

MK Restaurant Group Public Company Limited  
and its subsidiaries  
Review report and interim financial statements  
For the three-month and nine-month periods ended  
30 September 2019

## **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 September 2019, the related consolidated statements of income, comprehensive income for the three-month and nine-month periods then ended, the related consolidated statements of changes in shareholders' equity and cash flows for the nine-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: 12 November 2019

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

**Statements of financial position**

**As at 30 September 2019**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		30 September	31 December	30 September	31 December
	Note	2019	2018	2019	2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	164,664	725,203	120,856	621,568
Short-term investments	4	8,932,485	9,086,422	8,206,409	8,306,345
Trade and other receivables	2, 5	185,293	98,583	293,620	239,220
Inventories		270,048	329,091	241,856	301,469
Other current assets		152,268	340,079	129,941	300,882
Total current assets		9,704,758	10,579,378	8,992,682	9,769,484
Non-current assets					
Investments in subsidiaries	6	-	-	692,480	691,480
Investments in joint ventures	7	683,085	720,191	744,832	744,832
Other long-term investments	8	1,250,834	1,235,773	1,250,834	1,235,773
Property, plant and equipment	9	3,631,657	3,738,080	2,877,280	2,985,350
Intangible assets	10	122,394	89,302	117,520	84,019
Leasehold rights	11	215,985	248,521	202,886	233,912
Deferred tax assets		105,906	119,693	95,636	110,147
Deposits		466,810	442,770	352,699	337,581
Total non-current assets		6,476,671	6,594,330	6,334,167	6,423,094
Total assets		16,181,429	17,173,708	15,326,849	16,192,578

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

..... Director  
Rit Thirakomen

..... Director  
Somchai Hanjtkasem

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

**Statements of financial position (continued)**

**As at 30 September 2019**

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		30 September	31 December	30 September	31 December
	Note	2019	2018	2019	2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	2, 12	1,402,068	1,945,410	1,202,407	1,745,299
Income tax payable		119,146	288,953	103,781	248,604
Current portion of deferred income of membership fee		33,881	44,796	23,544	35,477
Current portion of liabilities under financial lease agreements	13	12,504	-	12,504	-
Other current liabilities		329,186	232,933	290,166	191,733
Total current liabilities		1,896,785	2,512,092	1,632,402	2,221,113
Non-current liabilities					
Deferred income of membership fee - net of current portion		-	153	-	153
Liabilities under finance lease agreements - net of current portion	13	38,503	-	38,503	-
Provision for long-term employee benefits	14	498,246	465,501	458,881	431,648
Other non-current liabilities		20,114	19,900	21,745	21,531
Total non-current liabilities		556,863	485,554	519,129	453,332
Total liabilities		2,453,648	2,997,646	2,151,531	2,674,445

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..... Director  
Rit Thirakomen

..... Director  
Somchai Hanjitkasem

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

**Statements of financial position (continued)**

**As at 30 September 2019**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
	(Unaudited	(Audited)	(Unaudited	(Audited)
	but reviewed)		but reviewed)	
<b>Liabilities and shareholders' equity (continued)</b>				
<b>Shareholders' equity</b>				
Share capital				
Registered				
920,878,100 ordinary shares of Baht 1 each	920,878	920,878	920,878	920,878
Issued and fully paid				
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 transactions	656,331	656,331	656,331	656,331
Retained earnings				
Appropriated - statutory reserve	92,585	92,585	92,585	92,585
Unappropriated	3,271,050	3,717,674	2,718,243	3,065,452
Other component of shareholders' equity	1,909	3,566	2,253	(2,141)
<b>Total shareholders' equity</b>	<b>13,727,781</b>	<b>14,176,062</b>	<b>13,175,318</b>	<b>13,518,133</b>
<b>Total liabilities and shareholders' equity</b>	<b>16,181,429</b>	<b>17,173,708</b>	<b>15,326,849</b>	<b>16,192,578</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****Income statements****For the three-month period ended 30 September 2019**

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
<b>Revenues</b>					
Sales and service income		4,102,177	4,176,683	3,599,744	3,655,541
Interest income		34,367	32,332	34,366	32,331
Other income		99,867	96,078	137,577	119,465
<b>Total revenues</b>		<b>4,236,411</b>	<b>4,305,093</b>	<b>3,771,687</b>	<b>3,807,337</b>
<b>Expenses</b>					
Cost of sales and services		1,298,421	1,318,153	1,354,502	1,364,387
Selling and distribution expenses		1,932,280	1,901,237	1,550,091	1,530,729
Administrative expenses		336,978	267,080	260,228	218,788
<b>Total expenses</b>		<b>3,567,679</b>	<b>3,486,470</b>	<b>3,164,821</b>	<b>3,113,904</b>
<b>Profit before share of loss from investments in joint ventures, finance cost and income tax expenses</b>					
		668,732	818,623	606,866	693,433
Share of gain (loss) from investments in joint ventures		(5,024)	980	-	-
<b>Profit before finance cost and income tax expenses</b>					
		663,708	819,603	606,866	693,433
Finance cost		(345)	-	(345)	-
<b>Profit before income tax expenses</b>		<b>663,363</b>	<b>819,603</b>	<b>606,521</b>	<b>693,433</b>
Income tax expenses	15	(113,971)	(143,802)	(106,440)	(123,754)
<b>Profit for the period</b>		<b>549,392</b>	<b>675,801</b>	<b>500,081</b>	<b>569,679</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		549,392	675,801	500,081	569,679
<b>Earnings per share</b>	16				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.60	0.73	0.54	0.62

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..... 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 September 2019**

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
<b>Profit for the period</b>		<u>549,392</u>	<u>675,801</u>	<u>500,081</u>	<u>569,679</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>(2,356)</u>	<u>(820)</u>	<u>-</u>	<u>-</u>
Gain (loss) on changes in value of available-for-sale					
investments		<u>1,361</u>	<u>(1,551)</u>	<u>1,361</u>	<u>(1,551)</u>
Less: Income tax effect	15	<u>(272)</u>	<u>310</u>	<u>(272)</u>	<u>310</u>
Gain (loss) on changes in value of available-for-sale					
investments - net of income tax		<u>1,089</u>	<u>(1,241)</u>	<u>1,089</u>	<u>(1,241)</u>
<b>Other comprehensive income for the period</b>		<u>(1,267)</u>	<u>(2,061)</u>	<u>1,089</u>	<u>(1,241)</u>
<b>Total comprehensive income for the period</b>		<u><u>548,125</u></u>	<u><u>673,740</u></u>	<u><u>501,170</u></u>	<u><u>568,438</u></u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		<u><u>548,125</u></u>	<u><u>673,740</u></u>	<u><u>501,170</u></u>	<u><u>568,438</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****Income statements****For the nine-month period ended 30 September 2019**

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
<b>Revenues</b>					
Sales and service income		12,923,982	12,475,092	11,319,090	10,970,336
Interest income		107,213	86,120	107,177	86,081
Dividend income	6	-	-	352,500	308,000
Other income		247,115	287,157	358,338	366,474
<b>Total revenues</b>		<b>13,278,310</b>	<b>12,848,369</b>	<b>12,137,105</b>	<b>11,730,891</b>
<b>Expenses</b>					
Cost of sales and services		4,056,908	3,932,801	4,213,555	4,088,078
Selling and distribution expenses		5,884,564	5,683,075	4,765,315	4,574,901
Administrative expenses		945,937	832,906	751,428	690,888
<b>Total expenses</b>		<b>10,887,409</b>	<b>10,448,782</b>	<b>9,730,298</b>	<b>9,353,867</b>
<b>Profit before share of loss from investments in joint ventures, finance cost and income tax expenses</b>		<b>2,390,901</b>	<b>2,399,587</b>	<b>2,406,807</b>	<b>2,377,024</b>
Share of loss from investments in joint ventures	7	(31,054)	(1,846)	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>2,359,847</b>	<b>2,397,741</b>	<b>2,406,807</b>	<b>2,377,024</b>
Finance cost		(345)	-	(345)	-
<b>Profit before income tax expenses</b>		<b>2,359,502</b>	<b>2,397,741</b>	<b>2,406,462</b>	<b>2,377,024</b>
Income tax expenses	15	(411,847)	(430,577)	(359,392)	(378,181)
<b>Profit for the period</b>		<b>1,947,655</b>	<b>1,967,164</b>	<b>2,047,070</b>	<b>1,998,843</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		<u>1,947,655</u>	<u>1,967,164</u>	<u>2,047,070</u>	<u>1,998,843</u>
<b>Earnings per share</b>	16				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>2.11</u>	<u>2.14</u>	<u>2.22</u>	<u>2.17</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 nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2019	2018	2019	2018
<b>Profit for the period</b>		<u>1,947,655</u>	<u>1,967,164</u>	<u>2,047,070</u>	<u>1,998,843</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>(6,051)</u>	<u>(1,019)</u>	<u>-</u>	<u>-</u>
Gain (loss) on changes in value of available-for-sale investments	4	5,492	(3,159)	5,492	(3,159)
Less: Income tax effect	15	<u>(1,098)</u>	<u>632</u>	<u>(1,098)</u>	<u>632</u>
Gain (loss) on changes in value of available-for-sale investments - net of income tax		<u>4,394</u>	<u>(2,527)</u>	<u>4,394</u>	<u>(2,527)</u>
<b>Other comprehensive income for the period</b>		<u>(1,657)</u>	<u>(3,546)</u>	<u>4,394</u>	<u>(2,527)</u>
<b>Total comprehensive income for the period</b>		<u><u>1,945,998</u></u>	<u><u>1,963,618</u></u>	<u><u>2,051,464</u></u>	<u><u>1,996,316</u></u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		<u><u>1,945,998</u></u>	<u><u>1,963,618</u></u>	<u><u>2,051,464</u></u>	<u><u>1,996,316</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 nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities</b>				
Profit before tax	2,359,502	2,397,741	2,406,462	2,377,024
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Gain on sales of investments	(36,427)	(54,514)	(27,448)	(48,824)
Loss (gain) on change in value of short-term investments	(19,866)	15,462	(19,146)	15,761
Unrealised loss (gain) on exchange	(8,768)	5,340	(8,768)	5,340
Amortised premium on investments in available-for-sale securities	1,271	1,223	1,271	1,223
Share of loss from investments in joint ventures	31,054	1,846	-	-
Loss from damaged inventories	2,481	2,150	2,481	2,150
Amortisation of prepaid expenses	24,781	16,762	20,605	14,537
Depreciation and amortisation	578,870	617,181	454,880	495,740
Loss (gain) on disposals and write-off of equipment and intangible assets	22,990	(29,966)	17,560	(33,440)
Provision for long-term employee benefits	42,378	27,508	38,334	23,193
Reduction of inventory to net realisable value (reversal)	(108)	-	-	-
Realisation of gift voucher, net of sales and cash received during the period	(21,777)	(19,307)	(20,664)	(18,601)
Realisation of deferred income, net of sales and cash received during the period	(42,101)	(35,255)	(33,227)	(24,095)
Dividend income	-	-	(352,500)	(308,000)
Interest income	(107,213)	(86,120)	(107,177)	(86,081)
Interest expenses	345	-	345	-
Profit from operating activities before changes in operating assets and liabilities	2,827,412	2,860,051	2,373,008	2,415,927

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 nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Cash flows from operating activities (continued)</b>				
Operating assets (increase) decrease				
Trade and other receivables	(44,242)	(14,232)	(11,932)	1,013
Inventories	56,670	69,755	57,132	70,240
Other current assets	217,315	62,421	205,322	25,129
Deposits	(24,040)	(31,258)	(15,118)	(21,974)
Operating liabilities increase (decrease)				
Trade and other payables	(481,329)	(64,899)	(491,324)	(71,654)
Other current liabilities	118,030	93,118	119,096	92,093
Deferred income	31,033	34,813	21,141	26,919
Provision for long-term employee benefits	(9,633)	(6,122)	(11,101)	(5,862)
Other non-current liabilities	214	6,343	214	6,343
Cash from operating activities	2,691,430	3,009,990	2,246,438	2,538,174
Cash received from interest income	64,745	64,179	64,709	64,140
Cash paid for income tax	(568,965)	(516,424)	(490,802)	(451,179)
<b>Net cash from operating activities</b>	<b>2,187,210</b>	<b>2,557,745</b>	<b>1,820,345</b>	<b>2,151,135</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 cash flows (continued)**

**For the nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<b>Cash flows from investing activities</b>				
Decrease in short-term investments	210,230	952,929	146,530	1,019,229
Increase in other investments	(70,000)	(319,459)	(70,000)	(354,459)
Cash paid for investments in joint ventures	-	(646,750)	-	(646,750)
Cash paid for investments in subsidiaries	-	-	(1,000)	(60,000)
Cash paid for purchases of plant and equipment	(476,661)	(402,736)	(352,397)	(297,018)
Cash paid for purchases of computer software	(21,255)	(19,364)	(21,032)	(18,434)
Cash paid for purchases of leasehold rights	(404)	-	(404)	-
Proceeds from disposals of equipment	4,620	98,371	19,025	125,878
Dividend income	-	-	352,500	308,000
<b>Net cash from (used in) investing activities</b>	<b>(353,470)</b>	<b>(337,009)</b>	<b>73,222</b>	<b>76,446</b>
<b>Cash flows from financing activities</b>				
Dividend paid	(2,394,279)	(2,210,104)	(2,394,279)	(2,210,104)
<b>Net cash used in financing activities</b>	<b>(2,394,279)</b>	<b>(2,210,104)</b>	<b>(2,394,279)</b>	<b>(2,210,104)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(560,539)</b>	<b>10,632</b>	<b>(500,712)</b>	<b>17,477</b>
Cash and cash equivalents at beginning of period	725,203	409,622	621,568	331,540
<b>Cash and cash equivalents at end of period</b>	<b>164,664</b>	<b>420,254</b>	<b>120,856</b>	<b>349,017</b>

**Supplement disclosure of cash flows information**

Non-cash transactions

Equipment and computer software acquired under

financial lease agreements	50,662	-	50,662	-
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Increase (decrease) in accounts payable for purchases

of plant and equipment	(48,369)	23,491	(38,625)	25,123
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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 nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

Consolidated financial statements									
						Other component of equity			
						Other comprehensive income			
						Exchange			
						differences on	Surplus (deficit)		
						translation of	on changes	Total other	
						financial	in value of	components of	
						statements in	available-for-sale	shareholders'	
<u>Note</u>	Issued and	Share premium	Capital reserve	Retained earnings		foreign currencies	investments	equity	Total
	paid-up		of share-based	Appropriated -	Unappropriated				
	share capital		payment	statutory	reserve				
			transactions	reserve					
<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	-	-	-	-	1,967,164	-	-	-	1,967,164
Other comprehensive income for the period	-	-	-	-	-	(1,019)	(2,527)	(3,546)	(3,546)
Total comprehensive income for the period	-	-	-	-	1,967,164	(1,019)	(2,527)	(3,546)	1,963,618
Dividend paid	17	-	-	-	(2,210,104)	-	-	-	(2,210,104)
<b>Balance as at 30 September 2018</b>	920,878	8,785,028	656,331	92,585	3,124,322	5,707	(2,696)	3,011	13,582,155

(Unaudited but reviewed)

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

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

**For the nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

Consolidated financial statements									
	Note	Issued and paid-up share capital		Capital reserve of share-based payment transactions	Retained earnings		Other component of equity		
					Appropriated - statutory reserve	Unappropriated	Exchange differences on translation of financial statements in foreign currencies	Surplus (deficit) on changes in value of available-for-sale investments	Total other components of shareholders' equity
		share capital	Share premium	transactions	reserve				Total
<b>Balance as at 1 January 2019</b>		920,878	8,785,028	656,331	92,585	3,717,674	5,707	(2,141)	3,566
Profit for the period		-	-	-	-	1,947,655	-	-	-
Other comprehensive income for the period		-	-	-	-	-	(6,051)	4,394	(1,657)
Total comprehensive income for the period		-	-	-	-	1,947,655	(6,051)	4,394	(1,657)
Dividend paid	17	-	-	-	-	(2,394,279)	-	-	-
<b>Balance as at 30 September 2019</b>		<u>920,878</u>	<u>8,785,028</u>	<u>656,331</u>	<u>92,585</u>	<u>3,271,050</u>	<u>(344)</u>	<u>2,253</u>	<u>1,909</u>

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 changes in shareholders' equity (continued)**

**For the nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

Separate financial statements							
			Capital reserve		Retained earnings		Other component
			of share-based		Appropriated -		of shareholders'
			payment		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	Retained earnings Appropriated - statutory 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	-	-	-	-	1,998,843	-	1,998,843
Other comprehensive income for the period	-	-	-	-	-	(2,527)	(2,527)
Total comprehensive income for the period	-	-	-	-	1,998,843	(2,527)	1,996,316
Dividend paid	-	-	-	-	(2,210,104)	-	(2,210,104)
<b>Balance as at 30 September 2018</b>	<u>920,878</u>	<u>8,785,028</u>	<u>656,331</u>	<u>92,585</u>	<u>2,582,754</u>	<u>(2,696)</u>	<u>13,034,880</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 nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

Separate financial statements							
			Capital reserve		Retained earnings		Other component
			of share-based		Appropriated -		of shareholders'
			payment		statutory		equity
							Other
							comprehensive
							income
							Surplus (deficit)
							on changes
							in value of
							available-for-sale
Note	Issued and paid-up share capital	Share premium	transactions	reserve	Unappropriated	investments	Total
<b>Balance as at 1 January 2019</b>	920,878	8,785,028	656,331	92,585	3,065,452	(2,141)	13,518,133
Profit for the period	-	-	-	-	2,047,070	-	2,047,070
Other comprehensive income for the period	-	-	-	-	-	4,394	4,394
Total comprehensive income for the period	-	-	-	-	2,047,070	4,394	2,051,464
Dividend paid	-	-	-	-	(2,394,279)	-	(2,394,279)
<b>Balance as at 30 September 2019</b>	<u>920,878</u>	<u>8,785,028</u>	<u>656,331</u>	<u>92,585</u>	<u>2,718,243</u>	<u>2,253</u>	<u>13,175,318</u>

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 nine-month periods ended 30 September 2019**

**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 Debaratna Road, Bangnatai, Bangna, Bangkok.

As at 30 September 2019, the Company had operated 497 branches (31 December 2018: 490 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 2018. 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 period

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

#### **TFRS 15 Revenue from Contracts with Customers**

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

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

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

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

**(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020**

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

**Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7                                      Financial Instruments: Disclosures

TFRS 9                                      Financial Instruments

Accounting standard:

TAS 32                                      Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16                                   Hedges of a Net Investment in a Foreign Operation

TFRIC 19                                   Extinguishing Financial Liabilities with Equity Instruments

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

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

## **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on 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 2018.

## 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				
	September				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	279	293	Cost plus margin
Sublease and subservice income	-	-	6	9	At the rate stipulated in the agreements
Management service income	-	-	39	31	At the rate stipulated in the agreements
Sales of fixed assets	-	-	9	7	Net book value plus margin
Rental income	-	-	1	1	At the rate stipulated in the agreements
Purchases of goods	-	-	58	62	Market price
Training expenses	-	-	35	40	Market price
<u>Transactions with related companies</u>					
Sales of goods	4	-	4	-	Market price
Sales of fixed assets	2	-	2	-	Market price
Royalty fee income	1	1	1	1	At the rate stipulated in the agreement
Management service income	1	1	1	1	At the rate stipulated in the agreement
Operation support service income	1	4	1	4	At the rate stipulated in the agreement
Rental income	2	-	2	-	At the rate stipulated in the agreement
Royalty fee expenses	14	15	-	-	At the rate stipulated in the agreement
Rental expenses for operating equipment	11	11	7	7	Market price
Rental expenses for land and construction	9	9	9	9	At the rate stipulated in the agreement
Logistic expenses	48	48	48	48	At the rate stipulated in the agreement
Service expenses	15	-	13	-	Contractually agree prices

(Unit: Million Baht)

	For the nine-month periods ended 30				
	September				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Sales of goods	-	-	853	871	Cost plus margin
Sublease and subservice income	-	-	18	21	At the rate stipulated in the agreements
Management service income	-	-	116	93	At the rate stipulated in the agreements
Dividend income	-	-	353	308	At the declared rate
Sales of fixed assets	-	-	14	27	Net book value plus margin
Rental income	-	-	4	4	At the rate stipulated in the agreements
Purchases of goods	-	-	178	162	Market price
Training expenses	-	-	123	105	Market price
<u>Transactions with related companies</u>					
Sales of goods	4	-	4	-	Market price
Sales of fixed assets	2	75	2	75	Market price
Royalty fee income	3	4	3	4	At the rate stipulated in the agreement
Management service income	2	1	2	1	At the rate stipulated in the agreement
Operation support service income	5	4	5	4	At the rate stipulated in the agreement
Rental income	7	-	7	-	At the rate stipulated in the agreements
Royalty fee expenses	44	43	-	-	At the rate stipulated in the agreement
Rental expenses for operating equipment	33	33	21	21	Market price
Rental expenses for land and construction	27	27	27	27	At the rate stipulated in the agreement
Logistic expenses	144	48	144	48	At the rate stipulated in the agreement
Service expenses	15	-	13	-	Contractually agree prices

.....Director  
Rit Thirakomen

.....Director  
Somchai Hanjtkasem 6

As at 30 September 2019 and 31 December 2018, the balances of the accounts between the Company and its subsidiaries and those related parties are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<b>Trade and other receivables - related parties (Note 5)</b>				
Subsidiaries	-	-	121,740	148,862
Related companies (related by common directors)	9,059	2,944	9,015	2,814
Total trade and other receivables - related parties	9,059	2,944	130,755	151,676
<b>Trade and other payable - related parties (Note 12)</b>				
Subsidiaries	-	-	34,065	42,836
Related companies (related by common directors)	47,524	45,347	38,936	36,600
Total trade and other payable - related parties	47,524	45,347	73,001	79,436

### 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 six-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 12.5 million per month. The agreement is effective from 1 January 2019 to 31 December 2019 (2018: at a rate of Baht 10 million per month). The agreement shall be automatically extended for another one year 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 0.17 million per month. The agreement is effective from 1 January 2019 to 31 December 2019 (2018: at a rate of Baht 0.15 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 0.20 million per month. The agreement is effective from 1 January 2019 to 31 December 2019 (2018: at a rate of Baht 0.16 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.

The Company entered into management service agreements with International M-Senko Logistics Company Limited (“M-Senko”), whereby the Company agreed to provide management service to M-Senko in areas of procurement, accounting and finance, human resources and service training. M-Senko agreed to pay management fee to the Company at a rate of Baht 0.22 million per month, effective from 1 July 2018 to 31 August 2019 and at a rate of Baht 0.31 million per month, effective from 1 September 2019 to 31 August 2020.



Sublease and subservice agreements

The Company entered into several sublease and subservice agreements, granting six 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.

Operation support service agreement

The Company entered into operation support service agreements with M-Senko Logistics Company Limited (“M-Senko”), whereby the Company agreed to provide service of truck parking and office area, utilities and truck repair and maintenance to M-Senko. M-Senko agreed to pay service fee to the Company at a rate of Baht 1.28 million per month, effective from 1 July 2018 to 31 August 2019, and at a rate of Baht 0.48 million per month, effective from 1 September 2019 to 31 August 2020.

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.

Warehousing and logistics service agreement

The Company entered into a warehousing and logistics service agreement with M-Senko Logistics Company Limited (“M-Senko”), whereby the latter agrees to provide the service for the warehousing and logistics to the Company and the Company agrees to pay the service fee at the rate stipulated in the agreement. The agreement is expired on 30 June 2020.

**Directors and management's benefits**

During the three-month and nine-month periods ended 30 September 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements / financial statements		Separate financial statements	
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	42	36	118	108
Post-employment benefits	1	1	4	3
Total	<u>43</u>	<u>37</u>	<u>122</u>	<u>111</u>

During the nine-month period ended 30 September 2019, the Company has paid post-employment benefits to its directors and management of Baht 2.3 million.

**3. Cash and cash equivalents**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Cash	75,126	179,098	62,229	152,286
Bank deposits	89,538	546,105	58,627	469,282
Total	<u>164,664</u>	<u>725,203</u>	<u>120,856</u>	<u>621,568</u>

As at 30 September 2019, bank deposits in savings accounts carried interests between 0.10 and 0.40 percent per annum (31 December 2018: between 0.10 and 0.40 percent per annum).

#### 4. Short-term investments

- 4.1 As at 30 September 2019 and 31 December 2018, short-term investments consisted of the following:

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Fixed deposits	4,800,000	6,000,000	4,800,000	6,000,000
Investments in trading securities (Note 4.2)	4,132,485	3,086,422	3,406,409	2,306,345
<b>Total</b>	<b>8,932,485</b>	<b>9,086,422</b>	<b>8,206,409</b>	<b>8,306,345</b>

As at 30 September 2019, fixed deposits carried interests between 1.80 and 1.96 percent per annum (31 December 2018: 1.45 and 1.96 percent per annum).

- 4.2 Movements of investments in trading securities for the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Balance as at 1 January 2019</b>	3,086,422	2,306,345
Purchases	18,076,386	15,614,086
Sales	(17,086,586)	(14,560,586)
Gain on sales of investments	36,397	27,418
Gain on change in value	19,866	19,146
<b>Balance as at 30 September 2019</b>	<b>4,132,485</b>	<b>3,406,409</b>

4.3 As at 30 September 2019 and 31 December 2018, investments in private funds are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	30 September 2019	31 December 2018
<b>Deposits at financial institutions</b>		
Fixed deposits	305,800	325,520
Deposits at financial institutions	305,800	325,520
<b>Investments in available-for-sale securities</b>		
Overseas marketable corporate bonds	639,000	639,000
Local corporate bond	330,618	261,889
Add (less): Gain (loss) on change in value	2,816	(2,676)
Add (less): Unrealised gain (loss) on exchange	(27,400)	12,040
Investments in available-for-sale securities - fair value	945,034	910,253
<b>Total investments in private funds</b>	<b>1,250,834</b>	<b>1,235,773</b>
<b>Classified as:</b>		
Other long-term investments (Note 8)	1,250,834	1,235,773

Movements of investments in available-for-sale securities for the nine-month period ended 30 September 2019 are summarise below.

	(Unit: Thousand Baht)
	Consolidated financial statements/ Separate financial statements
<b>Balance as at 1 January 2019</b>	910,253
Purchases	148,676
Sales during the period - at cost	
Proceeds from sales	(79,977)
Gain on sales	30
Total	(79,947)
Gain on change in value	5,492
Unrealised Loss on exchange	(39,440)
<b>Balance as at 30 September 2019</b>	<b>945,034</b>

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 September 2019, 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 increased by Baht 5.49 million (31 December 2018: Baht 2.46 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 September 2019, the Company presented investments in private funds due more than 1 year totaling Baht 1,250.8 million (31 December 2018: Baht 1,235.8 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 September	31 December	30 September	31 December
	2019	2018	2019	2018
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,222	684	98,251	132,509
Total trade accounts receivable				
- related parties	1,222	684	98,251	132,509
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	47,322	32,680	36,982	26,375
Total trade accounts receivable				
- unrelated parties	47,322	32,680	36,982	26,375
Total trade accounts receivable	48,544	33,364	135,233	158,884
<u>Other receivables</u>				
Other receivables - related parties	7,837	2,260	32,504	19,167
Advances	15,154	10,718	13,295	9,825
Accrued interest receivable	75,823	33,355	75,823	33,355
Others	37,935	18,886	36,765	17,989
Total other receivables	136,749	65,219	158,387	80,336
Total trade and other receivables	185,293	98,583	293,620	239,220

## 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 nine-month periods ended	
	30 September	31 December	30 September	31 December	30 September	31 December	30 September	
	2019	2018	2019	2018	2019	2018	2019	2018
			(Percent)	(Percent)				
MK Interfood Company Limited	400,000	400,000	100	100	299,050	299,050	300,000	280,000
MK Service Training Center Company Limited	35,000	35,000	100	100	52,430	52,430	52,500	28,000
International Food Supply Company Limited	280,000	280,000	100	100	280,000	280,000	-	-
Mark One Innovation Center Company Limited	60,000	60,000	100	100	60,000	60,000	-	-
Catapult Company Limited	1,000	-	100	-	1,000	-	-	-
Total					<u>692,480</u>	<u>691,480</u>	<u>352,500</u>	<u>308,000</u>

6.1 On 13 May 2019, the Meeting of the Board of Directors of the Company passed a resolution to approve the incorporation of Catapult Company Limited (“a subsidiary”) with the registered share capital of Baht 1 million (0.1 million ordinary shares, at Baht 10 per share) being engaged in the invest in food business. The Company holds 100 percent in this new subsidiary company.

6.2 On 6 September 2019, the Meeting of the Board of Directors of the Company passed the following resolutions.

- To approve that Catapult Company Limited (“the subsidiary”) invests in shares of Laem Charoen Seafood Company Limited in proportion of 65 percent, or equivalent to the estimated investment value of Baht 2,060 million. The investment is subject to the completion of the significant conditions precedents specified in the related agreements and expected to be completed by December 2019.
- To approve an additional investment in Catapult Company Limited (“the subsidiary”) of Baht 2,069 million, The registered share capital of such subsidiary will be increased from Baht 1 million to Baht 2,070 million (207 million ordinary shares, at Baht 10 per share), in which the Company’s shareholding will remain at 100 percent.



(Unaudited but reviewed)

As at 30 September 2019, the subsidiary has not yet proceeded in its share capital increase.

.....Director  
Rit Thirakomen

.....Director  
Somchai Hanjirkasem

## 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 financial statements		Separate financial statements					
					Carrying amount based on equity method		Cost		Allowance for impairment loss		Carrying amount based on cost method - net	
			30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018
			(Percent)	(Percent)								
Plenus and MK Pte Ltd.	Restaurant	12.5 million Singapore dollar	50.0	50.0	44,761	73,134	149,208	149,208	(51,126)	(51,126)	98,082	98,082
M-Senko Logistics Co., Ltd.	Logistic	Baht 1,300 million	49.7	49.7	638,324	647,057	646,750	646,750	-	-	646,750	646,750
Total					683,085	720,191	795,958	795,958	(51,126)	(51,126)	744,832	744,832

On 13 August 2019, the Meeting of the Board of Directors of the Company passed a resolution to approve an additional investment in M-Senko Logistics Company Limited of Baht 223.7 million. The registered share capital of such joint venture increased to Baht 1,750 million (175 million ordinary shares, at Baht 10 per share). The Company's shareholding remains at 49.7 percent. Such joint venture registered the change in its share capital with the Ministry of Commerce on 4 October 2019.

.....Director  
Rit Thirakomen

.....Director  
Somchai Hanjirkasem

## 7.2 Share of loss

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

		(Unit: Thousand Baht)	
		Consolidated financial statements	
		Share of gain (loss) from investments in joint ventures for the nine-month periods ended	
		30 September	
Joint ventures		<u>2019</u>	<u>2018</u>
Plenus and MK Pte Ltd		(22,322)	(2,310)
M-Senko Logistics Company Limited		(8,732)	464
		<u>(31,054)</u>	<u>(1,846)</u>

## 8. Other long-term investments

		(Unit: Thousand Baht)	
		Consolidated financial statements/ Separate financial statements	
		30 September	31 December
		2019	2018
<u>Investments in private funds (Note 4.3)</u>			
Fixed deposits		305,800	325,520
Investments in available-for-sale securities		945,034	910,253
Total investments in private funds		<u>1,250,834</u>	<u>1,235,773</u>
<u>Other investment</u>			
Oversea non-marketable securities - cost		7,278	7,278
Less: Allowance for impairment		(7,278)	(7,278)
Other investment - net		<u>-</u>	<u>-</u>
Other long-term investments - net		<u>1,250,834</u>	<u>1,235,773</u>

As at 30 September 2019, fixed deposits carried interest at 2.56 percent per annum (31 December 2018: 2.56 percent per annum).

## 9. Property, plant and equipment

Movements in the property, plant and equipment account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
<b>Net book value as at 1 January 2019</b>	3,738,080	2,985,350
Acquisitions - at cost		
Decrease in accounts payable for purchases of equipment during the period	(48,369)	(38,625)
Equipment acquired under financial lease agreements	24,470	24,470
Cash paid for purchases of equipment	476,661	352,397
Total	452,762	338,242
Disposals and write-off - net book value at disposal and write-off date		
Proceeds from disposals of equipment	(4,620)	(19,025)
Loss on disposals of equipment	(3,861)	(1,567)
Loss on write-off of equipment	(19,118)	(15,982)
Total	(27,599)	(36,574)
Depreciation for the period	(531,586)	(409,738)
<b>Net book value as at 30 September 2019</b>	<b>3,631,657</b>	<b>2,877,280</b>

**10. Intangible assets**

Movements in the intangible assets account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 1 January 2019</b>	89,302	84,019
Acquisitions during the period - at cost	21,255	21,032
Computer software acquired under financial lease agreements	26,192	26,192
Amortisation for the period	(14,344)	(13,712)
Loss on write-off	(11)	(11)
<b>Net book value as at 30 September 2019</b>	<u>122,394</u>	<u>117,520</u>

**11. Leasehold rights**

Movements in the leasehold rights account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
<b>Net book value as at 1 January 2019</b>	248,521	233,912
Acquisition during the period - at cost	404	404
Amortisation for the period	(32,940)	(31,430)
<b>Net book value as at 30 September 2019</b>	<u>215,985</u>	<u>202,886</u>

**12. Trade and other payables**

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Trade accounts payable - related party	-	-	19,747	30,978
Trade accounts payable - unrelated parties	312,794	614,692	301,595	599,124
Other payables - related parties	47,524	45,347	53,254	48,458
Other payables - unrelated parties	67,617	115,372	57,130	105,777
Accounts payable for purchases of plant and equipment	96,578	148,666	75,057	116,700
Accrued expenses	857,902	989,598	677,907	814,153
Derivative contract payable	-	9,924	-	9,924
Others	19,653	21,811	17,717	20,185
<b>Total</b>	<b>1,402,068</b>	<b>1,945,410</b>	<b>1,202,407</b>	<b>1,745,299</b>

**13. Liabilities under financial lease agreements**

	(Unit: Thousand Baht)	
	Consolidated financial	
	statements/ Separate financial statements	
	30 September	31 December
	2019	2018
Liabilities under financial lease agreements	54,160	-
Less: Deferred interest expenses	(3,153)	-
<b>Total</b>	<b>51,007</b>	<b>-</b>
Less: Portion due within one year	(12,504)	-
<b>Liabilities under financial lease agreements - net of current portion</b>	<b>38,503</b>	<b>-</b>

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

Movements in the provision for long-term employee benefits account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 1 January 2019	465,501	431,648
Expenses recognised during the period	42,378	38,334
Benefit paid during the period	(4,219)	(4,219)
Transfer provision for employee benefits to related parties as a result of employee transfer	(5,414)	(6,882)
As at 30 September 2019	498,246	458,881

**15. 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 nine-month periods ended 30 September 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	113,783	142,429	106,080	122,166
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	188	1,373	360	1,588
<b>Income tax expenses reported in the income statements</b>	<u>113,971</u>	<u>143,802</u>	<u>106,440</u>	<u>123,754</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	399,811	445,337	346,331	393,092
Adjustment in respect of income tax of previous year	(653)	2,912	(352)	2,020
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	12,689	(17,672)	13,413	(16,931)
<b>Income tax expenses reported in the income statements</b>	<u>411,847</u>	<u>430,577</u>	<u>359,392</u>	<u>378,181</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements			
	For the three-month		For the nine-month	
	periods ended 30 September		periods ended 30 September	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Deferred tax relating to changes in value of available-for-sale investments	272	(310)	1,098	(632)

## 16. 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.



**17. Dividends**

Dividend declared for the nine-month periods ended 30 September 2019 and 2018 consist of the following:

	<u>Approved by</u>	<u>Total dividends</u> (Million Baht)	<u>Dividend per share</u> (Baht)	<u>Paid on</u>
<u>Year 2019</u>				
Final dividend on 2018 profit	Annual General Meeting of the shareholders on 29 April 2019	1,197	1.3	23 May 2019
Interim dividends on the profit for the six-month period ended 30 June 2019	Board of Directors' meeting on 13 August 2019	1,197	1.3	11 September 2019
Total		<u>2,394</u>	<u>2.6</u>	
<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
Interim dividends on the profit for the six-month period ended 30 June 2018	Board of Directors' meeting on 9 August 2018	1,105	1.2	7 September 2018
Total		<u>2,210</u>	<u>2.4</u>	

**18. 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.

## 19. Commitments and contingent liabilities

### 19.1 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 September 2019, future minimum payments required under these non-cancellable operating lease and service contracts were as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Payable within:		
Less than 1 year	1,606	1,275
1 year to 5 years	1,532	1,247
More than 5 years	232	232

### 19.2 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.

### 19.3 Guarantees

#### 19.3.1 Bank guarantees

As at 30 September 2019, there were outstanding letters of guarantee issued by the banks on behalf of the Company and its subsidiaries of approximately Baht 21.1 million (31 December 2018: Baht 21.2 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 2018: Baht 8.3 million) to guarantee payments due to creditors and Baht 12.8 million (31 December 2018: Baht 12.9 million) to guarantee electricity use.

**19.3.2 Guarantees to related party**

As at 30 September 2019, the Company had guaranteed bank credit facilities of International Food Supply Co., Ltd. ("a subsidiary") of Baht 45 million (31 December 2018: Baht 45 million).

**20. 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 and liabilities denominated in foreign currencies as at 30 September 2019 are summarised below.

Foreign currency	Amount	Exchange rates as at 30 September 2019
	(Million)	(Baht per foreign currency unit)
<b>Asset</b>		
US dollar	30	30.4176
Yen	1	0.2796
<b>Liabilities</b>		
Yen	3	0.2873

Forward exchange contracts outstanding as at 30 September 2019 are summarised below.

Foreign currency	Sold amount	Contractual maturity date	Contractual exchange rate
	(Million)		(Baht per foreign currency unit)
US dollar	30	June and October 2020	31.95 - 32.62

**21. Fair value hierarchy**

As of 30 September 2019, 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	4,132	3,406
Available-for-sale investment - debt instruments	945	945
Derivatives - forward exchange contracts - gain	58	58

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

.....Director  
Rit Thirakomen

.....Director  
Somchai Hanjikasem

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

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 November 2019.

.....Director  
Rit Thirakomen

.....Director  
Somchai Hanjikasem