

Mudman Public Company Limited and its subsidiaries
(Formerly known as “Mudman Limited”)
Report and consolidated financial statements
31 December 2016

Independent Auditor's Report

To the Shareholders of Mudman Public Company Limited
(Formerly known as "Mudman Limited")

Opinion

I have audited the accompanying consolidated financial statements of Mudman Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Mudman Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mudman Public Company Limited and its subsidiaries and of Mudman Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants* as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

The engagement partner on the audit resulting in this independent auditor's report is Miss Sirirat Sricharoensup.

Sirirat Sricharoensup
Certified Public Accountant (Thailand) No. 5419

EY Office Limited
Bangkok: 16 February 2017

Mudman Public Company Limited and its subsidiaries
(Formerly known as "Mudman Limited")

Statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7	89,378,744	108,269,943	12,323,348	7,826,151
Trade and other receivables	8	67,303,573	59,859,319	14,462,606	20,357,000
Short-term loans to and interest receivable					
from related parties	6	-	-	145,067,046	190,288,203
Inventories	9	204,347,934	223,875,657	48,926	49,245
Other current assets	10	28,354,391	25,286,920	9,826,994	6,039,806
Total current assets		389,384,642	417,291,839	181,728,920	224,560,405
Non-current assets					
Restricted bank deposits	11	3,016,110	3,020,848	-	-
Investments in subsidiaries	12	-	-	3,061,073,089	3,203,393,524
Building improvement and equipment	13	477,781,078	479,929,368	10,300,461	10,767,087
Goodwill	14	1,896,039,395	1,896,039,395	-	-
Leasehold rights	15	56,367,398	67,630,650	-	-
Intangible assets	14, 16	884,998,503	1,093,814,653	896,281	1,613,212
Deferred tax assets	23	8,745,542	5,754,196	-	-
Deposits		98,268,464	93,292,030	2,275,110	2,275,110
Total non-current assets		3,425,216,490	3,639,481,140	3,074,544,941	3,218,048,933
Total assets		3,814,601,132	4,056,772,979	3,256,273,861	3,442,609,338

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

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

Mudman Public Company Limited and its subsidiaries
(Formerly known as "Mudman Limited")

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	17	24,800,000	35,000,000	24,800,000	15,000,000
Trade and other payables	18	429,549,903	355,258,188	17,844,532	7,339,853
Current portion of long-term loans from financial institutions	19	173,333,615	123,688,209	-	-
Short-term loans from and interest payable to related parties	6	-	-	1,041,360,599	1,174,366,768
Income tax payable		11,540,021	12,608,411	-	-
Dividend payable	26	160,345,370	-	160,345,370	-
Other current liabilities		<u>55,822,573</u>	<u>39,771,328</u>	<u>3,065,739</u>	<u>5,544,472</u>
Total current liabilities		<u>855,391,482</u>	<u>566,326,136</u>	<u>1,247,416,240</u>	<u>1,202,251,093</u>
Non-current liabilities					
Long-term loans from financial institutions - net of current portion	19	871,754,810	1,045,230,100	-	-
Deferred tax liabilities	23	204,794,145	251,586,781	-	-
Provision for long-term employee benefits	20	40,895,001	36,549,406	16,526,791	14,022,746
Other non-current liabilities		<u>26,642,833</u>	<u>13,287,795</u>	-	-
Total non-current liabilities		<u>1,144,086,789</u>	<u>1,346,654,082</u>	<u>16,526,791</u>	<u>14,022,746</u>
Total liabilities		<u>1,999,478,271</u>	<u>1,912,980,218</u>	<u>1,263,943,031</u>	<u>1,216,273,839</u>

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

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

Mudman Public Company Limited and its subsidiaries
(Formerly known as "Mudman Limited")

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Shareholders' equity					
Share capital	21				
Registered					
1,054,903,750 ordinary shares of Baht 1 each					
(2015: 8,439,230 ordinary shares of Baht 100 each)		<u>1,054,903,750</u>	<u>843,923,000</u>	<u>1,054,903,750</u>	<u>843,923,000</u>
Issued and fully paid					
843,923,000 ordinary shares of Baht 1 each					
(2015: 8,439,230 ordinary shares of Baht 100 each)		843,923,000	843,923,000	843,923,000	843,923,000
Share premium		1,099,077,000	1,099,077,000	1,099,077,000	1,099,077,000
Surplus on business combination under					
common control		212,355,818	212,355,818	-	-
Retained earnings (deficit)					
Appropriated - statutory reserve	26	11,129,895	-	11,129,895	-
Unappropriated		<u>(351,362,852)</u>	<u>(11,563,057)</u>	<u>38,200,935</u>	<u>283,335,499</u>
Total shareholders' equity		<u>1,815,122,861</u>	<u>2,143,792,761</u>	<u>1,992,330,830</u>	<u>2,226,335,499</u>
Total liabilities and shareholders' equity		<u>3,814,601,132</u>	<u>4,056,772,979</u>	<u>3,256,273,861</u>	<u>3,442,609,338</u>
		-	-	-	-

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

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

Mudman Public Company Limited and its subsidiaries
(Formerly known as "Mudman Limited")
Statement of comprehensive income
For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Sales and service income		2,889,141,956	2,797,446,917	25,006,759	19,527,180
Dividend income	6, 12	-	-	177,934,347	206,069,607
Management service income	6	-	-	111,400,795	101,432,262
Other income		<u>102,409,236</u>	<u>91,668,612</u>	<u>16,445,103</u>	<u>22,281,756</u>
Total revenues		<u>2,991,551,192</u>	<u>2,889,115,529</u>	<u>330,787,004</u>	<u>349,310,805</u>
Expenses					
Cost of sales and services		1,175,345,725	1,115,864,815	126,367,709	108,326,011
Selling expenses					
Amortisation of intangible assets acquired through business combination		70,109,916	71,013,084	-	-
Other selling expenses		1,418,479,658	1,374,575,270	7,959,428	5,650,490
Administrative expenses		304,639,779	295,582,604	10,150,648	23,839,458
Allowance for doubtful debts		-	-	62,000,000	-
Impairment loss on assets	12, 16	<u>154,931,354</u>	<u>-</u>	<u>142,320,435</u>	<u>4,999,980</u>
Total expenses		<u>3,123,506,432</u>	<u>2,857,035,773</u>	<u>348,798,220</u>	<u>142,815,939</u>
Profit (loss) before finance cost and income tax		(131,955,240)	32,079,756	(18,011,216)	206,494,866
Finance cost		<u>(56,258,624)</u>	<u>(62,957,517)</u>	<u>(55,648,083)</u>	<u>(59,406,368)</u>
Profit (loss) before income tax		(188,213,864)	(30,877,761)	(73,659,299)	147,088,498
Tax income (expenses)	23	<u>19,889,334</u>	<u>(12,260,019)</u>	<u>-</u>	<u>-</u>
Profit (loss) for the year		<u>(168,324,530)</u>	<u>(43,137,780)</u>	<u>(73,659,299)</u>	<u>147,088,498</u>
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss)		-	331,707	-	(278,208)
Less: Income tax effect	23	<u>-</u>	<u>(121,983)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year		<u>-</u>	<u>209,724</u>	<u>-</u>	<u>(278,208)</u>
Total comprehensive income for the year		<u>(168,324,530)</u>	<u>(42,928,056)</u>	<u>(73,659,299)</u>	<u>146,810,290</u>
			(Restated)		(Restated)
Earnings per share					
Basic earnings (loss) per share	24	(0.20)	(0.05)	(0.09)	0.17

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

.....Director
(Mr. Supasith Sukhanindr)

.....Director
(Mr. Nadim X. Salhani)

Mudman Public Company Limited and its subsidiaries

(Formerly known as "Mudman Limited")

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements							
	Issued and paid-up share capital		Surplus on business combination under common control		Retained earnings (deficit) Appropriated - statutory reserve		Unappropriated	Total
	Share premium							
Balance as at 1 January 2015	843,923,000	1,099,077,000	212,355,818	-	31,364,999	2,186,720,817		
Loss for the year	-	-	-	-	(43,137,780)	(43,137,780)		
Other comprehensive income for the year	-	-	-	-	209,724	209,724		
Total comprehensive income for the year	-	-	-	-	(42,928,056)	(42,928,056)		
Balance as at 31 December 2015	<u>843,923,000</u>	<u>1,099,077,000</u>	<u>212,355,818</u>	<u>-</u>	<u>(11,563,057)</u>	<u>2,143,792,761</u>	-	
Balance as at 1 January 2016	843,923,000	1,099,077,000	212,355,818	-	(11,563,057)	2,143,792,761		
Loss for the year	-	-	-	-	(168,324,530)	(168,324,530)		
Other comprehensive income for the year	-	-	-	-	-	-		
Total comprehensive income for the year	-	-	-	-	(168,324,530)	(168,324,530)		
Transferred unappropriated retained earnings								
to statutory reserve (Note 26)	-	-	-	11,129,895	(11,129,895)	-		
Dividend paid (Note 26)	-	-	-	-	(160,345,370)	(160,345,370)		
Balance as at 31 December 2016	<u>843,923,000</u>	<u>1,099,077,000</u>	<u>212,355,818</u>	<u>11,129,895</u>	<u>(351,362,852)</u>	<u>1,815,122,861</u>	-	

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

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

Mudman Public Company Limited and its subsidiaries
(Formerly known as "Mudman Limited")
Statement of changes in shareholders' equity (continued)
For the year ended 31 December 2016

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up		Retained earnings		
	share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Total
Balance as at 1 January 2015	843,923,000	1,099,077,000	-	136,525,209	2,079,525,209
Profit for the year	-	-	-	147,088,498	147,088,498
Other comprehensive income for the year	-	-	-	(278,208)	(278,208)
Total comprehensive income for the year	-	-	-	146,810,290	146,810,290
Balance as at 31 December 2015	<u>843,923,000</u>	<u>1,099,077,000</u>	<u>-</u>	<u>283,335,499</u>	<u>2,226,335,499</u>
					-
Balance as at 1 January 2016	843,923,000	1,099,077,000	-	283,335,499	2,226,335,499
Loss for the year	-	-	-	(73,659,299)	(73,659,299)
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(73,659,299)	(73,659,299)
Transferred unappropriated retained earnings					
to statutory reserve (Note 26)	-	-	11,129,895	(11,129,895)	-
Dividend paid (Note 26)	-	-	-	(160,345,370)	(160,345,370)
Balance as at 31 December 2016	<u>843,923,000</u>	<u>1,099,077,000</u>	<u>11,129,895</u>	<u>38,200,935</u>	<u>1,992,330,830</u>
					-

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

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

Mudman Public Company Limited and its subsidiaries
(Formerly known as "Mudman Limited")

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities				
Profit (loss) before tax	(188,213,864)	(30,877,761)	(73,659,299)	147,088,498
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation	143,079,553	129,144,918	1,744,026	1,334,553
Amortisation	89,845,665	91,470,306	1,069,431	1,109,933
Loss on disposal/written-off of building improvement and equipment and intangible assets	12,358,947	10,371,509	-	4,339
Allowance for doubtful debts	-	-	62,000,000	-
Reversal of allowance for diminution in value of inventories	(710,460)	(7,697,664)	-	-
Impairment loss on assets	154,931,354	-	142,320,435	4,999,980
Loss on debt forgiveness	-	-	-	13,572,953
Long-term employee benefit expenses	8,595,876	7,380,603	2,504,045	2,205,738
Dividend income	-	-	(177,934,347)	(206,069,607)
Interest income	(502,715)	(438,824)	(9,388,206)	(15,033,629)
Interest expenses	56,258,624	62,957,517	55,648,083	59,406,368
Write off withholding tax	1,077,475	1,083,048	-	1,039,349
Profit from operating activities before changes in operating assets and liabilities	276,720,455	263,393,652	4,304,168	9,658,475
Operating assets (increase) decrease				
Trade and other receivables	(7,444,254)	(4,309,884)	5,894,394	(9,375,892)
Inventories	20,238,183	5,072,024	319	(47,923)
Other current assets	256,072	(3,389,259)	16,678	(928,972)
Deposits	(4,976,434)	(5,524,948)	-	(1,127,150)
Operating liabilities increase (decrease)				
Trade and other payables	57,726,167	2,574,396	10,792,743	3,048,601
Other current liabilities	14,463,847	11,488,552	(2,478,733)	1,635,369
Provision for long-term employee benefits	(4,250,280)	(7,600,850)	-	(600,700)
Other non-current liabilities	12,193,384	1,135,727	-	-
Cash flows from operating activities	364,927,140	262,839,410	18,529,569	2,261,808
Dividend received	-	-	177,934,347	206,069,607
Cash paid for income tax	(35,360,421)	(36,537,179)	(3,803,866)	(2,985,197)
Net cash flows from operating activities	329,566,719	226,302,231	192,660,050	205,346,218

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

.....Director
(Mr. Supasith Sukhanindr)

.....Director
(Mr. Nadim X. Salhani)

Mudman Public Company Limited and its subsidiaries
(Formerly known as "Mudman Limited")
Cash flow statement (continued)
For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from investing activities				
Decrease in restricted bank deposits	4,738	567,470	-	-
(Increase) decrease in short-term loans to related parties	-	-	(8,367,209)	83,647,297
Cash paid for acquisition of investment in subsidiaries	-	-	-	(124,000,000)
Acquisition of building improvement and equipment	(141,162,930)	(163,981,217)	(1,567,370)	(9,755,911)
Proceeds from sales of equipment	690,110	843,492	-	4,673
Increase in intangible assets and leasehold rights	(13,246,787)	(16,588,320)	(352,500)	(598,110)
Cash received from interest income	499,079	450,162	976,572	7,360,687
Net cash flows used in investing activities	(153,215,790)	(178,708,413)	(9,310,507)	(43,341,364)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(10,200,000)	35,000,000	9,800,000	15,000,000
Decrease in short-term loans from related parties	-	-	(120,497,060)	(115,909,607)
Repayment of long-term loans from financial institutions	(123,829,884)	(79,123,238)	-	-
Cash paid for liabilities under finance lease agreements	(4,919,705)	(2,078,087)	-	-
Cash paid for interest expenses	(56,292,539)	(62,974,049)	(68,155,286)	(62,334,238)
Net cash flows used in financing activities	(195,242,128)	(109,175,374)	(178,852,346)	(163,243,845)
Net increase (decrease) in cash and cash equivalents	(18,891,199)	(61,581,556)	4,497,197	(1,238,991)
Cash and cash equivalents at beginning of year	108,269,943	169,851,499	7,826,151	9,065,142
Cash and cash equivalents at end of year	89,378,744	108,269,943	12,323,348	7,826,151
	-	-	-	-
Supplemental cash flows information :-				
Non-cash transactions				
Acquisition of assets through incurrence of liabilities	43,901,430	26,961,533	384,130	674,100

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

.....Director
(Mr. Supasith Sukhanindr)

.....Director
(Mr. Nadim X. Salhani)

Mudman Public Company Limited and its subsidiaries
(Formerly known as “Mudman Limited”)
Notes to consolidated financial statements
For the year ended 31 December 2016

1. General information

Mudman Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Sub Sri Thai Public Company Limited. The Company is principally engaged in investment holding, management service for related companies and distribution of food. The registered office of the Company is at 209/1 KKP Tower B, 25th Floor, Sukhumvit 21 Road, Klongtoey Nua, Wattana, Bangkok.

On 5 April 2016, the General Meeting of the Company’s shareholders passed a resolution on transformation of a limited company into a public limited company, and the Company registered with the Ministry of Commerce on 19 April 2016 and changed its name to be “Mudman Public Company Limited”.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Mudman Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

.....Director
(Mr. Supasith Sukhanindr)

.....Director
(Mr. Nadim X. Salhani)

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2016</u> Percent	<u>2015</u> Percent
<u>Subsidiaries directly owned by the Company</u>				
Golden Donuts (Thailand) Co., Ltd.	Distribution of food and beverage	Thailand	100	100
ABP Café (Thailand) Co., Ltd.	Distribution of food and beverage	Thailand	100	100
Golden Scoop Co., Ltd.	Distribution of food and beverage	Thailand	100	100
Golden Gourmet Co., Ltd.	Dissolution during 2016	Thailand	-	100
Greyhound Café Co., Ltd.	Distribution of food and beverage	Thailand	100	100
Greyhound Co., Ltd.	Distribution of clothing and leather work	Thailand	100	100

Subsidiary indirectly owned by the Company

Held by Greyhound Café Co., Ltd.

GHC CAFE (UK) Co., Ltd.	Not started the operation	United Kingdom	100	-
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- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) On 8 March 2016, Greyhound Café Company Limited (a subsidiary) invested in 100 percent shareholding of GHC CAFE (UK) Company Limited, a new company which was incorporated in United Kingdom with a registered share capital of GBP 200,000. The subsidiary is principally engaged in the distribution of food and beverage. During the current year, such company had not commenced its operations.
- g) As discussed in Note 12 to the financial statements, on 31 May 2016, the Extraordinary General Meeting of shareholders of Golden Gourmet Company Limited (a subsidiary) passed a special resolution to approve its dissolution. The subsidiary registered its dissolution with the Ministry of Commerce on 1 June 2016 and was liquidated on 30 December 2016.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

3. New financial reporting standards

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

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

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

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.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Rendering of services

Service revenue is recognised when services have been rendered.

Dividends

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

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

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

4.4 Inventories

Inventories are valued at the lower of cost (first-in, first out method) and net realisable value. Cost includes all production costs and attributable factory overheads.

4.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

4.6 Building improvement and equipment/Depreciation

Building improvement and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

Building improvement	5 - 20 years
Equipment	3 - 10 years
Furniture and office equipment	3 - 5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on assets under installation and construction.

4.7 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company and its subsidiaries' cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company and its subsidiaries estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.8 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Amortisation is calculated by reference to its cost on a straight-line basis over the lease period. The amortisation expense is charged to profit or loss.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

4.9 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Franchise	7 - 20 years
Trademark	40 years
Computer software	3 - 5 years

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

4.10 Related party transactions

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

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

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

4.11 Long-term leases

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

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

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the building improvement and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill and intangible assets with indefinite useful lives. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund and the employee joint investment program are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company's and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plan

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

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

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

4.15 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

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

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

Building improvement and equipment/Depreciation

In determining depreciation of building improvement and equipment, the management is required to make estimates of the useful lives and residual values of the building improvement and equipment and to review estimate useful lives and residual values when there are any changes.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Post-employment benefits under defined benefit

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

6. Related party transactions

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

(Unit: Thousand Baht)

	Consolidated		Separate		Pricing policy
	financial statements	financial statements	financial statements	financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with parent company</u>					
Dividend payment	128,808	-	128,808	-	Announced rate
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Dividend income	-	-	177,934	206,070	Announced rate
Management service income	-	-	111,401	101,432	At the higher of the 3%-4% of sales and the cost plus margin of 5%
Rental income	-	-	2,312	1,973	Contract rate
Interest income	-	-	9,345	15,009	3.80% to 5.63% p.a.
Interest expenses	-	-	55,190	58,655	3.95% to 5.38% p.a.
Loss on debt forgiveness	-	-	-	13,573	As agreed

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Pricing policy
	2016	2015	2016	2015	
<u>Transactions with related companies</u>					
Rental expenses	6,414	4,923	6,414	4,923	Contract rate
Dividend payment	14,957	-	14,957	-	Announced rate
<u>Transactions with directors, employees and related persons</u>					
Dividend payment	12,802	-	12,802	-	Announced rate

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related companies are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade and other receivables - related parties (Note 8)				
Subsidiaries	-	-	13,607	19,542
Short-term loans to and interest receivable from related parties				
Subsidiaries	-	-	207,067	190,288
Less: Allowance for doubtful debts	-	-	(62,000)	-
	-	-	145,067	190,288
Rental deposit paid - related party				
Related company	1,000	1,000	1,000	1,000
Trade and other payables - related parties (Note 18)				
Parent company	4	-	-	-
Related company (common director)	2,510	466	2,510	466
	2,514	466	2,510	466
Short-term loans from and interest payable to related parties				
Subsidiaries	-	-	1,041,361	1,174,367
Rental deposit received - related party				
Subsidiaries	-	-	-	1,000
Dividend payable				
Parent company	128,808	-	128,808	-
Related company (common director)	14,957	-	14,957	-
Directors, employees and related persons	12,802	-	12,802	-
	156,567	-	156,567	-

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

Short-term loans to and interest receivable from related parties

These represent short-term loans and interest receivable under promissory note. Interest is charged at 3.80 to 5.63 percent per annum (2015: 4.01 to 5.63 percent per annum). The loans have no collateral and are repayable on demand.

Short-term loans from and interest payable to related parties

These represent short-term loans and interest payable under promissory note. Interest is charged at 3.95 to 5.38 percent per annum (2015: 3.95 to 5.38 percent per annum) and the loans are repayable on demand.

Movement of loan to and loan from related parties are as follows:

(Unit: Thousand Baht)

Loan to / Loan from	Related by	Separate financial statements			
		Balance as at 31 December 2015	Increase during the year	Decrease during the year	Balance as at 31 December 2016
<u>Short-term loans and interest receivable</u>					
Golden Scoop Co., Ltd.	Subsidiary	9,777	7,597	(774)	16,600
Greyhound Co., Ltd.	Subsidiary	180,511	19,748	(9,792)	190,467
		190,288	27,345	(10,566)	207,067
Less: Allowance for doubtful debts		-	(62,000)	-	(62,000)
Total		190,288	(34,655)	(10,566)	145,067
<u>Short-term loans and interest payable</u>					
Golden Donuts (Thailand) Co., Ltd.	Subsidiary	688,922	31,512	(103,943)	616,491
ABP Café (Thailand) Co., Ltd.	Subsidiary	112,674	5,196	(29,870)	88,000
Greyhound Café Co., Ltd.	Subsidiary	372,771	18,481	(54,382)	336,870
Total		1,174,367	55,189	(188,195)	1,041,361

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	90,116	87,410	51,379	59,636
Post-employment benefits	4,116	3,867	2,572	2,590
Total	94,232	91,277	53,951	62,226

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Note 29.4 (a) and 29.4 (b) to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash	18,063	18,117	33	27
Bank deposits	71,316	90,153	12,290	7,799
Total	<u>89,379</u>	<u>108,270</u>	<u>12,323</u>	<u>7,826</u>

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	58,884	50,140	838	815
Past due				
Up to 3 months	7,213	7,806	-	-
3 - 6 months	29	46	-	-
6 - 12 months	50	50	-	-
Over 12 months	5,483	5,662	-	-
Total	<u>71,659</u>	<u>63,704</u>	<u>838</u>	<u>815</u>
Less: Allowance for doubtful debts	<u>(5,483)</u>	<u>(5,498)</u>	<u>-</u>	<u>-</u>
Total trade receivables - unrelated parties, net	<u>66,176</u>	<u>58,206</u>	<u>838</u>	<u>815</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	11,942	19,494
Past due				
Up to 3 month	-	-	1,520	-
Total trade receivables - related parties	<u>-</u>	<u>-</u>	<u>13,462</u>	<u>19,494</u>
Total trade receivables - net	<u>66,176</u>	<u>58,206</u>	<u>14,300</u>	<u>20,309</u>
<u>Other receivables</u>				
Other receivables - unrelated parties	1,128	1,653	18	-
Other receivables - related parties	-	-	145	48
Total other receivables	<u>1,128</u>	<u>1,653</u>	<u>163</u>	<u>48</u>
Total trade and other receivables - net	<u>67,304</u>	<u>59,859</u>	<u>14,463</u>	<u>20,357</u>

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

9. Inventories

Details of inventories as presented in consolidated financial statements as at 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	97,332	105,106	(3,925)	(2,825)	93,407	102,281
Work in process	2,044	5,228	-	-	2,044	5,228
Raw materials	86,033	100,214	(5,628)	(7,438)	80,405	92,776
Packing materials	14,899	12,442	-	-	14,899	12,442
Goods in transit	723	435	-	-	723	435
Others	12,870	10,714	-	-	12,870	10,714
Total	213,901	234,139	(9,553)	(10,263)	204,348	223,876

During the current year, the subsidiary reversed the write-down of cost of inventories by Baht 1 million (2015: Baht 8 million), and reduced the amount of inventories recognised as expenses during the year.

10. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Refundable corporate income tax	8,730	5,410	8,730	4,926
Undue value added tax	6,607	7,548	88	62
Prepaid expenses	6,759	10,581	1,000	1,005
Compensation for product claim	4,479	-	-	-
Others	1,779	1,748	9	47
Total	28,354	25,287	9,827	6,040

11. Restricted bank deposits

These represent fixed deposits pledged with the banks to secure the letter of guarantee issued by a bank on behalf of the subsidiaries.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

12. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received during the year	
	2016	2015	2016	2015	2016	2015	2016	2015
			(%)	(%)				
Golden Donuts (Thailand) Co., Ltd.	300,000	300,000	100	100	842,447	842,447	103,800	66,000
ABP Café (Thailand) Co., Ltd.	40,000	40,000	100	100	382,147	382,147	29,920	27,120
Golden Scoop Co., Ltd.	125,000	125,000	100	100	125,000	125,000	-	-
Golden Gourmet Co., Ltd.	-	5,000	-	100	-	5,000	-	-
Greyhound Café Co., Ltd.	10,784	10,784	100	100	1,492,606	1,492,606	44,214	112,950
Greyhound Co., Ltd.	96,990	96,990	100	100	361,194	361,194	-	-
Total					3,203,394	3,208,394	177,934	206,070
Less: Allowance for impairment loss on investment					(142,321)	(5,000)		
Investments in subsidiaries - net					3,061,073	3,203,394		

Golden Gourmet Company Limited

On 31 May 2016, the Extraordinary General Meeting of shareholders of Golden Gourmet Company Limited (a subsidiary) passed a special resolution to approve its dissolution. The subsidiary registered its dissolution with the Ministry of Commerce on 1 June 2016 and was liquidated on 30 December 2016.

Greyhound Company Limited

During the current year, the Company assessed the recoverable amount of investment in Greyhound Company Limited based on a value-in-use calculation using cash flow projections. The pre-tax discount rate applied to the cash flow projections was 14 percent per annum and it was concluded that the recoverable amount is lower than the carrying amount. The Company therefore recognised allowance for impairment loss on such investment amounting to Baht 142 million in profit or loss in the separate financial statements for the current year.

The Company pledged share certificates of Golden Donuts (Thailand) Company Limited and ABP Café (Thailand) Company Limited, as collateral against credit facilities granted by a financial institution.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

13. Building improvement and equipment

(Unit: Thousand Baht)

Consolidated financial statements						
	Building improvement	Equipment	Furniture and office equipment	Motor vehicles	Assets under installation and construction	Total
Cost						
1 January 2015	370,766	159,035	143,125	7,749	22,363	703,038
Additions	46,550	27,465	31,595	-	41,631	147,241
Disposals	(7,032)	(1,061)	(2,416)	-	(961)	(11,470)
Transfers	36,339	7,847	9,166	-	(53,352)	-
31 December 2015	446,623	193,286	181,470	7,749	9,681	838,809
Additions	51,427	35,533	30,964	-	45,210	163,134
Disposals	(16,322)	(5,307)	(6,114)	(230)	(371)	(28,344)
Transfers	32,575	725	4,429	-	(37,729)	-
31 December 2016	514,303	224,237	210,749	7,519	16,791	973,599
Accumulated depreciation						
1 January 2015	110,439	56,387	65,354	3,257	-	235,437
Depreciation for the year	65,289	30,030	32,267	1,559	-	129,145
Depreciation on disposals	(3,736)	(556)	(1,410)	-	-	(5,702)
31 December 2015	171,992	85,861	96,211	4,816	-	358,880
Depreciation for the year	77,348	31,892	32,328	1,512	-	143,080
Depreciation on disposals	(9,423)	(919)	(4,879)	(90)	-	(15,311)
Transfer	1,183	9	(1,192)	-	-	-
31 December 2016	241,100	116,843	122,468	6,238	-	486,649
Allowance for impairment loss:						
1 January 2015	-	-	-	-	-	-
31 December 2015	-	-	-	-	-	-
Increase during the year	9,161	8	-	-	-	9,169
31 December 2016	9,161	8	-	-	-	9,169
Net book value						
31 December 2015	274,631	107,425	85,259	2,933	9,681	479,929
31 December 2016	264,042	107,386	88,281	1,281	16,791	477,781
Depreciation for the year						
2015 (Baht 20 million included in cost of sales and services, and the balance in selling and administrative expenses)						129,145
2016 (Baht 20 million included in cost of sales and services, and the balance in selling and administrative expenses)						143,080

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

(Unit: Thousand Baht)

Separate financial statements

	Building improvement	Equipment	Furniture and office equipment	Assets under installation and construction	Total
Cost					
1 January 2015	438	35	2,286	1,508	4,267
Additions	2,273	416	1,606	4,051	8,346
Disposal	-	(2)	(8)	-	(10)
31 December 2015	2,711	449	3,884	5,559	12,603
Additions	93	-	691	493	1,277
31 December 2016	2,804	449	4,575	6,052	13,880
Accumulated depreciation					
1 January 2015	3	-	499	-	502
Depreciation for the year	351	50	934	-	1,335
Depreciation on disposal	-	-	(1)	-	(1)
31 December 2015	354	50	1,432	-	1,836
Depreciation for the year	557	80	1,107	-	1,744
31 December 2016	911	130	2,539	-	3,580
Net book value					
31 December 2015	2,357	399	2,452	5,559	10,767
31 December 2016	1,893	319	2,036	6,052	10,300
Depreciation for the year					
2015 (included in cost of sales and services)					1,335
2016 (included in cost of sales and services)					1,744

As at 31 December 2016, subsidiaries had assets with net book values amounting to Baht 5 million (2015: Baht 3 million) which were acquired under finance lease agreements.

As at 31 December 2016, certain items of building improvement and equipment items were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 88 million (2015: Baht 66 million).

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

14. Goodwill and intangible assets with indefinite useful lives

For the purpose of impairment testing, the Company allocated goodwill acquired in business combinations and trademarks with indefinite useful lives to each of the cash generating units (CGUs), as presented below:

(Unit: Thousand Baht)

	<u>Donuts unit</u>	<u>Bakery unit</u>	<u>Restaurant unit</u>	<u>Total</u>
Goodwill	484,370	298,192	1,113,477	1,896,039
Trademarks with indefinite useful lives	-	-	325,690	325,690

The recoverable amount of each CGU is determined based on a value-in-use calculation, using cash flow projections extracted from financial budgets approved by the management. The cash flow projections cover a five-year period for Donuts and Bakery units and an eight-year period for Restaurant unit because the Company acquired the Restaurant unit in 2014, and needs a period of 10 years to manage and grow the business in order to create synergies from the business combination.

Key assumptions used in value in use calculations are summarised below:

(Unit: percent per annum)

	<u>Donuts unit</u>	<u>Bakery unit</u>	<u>Restaurant unit</u>
Earnings before interests and taxes margin (Excluded franchise income)	7%	5% - 6%	5% - 8%
Growth rate	3% - 4%	3% - 5%	8% - 15%
Pre-tax discount rate	13%	13%	13%

The management determined the budget earnings before interests and taxes margin and growth rate based on past performance and its expectations of market development. The discount rate used is pre-tax and reflect specific risks relating to the relevant segments.

The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent forecasts does not exceed the long-term average growth rate for the industry in which the CGU operates.

Increase in the discount rate of 1% - 3% per annum would result in recoverable amounts that are equal to the carrying amounts.

The management did not identify indications of impairment for goodwill and trademarks with indefinite useful lives.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

15. Leasehold rights

Details of leasehold rights as presented in consolidated financial statements as at 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Cost	101,296	179,329
Less: Accumulated amortisation	(41,880)	(111,698)
Allowance for impairment loss	(3,049)	-
Net book value	<u>56,367</u>	<u>67,631</u>

A reconciliation of the net book value of leasehold rights for the years 2016 and 2015 is presented below.

	(Unit: Thousand Baht)	
	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	67,631	70,446
Increase during the year	645	6,600
Amortisation for the year	(8,860)	(9,415)
Allowance for impairment loss made during the year	(3,049)	-
Net book value at end of year	<u>56,367</u>	<u>67,631</u>

Subsidiaries have mortgaged leasehold rights with a total net book value as at 31 December 2016 amounting to Baht 36 million (2015: Baht 43 million), as collateral for long-term loans from financial institutions.

16. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

	Consolidated financial statements					Separate financial statements
	Franchise	Trademark	Computer software	Others	Total	Computer software
As at 31 December 2016:						
Cost	790,087	474,523	45,778	14,368	1,324,756	4,206
Less: Accumulated amortisation	(256,075)	(6,512)	(26,888)	(7,570)	(297,045)	(3,310)
Allowance for impairment loss	-	(142,321)	-	(392)	(142,713)	-
Net book value	<u>534,012</u>	<u>325,690</u>	<u>18,890</u>	<u>6,406</u>	<u>884,998</u>	<u>896</u>
As at 31 December 2015:						
Cost	796,058	474,523	55,235	14,388	1,340,204	3,853
Less: Accumulated amortisation	(198,885)	(3,721)	(38,776)	(5,007)	(246,389)	(2,240)
Net book value	<u>597,173</u>	<u>470,802</u>	<u>16,459</u>	<u>9,381</u>	<u>1,093,815</u>	<u>1,613</u>

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	1,093,815	1,164,000	1,613	2,125
Increase during the year	14,898	17,317	353	598
Write-off during the year	(16)	(5,447)	-	-
Amortisation for the year	(80,986)	(82,055)	(1,070)	(1,110)
Allowance for impairment loss made during the year	(142,713)	-	-	-
Net book value at end of year	<u>884,998</u>	<u>1,093,815</u>	<u>896</u>	<u>1,613</u>

During the current year, the Company assessed the recoverable amount of trademark for the garment business based on a value-in-use calculation using cash flow projections. The pre-tax discount rate applied to the cash flow projections was 14 percent per annum and it was concluded that the recoverable amount is lower than the carrying amount. The Company therefore recognised allowance for impairment loss on such trademark amounting to Baht 142 million in profit or loss in the consolidated financial statements for the current year.

As at 31 December 2016, subsidiaries had intangible assets with net book value of Baht 9 million (2015: Baht 7 million) which were acquired under finance lease agreements.

17. Short-term loans from financial institutions

As at 31 December 2016, these represent short-term loans from financial institutions under promissory notes which are subject to interest at a rate of 3.55 percent per annum (2015: 3.55 to 3.70 percent per annum). Such short-term credit facility is guaranteed by the Company and its subsidiaries.

As at 31 December 2016, the short-term credit facilities of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 20 million (2015: Baht 25 million).

18. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade payables - unrelated parties	204,443	197,419	2,296	1,729
Other payables - unrelated parties	48,821	30,148	1,402	40
Other payables - related parties	2,514	466	2,510	466
Payables for purchase of assets	36,233	19,633	384	674
Accrued expenses	137,539	107,592	11,253	4,431
Total	<u>429,550</u>	<u>355,258</u>	<u>17,845</u>	<u>7,340</u>

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

19. Long-term loans

Details of long-term loan as presented in consolidated financial statements as at 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

Loans	Interest rate	Repayment schedule	2016	2015
	(%)			
1	MLR-1.75 to 2.00	Monthly installments as from April 2013 to March 2021	13,736	16,792
2	MLR-1.50	Quarterly installments as from December 2014 to September 2021	1,029,193	1,147,782
3	MLR	Monthly installments as from December 2007 to December 2017	2,160	4,344
Total			1,045,089	1,168,918
Less: Current portion			(173,334)	(123,688)
Long-term loans - net of current portion			871,755	1,045,230

The loans are secured by the pledge of share certificates of its subsidiaries, the mortgage of leasehold rights of subsidiaries and guarantee provided by the Company, its subsidiaries and subsidiaries' directors.

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

20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Provision for long-term employee benefits at beginning of year	36,549	37,101	14,023	12,139
Included in profit or loss:				
Current service cost	7,245	6,223	2,137	1,884
Interest cost	1,351	1,158	367	322
Included in other comprehensive income:				
Actuarial (gain) loss				
Demographic assumptions changes	-	(415)	-	(298)
Financial assumptions changes	-	545	-	(332)
Experience adjustments	-	(462)	-	909
Benefits paid during the year	(4,250)	(7,601)	-	(601)
Provision for long-term employee benefits at end of year	40,895	36,549	16,527	14,023

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cost of sales and services	412	348	2,388	2,138
Selling and administrative expenses	8,184	7,033	116	68
Total expenses recognised in profit or loss	<u>8,596</u>	<u>7,381</u>	<u>2,504</u>	<u>2,206</u>

The Company and its subsidiaries expect to pay Baht 2 million of long-term employee benefits during the next year (2015: Baht 4 million) (The Company only: Baht 0.1 million, 2015: Baht 4 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 7.4 - 12.6 years (2015: 7.4 - 12.6 years) (The Company only: 7.4 years, 2015: 7.4 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Discount rate	2.4 - 3.9	2.4 - 3.9	2.6	2.6
Salary increase rate	3.0 - 5.0	3.0 - 5.0	3.0	3.0
Turnover rate	0 - 71.0	0 - 71.0	0 - 7.0	0 - 7.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>Increase by 1%</u>	<u>Decrease by 1%</u>	<u>Increase by 1%</u>	<u>Decrease by 1%</u>
<u>As at 31 December 2016:</u>				
Discount rate	(4,144)	4,840	(978)	1,127
Salary increase rate	5,217	(4,521)	1,187	(1,046)
Turnover rate	(4,476)	1,652	(1,036)	351
<u>As at 31 December 2015:</u>				
Discount rate	(3,757)	4,385	(912)	1,044
Salary increase rate	4,417	(3,844)	978	(871)
Turnover rate	(4,056)	1,491	(965)	303

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

21. Share capital

On 5 April 2016, the Annual General Meeting of the Company's shareholders approved the followings significant transactions.

- (a) The change in the par value of the ordinary shares from Baht 100 each to Baht 1 each. As a result, the Company's registered and paid-up share capital of Baht 843,923,000 comprises 843,923,000 ordinary shares of Baht 1 each. The Company registered the change in the par value of its shares with the Ministry of Commerce on 19 April 2016.
- (b) The increase in the registered share capital of the Company from Baht 843,923,000 to Baht 1,054,903,750 by issuing 210,980,750 new ordinary shares with a par value of Baht 1 per share. The Company registered the increase in the share capital with the Ministry of Commerce on 19 April 2016.

22. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Salaries and wages and other employee benefits	860,211	808,232	98,745	88,880
Depreciation	143,080	129,145	1,744	1,335
Amortisation expenses	89,846	91,470	1,069	1,110
Rental and related service expenses	574,592	524,992	9,741	5,070
Franchise fees	73,189	72,935	-	-
Transportation expenses	55,542	50,406	-	2
Electricity expenses	76,406	76,024	1,013	564
Marketing expenses	40,072	44,284	5,005	186
Raw materials and consumables used	791,998	827,792	15,539	12,742
Changes in inventories of finished goods and work in process	10,985	16,284	-	1

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

23. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Current income tax charge	(29,895)	(24,631)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	49,784	12,371	-	-
Tax income (expense) reported in the statement of comprehensive income	<u>19,889</u>	<u>(12,260)</u>	<u>-</u>	<u>-</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax on actuarial gain	-	(122)	-	-

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounting profit (loss) before tax	(188,214)	(30,878)	(73,659)	147,088
Applicable tax rate	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	37,643	6,176	14,732	(29,418)
Income exempt from tax	-	-	35,587	41,214
Deferred tax assets which were not recognised during the year				
- Unrecognised tax losses	(22,771)	(19,050)	(8,658)	(7,109)
- Impairment loss on assets	-	-	(28,464)	-
- Allowance for doubtful debts	-	-	(12,400)	-
- Provision for long-term employee benefits	(501)	(441)	(501)	(441)
Others	5,518	1,055	(296)	(4,246)
Tax income (expense) reported in the statement of comprehensive income	<u>19,889</u>	<u>(12,260)</u>	<u>-</u>	<u>-</u>

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax assets				
Provision for long-term employee benefits	4,874	4,505	-	-
Deferred income	3,626	1,149	-	-
Others	246	100	-	-
Total	8,746	5,754	-	-
Deferred tax liabilities				
Accumulated depreciation - Building improvement and equipment	11,980	16,747	-	-
Accumulated amortisation - Goodwill	27,924	26,659	-	-
Accumulated amortisation - Leasehold rights	252	978	-	-
Fair value of intangible assets arise in business acquisition	164,638	207,203	-	-
Total	204,794	251,587	-	-

As at 31 December 2016, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 453 million (2015: Baht 359 million) (The Company only: Baht 439 million, 2015: Baht 187 million). No deferred tax assets have been recognised on these amounts as the management of the Company and its subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The Company and its subsidiaries have unused tax losses amounting to Baht 411 million (The Company only: Baht 216 million) will expire by 2021.

24. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares to reflect the impact of the change in the par value of the ordinary shares as discussed in Note 21 to the financial statements. The prior year's basic earnings per share has been recalculated as if the change in the par value of the ordinary shares had been distributed at the beginning of the earliest year reported.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

The following table sets forth the computation of basic earnings (loss) per share:

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u> (Restated)	<u>2016</u>	<u>2015</u> (Restated)
Profit (loss) for the year (Thousand Baht)	(168,325)	(43,138)	(73,659)	147,088
Weighted average number of ordinary shares (Thousand shares)	843,923	843,923	843,923	843,923
Earnings (loss) per share (Baht/share)	(0.20)	(0.05)	(0.09)	0.17

25. Segment information

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

For management purposes, the Company and its subsidiaries are organised into business units based on their products and services. The Company and its subsidiaries have the following two reportable segments:

1. The food and beverage segment produces and distributes snacks, drinks, ice cream and restaurant.
2. Garment segment produces and distributes clothing and leather work.

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

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

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

For the year 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

.....Director
(Mr. Supasith Sukhanindr)

.....Director
(Mr. Nadim X. Salhani)

The following table presents revenue and profit information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015.

	(Unit: Million Baht)					
	Food and beverage segment		Garment segment		Consolidated financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenue						
Sales and service income	2,708	2,561	181	236	2,889	2,797
Operating result:						
Segment profit (loss)	(25)	(27)	(54)	(33)	(79)	(60)
Other income					102	92
Impairment loss on assets					(155)	-
Financial cost					(56)	(63)
Loss before income tax					(188)	(31)
Tax income (expenses)					20	(12)
Loss for the year					(168)	(43)

26. Dividend payment and legal reserve

On 15 March 2016, a meeting of the Board of Directors of the Company passed a resolution approving payment of interim dividend of Baht 31 per share (before adjusting the number of ordinary shares to reflect the impact of the change in the par value of the ordinary shares as discussed in Note 21 to the financial statements), totaling Baht 262 million to the Company's shareholders listed in the book of shareholders' registration as at 15 March 2016. The dividend is expected to be paid in the fourth quarter of the current year. However, the Company will be able to pay such interim dividend only if the Company obtains the approval from a financial institution in accordance with the condition stipulated in a loan agreement between the Company and its subsidiaries and the financial institution.

Subsequently, on 14 December 2016, a meeting of the Board of Directors of the Company passed a resolution approving the cancellation of the above interim dividend payment and passed a resolution approving an interim dividend payment of Baht 0.19 per share, totaling Baht 160 million to the Company's rightful shareholders who receive dividend as at 14 December 2016 and setting aside Baht 11 million to the statutory reserve. The Company received the relaxation for the dividend payment from the financial institution on 15 December 2016. Therefore, the Company recorded such interim dividend payment in the current year.

The Company had paid an interim dividend of Baht 160 million to its shareholders on 13 January 2017.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

27. Provident fund

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees and the Company and its subsidiaries contribute to the fund monthly at the rate of 2 to 4 percent of basic salary. The fund, which is managed by BBL Asset Management Company Limited and Tisco Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 7 million (2015: Baht 6 million) (The Company only: Baht 2 million, 2015: Baht 2 million) were recognised as expenses.

28. Employee Joint Investment Program

1) Approved by	The Annual General Meeting of the shareholders of its parent company in 2014	The Annual General Meeting of the shareholders of its parent company in 2016
2) Duration of the scheme	2 years, from 1 August 2014 to 31 July 2016	2 years, from 1 August 2016 to 31 July 2018
3) Detail of contributions	Employees contribute 5 percent of their monthly base salary and the Company and its subsidiaries additionally contribute 7 percent of employees' monthly base salary	Employees contribute 5 percent of their monthly base salary and the Company and its subsidiaries additionally contribute 7 percent of employees' monthly base salary
4) Program management	Phillip Securities (Thailand) Public Company Limited	Phillip Securities (Thailand) Public Company Limited

Employee Joint Investment Program for the year 2016, the Company and its subsidiaries contributed Baht 2 million (2015: Baht 2 million) (The Company only: Baht 2 million, 2015: Baht 1 million) to the program.

29. Commitments and contingent liabilities

29.1 Capital commitments

As at 31 December 2016, The Company and its subsidiaries had capital commitments of approximately Baht 21 million (2015: Baht 17 million), relating to the improvement of buildings and acquisition of equipment.

29.2 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 related services. The terms of the agreements are generally between 6 months and 28 years. Certain rental and service charges are calculated at a percentage of actual sales which have a minimum guaranteed amount as stipulated in the agreements.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

As at 31 December 2016 and 2015, future minimum lease payments required under these non-cancellable operating leases and services contracts were as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Payable:				
In up to 1 year	272	245	7	8
In over 1 and up to 5 years	412	276	34	16
In over 5 years	162	105	89	12

29.3 Franchise agreement

- (a) On 10 March 1981, a subsidiary entered into a master franchise agreement with Dunkin' Donuts of America Inc. Under the agreement, the subsidiary, which has been granted the franchise to operate bakery shops in Thailand, is obliged to pay the franchisor a franchise fee calculated at a percentage of sales as stipulated in the agreement.
- (b) On 1 April 2006, a subsidiary entered into a master franchise agreement with ABP Corporation for a period of 28 years. Under the agreement, the subsidiary, which has been granted the franchise to operate bakery shops in Thailand, is obliged to pay the franchisor a franchise fee calculated at a percentage of sales as stipulated in the agreement.
- (c) On 2 July 2012, a subsidiary entered into a master franchise agreement with Baskin-Robbins Franchising LLC. Under the agreement, the subsidiary has been granted the franchise to operate ice cream shops in Thailand.

29.4 Guarantees

- (a) The Company and its subsidiaries have guaranteed bank credit facilities of its subsidiaries amounting to Baht 1,235 million.
- (b) The Company and its subsidiaries have guaranteed revolving credit facilities of the Group amounting to Baht 80 million.
- (c) As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 5 million (2015: Baht 3 million) issued by banks on behalf of the subsidiaries. These included letters of guarantee to guarantee rental payment and electricity use.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

29.5 Commitment on financial advisory service fee

The Company entered into a financial advisory service and underwriting agreement to appoint a securities company as its financial advisor for the purpose of its application to the Office of the Securities and Exchange Commission for permission to make an initial public offering of its shares, to list the Company's new shares on the Stock Exchange of Thailand, and as underwriter for the sale of its shares through the initial public offering. As at 31 December 2016, under the agreement the Company was committed to paying financial advisory service fee and underwriting fee at the rates stipulated in the agreement.

30. Financial instruments

30.1 Financial risk management

The Company's and the subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans, restricted bank deposits, trade and other payables, short-term loans and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans as stated in the statement of financial position.

Interest rate risk

The Company's and the subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, short-term loans and long-term borrowings. Most of the Company's and the subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2016						
Fixed interest rates			Non-		Total	Interest rate
Within 1 year	1-5 years	Floating interest rate	interest bearing			
(% per annum)						
Financial assets						
Cash and cash equivalent	-	-	55	34	89	0.20 - 0.63
Trade and other receivables	-	-	-	67	67	-
Restricted bank deposits	3	-	-	-	3	1.30 - 1.75
Financial liabilities						
Short-term loans from financial institutions	25	-	-	-	25	3.55
Trade and other payables	-	-	-	430	430	-
Long-term loans from financial institutions	-	-	1,045	-	1,045	MLR-2 to MLR

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2015						
Fixed interest rates			Non-		Total	Interest rate
Within 1 year	1-5 years	Floating interest rate	interest bearing			
(% per annum)						
Financial assets						
Cash and cash equivalent	-	-	60	48	108	0.30 - 0.50
Trade and other receivables	-	-	-	60	60	-
Restricted bank deposits	3	-	-	-	3	0.50 - 1.75
Financial liabilities						
Short-term loans from financial institutions	35	-	-	-	35	3.55 - 3.70
Trade and other payables	-	-	-	355	355	-
Long-term loans from financial institutions	-	-	1,169	-	1,169	MLR-2 to MLR

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

(Unit: Million Baht)

Separate financial statements

As at 31 December 2016

	Fixed interest rates			Non- interest bearing	Total	Interest rate (% per annum)
	Within	1-5	Floating			
	1 year	years	interest rate			
Financial assets						
Cash and cash equivalent	-	-	12	-	12	0.38 - 0.40
Trade and other receivables	-	-	-	14	14	-
Short-term loans to related companies	145	-	-	-	145	3.80 - 5.63
Financial liabilities						
Short-term loans from financial institutions	25	-	-	-	25	3.55
Trade and other payables	-	-	-	18	18	-
Short-term loans from related companies	1,041	-	-	-	1,041	3.95 - 5.38

(Unit: Million Baht)

Separate financial statements

As at 31 December 2015

	Fixed interest rates			Non- interest bearing	Total	Interest rate (% per annum)
	Within	1-5	Floating			
	1 year	years	interest rate			
Financial assets						
Cash and cash equivalent	-	-	8	-	8	0.38 - 0.50
Trade and other receivables	-	-	-	20	20	-
Short-term loans to related companies	190	-	-	-	190	4.01 - 5.63
Financial liabilities						
Short-term loans from financial institutions	15	-	-	-	15	3.55
Trade and other payables	-	-	-	7	7	-
Short-term loans from related companies	1,174	-	-	-	1,174	3.95 - 5.38

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)

Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company and its subsidiaries has a foreign currency risk in respect of the import of ice-cream, the payment of franchise fee and the receipt of franchise income. The Company and its subsidiaries manage their exposure to foreign currency risk by balancing net position of receipt and payment of the foreign currency transactions in each period and considering purchase/sale of forward contracts from time to time. The Company and its subsidiaries have no significant financial assets and liabilities denominated in foreign currencies outstanding at the end of reporting period.

30.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

31. Capital management

The primary objective of the Company's and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 1.10:1 (2015: 0.89:1) and the Company's was 0.63:1 (2015: 0.55:1).

32. Events after the reporting period

On 13 January 2017, the Company received a loan under promissory note from a financial institution amounting to Baht 160 million for the purpose of dividend payment to its shareholders. The promissory note carries interest at the rate of 3.55 per annum and is repayable in July 2017. This credit facility is guaranteed by its parent company, its subsidiaries and its director.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised director on 16 February 2017.

.....Director

(Mr. Supasith Sukhanindr)

.....Director

(Mr. Nadim X. Salhani)