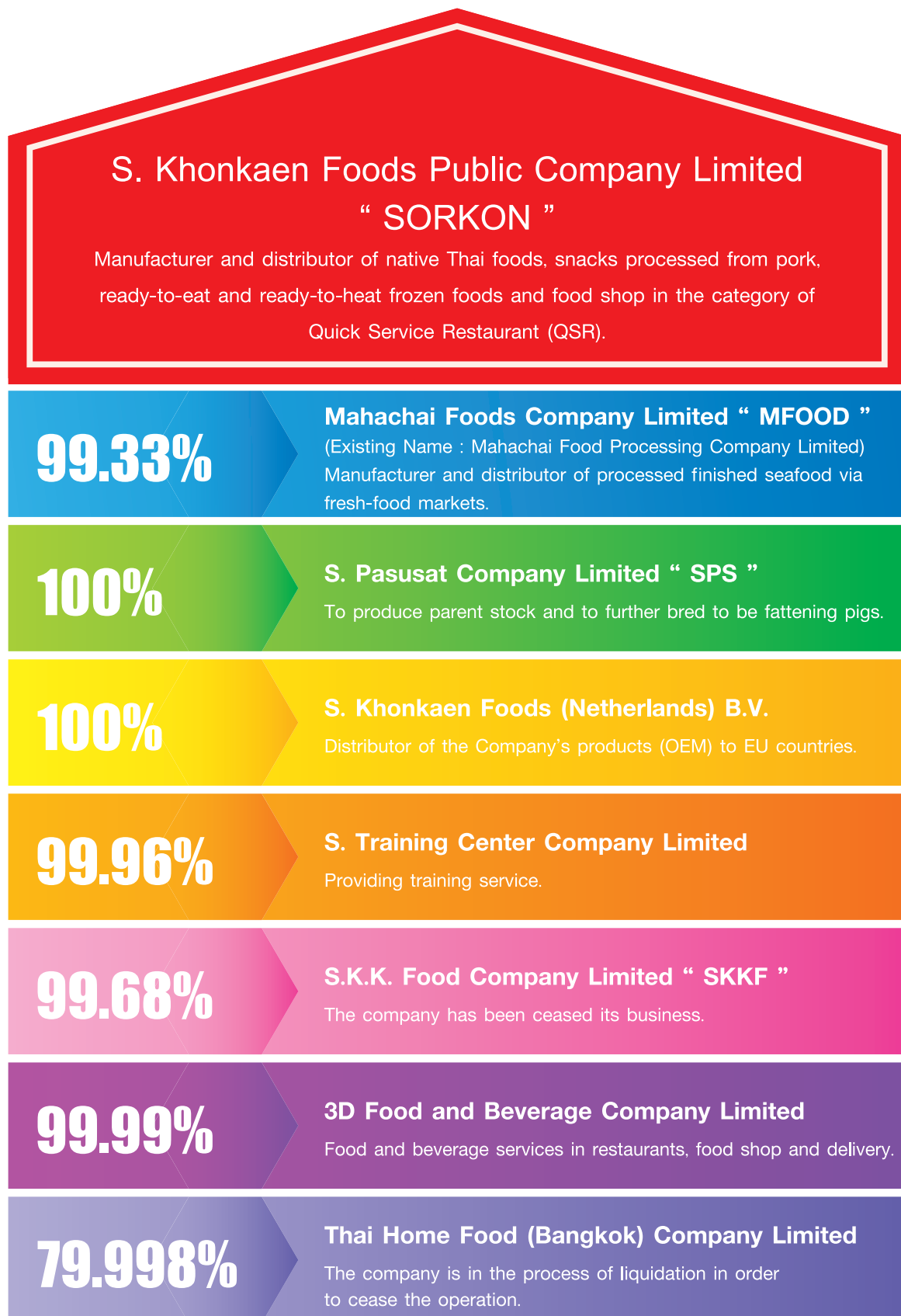


BUSINESS POLICIES

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 Samut Sakhon Province |

Mahachai Foods Company Limited “ MFOOD ”

(Existing Name : Mahachai Food Processing Company Limited)

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 functioned solely as a producer 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. Presently, the company functioned the marketing and sales direct to the wet market channel (Traditional Trade), 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 marketing and the exclusive distributor of Mahachai Foods Company Limited (existing name : Mahachai Food Processing Company Limited) in the category of seafood products and products of S. Khonkaen Foods Public Company Limited to wet market (Traditional Trade) but currently, Mahachai Foods Company Limited had totally replaced the distributorship of S.K.K Food Company Limited and the company has ceased its business since mid of 2018.

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).

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.

ไส้กรอกอีสาน

Mini Burger



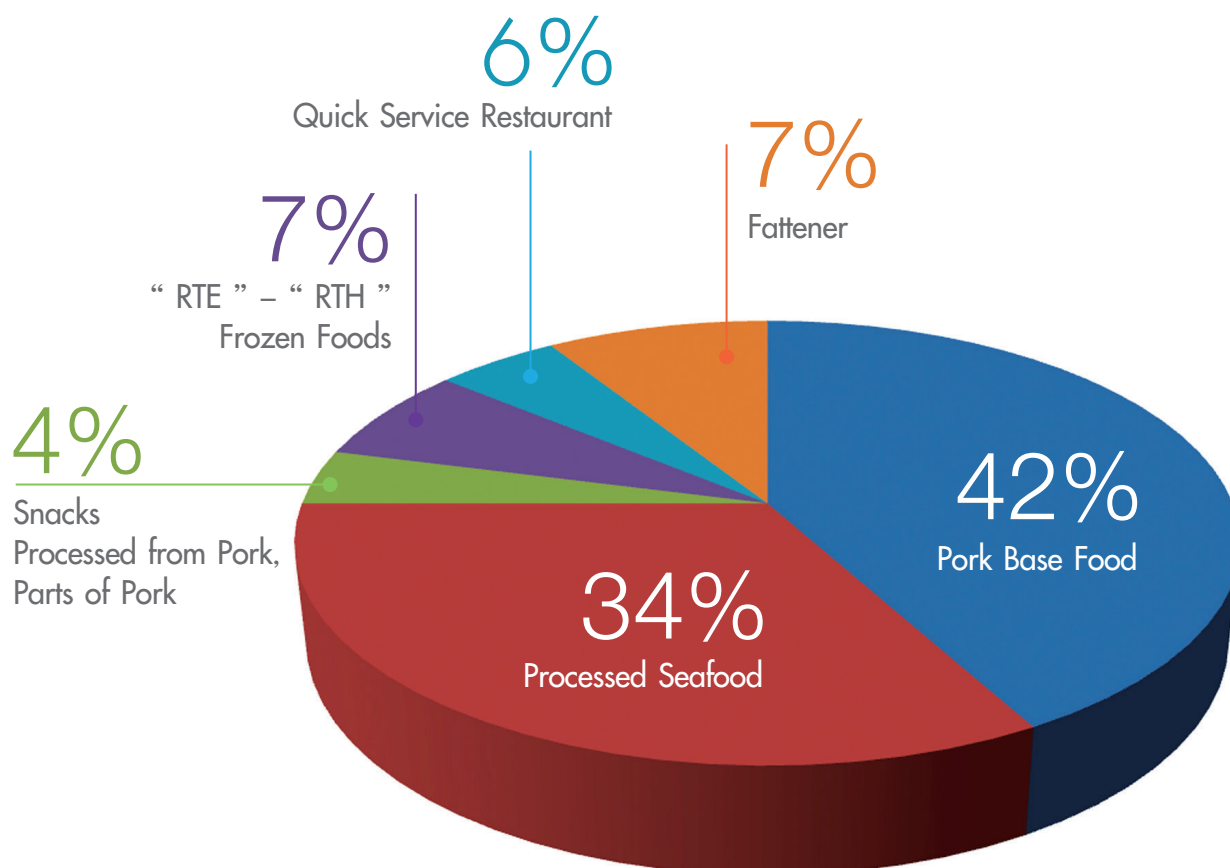
Nature of Business

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

1. Pork Base 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. 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.

2018 Group of Products' Ratio





1

Pork Base Foods (Native Foods)

Pork base 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 base 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 Foods Company Limited (“ MFOOD ”) which is a subsidiary, distributes the products to all fresh-food markets (traditional trade) in the country, whereas the foreign markets is limited to Hong Kong only. In the past year, the Company has extended the market coverage to capture tourists through outlet dotted scatteringly at tourist places i.e. Ancient City, Airports both Suvarnabhumi and Don Mueang.

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

Status of the Industry and Competition in 2018

Due to economic condition in year 2018 is still in the sluggish condition. The consumers lack of confidence of economics in general. Therefore, there were very careful in spending and consequently, 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 of the company recorded slightly growth in 2018. 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, for instance, introducing primitive recipe in the present market. It is some what strategies to suite the palate of consumers who prefer original recipe and wrapped by banana leaves to cope with the expectation of 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 aforementioned factors are main entry barriers for new comers.

Strategies as a Leader of Pork Base Foods

The Company simply introduced new products in the existing markets and at the same time, introduced existing products in the new channels besides focus on productivity in production 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 and distributed the products to all fresh-food markets (Traditional Trade) in the country by Mahachai Foods Company Limited (existing name : Mahachai Food Processing Company Limited) , whereas S. Khonkaen Foods Public Company Limited markets and distributes them through other channels comprising major retail business operators (modern trade) 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 91 percent to 9 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 Mahachai Foods Company Limited 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 ", " Shanghai ", " Kaizen ", " Hong Kong ", " Taipei " and others OEM products.

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 Foods Company Limited. They are entirely produced under the Company's brands " Thai Doem " and " Thai Niyom ". They are marketed and distributed by the S. Khonkaen Foods Public Company Limited through modern trade channels and Mahachai Foods Company Limited distributed to fresh-food markets (Traditional Trade). The sales turnover of chili pastes and dips is in the proportion of approx. 2 percent, which is included in the processed seafood sales turnover.



Status of the Industry and Competition in 2018

This year the seafood industry has been affected by the measure imposed by the Fishery Department to take drastic action against illegal fishing. Consequently, the operator of fishery as substantially declined in number and it caused the scarcity of seafood supply and it has driven the price of seafood to rise substantially couple with the increase of the minimum wage and price increase in energy oil. Therefore, it has topped up the price of raw materials as well as other cost of production materially. While the selling price cannot be raised commensurately because of severe competition reason.

However, this year the Company can manage production cost by improve the production efficiency help the productivity and enable the Company to be more competitive in quality and cost. As a result, the sales of processed seafood in 2018 has increased about 5.5% when compared to previous year which denote the continuous growth.

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

1. Traditional Trade

Traditional Trade i.e. sales boots in the wet markets, noodle shops, small food hawkers including pushed cart or trailer which all of them are small traders.

2. Modern Trade

The company distributed the goods through the channels of modern trade in supermarket sector, hyper market and convenience store i.e. Makro, Lotus, Big C, Tops, Family Mart and 7-Eleven. By using this mentioned channels, the suppliers can market its products nationwide.

3. Export Market

It is the way to export the products through the importers who will be responsible for the distributing the products through the retailer in each country, the main export markets are U.S.A., EU, United Kingdom, Isarel, Japan, Korea, Hong Kong, Republic of China and Australia.



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 and seasoned roast pork under the brand “Entrée” are still distributed by DKSH (Thailand) Company Limited only to other markets than convenience stores, whereas for the convenience stores, i.e. 7-Eleven, 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 and chili paste.



Status of the Industry and Competition in 2018

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 2018 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 to cope with economic condition. In 2018, most of the other business operators emphasize on sales stimulations by sales promotion focusing on discounting price, price reduction in line with reduction or adding quantity of goods and remain the price unchanged. While 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

Presently, most of frozen ready-to-eat meal and ready-to-heat meal manufactured 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 manufactured stewed pork leg “Yunnan” for its own outlets and at the later stage to distribute to general outlets.

Status of the Industry and Competition in 2018

At the beginning of 2018 and thereafter, the frozen food market began to change significantly for 3 main reasons, that is :

- 1) Frozen meals to be marketed at convenience store and more easy to buy.
- 2) A state of hurry makes consumers adjust their behavior regarding consumption by consuming ready-to-eat or ready-to-heat foods.
- 3) There is a continued high growth of frozen meals because the manufacturer has continuously improved the taste and price more affordable to consumer.



5

Quick Service Restaurant

Quick Service Restaurant, the Company has operated chain restaurants selling papaya salad (Somtam) and roasted chicken under the brand “ Zaap Classic ” in the mode of company operate and franchising, is totaling 14 outlets in 2018. In this year, the Company has introduced delivery service in the mode of call center and website of the company, and delivery to various platforms and also boxed food for outdoor catering including office outlet.

For stewed pork leg with rice branded “ Yunnan ”, there are totally 19 outlets in 2018 and the policy has been turned more to franchise system but still the main dish is pork leg base i.e. rice with pork leg and basil or the menu of pork leg and bun which is well response by consumer. But number of outlets oversea has been reduced by 4 outlets because the Company has cancelled the contract with master franchisors in Cambodia on ground of unsatisfactory quality control and the number of outlets opening not conforming to agreement. In this year, the Company focus on efficiency management domestically.

Status of the Industry and Competition in 2018

As a whole, the competition in this industry is relatively high because all major department store has allocated area to sell food, the ratio has been changed from 20 - 25% to 35 - 40% of total floor area. And by doing so, it induces more food service operators to move in and by number almost double. While number of consumers and tourist have declined. Therefore, most targets have been missed. From economic slow down, the Company has to look for channels in order to maximize the reach to consumer through all channels, outdoor catering, seminar attendants. By doing so, the Company manage to improve the service efficiency in delivery foods and response service to the satisfaction of consumers.



“แทนน”
ผัดไข่ใส่ซิง



ไข่ดาวทรงเครื่อง
หมูยอพริกสดใส่ไข่



ข้าวผัดเนยกระเทียม
หมูฝอยทรงเครื่อง



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 - 2018 were 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 3,000 ones in 2017. The result produced 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 2018

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. Livestock 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.



Operating Results and Profitability

The Company's Revenue Structure and Products Group

Products Group	2018		2017		2016	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
1. Pork - based Food (Native Foods)						
- Domestic	1,124.5	38.1	1,047.6	37.7	1,029.5	38.1
- Export	100.9	3.4	85.6	3.1	89.1	3.3
Total	1,225.4	41.5	1,133.2	40.8	1,118.6	41.4
2. Processed Seafood (Fish Balls)						
- Domestic	893.3	30.3	836.6	30.1	812.6	30.1
- Export	85.0	2.8	90.6	3.3	71.4	2.6
Total	978.3	33.1	927.2	33.4	884.0	32.7
3. Snacks Processed from Pork						
- Domestic	121.6	4.1	100.7	3.6	97.2	3.6
- Export	2.5	0.1	0.7	0.0	2.2	0.1
Total	124.1	4.2	101.4	3.6	99.4	3.7
4. RTH / RTE Frozen Food						
- Domestic	193.9	6.6	186.3	6.7	176.8	6.5
- Export	3.3	0.1	5.9	0.2	6.8	0.3
Total	197.2	6.7	192.2	6.9	183.6	6.8
5. Quick Service Restaurant (QSR)	138.8	4.7	158.6	5.7	129.7	4.8
6. Swine Farm	206.0	7.0	194.9	7.0	224.3	8.3
Grand Total	2,869.8	97.2	2,707.5	97.4	2,639.6	97.7
Other Income	82.4	2.8	69.2	2.6	60.5	2.3
Total Revenue	2,952.2	100.0	2,776.7	100.0	2,700.1	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) At present, the Company distributes mainly via these channels its products, especially native products and snacks, which represent approx. 80 percent :

- (2) **Business allies and retailers on fresh-food markets** (Traditional Trade): another important channel of product distribution, especially for processed seafood, such as fish balls, fish/shrimp cakes, squid balls, fried fish bars, and in 2018 the Company distributed other groups of products more via this channel ;
- (3) **Distributors**: a channel elected by the Company for the distribution of snack products which require the high width and depth of market expansion and distributors will be well able to distribute the products via the general trade channel ;
- (4) **Hotels, restaurants, food shops and business groups providing food services** (Hotel, Restaurant and Catering - HoReCa): a new channel through which the Company starts distributing products directly to business operators, focusing on seafood, Thai native foods, etc.;
- (5) **Company restaurants named "Zaap Classic" and "Yunnan "**;
- (6) **Shops in main tourist attractions nationwide**: the Company focuses on groups of foreign tourists who buy its products as gifts, presents, etc.;
- (7) **E-commerce**: nowadays the Company has an online sales system via the Company's website and those of the Company's allies, such as Line man, Food Panda, etc.;
- (8) **Overseas distributors**: performing the duty to market and distribute products to retail outlets in each country, such as Hong Kong, People's Republic of China, United Kingdom and European Community (EC) countries, etc.

Production and Production Capacity

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

- **Bangplee Factory**
 - Located at 44/4 Village No. 13, Pracharat Uthit Road, Racha Thewa Sub-district, Bangplee District, Samut Prakan Province
 - The capacity of fresh traditional Thai products (Fermented sausages, Vietnamese sausages, Thai sausages and Pork balls) : 9,000 tons per year
- **Nakhon Pathom Factory**
 - Located at 114 Village No.8, Phai Lin Chang Road, Bor Phlab 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 Village No.2, Rama II Road, Samut Sakhon Industrial Estate, Bang Krajae Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province
 - The capacity of frozen foods : 3,200 tons per year

(B) Mahachai Foods Company Limited (Existing Name : Mahachai Food Processing Company Limited)

- Factory located at 71/11 Village No.6, Tha Sai Sub-district, Mueang Samut Sakhon District, Samut Sakhon Province
- The capacity of processed seafood : 15,000 tons per year

(C) S. Pasusat Company Limited

- Farm located at 44 Village No.2, Phaya Yen Sub-district, Pak Chong District, Nakhon Ratchasima Province 30320
 - The capacity of fattening pig : 3,000 sows
-



Procurement of Products

The Company attaches importance to its product procurement process, starting from the selection of good quality materials from both local and international production sources. Standards of goods/products required and standards of performance regarding the processes of pre-trade checks, manufacturer/supplier selection, purchasing and inspection for acceptance of merchandise are stipulated clearly to ensure that the Company will receive good materials/products exactly as needed in terms of quality, pricing and delivery time. In addition, the Company has its manufacturers / distributors checked, reviewed and evaluated annually.

The Company has implemented a system of management via a supply chain. Such implementation involves activities ranging from production planning, purchasing, inspection, to warehousing. This is to reduce the risk resulting from a lack of raw materials and to manage the cost more efficiently.

Production of Fish Balls : The Company has ordered fresh sea fish from general domestic vendors and imported frozen fresh fish directly from producers abroad, thereby managing the risk in terms of quantities and prices of raw materials.

Distribution of Products : The Company distributes products to customers in European Community (EC) countries that have high and strict standards in terms of products and production processes. Some categories of raw material fed into its production process must be ordered only from sources certified by EC countries. As a result, the procurement of those raw materials is limited only to certified suppliers whose prices are somewhat high when compared with those of other suppliers.

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 Pak Chong 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.



Significant Changes and Developments

In 2018, the Company's significant changes in its business operations as follows :

1. S. Khonkaen Foods Public Company Limited

The Company has designed new products and developed existing products which are known and recognized by most consumers, so as to satisfy the needs of all groups of customers, such as old-style preserved pork sausage products, which the Company has developed to serve the group of consumers who like the original recipe of preserved pork sausages wrapped in banana leaves. In addition, the Company has managed its product placement and brand positioning so as to be able to satisfy the needs of all groups of customers thoroughly, and this includes the distribution of products to cover all important channels of distribution. According to its policy, the Company wants consumers to have delicious quality food with modern and attractive design at accessible prices, and it has received good feedback from the markets. In addition, the technological systems within the Company have been upgraded to the Digital & Cloud so that they accommodate business growths in the future. Also, personnel training and development within the Company has been made available with over 5,000 hours of training as preparation for steering the organization towards the future.

2. Mahachai Foods Company Limited (Subsidiary)

In 2018, the Company improved its information system by applying the RFID (Radio Frequency Identification) technology to the recordation of data in the production line, in association with the in-house implementation of a production management system that can perform complicated tasks and handle higher quantities of work. As a result, the work of the production management sections of various working units can be performed more quickly, accurately and efficiently.

In addition, the Company changed its name from Mahachai Food Processing Company Limited to Mahachai Foods Company Limited on October 25, 2018, so that it would be easy to call it by name and be easier to remember its name.

3. S. Pasusat Company Limited (Subsidiary)

In 2018, the Company had 3,000 female breeding pigs in total. It attached importance to the continued development of quality pig breeds that meet standards by importing parent stock from Denmark for an improvement to its pig breeds so that they reproduced 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.

Furthermore, the S. Pasusat farm is still registered as a farm with certified standards of good agricultural operation for pig farms and as a farm free from the foot and mouth disease and from the use of red meat growth acceleration agents (pig carcass conditioning agents). And in 2018, its 3-star rating as an environment conservation farm in 2017 was adjusted to the 4-star level because the farm had been developed to the extent that it was recognized as an environment-friendly farm without the problem of wastewater discharged from it. However, the wastewater was recycled to make biogas for the generation of electricity for use within the farm itself. Doing so reduced the pollution and saved electricity charges for the reproduction of pigs of the Company continuously. And in 2018, the farm was also granted a certificate as a quarantine station for animals to be taken out of the Kingdom.



Risk Factors

1. Risk Regarding Raw Materials of Processed Pork Business

The Company has a risk resulting from fluctuations in raw material prices and quantities. Main materials of the Company are pork, pig parts and chicken, which are products of the agricultural sector. Quantities and prices are determined by a market mechanism which depends on the situation in the relevant interval. Such a situation is sometimes uncontrollable or unpredictable, such as an epidemic outbreak in pigs etc. The Company, having been aware of this risk, set up an S. Pasusat pig farm to reduce the risk resulting from fluctuations in prices and quantities. In addition, research and development on the use of alternative materials and the continued improvement of production formulas have resulted in more alternatives, production flexibility and better management of cost and raw materials.

2. Marketing Risk

The Company has a risk regarding sales turnovers and market shares which may not be in accordance with its targets because most products of the Company are sold through modern retail channels (Modern Trade), which are main sources of income. The secondary one is fresh-food markets (traditional trade), in respect of which there were some risks in the past in the case of problems of relationship. But now the Company's brand is a brand leader whereby every store must have products available for distribution to satisfy its customers' needs. The risk factor has therefore ended.



3. Risk in Processed Seafood Business

The processed seafood industry still has a risk factor resulting from the suppression of illegal fishing boats by the Government. This cause has reduced the number of seafaring fishing boats, thereby resulting in a lack of raw materials and higher sale prices.

4. Risk Regarding Pig Epidemics

Nowadays problems regarding the spread of disease in pigs arise quickly and new diseases are caused by all-time changes in the climate while there are still no medicines and preventive vaccines for some of them. As a result, pigs sustain heavy injury and business operators are thereby obliged to close their pig farming businesses in many areas.

The pig diseases that still cannot be 100% vaccinated are:

1. The PRRS (Porcine Reproductive and Respiratory Syndrome), a disease which destroys the reproductive and respiratory systems of pigs;
2. The PCV2 (Porcine Circovirus Type 2), a disease which deteriorates the kidney and suppresses the immunity;
3. The FMD (Foot and Mouth Disease);
4. The ASF (African Swine Fever), a newly born disease which has started to spread into China and many further areas.

How to Prevent the Risk of Pig Epidemics

1. Make available a strict measure to restrict access to the farm. Spray antiseptic solutions onto every car.
2. Individuals from the outside are strictly prohibited from entering the farm.
3. To make an inspection or work in the farm, all employees must at all times take a bath and change clothes.
4. The raising of each kind of pig should be zoned, such as the delivery sty, care sty, feeding sty, sales sty, etc.

The S. Pasusat farm is deemed to have advantages because it is located in a zone that betters other farms in terms of the prevention of diseases as the environment is fit for livestock farming. In addition, the farm has made available strict management and administration. All employees and third persons must comply strictly with the farm's rules of entrance and exit. Measures to prevent and solve problems quickly and efficiently are also made available. One could be assured that the risk resulting from pig epidemics could be well controlled.

5. Risk Regarding Corruption

The Company carries on the business of producing and distributing processed food products both domestically and internationally, with processing factories located in Samut Prakan, Nakhon Pathom and Samut Sakhon Provinces, and the business of food shops in the category of Quick Service Restaurant. It is required to communicate with both local and foreign government agencies and such communication may therefore result in a risk regarding corruption, such as facilitation payment, payment of moneys to or calls for moneys by government officials in some cases where the Company is required to communicate with them, etc., or a risk that may result from dishonest acts relating to cash, property, purchases or procurement, payment of salaries or foreign labor fees, revenues, expenditures, and data and information systems.

Therefore, the Company has set up a risk management committee to make assessments and analyses and formulate measures to manage the risk in terms of business and corruption and has made available an efficient and effective system of internal control and audit, and it has also prepared a policy on anti-corruption in all activities and communicated it to the Board of Directors, management, employees, and both internal and external stakeholders so that it serves as guidelines for common practice in the fair and transparent conduct of business.

In addition, in 2017 the Company was certified by the Private Sector Collective Action Coalition against Corruption (CAC) Council to be a member of the Private Sector Collective Action Coalition against Corruption Program. The membership demonstrated its intent and aspiration to struggle against all forms of corruption. Moreover, the Company has planned to file an application for a renewal of its certificate (Recertification) in 2019 to confirm its determination to struggle against corruption continuously and to review the efficiency of its control system and anti-corruption measures. This is to ensure that it will be able to prevent and control, in an appropriate manner, the risk resulting from corruption.

6. 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 55.05 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.





Award of Pride

“ Outstanding Brands ” Award Won in 2018

The Company won an Outstanding Brands award based on an Asian-level work contest, “ 2018 Asia CEO Summit & Award Ceremony ”, which was held by the Influential Brands in Singapore on December 11, 2018. The award emphasizes an influential brand that is acceptable to and is trusted by consumers. The award winner must be a company which is outstanding in terms of management and brand vision and has had a high growth rate over the past 2 years and has a clear plan for business expansion.



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% shareholdings 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	: Presently, the operation has been ceased.
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 Foods Company Limited

(The name of Mahachai Food Processing Company Limited has been amended to Mahachai Foods Company Limited on 25th October 2018.)

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 processed seafood i.e. fish balls, shrimp balls, chilli pastes, dips.
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 Village No. 2, Phaya Yen Sub-district, Pak Chong 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	:	+31616485383
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	:	Provide training for S. Khonkaen Foods group of companies' and outsider.
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	:	In the process of liquidation in order to cease the operation.
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%

(3) Other References

3.1 Securities Registrar

Name	:	Thailand Securities Depository Company Limited
Address	:	No. 93 Rachadapisek Road, Din Daeng Sub-district, Din Daeng 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	:	Auditor of S.Khonkaen Foods Public Company Limited 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 Suppasdtanon (CPA No.3972) and / or 5. Ms. Rosaporn Decharkom (CPA No.5659) and / or 6. Ms. Sumana Punpongsanon (CPA No.5872)

3.2.2 Name : EY Office Limited

Address : 33rd Floor, Lake Rajada Office Complex
No. 193/136 - 137 Rajadapisek Road, Klongtoey,
Bangkok Metropolis 10110

Telephone : (02) 264 – 9090

Fax : (02) 264 – 0789

Auditors : Auditors of 1) Mahachai Foods Company Limited
2) S.K.K. Food Company Limited
3) S. Pasusat Company Limited
4) 3D Food and Beverage Company Limited

1. Mr. Sophon Permsirivallop (CPA No.3182) and / or
2. Miss Rungrapa Lertsuwankul (CPA No.3516) and / or
3. Miss Pimjai Manitkajohnkit (CPA No.4521) and / or
4. Mr. Chayapol Suppasedtanon (CPA No.3972) and / or
5. Ms. Rosaporn Decharkom (CPA No.5659) and / or
6. Ms. Sumana Punpongsanon (CPA No.5872)

3.2.3 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

3.2.4 Name : Pawaporn Accounting Company Limited

Address : No. 95/221 Orn-nuch 17 Sub 18 Alley, Suanluang Sub-district,
Suanluang District, Bangkok Metropolis 10250

Telephone : (02) 372 – 7178, (081) 629 – 1897

Fax : (02) 372 – 7178

Auditor Name : Mr. Thavee Charnwaiwith CPA No.2015
Auditor of Thai Home Food (Bangkok) Company Limited

3.3 Tax Consultant

- None -

3.4 Legal Advisor

- None -

Top Ten Shareholders

A. Top ten shareholders as of 28th December 2018.

No.	Name of Shareholders	No. of Shares Held (Share)	% of Shareholding
1.	Mr. Charoen Rujirasopon	9,898,186	30.607
2.	Mrs. Niramon 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	1,096,808	3.391
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 28th December 2018

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%
Mrs. Niramorn 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	2,462,674	7.61%
Mr. Thanathip Pichetwanich-choke	1,096,808	3.39%
Mr. Suwit Pichetwanich-choke	709,466	2.19%
Miss Winthanee Pichetwanich-choke	547,800	1.69%
Mrs. Wipaporn Pichetwanich-choke	108,600	0.34%
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	243,959	0.75%
7. “ Ussanajit ” Family	689,800	2.16%
Mrs. Chatporn Ussanajit	400,300	1.24%
Mr. Wuth Ussanajit	298,500	0.92%
8. Mrs. Arunee Mahathorn	646,000	2.00%
9. “ Kanokpreechawut ” Family	622,690	1.93%
Mr. Ruengkitt Kanokpreechawut	597,514	1.85%
Mrs. Wilaisiri Kanokpreechawut	12,776	0.04%
Miss. Sukarnda Kanokpreechawut	10,200	0.03%
Mr. Nopadol Kanokpreechawut	1,200	0.004%
Mr. Thanasit Kanokpreechawut	1,000	0.003%
10. Thai N V D R Company Limited	536,833	1.66%
Total	28,326,063	87.59%

Shareholding of Directors of S.Khonkaen Foods Public Company Limited on 2017 - 2018

No.	Name of Director	No. of Shares Held		No. of Shares	Remarks
		31/12/2017	31/12/2018	Increase (Decrease)	
1	Mr. Charoen Rujirasopon	9,898,186	9,898,186	-	-
	Spouse	4,507,955	4,507,955	-	Mrs. Niramom Rujirasopon (Spouse)
	Minor Children	-	-	-	-
2	Mrs. Niramom 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 Executives of S.Khonkaen Foods Public Company Limited on 2017 - 2018

No.	Name of Director	No. of Shares Held		No. of Shares	Remarks
		31/12/2017	31/12/2018	Increase (Decrease)	
1	Mr. Charoen Rujirasopon	9,898,186	9,898,186	-	-
	Spouse	4,507,955	4,507,955	-	Mrs. Niramom Rujirasopon (Spouse)
	Minor Children	-	-	-	-
2	Mrs. Niramom 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 Subsidiaries are :

- (1) S. Pasusat Company Limited
- (2) S.K.K. Food Company Limited
- (3) Mahachai Foods 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				
	2018	2017	2016	2015	2014
Net profit per share (Baht / Share)	3.89	3.33	3.93	1.78	4.69
Dividend per share (Baht / Share)	2.20	2.75	2.75	2.75	2.43
Dividend per net profit (%)	56.5	82.6	70.0	154.5	51.8



The Company's Board of Directors



Dr. Thanong Bidaya
Chairman of the Board of Directors
and Independent Director



Dr. Charoen Rujirasopon
Director and
Chairman of Executive Board



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



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



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



Miss Panjama Vipamas
Director and Independent Director



Mrs. Niramon Rujirasopon
Executive Director



Mrs. Sirilak Chaiwattanapa
Executive Director



Mr. Charoenphan Phantumongkol
Director and Independent Director



Mr. Jaraspon Rujirasopon
Executive Director



Mr. Jarunpoj Rujirasopon
Executive Director



Mr. Thanakrit Rujirasopon
Executive Director

Managerial Structure

Board Diversity Policy

The Board of Directors is well aware of the benefit of Board diversity and deems it an important factor to enhance the Board of Directors' efficiency in making decisions and working.

However, such diversity includes not only sex but also age, educational backgrounds, professional experience, skills and knowledge. The recruitment and appointment of directors of the Company are therefore based on their knowledge and ability and on selection criteria supported by the benefit of their diversity.

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 2018, the Company's Directors consisted of 12 Directors as follows:-

Name	Position
1. Dr. Thanong Bidaya	Chairman of the Board of Directors and Independent Director
2. Dr. Charoen Rujirasopon	Director and Chairman of the Executive Board
3. Mr. Worapon Lopansri	Director and Independent Director
4. Mr. Prasarn Marukpitak	Director and Independent Director
5. Mr. Chusak Vijakkhana	Director and Independent Director
6. Mr. Charoenphan Phantumongkol	Director and Independent Director
7. Miss Panchama Vipamas	Director
8. Mrs. Niramon Rujirasopon	Director
9. Mr. Jaraspon Rujirasopon	Director
10. Mr. Jarunpoj Rujirasopon	Director
11. Mr. Thanakrit Rujirasopon	Director
12. Mrs. Siriluck Chaiwattanaprapa	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 2018, six meetings in total were held, the directors present at the meetings were as follows:-

Name	Position	Number of Attending / Number of Meeting
1. Dr. Thanong Bidaya	Chairman of the Board of Directors and Independent Director	3/6 **
2. Mr. Somchai Sakulsurarat	Chairman of the Board of Directors and Independent Director	3/6 **
3. Dr. Charoen Rujirasopon	Director and Chairman of the Executive Board	6/6
4. Mr. Worapon Lopansri	Director and Independent Director	6/6
5. Mr. Prasarn Marukpitak	Director and Independent Director	6/6
6. Mr. Chusak Vijakkhana	Director and Independent Director	6/6
7. Mr. Charoenphan Phantumongkol	Director and Independent Director	6/6
8. Miss Panchama Vipamas	Director and Independent Director	6/6
9. Mrs. Niramom Rujirasopon	Director	5/6
10. Mr. Jarasopon Rujirasopon	Director	6/6
11. Mr. Jarunpoj Rujirasopon	Director	6/6
12. Mr. Thanakrit Rujirasopon	Director	6/6
13. Mrs. Siriluck Chaiwattanaprapa	Director	6/6

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.

- Remarks ****
1. Dr. Thanong Bidaya was elected as Director on 30th June 2018 and Chairman of the Board of Directors and Independent Director on 9th August 2018.
 2. Mr. Somchai Sakulsurarat was resigned from Director, Chairman of the Board of Directors and Independent Director on 30th June 2018.

Independent Directors

As of 31st December 2018, the Company's Independent Directors consisted of 6 Directors as follows:-

1. Dr. Thanong Bidaya	Independent Director
2. Mr. Worapon Lopansri	Independent Director
3. Mr. Prasarn Marukpitak	Independent Director
4. Mr. Chusak Vijakkhana	Independent Director
5. Mr. Charoenphan Phantumongkol	Independent Director
6. Miss Panchama Vipamas	Independent Director

Meetings of Independent Directors

In 2018, Independent Directors held 3 meetings in total. The directors present at the meetings were as follows:-

Name	Position	Number of Attending / Number of Meeting
1. Dr. Thanong Bidaya	Chairman of the Board of Directors and Independent Director	1/3
2. Mr. Somchai Sakulsurat	Chairman of the Board of Directors and Independent Director	2/3
3. Mr. Worapon Lopansri	Independent Director	3/3
4. Mr. Prasarn Marukpitak	Independent Director	3/3
5. Mr. Chusak Vijakkhana	Independent Director	3/3
6. Mr. Charoenphan Phantumongkol	Independent Director	3/3
7. Miss Panchama Vipamas	Independent Director	3/3

- Remarks ****
1. Dr. Thanong Bidaya was elected as Director on 30th June 2018 and Chairman of the Board of Directors and Independent Director on 9th August 2018.
 2. Mr. Somchai Sakulsurat was resigned from Director, Chairman of the Board of Directors and Independent Director on 30th June 2018.

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 32 years and conducted as the Chairman of the Audit and Corporate Governance Committee, a review of the financial statements in 2018.

The Audit and Corporate Governance Committee had 4 meetings in total with management, the internal audit unit and the auditor in 2018 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	4/4
2. Mr. Prasarn Marukpitak	Audit and Corporate Governance Committee Member	4/4
3. Mr. Chusak Vijakkhana	Audit and Corporate Governance Committee Member	4/4

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. Dr. Charoen Rujirasopon | Recruitment and Compensation on Remuneration Committee Member |

In 2018, the Recruitment and Compensation on Remuneration 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. Charoenphan Phantumongkol	Chairman of the Recruitment and Compensation on Remuneration Committee and Independent Director	2/2
2. Mr. Chusak Vijakkhana	Recruitment and Compensation on Remuneration Committee Member and Independent Director	2/2
3. Dr. Charoen Rujirasopon	Recruitment and Compensation on Remuneration Committee Member	2/2

3) Risk Management Committee

The Risk Management 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 Vijakkhana | Risk Management Committee Member |
| 3. Mr. Thanakrit Rujirasopon | Risk Management Committee Member |
| 4. Mr. Jaraspon Rujirasopon | Risk Management Committee Member |
| 5. Mrs. Narinthorn Asawapanyawongse | Risk Management Committee Member |
- Mr. Sompak Kiratipongwuthi as the secretary of Risk Management Committee

In 2018, the Risk Management Committee held 1 meeting in total. The committee members present at the meeting were as follows:-

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

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. Dr. 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
- 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. Dr. Wanwarang Watcharananun | Chief Executive (Research, Development and Innovation) |
| 7. Mrs. Siriluck Chaiwattanaprapa | Executive Director |
| 8. Mrs. Narinthorn Asawapanyawongse | Chief Financial Officer |

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 follows :

- 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

- 1.1 Structure and Qualifications of the Board
- 1.2 Roles, Duties and Responsibilities of the Board
- 1.3 Board's Meetings
- 1.4 Performance of the Board's function
- 1.5 Relationship with Management
- 1.6 Self-development of Directors and Development of Executives

The average score resulting from the performance evaluation of the Board of Directors' performance as a whole in 2018 is average 88.78%.

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

- 2.1 Structure and Qualifications of the Board
- 2.2 Board Meetings
- 2.3 Roles, Duties and Responsibilities of the Board

The average score resulting from the performance evaluation of the Board's Member individually in 2018 is average 89.58%.

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

1. Structure and Qualifications of the Board Committee, which are appropriate and yield 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 performance evaluation of each Sub-committee in 2018 are as follows :-

	Average Percentage
3.1 Audit and Corporate Governance Committee	95.25
3.2 Recruitment and Compensation on Remuneration Committee	95.18
3.3 Risk Management Committee	80.25

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 evaluation of each Sub-committee individually in 2018 as follows :-

	Average Percentage
4.1 Audit and Corporate Governance Committee	98.50
4.2 Recruitment and Compensation on Remuneration Committee	93.94
4.3 Risk Management Committee	78.75

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. Planning and 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 performance evaluation of the Chief Executive Officer (CEO) in 2018 is average 97.64%.

Company Secretary

Miss Kalvarat Vithitamataya, 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 : as follows

Name	Position	Course
1. Dr. Thanong Bidaya	Chairman of the Board of Directors and Independent Director	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 25/2004 Thai Institute of Directors
2. Dr. 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	Director, Independent Director and Chairman of the Audit and Corporate Governance Committee	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 26 th May 2016 Thai Institute of Directors
		Audit Committee Forum 2016 " New Auditor's Report; What is it for you? " On 29 th June 2016 Thai Institute of Directors
		" Managing Technology and Disruption " On 15 th September 2016 Thai Institute of Directors
		AC Forum 2017; The Audit Committee's Role in Compliance and Ethical Culture Oversight on 5 th October 2017
		Updated COSO Enterprise Risk Management : Integrating with Strategy and Performance on 8 th November 2017
		Audit Committee Forum, Learn Unlearn - Audit Committee in the age of disruption 12 th November 2018
		IA Day " Connecting the world " 13 th December 2018

Name	Position	Course
4. Mr. Prasarn Marukpitak	Director, Independent Director and Audit and Corporate Governance Committee Member	DIRECTOR ACCREDITATION PROGRAM (DAP) Certificate Class 29/2004 Thai Institute of Directors
		DIRECTOR CERTIFICATION PROGRAM (DCP) Certificate Class 84/2007 Thai Institute of Directors
5. Mr. Chusak Vijakkhana	Director, 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	Director and 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 2018 : as follows

(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 230,000.-
Dr. Charoen Rujirasopon	Director, Chairman of the Executive Board and Recruitment and Compensation on Remuneration Committee Member	Baht 140,000.-
Mr. Worapon Lopansri	Director, Independent Director and Chairman of the Audit and Corporate Governance Committee	Baht 210,000.-
Mr. Prasarn Marukpitak	Director, Independent Director and Audit and Corporate Governance Committee Member	Baht 190,000.-
Mr. Chusak Vijakkhana	Director, 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	Director, Independent Director and Chairman of the Recruitment and Compensation on Remuneration Committee	Baht 190,000.-
Miss Panchama Vipamas	Director, 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	Baht 130,000.-
Mr. Thanakrit Rujirasopon	Executive Director and Risk Management Committee Member	Baht 130,000.-
Mrs. Siriluck Chaiwattanaprapa	Executive Director	Baht 130,000.-

(B) Meeting Allowance for Directors, totally Baht 875,000.-

Name	Position	Meeting Allowance (Baht)				Total / Baht
		Directors	Audit & Corporate Governance Committee	Risk Management Committee	Recruitment & Compensation on Remuneration Committee	
Dr. Thanong Bidaya	Chairman of the Board of Directors and Independent Director (9 th August - 31 st December 2018)	90,000.-	-	-	-	90,000.-
Mr. Somchai Sakulsurarat	Chairman of the Board of Directors and Independent Director (1 st January - 30 th June 2018)	90,000.-	-	-	-	90,000.-
Mr. Worapon Lopansri	Director, Independent Director and Chairman of the Audit and Corporate Governance Committee	90,000.-	80,000.-	-	-	170,000.-
Mr. Prasarn Marukpitak	Director, Independent Director and Audit and Corporate Governance Committee Member	90,000.-	60,000.-	-	-	150,000.-
Mr. Chusak Vijakkhana	Director, Independent Director, Audit and Corporate Governance Committee Member, Recruitment and Compensation on Remuneration Committee Member and Risk Management Committee Member	90,000.-	60,000.-	15,000.-	10,000.-	175,000.-
Mr. Charoenphan Phantumongkol	Director, Independent Director and Chairman of the Recruitment and Compensation on Remuneration Committee	90,000.-	-	-	20,000.-	110,000.-
Miss Panchama Vipamas	Director and Independent Director	90,000.-	-	-	-	90,000.-

Remuneration of Executives

As to the remuneration philosophy of the Company, remuneration is paid with the objective of serving as a consideration for success in undertakings in accordance with strategies of the Company and in return for outputs performed by executives for the Company and as entrusted by the Board of Directors. The Recruitment and Compensation Committee has reviewed and approved the senior executive remuneration policy regularly every year. The following aspects are considered for the determination of a remuneration management system :

1) Management of remuneration based on performance

- Remuneration of senior executives varies directly with the achievement of targets in accordance with the Company's strategies.
- Performance evaluation is based on key performance indicators in financial and other terms.

2) Management of remuneration in line with the shareholders' anticipation

- Selecting a performance measuring system suitable for both short-term and long-term action plans of the Company so that it is consistent with the Company's strategies and with the continuing generation of value added for the shareholders;
- Ensuring that key performance indicators established are suitable for the Company's capacity for undertakings, the Company's targets and greater levels of performance;
- Building a firm and organized structure of capital mobilization for confidence in the Company's ability to invest.

3) Management of remuneration so that it is competitive

- Management of remuneration so that it is competitive in the group of related businesses to ensure that the Company is able to attract and maintain good and skilled staff so that they work and stay to generate performance outputs for the Company continuously;
- Significant proportioning of remuneration to performance, for both annual and long-term yields.

Remuneration Structure of the Company

The remuneration paid to the Chief Executive Officer and executives with approval granted by the Recruitment and Compensation Committee comprises the following elements:



(1) Fixed Remuneration and Benefits

1.1 Salary

The level of remuneration received is in accordance with the duties and responsibilities according to position, experience and individual skills. Cash is credited to one's account monthly. The remuneration is reviewed annually based on the consideration of one's performance and on the salary increase rate on the labor market.

1.2 Other and Special Benefits

The main purpose of the provision of other and special benefits is to build security for staff and help them in the event they are facing health problems, are disabled or die. Help is given to them through a provident fund, a health insurance scheme and a variety of welfare in accordance with guidelines on the labor market and as prescribed by law.

(2) Remuneration Based on Performance

Performance Bonus

This is a reward which varies with a short-term performance success when compared to the annual action plan determined, against the remuneration on the labor market for related businesses. This performance bonus is tied to an annual key performance indicator (KPI), which is the sum of various indicators and is weighted down according to the importance of each factor, with a decision made on the basis of overall performance of the Company and of each individual employee, including bonuses to be received.

Payment of Remuneration by the Company					
	CEO	Executives	All Employees	Form of Payment	Objective of and Link to Remuneration Payment
Base Salary	/	/	/	Cash payable to all employees	Motivating and keeping employees with knowledge and ability and remunerating them for performance in accordance with their duties and responsibilities according to position
Performance Bonus	/	/	/	Cash payable to all employees	As a reward in return for success in performance annually required

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

In 2018, The Company paid remuneration for the 7 Executive Directors and an Executive in the amount of Baht 26,270,219.- in term of the remuneration as below :-

1. Salary	Baht	23,997,533.-
2. Bonus	Baht	1,999,686.-
3. Social Security	Baht	63,000.-
4. Travelling expenses	Baht	180,000.-
5. Mobile expenses	Baht	30,000.-
6. Others	Baht	- None.-

(2) Other Remuneration

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

Personnel

As of 31st December 2018, the Company had 1,895 employees in total. In 2018, 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 313,243,626.-.

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 155,063,925.-. Details of the remuneration are in summary as follows:

2018	Operational Employee	Executive	Total	Remuneration (Baht)
S. Khonkaen Foods Public Company Limited	1,174	46	1,220	313,243,626.-
(Subsidiary) S. Pasusat Company Limited	102	3	105	18,890,122.-
(Subsidiary) Mahachai Foods Company Limited	558	9	567	135,520,947.-
(Subsidiary) SKK Food Company Limited	-	-	-	-
(Subsidiary) S. Khonkaen Foods (Netherlands) B.V.	-	-	-	-
(Subsidiary) S. Training Center Company Limited	2	1	3	652,856.-
(Subsidiary) Thai Home Food (Bangkok) Co., Ltd.	-	-	-	-
(Subsidiary) 3D Food and Beverage Company Limited	-	-	-	-
Total	1,836	59	1,895	468,307,551.-

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

SOR People Master Plan : Build Happiness and Cultures of Learning

- Good People of SOR
- Smart People of SOR

SOR people make themselves, the organization and society happy.

The Company aspires to make all levels of employees happy. It promotes their quality of being “ good people ” of society and encourages them to develop their potential to be “ smart people ” of the organization, who are able to work as anticipated by the Company. To make all levels of employees happy, we jointly promote and develop personnel on an inside out basis in the employee centric style, that is, employees are the center. We listen to the sound of every employee so that it leads to development and promotion that would result in “ Good and Smart People of SOR ” and in social progress, with a link of the employees’ conduct to the organizational cultures towards development to enhance their skills in management and working and help draw potential and promote the maximization of one’s potential.



SOR People Roadmap

The Company attaches importance to and promotes the development and strengthening of employees so that they have working knowledge and skills concurrently with having virtue and ethics, are aware of their duties, are socially responsible for the purpose of being happy good and smart people of SOR, express their efficiency and potential, build strength forming a foundation that leads to organizational sustainability, and are good and smart people who are ready to build value for themselves, the organization and society.

SOR creates and develops good and smart manpower through various channels and activities, that is:

1. Creating and developing it by means of organizational cultures : cooperative activities starting with the team building activity with small jigsaw pieces presenting a model image for all employees, who would then help complete a jigsaw on teamwork success as much as possible -- this would result in positive thinking powers of SOR people and in working atmospheres with cooperation, joint labor and joint mental forces of all parties concerned;
2. Creating and developing it through actual performance with the holding of activities to promote and increase products in 2018 seriously for the purpose of augmenting the potential of employees so that they would become good and smart people with happiness at work, with the improvements and developments being made via 3 main activities, that is, 5Sor., Kaizen and QC Story;
3. Creating and developing it through a uplifting Dharma activity focusing on the instillation of decent mind by shaping and developing thoughts via Dharma principles and teachings, Dharma sermon activities, “ Uplifting Dharma ”, which are entertaining-style Dharma narrations mixed with Dharma material, are suitable for new generation employees, are easily communicated and can be suitably adapted to life;
4. Building and developing employees' potential within the frame of organizational cultures of the Company; creating and developing smart manpower of SOR by attaching importance to the development of the potential of all levels of employees, focusing on the laying-down of a foundation of both theoretical knowledge and expertise according to occupational lines, with a link to the organizational cultures into organization-wide practice -- The SOR Training Center therefore serves as an important cog for the implementation of employee development strategies in accordance with the business strategies of the Company by providing a knowledge management system and in-house training courses covering fundamental ones (Foundation Courses) and occupational specific ones (Function Courses) and by according opportunities to employees to propose such courses suitable for their jobs as appropriate and as required by their interest. In 2018, the SOR Training Center provided in-house training divided into the following courses:
 - Development of Production Line Employees (Re-train); Review of Total Quality Management (TQM) Principles;
 - Get Ready for New Employees (On-boarding Program) for their preparation before starting to work;
 - Engineer and Technician Development regarding, for example, maintenance of machinery (Engineering Skills Development);
 - Supervisor and Leadership Development (Leadership Development Program);
 - Quality Standard System;
 - Production Line Basics (Production Skills Development);
 - Legal Safety (Safety);
 - Restaurant Service and Management (Restaurant Management Program);
 - Strengthening of Organizational Cultures (Cultures);
 - General Matters (Soft Skill Development)
5. Creating and developing it by creating a culture of learning for life -- apart from developing its personnel through formal training and learning activities which are suitable for various target groups, the Company promotes other forms of learning to accord opportunities to all levels of employees to develop themselves by leaps and bounds through studies of and visits to activities of companies winning national awards and through work experience sharing activities, such as the HR Young Talent Project, studies of and visits to activities of the Panyapiwat Institute of Management, Betagro Company and CPRAM Company, etc.

REPORT OF THE RECRUITMENT AND COMPENSATION ON REMUNERATION COMMITTEE

To : The Shareholders

S. Khonkaen Foods Public Company Limited

The Board of Directors of S. Khonkaen Foods Public Company Limited appointed the Recruitment and Compensation on Remuneration Committee by having Mr. Charoenphan Phantumongkol as Chairman of the Recruitment and Compensation on Remuneration Committee, Mr. Chusak Vijakhana and Dr. Charoen Rujirasopon as Recruitment and Compensation on Remuneration Committee Members, with the duties to nominate and consider remuneration for directors and Managing Director / Chief Executive Officer to ensure transparency and fairness.

In 2018, there were a total of two Recruitment and Compensation on Remuneration Committee's Meetings to consider various matters. The essence of the performance of duties can be summarized as follows :

1. Considering and selecting qualified persons to hold the position of the Company's directors in accordance with the Company's criteria and procedures for recruitment by:

1.1 Nominating persons to be appointed as directors to replace those directors who retire by rotation in the annual general meeting of shareholders.

The Board of Directors considered the qualifications and roles in performance of duties in the previous year of directors who rotation and proposed the 2018 annual General Meeting of Shareholders to re-appoint them for another term.

1.2 Nominating persons to be appointed as directors to replace the vacant director.

The Board of Directors considered the qualifications of persons to be nominated as the Company's directors to replace the vacant director, by proposing the Board of Directors' Meeting to appoint person having knowledge, ability and experience which would be beneficial to the Company, and having qualifications in line with that of directors in listed companies.

2. Considering determining criteria on consideration of remuneration for directors and Managing Director/Chief Executive Officer.

The Board of Directors considered reviewing the criteria on consideration of remuneration for directors and Managing Director / Chief Executive Officer and was of the opinion that Company's criteria remained appropriate.

3. Considering determining remuneration for directors and proposing the same to the shareholders' meeting for consideration and approval.

The Board of Directors considered determining remuneration for directors for 2018 and was of the opinion that the criteria on consideration of remuneration for directors was appropriate for and in line with the scope of duties responsibilities of each directors; remuneration stayed at the same rate as that of the industry to attract and retain knowledgeable and qualified directors to perform duties for the company; elements of remuneration were clear, transparent and easy to understand, by proposing the same to the shareholders' meeting for consideration and approval.

In conclusion, the Recruitment and Compensation on Remuneration Committee has fulfilled their duties as specified in the Recruitment and Compensation on Remuneration Committee's Charter which has been approved by the Board of Directors by employing their knowledge, ability with due care and independence as sufficient to provide the opinions and suggestions for the overall benefits of company.

(Mr. Charoenphan Phantumongkol)
Chairman of the Recruitment and

Compensation on Remuneration Committee

Report of the Executive Board of Directors

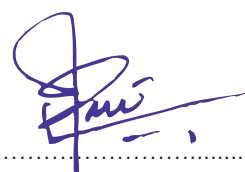
To : The Shareholders
S. Khonkaen Foods Public Company Limited

The Company has an executive board performing the duty to monitor monthly operation results and analyze states of competition as well as to screen investments in the addition of branches and new businesses so that it is able to achieve targets and strategies that have been set. The Executive Board of Directors comprises 6 qualified members :

Name	Position
Dr. Charoen Rujirasopon	Chairman of the Executive Board of Directors
Mrs. Niramon Rujirasopon	Executive Director
Mr. Jaraspon Rujirasopon	Executive Director
Mr. Jarunpoj Rujirasopon	Executive Director
Mr. Thanakrit Rujirasopon	Executive Director
Mrs. Siriluck Chaiwattanaprapa	Executive Director

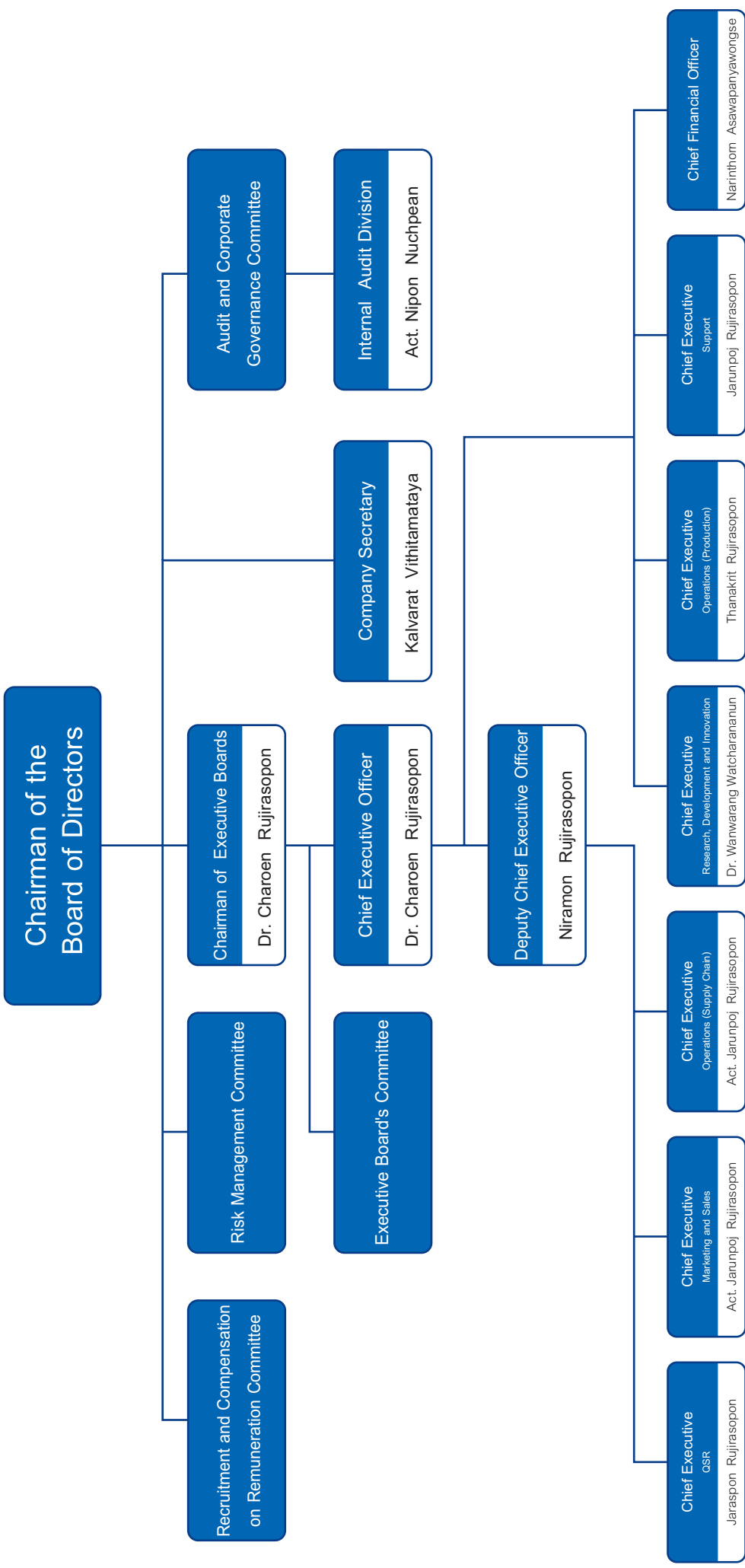
The following are summary details of their important undertakings in 2018 :

1. Considering, reviewing and following up monthly operation results so that they met targets that had been set; screening strategic plans of the Company and matters that required initial decisions before they were forwarded to the Board of Directors for consideration;
2. Considering and screening investments, the addition of branches and annual budget allotments so that they conformed correctly to and were consistent with the Company's strategies; as well as presenting strategic plans of the Company to the Board of Directors;
3. Considering and studying the feasibility of various projects as well as providing administrative advice to executives;
4. Approving other transactions entrusted by the Board of Directors.



(Dr. Charoen Rujirasopon)
Director and Chairman of Executive Board

ORGANIZATION CHART OF S. KHONKAEN FOODS PUBLIC COMPANY LIMITED



BIOGRAPHY OF DIRECTORS AND EXECUTIVES



1. Dr. Thanong Bidaya

Age : 71 Years

Present Position : Chairman of the Board Directors and Independent Director

Date of Appointment : Director 30th June 2018
Chairman of the Board Directors and Independent Director 9th August 2018

Educational Background :

- Ph.D. in Management, Northwestern University, U.S.A.
- M.S. in Economics, Northwestern University, U.S.A.
- B.A. in Economics, Yokohama National University, Japan

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

- Directors Accreditation Program (DAP) 25/2004, Thai Institute of Directors Association

Shareholding in the Company (%) : - None -

Family Relationship between Director and Executive Management : - None -

Working Experience :

- Position in Listed Company

Period	Position / Company
2012– Present	Chairman of the Board of Directors, Independent Director / CK Power Public Company Limited
2012 – Present	Chairman of the Board of Directors, Independent Director / Scan Inter Public Company Limited
2018 – Present	Chairman of the Board of Directors, Independent Director / S.Khonkaen Foods Public Company Limited
2018 – Present	Chairman of the Board of Directors / Property Perfect Public Company Limited

- Position in Company Limited

2010 – Present	Chairman of the Board of Directors / Xayaburi Power Company Limited
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Years of Holding Office of Director : 6 months

Office of Director / Other Offices Held at Present :

- Other Listed Companies : 3 - CK Power Public Company Limited
- Scan Inter Public Company Limited
- Property Perfect Public Company Limited)
- Other Business than a Listed Company : 1 - Xayaburi Power Company Limited
- Other Business that May Result in a Conflict of Interests with the Company : - None -



2. Dr. Charoen Rujirasopon Age : 71 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

Educational 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

Certificate / Advanced Level Certificate :

- 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 the Company's Management :

- Mrs. Niramorn Rujirasopon's Spouse
- Mr. Jaraspon Rujirasopon and Mr. Jarunpoj Rujirasopon's Father
- Mr. Thanakrit Rujirasopon's Uncle

Working Experience in 5 Years :

Period	Position / Company
2018 - Present	Vice President of King Prajadhipok's Institute
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 / 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	- Chairman of Executive Board. - Chief Executive Officer } S. Khonkaen Foods Public Company Limited
2012 – Present	Vice President of Swine Producers and Processors for Exporting Association
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 : 6 years (since 12 November 2012)

Directorship in Other Companies

- Other Listed Companies : - None -
- Other Business than a Listed Company : 7
 - Mahachai Foods Company Limited
 - S K K Food Company Limited
 - S.Pasusat Company Limited
 - S. Training Center Company Limited
 - Thai Home Food (Bangkok) Company Limited
 - 3D Food and Beverage Company Limited
 - S. Khonkaen (Netherlands) B.V.
- Other Business that May Result in a Conflict of Interests with the Company : - None -



3. Mr. Worapon Lopansri Age : 54 Years

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

Date of Appointment : Director and 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
- Audit Committee Forum, Learn, unlearn and relearn - Audit Committee in the age of disruption on 12th November, 2018
- IA Day “ Connecting the world ” on 13th December 2018

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 : 4 years and 8 months (since 29th April 2014)

Office of Director / Other Offices Held at Present :

- Other Listed Companies : 1 - 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 -



5. Mr. Chusak Vijakkhana Age : 68 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 the 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
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
October 2016 - 2017	Director / Mahachai Food Processing Co., Ltd.

Years of Holding Office of Director : 14 years

Office of Director / Other Offices Held at Present :

- Other Listed Companies : 1 - Mahachai Hospital Public Company Limited
- Other Business than a Listed Company Limited : 5 - P.S.D. & Associate Company Limited
 - Chao Phaya Hospital Public 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 -



Date of Appointment : Director and Independent Director 11th January 2000
Chairman of Recruitment and Compensation on
Remuneration Committee 24th February 2014

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

- 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)

Relationship with the Company's Management : - None -

Period	Position / Company
2014 - Present	Chairman of the Recruitment and Compensation on Remuneration Committee S. Khonkaen Foods Public Company Limited
2000 - Present	Director and Independent Director S. Khonkaen Foods Public Company Limited

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. Miss Panchama Vipamas Age : 67 Years

Present Position : Director and Independent Director

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

Educational Background :
- M.B.A., Thammasat University
- Master of Accountancy, Chulalongkorn University
- Bachelor of Laws, Sukhothai 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 the 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
2015 – Present	Director / S. Khonkaen Foods Public Company Limited
10 th October 2006 – Present	Certified Public Accountant
Past Working Experience :	
July 2015 – December 2016	Vice President (Accounting & Finance) / C.J. Express Group Co., Ltd.
10 th November 2014 –	Risk Management Sub-committee Member /
22 nd February 2017	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 : 4 years

Directorship in Other Companies :

- 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 -



B. Mrs. Niramom 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 the Company's Management :

- Dr. 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 (under liquidation)
2015 – Present	Director / S. Training Center Company Limited
2015 – Present	Director / C N N Holding 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
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	Director / S. Pasusat Company Limited
1989 - Present	Director / S K K Food Company Limited
Past Working Experience :	
1989 - 17 October 2018	Director / Mahachai Food Processing Company Limited
10 th November 2014 -	Risk Management Sub-committee Member /
13 May 2016	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 : 24 years and 7 months

Directorship in Other Companies :

- Other Listed Companies : - None -
- Other Business than a Listed Company : 9
 - 3D Food and Beverage Company Limited
 - Thai Home Food (Bangkok) Company Limited
 - S. Training Center Company Limited
 - C N N Holding Company Limited
 - S. Khonkaen (Netherlands) B.V.
 - 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. Mr. Jaraspon Rujirasopon Age : 36 Years

Present Position : Executive Director and
Chief Executive (QSR)

Date of Appointment : Executive Director 14th August 2008
Chief Executive (QSR) 15th December 2018

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
- Director Certification Program (DCP), Certificate, Class 216/2013

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

Relationship with the Company's Management :

- Son of Dr. 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
15 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
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
14 th Oct 2015 – 14 th Nov 2018	Executive Director / Thai Home Food (Bangkok) Company Limited
S. Khonkaen Foods Public Company Limited :	
2 nd Aug 2016 – 15 th Dec 2017	Chief Executive Operation (QSR)
20 th Aug 2015 – 1 st Aug 2016	Executive Vice President (QSR) and - Assistant Executive Vice President (Strategy, QSR)
1 st Mar 2014 – 19 th Aug 2015	- Assistant Chief Executive Officer (Operation) and - Acting Director, QSR (T)
15 th Nov 2013 – 29 th Sep 2014	Assistant to Deputy Chief Executive Officer
1 st Jan 2012 – 14 th Nov 2013	Director, QSR

Years of Holding Office of Director : 10 years and 4.5 months

Office of Director / Other Offices Held at Present :

- Other Listed Companies : - None -
- Other Business than a Listed Company : 5
 - 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. Mr. Jarunpoj Rujirasopon

Age : 32 Years

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

Educational Background : Bachelor of Business Administration, Major in Finance,
Faculty of Commerce and Accountancy, Chulalongkorn University

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

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

Relationship with the Company's Management :

- Son of Dr. 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	- Chief Executive (Support) - Acting Chief Executive (Marketing and Sales) - Acting Chief Executive Operation (Supply Chain)
10 th October 2016 - Present	Executive Director / Mahachai Foods 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
1 st Aug 2016 – May 2017	S.Khonkaen Foods Public Company Limited Acting Chief Executive Operation (Production)
1 st Aug 2016 – Jan 2017	- Chief Executive Operation (Support) - Acting Chief Executive Officer (Marketing and Sales)
1 st Aug 2016 – 31 st Aug 2016	Acting Human Resource and Administration Director
20 th Jul 2015 – 31 st Jul 2016	- Executive Vice President (Support) - Acting Executive Vice President (Marketing and Sales) - Acting Executive Vice President (Production)
1 st Jul 2015 – 19 th Jul 2015	- Executive Vice President (Support) - Acting Executive Vice President (Marketing and Sales) - Acting Executive Vice President (Production)
1 st Jan 2015 – 30 th Jun 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 Nov 2014 – 22 nd Mar 2017	Member of Risk and Management Sub-committee
1 st Mar 2014 – 30 th Jun 2015	Assistant to Chief Executive Officer (Support)
1 st Mar 2014 – 31 st Dec 2014	Acting Quality Management and Organization Improvement Director
1 st May 2013 – 28 th Feb 2014	- Acting Assistant to Chief Executive Officer (Support) - Acting Strategic and Business Development Director - Acting Director – Information System and Technology
1 st Jan 2010 – 28 th Feb 2014	General Manager (Strategy)

Years of Holding Office of Director : 3 years and 8 months

Directorship in Other Companies :

- Other Listed Companies : - None -
- Other Business than a Listed Company : 6
 - Mahachai Foods 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. Mr. Thanakrit Rujirasopon Age : 52 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

Educational 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 the Company's Management :

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

Working Experience in 5 Years :

Period	Position / Company
1 st May 2017 – Present	S. Khonkaen Foods Public Company Limited : Chief Executive Operation (Production)
23 rd March 2017 – Present	Member of Risk Management Committee
29 th April 2013 – Present	Executive Director
2016 – 2017	Production Director (Bangplee Factory)
2015 – 2016	Deputy Managing Director (Production) - S.Bangplee
2002 – 2015	Director, Production 1
2002 - 2003	Executive Director

Years of Holding Office of Director : 5 years and 8 months

Directorship in Other Companies :

- 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. Mrs. Sirilak Chaiwattanaprapa Age : 58 Years

Present Position : Executive Director

Date of Appointment : 13th May 2016

Educational Background :

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

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

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

Relationship with the Company's Management : - None -

Working Experience in 5 Years :

Period	Position / Company
13 th May 2016	S. Khonkaen Foods Public Company Limited : 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

Office of Director / Other Offices Held at Present : 2 year and 7.5 months

Directorship in Other Companies :

- 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 -



13. Mrs. Narinthorn Asawapanyawongse Age : 56 Years

Present Position : Chief Financial Officer

Date of Appointment : 1st April 2016

Educational Background :

- Master of Business Administration, Chulalongkorn University
- Bachelor of Business and Accounting (Accounting / Finance), Thammasat University
- Orientation Course CFO (Federation of Accounting Professions)
- MMP, Chulalongkorn University

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

- Director Certification Program (DCP 257/2561) / Thai Institute of Directors Association (IOD)

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

Relationship with the Company's Management : - None -

Working Experience in 5 Years :

Period	Position / Company
1 st April 2016 – Present	Chief Financial Officer / S.Khonkaen Foods Public Company Limited
1 st January 2017 – Present	Chief Executive (Accounting and Finance) / S.Khonkaen Foods Public Company Limited
1 st April – 31 st December 2016	Chief Executive (Accounting and Finance) / 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. Dr. Wanwarang Watcharananun Age : 40 Years

Present Position : Chief Executive
(Research, Deveopment and Innovation)

Date of Appointment : 1st September 2017

Educational Background :

1997 - 2001	B.S. (Food Science & Technology), Kasetsart University
2001 - 2003	M.S. (Food Science & Technology), King Mongkut's Institute of Technology Ladkrabang
2004 - 2010	Ph.D. (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 the Company's Management : - None -

Working Experience in 5 Years :

Period	Position / Company
1st September 2017 – Present	Chief Executive (Research, Development and Innovation) / S.Khonkaen Foods Public Company Limited
2012 – 2003	Research & Development Assistance Vice President / CPF (Thailand) Public Company Limited
2010 – 2012	Manager, Research & Development Office CPF (Thailand) Public Company Limited



15. Miss Kalvarat Vithitamataya Age : 64 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

คุณวุฒิทางการศึกษา : 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 the Company's Management : - None -

Working Experience in 5 Years :

Period	Position / Company
13th August 2008 – Present	S. Khonkaen Foods Public Company Limited : 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) Register of directors;
- (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 of S. Khonkaen Foods Public Company Limited is well aware of the importance and benefit of good corporate governance because it reflects the availability of efficient, transparent and verifiable systems of management and helps build trust and confidence of shareholders, investors, stakeholders and all parties concerned and leads to stability and prosperity. Therefore, it could be said that good corporate governance serves as a tool to increase values and promote sustainable growths of the Company

The Board of Directors, having an intention to encourage S. Khonkaen Foods Public Company Limited to be a company with good corporate governance and good management, with fairness, transparency and verifiability in the conduct of business, formulated a written policy on good corporate governance so that the directors, executives and all employees would adhere to it as performance guidelines. The Board of Directors formulated 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. Its content was also revised and supplemented in accordance with the Principles of Good Corporate Governance for Listed Companies of 2017, which had been prepared by the Stock Exchange of Thailand. In addition, the Company's policy was 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 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

Shareholders have the right of ownership by controlling the Company through the appointment of a Board of Directors to perform the duties on their behalf, and they have the right to make decisions relating to significant changes of the Company. Therefore, the Company encourages the shareholders to exercise their rights.

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.
- 12) The Board of Directors has ensured that the shareholders participate in decisions to be made on important matters of the Company.
- 13) The Board of Directors has seen to it that proceedings on the day of the shareholders' meeting are taken with propriety, transparency and efficiency and that the shareholders are enabled to exercise their rights.
- 14) The Board of Directors has seen to it that resolutions of the meeting are disclosed and minutes of the meeting of shareholders prepared correctly and completely.

Chapter 2 : Equitable Treatment of Shareholders

All shareholders who are executives and are not executives, including foreign shareholders, will be treated fairly and equally.

- 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.

Chapter 3 : Role of Stakeholders

Stakeholders will be cared for by the Company in accordance with the rights they have under the pertinent laws. The Board of Directors has considered that there must be a process promoting cooperation between the Company and the stakeholders in building up wealth, financial stability and business sustainability.

- 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 supports collaboration between the Company and stakeholders, including related persons throughout the supply chain, in creation of prosperity, jobs, and sustainably strong financial position of the Company and promotes sustainable joint development in economic, social and environmental terms. 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. The Company has channels to receive clues or complaints in the event a stakeholder has sustained injury by an infringement of his/her rights. In this regard, there is a measure to compensate appropriately in accordance with the rights the stakeholder ought to have under the pertinent laws and there is also a process to consider and remedy defects or impacts that have arisen and to find guidelines for preventing a recurrence of the relevant incident.

3.1 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.

3.2 Roles toward Employees

The Company discerns the importance of employees who are regarded as valuable resources. Therefore, it treats all employees fairly and equally on the basis of human rights. There is no discrimination against colors, race, gender and religion. No child labor or illegal labor is used. It has the policy to manage wages and remuneration with adherence to equity and suitability for the job description, responsibilities and capability of each employee and such wages and remuneration are comparable to ones of companies in the same industry. It also has the policy to develop and improve the knowledge and ability of employees continuously for progress in their career. In addition, the Company has formulated a policy to take care of its working environment for safety to life and property of its employees in accordance with the laws and universal standards. Knowledge and training on safety and working environments are provided continuously to employees and individuals concerned.

3.3 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. The Company attaches importance to quality control for delivery of quality products and services and complies in a transparent and equitable manner with contracts, agreements or conditions it has towards customers. It has made available systems or channels of communication so that customers may complain about the quality of products and services or their dissatisfaction and that the Company is able to satisfy the customers' needs promptly and maintain good and sustainable relationships with them. Also, it has cognizance of, is concerned about, pays attention to, and is responsible for customers in the case where they have suffered health or safety impacts that might result from the use of products / services of the Company.

3.4 Roles toward Business Partners and/or Creditors

The Company has determined clear, transparent and fair procedures for recruiting, selecting and assessing business partners, taking into consideration the maximum benefit to the Company, and 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.

3.5 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. Also, it shall not do any acts which infringe intellectual property and copyrighted works of other persons or business partners.

3.6 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. It has cognizance of, is concerned about and pays attention to safety and quality of life of communities and society. It responds quickly and efficiently to events producing impacts on communities, society and the environment as a result of the conduct of activities of the Company by cooperating fully with government units and agencies concerned, participating in social responsibility regarding public interests, environment conservation, good interaction and community development. It does not support any activity that is harmful to society, communities, the environment or good morals. It supports and promotes activities that maintain decent customs, traditions and cultures, and it also campaigns for and cultivates consciousness and voluntary mind among employees so that they are responsible for society, communities and the environment, conserve resources and energies and use them efficiently and do not perform any acts that would produce harmful impacts on natural resources and the environment. This is to build society for ones to live happily together, develop virtues and ethics and maintain decent cultures with respect to the working environment and atmosphere in both the factories and the office. The Company has made available places which are clean, orderly and healthy according to international standards. Standard environmental values are measured regularly at the time specified. Employees' habits are promoted and made in order that they have experience in doing activities

for their awareness of and participation in the care, improvement and maintenance of the environment so that it is in an appropriate condition at all times. In addition, the Company will disclose the implementation of its policies as appropriate by preparing a social responsibility report for inclusion in its annual report and/or for presentation on its website.

3.7 Roles toward the Public Sector

The Company abides by pertinent laws, criteria, regulations and rules. It has good attitudes towards and has trust in government agencies, and it cooperates in being a good citizen and pays taxes correctly.

- 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
- Letter to be put in a comment box.

- 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 it has communicated such policy and guideline to all levels of the organization and publicized the practices.

Chapter 4 : Disclosure of Information and Transparency

The Board of Directors will see to it that the Company discloses significant information related to the Company in both financial and nonfinancial terms correctly, completely, in time and with transparency via easily accessible, equitable and reliable channels.

- 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 communicate in an appropriate, equitable and timely manner with shareholders and stakeholders, such as 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.
- 8) The Board of Directors is responsible for seeing to it that the system prepares financial reports and discloses significant information correctly, sufficiently, in time and in accordance with relevant rules, standards and guidelines.
- 9) The Board of Directors has monitored the sufficiency of the financial liquidity and ability to repay the debts.
- 10) In a state where the business encounters or tends to encounter a financial problem, the Board of Directors has ensured that the organization has a plan to solve the problem or has other mechanisms that will enable it to solve the problem, provided the stakeholders' rights are taken into consideration.
- 11) The Board of Directors prepares such information or report on sustainability as appropriate.
- 12) The Board of Directors has promoted the application of information technology to the publication of data.

Chapter 5 : Responsibilities of the Board of Directors

The Board of Directors plays an important role to supervise the business for maximum benefit of the Company. The Board of Directors is responsible for the results of the performance of its duties towards the shareholders and is dependent of management.

Principles of Practice for the Board of Directors

1. Realize the roles and responsibilities of the directors as organization leaders who build sustainable value for the business;
2. Set objectives and main targets of sustainable business;
3. Strengthen an effective Board of Directors;
4. Recruit and develop high-ranking executives and manage personnel;
5. Promote innovations and business operations with responsibility;
6. Make available appropriate systems of risk management and internal control;
7. Maintain creditability in terms of finance and information disclosure;
8. Support participation and communication with shareholders.

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

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.

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.1992 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 determine business directions, targets and policies of the Company;
2. To approve / review annual plans and budgets, corporate policy, business plans as well as to supervise performance of Management so that it conforms efficiently and effectively to 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;
3. To appoint the Audit and Corporate Governance Committee and other committees;
4. To supervise management operations to ensure that they are in agreement with the approved policies, business plans, and budget;
5. To direct the Company to undertake a comprehensive risk management system and effective process, reporting and monitoring of risk management;
6. To report accountability of the Board of Directors for preparation of financial statements along with the auditor's report in the annual report;
7. To treat the shareholders and stakeholders fairly in respect of conflict of interests, transparency of operations, and adequate disclosure of information;
8. To consider remuneration of directors and propose to the shareholders' meeting for consideration;
9. 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 Nuchplean, 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 32 years and conducted as the Chairman of the Audit and Corporate Governance Committee, a review of the financial statements in 2018.

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;

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|----|-------------------------------|---|
| 1. | Mr. Charoenphan Phantumongkol | Chairman of the Recruitment and Compensation on Remuneration Committee and independent director |
| 2. | Mr. Chusak Vijakkhana | Member of the Recruitment and Compensation on Remuneration Committee and independent director |
| 3. | Dr. 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 years 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

The Risk Management Committee consists of company directors and senior 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 Asawapanyawongse | Member of the Risk Management Committee |
- With Mr. Sompak Kiratipongwuthi as the secretary to the Risk Management Committee.

Term of Office

Members of the Risk Management Committee hold a term of office of 2 years or during their tenure of directorship of the Company. A retired member is eligible for re-election by the Board of Directors to the office of member of the Risk Management Committee.

The scope of powers, duties and responsibilities of the Risk Management Committee are as follows:

- (1) Formulate risk management policies and recommend guidelines relating to the suitable and efficient development and improvement of the risk management process throughout the organization;
- (2) Make available a process to indicate, analyze, evaluate, manage and report information about risk management continuously and regularly throughout the organization;
- (3) Supervise, monitor and evaluate the risk management process throughout the organization;
- (4) Perform such duties as entrusted by the Board of Directors.

4) Executive Committee

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

1. Dr. Charoen Rujirasopon	Chairman of Executive Director and Chief Executive Officer
2. Mrs. Niramon 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 Asawapunyawongse	Chief Financial Officer
8. Dr. Wanwarang Watcharananun	Chief Executive (Research, Development and Innovation)

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.

Powers, Duties and Responsibilities of the Chief Executive Officer

1. To manage business of the Company in accordance with policies, the laws, objects, Articles of Association, resolutions of shareholders meetings, Board meetings and Executive Board meetings, and relevant regulations;
2. To give instructions or take any actions which are necessary and reasonable for good success in the action under 1, and, in the case of important matters, to report to Board meetings and/or Executive Board meetings;
3. To consider and approve inductions, appointments, transfers, removals, and to consider merits and disciplinary measures, as well as to determine remuneration and welfare of employees, provided all such actions are not inconsistent with the powers of the Executive Board.

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 6 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 1 meeting 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 3 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.

Recruitment of Directors and Senior Executives

Criteria for and Process of Appointing New Directors and High-Ranking Executives

In the case where the positions of directors and high-ranking executives of the Company become vacant, the Company has criteria for and a process of recruiting directors and high-ranking executives with transparency. The Recruitment and Compensation Committee performs the duty to consider and recruit new directors and high-ranking executives on the basis of qualifications, knowledge, ability, work experience, necessary skills which are still lacked in the Board of Directors and the high-ranking executives, without limitation of sex, and those persons must be ready to devote their time fully to the performance of their duties and must not be of forbidden nature according to law and principles of good corporate governance. The appointment of directors of the Company is partially based on a director database (director pool) or advice of a consulting company (professional search firm), as the case may be, and this will lead to Board diversity. And a Board Skill Matrix is then prepared to determine qualifications of directors to be recruited. Such determination is based on necessary skills which are still lacked in the Board of Directors and on business strategies of the Company, for example, if the Company has a new business strategy in addition to the existing ones that are being implemented, then it is required to recruit directors with qualifications and experience which are consistent with the new business to be conducted by the Company, so that such recruitment is proposed to the Board of Directors and/or the meeting of shareholders, as the case may be, for consideration and approval. This is deemed to be a process in the appointment of directors of the Company.

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.

Preparation of a plan for succession to the office of Chief Executive Officer and Deputy Chief Executive Officer to ensure that the Company has executives with knowledge and ability sufficient for the performance of their duties, as set out as follows:

- (1) The Board of Directors makes available a plan for executive potential development to prepare a plan for succession to the office of chief officer in every line.
- (2) The Recruitment and Compensation Committee considers and determines knowledge, competency and experience of each position to select an executive who has such compatible qualifications as required and is able to succeed to such position.
- (3) The Chief Executive Officer evaluates performance and knowledge and competency of an executive with compatible qualifications in comparison with the level of competency needed to prepare an individual development plan for the purpose of reducing the competency gap.
- (4) The Human Resource Management (Executive HR) Committee is assigned to oversee and follow up training and knowledge and competency development of the successor to the office of Chief Executive Officer.
- (5) The Chief Executive Officer causes duties and responsibilities of executives with compatible qualifications to rotate and assigns an executive at the level of Deputy Chief Executive Officer to attend Executive Board meetings so that he/she may have understanding and experience and be ready to manage the organization in future.
- (6) The Chief Executive Officer reports to the Recruitment and Compensation Committee once a year on the performance and the progress in the development under the individual development plan of the executive with compatible qualifications.
- (7) The Recruitment and Compensation Committee reviews and summarizes the results of the preparation of the plan for succession to the office of Chief Executive Officer and of Deputy Chief Executive Officer regularly and reports the Board of Directors once a year.

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 2018, the Company and its subsidiaries paid audit fee to two auditors namely,

- | | | |
|---------------------------------------|------------------|-----|
| • EY Office Limited | Baht 3,400,000.- | and |
| • Miss Wiparat Triwacharanont | Baht 9,000.- | and |
| • Pawaporn Accounting Company Limited | Baht 25,000.- | |

The amount of which can be broken down to

- | | | |
|--|----------------|-----|
| • the audit fee incurred to the Company | Baht 1,600,000 | and |
| • the audit fee incurred to the subsidiaries | Baht 1,834,000 | |

2. Non-Audit fees :

- Other service fees

- Service fees for observation of the destruction of inventory of S.Khonkaen Foods Public Company Limited. of Baht 10,000.-
- Service fees for observation of the destruction of inventory of Mahachai Foods Company Limited of Baht 10,000.-
- 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 2016 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 for Information System;
- Operation Control for Data Communication; and
- Operation Control for 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 2018, 4 meetings in total of the Audit and Corporate Governance Committee were held and members of the Committee were present at all those 4 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.

Risk Management Committee's Report

To : The Shareholders
S. Khonkaen Foods Public Company Limited

As you may be aware, S. Khonkaen Foods Public Company Limited has the policy to encourage itself to be an efficient organization in terms of the conduct of business, good corporate governance, excellent management and administration and the responsible, ethical, fair, transparent and verifiable conduct of business. It aspires to generate maximum interests to shareholders and takes stakeholders concerned into account so as to build trust and grow sustainably. It also wants to upgrade its corporate governance to a level which is standard and consistent with the course of practice of the relevant compliance unit.

The Board of Directors has therefore appointed a risk management committee to perform the duty to determine risk management frameworks, risk management policies, risk management procedures and risk management committee charters and to assess business risks, formulate regulatory and preventive measures and prepare risk management plans as well as to supervise, support, monitor and evaluate the efficiency of the risk management process, reporting progress to the Board of Directors.

In 2018, there was 1 meeting of the Risk Management Committee. The essence of the conduct of its activities was, in summary, as follows:

1. Following up and evaluating the implementation of the action plan specified in the risk register of the organization to ensure the systematic and efficient management of risks, with the ability to achieve the established objectives;

2. Considering and reviewing risk information in the risk register of the organization so that it was consistent with and suitable for current circumstances and that it served as information for the management, control, monitoring, evaluation and improvement of the risk management process for its continued efficiency throughout the organization; and reporting on the progress in the work and in the risk management to the Board of Directors and the shareholders for acknowledgement.

As a consequence of the action taken as above, the Risk Management Committee is confident that the Company's risks are managed efficiently with an internal control system which is sufficient and appropriate and consistent with the guidelines for good corporate governance.



(Mr. Jarunpoj Rujirasopon)

Chairman of the Risk Management Committee

Inter-company Transactions

During Year 2018, 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, Phaya Yen Sub-district, Pak Chong District, Nakhon Ratchasima Province, covering the area of approx. 368 Rai, 72 square Wah.	Baht 526,497.40

Note : The lease is for a term of 3 (three) years counting from 1st October 2015 until 30th September 2018 at the yearly rental rate Baht 478,634.- When the contract is due, it is mutually agreed to extend the contract by another term of 3 years, starting from 1st October, 2018 to 30th September, 2021 at the yearly rental rate Baht 526,497.40.

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.

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 in-house 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 Set up 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 :

- The Company will implement and develop an energy management system appropriately by stipulating that the energy conservation form an integral part of the conduct of business by the Company in accordance with the laws and other relevant requirements;
- 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 performance guidelines;
- 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;
- 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;
- 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;
- Management and the Energy Management Working Group will review and improve the energy policy, target and action plan every year.

1.2 Organize activities to promote the earnest participation of all levels of employees of the Company in various groups of activity, i.e. 5Sor., Kaizen, TQM, Cost Reduction and work improvement to reduce processes, reduce procedures, reduce resources and use resources in a worthwhile manner for work;

- 1.3 Hold activities and seminars to provide all levels of employees with knowledge and understanding of the systems of quality: GMP, HACCP and Safety, and emphasize the employees' participation in energy conservation projects for the purpose of worthwhile use of energies and reduction of waste from the use of energies;
- 1.4 The Company had employees participate in training on water management, waste management, health promotion and disease prevention, the prevention and resolution of narcotic drug problems. Training on working environments was made available and places in the Company's area were improved so that the employees would stay in better and safer environments (details of the training are mentioned under the heading Personnel). And private companies that had been granted lawful concessions by Sub-district Administrative Organizations were employed to remove garbage and waste materials for disposal through a proper process, whereas wastewater from the factories was treated by wastewater treatment systems and wastewater quality was checked and controlled in accordance with standards before it was discharged into public canals.
- 1.5 One of the projects which the Company has implemented continuously for society and the environment is the processing of pig dung into biogas for the generation of electricity for use in the pig farm. Apart from eliminating the pollution effectively, the Company has used by-products in the category of dried pig dung as organic fertilizers. These organic fertilizers have been distributed to villagers in the surrounding areas.

2) Activities for Society

- Sponsor a charity golf tournament held by Class No. 9 students of King Prajadhipok's Institute, Diploma Course in Public Administration and Public Law, on February 24, 2018;
- Participate in the donation to the Thai-Chinese Culture and Economy Association on April 25, 2018;
- Make a contribution to the Teacher's Fund of the Assumption Commercial College on July 6, 2018;
- Participate as a sponsor of the " September 5 : King Prajadhipok's Day " Event of 2018 on September 5, 2018;
- Participate in the donation to the Royal Kathin Ceremony of Wat Suwannaram Ratchaworawihan, Bangkok Metropolis, on November 4, 2018;
- Participate as a sponsor in the holding of a charity golf tournament for a " Brother Bernard's " trophy of the Brother Bernard Foundation on November 28, 2018;
- Participate as a sponsor in the holding of the Attractive Bird Festival of Thailand, No. 7, of the Attractive Bird Federation of Thailand on December 9, 2018.

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 2018, the Audit and Corporate Governance Committee has held 4 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 2018, 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 2018 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 result of which the company got 4 stars from Corporate Governance Report of Thai Listed Companies in 2018, increased from 2 stars in 2014. Additionally, in 2018, 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 2018.

Furthermore, in 2018 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 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.



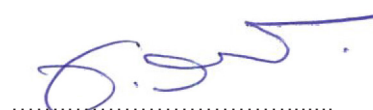
(Mr. Worapon Lopansri)

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 2018		31 December 2017		31 December 2016	
	Baht Mil.	%	Baht Mil.	%	Baht Mil.	%
Cash and cash equivalent	79.18	3.3	81.51	3.3	79.31	3.5
Trade and other receivables	450.91	18.7	418.20	16.9	397.20	17.3
Inventories	263.95	11.0	214.87	8.7	201.46	8.8
Other current assets	6.07	0.3	5.45	0.2	4.43	0.2
Total current assets	800.11	33.3	720.03	29.1	682.40	29.8
Non-current biological assets	14.15	0.6	18.85	0.8	17.02	0.7
Property, plant and equipment	922.53	38.3	929.68	37.6	845.65	36.9
Investment properties	643.83	26.8	647.55	26.2	628.10	27.4
Other non-current assets	25.09	1.0	159.64	6.4	118.20	5.2
Total assets	2,405.71	100.0	2,475.75	100.0	2,291.37	100.0
Bank overdraft and short-term loans	443.55	18.4	646.67	26.1	550.52	24.0
Trade and other payables	324.74	13.5	286.32	11.6	277.64	12.1
Current portion of long-term loans	95.01	4.0	94.70	3.8	89.06	3.9
Other current liabilities	36.63	1.5	29.24	1.2	34.77	1.5
Total current liabilities	899.93	37.4	1,056.93	42.7	951.99	41.5
Long-term liabilities	370.87	15.4	416.42	16.8	453.49	19.8
Provision for long-term employee benefits	76.75	3.2	64.72	2.6	63.16	2.8
Total liabilities	1,347.55	56.0	1,538.07	62.1	1,468.64	64.1
Equity to owners of the Company	1,056.74	43.9	936.64	37.8	822.14	35.9
Non-controlling interests of the subsidiaries	1.42	0.1	1.04	0.1	0.59	0.0
Total shareholder's equity	1,058.16	44.0	937.69	37.9	822.73	35.9
Total liabilities and shareholder's equity	2,405.71	100.0	2,475.75	100.0	2,291.37	100.0

Statement of Income	Year Ended					
	2018		2017		2016	
	Baht Mil.	%	Baht Mil.	%	Baht Mil.	%
Revenue from sales	2,869.75	97.2	2,707.52	97.5	2,639.62	97.8
Revenue from rental and service	11.08	0.4	26.32	1.0	14.59	0.5
Other income	71.33	2.4	42.82	1.5	45.95	1.7
Total revenue	2,952.16	100.0	2,776.66	100.0	2,700.16	100.0
Cost of sales	1,943.49	65.8	1,878.97	67.7	1,866.32	69.1
Cost of rental and service	15.03	0.5	16.18	0.6	8.44	0.3
Selling expenses	423.57	14.4	408.74	14.7	378.29	14.0
Administrative expenses	291.13	9.9	256.91	9.3	273.22	10.2
Operating income	278.94	9.4	215.86	7.8	173.89	6.4
Financial cost	36.78	1.2	42.03	1.5	37.10	1.4
Tax expense	50.51	1.7	37.10	1.3	27.95	1.0
Profit for the year	191.65	6.5	136.73	4.9	108.84	4.0
Non-controlling interests of the subsidiaries	0.38	0.0	0.33	0.0	(0.33)	0.0
Equity holders of the Company	191.27	6.5	136.40	4.9	109.17	4.0

Cash Flow Statement	Year Ended		
	2018	2017	2016
	Baht Mil.	Baht Mil.	Baht Mil.
Profit from operating activities (before changes in operating assets and liabilities)	343.31	301.08	246.79
Net cash flows from operating activities	275.72	222.03	204.38
Net cash flows from investing activities	77.94	(125.13)	(444.59)
Net cash flows from financing activities	(356.00)	(95.58)	252.76
Net increase in cash and cash equivalents	(2.34)	1.32	12.55
Cash and cash equivalents at beginning of year	80.68	79.31	66.76
Cash and cash equivalents at end of year	78.31	80.68	79.31

Financial Ratio	Year Ended		
	2018	2017	2016
Liquidity Ratio			
Current ratio (Times)	0.9	0.7	0.7
Quick ratio (Times)	0.6	0.5	0.5
Cash flow ratio (Times)	0.3	0.2	0.2
Accounts receivable turnover (Times)	6.6	6.7	6.7
Average collection period (Days)	54.3	53.7	53.6
Inventory turnover (Times)	8.1	9.0	9.5
Average day's sales in inventory (Days)	44.3	39.9	37.9
Account payable turnover (Times)	6.4	6.7	7.0
Average payment period (Days)	56.2	53.6	51.2
Cash Cycle (Days)	42.5	40.0	40.3
Profitability Ratio			
Gross profit margin (%)	32.02%	30.68%	29.37%
Operating profit margin (%)	9.68%	7.90%	6.55%
Net profit margin (%)	6.49%	4.92%	4.03%
Return to equity (%)	19.20%	15.53%	14.30%
Efficiency Ratio			
Return on assets (%)	7.85%	5.74%	5.23%
Return on fixed assets (%)	31.36%	26.38%	24.17%
Total asset turnover (Times)	1.2	1.2	1.3
Financial Policy Ratio			
Debt to equity ratio (Times)	1.3	1.6	1.8
Interest coverage ratio (Times)	9.8	7.1	7.2
Dividend payout ratio (%)	56.56%	82.58%	69.97%

Management's Analyses and Explanations

Operation Results in the Previous Year

(1) Overview of Previous Results of Operation

Revenues and Sales Revenue

The total revenue of S. Khonkaen Foods Public Company Limited or “ SORKON ” (the “ Company ”) and its subsidiaries amounted to Baht 2,952.2 million, increasing from that of 2017 by Baht 175.5 million or 6.3 percent. Included is the sales revenue of Baht 2,869.8 million, which increased from that of 2017 by Baht 162.3 million or 6.0 percent. These are increases from the sales turnover of the processed pork food business group by Baht 92.1 million and from that of the processed seafood group by Baht 51.2 million. In 2018, the Company earned a profit of Baht 22.2 million on the sale of the deposit of the payment for the land in Samut Prakan Province and an entry of Baht 34.0 million profit on a change in the fair value less the cost of sale of farmed pigs was made.

Gross Profit

The rate of the Company's gross profit in 2018 increased to 32.3 percent, from 30.6 percent in 2017, or by Baht 926.3 million, being Baht 97.7 million higher than that of the previous year or increasing by 11.8 percent, because of a decrease in the pork price and an increase in the sales turnovers, which resulted in a decrease in the production cost per unit, and because of the implementation of a productivity improvement project of the production line. The business group with the maximum gross profit valued at Baht 522.4 million was the processed pork food business.

Sales and Administrative Expenses

The sales and administrative expenses in 2018 increased from those of the previous year by 7.4 percent or Baht 49.0 million as a result of the development and training of employees. In addition, investments were made in the development and improvement of the information service and internal control systems for more efficiency.

Financial Expenses

The financial expenses in 2018 decreased from those of the previous year by Baht 5.2 million because the loans from financial institutions had been repaid by the Company.

Net Profit

The Company's net profit which constitutes its shareholders' equity in 2018 increased to Baht 191.3 million. When compared with that of 2017, the Company's net profit increased by Baht 54.9 million or 40.2 percent. The better operation results in this year were due to higher sales turnovers, greater efficiency in the management of raw materials and production costs and the profit on the sale of the deposit of the land payment.

Operating results of each business group

Type of Business	2018		2017		2016	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
1. Pork-based Foods (Native Food)	1,225.4	41.5	1,133.3	40.8	1,118.6	41.4
2. Processed Seafood (Fish Balls)	978.3	33.1	927.2	33.4	884.0	32.7
3. Snack Processed from Pork	124.0	4.2	101.4	3.7	99.4	3.7
4. Frozen Foods Ready-to-Eat	197.2	6.7	192.2	6.9	183.6	6.8
5. Food Shop (QSR)	138.8	4.7	158.6	5.7	129.7	4.8
6. Swine Farm	206.0	7.0	194.9	7.0	224.3	8.3
Total Sales	2,869.8	97.2	2,707.5	97.5	2,639.6	97.8
Other Income	82.4	2.8	69.1	2.5	60.5	2.2
Grand Total	2,952.2	100.0	2,776.7	100.0	2,700.1	100.0

- The revenue of the processed foods business group (including the groups of processed pork foods, processed seafood, snacks and frozen foods) amounted to Baht 2,525.0 million, increasing from that of 2017 by Baht 170.9 million or 7.3 percent;
- The revenue of the restaurant business amounted to Baht 138.8 million, decreasing from that of 2017 by Baht 19.8 million or 12.5 percent because the restaurant branches had decreased from those in 2017;
- The revenue of the pig farm business amounted to Baht 206.0 million, increasing from that of 2017 by Baht 11.1 million or 5.7 percent because of a rise in the pig price in the 4th quarter.

Financial Standing

Assets

As of December 31, 2018, the Company's assets amounted in total to Baht 2,405.7 million, decreasing from those of the previous year by Baht 70.0 million or 2.8 percent. Such change resulted from the sale of the Baht 127 million deposit of the payment for the land covering 20 Rai at the Bangpoo Nuea Industrial Estate.

Liabilities

As of December 31, 2018, the Company's liabilities amounted in total to Baht 1,347.6 million, decreasing from those of the previous year by Baht 190.5 million or 12.4 percent because the Company had applied the proceeds of the sale of the deposit of the payment for the land to the repayment of the loans from financial institutions.

Shareholders

As of December 31, 2018, the shareholders' equity of the Company amounted in total to Baht 1,058.2 million, increasing from that of the previous year by Baht 120.5 million or 12.8 percent because the Company earned a net profit of Baht 191.3 million and it paid a dividend of Baht 71.1 million and paid Baht 0.4 million as the equity of stakeholders without controlling powers of the subsidiaries.

Cash Flows

In 2018, the Company derived a net cash flow of Baht 275.7 million from its business activities. A net cash flow derived from investment activities amounted to Baht 77.9 million. An amount of Baht 153.7 million in cash was received from the sale of the deposit of the payment for the land at the Bangpoo Nuea Industrial Estate and an amount of Baht 81.4 million was invested in the purchase of fixed assets and a net cash flow of Baht 356.0 million was spent on financing activities. Baht 246.6 million was spent on the repayment of the long-term and short-term loans from financial institutions, Baht 36.9 million on the payment of interest and Baht 71.1 million on the payment of dividend. The cash in hand and cash equivalents of the Company as of December 31, 2018 amounted to Baht 78.3 million.

Liquidity

As of December 31, 2018, the liquidity ratio under the consolidated financial statements was equal to 0.9 time, which increased from that of the previous year, whereas the cash cycle equaled 43 days, increasing slightly from that of the previous year on account of an increase in the sales turnovers. The Company's long-term loans and financial leases due for (re) payment within Years 2019 - 2025 are as follows:

	2019	2020	2021	2022	2023	2024	2025
Repayment of Principal	95.0	81.6	55.9	70.3	61.3	49.8	17.6

As of December 31, 2018, the balance of the trade accounts receivable amounted to Baht 450.9 million, increasing by 7.8 percent, and the debt collection period was on average 54 days, which was equal to that of the previous year, and the Company's inventory amounted to Baht 264.0 million. The inventory was divided into finished goods and raw materials amounting to Baht 174.3 million and biological assets amounting to Baht 89.7 million and the inventory turnover ratio equaled 8.1 times, decreasing from that of the previous year which equaled 9.0 times, because of a rise in prices of pork and farmed pigs in the interval at the end of 2018. Such rise resulted in an increase in the inventory value.

Analysis of Financial Ratios

Profitability

The net profit margin equaled 6.5 percent, increasing from 4.9 percent in the previous year. This resulted from an increase in the sales turnovers, which decreased the production cost per unit, and from a reduction in the pork price.

The return on equity equaled 19.2 percent, increasing from 15.5 percent in the previous year, and the total return on assets equaled 7.9 percent, increasing from 5.7 percent in the previous year.

Financial Policy

The debt to equity (D/E) ratio equaled 1.3 times, decreasing from 1.6 times in the previous year, because the Company had repaid both the short-term and long-term loans amounting to Baht 246.6 million.

The interest coverage ratio equaled 9.8 times, increasing from 7.1 times in the previous year.

Payment of Dividend

According to the Company's policy on dividend payment, the total dividend paid in each year amounts to not lower than 50 percent of the annual net profit after income tax (according to separate financial statements). In this regard, the Board of Directors Meeting, No. 1/2019, held on February 25, 2019, resolved that the dividend derived from the operation results of 2018 be paid to the shareholders at the rate of Baht 2.50 per share and in the total amount of Baht 80.85 million. For this purpose, the Board of Directors will submit for consideration and approval the proposal for such dividend payment to the Ordinary Meeting of Shareholders of 2019, which would be held on April 25, 2019.

Factors or Events Which May Have Significant Effects in Future on the Financial Standing or the Conduct of Activities

Factors that would affect the conduct of activities of the Company are external ones which could not be controlled by the Company, such as the fluctuations in the prices of principal materials of the Company, such as farmed pigs, pork and fish, including national macroeconomic problems. In the Company's opinion, after the election in 2019 the economic conditions of Thailand will tend to be at a better level. There would probably be an expansion in the household expenses against that in 2018 in accordance with the betterment of income bases and employment, which became clearer. Moreover, the Company has improved its work efficiency, which includes the development of its products and the expansion of its distribution channels. This would result in the continued improvement in the conduct of activities of the Company.

Report on the Board's Responsibility for Financial Reports

To : The Shareholders
S. Khonkaen Foods Public Company Limited

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 2018 are reliable, with generally accepted accounting standards adhered to and the pertinent laws and rules and regulations correctly complied with.


.....
(Dr. Thanong Bidaya)

Chairman of the Board of Director


.....

(Dr. Charoen Rujirasopon)

Chairman of Executive Board

**S. Khonkaen Foods Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018**

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 2018, 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 2018, 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 large customer base. Therefore, I focused on my audit on the occurrence of the revenue from sales.

I have examined the revenue recognition of the 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.

Provision for diminution in the value of 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 obsolete and damaged inventories. This requires detailed analysis of the product life cycle, the competitive environment, economic circumstances and the situation within the industry. In addition, the Company has a large quantity and number of categories of inventories. Therefore, I focused my audit on the measurement of provision 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: 25 February 2019

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	7	78,307,864	80,675,067	50,052,387	61,683,767
Current investment		873,774	834,385	-	-
Trade and other receivables	6, 8	450,912,121	418,201,954	425,130,781	399,527,674
Short term loans to subsidiaries	6	-	-	215,461,088	194,642,718
Inventories	9	174,263,297	160,679,536	102,568,502	96,272,510
Current biological assets	15	89,690,744	54,185,838	-	-
Other current assets		6,065,093	5,453,025	3,102,185	2,941,083
Total current assets		800,112,893	720,029,805	796,314,943	755,067,752
Non-current assets					
Restricted bank deposits	10	1,466,938	1,481,890	-	-
Loan to unrelated company	11	-	5,000,000	-	5,000,000
Investments in subsidiaries	12	-	-	298,114,862	298,188,198
Investment properties	13	643,830,378	647,554,251	376,488,942	380,212,815
Property, plant and equipment	14	922,530,831	929,682,893	395,019,380	380,517,688
Deposits for land		-	127,000,000	-	127,000,000
Non-current biological assets	15	14,147,773	18,852,004	-	-
Intangible assets	16	13,834,772	14,613,859	12,820,843	14,148,490
Deferred tax assets	25	142,900	1,261,955	-	-
Other non-current assets		9,642,592	10,278,217	8,319,265	9,036,032
Total non-current assets		1,605,596,184	1,755,725,069	1,090,763,292	1,214,103,223
Total assets		2,405,709,077	2,475,754,874	1,887,078,235	1,969,170,975

S. Khonkaen Foods Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	17	443,552,106	646,665,119	398,151,308	581,546,700
Trade and other payables	6, 18	324,739,568	286,324,057	257,199,165	240,925,122
Current portion of financial lease payables	19	1,034,954	1,348,880	-	242,826
Current portion of long-term loans	20	93,974,399	93,352,963	43,639,399	41,579,963
Income tax payable		16,664,151	10,997,404	9,488,355	4,747,858
Other current liabilities		19,966,932	18,240,320	14,678,584	12,022,046
Total current liabilities		899,932,110	1,056,928,743	723,156,811	881,064,515
Non-current liabilities					
Financial lease payables, net of current portion	19	1,751,106	2,786,059	-	-
Long-term loans, net of current portion	20	334,709,820	378,798,720	291,309,820	285,384,720
Deferred tax liabilities	25	32,193,418	30,122,925	18,939,425	20,641,181
Provisions for long-term employee benefits	21	76,749,380	64,717,621	56,843,655	48,701,394
Other non-current liabilities		2,213,659	4,714,089	1,748,218	3,095,514
Total non-current liabilities		447,617,383	481,139,414	368,841,118	357,822,809
Total liabilities		1,347,549,493	1,538,068,157	1,091,997,929	1,238,887,324

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Shareholders' equity					
Share capital					
Registered					
32,340,000 ordinary shares of Baht 10 each					
(31 December 2017: 32,340,000 ordinary shares of Baht 10 each)		323,400,000	323,400,000	323,400,000	323,400,000
Issued and fully paid-up					
32,340,000 ordinary shares of Baht 10 each					
(31 December 2017: 32,340,000 ordinary shares of Baht 10 each)		323,400,000	323,400,000	323,400,000	323,400,000
Share premium		50,281,000	50,281,000	50,281,000	50,281,000
Share premium on treasury stock		37,552,153	37,552,153	-	-
Retained earnings					
Appropriated - statutory reserve	23	32,340,000	32,340,000	32,340,000	32,340,000
Unappropriated		451,561,720	331,437,194	269,707,123	204,910,468
Other components of shareholders' equity		161,604,952	161,633,388	119,352,183	119,352,183
Equity attributable to owners of the Company		1,056,739,825	936,643,735	795,080,306	730,283,651
Non-controlling interests of the subsidiaries		1,419,759	1,042,982	-	-
Total shareholders' equity		1,058,159,584	937,686,717	795,080,306	730,283,651
Total liabilities and shareholders' equity		2,405,709,077	2,475,754,874	1,887,078,235	1,969,170,975

S. Khonkaen Foods Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Revenues					
Sales		2,869,754,387	2,707,518,553	2,059,249,192	1,940,158,125
Revenue from rental and service	13	11,082,729	26,319,444	11,082,729	26,319,444
Dividend income	12	-	-	-	29,902,505
Interest income		532,033	631,631	7,753,165	6,613,452
Other income		14,518,093	14,515,564	9,185,774	11,273,174
Gain on sale of assets		-	1,284,273	-	832,841
Gain on sales of deposits for land		22,246,400	-	22,246,400	-
Gain (loss) on change in fair value less cost to sale of biological assets	15	34,026,230	(6,164,209)	-	-
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		2,952,159,872	2,776,664,441	2,109,517,260	2,041,817,526
Expenses					
Cost of sales		1,943,492,168	1,878,967,452	1,321,514,068	1,287,893,549
Cost of rental and service	13	15,032,666	16,182,183	15,820,742	16,182,183
Selling and distribution expenses		423,567,600	408,741,922	372,125,949	364,345,079
Administrative expenses		291,126,712	256,910,670	205,352,788	191,699,720
Total expenses		2,673,219,146	2,560,802,227	1,914,813,547	1,860,120,531
Profit before finance cost and tax expense		278,940,726	215,862,214	194,703,713	181,696,995
Finance cost		(36,781,170)	(42,027,385)	(28,785,668)	(32,068,604)
Profit before tax expense		242,159,556	173,834,829	165,918,045	149,628,391
Income tax expenses	25	(50,510,253)	(37,100,606)	(29,973,390)	(23,667,840)
Profit for the year		191,649,303	136,734,223	135,944,655	125,960,551
Profit attributable to:					
Equity holders of the Company		191,272,526	136,399,018	135,944,655	125,960,551
Non-controlling interests of the subsidiaries		376,777	335,205		
		191,649,303	136,734,223		
Earnings per share	26				
Basic earnings per share					
Profit attributable to equity holders of the Company		5.91	4.22	4.20	3.89

S. Khonkaen Foods Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2018

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit for the year	191,649,303	136,734,223	135,944,655	125,960,551
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	(28,436)	46,831	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Changes in revaluation of assets				
- net of income tax	-	73,009,024	-	41,185,047
Actuarial loss - net of income tax	-	(6,020,586)	-	(5,858,805)
Other comprehensive income for the year	(28,436)	67,035,269	-	35,326,242
Total comprehensive income for the year	191,620,867	203,769,492	135,944,655	161,286,793
Total comprehensive income attributable to:				
Equity holders of the Company	191,244,090	203,434,287	135,944,655	161,286,793
Non-controlling interests of the subsidiaries	376,777	335,205		
	191,620,867	203,769,492		

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements											
	Equity attributable to owners of the Company											
	Other components of equity holders											
	Other comprehensive income			Surplus on changes in proportion in interest of subsidiary			Total other components of shareholders' equity			Total equity attributable to owners of the Company		
	Issued and fully paid-up share capital	Share premium	Share premium on treasury stock	Retained earnings	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Surplus on revaluation of assets	Surplus on revaluation of subsidiary's assets	Surplus on proportion in interest of subsidiary	Total other components of shareholders' equity	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
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	9,930,672	502,260	88,577,533	587,209	822,731,657
Profit for the year	-	-	-	-	136,399,018	-	-	-	-	-	335,205	136,734,223
Other comprehensive income for the year	-	-	-	-	(6,020,586)	46,831	41,185,047	31,823,977	-	73,055,855	-	67,035,269
Total comprehensive income for the year	-	-	-	-	130,378,432	46,831	41,185,047	31,823,977	-	73,055,855	335,205	203,769,492
Increase non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid (Note 28)	-	-	-	-	(88,935,000)	-	-	-	-	-	218,063	218,063
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	41,754,649	502,260	161,633,388	1,042,982	937,686,717
Balance as at 1 January 2018	323,400,000	50,281,000	37,552,153	32,340,000	331,437,194	24,296	119,352,183	41,754,649	502,260	161,633,388	1,042,982	937,686,717
Profit for the year	-	-	-	-	191,272,526	-	-	-	-	-	376,777	191,649,303
Other comprehensive income for the year	-	-	-	-	-	(28,436)	-	-	-	(28,436)	-	(28,436)
Total comprehensive income for the year	-	-	-	-	191,272,526	(28,436)	-	-	-	(28,436)	376,777	191,620,867
Increase non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-
Dividends paid (Note 28)	-	-	-	-	(71,148,000)	-	-	-	-	-	-	(71,148,000)
Balance as at 31 December 2018	323,400,000	50,281,000	37,552,153	32,340,000	451,561,720	(4,140)	119,352,183	41,754,649	502,260	161,604,952	1,419,759	1,058,159,584

S. Khonkaen Foods Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of equity holders		Total shareholders' equity
			Statutory reserve	Unappropriated	Other comprehensive		
					Surplus on income	revaluation of assets	
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 28)	-	-	-	(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
Balance as at 1 January 2018	323,400,000	50,281,000	32,340,000	204,910,468	119,352,183	-	730,283,651
Profit for the year	-	-	-	135,944,655	-	-	135,944,655
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	135,944,655	-	-	135,944,655
Dividends paid (Note 28)	-	-	-	(71,148,000)	-	-	(71,148,000)
Balance as at 31 December 2018	323,400,000	50,281,000	32,340,000	269,707,123	119,352,183	-	795,080,306
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

S. Khonkaen Foods Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before tax expense	242,159,556	173,834,829	165,918,045	149,628,391
Adjustments to reconcile profit before tax expense to net cash provided by (paid from) operating activities:				
Depreciation	87,600,849	86,373,579	39,430,942	40,438,984
Depreciation of biological assets	8,129,393	8,064,896	-	-
Amortisation of intangible assets	3,004,757	2,965,866	2,870,880	2,836,118
Amortisation of deferred rental expense	(641,666)	(135,223)	731,666	225,223
Write-off leasehold right on buildings	-	2	-	2
Allowance for doubtful accounts of trade and other receivables (reversal)	143,556	624,405	(119,967)	165,015
Allowance for loan to unrelated company	5,000,000	-	5,000,000	-
Reversal of inventories to net realisable value	(182,719)	(6,865,866)	(201,542)	(6,091,581)
Loss (gain) on sales of equipment and intangible assets	139,797	(2,236,441)	736,065	(798,520)
Loss on impairment of equipment	-	2,775,455	-	2,775,455
Write-off equipment and intangible assets	3,921,576	13,849,976	3,073,589	13,849,973
Reversal of loss on impairment of investment properties	-	(25,582,134)	-	(19,740,934)
Loss on sales of investment properties	-	803,084	-	-
Loss on impairment of biological assets	877,459	-	-	-
Loss on diminution in value of investment in subsidiaries	-	-	73,336	4,500,000
Gain on sale of stud swine	(4,043,222)	(1,772,549)	-	-
Long-term employee benefit expense	16,972,659	7,672,551	11,702,829	5,351,185
Unrealised loss on exchange	250,030	126,052	221,250	231,171
Loss (gain) on changes in fair value less cost to sell of biological assets	(34,026,230)	6,164,209	-	-
Gain on sales of deposits for land	(22,246,400)	-	(22,246,400)	-
Reversal of loss on impairment of land	-	(6,977,051)	-	(6,977,051)
Interest income	(532,033)	(631,631)	(7,753,165)	(6,613,452)
Interest expenses	36,781,170	42,027,385	28,785,668	32,068,604
Dividends income	-	-	-	(29,902,505)
Profit from operating activities before changes in operating assets and liabilities	343,308,532	301,081,394	228,223,196	181,946,078

S. Khonkaen Foods Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Operating assets (increase) decrease				
Trade and other receivables	(33,460,104)	(21,782,377)	(25,713,323)	(12,446,580)
Inventories	(13,401,042)	(4,361,917)	(6,094,450)	8,573,714
Biological assets	(8,721,992)	(5,597,961)	-	-
Other current assets	(612,068)	(1,023,397)	(161,102)	420,071
Other non-current assets	635,625	446,729	716,767	357,228
Operating liabilities increase (decrease)				
Trade and other payables	34,382,367	1,229,884	13,725,369	28,874,512
Other current liabilities	1,726,612	(1,683,298)	2,656,538	(1,767,294)
Other non-current liabilities	(1,858,764)	(2,171,995)	(2,078,962)	(867,996)
Cash paid for long-term employee benefit	(4,940,900)	(13,632,148)	(3,560,568)	(6,385,312)
Cash flows from operating activities	317,058,266	252,504,914	207,713,465	198,704,421
Cash paid for corporate income tax	(41,336,357)	(30,470,008)	(26,934,649)	(17,630,483)
Net cash flows from operating activities	275,721,909	222,034,906	180,778,816	181,073,938
Cash flows from investing activities				
Decrease in restricted bank deposits	14,952	818,164	-	-
Increase in current investments	(39,389)	(834,385)	-	-
Increase in short-term loans to subsidiaries	-	-	(20,789,589)	(43,000,000)
Acquisition of equipment	(81,377,895)	(75,161,006)	(51,951,071)	(43,047,083)
Acquisition of stud swine and feed costs	-	(16,077,282)	-	-
Acquisition of computer software	(2,273,465)	(261,001)	(1,581,536)	(363,428)
Acquisition of investment properties	-	(700,000)	-	-
Cash paid for a deposits for purchase of land	(4,456,000)	(45,000,000)	(4,456,000)	(45,000,000)
Cash received from deposits for land	153,702,400	-	153,702,400	-
Increase in bearer plant	-	(38,038)	-	-
Proceeds from sales of equipment	4,815,642	3,913,122	577,268	2,166,711
Proceeds from sales of biological assets	6,983,917	5,247,638	-	-
Proceeds from sales of investment properties	-	2,285,913	-	-
Cash received from interest income	570,783	676,197	7,733,317	6,780,157
Dividend income	-	-	-	29,902,505
Net cash flows from (used in) investing activities	77,940,945	(125,130,678)	83,234,789	(92,561,138)

S. Khonkaen Foods Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(203,113,013)	96,146,477	(183,395,392)	75,372,184
Decrease in short-term loan from subsidiaries	-	-	-	(30,000,000)
Cash receipt from long-term loans	114,680,859	33,499,310	114,680,859	33,499,310
Cash paid for long-term loans	(158,148,323)	(92,120,515)	(106,696,323)	(33,548,515)
Decrease in financial lease payables	(1,348,879)	(1,904,684)	(242,826)	(706,158)
Cash paid for interest expenses	(36,924,265)	(42,170,862)	(28,843,303)	(32,212,093)
Dividend paid	(71,148,000)	(89,032,495)	(71,148,000)	(88,935,000)
Net cash flows used in financing activities	(356,001,621)	(95,582,769)	(275,644,985)	(76,530,272)
Net increase (decrease) in cash and cash equivalents	(2,338,767)	1,321,459	(11,631,380)	11,982,528
Translation adjustments	(28,436)	46,831	-	-
Cash and cash equivalents at beginning of year	80,675,067	79,306,777	61,683,767	49,701,239
Cash and cash equivalents at end of year	78,307,864	80,675,067	50,052,387	61,683,767

Supplemental cash flows information

Non-cash items transaction

Purchases of equipment under financial

lease agreements	-	3,687,148	-	-
Undue installment for acquisition of equipment	4,176,239	7,592,915	2,606,309	4,213,523
Revaluation surplus on land	-	91,529,604	-	51,481,309
Offsetting between accrued commission and accrued interest income	-	-	1,210,411	-

S. Khonkaen Foods Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

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 Company Limited	Breeding and sales of finishing swine	Thailand	100
S.K.K. Food Company Limited	Distribution of processed products	Thailand	99
Mahachai Foods Company Limited (Formerly known as "Mahachai Food Processing Company Limited")	Manufacture and distribution of processed food products	Thailand	99
3D Food and Beverage Company Limited	Restaurant business and distribution of food and beverage	Thailand	100
S. Training Center Company Limited	Training and seminar service	Thailand	100
Thai Home Food (Bangkok) Company Limited	Restaurant business and distribution of food and beverage and franchise business	Thailand	80
S. Khonkaen Foods (Netherlands) B.V.	Distribution of processed food 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 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 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 for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TFRS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRS 16	Hedges of a Net Investment in a Foreign Operation
TFRS 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

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

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

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

- When an asset's carrying amount is increased as a result of a revaluation of the 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 other comprehensive income to the extent that it does not exceed an amount already held in "Surplus on revaluation of assets" in respect of the same asset.

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

Land improvements	5 - 20	years
Plant and improvements	5 - 20	years
Machinery and equipment	5 - 10	years
Furniture, fixtures and office equipment	5 - 10	years
Motor vehicles	5	years
Utilities system	5 - 10	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 recognised at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

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

4.11 Related party transactions

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

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

4.12 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 and other long-term employee benefits

Defined benefit plans and other long-term employee benefits

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

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

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

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

4.16 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; less selling expenses and allowance for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful lives 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 of sale at the point of harvest.

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

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 and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefits 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		Transfer Pricing Policy
	financial statements		financial statements		
	2018	2017	2018	2017	
Transactions with subsidiaries company					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	26,026	26,799	Cost plus margin
Rental income	-	-	-	11	As stipulated in agreements
Service income	-	-	845	820	As stipulated in agreements
Sales of equipment and supplies	-	-	124	192	Cost plus margin
Dividend income	-	-	-	29,902	As declared
Interest income	-	-	7,252	6,012	Average cost of debt 3.574% - 4.50% per annum (2017: 3.581% - 4.50% per annum)
Purchases of goods	-	-	333,474	307,123	Cost plus margin
Purchases of assets	-	-	-	50	Cost plus margin
Rental expenses	-	-	600	1,075	As stipulated in agreements
Other expenses	-	-	3,086	908	Cost plus margin
Interest expenses	-	-	-	415	3.769% per annum

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related companies are as follows:

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Trade and other receivables (Note 8)					
Subsidiaries		-	-	2,575	3,361
Trade and other payables (Note 18)					
Subsidiaries		-	-	20,387	36,915

Short-term loans to the subsidiaries

As at 31 December 2018 and 2017, the balance of loans to the subsidiaries and the movements are as follows:

		(Unit: Thousand Baht)				
		Separate financial statements				
		Balance	Increase	Decrease	Unrealised	Balance
		as at	during	during	gain on	as at
		31 Dec	the year	the year	exchange	31 Dec
Short-term loans to subsidiaries		2017				2018
Mahachai Foods Co., Ltd.		117,000	22,000	(17,000)	-	122,000
S. Pasusat Co., Ltd.		71,000	20,000	(2,000)	-	89,000
S. Training Center Co., Ltd.		-	300	-	-	300
S. Khonkaen Foods (Netherlands) B.V.		5,343	-	(1,210)	28	4,161
3D Food and Beverage Co., Ltd.		1,300	-	(1,300)	-	-
Total		194,643	42,300	(21,510)	28	215,461

Those short-term loans bear interest at rates of 3.574% - 4.50% per annum (2017: 3.581% - 4.50% per annum). No due date for repayment of principal and interests has been scheduled.

Short-term loans to S. Khonkaen Foods (Netherlands) B.V. of Euro 0.11 million (2017: Euro 0.14 million) were denominated in Euro. There was no fixed term for repayment.

Directors and management's benefits

During the years ended 31 December 2018 and 2017, 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	
	2018	2017	2018	2017
Short-term employee benefits	38,463	35,361	26,270	21,838
Post-employment benefits	4,681	15,059	3,737	7,156
Total	43,144	50,420	30,007	28,994

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 29.3 (2) to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	4,616	4,475	4,005	4,218
Bank deposits	73,692	76,200	46,047	57,466
Total	78,308	80,675	50,052	61,684

As at 31 December 2018, bank deposits in saving accounts carried interests between 0.10 and 0.375 percent per annum (2017: between 0.125 and 0.50 percent per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	1,867	2,771
Total trade receivables - related parties	-	-	1,867	2,771
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	417,882	390,642	396,987	373,192
Past due				
Up to 3 months	26,227	25,425	24,794	21,723
3 - 6 months	-	34	-	28
6 - 12 months	359	461	-	461
Over 12 months	363	-	363	-
Total	444,831	416,562	422,144	395,404
Less: Allowance for doubtful debts	(768)	(410)	(410)	(410)
Total trade receivables - unrelated parties, net	444,063	416,152	421,734	394,994
Total trade receivables, net	444,063	416,152	423,601	397,765
<u>Other receivables</u>				
Other receivables - related parties	-	-	708	590
Other receivables - unrelated parties	6,888	3,031	1,192	1,695
Others	728	-	32	-
Total	7,616	3,031	1,932	2,285
Less: Allowance for doubtful debts	(767)	(981)	(402)	(522)
Total other receivables - net	6,849	2,050	1,530	1,763
Total trade and other receivables - net	450,912	418,202	425,131	399,528

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	44,745	36,886	(188)	(222)	44,557	36,664
Work in process	18,076	18,779	-	-	18,076	18,779
Raw materials	68,012	60,714	(439)	(886)	67,573	59,828
Packing materials	28,549	28,143	(2,699)	(2,693)	25,850	25,450
Spare parts and factory supplies	8,184	7,621	(292)	-	7,892	7,621
Animal foods and vaccine for swine	3,768	4,496	-	-	3,768	4,496
Raw materials for production of animal foods	6,547	7,842	-	-	6,547	7,842
Total	<u>177,881</u>	<u>164,481</u>	<u>(3,618)</u>	<u>(3,801)</u>	<u>174,263</u>	<u>160,680</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2018	2017	2018	2017	2018	2017
Finished goods	36,078	28,679	(67)	(222)	36,011	28,457
Work in process	16,568	18,708	-	-	16,568	18,708
Raw materials	24,871	25,310	(278)	(254)	24,593	25,056
Packing materials	22,052	21,656	(1,519)	(1,718)	20,533	19,938
Spare parts and factory supplies	4,992	4,114	(128)	-	4,864	4,114
Total	<u>104,561</u>	<u>98,467</u>	<u>(1,992)</u>	<u>(2,194)</u>	<u>102,569</u>	<u>96,273</u>

During the year, the Company and its subsidiaries reduced cost of inventories by Baht 2 million (2017: Baht 2 million) (the Company only: Baht 1 million and 2017: Baht 2 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 2 million (2017: Baht 9 million) (the Company only: Baht 1 million and 2017: Baht 8 million), by reducing 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 unrelated company

As at 31 December 2018 and 2017, the balance of loan to unrelated company and the movements are as follows.

(Unit: Thousand Baht)

Loan to unrelated company	Consolidated financial statements / Separate financial statements					
	Principal		Allowance for doubtful account		Loan to unrelated company - net	
	2018	2017	2018	2017	2018	2017
Lao Inter Trade Sole Company Limited	5,000	5,000	(5,000)	-	-	5,000
Total	5,000	5,000	(5,000)	-	-	5,000

In October 2015, the Company provided loan of Baht 5 million to an overseas company. This loan has been guaranteed by the pledge of total shares of the Company amounting to LAK 1 billion. The loan carried interest at the rate of 9.125 percent per annum (2017: 9.125 - 9.375 percent per annum). The repayment term is five years which is fully repayable 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 (Percent)	Cost		Allowance for impairment loss		Cost - net	
			2018	2017	2018	2017	2018	2017
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 Foods 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)	(5,000)	5,000	5,000
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	(3,573)	(3,500)	426	499
S. Khonkaen Foods (Netherlands) B.V.	EUR 100	100	4	4	-	-	4	4
			306,688	306,688	(8,573)	(8,500)	298,115	298,188

In 2017, the Company received dividend of Baht 30 million from a subsidiary. In addition, the Company recognised impairment losses on investments in subsidiary of totalling Baht 0.1 million (2017: Baht 5 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 2017	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
Additions	-	-	-	-	-	-
31 December 2018	342,444	311,482	653,926	74,771	311,482	386,253
Accumulated depreciation:						
1 January 2017	-	2,304	2,304	-	2,304	2,304
Depreciation for the year	-	3,736	3,736	-	3,736	3,736
31 December 2017	-	6,040	6,040	-	6,040	6,040
Depreciation for the year	-	3,724	3,724	-	3,724	3,724
31 December 2018	-	9,764	9,764	-	9,764	9,764
Allowance for impairment loss:						
1 January 2017	25,914	-	25,914	19,741	-	19,741
Reversal	(25,582)	-	(25,582)	(19,741)	-	(19,741)
31 December 2017	332	-	332	-	-	-
Reversal	-	-	-	-	-	-
31 December 2018	332	-	332	-	-	-
Net book value:						
31 December 2017	342,112	305,442	647,554	74,771	305,442	380,213
31 December 2018	342,112	301,718	643,830	74,771	301,718	376,489

Revenue and expenses related to land and office building for rent for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Revenue from rental and service	11,083	26,319	11,083	26,319
Cost of rental and service	15,033	16,182	15,821	16,182

The fair values of the investment properties as at 31 December 2018 and 2017 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Land awaiting development	910,567	910,567	140,252	140,252
Land and office building for rent	319,000	319,000	319,000	319,000

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

During the year 2017, the Company and its subsidiaries recognised reversal of impairment losses on land awaiting development of Baht 26 million in profit or loss during current year (The Company only: Baht 20 million).

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

	Consolidated / Separate	Result to fair value
	financial statements	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 month and 3 years. Future minimum rental income to be generated under these agreements are as follows.

	(Unit: Thousand Baht)	
	2018	2017
In up to 1 year	5,011	8,008
In over 1 year and up to 3 years	4,056	421

The Company and its subsidiaries have mortgaged investment properties with a total net book value of Baht 442 million (2017: Baht 433 million) (The Company only: Baht 376 million, 2017: Baht 380 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						
	Land	Land improvements	Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress
	Land	Land improvements	Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress
							Total
Cost / Revalued amount:							
1 January 2017	179,940	26,091	594,044	470,079	77,571	57,227	35,918
Additions	-	361	6,218	11,410	8,400	7,876	55,132
Disposals	-	-	(73)	(4,385)	(4,218)	(12,282)	-
Write-off	-	(1,245)	(34,423)	(44,336)	(24,509)	(476)	-
Transfers in (out)	-	101	46,252	25,594	896	-	(72,843)
Revaluations increase	91,530	-	-	-	-	-	-
31 December 2017	271,470	25,308	612,018	458,362	58,140	52,345	18,207
Additions	-	-	3,997	12,582	7,101	940	60,934
Disposals	-	-	(761)	(6,567)	(2,022)	(215)	-
Write-off	-	-	(10,262)	(14,064)	(5,131)	(2)	(84)
Transfers in (out)	-	527	28,034	33,263	812	-	(62,636)
31 December 2018	271,470	25,835	633,026	483,576	58,900	53,068	16,421
Accumulated depreciation:							
1 January 2017	-	8,952	222,092	257,884	45,758	43,131	-
Depreciation for the year	-	744	30,970	36,498	8,934	5,492	-
Depreciation on disposals	-	-	(39)	(3,710)	(1,228)	(11,376)	-
Depreciation on write-off	-	(1,245)	(15,380)	(44,114)	(19,762)	(476)	-
31 December 2017	-	8,451	237,643	246,558	33,702	36,771	-
Depreciation for the year	-	683	30,270	39,632	8,417	4,875	-
Depreciation on disposals	-	-	(518)	(2,624)	(1,419)	(75)	-
Depreciation on write-off	-	-	(5,794)	(12,441)	(4,363)	(3)	-
31 December 2018	-	9,134	261,601	271,125	36,337	41,568	-
Allowance for impairment loss:							
1 January 2017	6,977	-	7,969	166	2,295	-	-
Increase during the year	-	-	1,267	1,143	-	-	-
Reversal	(6,977)	-	-	-	(186)	-	-
Write-off	-	-	(7,616)	(135)	(1,861)	-	-
31 December 2017	-	-	1,620	1,174	248	-	-
Reversal	-	-	(1,620)	(1,174)	(248)	-	-
31 December 2018	-	-	-	-	-	-	-
Net book value:							
31 December 2017	271,470	16,857	372,755	210,630	24,190	15,574	18,207
31 December 2018	271,470	16,701	371,425	212,451	22,563	11,500	16,421
Depreciation for the year							
2017 (Baht 58 million included in manufacturing cost, and the balance in selling and administrative expenses)							82,638
2018 (Baht 61 million included in manufacturing cost, and the balance in selling and administrative expenses)							83,877

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis	Cost basis						Total
	Land	Land improvements	Buildings and improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
Cost / Revalued amount:								
1 January 2017	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
Additions	-	-	5,449	4,879	3,904	940	39,385	54,557
Disposals	-	-	(761)	(1,713)	(2,181)	-	-	(4,655)
Write-off	-	-	(6,641)	(4,752)	(3,268)	-	-	(14,661)
Transfer in (out)	-	-	26,093	13,502	812	-	(40,407)	-
31 December 2018	182,173	2,247	198,623	247,024	42,620	26,810	11,783	711,280
Accumulated depreciation:								
1 January 2017	-	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	-	-	-	-	-	-	-	-
31 December 2017	-	-	(15,380)	(44,114)	(19,762)	(476)	-	(79,732)
Depreciation for the year	-	2,247	98,484	145,871	24,938	20,939	-	292,479
Depreciation on disposals	-	-	7,958	19,236	6,415	2,098	-	35,707
Depreciation on write-off	-	-	(518)	(1,364)	(1,487)	-	-	(3,369)
31 December 2018	-	-	(2,403)	(3,536)	(2,617)	-	-	(8,556)
	-	2,247	103,521	160,207	27,249	23,037	-	316,261
Allowance for impairment loss:								
1 January 2017	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
Reversal	-	-	(1,620)	(1,174)	(248)	-	-	(3,042)
31 December 2018	-	-	-	-	-	-	-	-
Net book value:								
31 December 2017	182,173	-	74,379	88,063	18,167	4,931	12,805	380,518
31 December 2018	182,173	-	95,102	86,817	15,371	3,773	11,783	395,019
Depreciation for the year								
2017 (Baht 18 million included in manufacturing cost, and the balance in selling and administrative expenses)								36,703
2018 (Baht 20 million included in manufacturing cost, and the balance in selling and administrative expenses)								35,707

During the year 2017, land was revalued by an independent professional appraiser, using the 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 million that recognised in profit or loss in the prior period and recognised the excess portion in other comprehensive income, net of income tax, of Baht 73 million (The Company only: Baht 41 million).

Had the land been carried on a historical cost basis, their net book values as of 31 December 2018 and 2017 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Land	70,497	70,497	32,983	32,983

As at 31 December 2018, the Company and its subsidiaries have equipment acquired under financial lease agreement, with net book value amounting to approximately Baht 56 million (2017: Baht 56 million) (The Company only: Baht 52 million, 2017: Baht 51 million).

As at 31 December 2018, 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 351 million (2017: Baht 330 million) (The Company only: Baht 208 million, 2017: Baht 197 million).

The Company and its subsidiaries have mortgaged land and building constructed thereon and machinery with a total net book value of Baht 441 million (2017: Baht 450 million) (The Company only: Baht 182 million, 2017: Baht 182 million) as collaterals for credit facilities granted by banks.

15. Biological assets

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2018	2017
Current biological assets	89,691	54,186
Non-current biological assets	14,148	18,852
Total biological assets	103,839	73,038

Biological assets comprise of fattening swine, stud swine and lemon trees. 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 2018 and 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	2018	2017
Balance at beginning of year	73,038	69,029
Increases due to feeding costs	242,528	236,846
Decreases due to sales	(236,747)	(218,608)
Depreciation	(8,129)	(8,065)
Allowance for impairment of biological assets	(877)	-
Gain (loss) on change in fair value less cost to sell of biological assets	34,026	(6,164)
Balance at end of year	103,839	73,038

16. Intangible assets

The net book value of intangible assets, computer software, as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 31 December 2018		
Cost	30,682	29,075
Less: Accumulated amortisation	(16,847)	(16,254)
Net book value	13,835	12,821
As at 31 December 2017		
Cost	28,835	27,688
Less: Accumulated amortisation	(14,221)	(13,540)
Net book value	14,614	14,148

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	14,614	17,348	14,148	16,651
Acquisitions	2,274	261	1,582	363
Amortisation	(3,005)	(2,965)	(2,871)	(2,836)
Disposal /write - off during the year	(48)	(30)	(38)	(30)
Net book value at end of year	13,835	14,614	12,821	14,148

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

	Interest rates (percent per annum)	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Bank overdrafts	7.12 - 7.125	16,552	52,677	6,151	22,559
Short-term loans from financial institutions	3.00 - 3.17	427,000	593,988	392,000	558,988
Total		443,552	646,665	398,151	581,547

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 guaranteed by the parent company.

18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Trade payables - related parties	-	-	20,142	36,665
Trade payables - unrelated parties	199,056	159,056	128,262	94,201
Other accounts payable - related parties	-	-	245	250
Accrued sale promotions	66,518	75,848	66,518	75,848
Accrued expenses	52,365	43,323	38,825	29,480
Equipment payable	4,176	7,593	2,606	4,214
Others	2,625	504	601	267
Total trade and other payables	324,740	286,324	257,199	240,925

19. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Liabilities under finance lease agreements	2,986	4,486	-	263
Less: Deferred interest expenses	(200)	(351)	-	(20)
Total	2,786	4,135	-	243
Less: Portion due within one year	(1,035)	(1,349)	-	(243)
Liabilities under finance lease agreement - net of current portion	1,751	2,786	-	-

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 2018			As at 31 December 2017		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	1,138	1,848	2,986	1,500	2,986	4,486
Deferred interest expenses	(103)	(97)	(200)	(151)	(200)	(351)
Present value of future minimum lease payments	1,035	1,751	2,786	1,349	2,786	4,135

(Unit: Thousand Baht)

	Separate financial statements					
	As at 31 December 2018			As at 31 December 2017		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	-	-	-	263	-	263
Deferred interest expenses	-	-	-	(20)	-	(20)
Present value of future minimum lease payments	-	-	-	243	-	243

20. Long-term loans

As at 31 December 2018 and 2017, long-term loans are presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Loans from banks	428,684	472,152	334,949	326,965
Less: Current portion of long-term loans	(93,974)	(93,353)	(43,639)	(41,580)
Net	<u>334,710</u>	<u>378,799</u>	<u>291,310</u>	<u>285,385</u>

Details of long-term loans are presented below

Company's name	Balance of long-term loans		Interest rates	Repayment
	2018 (Thousand Baht)	2017 (Thousand Baht)		
S. Khonkaen Foods Pcl.	5,280	6,876	MLR less fixed amount	Due in April 2022
	91,650	-	Fixed amount	Due in July 2023
	-	14,086	Fixed amount	Due in April 2019
	27,519	39,503	Fixed amount	Due in March 2021
	210,500	266,500	MLR less fixed amount	Due in May 2025
Mahachai Foods Co., Ltd.	-	1,400	MLR	Due in April 2018
	48,000	72,000	MLR less fixed amount	Due in December 2020
	41,600	63,800	MLR less fixed amount	Due in November 2020
S. Pasusat Co., Ltd.	4,135	7,987	Year 1: MLR less fixed amount Year 2-6: MLR	Due in December 2019
Total	<u>428,684</u>	<u>472,152</u>		

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

The long - term loans of the subsidiaries are secured by the mortgage of land, building constructed thereon, investment properties and guaranteed by the parent company.

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

As at 31 December 2018, the long-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 88 million (2017: Baht 89 million) (The Company only: Baht 64 million, 2017: Baht 65 million).

21. Provisions for long-term employee benefits

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

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Provisions for long-term employee benefits at beginning of year	64,718	63,156	48,701	42,412
Included in profit or loss:				
Current service cost	15,112	5,786	10,342	4,151
Interest cost	1,860	1,886	1,361	1,200
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	(4,941)	(13,632)	(3,560)	(6,385)
Provisions for long-term employee benefits at end of year	76,749	64,718	56,844	48,701

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

(หน่วย: พันบาท)				
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cost of sales	6,792	2,216	4,068	1,279
Selling and administrative expenses	10,180	5,456	7,635	4,072
Total expense recognised in profit or loss	16,972	7,672	11,703	5,351

The Company and its subsidiaries expect to pay Baht 11 million of long-term employee benefits during the next year (2017: Baht 5 million) (The Company only: Baht 9 million, 2017: Baht 4 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 10 - 13 years (2017: 10 - 13 years) (The Company only: 10 years 2017: 10 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Discount rates	2.55 - 2.80	2.55 - 2.80	2.55	2.55
Salary increase rates	6.80 - 6.95	6.80 - 6.95	6.84	6.84
Turnover rates	0.0 - 67.0	0.0 - 67.0	0.0 - 54.0	0.0 - 54.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefits obligation as at 31 December 2018 and 2017 are summarised below:

Consolidated financial statements						
		Obligation change			Obligation change	
	Increase	2018	2017	Decrease	2018	2017
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(5,104)	(3,979)	(1.0)	5,831	4,420
Salary increase rate	1.0	4,804	4,138	(1.0)	(4,405)	(3,810)
Turnover rate	1.0	(4,240)	(3,688)	(1.0)	4,564	3,904
Separated financial statements						
		Obligation change			Obligation change	
	Increase	2018	2017	Decrease	2018	2017
	(%)	(Thousand Baht)	(Thousand Baht)	(%)	(Thousand Baht)	(Thousand Baht)
Discount rate	1.0	(3,525)	(2,777)	(1.0)	4,016	3,062
Salary increase rate	1.0	3,291	2,863	(1.0)	(3,038)	(2,655)
Turnover rate	1.0	(2,743)	(2,406)	(1.0)	3,055	2,656

On 13 December 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is to be published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 17 million (The Company only: Baht 13 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

22. Surplus on revaluation of assets

These represent surplus arising from revaluation of property as follows:

	(Unit: Thousand Baht)			
	Subsidiaries		The Company	
	2018	2017	2018	2017
Balance at beginning of year	41,755	9,931	119,352	78,167
Add: Revaluation increase	-	31,824	-	41,185
Balance at end of year	<u>41,755</u>	<u>41,755</u>	<u>119,352</u>	<u>119,352</u>

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

23. 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.

24. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Salaries and wages and other				
employee benefits	580,877	527,821	392,952	366,965
Depreciation and amortisation	98,735	97,403	42,302	43,275
Rental expenses from operating				
lease agreements	42,109	36,399	30,315	27,924
Raw materials and consumables used	1,329,725	1,397,344	1,010,124	1,040,663
Changes in inventories of finished				
goods and work in process	41,345	664	5,259	1,711
Sale promotion expenses	142,781	162,680	142,781	162,680

25. Income tax

Income tax expense for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current income tax:				
Current income tax charge	47,003	26,627	31,675	14,040
Deferred tax:				
Relating to origination and reversal				
of temporary differences	3,507	10,474	(1,702)	9,628
Income tax expense reported	50,510	37,101	29,973	23,668
in profit or loss				

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Deferred tax from surplus on				
revaluation of assets	-	18,305	-	10,296
	<u>-</u>	<u>18,305</u>	<u>-</u>	<u>10,296</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accounting profit before tax	<u>242,160</u>	<u>173,835</u>	<u>165,918</u>	<u>149,628</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by				
income tax rate	48,432	34,767	33,184	29,926
Effects of:				
Non-deductible expenses	4,105	3,054	3,424	2,767
Additional deductible expenses allowed	(7,362)	(5,583)	(7,092)	(5,334)
Exempted revenue	-	-	-	(5,980)
Others	5,335	4,863	457	2,289
Total	<u>2,078</u>	<u>2,334</u>	<u>(3,211)</u>	<u>(6,258)</u>
Income tax expense reported in the income statement	<u>50,510</u>	<u>37,101</u>	<u>29,973</u>	<u>23,668</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	
	2018	2017	2018	2017
Deferred tax assets				
Allowance for doubtful accounts	1,308	278	1,162	186
Allowance for diminution in value of inventories	724	760	398	439
Impairment on equipment	587	1,209	521	1,143
Impairment of biological assets	176	-	-	-
Depreciation of stud swine	602	625	-	-
Provision for long-term employee benefits	14,509	12,051	11,369	9,740
Unused tax losses	-	82	-	-
Deferred rental expenses	76	129	-	71
Total deferred tax assets	17,982	15,134	13,450	11,579
Deferred tax liabilities				
Cost of fattening swine	(184)	(247)	-	-
Cost of machinery and equipment	(2,477)	(3,257)	(2,477)	(2,383)
Surplus on revaluation of assets	(40,295)	(40,295)	(29,837)	(29,837)
Gain on change in fair value less cost to				
sale of biological assets	(7,001)	(196)	-	-
Deferred rental expenses	(75)	-	(75)	-
Total deferred tax liabilities	(50,032)	(43,995)	(32,389)	(32,220)
Deferred tax liabilities - net	(32,050)	(28,861)	(18,939)	(20,641)
Deferred tax assets (liabilities) presented				
in statement of financial position				
Deferred tax assets	143	1,262	-	-
Deferred tax liabilities	(32,193)	(30,123)	(18,939)	(20,641)

As at 31 December 2018, two subsidiaries have deductible temporary differences and unused tax losses totaling Baht 10 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 10 million will expire within 2023

26. 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	
	2018	2017	2018	2017
Profit attributable to equity holders of the Company (Thousand Baht)	191,273	136,399	135,945	125,961
Weighted average number of ordinary shares (Thousand shares)	32,340	32,340	32,340	32,340
Earnings per share (Baht/share)	5.91	4.22	4.20	3.89

27. Segment information

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

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

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

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

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

The revenue and profit information regarding the Company and its subsidiaries operating segments for the years ended 31 December 2018 and 2017 is presented below:

For the years ended 31 December 2018 and 2017	(Unit: Thousand Baht)									
	Processed food		Processed seafood		Restaurants		Swine farm		Elimination entries	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external customers	1,546,628	1,426,858	978,327	927,166	138,782	158,554	206,017	194,941	-	-
Inter-segment revenue	26,026	26,889	333,474	307,032	-	-	-	-	(359,500)	(333,921)
Total sales	1,572,654	1,453,747	1,311,801	1,234,198	138,782	158,554	206,017	194,941	(359,500)	(333,921)
Gross operating profit (loss)	591,063	492,949	278,142	253,392	76,995	86,806	(19,940)	(4,621)	2	25
Unallocated income and expenses:										
Other income									11,101	26,569
Gain on sales of deposits for land									22,246	-
Gain (loss) on change in fair value less cost to sale of biological assets									34,026	(6,164)
Selling and distribution expenses									(423,568)	(408,742)
Administrative expenses									(291,127)	(256,911)
Reversal of loss on impairment of investment properties									-	25,582
Reversal of loss on impairment of land									-	6,977
Finance cost									(36,781)	(42,027)
Tax expense									(50,510)	(37,101)
Profit for the year									191,649	136,734
Segment total assets										
Property, plant and equipment	359,052	337,132	442,436	450,182	36,089	48,995	84,954	93,374	-	-
Intangible assets	12,287	13,256	1,002	403	546	955	-	-	13,835	14,614

Geographic information

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

	(Unit: Thousand Baht)	
	2018	2017
Revenue from external customers		
Thailand	2,678,132	2,524,672
Others	191,622	182,847
Total	2,869,754	2,707,519

Major customers

During the year, the Company had revenue from two major customers amounting to Baht 614 million and Baht 322 million, arising from processed food from pork segment (2017: Baht 564 million and Baht 297 million derived from two major customers in the same segment).

28. Dividends paid

Dividends paid	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend for 2017	Annual General Meeting of the shareholders on 26 April 2018	71,148	2.20
Dividend for 2016	Annual General Meeting of the shareholders on 27 April 2017	88,935	2.75

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 December 2018, the Company and its subsidiaries had capital commitments in respect of construction of office building and acquisition of assets of approximately Baht 15 million (2017: Baht 28 million) (The Company only: Baht 12 million, 2017: Baht 21 million).

29.2 Operating lease and service commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, office building space and service agreement. The terms of the agreements are generally between 1 and 16 years.

As at 31 December 2018, future minimum lease payments required under these non-cancellable operating lease contracts and service agreements are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Payable within:				
Less than 1 year	57,375	43,251	40,186	28,884
1 to 5 years	24,458	10,347	18,737	6,558
More than 5 years	8,205	8,895	-	-

29.3 Guarantees

- (1) As at 31 December 2018, the subsidiaries pledged their bank deposit to secure a fuel credit card of Baht 1 million (2017: Baht 1 million).
- (2) As at 31 December 2018, the Company has the obligations in respect of guarantees provided to banks for loan facilities of the subsidiaries of Baht 282 million (2017: Baht 282 million).
- (3) As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 8 million issued by the banks on behalf of the Company and its subsidiaries to guarantee utility charges (2017: Baht 8 million) (The Company only: Baht 6 million, 2017: Baht 6 million).

30. Fair value hierarchy

As at 31 December 2018 and 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 2018							
	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	-	271	-	271	-	182	-	182
Current biological assets - stud swine	-	30	60	90	-	-	-	-
Assets for which fair value is disclosed								
Investment properties	-	911	319	1,230	-	140	319	459

(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	-	271	-	271	-	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

31. Financial instruments

31.1 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 unrelated company, 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 2018

	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	-	-	-	16,014	62,294	78,308	0.10 - 0.375
Current investment	874	-	-	-	-	874	1.05
Trade and other receivables	-	-	-	-	450,912	450,912	-
Restricted bank deposits	-	1,414	53	31	-	1,498	0.90 - 1.05
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	-	-	-	443,552	-	443,552	3.00 - 7.125
Trade and other payables	-	-	-	-	324,740	324,740	-
Financial lease payables	1,035	1,751	-	-	-	2,786	1.99 - 4.75
Long-term loans	93,974	334,710	-	-	-	428,684	Note 20

(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 unrelated 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	Note 20

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2018

	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	-	-	-	11,057	38,995	50,052	0.250 - 0.375
Trade and other receivables	-	-	-	-	425,131	425,131	-
Short-term loans to subsidiaries	4,161	-	-	211,300	-	215,461	3.574 - 4.50
<u>Financial liabilities</u>							
Bank overdrafts and short-term loans from financial institutions	-	-	-	398,151	-	398,151	3.00 - 7.12
Trade and other payables	-	-	-	-	257,199	257,199	-
Long-term loans	43,639	291,310	-	-	-	334,949	Note 20

(Unit: Thousand Baht)

Separate financial statements

As at 31 December 2017

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Effective
	Within 1 year	1-5 years	Over 5 years				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 unrelated 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	4.75
Long-term loans	41,580	285,385	-	-	-	326,965	Note 20

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 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	2018	2017	2018	2017	2018	2017
(Baht per 1 foreign currency unit)						
US dollar	63,265	118,701	-	-	32.2848	32.5146
HKD	3,748,287	2,684,486	-	-	4.1023	4.1421
EUR	-	-	117,495	32,499	37.4884	39.3938

31.2 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.

32. 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 2018, the Group's debt-to-equity ratio was 1.27:1 (2017: 1.64:1) and the Company's was 1.36:1 (2017: 1.70:1).

33. Event after the reporting period

The meeting of the Company's Board of Directors held on 25 February 2019 passed a resolution to propose dividend payment from operating results of Baht 2.50 per share, or a total of Baht 80.85 million to the Annual General Meeting of Shareholders. The dividend will be paid and accounted for after an approval of the Annual General Meeting of the shareholders.

34. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2019.

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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.



S.Khonkaen Foods Public Company Limited

259/13 Pridi Banomyong 13 Alley, Sukhumvit 71 (Pridi Banomyong) Road,
Phra Khanong Nuea Sub-district, Vadhana District, Bangkok Metropolis 10110
Tel. +66 2339 3999 Fax. +66 2339 3990

www.sorkon.co.th