

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 2018

## **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 2018, 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 period. 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.

Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

EY Office Limited

Bangkok: 9 August 2018

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

**Statements of financial position**

**As at 30 June 2018**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
	Note	2018	2017	2018	2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	3	560,566	409,622	431,499	331,540
Short-term investments	4	8,704,792	9,336,130	8,206,426	8,719,125
Trade and other receivables	2, 5	86,637	75,815	196,038	194,919
Inventories		261,720	350,345	234,677	328,054
Other current assets		78,027	404,658	58,930	330,576
<b>Total current assets</b>		<b>9,691,742</b>	<b>10,576,570</b>	<b>9,127,570</b>	<b>9,904,214</b>
<b>Non-current assets</b>					
Investments in subsidiaries	6	-	-	691,480	631,480
Investments in joint ventures	7	719,600	75,875	744,832	98,082
Other long-term investments	8	1,198,135	793,720	1,198,135	793,720
Property, plant and equipment	9	3,830,609	4,012,251	3,084,324	3,273,227
Intangible assets	10	79,243	85,502	73,976	80,642
Leasehold rights	11	245,513	266,392	229,887	249,765
Deferred tax assets		92,782	73,415	83,380	64,539
Deposits		416,352	399,004	318,807	307,516
<b>Total non-current assets</b>		<b>6,582,234</b>	<b>5,706,159</b>	<b>6,424,821</b>	<b>5,498,971</b>
<b>Total assets</b>		<b>16,273,976</b>	<b>16,282,729</b>	<b>15,552,391</b>	<b>15,403,185</b>

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**

**Statements of financial position (continued)**

**As at 30 June 2018**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
	Note	2018	2017	2018	2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	2, 12	1,330,780	1,627,926	1,161,434	1,436,592
Income tax payable		296,572	208,145	266,808	176,375
Current portion of deferred income of membership fee		51,238	39,963	37,972	29,390
Other current liabilities		226,535	232,820	187,506	195,341
<b>Total current liabilities</b>		1,905,125	2,108,854	1,653,720	1,837,698
<b>Non-current liabilities</b>					
Deferred income of membership fee - net of current portion		3,891	11,618	3,891	8,793
Provision for long-term employee benefits	13	330,164	320,031	300,326	292,810
Other non-current liabilities		21,329	13,585	22,960	15,216
<b>Total non-current liabilities</b>		355,384	345,234	327,177	316,819
<b>Total liabilities</b>		2,260,509	2,454,088	1,980,897	2,154,517

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 2018**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
	Note	2018	2017	2018	2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital	14				
Registered					
920,878,100 ordinary shares of Baht 1 each					
(31 December 2017: 925,850,000 ordinary shares					
of Baht 1 each)		920,878	925,850	920,878	925,850
Issued and fully paid					
920,878,100 ordinary shares of Baht 1 each					
(31 December 2017: 920,878,100 ordinary shares					
of Baht 1 each)		920,878	920,878	920,878	920,878
Share premium		8,785,028	8,785,028	8,785,028	8,785,028
Capital reserve for share-based payment	15	656,331	656,331	656,331	656,331
transactions					
Retained earnings					
Appropriated - statutory reserve		92,585	92,585	92,585	92,585
Unappropriated		3,553,573	3,367,262	3,118,127	2,794,015
Other component of shareholders' equity		5,072	6,557	(1,455)	(169)
Total shareholders' equity		14,013,467	13,828,641	13,571,494	13,248,668
Total liabilities and shareholders' equity		16,273,976	16,282,729	15,552,391	15,403,185

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 2018**

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

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2018	2017	2018	2017
<b>Revenues</b>					
Sales and service income		4,249,138	4,105,980	3,734,383	3,618,241
Interest income		29,435	27,757	29,397	27,608
Dividend income	6	-	-	308,000	235,000
Other income		100,950	77,944	130,930	108,184
<b>Total revenues</b>		<b>4,379,523</b>	<b>4,211,681</b>	<b>4,202,710</b>	<b>3,989,033</b>
<b>Expenses</b>					
Cost of sales and services		1,337,882	1,307,742	1,392,630	1,337,332
Selling expenses		1,943,814	1,804,736	1,560,901	1,460,520
Administrative expenses		289,573	269,196	240,264	224,439
Other expenses		-	-	-	51,125
<b>Total expenses</b>		<b>3,571,269</b>	<b>3,381,674</b>	<b>3,193,795</b>	<b>3,073,416</b>
<b>Profit before share of loss from investments in joint ventures and income tax expenses</b>					
		808,254	830,007	1,008,915	915,617
Share of loss from investments in joint ventures		(1,472)	(3,814)	-	-
<b>Profit before income tax expenses</b>		<b>806,782</b>	<b>826,193</b>	<b>1,008,915</b>	<b>915,617</b>
Income tax expenses	16	(147,285)	(150,818)	(129,818)	(134,433)
<b>Profit for the period</b>		<b>659,497</b>	<b>675,375</b>	<b>879,097</b>	<b>781,184</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		659,497	675,375	879,097	781,184
<b>Earnings per share</b>					
17					
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company		0.72	0.74	0.95	0.85
<b>Diluted earnings per share</b>					
Profit attributable to equity holders of the Company		0.72	0.73	0.95	0.85

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 2018**

(Unit: Thousand Baht)

	<u>Note</u>	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
<b>Profit for the period</b>		<u>659,497</u>	<u>675,375</u>	<u>879,097</u>	<u>781,184</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>609</u>	<u>52</u>	<u>-</u>	<u>-</u>
Loss on changes in value of available-for-sale investments	4	(2,614)	(2,676)	(2,614)	(2,676)
Less: Income tax effect	16	<u>523</u>	<u>535</u>	<u>523</u>	<u>535</u>
Loss on changes in value of available-for-sale investments - net of income tax		<u>(2,091)</u>	<u>(2,141)</u>	<u>(2,091)</u>	<u>(2,141)</u>
<b>Other comprehensive income for the period</b>		<u>(1,482)</u>	<u>(2,089)</u>	<u>(2,091)</u>	<u>(2,141)</u>
<b>Total comprehensive income for the period</b>		<u>658,015</u>	<u>673,286</u>	<u>877,006</u>	<u>779,043</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		<u>658,015</u>	<u>673,286</u>	<u>877,006</u>	<u>779,043</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 2018**

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

		Consolidated		Separate	
		financial statements		financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>					
Sales and service income		8,298,409	7,911,463	7,314,795	6,983,847
Interest income		53,788	58,887	53,750	58,554
Dividend income	6	-	-	308,000	235,000
Other income		<u>191,079</u>	<u>129,148</u>	<u>247,009</u>	<u>188,981</u>
<b>Total revenues</b>		<u>8,543,276</u>	<u>8,099,498</u>	<u>7,923,554</u>	<u>7,466,382</u>
<b>Expenses</b>					
Cost of sales and services		2,614,648	2,541,245	2,723,691	2,600,961
Selling expenses		3,781,838	3,512,013	3,044,172	2,854,364
Administrative expenses		565,826	521,792	472,100	429,169
Other expenses		<u>-</u>	<u>-</u>	<u>-</u>	<u>51,125</u>
<b>Total expenses</b>		<u>6,962,312</u>	<u>6,575,050</u>	<u>6,239,963</u>	<u>5,935,619</u>
<b>Profit before share of loss from investments in joint ventures and income tax expenses</b>					
Share of loss from investments in joint ventures	7	<u>(2,826)</u>	<u>(16,343)</u>	<u>-</u>	<u>-</u>
<b>Profit before income tax expenses</b>		1,578,138	1,508,105	1,683,591	1,530,763
Income tax expenses	16	<u>(286,775)</u>	<u>(279,978)</u>	<u>(254,427)</u>	<u>(249,413)</u>
<b>Profit for the period</b>		<u>1,291,363</u>	<u>1,228,127</u>	<u>1,429,164</u>	<u>1,281,350</u>
<b>Profit attributable to:</b>					
Equity holders of the Company		<u>1,291,363</u>	<u>1,228,127</u>	<u>1,429,164</u>	<u>1,281,350</u>
<b>Earnings per share</b>					
Basic earnings per share	17				
Profit attributable to equity holders of the Company		<u>1.40</u>	<u>1.34</u>	<u>1.55</u>	<u>1.40</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company		<u>1.40</u>	<u>1.33</u>	<u>1.55</u>	<u>1.39</u>

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

..... Director  
Rit Thirakomen

..... Director  
Somchai Hanjikasem



(Unaudited but reviewed)

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

**Statements of comprehensive income**

**For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	<u>Note</u>	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
<b>Profit for the period</b>		<u>1,291,363</u>	<u>1,228,127</u>	<u>1,429,164</u>	<u>1,281,350</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>(199)</u>	<u>(107)</u>	<u>-</u>	<u>-</u>
Gain (loss) on changes in value of available-for-sale investments	4	(1,608)	1,121	(1,608)	1,121
Less: Income tax effect	16	<u>322</u>	<u>(224)</u>	<u>322</u>	<u>(224)</u>
Gain (loss) on changes in value of available-for-sale investments - net of income tax		<u>(1,286)</u>	<u>897</u>	<u>(1,286)</u>	<u>897</u>
<b>Other comprehensive income for the period</b>		<u>(1,485)</u>	<u>790</u>	<u>(1,286)</u>	<u>897</u>
<b>Total comprehensive income for the period</b>		<u><u>1,289,878</u></u>	<u><u>1,228,917</u></u>	<u><u>1,427,878</u></u>	<u><u>1,282,247</u></u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		<u><u>1,289,878</u></u>	<u><u>1,228,917</u></u>	<u><u>1,427,878</u></u>	<u><u>1,282,247</u></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 cash flows**

**For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit before tax	1,578,138	1,508,105	1,683,591	1,530,763
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Gain on sales of short-term investments	(35,891)	(34,317)	(31,662)	(31,327)
Loss on change in value of short-term investments	16,635	7,853	16,367	7,915
Unrealised loss (gain) on exchange	5,931	(6,348)	5,931	(6,348)
Allowance for impairment loss on investment in joint venture	-	-	-	51,125
Amortised premium on investments in available-for-sale securities	819	-	819	-
Share of loss from investments in joint ventures	2,826	16,343	-	-
Loss from damaged inventories	974	1,772	974	1,772
Amortisation of prepaid expenses	13,282	21,381	11,452	14,946
Depreciation and amortisation	414,673	429,039	333,733	349,664
Loss (gain) on disposals and write-off of property, plant and equipment	(33,656)	9,549	(37,006)	7,787
Expenses for share-based payment transactions	-	32,045	-	30,391
Provision for long-term employee benefits	16,563	20,696	13,686	18,088
Realisation of gift voucher, net of sales and cash received during the period	(17,538)	(14,201)	(17,001)	(13,793)
Realisation of deferred income, net of sales and cash received during the period	(25,955)	(22,152)	(17,523)	(18,987)
Dividend income	-	-	(308,000)	(235,000)
Interest income	(53,788)	(58,874)	(53,750)	(58,554)
Profit from operating activities before changes in operating assets and liabilities	1,883,013	1,910,891	1,601,611	1,648,442

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 cash flows (continued)**

**For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities (continued)</b>				
Operating assets (increase) decrease				
Trade and other receivables	908	9,841	10,611	15,438
Inventories	87,651	65,971	92,403	67,458
Other current assets	273,985	(58,218)	220,671	(41,245)
Deposits	(17,348)	(10,629)	(11,291)	(5,932)
Operating liabilities increase (decrease)				
Trade and other payables	(308,126)	(223,547)	(291,267)	(217,259)
Deferred income	29,503	25,651	21,203	17,110
Other current liabilities	11,253	3,514	9,166	3,250
Provision for long-term employee benefits	(6,430)	(15,791)	(6,170)	(15,791)
Other non-current liabilities	7,744	305	7,744	305
Cash from operating activities	1,962,153	1,707,988	1,654,681	1,471,776
Cash received from interest income	42,058	68,216	42,020	67,452
Cash paid for income tax	(217,393)	(215,446)	(182,513)	(190,761)
<b>Net cash from operating activities</b>	<b>1,786,818</b>	<b>1,560,758</b>	<b>1,514,188</b>	<b>1,348,467</b>

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

..... Director  
Rit Thirakomen

..... Director  
Somchai Hanjikasem

(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 2018**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Decrease in short-term loan to related party	-	-	-	1,000
(Increase) decrease in short-term investments	656,229	(437,013)	533,629	(312,512)
Increase in other investments	(361,000)	-	(361,000)	-
Cash paid for investments in joint ventures	(646,750)	-	(646,750)	(180,000)
Cash paid for investments in subsidiaries	-	-	(60,000)	-
Cash paid for purchases of plant and equipment	(275,839)	(277,887)	(200,437)	(211,263)
Cash paid for purchases of computer software	(1,633)	(2,583)	(825)	(2,320)
Cash paid for purchases of leasehold rights	-	(24,960)	-	(24,960)
Proceeds from disposals of equipment	98,171	1,893	118,206	7,081
Dividend income	-	-	308,000	235,000
<b>Net cash used in investing activities</b>	<b>(530,822)</b>	<b>(740,550)</b>	<b>(309,177)</b>	<b>(487,974)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(1,105,052)	(1,006,333)	(1,105,052)	(1,006,333)
<b>Net cash used in financing activities</b>	<b>(1,105,052)</b>	<b>(1,006,333)</b>	<b>(1,105,052)</b>	<b>(1,006,333)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>150,944</b>	<b>(186,125)</b>	<b>99,959</b>	<b>(145,840)</b>
Cash and cash equivalents at beginning of period	409,622	322,524	331,540	236,267
<b>Cash and cash equivalents at end of period</b>	<b>560,566</b>	<b>136,399</b>	<b>431,499</b>	<b>90,427</b>

**Supplement disclosure of cash flows information**

Non-cash transactions

Decrease in accounts payable for purchases

of plant and equipment	(7,064)	(70,953)	(1,776)	(54,071)
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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 2018**

(Unit: Thousand Baht)

Consolidated financial statements									
						Other component of equity			
						Other comprehensive income			
						Exchange			
						differences on		Surplus (deficit)	
						translation of		on changes	
						financial		in value of	
						statements in		available-for-sale	
								shareholders'	
								equity	
								Total	
Note	Issued and paid-up share capital	Share premium	Capital reserve of share-based payment transactions	Retained earnings Appropriated - statutory reserve	Unappropriated	foreign currencies	investments	equity	Total
<b>Balance as at 1 January 2017</b>	914,849	8,785,028	626,325	92,585	2,955,082	7,087	(3,725)	3,362	13,377,231
Profit for the period	-	-	-	-	1,228,127	-	-	-	1,228,127
Other comprehensive income for the period	-	-	-	-	-	(107)	897	790	790
Total comprehensive income for the period	-	-	-	-	1,228,127	(107)	897	790	1,228,917
Recognition of expenses against capital reserve									
for share-based payment transactions	15	-	-	32,045	-	-	-	-	32,045
Dividend paid	18	-	-	-	(1,006,333)	-	-	-	(1,006,333)
<b>Balance as at 30 June 2017</b>	<u>914,849</u>	<u>8,785,028</u>	<u>658,370</u>	<u>92,585</u>	<u>3,176,876</u>	<u>6,980</u>	<u>(2,828)</u>	<u>4,152</u>	<u>13,631,860</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 changes in shareholders' equity (continued)**

**For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

Consolidated financial statements									
						Other component of equity			
						Other comprehensive income			
						Exchange			
						differences on		Surplus (deficit)	
						translation of		on changes	
						financial		in value of	
						statements in		available-for-sale	
								shareholders'	
								equity	
								Total	
Note	Issued and paid-up share capital	Share premium	Capital reserve of share-based payment transactions	Retained earnings Appropriated - statutory reserve	Unappropriated	foreign currencies	investments	equity	Total
<b>Balance as at 1 January 2018</b>	920,878	8,785,028	656,331	92,585	3,367,262	6,726	(169)	6,557	13,828,641
Profit for the period	-	-	-	-	1,291,363	-	-	-	1,291,363
Other comprehensive income for the period	-	-	-	-	-	(199)	(1,286)	(1,485)	(1,485)
Total comprehensive income for the period	-	-	-	-	1,291,363	(199)	(1,286)	(1,485)	1,289,878
Dividend paid	18	-	-	-	(1,105,052)	-	-	-	(1,105,052)
<b>Balance as at 30 June 2018</b>	<u>920,878</u>	<u>8,785,028</u>	<u>656,331</u>	<u>92,585</u>	<u>3,553,573</u>	<u>6,527</u>	<u>(1,455)</u>	<u>5,072</u>	<u>14,013,467</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 changes in shareholders' equity (continued)**

**For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

Separate financial statements							
				Retained earnings		Other component	
				Appropriated -		of shareholders'	
				statutory		equity	
						Other	
						comprehensive	
						income	
						Surplus (deficit)	
						on changes	
						in value of	
						available-for-sale	
Note	Issued and paid-up share capital	Share premium	Capital reserve of share-based payment transactions	reserve	Unappropriated	investments	Total
<b>Balance as at 1 January 2017</b>	914,849	8,785,028	626,325	92,585	2,487,288	(3,725)	12,902,350
Profit for the period	-	-	-	-	1,281,350	-	1,281,350
Other comprehensive income for the period	-	-	-	-	-	897	897
Total comprehensive income for the period	-	-	-	-	1,281,350	897	1,282,247
Recognition of expenses against capital reserve for share-based payment transactions	-	-	32,045	-	-	-	32,045
Dividend paid	-	-	-	-	(1,006,333)	-	(1,006,333)
<b>Balance as at 30 June 2017</b>	<u>914,849</u>	<u>8,785,028</u>	<u>658,370</u>	<u>92,585</u>	<u>2,762,305</u>	<u>(2,828)</u>	<u>13,210,309</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 changes in shareholders' equity (continued)**

**For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

Separate financial statements							
				Retained earnings		Other component	
				Appropriated -		of shareholders'	
				statutory		equity	
						Other	
						comprehensive	
						income	
						Surplus (deficit)	
						on changes	
						in value of	
						available-for-sale	
Note	Issued and paid-up share capital	Share premium	Capital reserve of share-based payment transactions	reserve	Unappropriated	investments	Total
<b>Balance as at 1 January 2018</b>	920,878	8,785,028	656,331	92,585	2,794,015	(169)	13,248,668
Profit for the period	-	-	-	-	1,429,164	-	1,429,164
Other comprehensive income for the period	-	-	-	-	-	(1,286)	(1,286)
Total comprehensive income for the period	-	-	-	-	1,429,164	(1,286)	1,427,878
Dividend paid	-	-	-	-	(1,105,052)	-	(1,105,052)
<b>Balance as at 30 June 2018</b>	<b>920,878</b>	<b>8,785,028</b>	<b>656,331</b>	<b>92,585</b>	<b>3,118,127</b>	<b>(1,455)</b>	<b>13,571,494</b>

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**  
**Notes to consolidated interim financial statements**  
**For the three-month and six-month periods ended 30 June 2018**

**1. General information**

**1.1 Corporate information**

MK Restaurant Group Public Company Limited (“the Company”) was incorporated as a limited company under Thai laws and subsequently registered the change of its status to a public limited company under the Public Limited Companies Act, 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 2018, the Company had operated 477 branches (31 December 2017: 473 branches).

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

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

The interim financial 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 2017. There have been changes in the structure of the subsidiaries during the period as described in Note 6.

## **1.4 New financial reporting standards**

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

During the period, 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 the revised financial reporting standards and interpretations does not have any significant impact on the Company's and its subsidiaries' financial statements.

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

During the period, the Federation of Accounting Professions issued Thai Financial Reporting Standard 15 Revenue from Contracts with Customers (TFRS 15), which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. 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.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

## **1.5 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 2017.

## 2. 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, 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
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	299	270	Cost plus margin
Sublease and subservice income	-	-	6	7	At the rate stipulated in the agreements
Management service income	-	-	33	30	At the rate stipulated in the agreements
Dividend income	-	-	308	235	At the declared rate
Sales of fixed assets	-	-	10	2	Net book value plus margin
Rental income	-	-	2	1	At the rate stipulated in the agreements
Purchases of goods	-	-	48	33	Market price
Training expenses	-	-	35	24	Market price
<u>Transactions with related companies</u>					
Sales of fixed assets	75	-	75	-	Market price
Royalty fee income	2	2	2	2	At the rate stipulated in the agreements
Royalty fee expenses	14	13	-	-	At the rate stipulated in the agreements
Rental expenses for operating equipment	11	12	7	8	Market price
Rental expenses for land and construction	9	9	9	9	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
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	578	520	Cost plus margin
Sublease and subservice income	-	-	12	13	At the rate stipulated in the agreements
Management service income	-	-	62	60	At the rate stipulated in the agreements
Dividend income	-	-	308	235	At the declared rate
Sales of fixed assets	-	-	20	5	Net book value plus margin
Rental income	-	-	3	2	At the rate stipulated in the agreements
Purchases of goods	-	-	100	64	Market price
Training expenses	-	-	65	46	Market price
<u>Transactions with related companies</u>					
Sales of fixed assets	75	-	75	-	Market price
Royalty fee income	3	3	3	3	At the rate stipulated in the agreements
Royalty fee expenses	28	26	-	-	At the rate stipulated in the agreements
Rental expenses for operating equipment	22	23	14	15	Market price
Rental expenses for land and construction	18	17	18	17	At the rate stipulated in the agreement

As at 30 June 2018 and 31 December 2017, the balances of the accounts between the Company and its subsidiaries and those related parties are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<b>Trade and other receivables - related parties (Note 5)</b>				
Subsidiaries	-	-	119,041	129,770
Related companies (related by common directors)	1,239	510	1,239	510
Total trade and other receivables - related parties	1,239	510	120,280	130,280
<b>Trade and other payable - related parties (Note 12)</b>				
Subsidiaries	-	-	32,769	35,541
Related companies (related by common directors)	17,879	10,602	11,801	3,979
Total trade and other payable - related parties	17,879	10,602	44,570	39,520

.....Director  
Rit Thirakomen

.....Director  
Somchai Hanjikasem

## **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. A monthly royalty fee is charged at a rate stipulated in the agreement. 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

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 Baht 10 million per month. The agreement is effective from 1 January 2018 to 28 February 2019 (2017: at a rate of Baht 9 million per month). The agreement shall be automatically extended for another two years until MKI gives a written notice of termination three months prior to its expiration.

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 0.15 million per month. The agreement is effective from 1 January 2018 to 31 December 2018 (2017: at a rate of Baht 0.8 million per month). The agreement shall be automatically extended for another one year until MKS gives a written notice of termination three months prior to its expiration.

The Company entered into a management service agreement with International Food Supply Company Limited (“IFS”), whereby the Company agreed to provide management service to IFS in areas of procurement, accounting and finance, human resources and quality assurance. IFS agreed to pay management fee to the Company at a rate of Baht 0.16 million per month. The agreement is effective from 1 January 2018 to 31 December 2018 (2017: at a rate of Baht 0.15 million per month). The agreement shall be automatically extended for another one year until IFS 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 seven 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.

Building lease agreement

On 1 February 2016, the Company entered into a lease agreement for lease of building to International Food Supply Co., Ltd. (“IFS”), under which IFS agrees to pay rental to the Company at a rate of Baht 0.54 million per month. The lease agreement is for a period of 6 years, from 1 May 2016 to 30 April 2022. Subsequently, on 17 May 2016, the Company and IFS agreed to adjust the rental space and the rental rate to be Baht 0.37 million per month.

On 15 June 2017, the Company and IFS agreed to adjust the rental space and the rental to be Baht 0.46 million per month.

Land and construction lease thereon agreement

On 1 December 2014, the Company entered into a lease agreement for lease of land and construction thereon with Global Asset Development 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 to Global Asset Development Co., Ltd. In a total amount of Baht 1.69 million per month, 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.

On 16 November 2017, the Company and Global Asset Development Co., Ltd. entered into a new lease agreement, whereby the latter agrees to lease land and construction thereon to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. In a total amount of Baht 1.94 million per month, from 1 January 2018 to 31 December 2020. 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 to Global Asset Development Co., Ltd. At the rate stipulated in the agreement. The lease agreement is for a period of 20 years, 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.

On 18 April 2016, the Company entered into additional lease agreement for lease of land with Global Asset Development Co., Ltd., whereby the latter agrees to lease land to the Company and the Company agrees to pay the rental to Global Asset Development Co., Ltd. At the rate stipulated in the agreement. The lease agreement is for a period of 17 years and 6 months, from 1 May 2016 to 31 October 2033. The agreement states that the Company shall begin to pay the monthly rent from 1 May 2016 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 2018 and 2017, 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 ended 30 June		For the six-month periods ended 30 June	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	36	30	72	59
Post-employment benefits	1	1	2	2
Share-based payments	-	2	-	5
Total	<u>37</u>	<u>33</u>	<u>74</u>	<u>66</u>

During the six-month period ended 30 June 2018, the Company has not paid post-employment benefits to its directors and management (2017: paid post-employment benefits of Baht 15 million).

**3. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Cash	109,037	143,447	90,844	121,779
Bank deposits	451,529	266,175	340,655	209,761
Total	560,566	409,622	431,499	331,540

As at 30 June 2018, bank deposits in savings accounts carried interests between 0.10 and 0.40 percent per annum (31 December 2017: between 0.10 and 0.40 percent per annum).

**4. Short-term investments**

4.1 As at 30 June 2018 and 31 December 2017, short-term investments consisted of the following:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Fixed deposits	5,500,000	4,500,000	5,500,000	4,500,000
Fixed deposits managed by assets management companies (Note 4.3)	331,270	325,637	331,270	325,637
Investments in trading securities (Note 4.2)	2,838,625	4,510,493	2,340,259	3,893,488
Investments in available-for-sale securities (Note 4.3)	34,897	-	34,897	-
Total	8,704,792	9,336,130	8,206,426	8,719,125

As at 30 June 2018, fixed deposits carried interests between 1.40 and 2.06 percent per annum (31 December 2017: 1.60 and 2.06 percent per annum).



- 4.2 Movements of investments in trading securities for the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Balance as at 1 January 2018</b>	4,510,493	3,893,488
Purchases	12,078,184	10,665,784
Sales	(13,769,308)	(12,234,308)
Gain on sales of investments	35,891	31,662
Loss on change in value	(16,635)	(16,367)
<b>Balance as at 30 June 2018</b>	<b>2,838,625</b>	<b>2,340,259</b>

- 4.3 As at 30 June 2018 and 31 December 2017, investments in private funds are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	30 June 2018	31 December 2017
<b>Deposits at financial institutions</b>		
Fixed deposits	655,956	971,019
Deposits at financial institutions	655,956	971,019
<b>Investments in available-for-sale securities</b>		
Bank of Thailand bond	34,906	-
Overseas marketable corporate bonds	639,000	-
Local corporate bond	212,719	148,549
Less: Loss on change in value	(1,819)	(211)
Add: Unrealised gain on exchange	23,540	-
Investments in available-for-sale securities - fair value	908,346	148,338
<b>Total investments in private funds</b>	<b>1,564,302</b>	<b>1,119,357</b>
<b>Classified as:</b>		
Short-term investments (Note 4.1)	366,167	325,637
Other long-term investments (Note 8)	1,198,135	793,720

Movements of investments in available-for-sale securities for the six-month period ended 30 June 2018 are summarise below.

	(Unit: Thousand Baht)
	Consolidated financial statements/ Separate financial statements
<b>Balance as at 1 January 2018</b>	148,338
Purchases	738,076
Loss on change in value	(1,608)
Unrealised gain on exchange	23,540
<b>Balance as at 30 June 2018</b>	<u>908,346</u>

The Company had set up private funds for investments which are managed by asset management companies. The investments include bonds in local and overseas markets. These investments are classified as available-for-sale investments.

As at 30 June 2018, the Company had assessed the fair value of available-for-sale investments by referring to the value quoted by the asset management companies in which the fair value had decreased by Baht 1.6 million. The change in the fair value of such securities is recorded in other comprehensive income in the statement of comprehensive income.

As at 30 June 2018, the Company presented investments in private funds due more than 1 year totaling Baht 1,198.1 million (31 December 2017: Baht 793.7 million) as “Other long-term investments” under non-current assets in the statement of financial position.

**5. Trade and other receivables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	468	-	103,570	113,750
Total trade accounts receivable				
- related parties	468	-	103,570	113,750
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	23,430	29,493	19,889	23,502
Total trade accounts receivable				
- unrelated parties	23,430	29,493	19,889	23,502
Total trade accounts receivable	23,898	29,493	123,459	137,252
<u>Other receivables</u>				
Other receivables - related parties	771	510	16,710	16,530
Advances	11,010	11,422	7,765	10,085
Accrued interest receivable	31,335	19,605	31,335	19,605
Others	19,623	14,785	16,769	11,447
Total other receivables	62,739	46,322	72,579	57,667
Total trade and other receivables	86,637	75,815	196,038	194,919

## 6. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the six-month periods ended 30 June	
	30 June	31 December	30 June	31 December	30 June	31 December	2018	2017
	2018	2017	2018	2017	2018	2017	2018	2017
			(%)	(%)				
MK Interfood Company Limited	400,000	400,000	100	100	299,050	299,050	280,000	200,000
MK Service Training Center Company Limited	35,000	35,000	100	100	52,430	52,430	28,000	35,000
International Food Supply Company Limited	280,000	280,000	100	100	280,000	280,000	-	-
Mark One Innovation Center Company Limited	60,000	-	100	-	60,000	-	-	-
Total					691,480	631,480	308,000	235,000

On 14 May 2018, the Meeting of the Board of Directors of the Company passed a resolution to approve the incorporation of Mark One Innovation Center Co., Ltd. ("a subsidiary") with the registered share capital of Baht 60 million (6 million ordinary shares at a par value of Baht 10 per share) being engaged in the research and development of technology and innovation of food and beverage products. The Company holds 100 percent in this new subsidiary company.

## 7. Investments in joint ventures

### 7.1 Details of investments in joint ventures

Investments in joint ventures represents investments in entities which are jointly controlled by the Company and other company. Details of these investments are as follows:

(Unit: Thousand Baht)

Joint venture	Nature of business	Paid-up capital	Shareholding percentage		Consolidated		Separate financial statements							
					financial statements									
					Carrying amount based on									
					equity method		Cost		Allowance for		Carrying amount based on			
							impairment loss		cost method - net					
		30	31	30	31	30	31	30	31	30	31			
		June	December	June	December	June	December	June	December	June	December			
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017			
		(Percent)	(Percent)											
Plenus and MK Pte Ltd.	Restaurant	12.5 million	50.0	50.0	72,894	75,875	149,208	149,208	(51,126)	(51,126)	98,082	98,082		
		Singapore dollar												
M-Senko Logistics Co., Ltd.	Logistic	Baht 1,300 million	49.7	-	646,706	-	646,750	-	-	-	646,750	-		
Total					719,600	75,875	795,958	149,208	(51,126)	(51,126)	744,832	98,082		

On 2 April 2018 and 28 May 2018, the Company invested in M-Senko Logistics Company Limited by purchasing of 64,675,000 ordinary share (at a par value of Baht 10 per share) in the amount of Baht 646,750,000. As a result, the Company holds 49.7 percent interest in this company.

## 7.2 Share of loss

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

Joint venture	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Share of loss from investment in joint venture for the six-month periods ended 30 June	
	<u>2018</u>	<u>2017</u>
Plenus and MK Pte Ltd	2,782	16,343
M-Senko Logistics Company Limited	44	-
	<u>2,826</u>	<u>16,343</u>

## 8. Other long-term investments

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	30 June	31 December
	<u>2018</u>	<u>2017</u>
<u>Investments in private funds (Note 4.3)</u>		
Fixed deposits	324,686	645,382
Investments in available-for-sale securities	873,449	148,338
Total investments in private funds	<u>1,198,135</u>	<u>793,720</u>
<u>Other investment</u>		
Oversea non-marketable securities - cost	7,278	7,278
Less: Allowance for impairment	<u>(7,278)</u>	<u>(7,278)</u>
Other investment - net	<u>-</u>	<u>-</u>
Other long-term investments - net	<u>1,198,135</u>	<u>793,720</u>

As at 30 June 2018, fixed deposits carried interest between 1.25 and 1.70 percent per annum (31 December 2017: 2.01 and 2.06 percent per annum.).

## 9. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2018</b>	4,012,251	3,273,227
Acquisitions - at cost		
Decrease in accounts payable for	(7,064)	(1,776)
Cash paid for purchases of plant and equipment	275,839	200,437
Total	268,775	198,661
Disposals and write-off - net book value at disposal and write-off date		
Proceeds from disposals of property, plant and equipment	(98,171)	(118,206)
Gain on disposals of property, plant and equipment	44,375	44,892
Loss on write-off of equipment	(10,719)	(7,886)
Total	(64,515)	(81,200)
Depreciation for the period	(385,902)	(306,364)
<b>Net book value as at 30 June 2018</b>	<b>3,830,609</b>	<b>3,084,324</b>

## 10. Intangible assets

Movements in the intangible assets account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2018</b>	85,502	80,642
Acquisitions during the period - at cost	1,633	825
Amortisation for the period	(7,892)	(7,491)
<b>Net book value as at 30 June 2018</b>	<b>79,243</b>	<b>73,976</b>

**11. Leasehold rights**

Movements in the leasehold rights account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 1 January 2018</b>	266,392	249,765
Amortisation for the period	(20,879)	(19,878)
<b>Net book value as at 30 June 2018</b>	<u>245,513</u>	<u>229,887</u>

**12. Trade and other payables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
Trade accounts payable - related party	2,530	-	17,873	26,550
Trade accounts payable - unrelated parties	334,463	470,866	325,374	458,242
Other payables - related parties	15,349	10,602	26,697	12,970
Other payables - unrelated parties	83,767	99,638	72,388	92,678
Accounts payable for purchases of plant and equipment	89,917	96,988	64,859	66,801
Accrued expenses	768,041	934,774	618,935	765,689
Derivative contract payable	18,051	-	18,051	-
Others	18,662	15,058	17,257	13,662
<b>Total</b>	<u>1,330,780</u>	<u>1,627,926</u>	<u>1,161,434</u>	<u>1,436,592</u>



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

Movements in the provision for long-term employee benefits account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
As at 1 January 2018	320,031	292,810
Expenses recognised during the period	22,262	19,385
Benefit paid during the period	(6,430)	(6,170)
Transfer out	(5,699)	(5,699)
As at 30 June 2018	330,164	300,326

**14. Share capital**

On 27 April 2018, the Annual General Meeting of the Company's shareholders passed the resolutions to approve the reduction of the registered share capital of the Company of Baht 4.97 million from Baht 925.85 million (925.85 million ordinary share of Baht 1 each) to Baht 920.88 million (920.88 million ordinary shares of Baht 1 each) in order to cut the registered shares that have not been issued.

**15. 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 2017.

During the six-month period ended 30 June 2017, the Company and its subsidiaries recorded expenses related to the ESOP or M-WA scheme of Baht 32.0 million and for the Company of Baht 30.4 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.

As present, director, management and employees of the Company and its subsidiaries have fully exercised the warrants. There are no outstanding of warrants.

## 16. 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 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	168,063	149,977	151,165	133,045
Adjustment in respect of income tax of previous year	2,912	-	2,020	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(23,690)	841	(23,367)	1,388
<b>Income tax expenses reported in the income statements</b>	<u>147,285</u>	<u>150,818</u>	<u>129,818</u>	<u>134,433</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	302,908	268,977	270,926	237,622
Adjustment in respect of income tax of previous year	2,912	-	2,020	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(19,045)	11,001	(18,519)	11,791
<b>Income tax expenses reported in the income statements</b>	<u>286,775</u>	<u>279,978</u>	<u>254,427</u>	<u>249,413</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements/ Separate financial statements		Consolidated financial statements/ Separate financial statements	
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to changes in value of available-for-sale investments	(523)	(535)	(322)	224

## 17. 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.

## 17.1 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					
Weighted average number					
Profit for the period		of ordinary shares		Earnings per share	
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Thousand	Thousand	Thousand	Thousand	Baht	Baht
Baht	Baht	shares	shares		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company					
<u>659,497</u>	<u>675,375</u>	920,878	914,849	<u>0.72</u>	<u>0.74</u>
<b>Effect of dilutive potential ordinary shares</b>					
Warrants (M-WA)		-	5,877		
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
<u>659,497</u>	<u>675,375</u>	<u>920,878</u>	<u>920,726</u>	<u>0.72</u>	<u>0.73</u>
Separate financial statements					
For the three-month periods ended 30 June					
Weighted average number					
Profit for the period		of ordinary shares		Earnings per share	
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Thousand	Thousand	Thousand	Thousand	Baht	Baht
Baht	Baht	shares	shares		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company					
<u>879,097</u>	<u>781,184</u>	920,878	914,849	<u>0.95</u>	<u>0.85</u>
<b>Effect of dilutive potential ordinary shares</b>					
Warrants (M-WA)		-	5,581		
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
<u>879,097</u>	<u>781,184</u>	<u>920,878</u>	<u>920,430</u>	<u>0.95</u>	<u>0.85</u>

Consolidated financial statements					
For the six-month periods ended 30 June					
Weighted average number					
Profit for the period		of ordinary shares		Earnings per share	
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Thousand	Thousand	Thousand	Thousand	Baht	Baht
Baht	Baht	shares	shares		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company					
1,291,363	1,228,127	920,878	914,849	1.40	1.34
<b>Effect of dilutive potential ordinary shares</b>					
Warrants (M-WA)					
		-	5,896		
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
1,291,363	1,228,127	920,878	920,745	1.40	1.33

Separate financial statements					
For the six-month periods ended 30 June					
Weighted average number					
Profit for the period		of ordinary shares		Earnings per share	
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Thousand	Thousand	Thousand	Thousand	Baht	Baht
Baht	Baht	shares	shares		
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company					
1,429,164	1,281,350	920,878	914,849	1.55	1.40
<b>Effect of dilutive potential ordinary shares</b>					
Warrants (M-WA)					
		-	5,598		
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
1,429,164	1,281,350	920,878	920,447	1.55	1.39

## 18. Dividends

Dividend declared for the six-month periods ended 30 June 2018 and 2017 consist of the following:

	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>Year 2018</u>				
Final dividend on 2017 profit	Annual General Meeting of the shareholders on 27 April 2018	1,105	1.2	23 May 2018
Total		<u>1,105</u>	<u>1.2</u>	
<u>Year 2017</u>				
Final dividend on 2016 profit	Annual General Meeting of the shareholders on 26 April 2017	1,006	1.1	23 May 2017
Total		<u>1,006</u>	<u>1.1</u>	

## 19. 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 two business segments which are restaurant business and other businesses that support restaurant business including training service provider, manufacture and distribution of foods and research and development of technology and innovation of food and beverage products. 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.

## 20. Commitments and contingent liabilities

### 20.1 Capital commitments

As at 30 June 2018, the Company and its subsidiaries had significant outstanding capital commitments in respect of agreements related to leasehold right and purchase of machinery and equipment of Baht 74.1 million (the Company only: Baht 74.1 million).

### 20.2 Operating lease and service 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 2018, future minimum payments required under these non-cancellable operating lease and service contracts were as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Payable within:		
Less than 1 year	1,428	1,102
1 year to 5 years	1,537	1,181
More than 5 years	264	257

### 20.3 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.

### 20.4 Guarantees

#### 20.4.1 Bank guarantees

As at 30 June 2018, there were outstanding letters of guarantee issued by the banks on behalf of the Company and its subsidiaries of approximately Baht 21.3 million (31 December 2017: Yen 19.5 million and Baht 21.3 million), in respect of certain performance bonds as required in the normal course of businesses. These included letters of guarantee amounting to Baht 8.3 million (31 December 2017: Yen 19.5 million and Baht 8.3 million) to guarantee payments due to creditors and Baht 13.0 million (31 December 2017: Baht 13.0 million) to guarantee electricity use.

**20.4.2 Guarantees to related party**

As at 30 June 2018, the Company had guaranteed bank credit facilities of International Food Supply Co., Ltd. ("a subsidiary") of Baht 45 million (31 December 2017: Baht 45 million).

**21. Foreign currency risk**

The Company's exposure to foreign currency risk arises mainly from short-term investments that are denominated in foreign currencies. The Company enters into forward exchange contracts to hedge such risk.

The balances of financial assets denominated in foreign currencies as at 30 June 2018 are summarised below.

Foreign currency	Amount	Exchange rates as at 30 June 2018
	(Million)	(Baht per foreign currency unit)
US dollar	30	33.0065
Dirham	36	8.9858

Forward exchange contracts outstanding as at 30 June 2018 are summarised below.

Foreign currency	Sold amount	Contractual maturity date	Contractual exchange rate
	(Million)		(Baht per foreign currency unit)
US dollar	30	July 2018 and June 2020	31.950 - 33.864
Dirham	36	October 2018	8.9905

**22. Fair value hierarchy**

As of 30 June 2018, the Company and its subsidiaries had the assets that were measured at fair value as follows:

	(Unit: Million 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	2,839	2,340
Available-for-sale investment - debt instruments	908	908
Derivatives - forward exchange contracts - loss	18	18

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



**23. Events after the reporting period**

On 9 August 2018, the Meeting of the Board of Directors of the Company passed a resolution to approve an interim dividend payment in respect of the profit for the six-month period ended 30 June 2018 to the Company's shareholders at Baht 1.20 per share, totaling Baht 1,105 million, which will be paid to the shareholders on 7 September 2018.

**24. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 August 2018.