

MK Restaurant Group Public Company Limited  
and its subsidiaries  
Review report and interim financial statements  
For the three-month and six-month periods ended  
30 June 2015

**Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of MK Restaurant Group Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of MK Restaurant Group Public Company Limited and its subsidiaries as at 30 June 2015, the related consolidated statements of income and comprehensive income for the three-month and six-month periods then ended, the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of MK Restaurant Group Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

**Scope of review**

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

**Conclusion**

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

Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

EY Office Limited

Bangkok: 11 August 2015

**MK Restaurant Group Public Company Limited and its subsidiaries**

**Statements of financial position**

**As at 30 June 2015**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
	Note	2015	2014	2015	2014
		(Unaudited	(Audited)	(Unaudited	(Audited)
		but reviewed)	(Restated)	but reviewed)	
Assets					
Current assets					
Cash and cash equivalents	5	432,780	298,554	335,973	222,235
Short-term investments	6	8,319,431	8,358,998	8,119,148	8,100,557
Trade and other receivables	4, 7	175,560	91,696	273,514	189,305
Inventories		221,496	280,622	210,083	269,290
Other current assets		81,992	318,138	65,716	275,613
Total current assets		9,231,259	9,348,008	9,004,434	9,057,000
Non-current assets					
Advances for purchases of building and equipment		11,824	15,518	11,824	15,518
Investments in subsidiaries	8	-	-	351,480	351,480
Investment in joint venture	9	124,951	133,619	149,207	149,207
Other long-term investment	10	-	-	-	-
Property, plant and equipment	11	4,474,835	4,573,332	3,864,566	3,936,178
Intangible assets	12	100,579	59,171	97,553	56,565
Leasehold rights	13	303,148	322,623	281,476	299,956
Deferred tax assets		141,669	120,270	130,985	110,582
Deposits		320,490	305,963	255,778	245,838
Total non-current assets		5,477,496	5,530,496	5,142,869	5,165,324
Total assets		14,708,755	14,878,504	14,147,303	14,222,324

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

..... Director  
Rit Thirakomen

..... Director  
Somchai Hanjitkasem

**MK Restaurant Group Public Company Limited and its subsidiaries**

**Statements of financial position (continued)**

**As at 30 June 2015**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
Note		2015	2014	2015	2014
		(Unaudited but reviewed)	(Audited) (Restated)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	4, 14	1,127,196	1,443,622	1,006,741	1,311,631
Income tax payable		259,307	291,714	230,588	260,914
Current portion of deferred income of membership fee		35,451	35,566	31,992	27,136
Other current liabilities		180,993	197,975	155,122	173,579
<b>Total current liabilities</b>		<b>1,602,947</b>	<b>1,968,877</b>	<b>1,424,443</b>	<b>1,773,260</b>
<b>Non-current liabilities</b>					
Deferred income of membership fee - net of current portion		11,548	11,248	11,548	9,231
Provision for long-term employee benefits	15	233,930	217,678	218,710	204,178
Other non-current liabilities		7,102	-	7,102	-
<b>Total non-current liabilities</b>		<b>252,580</b>	<b>228,926</b>	<b>237,360</b>	<b>213,409</b>
<b>Total liabilities</b>		<b>1,855,527</b>	<b>2,197,803</b>	<b>1,661,803</b>	<b>1,986,669</b>

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

..... Director  
Rit Thirakomen

..... Director  
Somchai Hanjirkasem

**MK Restaurant Group Public Company Limited and its subsidiaries**

**Statements of financial position (continued)**

**As at 30 June 2015**

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2015 (Unaudited but reviewed)	31 December 2014 (Audited) (Restated)	30 June 2015 (Unaudited but reviewed)	31 December 2014 (Audited)
<b>Shareholders' equity</b>					
Share capital	16				
Registered					
925,850,000 ordinary shares of Baht 1 each		925,850	925,850	925,850	925,850
Issued and fully paid					
907,084,600 ordinary shares of Baht 1 each					
(31 December 2014: 907,081,100 ordinary shares of Baht 1 each)		907,085	907,081	907,085	907,081
Share premium		8,785,028	8,785,028	8,785,028	8,785,028
Capital reserve for share-based payment transactions	17	409,106	325,699	409,106	325,699
Retained earnings					
Appropriated - statutory reserve		92,585	92,585	92,585	92,585
Unappropriated		2,652,245	2,563,655	2,291,696	2,125,262
Other component of shareholders' equity		7,179	6,653	-	-
<b>Total shareholders' equity</b>		<b>12,853,228</b>	<b>12,680,701</b>	<b>12,485,500</b>	<b>12,235,655</b>
<b>Total liabilities and shareholders' equity</b>		<b>14,708,755</b>	<b>14,878,504</b>	<b>14,147,303</b>	<b>14,222,324</b>
		-	-	-	-

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

..... Director  
Rit Thirakomen

..... Director  
Somchai Hanjirkasem

(Unaudited but reviewed)

**MK Restaurant Group Public Company Limited and its subsidiaries****Income statements****For the three-month period ended 30 June 2015**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	<u>Note</u>	Consolidated		Separate	
		financial statements		financial statements	
		2015	2014	2015	2014
		(Restated)			
<b>Revenues</b>					
Sales and service income		3,748,513	3,643,032	3,337,239	3,286,764
Interest income		55,747	70,142	55,521	70,261
Dividend income		-	199	191,500	186,699
Other income		57,532	42,038	74,818	55,781
<b>Total revenues</b>		<u>3,861,792</u>	<u>3,755,411</u>	<u>3,659,078</u>	<u>3,599,505</u>
<b>Expenses</b>					
Cost of sales and services		1,277,282	1,292,691	1,289,157	1,303,658
Selling expenses		1,692,185	1,713,187	1,401,651	1,441,827
Administrative expenses		249,822	248,858	216,322	218,249
<b>Total expenses</b>		<u>3,219,289</u>	<u>3,254,736</u>	<u>2,907,130</u>	<u>2,963,734</u>
<b>Profit before share of loss from investment in joint venture and income tax expenses</b>		642,503	500,675	751,948	635,771
Share of loss from investment in joint venture		(1,323)	(3,215)	-	-
<b>Profit before income tax expenses</b>		641,180	497,460	751,948	635,771
Income tax expenses	18	(125,311)	(94,944)	(109,477)	(85,887)
<b>Profit for the period</b>		<u>515,869</u>	<u>402,516</u>	<u>642,471</u>	<u>549,884</u>
<b>Profit attributable to:</b>					
Equity holders of the Company		<u>515,869</u>	<u>402,516</u>	<u>642,471</u>	<u>549,884</u>
<b>Earnings per share</b>	19				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.57</u>	<u>0.44</u>	<u>0.71</u>	<u>0.61</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company		<u>0.56</u>	<u>0.44</u>	<u>0.70</u>	<u>0.60</u>

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

Director

Rit Thirakomen

Director

Somchai Hanjitkasem

(Unaudited but reviewed)

**MK Restaurant Group Public Company Limited and its subsidiaries**

**Statements of comprehensive income**

**For the three-month period ended 30 June 2015**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<b>Profit for the period</b>	<u>515,869</u>	<u>402,516</u>	<u>642,471</u>	<u>549,884</u>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	<u>6,848</u>	<u>755</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>6,848</u>	<u>755</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>522,717</u></u>	<u><u>403,271</u></u>	<u><u>642,471</u></u>	<u><u>549,884</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<u><u>522,717</u></u>	<u><u>403,271</u></u>	<u><u>642,471</u></u>	<u><u>549,884</u></u>

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

Director

Rit Thirakomen

Director

Somchai Hanjitasem

(Unaudited but reviewed)

**MK Restaurant Group Public Company Limited and its subsidiaries****Income statements****For the six-month period ended 30 June 2015**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	<u>Note</u>	Consolidated		Separate	
		financial statements		financial statements	
		2015	2014	2015	2014
		(Restated)			
<b>Revenues</b>					
Sales and service income		7,333,060	6,984,768	6,542,043	6,298,521
Interest income		114,406	143,532	113,532	143,704
Dividend income		199	398	191,699	186,898
Other income		115,610	89,542	140,267	116,726
<b>Total revenues</b>		<b>7,563,275</b>	<b>7,218,240</b>	<b>6,987,541</b>	<b>6,745,849</b>
<b>Expenses</b>					
Cost of sales and services		2,495,309	2,422,045	2,517,010	2,443,005
Selling expenses		3,322,598	3,230,821	2,747,280	2,722,645
Administrative expenses		499,181	481,721	437,744	420,202
<b>Total expenses</b>		<b>6,317,088</b>	<b>6,134,587</b>	<b>5,702,034</b>	<b>5,585,852</b>
<b>Profit before share of loss from investment in joint venture and income tax expenses</b>		<b>1,246,187</b>	<b>1,083,653</b>	<b>1,285,507</b>	<b>1,159,997</b>
Share of loss from investment in joint venture	9	(9,194)	(4,765)	-	-
<b>Profit before income tax expenses</b>		<b>1,236,993</b>	<b>1,078,888</b>	<b>1,285,507</b>	<b>1,159,997</b>
Income tax expenses	18	(241,321)	(208,501)	(211,991)	(187,713)
<b>Profit for the period</b>		<b>995,672</b>	<b>870,387</b>	<b>1,073,516</b>	<b>972,284</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		<b>995,672</b>	<b>870,387</b>	<b>1,073,516</b>	<b>972,284</b>
<b>Earnings per share</b>	19				
Basic earnings per share					
Profit attributable to equity holders of the Company		<b>1.10</b>	<b>0.96</b>	<b>1.18</b>	<b>1.07</b>
Diluted earnings per share					
Profit attributable to equity holders of the Company		<b>1.08</b>	<b>0.95</b>	<b>1.17</b>	<b>1.06</b>

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

Director

Rit Thirakomen

Director

Somchai Hanjitkasem



(Unaudited but reviewed)

**MK Restaurant Group Public Company Limited and its subsidiaries**

**Statements of comprehensive income**

**For the six-month period ended 30 June 2015**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<b>Profit for the period</b>	<u>995,672</u>	<u>870,387</u>	<u>1,073,516</u>	<u>972,284</u>
<b>Other comprehensive income:</b>				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>				
Exchange differences on translation of financial statements in foreign currency	<u>526</u>	<u>426</u>	<u>-</u>	<u>-</u>
<b>Other comprehensive income for the period</b>	<u>526</u>	<u>426</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period</b>	<u><u>996,198</u></u>	<u><u>870,813</u></u>	<u><u>1,073,516</u></u>	<u><u>972,284</u></u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	<u><u>996,198</u></u>	<u><u>870,813</u></u>	<u><u>1,073,516</u></u>	<u><u>972,284</u></u>

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

Director

Rit Thirakomen

Director

Somchai Hanjirkasem

(Unaudited but reviewed)

**MK Restaurant Group Public Company Limited and its subsidiaries**

**Statements of cash flows**

**For the six-month period ended 30 June 2015**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	(Restated)			
<b>Cash flows from operating activities</b>				
Profit before tax	1,236,993	1,078,888	1,285,507	1,159,997
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Gain on sales of short-term investments	(12,788)	(5,584)	(10,355)	(4,473)
Loss (gain) on revaluation of short-term investments	(645)	772	(536)	555
Share of loss from investment in joint venture	9,194	4,765	-	-
Loss from damaged inventories	1,293	317	1,293	317
Amortisation of prepaid expenses	11,580	10,344	10,564	9,677
Depreciation and amortisation	400,045	352,074	331,134	288,516
Allowance for impairment of property, plant and equipment	702	2,989	702	2,182
Loss (gain) on disposals of equipment	4,376	(170)	(568)	(187)
Loss on write-off of equipment	9	168	9	168
Expenses for share-based payment transactions	83,407	196,929	80,014	186,319
Provision for long-term employee benefits	17,145	15,830	15,425	14,308
Realisation of gift voucher, net of sales and cash received during the period	(20,682)	(13,012)	(19,999)	(12,682)
Realisation of deferred income, net of sales and cash received during the period	(30,257)	(20,003)	(19,721)	(14,796)
Dividend income	(199)	(398)	(191,699)	(186,898)
Interest income	(114,406)	(143,532)	(113,532)	(143,704)
Profit from operating activities before changes in operating assets and liabilities	1,585,767	1,480,377	1,368,238	1,299,299

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

Director

Rit Thirakomen

Director

Somchai Hanjtkasem

(Unaudited but reviewed)

**MK Restaurant Group Public Company Limited and its subsidiaries**

**Statements of cash flows (continued)**

**For the six-month period ended 30 June 2015**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	(Restated)			
<b>Cash flows from operating activities (continued)</b>				
Operating assets (increase) decrease				
Trade and other receivables	9,905	6,427	12,954	1,315
Inventories	57,833	53,800	57,914	50,920
Other current assets	220,321	257,946	195,257	245,295
Deposits	(14,527)	(22,528)	(9,940)	(16,634)
Operating liabilities increase (decrease)				
Trade and other payables	(253,996)	(372,226)	(245,176)	(349,233)
Other current liabilities	3,700	50,943	1,542	47,481
Deferred income	30,442	18,280	26,894	15,291
Provision for long-term employee benefits	(893)	-	(893)	-
Other non-current liabilities	7,102	-	7,102	-
Cash from operating activities	1,645,654	1,473,019	1,413,892	1,293,734
Cash received from interest income	20,637	37,006	19,762	37,178
Cash paid for income tax	(295,127)	(232,834)	(262,720)	(208,965)
<b>Net cash from operating activities</b>	<b>1,371,164</b>	<b>1,277,191</b>	<b>1,170,934</b>	<b>1,121,947</b>

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

Director

Rit Thirakomen

Director

Somchai Hanjtkasem

(Unaudited but reviewed)

**MK Restaurant Group Public Company Limited and its subsidiaries**

**Statements of cash flows (continued)**

**For the six-month period ended 30 June 2015**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
	(Restated)			
<b>Cash flows from investing activities</b>				
Decrease in short-term loan to related party	-	-	-	130,000
Decrease (increase) in short-term investments	53,000	1,094,177	(7,700)	1,119,400
Cash paid for investment in subsidiary	-	-	-	(250,000)
Decrease (increase) in advances for purchases of building and equipment	3,694	(2,179)	3,694	(2,179)
Cash paid for purchases of plant and equipment	(341,155)	(687,395)	(296,959)	(596,141)
Cash paid for purchases of computer software	(47,465)	(4,460)	(46,811)	(4,271)
Proceeds from disposals of equipment	1,867	5,491	5,959	5,472
Dividend income	199	398	191,699	186,898
<b>Net cash from (used in) investing activities</b>	<b>(329,860)</b>	<b>406,032</b>	<b>(150,118)</b>	<b>589,179</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(907,082)	(1,449,351)	(907,082)	(1,449,351)
Cash received from exercised warrants	4	-	4	-
<b>Net cash used in financing activities</b>	<b>(907,078)</b>	<b>(1,449,351)</b>	<b>(907,078)</b>	<b>(1,449,351)</b>
<b>Net increase in cash and cash equivalents</b>	<b>134,226</b>	<b>233,872</b>	<b>113,738</b>	<b>261,775</b>
Cash and cash equivalents at beginning of period	298,554	775,899	222,235	641,293
<b>Cash and cash equivalents at end of period</b>	<b>432,780</b>	<b>1,009,771</b>	<b>335,973</b>	<b>903,068</b>

**Supplement disclosure of cash flows information**

Non-cash transactions

Decrease in accounts payable for purchases

of plant and equipment	(58,185)	(178,691)	(55,638)	(162,313)
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The accompanying notes are an integral part of the financial statements.

Director

Rit Thirakomen

Director

Somchai Hanjitkasem

(Unaudited but reviewed)

**MK Restaurant Group Public Company Limited and its subsidiaries**

**Statements of changes in shareholders' equity**

**For the six-month period ended 30 June 2015**

(Unit: Thousand Baht)

Consolidated financial statements							
			Capital reserve	Retained earnings		Other component	
	Issued and		of share-based	Appropriated -		of equity	
	paid-up	Share premium	payment	statutory	Unappropriated	Translation	
Note	share capital		transactions	reserve		adjustment	Total
Balance as at 1 January 2014	905,850	8,785,028	36,070	92,585	2,695,310	9,377	12,524,220
Recognition of expenses against capital reserve for							
share-based payment transactions	17	-	-	196,929	-	-	196,929
Total comprehensive income for the period		-	-	-	870,387	426	870,813
Dividend paid	20	-	-	-	(1,449,351)	-	(1,449,351)
Balance as at 30 June 2014	905,850	8,785,028	232,999	92,585	2,116,346	9,803	12,142,611
Balance as at 1 January 2015	907,081	8,785,028	325,699	92,585	2,563,655	6,653	12,680,701
Ordinary shares issued from exercised warrants	16	4	-	-	-	-	4
Recognition of expenses against capital reserve for							
share-based payment transactions	17	-	-	83,407	-	-	83,407
Total comprehensive income for the period		-	-	-	995,672	526	996,198
Dividend paid	20	-	-	-	(907,082)	-	(907,082)
Balance as at 30 June 2015	907,085	8,785,028	409,106	92,585	2,652,245	7,179	12,853,228

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

..... Director

Rit Thirakomen

..... Director

Somchai Hanjirkasem

(Unaudited but reviewed)

**MK Restaurant Group Public Company Limited and its subsidiaries**

**Statements of changes in shareholders' equity (continued)**

**For the six-month period ended 30 June 2015**

(Unit: Thousand Baht)

		Separate financial statements				
				Capital reserve	Retained earnings	
		Issued and		of share-based	Appropriated -	
		paid-up		payment	statutory	
Note	share capital	Share premium	transactions	reserve	Unappropriated	Total
<b>Balance as at 1 January 2014</b>	905,850	8,785,028	36,070	92,585	2,277,506	12,097,039
Recognition of expenses against capital reserve for						
share-based payment transactions	17	-	-	196,929	-	-
Total comprehensive income for the period		-	-	-	972,284	972,284
Dividend paid	20	-	-	-	(1,449,351)	(1,449,351)
<b>Balance as at 30 June 2014</b>	905,850	8,785,028	232,999	92,585	1,800,439	11,816,901
<b>Balance as at 1 January 2015</b>	907,081	8,785,028	325,699	92,585	2,125,262	12,235,655
Ordinary shares issued from exercised warrants	16	4	-	-	-	4
Recognition of expenses against capital reserve for						
share-based payment transactions	17	-	-	83,407	-	-
Total comprehensive income for the period		-	-	-	1,073,516	1,073,516
Dividend paid	20	-	-	-	(907,082)	(907,082)
<b>Balance as at 30 June 2015</b>	907,085	8,785,028	409,106	92,585	2,291,696	12,485,500

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

Director

Rit Thirakomen

Director

Somchai Hanjikasem

**MK Restaurant Group Public Company Limited and its subsidiaries**  
**Notes to consolidated interim financial statements**  
**For the three-month and six-month periods ended 30 June 2015**

**1. General information**

**1.1 Corporate information**

MK Restaurant Group Public Company Limited (“the Company”) was incorporated as a limited company and subsequently transformed to be a public limited company under Thai law, and domiciled in Thailand. The Company is principally engaged in sales of foods and beverages through restaurants, under the trademark “MK Restaurants”. The registered office address of the Company is at 1200 Bangna-trad Road, Bangna, Bangkok.

As at 30 June 2015, the Company had operated 438 branches (31 December 2014: 428 branches).

**1.2 Basis of preparation of interim financial statements**

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2014) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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

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

**1.3 Basis of consolidation**

These consolidated financial statements include the financial statements of MK Restaurant Group Public Company Limited (herein after called “the Company”) and its subsidiaries which were incorporated in Thailand (herein after called “the subsidiaries”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2014 with no structural changes related to subsidiaries during the current period.

## 1.4 New financial reporting standards

During the period, the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below.

### **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

The Company and its subsidiaries have changed the recognition of actuarial gains and losses in the current period from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income. However, the change does not have any impact on the financial statements for the current period and the prior periods' financial statements, presented as comparative information.

### **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee 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, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.



### **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

As a result of the adoption of this standard, the Company has had to change the method used to account for its investment in one joint venture from the proportionate consolidation method to the equity method. The Company has restated the prior periods' financial statements, presented as comparative information, to reflect the effect of the change. The cumulative effect of changes in accounting policies is presented in Note 3 to the financial statements.

### **TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

### **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

## 2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2014, except for the changes in accounting policies as a result of the adoption of new and revised standards, as discussed in Note 1.4 to the financial statements.

## 3. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 1.4 and Note 2 to the financial statements, during the current period, the Company and its subsidiaries have changed some of their accounting policies, as a result of the adoption of new and revised financial reporting standards.

The amounts of adjustments affecting the consolidated statement of financial position and the consolidated income statement are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statement
	As at 31 December 2014
<b>Statement of financial position</b>	
Increase in investment in joint venture	133,619
Decrease in current assets	(85,479)
Decrease in non-current assets	(72,490)
Decrease in current liabilities	(24,350)

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the three-month period ended 30 June 2015	For the six-month period ended 30 June 2015
<b>Income statements</b>		
Decrease in revenues	(34,101)	(66,686)
Decrease in expenses	(37,316)	(71,451)
Increase in share of loss from investment in joint venture	3,215	4,765

#### 4. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 June				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2015	2014	2015	2014	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	206	190	Cost plus margin at the rate of 7%
Sublease and subservice income	-	-	6	5	At the rate stipulated in the agreements
Management service income	-	-	14	14	At the rate of 4% of sales and service income (after output VAT deduction) with a maximum of Baht 4 million per month and at the rate of Baht 0.5 million per month
Dividend income	-	-	191	187	At the declared rate
Sales of fixed assets	-	-	2	3	Net book value plus margin
Training expenses	-	-	20	18	Market price
<u>Transactions with related companies</u>					
Royalty fee income	1	2	1	2	At the rate of 0.5% of gross sales per month
Royalty fee expenses	12	11	-	-	At the rate of 2% of net sales per month
Rental expenses from operating equipment	10	8	7	6	Market price
Rental expenses for land and construction	7	7	7	7	At the rate stipulated in the agreement

(Unit: Million Baht)

	For the six-month periods ended 30 June				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2015	2014	2015	2014	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	403	362	Cost plus margin at the rate of 7%
Sublease and subservice income	-	-	11	10	At the rate stipulated in the agreements
Management service income	-	-	27	27	At the rate of 4% of sales and service income (after output VAT deduction) with a maximum of Baht 4 million per month and at the rate of Baht 0.5 million per month
Dividend income	-	-	191	187	At the declared rate
Interest income	-	-	-	1	At the rate as stipulated on promissory note of a commercial bank
Sales of fixed assets	-	-	4	5	Net book value plus margin
Training expenses	-	-	46	33	Market price
<u>Transactions with related companies</u>					
Royalty fee income	2	3	2	3	At the rate of 0.5% of gross sales per month
Royalty fee expenses	24	21	-	-	At the rate of 2% of net sales per month
Rental expenses from operating equipment	20	17	14	12	Market price
Rental expenses for land and construction	15	14	15	14	At the rate stipulated in the agreement
Purchase of fixed assets	-	1	-	-	Market price

As at 30 June 2015 and 31 December 2014, the balances of the accounts between the Company and its subsidiaries and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
<b>Trade and other receivables - related parties (Note 7)</b>				
Subsidiary	-	-	101,857	103,888
Related companies (related by common directors)	2,370	598	2,370	598
Total trade and other receivables - related parties	2,370	598	104,227	104,486
<b>Other payables - related parties (Note 14)</b>				
Subsidiaries	-	-	6,807	5,528
Related companies (related by common directors)	8,527	8,552	3,196	3,100
Total other payables - related parties	8,527	8,552	10,003	8,628

### Significant agreements with related parties

#### Franchise agreement for use of trademark, servicemark and license to operate

On 10 February 1994, the Company entered into a franchise agreement with Plenus-MK Limited, a related party in Japan, in order to grant the latter the right to use the trademark and the servicemark of "MK Restaurants" in its operating of the Thai-style Sukiyaki restaurants in Japan. An initial franchise fee was Yen 25 million which was fully paid to the Company in 2002. A monthly royalty fee is charged at a rate of 0.5% of gross sales. The agreement shall continue for a term of three years, and thereafter shall be automatically renewed on a three-year basis until being terminated by either party by giving a written notice 180 days prior to the expiration of such contract.

### Management service agreements

On 1 March 2006, the Company entered into a management service agreement with MK Interfood Company Limited (“MKI”), whereby the Company agreed to provide management service to MKI in areas of branch operations, business development, engineering, procurement, marketing, accounting and finance, human resources and quality assurance. MKI agreed to pay management fee to the Company at a rate of 5% of sales and service income (after output VAT deduction) with a maximum of Baht 1 million per month. The agreement is effective for a period of two years and shall be automatically extended for another two years until MKI gives a written notice of termination three months prior to its expiration. Subsequently on 20 December 2013, the Company and MKI agreed to amend the management fee stated in the management service agreement to a rate of 4% of sales and service income (after output VAT deduction) with a maximum of Baht 4 million per month which is effective from January 2014 onwards.

On 17 February 2014, the Company and MKI entered into a new management service agreement, under which MKI agreed to pay management fee to the Company at a rate of 4% of sales and service income (after output VAT deduction) with a maximum of Baht 4 million per month. The agreement is effective for a period of two years, from 1 March 2014 to 28 February 2016, and shall be automatically extended for another two years until MKI gives a written notice of termination three months prior to its expiration.

On 20 December 2013, the Company entered into a management service agreement with MK Service Training Center Company Limited (“MKS”), whereby the Company agreed to provide management service to MKS in areas of procurement, accounting and finance, human resources and service training. MKS agreed to pay management fee to the Company at a rate of Baht 500,000 per month. The agreement is effective for a period of two years and shall be automatically extended for another two years until MKS gives a written notice of termination three months prior to its expiration.

### Sublease and subservice agreements

The Company entered into several sublease and subservice agreements, granting nine leasehold rights to MK Interfood Company Limited (“MKI”). Sublease and subservice fees are charged according to the terms of the agreements. The agreements are effective for a period of three years and will be renewed automatically for another three years unless MKI has breached them.

Land, building and warehouse lease agreement

The Company entered into a lease agreement for lease of land, building and warehouse with Global Asset Development Co., Ltd. (formerly known as “MK Global Co., Ltd.”), whereby the latter agrees to lease land and construction thereon under six title deeds to the Company and the Company agrees to pay the rental fee to Global Asset Development Co., Ltd. in a total amount of Baht 1.47 million per month, effective from 1 January 2012 to 31 December 2014. The agreement states that the Company shall begin to pay the monthly rent from 1 November 2012 onwards. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

On 1 December 2014, the Company and Global Asset Development Co., Ltd. entered into a new lease agreement for land, building and warehouse, under which the Company agrees to pay the rental fee to Global Asset Development Co., Ltd. in a total amount of Baht 1.69 million per month, effective from 1 January 2015 to 31 December 2017. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

Land and distribution center building lease agreement

On 1 March 2013, the Company entered into a lease agreement for lease of land and distribution center building with Global Asset Development Co., Ltd., whereby the latter agrees to lease land and distribution center building to the Company and the Company agrees to pay the rental fee to Global Asset Development Co., Ltd. at the rate stipulated in the agreement. The lease agreement is for a period of 20 years, effective from 1 November 2013 to 31 October 2033. The agreement states that the Company shall begin to pay the monthly rent from 1 November 2013 onwards. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

**Directors and management's benefits**

During the three-month and six-month periods ended 30 June 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements / Separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	26	35	50	73
Post-employment benefits	-	-	1	1
Share-based payment	7	32	13	35
Total	<u>33</u>	<u>67</u>	<u>64</u>	<u>109</u>

.....Director  
Rit Thirakomen

.....Director  
Somchai Hanjtkasem

**5. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
	(Restated)			
Cash	60,805	156,777	51,573	136,896
Bank deposits in savings accounts	371,975	141,777	284,400	85,339
Total cash and cash equivalents	432,780	298,554	335,973	222,235

As at 30 June 2015, bank deposits in savings accounts carried interests between 0.05 and 0.40 percent per annum (31 December 2014: between 0.05 and 0.50 percent per annum).

**6. Short-term investments**

6.1 As at 30 June 2015 and 31 December 2014, short-term investments consisted of the following:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
Fixed deposits	7,525,144	7,660,144	7,500,144	7,530,144
Investments in trading securities (Note 6.2)	794,287	698,854	619,004	570,413
Total short-term investments	8,319,431	8,358,998	8,119,148	8,100,557

As at 30 June 2015, fixed deposits carried interests between 2.25 and 3.25 percent per annum (31 December 2014: 2.50 and 3.25 percent per annum).



- 6.2 Movements in the short-term investments in trading securities during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Balance as at 1 January 2015</b>	698,854	570,413
Cash paid for short-term investments in trading securities during the period - at cost	5,975,917	4,989,617
Sales during the period - at cost		
Proceeds from sales	(5,893,917)	(4,951,917)
Gain on sales	12,788	10,355
Total	(5,881,129)	(4,941,562)
Gain on change in value	645	536
<b>Balance as at 30 June 2015</b>	<u>794,287</u>	<u>619,004</u>

## 7. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
		(Restated)		
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	73,948	79,271
Total trade accounts receivable - related parties	-	-	73,948	79,271
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	19,217	26,259	18,395	23,597
Total trade accounts receivable - unrelated parties	19,217	26,259	18,395	23,597
Total trade accounts receivable	<u>19,217</u>	<u>26,259</u>	<u>92,343</u>	<u>102,868</u>

(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
	(Restated)			
<u>Other receivables</u>				
Other receivables - related parties	2,370	598	30,279	25,215
Advances	13,200	10,080	11,424	8,459
Accrued interest income	124,053	30,284	123,887	30,117
Others	19,298	27,053	18,159	25,224
Total other receivables	158,921	68,015	183,749	89,015
Less: Allowance for doubtful accounts	(2,578)	(2,578)	(2,578)	(2,578)
Total other receivables - net	156,343	65,437	181,171	86,437
Total trade and other receivables - net	175,560	91,696	273,514	189,305

## 8. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)							
	Paid-up capital		Shareholding percentage		Cost		Dividend received during the six-month period ended	
	30 June	31 December	30 June	31 December	30 June	31 December	ended	
	2015	2014	2015	2014	2015	2014	30 June	
			(%)	(%)			2015	2014
MK Interfood Company Limited	400,000	150,000	100	100	299,050	299,050	160,000	120,000
MK Service Training Center Company Limited	35,000	35,000	100	100	52,430	52,430	31,500	66,500
Total					351,480	351,480	191,500	186,500

.....Director  
Rit Thirakomen

.....Director  
Somchai Hanjikasem

## 9. Investment in joint venture

### 9.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment are as follows:

(Unit: Thousand Baht)								
Jointly controlled entity	Nature of business	Paid-up capital	Shareholding percentage		Consolidated financial statements		Separate financial statements	
			30	31	30	31	30	31
			June	December	June	December	June	December
			2015	2014	2015	2014	2015	2014
			Percent	Percent				
Plenus and MK PTE LTD	Restaurant	298,414	50	50	124,951	133,619	149,207	149,207
Total investment in joint venture					124,951	133,619	149,207	149,207

### 9.2 Share of loss

During the periods, share of loss from investment in joint venture in the consolidated financial statements was as follows:

(Unit: Thousand Baht)		
Jointly controlled entity	Consolidated financial statements	
	Share of loss from investment in joint venture	
	for the six-month periods ended 30 June	
	2015	2014
Plenus and MK PTE LTD	9,194	4,765

## 10. Other long-term investment

(Unit: Thousand Baht)		
	Consolidated financial statements/ Separate financial statements	
	30 June	31 December
	2015	2014
<u>Other investment</u>		
Oversea non-marketable securities - cost	7,278	7,278
Less: Allowance for impairment	(7,278)	(7,278)
Other investment - net	-	-

**11. Property, plant and equipment**

Movements in the property, plant and equipment account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	(Restated)	
<b>Net book value as at 31 December 2014</b>	4,573,332	3,936,178
Acquisitions - at cost		
Decrease in accounts payable for purchases of equipment during the period	(58,185)	(55,638)
Cash paid for purchases of plant and equipment	341,155	296,959
Total	280,970	241,321
Disposals and write-off - net book value at disposal and write-off date		
Proceeds from disposals of equipment	(1,867)	(5,959)
Gain (loss) on disposals of equipment	(4,376)	568
Loss on write-off of equipment	(8)	(8)
Total	(6,251)	(5,399)
Depreciation for the period	(374,514)	(306,832)
Allowance for impairment loss for the period	(702)	(702)
<b>Net book value as at 30 June 2015</b>	<b>4,474,835</b>	<b>3,864,566</b>

**12. Intangible assets**

Movements in the intangible assets account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	(Restated)	
<b>Net book value as at 31 December 2014</b>	59,171	56,565
Acquisitions during the period - at cost	47,465	46,811
Loss on write-off	(1)	(1)
Amortisation for the period	(6,056)	(5,822)
<b>Net book value as at 30 June 2015</b>	<b>100,579</b>	<b>97,553</b>

**13. Leasehold rights**

Movements in the leasehold rights account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 31 December 2014</b>	322,623	299,956
Amortisation for the period	(19,475)	(18,480)
<b>Net book value as at 30 June 2015</b>	<u>303,148</u>	<u>281,476</u>

**14. Trade and other payables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
	(Restated)			
Trade payables - unrelated parties	303,798	413,415	293,055	409,935
Other payables - related parties	8,527	8,552	10,003	8,628
Other payables - unrelated parties (purchases of fixed assets)	138,220	200,650	126,071	185,785
Accrued expenses	593,053	726,930	500,420	620,030
Others	83,598	94,075	77,192	87,253
<b>Total trade and other payables</b>	<u>1,127,196</u>	<u>1,443,622</u>	<u>1,006,741</u>	<u>1,311,631</u>

**15. Provision for long-term employee benefits**

Movements of provision for long-term employee benefits for the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Retirement benefits plan	Long service awards plan	Total
As at 1 January 2015	185,998	31,680	217,678
Current service cost	9,720	3,097	12,817
Interest cost	3,716	612	4,328
Benefit paid	(893)	-	(893)
As at 30 June 2015	198,541	35,389	233,930

	(Unit: Thousand Baht)		
	Separate financial statements		
	Retirement benefits plan	Long service awards plan	Total
As at 1 January 2015	175,333	28,845	204,178
Current service cost	8,717	2,656	11,373
Interest cost	3,498	554	4,052
Benefit paid	(893)	-	(893)
As at 30 June 2015	186,655	32,055	218,710

Long-term employee benefit expenses included in the consolidated income statements for the six-month periods ended 30 June 2015 and 2014 amounted to Baht 17.1 million and Baht 15.8 million, respectively (Separate financial statements: Baht 15.4 million and Baht 14.3 million, respectively).

## 16. Share capital

As at 30 June 2015, the Company's issued and paid-up share capital had increased from Baht 907.08 million (907.08 million ordinary shares, at Baht 1 per share) to Baht 907.09 million (907.09 million ordinary shares, at Baht 1 per share) as a result of the exercise of the warrants (M-WA) to ordinary shares amounting to Baht 3,500 (3,500 ordinary shares, at Baht 1 per share).

The Company registered the corresponding increase in its issued and paid-up share capital with the Ministry of Commerce on 12 January 2015.

## 17. Warrants

On 7 August 2013, the Company allocated and issued 20,000,000 warrants to the management including the management in the director position and employees of the Company and/or employees of the subsidiaries of the Company at free of charge ("ESOP" or "M-WA"). The exercise period is within 5 years commencing on 7 August 2013, and the warrants can be exercised to acquire the new ordinary shares of the Company for totaling 17 times. The warrants are first exercisable after 1 year since the date that the Company allotted and issued the warrants, with the first exercise date falling on 30 September 2014. The following exercise dates fall on the last working day of March, June, September and December and the last exercise date is 6 August 2018.

The exercise ratio is 1 warrant per 1 new ordinary share, and the exercise price is Baht 1 per share. The exercise conditions and fair value of share option were disclosed in the notes to financial statements for the year ended 31 December 2014.

During the six-month period ended 30 June 2015, the Company and its subsidiaries recorded expenses related to the ESOP or M-WA scheme of Baht 83.4 million (2014: Baht 196.9 million) and for the Company of Baht 80.0 million (2014: Baht 186.3 million) as personnel expenses in the income statement, together with a corresponding increase in "Capital reserve for share-based payment transactions" in the shareholders' equity.

Presented below is a summary of movements in the number of the Company's warrants.

	(Unit: Thousand Units)	
	30 June 2015	31 December 2014
Warrants issued as at 7 August 2013	20,000	20,000
Less: Number of exercised warrants - beginning of period	(1,235)	-
Warrants exercised during the period	-	(1,235)
Cumulative number of exercised warrants - end of period	(1,235)	(1,235)
Less: Warrants written-off - beginning of period	(3,289)	-
Warrants written-off during the period	(733)	(3,289)
Cumulative warrants written-off - end of period *	(4,022)	(3,289)
Warrants at the end of period	14,743	15,476

\* The Company wrote-off M-WA of director, management and employees of the Company and its subsidiaries that were not eligible for the privilege due to resignation before the warrants matured.

## 18. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and six-month periods ended 30 June 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	135,440	132,474	119,122	121,330
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(10,129)	(37,530)	(9,645)	(35,443)
<b>Income tax expenses reported in the income statements</b>	<u>125,311</u>	<u>94,944</u>	<u>109,477</u>	<u>85,887</u>



(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	262,720	251,508	232,394	228,111
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(21,399)	(43,007)	(20,403)	(40,398)
<b>Income tax expenses reported in the income statements</b>	<u>241,321</u>	<u>208,501</u>	<u>211,991</u>	<u>187,713</u>

## 19. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that such conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

### 19.1 Weighted average number of ordinary shares

(Unit: Thousand shares)

	Consolidated financial statements / Separate financial statements			
	For the three-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Balance brought forward	907,085	905,850	907,081	905,850
Add: The weighted average number of ordinary shares issued during the period	-	-	3	-
Weighted average number of ordinary shares	<u>907,085</u>	<u>905,850</u>	<u>907,084</u>	<u>905,850</u>

## 19.2 Reconciliation of diluted earnings per share

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

Consolidated financial statements						
For the three-month periods ended 30 June						
Profit for the period		Weighted average number of ordinary shares		Earnings per share		
<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company						
515,869	402,516	907,085	905,850	0.57	0.44	
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (M - WA)		11,334	12,107			
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares						
515,869	402,516	918,419	917,957	0.56	0.44	

Separate financial statements						
For the three-month periods ended 30 June						
Profit for the period		Weighted average number of ordinary shares		Earnings per share		
<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company						
642,471	549,884	907,085	905,850	0.71	0.61	
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (M - WA)		10,639	12,013			
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares						
642,471	549,884	917,724	917,863	0.70	0.60	

Consolidated financial statements						
For the six-month periods ended 30 June						
Profit for the period		Weighted average number of ordinary shares		Earnings per share		
<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company						
<u>995,672</u>	<u>870,387</u>	907,084	905,850	<u>1.10</u>	<u>0.96</u>	
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (M - WA)		<u>11,562</u>	<u>11,735</u>			
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares						
995,672	870,387	918,646	917,585	1.08	0.95	

	Separate financial statements					
	For the six-month periods ended 30 June					
	Profit for the period		Weighted average number of ordinary shares		Earnings per share	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the Company	<u>1,073,516</u>	<u>972,284</u>	907,084	905,850	<u>1.18</u>	<u>1.07</u>
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (M - WA)			<u>10,840</u>	<u>11,637</u>		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	1,073,516	972,284	917,924	917,487	1.17	1.06

## 20. Dividends

Dividend declared for the six-month periods ended 30 June 2015 and 2014 consist of the following:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>Year 2015</u>				
Final dividend on 2014 profit	Annual General Meeting of the shareholders on 24 April 2015	907	1.0	21 May 2015
Total		<u>907</u>	<u>1.0</u>	
<u>Year 2014</u>				
Final dividend on 2013 profit	Annual General Meeting of the shareholders on 28 April 2014	1,449	1.6	21 May 2014
Total		<u>1,449</u>	<u>1.6</u>	

## 21. Operating 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 engaged in 2 business segments which are restaurant business and training service provider business. Their operations are carried on in geographical areas of Thailand. However, the restaurant business in Thailand is the main business segment and the segment information that has been considered based on a quantitative basis is over 90 percent of operating segments and geographical areas. For this reason, the chief operating decision maker considers aggregating the operating segments into one reportable segment of restaurant operation.

Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

## 22. Commitments and contingent liabilities

### 22.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of building space and equipment and other service agreements. The terms of the agreements are generally between 3 and 20 years.

As at 30 June 2015, future minimum payments required under these non-cancellable operating lease contracts and other service contracts were as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable within:		
Less than 1 year	1,228	1,038
1 to 5 years	1,496	1,333
More than 5 years	396	385

### 22.2 Futures contracts

The Company and a subsidiary have entered into futures contracts with many local companies, whereby the Company, its subsidiary and those companies agreed quantity, schedule, place and price of inventories to be delivered. The Company and its subsidiary agreed to pay for inventories at the rates stipulated in the contracts.

### 22.3 Guarantees

As at 30 June 2015, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries of approximately Baht 17.4 million (31 December 2014: Baht 17.3 million), in respect of certain performance bonds as required in the normal course of businesses. These included letters of guarantee amounting to Baht 6.3 million (31 December 2014: Baht 6.3 million) to guarantee payments due to creditors and Baht 11.1 million (31 December 2014: Baht 11 million) to guarantee electricity use.

## 23. Fair value of financial instruments

The Company and its subsidiaries use the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 Fair Value Measurement establishes a fair value hierarchy categorising such inputs into three levels 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

As of 30 June 2015, the Company and its subsidiaries had the assets that were measured at fair value as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Level 2	Level 2
<b>Financial assets measured at fair value</b>		
Investments in trading securities - debt instruments	794,287	619,004

Valuation techniques and inputs to Level 2 valuation

The fair value of investments in debt instruments has been determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.

During the current period, there were no transfers within the fair value hierarchy.

## **24. Events after the reporting period**

On 11 August 2015, the Meeting of the Board of Directors of the Company passed the following resolutions.

- To approve an interim dividend payment in respect of the profit for the six-month period ended 30 June 2015 to the Company's shareholders at Baht 0.9 per share, totaling Baht 816.4 million, which will be paid to the shareholders on 8 September 2015.
- To approve the incorporation of National Foods Supply Company Limited ("a subsidiary company") with the registered share capital of Baht 100 million (100 million ordinary shares at a par value of Baht 1 per share) being engaged in the manufacture and distribution of foods. The Company will hold 100 percent in this new subsidiary company.

## **25. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 August 2015.