

Patum Rice Mill and Granary Public Company Limited
and its subsidiaries
Report and financial statements
31 December 2015

Independent Auditor's Report

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

I have audited the accompanying financial statements of Patum Rice Mill and Granary Public Company Limited and its subsidiaries which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statement of Patum Rice Mill and Granary public Company Limited for the same year.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Patum Rice Mill and Granary Public Company Limited and its subsidiaries as at 31 December 2015, and their financial performance for the year then ended in accordance with Thai Financial Reporting Standards.

Nonglak Pumnoi
Certified Public Accountant (Thailand) No. 4172

EY Office Limited
Bangkok: 18 February 2016

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	7	22,620,413	46,600,536	6,967,054	4,428,906
Trade and other receivables	6, 8	675,187,329	271,276,274	663,745,796	261,086,162
Inventories	9	240,052,723	168,719,533	147,995,316	149,127,885
Short-term loan to a subsidiary	6	-	-	6,500,000	-
Other current assets		51,779,876	57,276,447	16,369,256	21,106,293
Total current assets		989,640,341	543,872,790	841,577,422	435,749,246
Non-current assets					
Investments in subsidiaries	10	-	-	1,133,073,567	883,073,567
Investment in parent company					
- available-for-sale security	11	7,039,418,373	7,289,043,138	6,686,918,373	6,924,043,138
Long-term investments					
- available-for-sale security	12	33,948,500	-	-	-
Other long-term investments		3,408,275	3,578,259	4,425	61,086
Investment properties	13	39,889,363	40,719,900	29,525,467	30,765,720
Property, plant and equipment	14	320,957,648	325,523,075	171,945,461	185,918,269
Prepaid rental fee	6	388,985,594	237,932,922	-	-
Intangible asset	15	6,476,633	6,298,775	4,343,850	5,099,776
Deferred tax assets	20	3,078,110	3,829,300	1,701,313	3,062,542
Goodwill	10	53,421,268	53,421,268	-	-
Other non-current assets		14,948,746	16,204,735	-	-
Total non-current assets		7,904,532,510	7,976,551,372	8,027,512,456	8,032,024,098
Total assets		8,894,172,851	8,520,424,162	8,869,089,878	8,467,773,344

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 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from banks	16	993,121,509	513,076,251	993,121,509	513,076,251
Short-term loans from related persons	6	-	4,000,000	-	-
Short-term loan from a subsidiary	6	-	-	271,620,000	302,120,000
Trade and other payables	6, 17	231,008,076	103,156,827	241,862,427	63,129,449
Current portion of liabilities under financial lease	18	297,563	-	297,563	-
Income tax payable		3,869,583	2,192,166	3,316,276	417,694
Other current liabilities		16,639,657	12,645,828	5,493,638	4,164,863
Total current liabilities		1,244,936,388	635,071,072	1,515,711,413	882,908,257
Non-current liabilities					
Provision for long-term employee benefits	19	14,786,295	19,284,819	8,506,566	15,312,712
Liabilities under financial lease - net					
of current portion	18	694,312	-	694,312	-
Deferred tax liabilities	20	1,198,581,953	1,250,543,906	1,155,868,954	1,203,293,906
Other non-current liabilities		3,308,604	3,541,729	-	-
Total non-current liabilities		1,217,371,164	1,273,370,454	1,165,069,832	1,218,606,618
Total liabilities		2,462,307,552	1,908,441,526	2,680,781,245	2,101,514,875

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 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Shareholders' equity					
Share capital					
Registered share capital					
900,000,000 ordinary shares of Baht 1 each		900,000,000	900,000,000	900,000,000	900,000,000
Issued and fully paid-up share capital					
600,000,000 ordinary shares of Baht 1 each		600,000,000	600,000,000	600,000,000	600,000,000
Share premium		160,000,000	160,000,000	160,000,000	160,000,000
Retained earnings					
Appropriated - statutory reserve	21	90,000,000	90,000,000	90,000,000	90,000,000
Unappropriated		642,914,328	612,438,619	714,832,820	703,082,844
Other components of shareholders' equity		4,877,272,064	5,083,082,875	4,623,475,813	4,813,175,625
Equity attributable to owners of the Company		6,370,186,392	6,545,521,494	6,188,308,633	6,366,258,469
Non-controlling interests of the subsidiaries		61,678,907	66,461,142	-	-
Total shareholders' equity		6,431,865,299	6,611,982,636	6,188,308,633	6,366,258,469
Total liabilities and shareholders' equity		8,894,172,851	8,520,424,162	8,869,089,878	8,467,773,344
		-	-	-	-

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

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 Directors

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Sales					
Revenues from sales	24	2,549,380,992	1,945,219,133	2,174,517,662	1,604,976,135
Revenues from services		8,256,262	10,752,004	-	-
Dividend income	12, 24	300,954,516	299,591,501	284,622,484	284,563,645
Other income	24	40,508,761	42,314,735	41,952,235	42,778,293
Total revenues		2,899,100,531	2,297,877,373	2,501,092,381	1,932,318,073
Expenses					
Cost of sales	24	2,094,920,848	1,650,131,920	1,800,849,087	1,333,239,831
Cost of services		7,444,828	10,742,770	-	-
Selling expenses	24	345,038,383	212,133,312	288,019,321	184,993,862
Administrative expenses	24	114,023,613	95,053,839	75,221,718	63,888,584
Total expenses		2,561,427,672	1,968,061,841	2,164,090,126	1,582,122,277
Profit before finance cost and income tax expenses		337,672,859	329,815,532	337,002,255	350,195,796
Finance cost	24	(15,436,425)	(13,507,850)	(19,893,701)	(14,930,219)
Profit before income tax expenses		322,236,434	316,307,682	317,108,554	335,265,577
Income tax expenses	20	(9,174,328)	(2,069,911)	(9,199,161)	(453,262)
Profit for the year		313,062,106	314,237,771	307,909,393	334,812,315
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Gain (loss) on change in value of available-for-sale investments		(259,809,765)	299,549,718	(237,124,765)	284,549,718
Income tax effect		51,961,953	(59,909,944)	47,424,953	(56,909,944)
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods - net of income tax		(207,847,812)	239,639,774	(189,699,812)	227,639,774
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial gain		6,971,710	-	4,800,729	-
Income tax effect		(1,394,342)	-	(960,146)	-
Other comprehensive income not to be reclassified					
to profit or loss in subsequent periods - net of income tax		5,577,368	-	3,840,583	-
Other comprehensive income for the year		(202,270,444)	239,639,774	(185,859,229)	227,639,774
Total comprehensive income for the year		110,791,662	553,877,545	122,050,164	562,452,089

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

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Net income attributable to:					
Equity holders of the Company		325,306,643	328,236,164	307,677,393	334,812,315
Minority interests of subsidiaries		(12,244,537)	(13,998,393)		
		<u>313,062,106</u>	<u>314,237,771</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		124,664,897	567,875,938	122,050,164	562,452,089
Non-controlling interests of the subsidiaries		(13,873,235)	(13,998,393)		
		<u>110,791,662</u>	<u>553,877,545</u>		

(Unit: Baht)

Earnings per share

Basic earnings per share

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Profit attributable to equity holders of the Company		<u>0.54</u>	<u>0.55</u>	<u>0.51</u>	<u>0.56</u>
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The accompanying notes are an integral part of the financial statements.

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit before tax	322,236,434	316,307,682	317,108,554	335,265,577
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	47,713,432	35,968,055	18,877,185	18,895,467
Gain (loss) on sales of equipment	2,112,007	(28,825)	(1,681,047)	(9,248)
Amortisation of prepaid rental fee	22,137,899	12,991,102	-	-
Reversal of allowance for doubtful debts	(250,000)	(900,000)	(250,000)	(500,000)
Unrealised gain on exchange	-	(103,379)	103,379	(103,379)
Allowance for impairment on asset	-	627,621	-	800,000
Allowance for diminution in value of inventories (reversal)	(6,200,000)	2,797,615	(5,100,000)	3,076,000
Provision for long-term employee benefits (reversal)	2,473,186	1,580,093	(2,005,417)	1,288,650
Dividend income	(300,954,516)	(299,591,501)	(284,622,484)	(284,563,645)
Interest income	(445,444)	(1,474,278)	(7,474,125)	(15,063,784)
Interest expenses	15,436,425	13,507,850	19,893,701	14,930,219
Profit from operating activities before changes in operating assets and liabilities	104,259,423	81,682,035	54,849,746	74,015,857
Operating assets (increase) decrease				
Trade and other receivables	(403,661,055)	(35,423,228)	(402,462,690)	(39,540,527)
Inventories	(65,133,190)	102,513,234	6,232,569	97,785,698
Other current assets	10,163,842	53,425,682	4,475,828	48,397,266
Other non-current assets	1,255,989	(5,737,490)	-	-
Prepaid rental fee	(173,190,570)	-	-	-
Operating liabilities increase (decrease)				
Trade and other payables	128,996,160	27,799,535	179,385,790	18,151,320
Other current liabilities	2,091,256	7,832,900	1,328,775	550,119
Other non-current liabilities	(233,125)	(4,491,635)	-	-
Long-term employee benefits paid	-	(1,466,490)	-	(1,466,490)
Cash flows from (used in) operating activities	(395,451,270)	226,134,543	(156,189,982)	197,893,243
Cash paid for income tax	(10,955,065)	(12,958,873)	(5,638,287)	(1,798,739)
Net cash flows from (used in) operating activities	(406,406,335)	213,175,670	(161,828,269)	196,094,504

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

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from investing activities				
Cash paid for purchase of current investments	(44,133,500)	-	-	-
Cash received from reduction of capital of subsidiary	169,984	-	56,661	-
Cash paid for increase share capital of subsidiary (Note 10)	-	-	(250,000,000)	(522,500,000)
Net cash paid for acquisition share capital of subsidiary (Note 10)	-	(588,404)	-	-
Cash received from non-controlling interest of subsidiary from				
increase share capital of a subsidiary	9,091,000	16,000,000	-	-
Cash received from short-term loans to subsidiaries	-	-	270,880,000	19,230,000
Increase in short-term loans to subsidiaries	-	-	(277,380,000)	(7,600,000)
Cash received from long-term loan to a subsidiary	-	-	-	286,200,000
Increase in long-term loan to a subsidiary	-	-	-	(11,200,000)
Proceed from sales of plant and equipment	1,994,074	369,165	1,989,874	16,355
Cash received from dividends	300,954,516	299,591,501	284,622,484	284,563,645
Cash received from interest income	495,747	1,423,975	7,423,802	15,129,718
Purchase of intangible assets	(1,827,964)	(1,003,499)	(341,351)	(385,200)
Purchase of investment properties	-	(641,255)	-	-
Purchase of plant and equipment	(44,773,443)	(62,615,301)	(2,875,673)	(1,239,096)
Net cash flows from investing activities	221,970,414	252,536,182	34,375,797	62,215,422
Cash flows from financing activities				
Increase (decrease) in bank overdrafts	45,258	(3,449,076)	45,258	(3,066,713)
Decrease in restricted bank deposit	-	511,000	-	-
Cash received from short-term loans from banks	2,085,000,000	1,437,000,000	2,085,000,000	1,437,000,000
Repayment of short-term loans from banks	(1,605,000,000)	(1,697,000,000)	(1,605,000,000)	(1,697,000,000)
Cash received from short-term loans from subsidiaries	-	-	317,811,000	369,320,000
Repayment of short-term loans from subsidiaries	-	-	(348,311,000)	(67,200,000)
Repayment of short-term loans from related persons	(4,000,000)	(3,000,000)	-	-
Cash paid for financial lease agreement	(198,375)	-	(198,375)	-
Cash paid for dividend	(300,000,000)	(285,000,000)	(300,000,000)	(285,000,000)
Cash paid for interest expenses	(15,391,085)	(13,778,711)	(19,356,263)	(14,562,607)
Net cash flows from (used in) financing activities	160,455,798	(564,716,787)	129,990,620	(260,509,320)
Net increase (decrease) in cash and cash equivalents	(23,980,123)	(99,004,935)	2,538,148	(2,199,394)
Cash and cash equivalents as at beginning of year	46,600,536	145,605,471	4,428,906	6,628,300
Cash and cash equivalents as at end of year	22,620,413	46,600,536	6,967,054	4,428,906

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

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2015

(Unit: Baht)

Consolidated financial statements								
Equity attributable to the owners of the Company								
	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of equity other comprehensive income Surplus (deficit) on changes in value of available-for-sale investments	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 2014	600,000,000	160,000,000	90,000,000	569,202,455	4,843,443,101	6,262,645,556	64,459,535	6,327,105,091
Increase in non-controlling interests of subsidiaries								
from investment in subsidiaries	-	-	-	-	-	-	16,000,000	16,000,000
Profit for the year	-	-	-	328,236,164	-	328,236,164	(13,998,393)	314,237,771
Other comprehensive income for the year	-	-	-	-	239,639,774	239,639,774	-	239,639,774
Total comprehensive income for the year	-	-	-	328,236,164	239,639,774	567,875,938	(13,998,393)	553,877,545
Dividend paid (Note 26)	-	-	-	(285,000,000)	-	(285,000,000)	-	(285,000,000)
Balance as at 31 December 2014	<u>600,000,000</u>	<u>160,000,000</u>	<u>90,000,000</u>	<u>612,438,619</u>	<u>5,322,722,649</u>	<u>6,545,521,494</u>	<u>66,461,142</u>	<u>6,611,982,636</u>
Balance as at 1 January 2015	600,000,000	160,000,000	90,000,000	612,438,619	5,083,082,875	6,545,521,494	66,461,142	6,611,982,636
Increase in non-controlling interests of subsidiaries								
from investment in subsidiaries	-	-	-	-	-	-	9,091,000	9,091,000
Profit for the year	-	-	-	325,306,643	-	325,306,643	(12,244,537)	313,062,106
Other comprehensive income for the year	-	-	-	5,169,066	(205,810,811)	(200,641,745)	(1,628,698)	(202,270,443)
Total comprehensive income for the year	-	-	-	330,475,709	(205,810,811)	124,664,898	(13,873,235)	110,791,663
Dividend paid (Note 26)	-	-	-	(300,000,000)	-	(300,000,000)	-	(300,000,000)
Balance as at 31 December 2015	<u>600,000,000</u>	<u>160,000,000</u>	<u>90,000,000</u>	<u>642,914,328</u>	<u>4,671,461,253</u>	<u>6,370,186,392</u>	<u>61,678,907</u>	<u>6,431,865,299</u>
	-	-	-	-	-	-	-	-

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

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Separate financial statements				Other components of equity	Total Shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings			
			Appropriated - statutory reserve	Unappropriated	Surplus (deficit) on changes in value of available-for-sale investments	
Balance as at 1 January 2014	600,000,000	160,000,000	90,000,000	653,270,529	4,585,535,851	6,088,806,380
Profit for the year	-	-	-	334,812,315	-	334,812,315
Other comprehensive income for the year	-	-	-	-	227,639,774	227,639,774
Total comprehensive income for the year	-	-	-	334,812,315	227,639,774	562,452,089
Dividend paid (Note 26)	-	-	-	(285,000,000)	-	(285,000,000)
Balance as at 31 December 2014	<u>600,000,000</u>	<u>160,000,000</u>	<u>90,000,000</u>	<u>703,082,844</u>	<u>5,040,815,399</u>	<u>6,928,710,558</u>
Balance as at 1 January 2015	600,000,000	160,000,000	90,000,000	703,082,844	4,813,175,625	6,366,258,469
Profit for the year	-	-	-	307,909,393	-	307,909,393
Other comprehensive income for the year	-	-	-	3,840,583	(189,699,812)	(185,859,229)
Total comprehensive income for the year	-	-	-	311,749,976	(189,699,812)	122,050,164
Dividend paid (Note 26)	-	-	-	(300,000,000)	-	(300,000,000)
Balance as at 31 December 2015	<u>600,000,000</u>	<u>160,000,000</u>	<u>90,000,000</u>	<u>714,832,820</u>	<u>4,433,776,001</u>	<u>6,310,358,797</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 consolidated financial statements

For the year ended 31 December 2015

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 and factory address is at 88, Moo 2, Tiwanont Road, Bangkadee Sub-District, Muang District, Pathumtani 12000 and a second factory is located at 109/3, Moo 14, Mitraparp Road Km.199, Lardbuakhow Sub-District, Sikhiu District, Nakornratchasima 30340.

2. Basis for preparation of the financial statements

- 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 Patum Rice Mill and Granary Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015	2014
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	60.00
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	Thailand	49.99	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. (Formerly known as “MBK Suki Number One Co., Ltd.”)	Restaurant	Thailand	99.99	99.99

* The Company has control over financial and operating policies of Sima Pac Co., Ltd. through the Board of Directors of that company.

During the current year, there were significant changes the composition of the Group as described in Note 10.

- 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 reporting period and significant accounting policies as the Company.

- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
 - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

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

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

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

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

TFRS 12 Disclosure of Interests in Other Entities

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

TFRS 13 Fair Value Measurement

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

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

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is 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.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

a) 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.

b) Rendering of services

Service revenue is recognised when service has been rendered taking into account the stage of completion.

c) Interest income

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

d) Dividends

Dividend is recognised when the right to receive the dividend is established.

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

Finished goods and work in process are valued at the lower of cost under the first-in, first-out method and net realisable value and comprise raw material, direct labour and attributable factory overheads. Raw materials, chemicals, spare parts and factory supplies are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on impairment (if any).
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of marketable security is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand.

The weighted average method is used for computation of the cost of investments.

In the event the Company and its subsidiaries reclassify investments in securities from one type to another, such investment will be readjusted to its fair value as at the reclassification date. The difference between the carrying amount of the investment and its fair value on that date is recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 10 - 20 years. Depreciation of the investment properties is included in determining income.

No depreciation is provided on land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment and depreciation

Land is stated at cost less allowance for loss on impairment (if any). Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

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

Buildings	5 - 20 years
Machinery and factory equipment	5 - 20 years
Furniture, fixtures and office equipment	3 - 10 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land, land improvement, and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss (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 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.

Computer software has useful life of 10 years.

4.9 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 loss. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

An impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.10 Related party transactions

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

They also include individuals 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.

4.11 Long-term leases

Leases of property, plant and equipment 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 other long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance lease is depreciated over the useful life of the asset.

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

When an operating lease is terminated before the lease period has expired, and payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

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 property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. 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.

An impairment loss is recognised in profit or loss.

4.14 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

The Company, its subsidiaries and its 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 and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments they 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 an 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.

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 taxes

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

a) Current tax

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

b) 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.

4.17 Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

4.18 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

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

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

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

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments 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:

Consolidation of subsidiary that the Company holds less than half of shares

The management of the Company determined that the Company has control over Sima Pac Company Limited, even though the Company holds 49.99% of shares and voting rights that is less than half of shares and voting rights. This is because the Company is a major shareholder and has the ability to direct the significant activities, while other shareholders are only minor shareholders. As a result, Sima Pac Company Limited is deemed to be a subsidiary of the Company and has to be included in the consolidated financial statements from the date on which the Company assumed control.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of equity investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Investment properties

In determining depreciation of investment properties, the management is required to make estimates of the useful lives and residual values of the Company and its subsidiaries' investment properties and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review investment property for impairment on a periodical basis and record impairment loss in the period when it is determined that its recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Property, plant and equipment and Depreciation

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

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amounts are lower than the carrying amounts. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

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.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

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 year, 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 related parties.

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2015	2014	2015	2014	
<u>Transactions with parent company</u>					
Sales	2	3	1	1	Market price or prices which approximated market prices
Dividend income	300	300	285	285	Declared rate
Prepaid rental fee payment	173	-	-	-	Contract price
Service expenses	73	66	-	1	Contract price
Acquisition of investment in a subsidiary (Note 10)	-	9	-	-	Contract price
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Sales	-	-	37	1	Market price or prices which approximated market prices
Rental income	-	-	7	1	Contract price
Service income	-	-	4	2	Contract price
Purchase of raw materials	-	-	821	677	Cost plus margin
Rental expenses	-	-	5	5	Contract rate with reference to the rates charged to third parties
Interest income	-	-	7	15	MLR of a commercial bank
Interest expenses	-	-	5	2	Market price or prices which approximated market prices
<u>Transactions with related companies</u>					
Sales	1	1	1	1	Market price or prices which approximated market prices
Service expenses	9	8	6	7	Contract price

The outstanding balances of the above transactions have been presented in the statements of financial position as at 31 December 2015 and 2014 as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Trade and other receivables - related parties				
Parent company	1,274	1,582	804	815
Subsidiaries	-	-	1,435	472
Related parties (under common control)	125	167	123	134
Total	1,399	1,749	2,362	1,421
Trade and other payables - related parties				
Parent company	1,357	6,325	2	-
Subsidiaries	-	-	73,990	15,450
Related parties (under common control)	1,018	377	76	270
Total	2,375	6,702	74,068	15,720

Short-term loans to subsidiaries

Movements of short-term loans to subsidiaries as at 31 December 2015 were as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at	During the year		Balance as at
	31 December			31 December
	2014	Increase	Decrease	2015
Short-term loans to subsidiaries				
PRG Granary Company Limited	-	260,380	(260,380)	-
MBK Food and Entertainment Company Limited	-	17,000	(10,500)	6,500
Total	-	277,380	(270,800)	6,500

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

Short-term loans from related persons

Short-term loans from related persons amounting to Baht 4 million are loans from directors of Sima Pac Company Limited, a subsidiary, carry interest at MLR rate of a local commercial bank and due at call.

As at 31 December 2015 and 2014, the outstanding balance and movement of short-term loans from related persons were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Balance as at	During the year		Balance as at
	31 December	Increase	Decrease	31 December
	2014			2015
Short-term loans from related persons				
Sima Pac Co., Ltd.	4,000	-	(4,000)	-

Short-term loans from subsidiaries

As at 31 December 2015 and 2014, the outstanding balance and movement of short-term loans from subsidiaries were as follows:

(Unit: Thousand Baht)

		Separate financial statements			
		Balance as at	During the year		Balance as at
		31 December	Increase	Decrease	31 December
		2014			2015
Short-term loans from subsidiaries					
MBK Food and Entertainment Co., Ltd.	Subsidiary	34,500	63,500	(98,000)	-
MBK Food System Co., Ltd.	Subsidiary	22,000	17,991	(29,591)	10,400
MBK Food Island Co., Ltd.	Subsidiary	235,000	50,800	(204,000)	81,800
PRG Granary Co., Ltd.	Subsidiary	4,620	183,020	(8,220)	179,420
MBK Restaurant Group Co., Ltd. (Formerly known as "MBK Suki Number One Co., Ltd.")	Subsidiary	6,000	2,500	(8,500)	-
		<u>302,120</u>	<u>317,811</u>	<u>(348,311)</u>	<u>271,620</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 subsidiary 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.

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 subsidiary 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)	
	2015	2014
Prepaid rental fee - Beginning of the year (Net book value)	237,933	250,924
Prepaid rental fee increase	173,190	-
Less: Amortisation	(22,137)	(12,991)
Net book value	<u>388,986</u>	<u>237,933</u>
Amortisation for the year	<u>22,137</u>	<u>12,991</u>

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Short-term employee benefits	21	19	21	19
Post-employment benefits	1	1	1	1
Total	22	20	22	20

7. Cash and cash equivalents

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Cash on hand	1,997,752	2,553,932	110,000	110,000
Bank deposits	20,622,661	44,046,604	6,857,054	4,318,906
Total	22,620,413	46,600,536	6,967,054	4,428,906

Bank deposits include savings accounts and fixed deposits. The savings account carried interest 0.13 - 0.40 percent per annum (2014: 0.38 percent per annum).

8. Trade and other receivables

(Unit: Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,320,757	1,124,436	1,050,313	950,106
Past due				
Up to 3 months	29,549	6,720	217,034	6,720
Total trade receivables - related parties, net	1,350,306	1,131,156	1,267,347	956,826
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	623,077,635	227,394,670	618,089,596	225,433,702
Past due				
Up to 3 months	33,892,487	29,107,621	32,087,745	25,060,566
3 - 6 months	2,392,629	1,189,429	874,402	1,189,429
6 - 12 months	125,341	103,410	125,341	103,410
Over 12 months	749,680	962,309	749,680	962,310
Total	660,237,772	258,757,439	651,926,764	252,749,417
Less: Allowance for doubtful accounts	(750,000)	(1,000,000)	(750,000)	(1,000,000)
Total trade receivable - unrelated parties, net	659,487,772	257,757,439	651,176,764	251,749,417
Total trade receivable - net	660,838,078	258,888,595	652,444,111	252,706,243
<u>Other receivables</u>				
Other receivables - related parties	49,042	617,895	1,094,333	463,780
Other receivables - unrelated parties	14,300,209	11,769,784	10,207,352	7,916,139
Total other receivables	14,349,251	12,387,679	11,301,685	8,379,919
Trade and other receivables - net	675,187,329	271,276,274	663,745,796	261,086,162

9. Inventories

(Unit: Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2015	2014	2015	2014	2015	2014
Finished goods	72,946,209	51,871,701	(450,000)	(1,550,000)	72,496,209	50,321,701
Raw materials	146,255,331	104,040,253	-	(1,400,000)	146,255,331	102,640,253
Work in process	1,153,266	1,894,358	-	-	1,153,266	1,894,358
Store supplies	20,578,917	17,994,221	(431,000)	(4,131,000)	20,147,917	13,863,221
Total	240,933,723	175,800,533	(881,000)	(7,081,000)	240,052,723	168,719,533

(Unit: Baht)

	Separate financial statements					
	Cost		Reduce cost to net realisable value		Inventories - net	
	2014	2013	2014	2013	2014	2013
Finished goods	70,073,303	46,094,740	(450,000)	(1,550,000)	69,623,303	44,544,740
Raw materials	65,200,565	96,330,085	-	-	65,200,565	96,330,085
Store supplies	13,171,448	12,253,060	-	(4,000,000)	13,171,448	8,253,060
Total	148,445,316	154,677,885	(450,000)	(5,550,000)	147,995,316	149,127,885

During the current year, the Company reversed the write-down of cost of inventories by Baht 6.2 million (The Company Only: Baht 5.1 million), and reduced the amount of inventories recognised as expenses during the year.

The Company has pledged inventories of approximately Baht 215 million (2014: Baht 141 million) to secure short-term loans from a bank, as discussed in Note 16.

10. Investments in subsidiaries

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

Company's name	(Unit: Baht)							
	Paid up capital		Shareholding percentage		Cost		Dividend received during the years	
	2015	2014	2015	2014	2015	2014	2015	2014
	Thousand Baht	Thousand Baht	%	%				
PRG Granary Co., Ltd.	500,000	250,000	99.99	99.99	489,636,680	239,636,680	-	-
MBK Food and Entertainment Co., Ltd.	50,000	50,000	75.00	75.00	84,751,452	84,751,452	-	-
MBK Food Island Co., Ltd.	500,000	500,000	99.99	99.99	498,685,435	498,685,435	-	-
MBK Food System Co., Ltd.	109,091	100,000	55.00	60.00	60,000,000	60,000,000	-	-
					<u>1,133,073,567</u>	<u>883,073,567</u>	<u>-</u>	<u>-</u>

PRG Granary Company Limited

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.

MBK Restaurant Group Company Limited (Formerly known as “MBK Suki Number One Company Limited”)

On 2 October 2014, the meeting of the Board of the Directors of MBK Food and Entertainment Company Limited passed a resolution to approve the purchase of ordinary shares of MBK Restaurant Group Company Limited from MBK Public Company Limited total 100,000 ordinary shares at 86.95 Baht per share, or for a total of Baht 8.69 million.

Estimates of fair values of the assets acquired and the liabilities assumed on the acquisition date of MBK Restaurant Group Company Limited are presented below.

	(Unit: Baht)
Cash and cash equivalents	8,106,261
Trade and other receivables	526,339
Other current assets	184,092
Other non-current assets	4,000
Total assets	<u>8,820,692</u>
Trade and other payables	<u>126,027</u>
Total liabilities	<u>126,027</u>
Net assets value	<u>8,694,665</u>
Cost of business combination	8,694,665
Less: Net assets value	<u>(8,694,665)</u>
Goodwill	<u>-</u>
Reconciliation of net cash	
Cash paid for acquisition of the subsidiary	8,694,665
Less: Cash and cash equivalents of the subsidiary	<u>8,106,261</u>
Net cash paid for acquisition of the subsidiary	<u>588,404</u>

The Company undertook to measure the fair value of identified assets and liabilities acquired as at the acquisition date and completed this measurement in September 2015, which was within the measurement period of 12 months from the acquisition date stipulated in TFRS 3 (revised 2014). The fair values of these assets and liabilities were not different from the estimated fair values that were recorded at the acquisition date.

Revenues and losses of MBK Restaurant Group Company Limited for the period from the acquisition date (13 October 2014) to 31 December 2014, which was included in consolidated statements of comprehensive income total amounting to Baht 4.08 million and Baht 0.04 million, respectively.

On 16 October 2015, the Extraordinary General Meeting of the shareholders of MBK Restaurant Group Company Limited, a subsidiary of MBK Food and Entertainment Company Limited, which is a subsidiary of the Company, passed a resolution granting approval for the subsidiary to increase its registered capital from Baht 10 million to Baht 50 million, through the issuance of 400,000 new shares with a par value of Baht 100 each, total amounting to Baht 40 million, and all share allocation to MBK Food and Entertainment Company Limited. MBK Food and Entertainment Company Limited paid in the partial called-up share subscription of Baht 20 million on 16 October 2015. The share capital increase of this subsidiary was registered with the Ministry of Commerce on 20 October 2015.

MBK Food System Company Limited

On 21 December 2015, the meeting of the Board of the Directors of MBK Food System Company Limited, a subsidiary, passed a resolution granting approval for the subsidiary to increase its registered capital from Baht 100,000,000 to Baht 109,091,000, through the issuance of 90,910 new ordinary shares with a par value of Baht 100 each, total amounting to Baht 9,091,000, and all share allocation to unrelated company. The Group's equity interest in this subsidiary fell from 60% to 55%, however, the Group still has control over this company.

Goodwill

	(Unit: Baht)	
	Consolidated financial statements	
	2015	2014
Innofood (Thailand) Co., Ltd.	240,097	240,097
MBK Food and Entertainment Co., Ltd.	53,181,171	53,181,171
Goodwill	53,421,268	53,421,268

10.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the years		Dividend paid to non-controlling interests during the years	
	2015	2014	2015	2014	2015	2014	2015	2014
	(%)	(%)						
Sima Pac Company Limited	50.01	50.01	18.75	19.58	(0.83)	(6.27)	-	-
MBK Food and Entertainment Company Limited	25.00	25.00	15.69	17.10	0.63	2.04	-	-
MBK Food System Company Limited	45.00	40.00	27.46	29.80	(11.43)	(9.75)	-	-

10.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

(Unit: Million Baht)

	Sima Pac Company Limited		MBK Food and Entertainment Company Limited		MBK Food System Company Limited	
	2015	2014	2015	2014	2015	2014
	Current assets	19.32	22.33	10.45	66.84	17.72
Non-current assets	25.13	30.71	77.91	18.95	40.41	49.95
Current liabilities	6.11	12.08	23.90	13.72	3.09	8.87
Non-current liabilities	0.85	1.80	1.69	3.68	-	-

Summarised information about comprehensive income

(Unit: Million Baht)

For the years ended 31 December

	Sima Pac Company Limited		MBK Food and Entertainment Company Limited		MBK Food System Company Limited	
	2015	2014	2015	2014	2015	2014
	Revenue	66.04	58.42	136.83	140.05	31.50
Profit (loss)	(1.66)	(12.54)	2.52	8.14	(28.58)	(24.39)
Other comprehensive income	-	-	(8.15)	-	-	-
Total comprehensive income	(1.66)	(12.54)	(5.63)	8.14	(28.58)	(24.39)

Summarised information about cash flow

(Unit: Million Baht)

	For the years ended 31 December					
	Sima Pac		MBK Food and		MBK Food System	
	Company Limited		Entertainment		Company Limited	
	2015	2014	2015	2015	2014	2015
Cash flow from						
operating activities	7.99	5.07	1.45	3.8	(15.01)	(24.68)
Cash flow from						
investing activities	(0.16)	0.24	(33.68)	(42.70)	4.63	(64.12)
Cash flow from						
financing activities	(6.42)	(6.73)	10.36	-	9.09	39.99
Net increase						
(decrease) in cash						
and cash equivalents	1.41	(1.42)	(21.87)	(38.90)	(1.29)	(48.81)

11. Investment in parent company - available-for-sale securities

(Unit: Baht)

	Consolidated financial statements						
	Shareholding percentage		Investments		Dividend received		
					during the years		
	Nature of business	2015	2014	2015	2014	2015	2014
		%	%				
MBK Public Company Limited	Property rental and development	26.47	26.47	955,416,356	955,416,356		
Add: Unrealised gain on change in value of investment				6,084,002,017	6,333,626,782		
				<u>7,039,418,373</u>	<u>7,289,043,138</u>	<u>299,549,718</u>	<u>299,549,718</u>

(Unit: Baht)

	Separate financial statements						
	Shareholding percentage		Investments		Dividend received		
					during the years		
	Nature of business	2015	2014	2015	2014	2015	2014
		%	%				
MBK Public Company Limited	Property rental and development	25.14	25.14	907,573,606	907,573,606		
Add: Unrealised gain on change in value of investment				5,779,344,767	6,016,469,532		
				<u>6,686,918,373</u>	<u>6,924,043,138</u>	<u>284,549,718</u>	<u>284,549,718</u>

The investment in parent company is long-term investment in marketable equity securities which classified as available-for-sale securities. Although the Company invests more than 20% of common shares of the parent company and has certain common directors, such investment is not classified as investment in associate because the Company has no significant influence in participating in the financial and operating policy decisions of the parent company.

As at 31 December 2015, the Company has pledged its investment in the listed securities 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 4,484 million (2014: 348 million shares, Baht 5,081 million) to secure bank overdraft and short-term loan facilities from banks, as discussed in Note 16.

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

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

	(Unit: Thousand Baht)
	Consolidated financial statements
	2015
Available-for-sale securities	
Equity securities	44,133
Less: Unrealised loss on changes in value of investment	(10,185)
Long-term investment - available-for-sale securities	<u>33,948</u>

13. Investment properties

The net book value of investment properties as at 31 December 2015 and 2014 is presented below.

	Consolidated financial statements			Separate financial statements		
	Land	Building for rent	Total	Land	Building for rent	Total
As at 31 December 2015:						
Cost	33,198,631	77,390,152	110,588,783	29,525,466	1,181,521	30,706,987
Less: Accumulated depreciation	-	(70,699,420)	(70,699,420)	-	1,181,520	1,181,520
Net book value	<u>33,198,631</u>	<u>6,690,732</u>	<u>39,889,363</u>	<u>29,525,466</u>	<u>1</u>	<u>29,525,467</u>
As at 31 December 2014:						
Cost	33,198,631	77,390,152	110,588,783	29,525,466	5,319,476	34,844,942
Less: Accumulated depreciation	-	(69,868,883)	(69,868,883)	-	(4,079,222)	(4,079,222)
Net book value	<u>33,198,631</u>	<u>7,521,269</u>	<u>40,719,900</u>	<u>29,525,466</u>	<u>1,240,254</u>	<u>30,765,720</u>

A reconciliation of the net book value of investment properties for the years ended 31 December 2015 and 2014 is presented below.

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Net book value at beginning of year	40,719,900	41,773,787	30,765,720	30,972,618
Acquisition of Building for rent	-	641,255	-	-
Reclassification	-		(1,085,505)	
Disposal - net book value	-	(1)	-	-
Depreciation charged	(830,537)	(1,695,141)	(154,748)	(206,898)
Net book value at end of year	<u>39,889,363</u>	<u>40,719,900</u>	<u>29,525,467</u>	<u>30,765,720</u>

The fair value of the investment properties as at 31 December 2015 and 2014 is presented below.

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Land	315,731,000	315,731,000	43,393,102	43,393,102
Building for rent	45,032,350	45,032,350	-	3,119,953
Total	<u>360,763,350</u>	<u>360,763,350</u>	<u>43,393,102</u>	<u>46,513,055</u>

The fair value of the above investment properties have been determined based on appraisal value performed by an independent appraiser. The fair value of the land has been determined using market approach amounting to Baht 316 million in the consolidated financial statements (Separate financial statement: Baht 43 million). The fair value of the building for rent has been determined using cost approach amounting to Baht 45 million in the consolidated financial statements.

14. Property, plant and equipment

(Unit: Baht)

Consolidated financial statements						
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture fixtures, office equipment and motor vehicles	Asset under installation	Total
Cost:						
1 January 2015	107,370,836	236,439,824	303,870,206	120,687,565	7,606,933	775,975,364
Additions	-	74,900	20,175,498	12,009,361	12,513,684	44,773,443
Disposals / write-off	-	-	(5,160,175)	(5,840,337)	-	(11,000,512)
Transfer in/(transfer out)	-	-	19,389,973	170,028	(19,560,001)	-
31 December 2015	<u>107,370,836</u>	<u>236,514,724</u>	<u>338,275,502</u>	<u>127,026,617</u>	<u>560,616</u>	<u>809,748,295</u>
Accumulated depreciation:						
1 January 2015	-	168,934,239	178,588,303	102,129,747	-	449,652,289
Depreciation for the year	-	11,171,141	27,482,305	6,689,080	-	45,342,526
Depreciation on disposals	-	-	(1,486,515)	(5,517,653)	-	(7,004,168)
31 December 2015	<u>-</u>	<u>180,105,380</u>	<u>204,584,093</u>	<u>103,301,174</u>	<u>-</u>	<u>487,990,647</u>
Allowance for impairment loss:						
1 January 2015	-	-	800,000	-	-	800,000
31 December 2015	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Net book value:						
31 December 2015	<u>107,370,836</u>	<u>56,409,344</u>	<u>132,891,409</u>	<u>23,725,443</u>	<u>560,616</u>	<u>320,957,648</u>
Depreciation for the year						
2015 (Baht 31 million included in manufacturing cost, and Baht 14 million included in selling and administrative expenses)						<u>45,342,526</u>

(Unit: Baht)

Consolidated financial statements						
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture fixtures, office equipment and motor vehicles	Asset under installation	Total
Cost:						
1 January 2014	107,278,388	236,217,974	259,136,448	116,131,543	3,363,100	722,127,453
Additions	92,448	45,500	16,980,179	3,951,006	41,546,168	62,615,301
Disposals / write-off	-	-	(5,518,376)	(3,249,014)	-	(8,767,390)
Transfer in / (transfer out)	-	176,350	33,271,955	3,854,030	(37,302,335)	-
31 December 2014	<u>107,370,836</u>	<u>236,439,824</u>	<u>303,870,206</u>	<u>120,687,565</u>	<u>7,606,933</u>	<u>775,975,364</u>
Accumulated depreciation:						
1 January 2014	-	157,703,962	167,202,601	100,082,530	-	424,989,093
Depreciation for the year	-	11,230,277	16,903,329	4,956,641	-	33,090,247
Depreciation on disposals	-	-	(5,517,627)	(2,909,424)	-	(8,427,051)
31 December 2014	<u>-</u>	<u>168,934,239</u>	<u>178,588,303</u>	<u>102,129,747</u>	<u>-</u>	<u>449,652,289</u>
Allowance for impairment loss:						
1 January 2014	-	-	-	-	-	-
Increase during the year	-	-	800,000	-	-	800,000
31 December 2014	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Net book value:						
31 December 2014	<u>107,370,836</u>	<u>67,505,585</u>	<u>124,481,903</u>	<u>18,557,818</u>	<u>7,606,933</u>	<u>325,523,075</u>
Depreciation for the year						
2014 (Baht 27 million included in manufacturing cost, and Baht 6 million included in selling and administrative expenses)						<u>33,090,247</u>

(Unit: Baht)

	Separate financial statements					Total
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture fixtures, office equipment and motor vehicles	Asset under installation	
Cost:						
1 January 2015	77,885,370	129,012,865	100,936,000	52,041,432	406,214	360,281,881
Reclassification	-	4,137,955	-	-	-	4,137,955
Additions	-	74,900	95,524	2,674,832	30,417	2,875,673
Disposals	-	-	(168,279)	(5,699,167)	-	(5,867,446)
Transfer in / (transfer out)	-	-	30,000	-	(30,000)	-
31 December 2015	<u>77,885,370</u>	<u>133,225,720</u>	<u>100,893,245</u>	<u>49,017,097</u>	<u>406,631</u>	<u>361,428,063</u>
Accumulated depreciation:						
1 January 2015	-	76,651,883	52,211,360	44,700,369	-	173,563,612
Reclassification	-	3,052,450	-	-	-	3,052,450
Depreciation for the year	-	6,369,398	8,382,914	2,872,847	-	17,625,159
Depreciation on disposals	-	-	(165,281)	(5,393,338)	-	(2,506,169)
31 December 2015	<u>-</u>	<u>86,073,731</u>	<u>60,428,993</u>	<u>42,179,878</u>	<u>-</u>	<u>188,682,602</u>
Net book value:						
1 January 2015	-	-	800,000	-	-	800,000
31 December 2015	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Net book value:						
31 December 2015	<u>77,885,370</u>	<u>47,151,989</u>	<u>39,664,252</u>	<u>6,837,219</u>	<u>406,631</u>	<u>171,945,461</u>
Depreciation for the year						
2015 (Baht 11 million included in manufacturing cost, and Baht 6 million included in selling and administrative expenses)						<u>17,625,159</u>

(Unit: Baht)

	Separate financial statements					Total
	Land and land improvement	Buildings	Machinery and factory equipment	Furniture fixtures, office equipment and motor vehicles	Asset under installation	
Cost:						
1 January 2014	77,792,921	128,967,365	101,454,169	52,321,727	406,214	360,942,396
Additions	92,449	45,500	298,506	802,641	-	1,239,096
Disposals	-	-	(816,675)	(1,082,936)	-	(1,899,611)
31 December 2014	<u>77,885,370</u>	<u>129,012,865</u>	<u>100,936,000</u>	<u>52,041,432</u>	<u>406,214</u>	<u>360,281,881</u>
Accumulated depreciation:						
1 January 2014	-	70,314,569	44,502,762	43,008,744	-	157,826,075
Depreciation for the year	-	6,337,314	8,524,620	2,768,107	-	17,630,041
Depreciation on disposals	-	-	(816,022)	(1,076,482)	-	(1,892,504)
31 December 2014	<u>-</u>	<u>76,651,883</u>	<u>52,211,360</u>	<u>44,700,369</u>	<u>-</u>	<u>173,563,612</u>
Net book value:						
1 January 2014	-	-	-	-	-	-
Increase during the year	-	-	800,000	-	-	800,000
31 December 2014	<u>-</u>	<u>-</u>	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Net book value:						
31 December 2014	<u>77,885,370</u>	<u>52,360,982</u>	<u>47,924,640</u>	<u>7,341,063</u>	<u>406,214</u>	<u>185,918,269</u>
Depreciation for the year						
2014 (Baht 12 million included in manufacturing cost, and Baht 5 million included in selling and administrative expenses)						<u>17,630,041</u>

As at 31 December 2015, certain items of building, machinery and equipment of the Company and its subsidiaries were fully depreciated but are still in use. The gross carrying amounts before deducting accumulated depreciation of those assets amounted to approximately Baht 289 million, (2014: Baht 222 million) (Separate financial statements: Baht 61 million (2014: Baht 63 million)).

15. Intangible asset - Computer software

Details of intangible assets which are computer software are as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cost	14,619,677	12,901,450	11,183,083	10,841,732
Less: Accumulated amortisation	(8,143,044)	(6,602,675)	(6,839,233)	(5,741,956)
Net book value	<u>6,476,633</u>	<u>6,298,775</u>	<u>4,343,850</u>	<u>5,099,776</u>
Amortisation expenses included				
in the profit or loss for the year	<u>1,540,369</u>	<u>1,182,667</u>	<u>1,097,277</u>	<u>1,058,528</u>

A reconciliation of the net book value of intangible assets for the years 2015 and 2014 is presented below.

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Net book value at beginning of year	6,298,775	6,305,564	5,099,776	5,773,104
Acquisition of subsidiaries	-	172,379	-	-
Acquisition of computer software	1,718,227	1,003,499	341,351	385,200
Amortisation	(1,540,369)	(1,182,667)	(1,097,277)	(1,058,528)
Net book value at end of year	<u>6,476,633</u>	<u>6,298,775</u>	<u>4,343,850</u>	<u>5,099,776</u>

16. Bank overdrafts and short-term loans from banks

	Interest rate		Consolidated		Separate	
			financial statements		financial statements	
	2015	2014	2015	2014	2015	2014
	(% per annum)	(% per annum)				
Bank overdrafts	7.4	7.425	121,509	76,251	121,509	76,251
Short-term loans from banks	2 - 2.06	2.39 - 2.40	993,000,000	513,000,000	993,000,000	513,000,000
Total			993,121,509	513,076,251	993,121,509	513,076,251

Bank overdrafts and short-term loan facilities from banks are secured by the pledge of inventories and listed securities as discussed in Notes 9 and 11.

17. Trade and other payables

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	Trade payables - related parties	97,795	168,152	68,340,425
Trade payables - unrelated parties	160,541,573	60,699,746	111,782,926	25,347,211
Other payables - related parties	2,277,596	6,533,867	5,727,103	2,841,168
Accrued expenses	68,091,112	35,755,062	56,011,973	22,061,876
Total trade and other payables	231,008,076	103,156,827	241,862,427	63,129,449

18. Long-term liabilities under financial lease agreement

	(Unit: Thousand Baht)
	Consolidated/Separate
	financial statements
	31 December 2015
Liabilities under finance lease agreement	1,031,160
Less: Deferred interest expenses	(39,285)
Total	991,875
Less: Current portion	(297,563)
Liabilities under finance lease agreements - net of current portion	694,312

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 December 2015		
	Less than 1 year	1 - 4 years	Total
Future minimum lease payments	309,348	721,810	1,031,158
Less: Deferred interest expenses	(11,785)	(27,498)	(39,285)
Present value of future minimum lease payments	297,563	694,312	991,875

19. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Balance at beginning of year	19,284,819	19,171,216	15,312,712	15,490,552
Current service cost	1,676,059	1,408,659	1,203,586	1,210,474
Interest cost	797,127	737,141	630,997	589,915
Gain on curtailments	-	(565,707)	-	(511,739)
Included in other comprehensive income:				
Actuarial gain arising from				
Demographic assumptions changes	(3,527,142)	-	(2,721,029)	-
Financial assumptions changes	1,311,831	-	961,565	-
Experience adjustments	(4,756,399)	-	(3,041,265)	-
Benefits paid during the year	-	(1,466,490)	(3,840,000)	(1,466,490)
Balance at end of year	14,786,295	19,284,819	8,506,566	15,312,712

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cost of sales	558,436	388,696	397,970	263,183
Selling expenses	124,663	82,422	124,663	82,422
Administrative expenses	1,662,889	1,233,449	1,311,950	943,045
	2,345,988	1,704,567	1,834,583	1,288,650

The Company and its subsidiaries will not expect to pay any of long-term employee benefits during the next year (2014: Baht 1.5 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 13 years (2014: 17 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Discount rate	2.8	4.0	2.8	4.0
Salary increase rate	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0	4.0 - 7.0
Turnover rate	0 - 40.0	0 - 10.0	0 - 40.0	0 - 10.0

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

(Unit: Million Baht)

	Consolidated financial statements			
	Amount increase		Amount increase	
	Increase	(decrease)	Increase	(decrease)
	(percent per annum)		(percent per annum)	
Discount rate	1.0	(1.2)	1.0	1.4
Salary increase rate	1.0	1.3	1.0	(1.2)
Turnover rate	20.0	(1.3)	20.0	1.7

(Unit: Million Baht)

	Separate financial statements			
	Amount increase		Amount increase	
	Increase	(decrease)	Increase	(decrease)
	(percent per annum)		(percent per annum)	
Discount rate	1.0	(1.0)	1.0	1.0
Salary increase rate	1.0	1.0	1.0	(1.0)
Turnover rate	20.0	(1.0)	20.0	1.2

20. Income tax

Some subsidiaries are not liable for corporate income tax for the years ended 31 December 2015 and 2014 because the subsidiaries have tax loss brought forward from previous years.

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current income tax:				
Current income tax charge	9,799,590	2,074,854	8,954,143	488,831
Adjustment in respect of income tax of previous year	(156,065)	-	(156,065)	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(469,197)	(4,943)	401,083	(35,569)
Income tax expense reported in the statement of comprehensive income	9,174,328	2,069,911	9,199,161	453,262

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax on gains (losses) from the changes in values of available-for-sale investments	(51,961,953)	59,909,943	(47,424,953)	56,909,943
Deferred tax on actuarial gain	1,394,342	-	960,146	-
	50,567,611	59,909,943	(46,464,807)	56,909,943

Reconciliations between accounting profit and income tax expenses is shown below.

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Accounting profit before tax	322,236,434	316,307,682	317,108,554	335,265,577
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	64,447,287	63,261,536	63,421,711	67,053,115
Adjustment in respect of income tax of previous year	(156,095)	-	(156,095)	-
Tax effect of non-deductible expenses and income not subject to tax	(55,116,894)	(61,191,625)	(54,066,485)	(66,599,853)
Income tax expenses reported in the statement of comprehensive income	9,174,328	2,069,911	9,199,161	453,262

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

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax assets				
Provision for long-term employee benefits	3,078,110	3,829,300	1,701,313	3,062,542
Deferred tax liabilities				
Unrealised gain from available-for-sale investments	1,198,581,953	1,250,543,906	1,155,868,954	1,203,293,906

As at 31 December 2015, subsidiaries have unused tax losses of Baht 114 million (2014: Baht 102 million). The subsidiaries do not recognised these tax losses as deferred tax asset because the subsidiaries consider that it is not probable that taxable profit will be available against which the unused tax losses can be utilised before expiry date.

The unused tax losses amounting to Baht 21 million will be expired by 2017.

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present the statutory reserve has fully been set aside.

22. Expenses by nature

Significant expenses by nature are as follows:

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Salary and wages and other employee benefits	135,230,408	118,026,693	66,356,379	70,438,777
Severance payment	963,310	1,979,666	963,310	1,338,410
Depreciation and amortisation expenses	47,713,432	35,968,055	18,877,185	18,895,467
Transportation expenses	161,183,340	65,546,303	155,844,959	65,454,979
Commission and sales promotion expenses	63,137,774	67,299,635	58,999,122	61,839,524
Repair and maintenance expenses	7,489,745	6,825,737	1,416,757	3,443,857
Electricity expenses	33,782,680	31,821,754	2,069,763	10,207,569
Rental expenses	72,361,186	29,218,431	4,122,831	8,747,547
Raw materials and consumables used	1,803,871,918	1,301,876,034	1,781,905,216	1,252,196,491
Changes in inventories of finished goods and work in progress (increase)	10,193,270	7,049,654	7,235,253	(8,184,415)

23. Basic earnings per share

Basic earnings per share is calculated by dividing profit 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.

24. Segment information

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

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have three reportable segments: (1) improving the quality and packaging of milled rice and (2) manufacturing and distribution of plastic bag (3) food center.

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 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.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2015 and 2014, respectively.

(Unit: Baht)

	Improving the quality And packaging of milled rice		Manufacturing and distribution of plastic bag		Food center		Elimination of inter- segment revenues		Consolidated financial statements	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	Revenue from external customers	2,139,231,850	1,604,342,529	43,847,167	43,612,084	366,301,975	297,264,520	-	-	2,549,380,992
Inter-segment revenue	103,491	15,820	21,869,901	14,217,127	-	-	(21,973,392)	(14,232,947)	-	-
Interest revenue	2,103,026	15,011,810	28,817	38,973	3,503,217	3,131,117	(5,189,616)	(16,707,621)	445,444	1,474,279
Interest expense	(19,893,701)	(14,930,223)	(441,356)	(776,774)	(290,984)	(14,508,474)	5,189,616	16,707,621	(15,436,425)	(13,507,850)
Depreciation and amortisation	(23,995,353)	(24,930,609)	(5,558,165)	(5,958,650)	(18,159,915)	(5,078,796)	-	-	(47,713,433)	(35,968,055)
Income tax expense or income	(8,398,948)	(423,440)	60,098	44,703	(835,478)	(1,691,174)	-	-	(9,174,328)	(2,069,911)
Segment profit (loss)	36,930,482	50,144,503	(2,660,800)	(12,541,340)	(22,019,347)	(23,226,837)	(122,549)	269,944	12,127,786	14,646,270
Unallocated income:										
Dividend income									300,954,516	299,591,501
Profit for the year									<u>313,082,302</u>	<u>314,237,771</u>

The following table presents segment assets of the Company and its subsidiaries' operating segments as at 31 December 2015 and 2014:

	(Unit: Baht)									
	Improving the quality and packaging of milled rice		Manufacturing and distribution of plastic bag		Food center		Elimination of inter-segment		Consolidated financial statements	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Property, plant and equipment	209,767,359	228,143,997	24,962,036	30,346,256	86,228,253	67,032,822	-	-	320,957,648	325,523,075
Prepaid rental fee		-		-	388,985,594	237,932,923	-	-	388,985,594	237,932,923
Unallocated assets										
- Investment in parent company - available-for-sale security									7,039,418,373	7,289,043,138
- Other assets									1,114,811,236	667,925,026
Total assets									<u>8,894,172,851</u>	<u>8,520,424,162</u>

Transfer prices between business segments are as presented in Note 6 to the financial statements.

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Baht)	
	2015	2014
Revenue from external customers		
Thailand	2,334,322,564	1,642,950,383
United States/Canada	108,850,596	88,657,844
Europe	75,587,075	87,180,638
Asia Pacific	38,136,837	126,430,268
Total	<u>2,556,897,072</u>	<u>1,945,219,133</u>

Major customers

For the year 2015, the Company and its subsidiaries have revenue from three major customers in amount of Baht 1,195 million, arising from processing and packaging of rice segment (2014: Baht 413 million).

25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Under the fund rules, the Company, its subsidiaries and their employees must contribute 5 percent of basic salary. The fund, which is managed by Thanachart Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year ended 31 December 2015, the Company and its subsidiaries contributed Baht 3 million (2014: Baht 2 million) (Separate financial statements: Baht 2 million (2014: Baht 2 million)) to the fund.

26. Dividends

		(Unit: Million Baht)	
	Approved by	Total dividends	Dividend (Baht per share)
Final dividends on the year ended 31 December 2013	Annual General Meeting of the shareholders on 30 April 2014	135	2.25
Interim dividend on the six-month period ended 30 June 2014	Board of Director Meeting on 2 October 2014	<u>150</u>	0.25
		<u>285</u>	
Final dividends on the year ended 31 December 2014	Annual General Meeting of the shareholders on 9 April 2015	150	0.25
Interim dividend on the six-month period ended 30 June 2015	Board of Director Meeting on 28 September 2015	<u>150</u>	0.25
		<u>300</u>	

27. Commitments and guarantees

27.1 Capital commitments

As at 31 December 2015, four subsidiaries have capital commitments of Baht 25 million (2014: Baht 4 million), relating to the design and decoration of space and acquisition of computer system.

27.2 Operating lease commitments

Two subsidiaries have entered into several lease agreements in respect of the lease of building space and equipment. The terms of the agreements are 3 and 20 years.

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

	(Unit: Million Baht)
Payable:	
In up to 1 year	50
In over 1 and up to 5 years	101
In over 5 years	272

27.3 Long-term service commitment

A subsidiary has entered into license and technical assistance agreement 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.

27.4 Guarantees

As at 31 December 2015, there were outstanding bank guarantees of approximately Baht 53 million (2014: Baht 19 million) issued by the banks on behalf of the Company and its subsidiaries (Separate financial statements: Baht 52 million (2014: Baht 18 million)) in respect of utilities payments of the Company and its subsidiaries and purchase and sale agreements under The Paddy Pledging Schemes of 2014/2015.

28. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Asset measured at fair value				
Available-for-sale investments				
Equity instruments	7,073	-	-	7,073
Asset for which fair value is disclosed				
Investment property	-	-	361	361
Liability for which fair value is disclosed				
Loans	-	993	-	993

(Unit: Million Baht)

	Separate Financial Statements			Total
	Level 1	Level 2	Level 3	
Asset measured at fair value				
Available-for-sale investments				
Equity instruments	6,687	-	-	6,687
Assets for which fair value are disclosed				
Loans	-	7	-	7
Investment property	-	-	43	43
Liability for which fair value is disclosed				
Loans	-	1,265	-	1,265

29. Financial instruments

29.1 Financial risk management

The financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No.107 “Financial Instruments: Disclosure and Presentations”, principally comprise cash and cash equivalents, trade accounts receivable, loans, investments, trade accounts payable and short-term borrowing. 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 accounts receivable 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. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, bank overdrafts, and short-term loans from banks and related parties.

Significant financial assets and liabilities as at 31 December 2015 and 2014 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 repricing date if this occurs before the maturity date.

(Unit: Baht)

Consolidated financial statements as at 31 December 2015				
	Fixed interest		Total	Interest rate (percent per annum)
	rates within 1 year	Floating interest rate		
Financial assets				
Cash equivalents (excluding cash)	-	20,622,661	20,622,661	0.13 - 0.40
Financial liabilities				
Bank overdrafts	-	121,509	121,509	7.40
Short-term loans from banks	993,000,000	-	993,000,000	2.00 - 2.06

(Unit: Baht)

Consolidated financial statements as at 31 December 2014				
	Fixed interest		Total	Interest rate (percent per annum)
	rates within 1 year	Floating interest rate		
Financial assets				
Cash equivalents (excluding cash)	18,000,000	26,046,604	44,046,604	0.375 - 2.60
Financial liabilities				
Bank overdrafts	-	76,251	76,251	7.425
Short-term loans from banks	513,000,000	-	513,000,000	2.39 - 2.40

(Unit: Baht)

Separate financial statements as at 31 December 2015

	Fixed interest		Total	Interest rate (percent per annum)
	rates within 1 year	Floating interest rate		
Financial assets				
Cash equivalents (excluding cash)	-	6,875,054	6,875,054	0.13 - 0.40
Financial liabilities				
Bank overdrafts	-	121,509	121,509	7.40
Short-term loans from banks	993,000,000	-	993,000,000	2.00 - 2.06
Short-term loans from subsidiaries	-	271,620,000	271,620,000	2.05 - 6.53

(Unit: Baht)

Separate financial statements as at 31 December 2014

	Fixed interest		Total	Interest rate (percent per annum)
	rates within 1 year	Floating interest rate		
Financial assets				
Cash equivalents (excluding cash)	-	4,318,906	4,318,906	0.375
Financial liabilities				
Bank overdrafts	-	76,251	76,251	7.425
Short-term loans from banks	513,000,000	-	513,000,000	2.39 - 2.40
Short-term loans from subsidiaries	-	302,120,000	302,120,000	2.41 - 6.75

Foreign currency risk

The Company's exposure to foreign currency risk arise mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets denominated in foreign currencies as at 31 December 2015 and 2014 are summarised below.

Foreign currency	Financial assets		Exchange rate as at 31 December	
	2015 (Unit)	2014 (Unit)	2015 (Baht per 1 foreign currency unit)	2014 (Baht per 1 foreign currency unit)
US dollar	488,036	1,058,546	35.8295	32.72

Forward exchange contracts outstanding are summarised below.

As at 31 December 2015			
Foreign currency	Sold amount (Unit)	Contractual exchange rate (Baht per 1 foreign currency unit)	Maturity date
US dollar	12,667,523	34.1616 - 36.2984	12 January 2016 - 15 June 2016

As at 31 December 2014			
Foreign currency	Sold amount (Unit)	Contractual exchange rate (Baht per 1 foreign currency unit)	Maturity date
US dollar	3,572,354	32.4020 - 33.0947	18 March 2015 - 30 June 2015

29.2 Fair value of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature and loans bear interest at the rate approximately to market interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

30. Promotional privileges

Sima Pac Company Limited has received promotional privileges from the Board of Investment for the manufacturer of film plastics pursuant to the promotion certificate No. 1903(2)/2556 issued on 27 June 2013. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax for a period of 8 years from the date the promoted operations commenced generating revenues (21 October 2013).

Operating revenues for the years ended 31 December 2015 and 2014 divided according to promoted and non-promoted operations are shown below.

	(Unit: Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues from sales - promoted operations	30,641,897	27,111,044	-	-
Revenues from sales - non-promoted operations	<u>2,518,739,095</u>	<u>1,918,108,089</u>	<u>2,174,517,662</u>	<u>1,604,976,135</u>
Total	<u>2,549,380,992</u>	<u>1,945,219,133</u>	<u>2,174,517,662</u>	<u>1,604,976,135</u>

31. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern. According to the statements of financial position as at 31 December 2015 and 2014, the Company and its subsidiaries' debt-to-equity ratio was 0.38:1 (2014: 0.29:1) and the Company's was 0.43:1 (2014: 0.33:1).

32. Approval of financial statements

These financial statements were authorised for issue by the Audit Committee of the Company on 18 February 2016.