

Patum Rice Mill and Granary Public Company Limited
and its subsidiaries
Review report and interim financial statements
For the three-month period ended 31 March 2016

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Patum Rice Mill and Granary Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Patum Rice Mill and Granary Public Company Limited and its subsidiaries as at 31 March 2016, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Patum Rice Mill and Granary Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

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

Conclusion

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

Nonglak Pumnoi

Certified Public Accountant (Thailand) No. 4172

EY Office Limited

Bangkok: 12 May 2016

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2016

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2016	31 December 2015	31 March 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	19,923	22,620	4,553	6,967
Trade and other receivables	2, 4	172,324	675,187	173,915	663,746
Inventories	5	292,793	240,053	207,477	147,995
Short-term loan to subsidiary	2	-	-	11,000	6,500
Current portion of long-term loan to person	9	2,829	-	-	-
Other current assets		75,452	51,780	38,291	16,369
Total current assets		563,321	989,640	435,236	841,577
Non-current assets					
Investments in subsidiaries	6	-	-	1,133,074	1,133,074
Investment in parent company					
- available-for-sale security	7	7,388,893	7,039,418	7,018,893	6,686,918
Long-term investments - available-for-sale securities	8	40,016	33,949	-	-
Other long-term investments		3,408	3,408	4	4
Long-term loan to person - net of current portion	9	19,671	-	-	-
Investment properties	10	43,282	39,889	29,526	29,526
Property, plant and equipment	11	278,992	320,958	168,268	171,946
Prepaid rental fee	2	383,385	388,986	-	-
Intangible asset		6,375	6,477	4,095	4,344
Deferred tax assets	14	3,062	3,078	1,755	1,701
Goodwill	6	53,421	53,421	-	-
Other non-current assets		14,705	14,949	-	-
Total non-current assets		8,235,210	7,904,533	8,355,615	8,027,513
Total assets		8,798,531	8,894,173	8,790,851	8,869,090

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

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	31 March 2016	31 December 2015	31 March 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from banks	12	667,121	993,122	667,121	993,122
Short-term loans from subsidiaries	2	-	-	312,920	271,620
Trade and other payables	2	131,488	231,008	116,499	241,862
Current portion of liabilities under financial lease	13	297	297	297	297
Dividend payable		4,179	3,870	3,316	3,316
Other current liabilities		19,230	16,640	5,580	5,494
Total current liabilities		822,315	1,244,937	1,105,733	1,515,711
Non-current liabilities					
Provision for long-term employee benefits		15,267	14,786	8,775	8,507
Liabilities under finance lease - net					
of current portion	13	620	694	620	694
Deferred tax liabilities	14	1,269,690	1,198,582	1,222,264	1,155,869
Other non-current liabilities		3,176	3,309	-	-
Total non-current liabilities		1,288,753	1,217,371	1,231,659	1,165,070
Total liabilities		2,111,068	2,462,308	2,337,392	2,680,781

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

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2016

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity				
Share capital				
Registered share capital				
	900,000	900,000	900,000	900,000
Issued and fully paid-up share capital				
	600,000	600,000	600,000	600,000
Share premium				
	160,000	160,000	160,000	160,000
Retained earnings				
	90,000	90,000	90,000	90,000
	639,404	642,914	714,403	714,833
Other components of shareholders' equity				
	5,160,493	4,877,272	4,889,056	4,623,476
Equity attributable to owners of the Company				
	6,649,897	6,370,186	6,453,459	6,188,309
Non-controlling interests of the subsidiaries				
	37,566	61,679	-	-
Total shareholders' equity				
	6,687,463	6,431,865	6,453,459	6,188,309
Total liabilities and shareholders' equity				
	8,798,531	8,894,173	8,790,851	8,869,090
	-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2016

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

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Sales					
Revenues from sales	2, 15	488,491	438,999	388,250	363,894
Revenues form services	2, 15	2,215	1,974	-	-
Other income	2, 15	7,497	7,477	5,613	6,437
Total revenues		498,203	448,450	393,863	370,331
Expenses					
Cost of sales	2, 15	393,552	360,161	318,509	304,739
Cost of services	15	1,809	1,942	-	-
Selling expenses	2, 15	57,844	52,259	43,472	38,895
Administrative expenses	2, 15	51,389	25,715	24,463	17,688
Total expenses		504,594	440,077	386,444	361,322
Profit (loss) before finance cost and income tax expenses		(6,391)	8,373	7,419	9,009
Finance cost	2, 15	(4,546)	(3,097)	(7,902)	(4,701)
Profit (loss) before income tax expenses		(10,937)	5,276	(483)	4,308
Income tax expenses	14	(326)	(1,287)	53	(770)
Profit (loss) for the period		(11,263)	3,989	(430)	3,538
Other comprehensive income:					
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods:					
Gain (loss) on change in value of available-for sale investment					
- net of income tax		284,434	(239,640)	265,580	(227,640)
Other comprehensive income for the period		284,434	(239,640)	265,580	(227,640)
Total comprehensive income for the period		273,171	(235,651)	265,150	(224,102)

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

(Unaudited but reviewed)

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 31 March 2016

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

Note	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit (loss) attributable to:				
Equity holders of the Company	(3,510)	5,480	(430)	3,538
Non-controlling interest of the subsidiaries	(7,753)	(1,491)		
	<u>(11,263)</u>	<u>3,989</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	279,711	(234,160)	265,150	(224,102)
Non-controlling interests of the subsidiaries	(6,427)	(1,491)		
	<u>273,171</u>	<u>(235,651)</u>		
Earnings per share				
	17			
Basic earnings per share				
Profit attributable to equity holders of the Company	<u>(0.006)</u>	<u>0.009</u>	<u>(0.001)</u>	<u>0.006</u>

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

(Unaudited but reviewed)

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of cash flow

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit (loss) before tax	(10,937)	5,276	(483)	4,308
Adjustments to reconcile profit before tax				
to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	12,122	11,079	4,765	4,639
Loss on sales of equipment	16,258	123	1	-
Amortisation of prepaid rental fee	5,601	5,212	-	-
Allowance for doubtful debts (Reversal)	1,300	(8)	1,300	(8)
Reversal of allowance for diminution in value of inventories	(300)	(4,000)	-	(4,000)
Provision for long-term employee benefits	480	713	268	459
Fair value gain on trading investments	-	(470)	-	0
Interest income	(260)	(124)	(152)	(1,029)
Interest expenses	4,546	3,097	7,902	4,701
Income from operating activities before changes				
in operating assets and liabilities	28,810	20,898	13,601	9,070
Operating assets (increase) decrease				
Trade and other accounts receivable	501,565	118,671	488,539	116,906
Inventories	(52,440)	(81,154)	(59,481)	43,693
Other current assets	(16,218)	(32,279)	(15,673)	(24,087)
Prepaid rental fee	-	(173,191)	-	-
Other non-current assets	244	1,476	-	-
Operating liabilities increase (decrease)				
Trade and other accounts payable	(99,340)	4,736	(125,287)	16,288
Other current liabilities	2,590	7,588	86	(146)
Other non-current liabilities	(133)	38	-	-
Cash flows from (used in) operating activities	365,078	(133,217)	301,785	161,724
Cash paid for corporate income tax	(7,454)	(2,141)	(6,250)	(1,189)
Net cash flows from (used in) operating activities	357,624	(135,358)	295,535	160,535

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

(Unaudited but reviewed)

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of cash flow (continued)

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Cash paid for purchase of current investments	-	(29,601)	-	-
Cash paid for increase share capital in a subsidiary	(17,573)	-	-	-
Cash received from loan to a subsidiary	-	-	3,000	500
Increase in short-term loan to a subsidiary	-	-	(7,500)	(125,880)
Cash received from long-term loans to subsidiary	(22,500)	-	-	-
Increase in long-term loans to subsidiary	13,552	-	-	-
Cash received from interest income	260	93	143	406
Purchases of intangible assets	(318)	(883)	(30)	(65)
Purchases of plant and equipment	(2,939)	(10,546)	(809)	(237)
Net cash flows from (used in) investing activities	(29,518)	(40,937)	(5,196)	(125,276)
Cash flows from financing activities				
Decrease in bank overdrafts	-	147	-	147
Cash received from short-term loans from banks	743,000	381,000	743,000	381,000
Repayment of short-term loans from banks	(1,069,000)	(201,000)	(1,069,000)	(201,000)
Cash received from short-term loans from related parties	-	-	64,700	42,000
Repayment of short-term loans from related parties	-	-	(23,400)	(250,620)
Repayment of liabilities under finance lease	(198)	-	(74)	-
Cash paid for interest expenses	(4,605)	(3,073)	(7,979)	(4,831)
Net cash flows from (used in) financing activities	(330,803)	177,074	(292,753)	(33,304)
Net increase (decrease) in cash and cash equivalents	(2,697)	779	(2,414)	1,955
Cash and cash equivalents as at beginning of period	22,620	46,601	6,967	4,429
Cash and cash equivalents as at end of period	19,923	47,380	4,553	6,384
	-	-	-	-

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

(Unaudited but reviewed)

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

Consolidated financial statements								
Equity attributable to the owners of the Company								
	Issued and fully paid-up share capital	Share premium	Retained earnings		Surplus on change in value of available-for-sale investment	Total equity attributable to the owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total Shareholders' equity
			Appropriated - statutory reserve	Unappropriated				
Balance as at 1 January 2015	600,000	160,000	90,000	612,439	5,083,083	6,545,522	66,461	6,611,983
Profit for the period	-	-	-	5,480	-	5,480	(1,491)	3,989
Other comprehensive income for the period	-	-	-	-	(239,640)	(239,640)	-	(239,640)
Total comprehensive income for the period	-	-	-	5,480	(239,640)	(234,160)	(1,491)	(235,651)
Balance as at 31 March 2015	<u>600,000</u>	<u>160,000</u>	<u>90,000</u>	<u>617,919</u>	<u>4,843,443</u>	<u>6,311,362</u>	<u>64,970</u>	<u>6,376,332</u>
Balance as at 1 January 2016	600,000	160,000	90,000	642,914	4,877,272	6,370,186	61,679	6,431,865
Decrease in non-controlling interests of subsidiaries								
from increase in proportion of shareholding	-	-	-	-	-	-	(17,573)	(17,573)
Loss for the period	-	-	-	(3,510)	-	(3,510)	(7,753)	(11,263)
Other comprehensive income for the period	-	-	-	-	283,221	283,221	1,213	284,434
Total comprehensive income for the period	-	-	-	(3,510)	283,221	279,711	(6,540)	273,171
Balance as at 31 March 2016	<u>600,000</u>	<u>160,000</u>	<u>90,000</u>	<u>639,404</u>	<u>5,160,493</u>	<u>6,649,897</u>	<u>37,566</u>	<u>6,687,463</u>
	-	-	-	-	-	-	-	-

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

(Unaudited but reviewed)

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Separate financial statements					
	Issued and fully paid-up share capital	Share premium	Retained earnings		Surplus on changes in value of available-for-sale investments	Total Shareholders' equity
			Appropriated - statutory reserve	Unappropriated		
Balance as at 1 January 2015	600,000	160,000	90,000	703,083	4,813,176	6,366,259
Profit for the period	-	-	-	3,538	-	3,538
Other comprehensive income for the period	-	-	-	-	(227,640)	(227,640)
Total comprehensive income for the period	-	-	-	3,538	(227,640)	(224,102)
Balance as at 31 March 2015	<u>600,000</u>	<u>160,000</u>	<u>90,000</u>	<u>706,621</u>	<u>4,585,536</u>	<u>6,142,157</u>
Balance as at 1 January 2016	600,000	160,000	90,000	714,833	4,623,476	6,188,309
Loss for the period	-	-	-	(430)	-	(430)
Other comprehensive income for the period	-	-	-	-	265,580	265,580
Total comprehensive income for the period	-	-	-	(430)	265,580	265,150
Balance as at 31 March 2016	<u>600,000</u>	<u>160,000</u>	<u>90,000</u>	<u>714,403</u>	<u>4,889,056</u>	<u>6,453,459</u>
	-	-	-	-	-	-

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

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Notes to interim financial statements

For the three-month periods ended 31 March 2016

1. General information

1.1 Corporate information

Patum Rice Mill and Granary Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is MBK Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the processing and packaging of rice and related business. Its registered office address is 88, Moo 2, Tiwanont Road, Bangkadee Sub-District, Muang District, Pathumthani 12000 and the second factory is located at 109/3, Moo 14, Mitraparp Road Km.199, Lardbuakhow Sub-District, Sikhiu District, Nakornratchasima 30340.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, 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

The consolidated financial statements include the financial statements of Patum Rice Mill and Granary Public Company Limited (“the Company”) and its subsidiary companies (“the subsidiaries”) and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2014.

The consolidated interim financial statements include the account balances of the Company and its subsidiaries (“the Group”). Material intercompany transactions and balances have been eliminated. The Company’s percentages of shareholding in subsidiaries are as follows:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			31 March 2016	31 December 2015
Directly owned			%	%
PRG Granary Co., Ltd.	Warehouse rental	Thailand	99.99	99.99
MBK Food and Entertainment Co., Ltd.	Food center	Thailand	75.00	75.00
MBK Food Island Co., Ltd.	Food Center	Thailand	99.98	99.98
MBK Food System Co., Ltd.	Restaurant	Thailand	55.00	55.00
Indirectly owned				
Owned by PRG Granary Co., Ltd.				
Ratchsima Rice Co., Ltd.	Distributor of rice, plant and machinery rental	Thailand	99.99	99.99
Sima Pac Co., Ltd.	Manufacturer and distributor of plastic bag and factory building rental	Thailand	99.99	49.99
Owned by Ratchsima Rice Co., Ltd.				
Innofood (Thailand) Co., Ltd.	Distributor of rice and development of product from rice	Thailand	99.99	99.99
Owned by MBK Food and Entertainment Co., Ltd.				
MBK Restaurant Group Co., Ltd.	Restaurant	Thailand	99.99	99.99

On 29 February 2016, the Board of director Meeting of PRG Granary Company Limited, a subsidiary, passed a resolution granting approval for the company to acquired 250,000 ordinary shares of Sima Pac Company Limited, representing a 50 percent of its registered capital, from the other existing shareholders at 70.29376 Baht per share, or for a total of Baht 17,573,440. The Group’s total shareholding in this company is 99.99 of the group percent.

1.4 New financial reporting standards

During the period the Company has adopted the revised and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 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 financial statements.

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 2015.

2. Related party transactions

During the period, the Group 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 companies.

(Unit: Thousand Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2016	2015	2016	2015	
Transactions with parent company					
Sales	562	506	85	195	Market price or prices which approximated market
Service expenses	18,074	18,216	122	118	Contract price
Transactions with subsidiaries					
(eliminated from the consolidated financial statements)					
Rental income	-	-	1,807	1,086	Contract price
Service income	-	-	985	1,410	Contract price
Interest income	-	-	152	1,028	MLR of a commercial bank
Purchase of raw materials	-	-	227,654	198,303	Market price or prices which approximated market prices
Sales	-	-	9,441	33,205	Market price or prices which approximated market prices

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the three-month periods ended 31 March				Transfer pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2016	2015	2016	2015	
Transactions with subsidiaries					
(continued)					
Rental expenses	-	-	1,344	926	Contract rate with reference to the rates charged to third parties
Service expenses	-	-	3,059	4,678	Market price or prices which approximated market prices
Interest expenses	-	-	3,356	1,671	Market price or prices which approximated market prices
Transactions with related companies					
Sales	430	292	288	226	Market price or prices which approximated market prices
Service income	15	76	-	-	Contract price and the rate which approximated cost
Service expenses	2,685	4,419	1,181	2,230	Contract price

The outstanding balances of the above transactions have been presented in the statements of financial position as at 31 March 2016 and 31 December 2015 as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Trade and other receivables - related parties				
Parent company	358	1,274	217	804
Subsidiaries	-	-	10,255	1,435
Related parties (under common control)	193	125	160	123
Total	551	1,399	10,632	2,362
Trade and other payables - related parties				
Parent company	1,827	1,357	1	2
Subsidiaries	-	-	48,464	73,990
Related parties (under common control)	774	1,018	36	76
Total	2,601	2,375	48,501	74,068

Short-term loans to subsidiaries

Movements of short-term loans to subsidiaries as at 31 March 2016 were as follows:

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 March 2016
	Balance as at 31 December 2015	During the period		
		Increase	Decrease	
Short-term loan to subsidiaries				
MBK Food and Entertainment Company Limited	6,500	7,500	(3,000)	11,000
	<u>6,500</u>	<u>7,500</u>	<u>(3,000)</u>	<u>11,000</u>

Short-term loans to subsidiaries carried interest at MLR rate of a local commercial bank and due at call.

Short-term loans from subsidiaries

Movements of short-term loans from subsidiaries as at 31 March 2016 were as follows:

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 31 March 2016
	Balance as at 31 December 2015	During the period		
		Increase	Decrease	
Short-term loans from subsidiaries				
MBK Food System Co., Ltd.	10,400	-	(3,400)	7,000
MBK Food Island Co., Ltd.	81,800	12,000	-	93,800
PRG Granary Co., Ltd.	179,420	52,700	(20,000)	212,120
	<u>271,620</u>	<u>64,700</u>	<u>(23,400)</u>	<u>312,920</u>

Prepaid rental fee

On 2 April 2013, MBK Food Island Company Limited, a subsidiary, entered into a long-term space rental agreement, a long-term building equipment and systems rental agreement, and a long-term promotion and development space agreement with MBK Public Company Limited, for periods of 20 years (from 21 April 2013 to 20 April 2033). Under these agreements the Company is required to pay prepaid rental fees over the terms of the contracts, totaling Baht 260 million. As at the date of the agreements date, the subsidiary classified the leases as operating leases, for which the rental payments are recognised as an expense on a straight-line basis over the lease period.

(Unaudited but reviewed)

On 29 October 2014, MBK Food Island Company Limited, a subsidiary, entered into a long-term space rental agreement, a long-term building equipment and systems rental agreement, and a long-term promotion and development space agreement with MBK Public Company Limited, for periods of 18 years (from 1 September 2014 to 20 April 2033). Under these agreements the Company is required to pay prepaid rental fees over the terms of the contracts, totaling Baht 176 million. As at the date of the agreements date, the subsidiary classified the leases as operating leases, for which the rental payments are recognised as an expense on a straight-line basis over the lease period.

(Unit: Thousand Baht)

	31 March 2016	31 December 2015
Prepaid rental fee - Beginning of period/year	388,986	237,933
Prepaid rental fee increase	-	173,190
Less: Amortisation	(5,601)	(22,137)
Net book value	383,385	388,986
Amortisation for the period/year	5,601	22,137

Directors and management's benefits

During the three-month period ended 31 March 2016, the Group had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	6.4	5.7	6.4	5.7
Post-employment benefits	0.1	0.1	0.1	0.1
Total	6.5	5.8	6.5	5.8

3. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Cash on hand	1,432	1,998	110	110
Bank deposits	18,491	20,622	4,443	6,857
Total	19,923	22,620	4,553	6,967

(Unaudited but reviewed)

Bank deposits include savings accounts and fixed deposits. The savings account carried interest 0.13 - 0.75 percent per annum (31 December 2015: 0.13 - 0.40 percent per annum).

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Trade receivables - related parties				
Aged on the basis of due dates				
Not yet due	276	1,321	188	1,050
Past due				
Up to 3 months	208	29	9,356	217
Total trade receivables - related parties	484	1,350	9,544	1,267
Trade receivables - unrelated parties				
Aged on the basis of due dates				
Not yet due	84,792	623,078	80,039	618,090
Past due				
Up to 3 months	73,824	33,892	73,508	32,088
3 - 6 months	839	2,393	839	874
6 - 12 months	437	125	332	125
Over 12 months	471	750	471	750
Total	160,363	660,238	155,189	651,927
Less: Allowance for doubtful debts	(2,050)	(750)	(2,050)	(750)
Total trade receivables - unrelated parties, net	158,313	659,488	153,139	651,177
Total trade receivables - net	158,797	660,838	162,683	652,444
Other receivables				
Other receivables - related parties	67	49	1,088	1,094
Other receivables - unrelated parties	13,460	14,300	10,144	10,208
Total other receivables	13,527	14,349	11,232	11,302
Total trade and other receivables - net	172,324	675,187	173,915	663,746

(Unaudited but reviewed)

5. Inventories

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Cost	293,374	240,934	207,927	148,445
Less: Diminution in value of inventories	(581)	(881)	(450)	(450)
Inventories - net	<u>292,793</u>	<u>240,053</u>	<u>207,477</u>	<u>147,995</u>

Movements in diminution in value of inventories during the three-month periods ended 31 March 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2016	881	450
Decreased in diminution in value of inventories	(300)	-
Balance as at 31 March 2016	<u>581</u>	<u>450</u>

The Company has pledged inventories of approximately Baht 271 million (31 December 2015: Baht 215 million) to secure a loan facility from a bank, as discussed in Note 12.

6. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid up capital		Shareholding percentage		Cost		Dividend income for the three-month periods ended	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 March 2015
			%	%				
PRG Granary Co., Ltd.	500,000	500,000	99.99	99.99	489,637	489,637	-	-
MBK Food and Entertainment Co., Ltd.	50,000	50,000	75.00	75.00	84,752	84,752	-	-
MBK Food Island Co., Ltd.	500,000	500,000	99.99	99.99	498,685	498,685	-	-
MBK Food System Co., Ltd.	109,091	109,091	55.00	55.00	60,000	60,000	-	-
Total					<u>1,133,074</u>	<u>1,133,074</u>	<u>-</u>	<u>-</u>

On 3 September 2015, the Extraordinary General Meeting of the shareholders of PRG Granary Company Limited, a subsidiary, passed a resolution granting approval for the company to increase its registered capital from Baht 250 million to Baht 500 million, through the issuance of 4,000,000 new ordinary shares with a par value of Baht 62.50 each, total amounting to Baht 250 million, and all share allocation to the Company. The Company paid in the called-up share subscription on 25 September 2015. The share capital increase of this subsidiary was registered with the Ministry of Commerce on 30 September 2015.

Goodwill

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 March 2016	31 December 2015
Innofood (Thailand) Co., Ltd.	240	240
MBK Food and Entertainment Co., Ltd.	53,181	53,181
Goodwill	53,421	53,421

Sima Pac Company Limited

On 29 February 2016, the Board of director Meeting of PRG Granary Company Limited, a subsidiary, passed a resolution granting approval for the company to acquired 250,000 ordinary shares of Sima Pac Company Limited, representing a 50 percent of its registered capital, from the other existing shareholders at 70.29376 Baht per share, or for a total of Baht 17,573,440. The Group's total shareholding in this company is 99.99 of the group percent.

Estimates of fair values of the assets acquired and the liabilities assumed on the acquisition date (1 March 2016) of Sima Pac Company Limited are presented below.

	(Unit: Baht)
Cash and cash equivalents	6,783,511
Trade and other receivables	2,081,387
Inventories	7,270,549
Other current assets	767,049
Building and equipment - net	24,493,338
Total assets	<u>41,395,834</u>
Trade and other payables	4,345,096
Deposit and unearned revenue	921,1610
Other current liabilities	110,350
Provision for long-term employee benefits	872,348
Total liabilities	<u>6,248,954</u>
Net assets value	<u>35,146,880</u>
Shareholding percentage	50%
Net assets value	17,573,440

7. Investment in parent company - available-for-sale security

(Unit: Thousand Baht)

		Consolidated financial statements					
Nature of business		Shareholding percentage		Investments		Dividend income for the three-month periods ended	
		31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 March 2015
		%	%				
MBK Public Company Limited	Property rental and development	26.47	26.47	955,416	955,416	-	-
Add: Unrealised gain on change in value of investment				6,433,477	6,084,002		
				<u>7,388,893</u>	<u>7,039,418</u>		

(Unit: Thousand Baht)

		Separate financial statements					
Nature of business		Shareholding percentage		Investments		Dividend income for the three-month periods ended	
		31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 March 2015
		%	%				
MBK Public Company Limited	Property rental and development	25.14	25.14	907,574	907,574	-	-
Add: Unrealised gain on change in value of investment				6,111,319	5,779,344		
				<u>7,018,893</u>	<u>6,686,918</u>		

Although the Company invests more than 20% in the ordinary shares of the parent company and has certain common directors, the investment in parent company is long-term investment in marketable equity security and is not classified as associate because the Company has no ultimately significant influence in participating in the finance and operation policy decisions of the parent company.

As at 31 March 2016, the Company has pledged its investment in the listed security of parent company and entered into a negative pledge agreement on such listed securities totalling 318 million shares, with value at end of reporting period amounting to Baht 4,706 million (31 December 2015: 318 million shares, Baht 4,484 million) to secure bank overdraft and short-term loan facilities from banks, as discussed in Note 12.

8. Long-term investment - available-for-sale securities

Long-term investment - available-for-sale securities as at 31 March 2016 and 31 December 2015 comprise the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 March 2016	31 December 2015
Available-for-sale securities		
Equity securities	44,133	44,133
Add: Unrealised loss on changes in value of investment	(4,117)	(10,185)
Long-term investment - available-for-sale securities	<u>40,016</u>	<u>33,948</u>

9. Long-term loans to person

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March 2016	31 December 2015
Loans	22,500	-
Less: Current portion	(2,829)	-
Net of current portion	<u>19,671</u>	<u>-</u>

Long-term loans to person secured by the pledged/mortgaged of assets specified in the loan agreements and carried interest at fixed rates. Long-term loans are mature between 7 years

10. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	39,889	29,526
Reclassification	3,603	-
Depreciation for the period	(210)	-
Net book value as at 31 March 2016	<u>43,282</u>	<u>29,526</u>

11. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	320,958	171,946
Acquisitions during the period - at cost	3,091	809
Reclassification	(3,603)	-
Disposal during the period - net book value at disposal date	(29,963)	(1)
Depreciation for the period	(11,491)	(4,486)
Net book value as at 31 March 2016	<u>278,992</u>	<u>168,268</u>

On 22 March 2016, Sima Pac Company Limited, a subsidiary, ceased its manufacturing and distribution of plastic bag business. It sold machinery and vehicles with net book values of Baht 19.6 million and Baht 0.2 million, respectively, to an unrelated individual and entered into an agreement leasing its factory building and equipment to that individual. The subsidiary has classified the leased building as investment properties.

12. Bank overdrafts and short-term loans from banks

	Interest rate		Consolidated		Separate	
	31 March	31 December	financial statements		financial statements	
	2016	2015	31 March	31 December	31 March	31 December
	(% per annum)	(% per annum)	2016	2015	2016	2015
Bank overdrafts	7.37%	7.40%	121	122	121	122
Short-term loans						
from banks	2.06%	2 - 2.06%	667,000	993,000	667,000	993,000
Total			<u>667,121</u>	<u>993,122</u>	<u>667,121</u>	<u>993,122</u>

Bank overdrafts and short-term loan facilities from banks of the Company is secured by the pledge of inventories and listed securities of the Company as discussed in Notes 5 and 7.

(Unaudited but reviewed)

13. Long-term liabilities under financial lease agreement

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	31 March 2016	31 December 2015
Liabilities under finance lease agreement	954	1,031
Less: Deferred interest expenses	(37)	(40)
Total	917	991
Less: Current portion	(297)	(297)
Liabilities under finance lease agreements - net of current portion	620	694

The Company has entered into the finance lease agreement with leasing company for rental of motor vehicles for use in its operations, whereby they are committed to pay rental on a monthly basis. The terms of the agreements are generally 4 years.

Future minimum lease payments required under finance lease agreement were as follows:

(Unit: Thousand Baht)

	As at 31 March 2016		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	309	644	953
Less: Deferred interest expenses	(12)	(24)	(36)
Present value of future minimum lease payments	297	620	917

14. Income tax

Income tax expenses of the Group for the three-month periods ended 31 March 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month periods ended	
	31 March	
	2016	2015
Current income tax:		
Interim corporate income tax charge	310	1,402
Deferred tax:		
Relating to origination and reversal of temporary differences	16	(115)
Income tax expense reported in profit or loss	326	1,287

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements	
	For the three-month periods ended	
	31 March	
	2016	2015
Current income tax:		
Interim corporate income tax charge	-	862
Deferred tax:		
Relating to origination and reversal of temporary differences and others	(53)	(92)
Income tax expense reported in profit or loss	(53)	770

The movements on deferred income tax are as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Deferred income tax asset		
Balance as at 1 January 2016	3,078	1,701
Timing differences of rental expenses on a straight-line basis	(112)	-
Provision for long-term employee benefits	96	54
Balance as at 31 March 2016	<u>3,062</u>	<u>1,755</u>
Deferred income tax liabilities		
Balance as at 1 January 2016	1,198,582	1,155,869
Unrealised gain from investment in available-for-sale security	71,108	66,395
Balance as at 31 March 2016	<u>1,269,690</u>	<u>1,222,264</u>

15. 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 Group is organised into business units based on their products and services and have three reportable segments: (1) development of product from rice and rice packaging (2) manufacturing and distribution of plastic bag and (3) Food Center. These operations are mainly carried on in Thailand.

No operating segments have been aggregated to form the above reportable operating segments.

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 on a basis consistent with that used to measure operating profit or loss in the financial statements. However, the Group's financing activities (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The following tables present revenue and profit information regarding the Group's operating segments for the three-month periods ended 31 March 2016 and 2015, respectively.

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the three-month periods ended 31 March

	Processing and packaging of rice		Manufacturing and distribution of plastic bag		Food center		Elimination of inter- segment revenues		Consolidated financial statements	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from external customers	379,746	330,702	13,782	13,539	97,178	96,732	-	-	490,706	440,973
Inter-segment revenues	781	770	4,335	6,523	-	-	(5,116)	(7,293)	-	-
Total revenues	<u>380,522</u>	<u>331,472</u>	<u>18,117</u>	<u>20,062</u>	<u>97,178</u>	<u>96,732</u>	<u>(5,116)</u>	<u>(7,293)</u>	<u>490,706</u>	<u>440,973</u>
Segment gross profit (loss)	<u>82,150</u>	<u>65,734</u>	<u>287</u>	<u>2,231</u>	<u>13,130</u>	<u>11,939</u>	<u>(222)</u>	<u>(1,034)</u>	<u>95,345</u>	<u>78,870</u>
Unallocated income (expenses):										
Other income									7,497	7,477
Selling expenses									(57,844)	(52,259)
Administrative expenses									(51,389)	(25,715)
Finance cost									(4,546)	(3,097)
Net profit (loss) before income tax expenses									(10,937)	5,276
Income tax expenses									(326)	(1,287)
Net profit (loss) for the period									<u>(11,263)</u>	<u>3,989</u>

(Unaudited but reviewed)

The following table presents segment assets of the Group's operating segments as at 31 March 2016 and 31 December 2015:

(Unit: Thousand Baht)

	Processing and		Manufacturing and		Food center		Elimination of inter-		Consolidated	
	packaging of rice		distribution of plastic bag				segment revenues		financial statements	
	31	31	31	31	31	31	31	31	31	31
	March	December	March	December	March	December	March	December	March	December
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Property, plant and equipment	205,453	209,767	4,400	24,962	72,742	86,228	-	-	282,595	320,958
Prepaid rental fee	-	-	-	-	383,385	388,986	-	-	383,385	388,986
Unallocated assets										
- Investment in parent company - available-for-sale security									7,388,893	7,039,418
- Long-term investments - available-for-sale security									40,016	33,949
- Other assets									703,642	1,110,862
Total assets									<u>8,798,531</u>	<u>8,894,173</u>

Transfer prices between business segments are as set out in Note 2.

16. Commitments and contingent liabilities**16.1 Operating lease commitments**

The Group has entered into several lease agreements in respect of the lease of building space and equipment.

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

	(Unit: Million Baht)
Payable:	
In up to 1 year	24
In over 1 and up to 5 years	21

16.2 Long-term service commitments

A subsidiary has entered into license and technical assistance agreements with an overseas related company for the use of a trademark, training and providing of information related to restaurant business operation. Under the conditions of the license agreement, the subsidiary is to pay royalty fee at the rate as stipulated in the agreement.

A subsidiary has entered into business management contract with an unrelated individual relating to the business of the subsidiary. Under the conditions of the contract, the subsidiary is to pay compensation to the individual at a stipulated rate.

16.3 Guarantees

As at 31 March 2016, there were outstanding bank guarantees of approximately Baht 28 million (31 December 2015: Baht 53 million) (Separate financial statements: Baht 27 million (31 December 2015: Baht 52 million)) issued by the banks on behalf of the Group in respect of utilities payment of the Group.

17. Earnings per share

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

18. Foreign currency risk

The Group is exposed to foreign currency risk arising mainly from trading transactions that are denominated in foreign currencies. The Group seeks to migrate this risk by entering into forward exchange contracts when it considers appropriate. The forward contracts mature within one year.

The balances of financial assets denominated in foreign currencies as at 31 March 2016 are summarised below.

Currency	Financial assets	Exchange rate as at 31 March 2016
	(Thousand)	(Baht per 1 foreign currency unit)
US dollar	404	34.9755

Forward exchange contracts which remained outstanding as at 31 March 2016 are summarised below.

Currency	Sold amount	Forward contract exchange rate	Maturity date
	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	2,554	34.8708 - 36.4340	June 2016 - September 2016

19. Fair value of financial instruments

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

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Group endeavors to use relevant observable inputs as much as possible. TFRS 13 Fair Value Measurement establishes a fair value hierarchy categorising such inputs into three levels as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets

Level 2 - Use of other observable inputs for such assets, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

(Unaudited but reviewed)

As of 31 March 2016, the Group had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale investments				
Equity instruments	7,429	-	-	7,429

(Unit: Thousand Baht)

	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Available-for-sale investments				
Equity instruments	7,018	-	-	7,018

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

20. Events after the reporting period

On 26 April 2016, the Annual General Meeting of the Company's shareholders passed a resolution to approve a dividend payment for the six-month period ended 31 December 2015 for the 600 million shares held by the Company's shareholders, amounting to Baht 0.28 per share, or a total of Baht 168 million, which such dividend payment will be recorded in the next quarter. Such dividend will be paid on 12 April 2016

21. Approval of interim financial statements

These interim financial statements were authorised by the Audit Committee of the Company on 12 May 2016.