



MK Restaurant Group Public Company Limited

Food
Service
Expert



Annual Report 2013

MK Restaurant Group Public Company Limited

MK RESTAURANT GROUP PUBLIC COMPANY LIMITED

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Vision

To offer delicious and healthy food along with extraordinary dining service for the happiness and joy of our customers

Missions

- To be an excellent restaurant operator that offers healthy and delicious food to customers
- To learn and deeply understand the needs of our customers and to provide the best meal and service for our customers at a reasonable price
- To provide a quick and warm service to maximize customer's satisfaction
- To be a restaurant with the highest level of hygiene standard amidst a relaxed atmosphere
- To generate an appropriate and sustainable profit for the company's stakeholders
- To make employees happy and contented in their work
- To assist and provide social and environmental support



To ensure outstanding quality and food safety, we passionately and carefully select only the finest ingredients that meet the highest standard. We offer our customers delicious and nutritious food that is made fresh and clean everyday. The restaurant also continuously lifts its standard by equipping new innovations to provide prompt and safe service that win trust and impression from every of our customers.



Commitment, attentiveness, and dedication throughout the whole supply chain and through the service of our employees at every stage. We are dedicated to provide high quality food and first-class service to make every meal memorable for our customers.



MK Group wants to be a part of your memorable sharing experience. We prepare a great variety of tasty and healthy menus for our customers to enjoy in a comfortable atmosphere, where you can share your laughs, memories, and happiness.



Food Service Expert

The identity of Food Service Expert prompts us a commitment to uphold a high standard of happiness and well-being for every diner. Every chosen step, every second of our attention, every care and good intention have turned into enjoyment, warmth and smile of everyone for over 40 years.

Today, we progress forward believing that vitality, smiles of happiness and good health start here at “MK Restaurant Group Public Company Limited”.

EVERYDAY DINING DESTINATION FOR EVERYONE



Business Overview

MK Restaurant Group Public Company Limited



MK Restaurants

MK Restaurants offers Thai-style sukiyaki and a wide variety of dim sum and roasted dishes. MK Restaurants provides a memorable meal for our customers with its warm service in a casual atmosphere.

As of 2013, MK Restaurants has 375 branches all over Thailand, 35 branches in Japan, 4 branches in Vietnam, 2 branches in Singapore, and 1 branch in Indonesia.



MK Gold Restaurants

Heightening the savoriness and service of sukiyaki, MK Gold Restaurants sources for premium ingredients and serves its customers in a luxurious ambience.

As of 2013, MK Gold Restaurants has 6 branches in Thailand.



Yayoi Japanese Restaurant

Yayoi is an original Japanese restaurant that serves quality, quick, and authentic tasting meals at affordable prices. Yayoi also offer varieties of dishes that have been carefully selected to guarantee customer's satisfaction.

As of 2013, Yayoi Japanese Restaurant has 113 branches in Thailand and 4 branches in Singapore.



Hakata Ramen

Hakata Ramen brought its ramen recipe from the Hakata town, combining the authentic pork-bone soup with hearty Ramen noodles and tender Chashu pork.

As of 2013, Hakata Ramen has 3 branches in Thailand.



Miyazaki Teppanyaki

Miyazaki Teppanyaki serves quality meals prepared on hot stoves by meticulous chefs using original recipe from Japan.

The menu offers delectable teppanyaki-style beef, pork, and seafood served with Japanese rice and Dashi soup.

As of 2013, Miyazaki Teppanyaki has 5 branches in Thailand.



Na Siam Thai Restaurant

Na Siam is notable for the authentic taste of its Thai dishes cooked following the long-inherited recipes. The restaurant is suitable for every family.

Na Siam Restaurant has 1 branch in Thailand.



Le Siam Thai Restaurant

Enhancing the taste of Thai food, Le Siam offers exquisite Thai dishes with original tastes and a touch of luxurious ambience.

As of 2013, Le Siam Restaurant has 2 branches in Thailand.



Le Petit

Le Petit offers Western-style dishes such as pasta, sandwich and, salad. Customers can also enjoy a selection of beverages made with quality coffee beans.

As of 2013, Le Petit has 1 branch in Thailand.

The Path of SUCCESS

MK RESTAURANT GROUP PUBLIC COMPANY LIMITED



We are determined to grow continuously and sustainably in the food and service industry.

Birth of a Thai restaurant of "Auntie Thongkam Mekto's family" who bought a license from Makong King Yee (MK)

1962

The Opening of "Green MK," a Thai restaurant at Central Plaza Ladprao Shopping Center

"Green MK"

1984

First "MK Suki" Restaurant opened at Central Plaza Ladprao

1st



1986

Incorporation of "MK Restaurant Group Co., Ltd."



1988

First franchised "MK Suki" Restaurant opened in Japan



1994

Celebrating the "30th branch of MK Suki Restaurant"

30th



1995

Japan

 MK Suki 35 branches

Thailand

 MK Suki 375 branches  Le Siam 2 branches

MK Gold 6 branches

Na Siam 1 branch


 Yayoi 113 branches

 Le Petit 1 branch

Miyazaki 5 branches

Hakata 3 branches


Vietnam


 MK Suki 4 branches

Indonesia

 MK Suki 1 branch

Singapore

 MK Suki 2 branches

 Yayoi 4 branches

"Electric suki pot" launched, replacing "gas-fired suki pot" at MK Suki Restaurant

Celebrating the "100th branch of MK Suki Restaurant"

Celebrating the "200th branch of MK Suki Restaurant"

First franchised "Yayoi" Japanese Restaurant opened in Thailand

Celebrating the "300th branch of MK Suki Restaurant"

First franchised "MK Suki" Restaurant opened in Vietnam

The opening of "Hakata," and "Miyazaki" Japanese Restaurants and "Le Petit" Coffee Shop and Bakery

Joint-venture company, Plenus & MK Pte. Ltd. opened "MK Suki" Restaurant in Singapore, First franchised "MK Suki" Restaurant opened in Indonesia, Celebrating the "100th branch of Yayoi Japanese Restaurant", Listing of MK Restaurant Group Plc. on the Stock Exchange of Thailand (SET)

Celebrating the 400th branch of MK Suki Restaurant



1996

2000

2005

2006

2009

2010

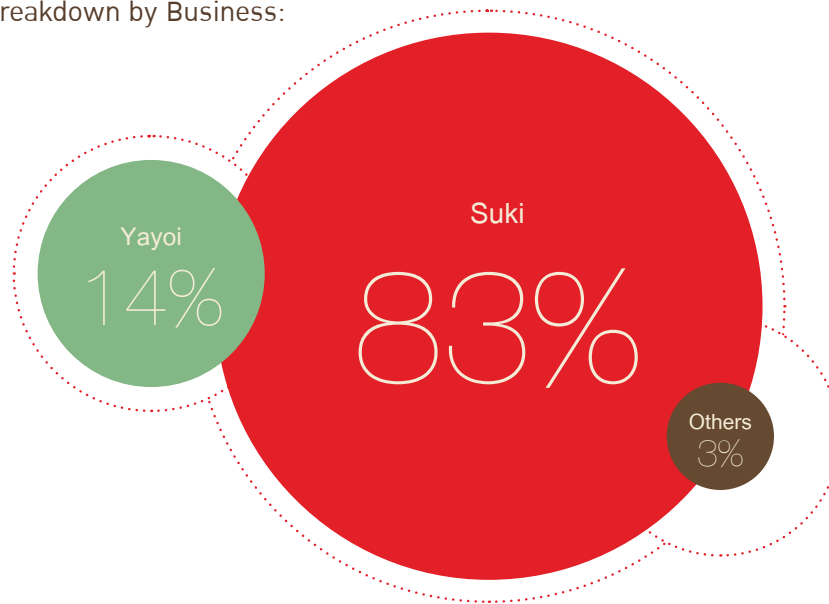
2012

2013

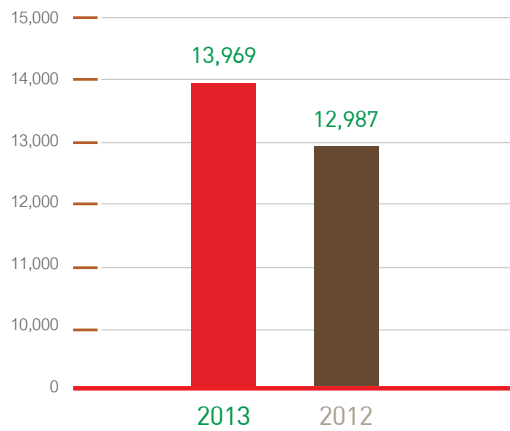
Financial Highlights

	2013	2012	2011
Income Statement (Million Baht)			
Revenues from Sales and Services	13,969	12,987	10,708
Total Revenues	14,240	13,141	10,824
Gross Profit	9,342	8,748	7,046
Profit Before Financial costs and Income tax expenses (EBIT)	2,548	2,628	2,272
Net Profit	2,039	2,031	1,625
Balance Sheet (Million Baht)			
Total Assets	15,006	5,086	3,858
Total Liabilities	2,482	3,615	2,506
Shareholders's Equity	12,524	1,471	1,352
Paid-up Capital	906	720	410
Net cash from operating activities	2,248	3,111	2,030
Financial Ratio			
Gross Profit Margin (%)	66.9	67.4	65.8
Net Profit Margin (%)	14.3	15.5	15.0
Return on Equity (%)	29.1	143.9	96.8
Return on Assets (%)	20.3	45.4	40.2
Debt to Equity Ratio (Times)	0.2	2.5	1.9
Current Ratio (Times)	2.2	0.4	0.4
Per Share Data			
Par Value (Baht per Share)	1	1	10
Earning per Share (Baht)	2.6	4.1	39.6
Dividend per Share (Baht)	-	4.5	53.9
Dividend Payout Ratio (%)	-	109.4	136.0

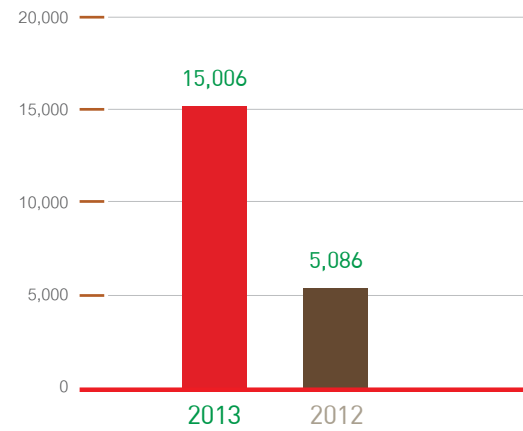
Revenue Breakdown by Business:



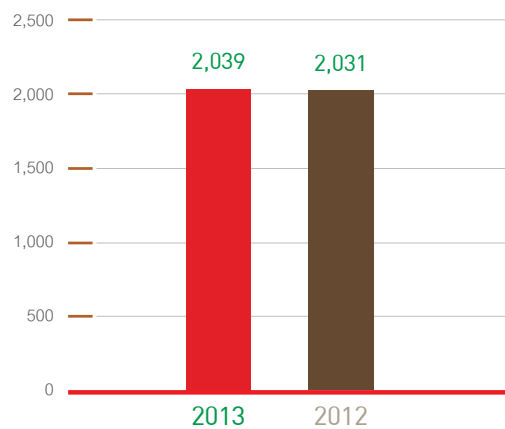
Revenues from Sales and Services (Million Baht)



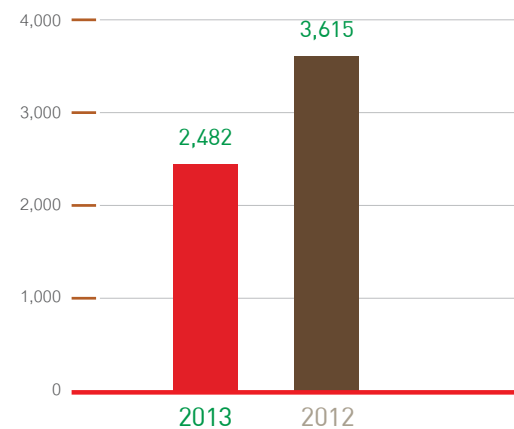
Total Assets (Million Baht)



Net Profit (Million Baht)



Total Liabilities (Million Baht)



Message from Chairman of the Board



This 2014 Annual General Meeting of Shareholders (AGM) is the first AGM after our IPO of capital-increase shares to the public and the first meeting after our inaugural listing in the Stock Exchange of Thailand (SET) in August 2013. As one of the founders and pioneers of MK Restaurant Group Public Company Limited who has been with the restaurant since day one, I have never imagined that we would travel this far in merely 28 years. It was in 1986 when we started opening the first suki restaurant under the MK Brand. The place was Thailand's first suki restaurant ever using electric suki pot to service customers as we believed that it was a safer choice at a time our peers still relied upon the gas-fired pot. The result was phenomenal and brought our customers attracted to our MK Restaurant. The Company's suki restaurant business rapidly and incessantly grew which has transformed us into a leader of Thailand's suki restaurateurs. As of end of 2013, MK Restaurant Group Plc. boasts 506 restaurants under our wings. Of this, 381 branches are MK Suki Restaurants and 113 are Yayoi Japanese Restaurants. We also have three Thai restaurants operated under "Na Siam" and "Le Siam" brands plus other nine eateries under other brands. The Company's market capitalization at the end of 2013 was approximately Baht 45 billion. Of course, part of the success that I have

shared with you up to now is thanks to a visionary management team who is not only creative but also highly dedicated and, most importantly, honest and proud in our integrity. The team has actively committed to take our restaurant business to the global standard of excellence especially for quality and taste as well as for our service to satisfy the most to our customers. The result is that MK is one of the most recognized brands by Thais in the restaurant industry in Thailand. The other part that makes us reach this far in our journey is a clear vision to capture the opportunity for branch expansion. This has enabled us to actively open new restaurants at modern-trade outlets which had been rapidly mushroomed in conjunction with Thailand's surging economic growth and stronger purchasing power of Thai consumer. One thing that truly convinced us to turn this opportunity into our branches was our belief at that time that the consumption pattern was about to change. Consumer tend to increasingly shop and eat out more than before to entertain themselves at shopping malls and outlets around town. It turns out that our belief became a reality not long after. This vision coupled with our action have transformed us into a restaurant group that boasts a much higher number of branches, most of which are located in the best strategic locations, than our close competitors' which is one of the

crucial factors that strengthens our competitiveness.

Regarding our operation in 2013, MK Restaurant Group Plc. had to confront several challenges amid intense competition at a time Thailand's economy was slowing down. To elaborate, Thailand's GDP (Gross Domestic Product) growth fell from 6.5 percent in 2012 to 2.9 percent last year due largely to negative factors at home and abroad especially the exacerbating political conflict in Thailand during Q4 of last year. However, MK Restaurant Group Plc. was able to prove time and again that we were able to manage our restaurant business efficiently and effectively for another year of success despite the unfavorable conditions. To elaborate, in 2013, we were able to open 55 new branches, which included 27 MK Suki Restaurants, 22 Yayoi Japanese Restaurants and six other restaurants in other brands. The Group recorded Baht 14,240 million of revenues compared to Baht 13,141 million a year ago. The 2013 net profits totaled Baht 2,039 million compared to Baht 2,031 million the previous year, accounting for basic Earnings per Share of Baht 2.57 per share in 2013.

Considering that the Company has recorded satisfactory performance, strong financial position and enough liquidity to support future expansion,

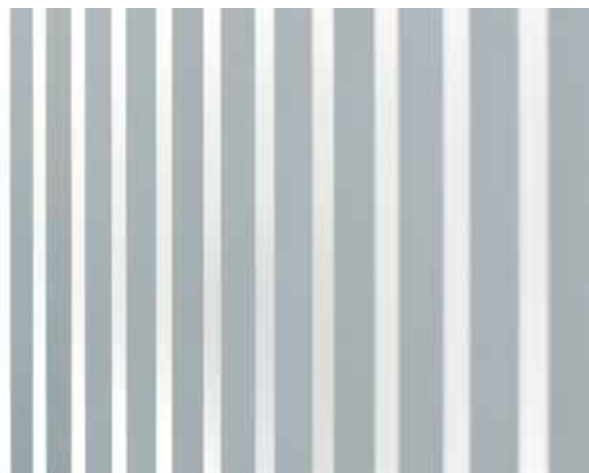
the Board of Directors has resolved to propose to the 2014 AGM to be held on April 28, 2014 to approve paying the 2013 dividend at a rate of Baht 1.60 per share totaling Baht 1,449.4 million, which accounts for 77.9 percent of the net profit of the main business in 2013 excluding net profits of other subsidiaries. If the AGM resolves to approve the dividend payment as proposed by the Board of Directors, it will be paid to entitled shareholders on May 21, 2014.

Our success in 2013 and earlier would not have been possible without cooperation and support from every party especially heartfelt appreciation and encouragement from all groups of customers as witnessed from an increasing number of clients who visit our restaurants. What's equally important is dedication from our staff at all levels who have performed their duties with integrity, accountability and commitment to achieve what they have been trusted to do. On behalf of the Board of Directors, I would like to extend my deepest and sincerest appreciation to you all.



Mr. Rit Thirakomen

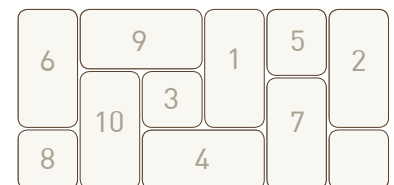
Chairman of the Board of Directors



Board of Directors

As of August 23, 2012

- | | | |
|----------------|----------------|------------------------------------|
| 1. Mr. Rit | Thirakomen | Chairman of the Board of Directors |
| 2. Mr. Somchai | Hanjitkasem | Director |
| 3. Mr. Somchai | Pipitvijitkorn | Director |
| 4. Mr. Pravit | Tantiwasinchai | Director |
| 5. Mr. Sujint | Chumpolkajana | Director |



- | | | |
|----------------|-----------------|--|
| 6. Dr. Annop | Tanlamai | Independent Director and Chairman of Audit Committee |
| 7. Mrs. Vilai | Chattanrassamee | Independent Director and Member of Audit Committee |
| 8. Mr. Attapon | Chodchoy | Independent Director and Member of Audit Committee |
| 9. Mr. Thanong | Chotisorayuth | Independent Director |
| 10. Dr. Katiya | Greigarn | Independent Director |

Nature of Business



As a business leader focusing on service and food quality, MK Group has been attentive to and meticulous in every step to deliver happiness, great taste and healthy food to every patron. From the past up until today, we have now developed further to excel in serving enjoyment more than 500 Suki-yaki, Japanese, Thai and Coffee/Bakery outlets nationwide.

In 1986, the first MK Suki welcomed its customers for the first time at Central Plaza, Ladprao branch. As not so many restaurants had such a clear position to offer suki menu at that time, the concept of MK restaurant was warmly received by customers. The introduction of sophisticated restaurant management techniques and marketing strategies to run the business led the Company to consistently expand new branches in both Bangkok and other provinces.

MK Restaurant Group Public Company Limited (the "Company") was incorporated on July 10, 1989, with an

initial capital of Baht 1 million to operate suki restaurants. Aside from this, the Company started opening Japanese restaurants under the "Yayoi" brand and trademark in 2006. In October 2012, the Company operated two more Japanese restaurants under two different trademarks of "Hakata" and "Tenjin" (which later changed into "Miyazaki"). The Company also runs Thai restaurant business under "Na Siam" and "Le Siam" trademarks as well as a coffee shop and bakery outlet known as "Le Petit." Finally, we have our own training institute to train qualified service personnel.

As of December 31, 2013, the Company boasted 381 MK Suki Restaurants (including 6 MK Gold Restaurants); 113 Yayoi Japanese restaurants; 3 Hakata Japanese restaurants, 5 Miyazaki Japanese restaurants, 2 Le Siam Thai restaurants, 1 Na Siam Thai restaurant and 1 Le Petit coffee shop and bakery nationwide. The Company has also sold MK Suki franchise to overseas operators in Japan, Vietnam and Indonesia. In addition, a joint-venture company has been set up to operate a restaurant business in Singapore.



MK Restaurants

MK Restaurants offers Thai-style sukiyaki and a wide variety of dim sum and roasted dishes. MK Restaurants provides a memorable meal for our customers with its warm service in a casual atmosphere.

As of 2013, MK Restaurants has 381 (Include 6 branches of MK Gold) all over Thailand, 35 branches in Japan, 4 branches in Vietnam, 2 branches in Singapore, and 1 branch in Indonesia.



MK Restaurant branches
in Bangkok and vicinity
Branches

176

MK Restaurant branches
in Thailand
Branches

381

(Include 6 branches of MK Gold)

MK Restaurant branches
in Overseas
Branches

42

Products and Services

1. Suki restaurant business

The suki restaurant business operated by the Company can be classified into two categories as follows:

1) MK Suki Restaurant

MK Suki is a restaurant run by the Company offering suki as its main dish. More than 100 items of a variety of meat, meatballs and fresh vegetables are offered as suki for customers to simmer in a cast-iron pot. In addition, MK Suki also offers various other

dishes; namely dim sum such as steamed buns, pork dumpling, shrimp dumpling and egg roll as well as a la carte dishes such as MK roasted duck, honey-roasted pork, steamed spare ribs roasted with fermented soybean, Hong Kong slow-cooked beef, Jade noodle, wonton soup and a myriad desserts, ice cream and beverages.

MK Suki positions itself as a family restaurant whose target customers are family, friends and colleagues in medium-to high income brackets. The restaurant highlights its relaxed ambience where everyone can slowly cook his own suki in a pot on the table

while taking time chatting and catching up. Customers can also be office workers whose lunch time is limited and therefore are vying for a quality lunch in less than an hour as one of MK Suki's service signatures is fast and efficient service.

As of December 31, 2013, there were 375 MK Suki restaurants around Thailand, most of which are located in shopping malls, modern trade outlets and community malls such as Big C, Tesco Lotus, Central, Robinson, The Mall, Major, Esplanade, all of which share the same characteristic as a place where medium to high-income earners mostly shop.



Yayoi Japanese Restaurant

Yayoi is an original Japanese restaurant that serves quality, quick, and authentic tasting meals at affordable prices. Yayoi also offer varieties of dishes that have been carefully selected to guarantee customer's satisfaction. As of 2013, Yayoi Japanese Restaurant has 113 branches in Thailand and 4 branches in Singapore.

2) MK Gold Restaurant

Like MK Suki, MK Gold Restaurant, which is also run by the Company, offers suki as its main dish plus other dishes such as dim sum and a la Carte menus. Going beyond the standard, MK Gold's ingredients are top-graded. MK Gold's target customers are original customers of MK Suki Restaurant, who, having earned high incomes, long for premium-graded foods and go to MK Gold Restaurant for entertainment. MK Gold Restaurant's theme of decoration is luxury in gold. The eatery is adorned with elegant and colorful lighting for glittering effect. Dinnerware is porcelain while the Sukiyaki cast-iron pot is golden. The restaurant's store sign, roasted duck kitchen at the front, placemats and staff's uniforms have been meticulously designed to reflect the element of gold and an air of luxury.

As of December 31, 2013, there were six MK Gold restaurants in major central business districts of Bangkok's Siam Paragon, Central World, Saladaeng,

Esplanade, Ekamai and Phuket's Jung Ceylon. Customers may order any dish as they wish and will be charged accordingly. However, buffet is also available at certain branches.

2. Japanese restaurant business

1) Yayoi Restaurant

Yayoi Restaurant is run by MK Interfood Co., Ltd. our subsidiary, which has been franchised a license to run Japanese restaurant under the Yayoi Ken trademark by Plenus Co., Ltd. a listed company in Japan's stock exchange and one of Japanese's leading restaurant operators. Yayoi opened its first branch in Thailand in 2006.

Yayoi Restaurant is decorated in a bright colorful theme to convey informal and relaxed ambience and provide fast and quality service underlined with freshly-cooked food offered at a reasonable price tag. This very concept is inspired by the Japanese

way of living which insists that no matter how fast life is to be, everyday's living must be handled in a refined and sophisticated manner including food. This truly accords with Thai life style which places much priority to the food we eat.

Yayoi Restaurant offers both a la carte Japanese menus and set menus always served with rice, salad and miso soup. Yayoi's recommended menus are pork Tonkatsu with miso sauce, sizzling grilled pork, rice with a variety of beef, Japanese-styled bento, Udon, Ramen and hors d'oeuvres such as Japanese dumpling, Japanese pizza and a myriad of scrumptious desserts and delightful beverages.

Yayoi has regularly collaborated with Japan-based Yayoi Ken's chefs to introduce seasonal menus while retaining the much unique Japanese element in its food. As of December 31, 2013, there were 113 Yayoi Restaurant nationwide.



Na Siam Thai Restaurant

Na Siam is notable for the authentic taste of its Thai dishes cooked following the long-inherited recipes. The restaurant is suitable for every family. Na Siam Restaurant has 1 branch in Thailand.

Le Siam Thai Restaurant

Enhancing the taste of Thai food, Le Siam offers exquisite Thai dishes with original tastes and a touch of luxurious ambience. As of 2013, Le Siam Restaurant has 2 branches in Thailand.



2) Hakata Restaurant

MK Restaurant Group Plc. opened the first Hakata Restaurant at Siriraj Hospital. The eatery offers Japanese ramen of various types and forms as well as Japanese dumpling and beverages. Hakata, Siriraj Branch, is part of the Company's corporate social responsibility (CSR) project as net profit less expenses from the restaurant has been entirely donated to Siriraj Hospital. As of December 31, 2013, MK Restaurant Group Plc. operated three Hakata branches.

3) Miyazaki Restaurant

It was not until October 2012 when MK Restaurant Group Plc. opened the first Miyazaki Japanese Restaurant at The Scene Town in Town Shopping Center inside Soi Ladprao 94.

The restaurant offers Japanese Teppanyaki grilled dishes, desserts and beverages. The Company boasted five Miyazaki Restaurant branches as of December 31, 2013.

3. Thai restaurant business

1) Na Siam Thai Restaurant

Run by the Company, Na Siam Thai Restaurant offers a comprehensive Thai menu under a traditional Thai ambience where the atmosphere of the original MK eatery in Siam Square in the old days before the Company started operating suki restaurant business is meticulously preserved. Na Siam Thai Restaurant targets medium to high-ended customers who come to enjoy various kinds of chili paste dishes, Thai hot soup of tom yum, curry, sauté vegetables

of all kinds, a la carte menus, a variety of noodles, traditional desserts, wines and beverages. As of December 31, 2013, there was one Na Siam Restaurant on B1 Floor of Central Plaza, Bangna Branch.

2) Le Siam Thai Restaurant

Like Na Siam, Le Siam Thai Restaurant is also operated by MK Restaurant Group Plc. and offers a comprehensive Thai menu. The restaurant is decorated in a luxurious Thai style and offers premium-graded food and beverages. Le Siam targets foreign customers and high-income earners who look for a sophisticated place offering traditional Thai food to entertain. As of December 31, 2013, there were two branches of Le Siam Restaurant at Saladaeng in Bangkok and Jung Ceylon in Phuket.



4. Coffee shop and bakery business

Le Petit

In September 2012, MK Restaurant Group Plc. opened Le Petit, the first coffee shop, bakery bistro developed on its own formula at Siriraj Hospital. The place offers snacks, bakeries, coffee and other beverages. Le Petit is part of the Company's CSR project as net profit after expenses is entirely donated to the hospital. As of December 31, 2013, there was one Le Petit coffee shop and bakery.

5. Home delivery and catering business

MK Restaurant Group Plc. and MK Interfood Co., Ltd. offer home delivery and catering services where food from MK Suki Restaurant and Yayoi Restaurant could be home delivered between 10 am to 9 pm each day with a minimum order from both restaurants of Baht 150. However, if fresh food items under MK Suki Restaurant is ordered, the minimum order will start at Baht 199. There is a charge of Baht 40 per trip for home delivery including VAT. Customers can pay by cash or by Visa credit card of all major banks. They can order food by calling the following numbers or going to the following websites:

Phone Numbers

Service Areas	Phone Numbers
Bangkok and its vicinity	+66 2248 5555
Pattaya, Chonburi	+66 3837 4484
Chiangmai	+66 5321 4111
Phuket	+66 7624 8266

Websites for online order

Service Areas	MK Suki	Yayoi
Bangkok and vicinity		
Pattaya, Chonburi	http://delivery.mkrestaurant.com	http://delivery.yayoirestaurants.com
Chiangmai		

Aside from the catering service, both MK Suki Restaurant and Yayoi Japanese Restaurant also accept advanced orders and can provide lunch boxes for party, feast or other events. The Company has a plan to provide a comprehensive catering service where all equipment and accessories such as suki pot, electronic outlets, chairs and dining tables and competent service personnel are offered and set up for customers to make them feel like they actually dine at MK Suki Restaurant.

6. Overseas restaurant business

As of December 31, 2013, the Company had the following MK Suki Restaurants and Yayoi Japanese Restaurants overseas:

Countries	Number of MK Suki Restaurant	Number of Yayoi Restaurant	Operated by
Japan	35	-	Plenus MK Co., Ltd. (The Company holds 12% of its shares; it obtains the franchise right from the Company.)
Singapore	2	4	Plenus & MK Pte. Ltd. (The Company holds 50% of its shares; the firm is a joint-venture company.)
Vietnam	4	-	Global Investment Gate Joint-Stock Company Stock Company (not relating to the Company; it obtains the franchise right from the Company.)
Indonesia	1	-	PT Master Kuliner (not relating to the Company; it obtains the franchise right from the Company.)





Human resources are the most valuable asset of the Company, MK Restaurant Group Plc. put endless energy into the recruitment, selection, retention and development of personnel.

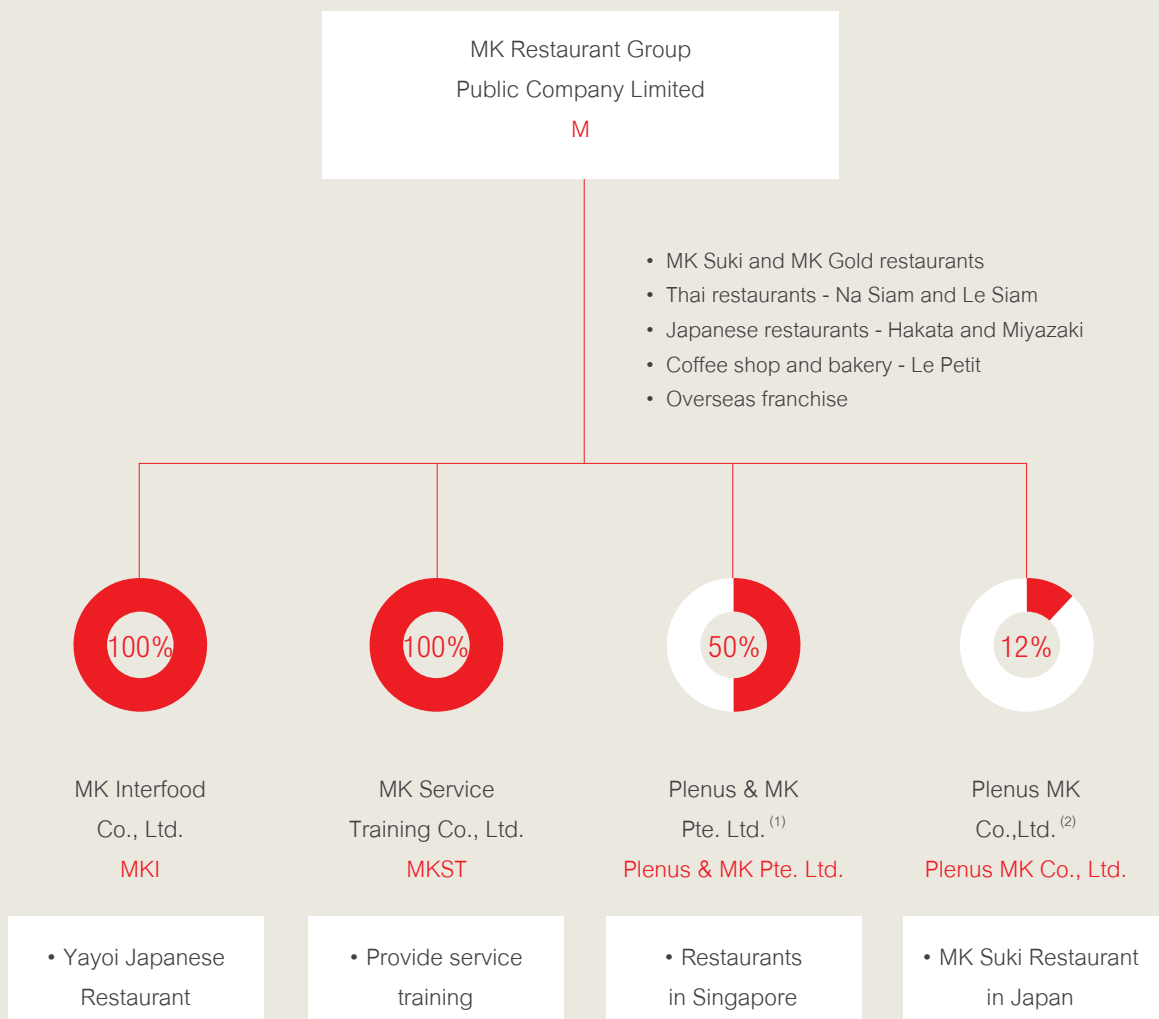
7. Training Center

Founded in 2006, the MK Training Center is run by MK Service Training Co., Ltd. to offer service training and other necessary skills for service personnel of the Company and its subsidiaries. Realizing that human resources are the most valuable asset of the Company, MK Restaurant Group Plc. put endless energy into the recruitment, selection, retention and development of personnel. It has developed training courses to intensively train personnel of all departments whether they are full-time or temporary staff at branch restaurants, students, management or executives. Every employee will go through training and capability building courses that the company specially designed to correspond with their career path.

Located on Km. 3, Bangna-Trad Highway, opposite of Central Plaza, Bangna Branch, the seven-floors, MK Training Center boasts a variety of training rooms and a comprehensive range of training equipment. Most courses depend on knowledge and competency of the Company's own staff. Trainers are executives, managers, chiefs of sections and experts at various levels. In addition, there are also third-party experienced trainers in the service industry to share their skills, experiences, thoughts and service mind necessary for the profession. The goal is to encourage all MK personnel to commit to the best possible service to fulfill customer's needs.

Corporate Structure of the Company and Subsidiaries

As of December 31, 2013



⁽¹⁾ Plenus Co., Ltd. holds 50% of its shares.

⁽²⁾ Plenus Co., Ltd. holds 87.8% of its shares while Bridg Co., Ltd. holds 0.2%

Notable Events in 2013

MK RESTAURANT GROUP PUBLIC COMPANY LIMITED

- On January 3, 2013, the Extraordinary Meeting of Shareholders of the Company passed special resolutions as follows:
 - To decrease the registered share capital of the Company from Baht 920,000,000 (920,000,000 ordinary shares, at Baht 1 per share) to Baht 720,000,000 (720,000,000 ordinary shares, at Baht 1 per share) in order to cut the registered shares that have not been issued or cannot be issued before the capital increase.
 - To increase the registered share capital of the Company from Baht 720,000,000 to Baht 925,850,000 (925,850,000 ordinary shares, at Baht 1 per share) by issuing 205,850,000 new ordinary shares with a par value of Baht 1 per share. The Company registered the increase of its registered share capital with the Ministry of Commerce on January 8, 2013.
- On February 26, 2013, the Meeting of the Board of Directors of the Company passed a resolution to approve an additional investment in the share capital increase of Plenus and MK Pte. Ltd. in the proportion of the Company of SGD 3,500,000, which was paid on March 27, 2013. The registered share capital of that company increased to SGD 12,500,000 (12,500,000 ordinary shares of SGD 1 each), in which the Company's shareholding remains at 50 percent of share capital. Such joint venture registered the change of its share capital on May 15, 2013.

During August 5 - 7, 2013, the Company offered 185,850,000 ordinary shares, with a par value of Baht 1 each, at a price of Baht 49 each through the Initial Public Offering. The Company registered the increase of its issued and paid-up share capital from Baht 720,000,000 (720,000,000 ordinary shares with a par value of Baht 1 each) to Baht 905,850,000 (905,850,000 ordinary shares with a par value of Baht 1 each) with the Ministry of Commerce on August 9, 2013

- The Company has established the new Head Office building which located on Bangna-Trad Rd. (Km. 2.5) and has started operation partially in June 2013 and completely in December 2013
- During August 5 - 7, 2013, the Company offered 185,850,000 ordinary shares, with a par value of Baht 1 each, at a price of Baht 49 each through the Initial Public Offering. The Company registered the increase of its issued and paid-up share capital from Baht 720,000,000 (720,000,000 ordinary shares with a par value of Baht 1 each) to Baht 905,850,000 (905,850,000 ordinary shares with a par value of Baht 1 each) with the Ministry of Commerce on August 9, 2013, and the Stock Exchange of Thailand approved the 905,850,000 ordinary shares with a par value of Baht 1 each as listed securities for trading, effective from August 15, 2013. The Company incurred expenses relating to the share offering totaling Baht 135.8 million (net of income tax of Baht 33.9 million), which were presented as a deduction from the share premium.
- On August 7, 2013, the Company allocated and issued 20,000,000 warrants to the management including the management in the director position and employees of the Company and/or employees of the subsidiaries of the Company at free of charge ("ESOP" or "M-WA"). The exercise period is within 5 years commencing on August 7, 2013, and the warrants can be exercised to acquire the new ordinary shares of the Company for totaling 17 times. The warrants are first exercisable after 1 year since the date that the Company allotted and issued the warrants, with the first exercise date falling on September 30, 2014. The following exercise dates fall on the last working days of March, June, September and December and the last exercise date is August 6, 2018.

Risk Factors



Like other businesses, the Company's business is exposed to various risks. The following risks are what the Company feels that if occurred, they may adversely affect the Company's business, financial position and performance in a material manner. In addition, there could be other risks that the Company has no knowledge of at the moment; or feels, following its consideration, that they could not yet be classified as risks that could materially damage the Company's business.

Risk from potentially intense competition

The restaurant business that the Company is running is indeed a highly-competitive business and competition will be even more intense as days pass by. As a result, the Company's success will depend on its ability to continue to effectively compete with other contenders.

The Company is to compete with a variety of restaurants that include international restaurant chains, well-established local restaurant chains and numerous small-time restaurateurs.

In addition, new operators enter the restaurant business each day due largely to the low barrier of entry into this business. As a result, competition in the restaurant business will be based on price and quality of food, variety and value perception of menu, service quality, number and location of outlets, effectiveness in new product development, advertising and sales promotion activities, restaurant decoration and the way the restaurant is maintained to continue attracting customers and, finally, brand reputation and strength. Failure by the Company to constantly and effectively compete with other contenders in these aspects

will have a material and adverse impact to the business and its operation.

However, the fact that the Company continues to see its branch, income and performance expanding for more than two decades indicates that it does have an ability to constantly and effectively compete with other challengers.

In other words, the Company has several competitive advantages; namely (1) strong brand recognition as the "MK Brand" is indeed highly recognized and adored by customers; (2) strong financial position which enables the Company to expand business both in the short and long term; (3) capable and

experienced management team which has been in the restaurant business for more than 20 years and which helps making the Company's management effective and efficient; (4) own service training center which enhances management skills of branch managers and, more importantly, trains service staff to provide standardized service at all the Company's restaurants; (5) best strategic locations of more than 500 branches of "MK" and "Yayoi" restaurants nationwide; (6) business size which is large enough to achieve the economy of scale in many areas such as sourcing and procurement, transportation and advertising; and (7) construction of a new and sophisticated central kitchen and a distribution center which will increase the Company's kitchen facilities totaling 3 places in order to support the future expansion.

Risk from volatility of raw material prices

Since costs of food are the Company's most important cost item as it accounts for as high as 33 percent of the Company's revenues from sales and services and since most of them are costs of raw materials, changes in raw material prices at a time the Company could not hike its sales prices to compensate for the rise or if it could only partially compensate such rise due to intense competitions or weakening

purchasing power will materially and adversely affect the Company's performance.

Most of the Company's raw materials are fresh produce such as meat, seafood, vegetables, fruits, egg, rice and seasoning of which their market prices and quantities fluctuate at any time according to demand and supply. This is especially the case of volumes being produced which could be negatively affected by unfavorable weather condition, natural disaster or contagious diseases in animals or plants, all of which are beyond the Company's control. When raw material prices are up due to depleting production volumes affected by negative factors mentioned above, the Company is required to buy raw materials at higher price and volume that it has not projected. This could eventually make a negative impact to the Company's performance.

To minimize risk from the fluctuation of raw material prices, the Company has embarked on several measures to properly control the costs of raw materials. Significant measures are (1) estimating demands of raw materials that could materially affect the Company's total costs of raw materials in order to plan the sourcing for an amount and within a timeframe as required by the Company's sales plan; (2) the estimated demand of raw materials should allow the Company to have a better negotiating power with manufacturers or distributors thanks to a huge volume of raw materials to be bought and a definite delivery



schedule; (3) to prevent risk from price fluctuation, a future sales contract will be signed with reliable manufacturers or distributors where parties will be bound to each other within an agreed timeframe such as within three months, six months or a year; and where the contract will clearly specify the prices, volumes that will change hands and delivery dates; (4) the sourcing of raw materials of which prices are seasonally fluctuated and which could be properly stored without materially jeopardizing their quality will be made in advance in preparation for consumption during the period when their prices are up; and (5) a comparative report will be regularly made to inform changes of raw material prices that could make a material impact to the total costs of raw materials as this will be used as a guideline to hike menu prices when necessary and if possible. These measures were carried out to reduce volatility from the change of raw material prices as well as to keep the costs of raw material in control. So far, the results have been quite satisfactory as evident from the costs of food as a percentage of revenues from sales and services in 2012 and 2013, which was 32.6 percent and 33.1 percent, respectively, or a rise by merely 0.5 percent and which negatively affected the Company's net profit after tax by merely Baht 54 million.



Risk from additional costs of employee

The restaurant business is a labor-intensive industry which depends very much on employees especially service staff who will make customers happy through their services. As a result, costs of employee are the second most important cost item of the business only after the costs of food. As of end of 2013, the Company had a total of 19,394 employees and the total costs of employees in 2013 amounted to Baht 3.78 billion which accounted for 27 percent of the Company's

sales revenues of Baht 13.969 billion. As a result, if the cost keeps rising and the Company could not hike its sales price to compensate for an increasing employee expense or if it could only partially cover the expense due largely to intense competition or weakening purchasing power or any other factor that may prevent the Company from raising its sales price, this will negatively affect the Company's performance in a material manner.

To minimize the risk from the increase of employee costs as described above, the Company has conducted various

measures to keep the cost within an optimal level. The measures are (1) setting and adjusting the number of staff in each restaurant to reflect its traffic volume to maximize efficiency while enabling to maintain quality service to customers at a standard level envisioned by the Company; (2) monitoring each restaurant's staff productivity and ensuring that it is in line with the productivity standard developed by the Company. In addition, to encourage restaurant managers to pay attention to this subject, staff productivity has become one of the Key Performance Indicators (KPI) used in the evaluation of each restaurant's performance; (3) introducing a computerized technology to the restaurant which will not only enhance staff efficiency but will also improve service quality as the technology will speed up the service and make it more accurate; and (4) staff especially service employees will be constantly trained to enhance performance and standardize service quality. By seriously and incessantly pursuing these measures and by hiking sales prices when necessary and if doable, the Company has managed

to control the costs of employees to remain at an optimal level vis-à-vis its revenues and at the same time reduced its loss resulted from staff oversupply and employee underperformance.

Risk from the shortage of branch operational employees

The Company's business is a service business which heavily relies upon people as its driving force.

The Company plans to open new branches each year and each branch needs approximately 30 - 40 staff.

As a result, the Company has to recruit a large number of new staff to accommodate new branch opening.

As of December 31, 2013, the Company boasted a total of 17,776 employees in branch operation of whom 72 percent were full-time and 28 percent were part-time. The total staff turnover rate was averaged at 10 percent.

Failure to recruit new staff to accommodate expansion or to replace resigning staff in a timely fashion will materially affect the Company's service and operation.

However, it has committed to resolve this problem by retaining staff to work as long as possible with the Company and by giving priority to the concept of working under the "MK Culture" where employees of all levels are taken care of. Capable staff are given a chance to rise along their career path to executive positions in the future. In addition, the Company takes a great care by giving employees fair remunerations and welfare as well as skill-enhancing training and by treating them as family members. As such, the Company continues to attract candidates. New recruits are to attend a training course held by the MK Service Training Center to acknowledge the MK corporate culture and to perform his/her duty based on the Company's standards. So far, the Company has had no problem recruiting new personnel with required qualifications.

Risk from failure to find leased space and to renew the leased space under a condition deemed appropriate by the Company

As the competition in the industry is getting intense and as there is an increasing number of restaurateurs entering the market, leased space for new restaurant has become rarer. This could expose the Company to a risk from not being able to find and lease space to open a new branch as planned.

However, the Company has been a business partner with several lessors who operate shopping malls, modern-trade outlets and community malls in Bangkok and provinces. Besides, the Company is Thailand's leading restaurateur who offers products and services highly desirable by consumer. As a result, this is unlikely to prevent the Company from finding the leased space. Meanwhile, most of the lease agreements offer a lease term of three years at a time which is renewable 3 - 5 times for another three years on each occasion. Failure to renew the lease agreement may affect the Company's operation. Yet, the Company has had a warm and long-lasting relationship with the lessors. Together with its excellent rent payment track record, its compliance with the lease agreements, the fact that it has never had problem with the lessors and that

it has the lease agreements renewed all the time, not mentioning the fact that the Company and the lessors sometimes joined force to resolve problems of unimpressive branches which had to be closed down for the best interest of both parties, the Company therefore is of the opinion that the risk from not finding leased space and not renewing lease agreement should not be an obstacle to continue its business.

Risk from new branch opening

The Company aims to grow constantly and opening new branch is a factor to achieve the goal. As the competition in this industry has become tougher than before together with the fact that newcomers step into the industry every day, the Company therefore is exposed to a risk that its new branch may not generate sales up to a target and thereby not yield a satisfying investment return. It needs approximately Baht 8 - 10 million to open a branch.

The fund is used for design, construction, mechanical & electricity (M&E) system, furniture, kitchen equipment and other office equipment. The Company plans to constantly expand its MK Suki Restaurant and Yayoi Japanese Restaurant. Locations of newly-opened outlets however may overlap with existing branches located nearby and this could affect the Company's sales and performances in the longer run.

However, to open a new branch, the Company has to do a lot of work studying the branch opening plan. A newly-opened branch must yield a good investment return based on required criteria. The Development and Engineering Department will be responsible for surveying location, population density, target groups of customers and performance of nearby branches. It will also conduct a financial analysis by looking at, for example, payback period and return on investment (ROI) which must not be less than a required level. This information will be used in considering a new branch opening. In addition, the Company has had experiences in this business for more than 25 years with highly-recognized products and services desirable by customers. At the other end, shopping mall owners, modern-trade outlet and community mall operators are, too, looking for reputable restaurants to lease their space in order to attract customers. That's why the Company has been offered attractive packages of ideal location, space size and rental term. The Company studies every leased premise being offered as well as conducts a financial analysis before making an investment decision at an appropriate site that could general high yield. The Company is confident that new branch opening that covers more extensive service areas should increase its capacity to generate higher profits to shareholders and to reduce its operation risk in the long run.



In addition, the Company also takes into consideration sales amounts of nearby branches and population density in the same area to ensure that a new entrant will not affect the business of existing branch nearby but rather is an appealing alternative for customers living in the area and works strategically to expand the Company's service areas to help maintain its market share.

Risk from failure to renew the Yayoi franchise

MK Interfood Co., Ltd. ("MKI") has been licensed to operate a Japanese restaurant in Thailand by Plenus Co., Ltd. under the "Yayoi" branch. The franchise term is three years and is renewable for three years on each occasion unless either party notifies the other to terminate the agreement 180 days before each expiration date. As a result, termination of the franchise agreement could prevent the Company from continuing the Yayoi restaurant business which will inevitably affect the Company's operation.

The Company has already operated the Yayoi Japanese Restaurant business for eight years. As of December 31, 2013, it had a total of 113 Yayoi branches. So far, it has strictly complied with the terms and conditions of the franchise agreement where menus and operation procedures of "Yayoi Ken" under the franchise system of the rights owner and its knowhow are actively implemented in the business. Others include style of the restaurant, menu change, choices of raw materials, product development, staff training, commercial and production operation as well as on-time payment of the franchise fee. In addition, the Company is truly committed to expand the Yayoi branch as evident in 2013 where 22 new branches were opened with more planned openings in the future. More importantly, Yayoi Restaurant's operation has been growing quite steadily. Its sales growth rose on average 40 percent during the past four years (2010 - 2013) while the net profit went from being in red or a net

loss of Baht 48 million in 2008 to a net profit of Baht 147 million in 2013. Besides, the Company and Plenus Co., Ltd. are strong business alliances who have joined force to run MK Suki Restaurant overseas. With a long-lasting relationship between us and the fact that the Company has duly complied with conditions in the concerned agreement, the Company is of the view that it should be trusted to continue having the franchise contract renewed.

Risk from the information technology (IT) system

To enhance the Company's customers service capacity, it has introduced the IT system in the food ordering process where the system will directly and immediately send orders to the kitchen to shorten service time and to minimize errors. The IT system is also a crucial component of the Company's home delivery service as it receives orders from customers before sending them to various branches to execute delivery. The system is also prominent in other management processes. If the system is malfunctioned or in case of an unforeseeable event that may paralyze the system, this could affect the Company's operation.

Having realized the importance of the IT system, the Company has adopted a guideline to modernize the technology with a focus at systems considered crucial to its business; namely

accounting, raw material sourcing and procurement, inventory management, product distribution and communication system between the head office and branches nationwide. The enhanced IT system should gather information and deliver it to executives who need it for analysis and for making crucial decisions. As a result, the Company is confident that as the system has been constantly enhanced, in case of malfunction, the Company will still be able to continue its business as every unit and function does have both manuals and standard operating procedures (SOP) that will help them resolve problems and thereby allow the business to continue running.

Risk from overseas investment

The Company has invested abroad through two joint-venture firms in which it holds 12 percent in Plenus MK Co., Ltd.'s shares to operate MK Suki Restaurant in Japan and 50 percent in Plenus & MK Pte. Ltd.'s shares to run MK Suki Restaurant in Singapore. Each country is exposed to various risk factors such as economic and political conditions, laws, tax and exchange rates. As a result, in case of an event with material impact to business operation in a concerned country, it will inevitably affect the Company's operation.

During 2011 - 2013, the Company enjoyed Baht 9 million, Baht 57 million

and Baht 125 million revenues from its overseas business which accounted for 0.1 percent, 0.4 percent and 0.9 percent of total sales revenues, respectively. Yet, the Company conducts an overseas investment study where it surveys the market and looks at population density and target groups of customers as well as other economic factors such as GDP, inflation rate, exchange rates, political stability, investment policy governing foreign entities and tax rates. The Company also conducts financial analysis for ratios and figures which must not be lower than its threshold required for overseas investment. In addition, by having a strong partner like Plenus Co., Ltd. who is Japan's largest bento lunchbox business operator boasting a network of more than 2,900 branches as well as the owner of the ready-to-serve Yayoi Ken Restaurant which commands an overnight success in Japan, the Company therefore is confident in Plenus Co., Ltd.'s leadership vision and management style as well as its potential to make MK Suki brand recognized and to expand MK Suki branches all over Japan. As a result, the Company is of the view that careful investment planning and strong business partnership will help reduce the risk. In addition, by expanding the business into countries enjoying a high growth rate with a high density of population who have high purchasing power, this could be a great opportunity for the Company to grow even more and also the opportunity to diversify the operation risk.

Risk from epidemic

So far, there have been several bouts of outbreaks that hit the restaurant business hard. For example, in 2002, Bovine Spongiform Encephalopathy or the mad cow disease struck the US and Europe. Three years later, several countries suffered from the bird flu (H5N1) outbreak before the world witnessed the infectious disease of swine influenza (H1N1) in Mexico in 2008. The rampant epidemic did erode customer's confidence to consume meat, chicken and pork, all of which are major raw materials of all restaurants under the MK Group. Future epidemic, if any, therefore may affect the Company's revenues.

The Company places a high priority to the selection of raw materials which will be supplied by selected quality manufacturers and distributors. Every piece of raw materials will have a traceability where product can be traced back throughout the entire food chain from step one to the final stage whether it's about the origin of food, production and transportation. That's why the Company is convinced that every piece of its raw materials meets the standard, is hygienic and, is safe without contaminant. In addition, the Company has the Quality Control Department to verify product quality while the operation of the two central kitchens has been certified by international quality assurance systems which among a few include ISO, HACCP and GMP.



Risk from natural disasters and accidents

Thailand's major flood which started in late July 2011 and last until the end of the year extensively damaged the Thai economy during the latter half of 2011. Water inundated farming areas in the upper Central Plain and industrial sites in the lower Central Plain including seven industrial estates in Ayutthaya and Pathum Thani provinces. The Company's central kitchen at Nava Nakorn (CK 3) located at Nava Nakorn Industrial Estate, too, was under the water and had to be closed before part of the production was relocated to the central kitchen at Bangna (CK4), which was able to boasts enough production capacity to accommodate demands of all existing branches. However, the Company has already eyed an ideal site for its new central kitchen (CK5). Meanwhile, 55 MK Suki Restaurants and 13 Yayoi Japanese Restaurants suffered from the 2011 tragic flood where they were forced to shut down for an average of 0.5 - 2 months. Most however were not damaged as they were located in shopping malls and modern-trade outlets which had effective flood-protection measures. Yet, the flood did temporarily suspend the operation of certain suppliers which in effect led to a shortage of certain raw materials for a period of time and this inevitably affected the Company's sales revenues.

Yet, having realized the effect of natural disaster to its business, the Company has planned protective measures to handle the risk. This includes buying casualty insurance, formulating an emergency operation plan, training staff to handle natural disaster incidents, building a new central kitchen at an ideal site, adding a distribution center to its portfolio to diversify risk, approving an emergency fund to assist employees and communicating with all parties of the management's readiness to bolster confidence of shareholders, employees, suppliers and customers that the Company can indeed continue operating and that it's ready should there be a natural disaster risk.

As for a plan to handle the shortage of certain products, the Sourcing and Procurement Department will select every manufacturer and distributor who can produce products that meet the Company's required standard before closely communicating with them to learn which product they can produce, their production capacity and volumes and dates they can deliver such product. The Sourcing and Procurement Department will coordinate with the central kitchen to encourage direct and clear communication to every branch of shortage items, replacement items and expected delivery time if the product cannot be delivered normally. The communication is to ensure that branches learn how to effectively

manage inventories while staff at every branch may directly communicate with customers. While it's true that the 2011 major flood did prevent the Company from providing a full-scaled service, yet, the Company managed to return the business to normalcy as quickly as possible. All customers understood what happened and continued trusting the Company, which convinces the Company that it can and is ready to handle the risk.

Aside from being prepared to protect itself from possible flood and to handle the disaster if occurred, the Company has taken out several types of casualty insurance policies such as accident insurance, third-party liability insurance and property insurance to make itself ready for future incidents.

M/K RESTAURANT GROUP PUBLIC COMPANY LIMITED

Statements of Financial Position 2013

Report of the Board of Directors' Responsibilities for the Financial Statements

The Board of Directors of MK Restaurant Group Public Company Limited is responsible for the financial statements of the Company, its subsidiaries and jointly controller entities which have been prepared in accordance with generally accepted accounting standards in Thailand under Accounting Act B.E. 2543 and the Securities and Exchange Act B.E. 2535. The policies pursued are deemed appropriate and applied consistently with adequate disclosure of important information in the notes to the financial statements which the auditors has reviewed and expressed opinions in the auditor's report.

The Board of Directors has appointed the Audit Committee comprising of the independent directors to supervise the financial report, internal control system for the purpose of efficiency and effectiveness and align with the financial reporting standard in Thailand and international Best Practice to ensure that the accounting records are accurate, complete and timely to prevent fraud and materially irregular operations. The opinion of the Audit Committee regarding to these matters appears in the Report of Audit Committee in this Annual Report.

The Board of Directors has confidence that the internal control and the internal audit systems of the Company, its subsidiaries and jointly controller entities present the financial position, results and cash flow accurately.



Mr. Rit Thirakomen
Chairman of the Board of Directors

Report of the Audit Committee

The Audit Committee appointed by the Board of Directors consists of three independent directors. Chaired by Assoc. Prof. Dr. Annop Tanlamai, the Committee has Mrs. Vilai Chattanrassamee and Mr. Attapon Chodchoy as two audit members with Mr. Pasakorn Lila acting as the Committee's secretary. All directors are qualified in accordance with rules and regulations of the Securities and Exchange Commission (SEC).

The Audit Committee has performed its task upon roles and responsibilities entrusted by the Board of Directors with its expertise and independence to access all information as stated in the Stock Exchange of Thailand (SET)'s requirements. The Audit Committee also provides advice in related matters through sound collaboration with the management, internal auditor and the Company's auditor. In 2013, the Audit Committee convened six times, each of which was attended by all members. The meetings were held with executives, internal auditors and auditor. In addition, there were plans to meet with auditor alone without the management's presence during the review of the 2013 financial statements. Details of its tasks can be summarized as follows:

1. **To review the quarterly financial statements and the 2013 financial statements:** in this regard, the Audit Committee inquired and received explanations concerning the accuracy of financial statements and the adequacy of information disclosure from executives and auditor. It agreed with the auditor that the financial statements fairly presented the Company's financial positions in all material aspects and were reliable in accordance with the Generally-Accepted Accounting Principles (GAAP).
2. **To review the internal auditing:** in this regard, the Audit Committee examined missions, scopes of work, roles and responsibilities and independence of the Internal Audit Department to ensure that they accorded with the internal auditing guidelines of the SET. The Audit Committee also approved appointments of both the Internal Audit Department's manager and secretary to the Audit Committee. The Committee was of the opinion that the Company indeed had adequate and appropriate internal audit system of international standards.
3. **To review operation information and internal control:** This refers to attempts to assess adequacy and effectiveness of the internal control system to ensure that the business objective can be fulfilled. The assessment therefore was done by reviewing an internal audit report based on an approved action plan covering the Company's major operation. So far, no material defect has been found. The Company indeed had proper mechanisms to oversee its property, to comply with the laws on securities and exchange, the SET's requirements and other laws and regulations relating to its business, to grant authorization and approval based on required criteria that corresponded to best practices on internal control, to materialize transparent corporate governance and, finally, to effectively adapt to changing circumstances.

4. To review and express opinions regarding connected transactions or those with possible conflict of interest: The Audit Committee found that transactions undertaken by the Company were reasonable and done for the best interest of its business. Besides, they were transparent with related information fully and accurately disclosed.
5. To review auditor's performance and to appoint auditor: The Audit Committee reviewed the auditor's performance during the past year based mainly on his/her reliability, competency and advice on accounting standards, auditing and certifying given in a timely fashion before proposing to the Board who will subsequently seek approval from the Shareholders' Meeting. As such, the Committee has proposed Mr. Wichart Lokatekrawee or Ms. Kamontip Lertwitworatep or Ms. Siriwan Surathepin or Mrs. Saifon Inkaew of Ernst and Young Office Limited as the Company's auditor in 2013.

In short, having thoroughly performed its tasks as defined in the Audit Committee's Charter approved by the Board of Directors, the Audit Committee is of the view that the Company fairly reported its financial information and operation. It not only had an internal control system and internal auditing in place but it also complied with relevant laws, rules and regulations. Connected transactions were duly disclosed and the Company's performance indeed corresponded with corporate governance (CG) practice in an adequate, transparent and reliable manner. Besides, the Company constantly refined its operation for a better quality and to reflect evolving business environment.



Assoc. Prof. Dr. Annop Tanlamai
Chairman of the Audit Committee

Independent Auditor's Report

To the Shareholders of MK Restaurant Group Public Company Limited

I have audited the accompanying consolidated financial statements of MK Restaurant Group Public Company Limited, its subsidiaries and its jointly controlled entity which comprise the consolidated statement of financial position as at December 31, 2013, and the related consolidated statements of income, 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 statements of MK Restaurant Group Public Company Limited for the same period.

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 judgment, 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 MK Restaurant Group Public Company Limited, its subsidiaries and its jointly controlled entity and of MK Restaurant Group Public Company Limited as at December 31, 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

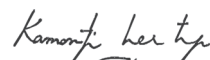
Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy made due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the consolidated and separate financial statements for the year ended December 31, 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented consolidated and separate statements of financial position as at January 1, 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.

EY Office Limited

(Formerly known as Ernst & Young Office Limited)

Bangkok: February 24, 2014



Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

Statements of Financial Position

MK Restaurant Group Public Company Limited
its subsidiaries and its jointly controlled entity
As at December 31, 2013

Unit: Baht

	Consolidated financial statements			Separate financial statements		
	Notes	December 31, 2013	December 31, 2012	January 1, 2012	December 31, 2012	January 1, 2012
		[Restated]			[Restated]	
Assets						
Current assets						
Cash and cash equivalents	8	870,947,585	786,839,559	440,873,025	641,293,393	658,370,669
Short-term investments	9	3,338,550,729	200,959,731	131,256,372	3,256,403,421	155,731,223
Trade and other receivables	7, 10	159,905,252	59,640,478	68,400,485	223,641,275	119,873,853
Short-term loan to related party	7	-	-	-	130,000,000	200,000,000
Inventories	11	226,047,794	202,821,005	177,648,203	212,703,212	192,929,344
Other current assets	12	347,315,046	83,068,938	56,857,663	322,453,596	60,192,180
Total current assets		4,942,766,406	1,333,329,711	875,035,748	4,786,494,897	1,387,097,269
Non-current assets						
Advances for purchases of building and equipment		9,521,518	11,852,736	-	9,521,518	11,852,736
Investments in subsidiaries	13	-	-	-	101,479,872	101,479,872
Investment in joint venture	14	-	-	-	149,207,500	66,082,500
Other long-term investments	15	5,000,000,000	-	-	5,000,000,000	-
Property, plant and equipment	16	4,285,762,456	2,992,827,491	2,243,548,339	3,617,499,030	2,413,765,612
Intangible assets	17	55,782,080	50,129,023	46,584,966	52,846,648	47,447,392
Leasehold rights	18	365,085,755	408,227,336	453,553,353	340,441,633	383,288,531
Deferred tax assets	4, 28	64,086,330	45,131,294	54,225,186	57,323,983	42,988,172
Deposits		283,180,069	244,864,491	185,001,178	220,959,155	196,367,401
Total non-current assets		10,063,418,208	3,753,032,371	2,982,913,022	9,549,279,339	3,263,272,216
Total assets		15,006,184,614	5,086,362,082	3,857,948,770	14,335,774,236	4,650,369,485

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

Statements of Financial Position (continued)

MK Restaurant Group Public Company Limited
its subsidiaries and its jointly controlled entity
As at December 31, 2013

Unit: Baht

		Consolidated financial statements		Separate financial statements	
		Notes	December 31, 2013	December 31, 2012	January 1, 2012
			(Restated)	(Restated)	(Restated)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loan from financial institution	19	-	850,000,000	900,000,000	900,000,000
Trade and other payables	7, 20	1,857,615,286	1,639,754,849	887,830,705	1,684,969,021
Short-term loan from related party	7	-	-	45,000,000	-
Income tax payable		229,479,338	298,157,375	367,758,007	290,077,911
Dividend payable		-	439,200,000	-	439,200,000
Current portion of deferred income of membership fee		35,336,088	28,957,526	25,309,595	24,412,917
Other current liabilities	21	155,669,508	183,822,179	158,261,002	162,674,284
Total current liabilities		2,278,100,220	3,439,891,929	2,384,159,309	3,255,021,758
Non-current liabilities					
Deferred income of membership fee - net of current portion		12,478,698	9,195,545	8,936,742	7,857,433
Provision for long-term employee benefits	22	191,385,272	165,835,594	112,960,950	180,738,834
Total non-current liabilities		203,863,970	175,031,139	121,897,692	188,596,267
Total liabilities		2,481,964,190	3,614,923,068	2,506,057,001	3,420,457,837
					2,349,863,005

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

Statements of Financial Position (continued)

MK Restaurant Group Public Company Limited
its subsidiaries and its jointly controlled entity
As at December 31, 2013

Unit: Baht

		Consolidated financial statements		Separate financial statements		
Notes		December 31, 2013	December 31, 2012	January 1, 2012	December 31, 2012	January 1, 2012
		[Restated]		[Restated]		
Shareholders' equity	23					
Share capital						
Registered						
925,850,000 ordinary shares of Baht 1 each (December 31, 2012: 920,000,000 ordinary shares of Baht 1 each) (January 1, 2012: 41,036,270 ordinary shares of Baht 10 each)		925,850,000	920,000,000	410,362,700	925,850,000	410,362,700
Issued and fully paid						
905,850,000 ordinary shares of Baht 1 each (December 31, 2012: 720,000,000 ordinary shares of Baht 1 each) (January 1, 2012: 41,036,270 ordinary shares of Baht 10 each)		905,850,000	720,000,000	410,362,700	905,850,000	410,362,700
Share premium	23	8,785,027,903	-	-	8,785,027,903	-
Capital reserve for share-based payment transactions	24	36,070,481	-	-	36,070,481	-
Retained earnings						
Appropriated - statutory reserve	25	92,585,000	92,000,000	41,036,270	92,585,000	41,036,270
Unappropriated		2,695,310,003	656,722,490	899,509,977	2,277,505,894	823,497,524
Other component of shareholders' equity		9,377,037	2,716,524	982,822	-	-
Total shareholders' equity		12,524,220,424	1,471,439,014	1,351,891,769	12,097,039,278	1,274,896,494
Total liabilities and shareholders' equity		15,006,184,614	5,086,362,082	3,857,948,770	14,335,774,236	3,624,759,499


Rit Thirakomen
Director


Somchai Hanjirkasem
Director

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

Income Statements

MK Restaurant Group Public Company Limited
its subsidiaries and its jointly controlled entity
For the year ended December 31, 2013

Unit: Baht

		Consolidated financial statements		Separate financial statements	
	Notes	2013	2012	2013	2012
			(Restated)		(Restated)
Revenues					
Sales and service income		13,969,228,592	12,987,168,099	12,627,612,230	11,968,228,199
Other income	26	271,124,646	153,959,212	287,927,308	173,823,996
Total revenues		14,240,353,238	13,141,127,311	12,915,539,538	12,142,052,195
Expenses	27				
Cost of sales and services		4,627,139,910	4,239,577,356	4,661,842,516	4,290,403,684
Selling expenses		6,130,392,341	5,529,830,293	5,138,014,386	4,793,813,341
Administrative expenses		935,315,411	743,304,880	789,762,895	638,240,919
Total expenses		11,692,847,662	10,512,712,529	10,589,619,797	9,722,457,944
Profit before finance cost and income tax expenses		2,547,505,576	2,628,414,782	2,325,919,741	2,419,594,251
Finance cost		(21,230,717)	(23,091,803)	(21,230,717)	(22,371,187)
Profit before income tax expenses		2,526,274,859	2,605,322,979	2,304,689,024	2,397,223,064
Income tax expenses	28	(487,102,346)	(573,904,304)	(444,509,778)	(528,602,778)
Profit for the year		2,039,172,513	2,031,418,675	1,860,179,246	1,868,620,286
Profit attributable to:					
Equity holders of the Company		2,039,172,513	2,031,418,675	1,860,179,246	1,868,620,286
Earnings per share	29				
Basic earnings per share					
Profit attributable to equity holders of the Company		2.57	4.11	2.34	3.78
Diluted earnings per share					
Profit attributable to equity holders of the Company		2.54	4.11	2.32	3.78


Rit Thirakomen
Director


Somchai Hanjikasem
Director

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

Statements of Comprehensive Income

MK Restaurant Group Public Company Limited
its subsidiaries and its jointly controlled entity
For the year ended December 31, 2013

Unit: Baht

	Consolidated financial statements		Separate financial statements	
Notes	2013	2012	2013	2012
		(Restated)		(Restated)
Profit for the year	2,039,172,513	2,031,418,675	1,860,179,246	1,868,620,286
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	6,660,513	1,733,702	-	-
Other comprehensive income for the year	6,660,513	1,733,702	-	-
Total comprehensive income for the year	2,045,833,026	2,033,152,377	1,860,179,246	1,868,620,286
Total comprehensive income attributable to: Equity holders of the Company	2,045,833,026	2,033,152,377	1,860,179,246	1,868,620,286


Rit Thirakomen
Director


Somchai Hanjitsakem
Director

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

Statements of Changes in Shareholders' Equity

MK Restaurant Group Public Company Limited
its subsidiaries and its jointly controlled entity
For the year ended December 31, 2013

Unit: Baht

Consolidated financial statements

	Notes	Issued and paid-up share capital	Share premium	Capital reserve of share-based payment transactions	Retained earnings		Translation adjustment	Other component of equity	Total
					Appropriated - statutory reserve	Unappropriated			
Balance as at December 31, 2011 - as previously reported		410,362,700	-	-	41,036,270	845,284,791	982,822		1,297,666,583
Cumulative effect of change in accounting policy for income tax	4	-	-	-	-	54,225,186	-		54,225,186
Balance as at December 31, 2011 - as restated		410,362,700	-	-	41,036,270	899,509,977	982,822		1,351,891,769
Share capital issued	23	309,637,300	-	-	-	-	-		309,637,300
Unappropriated retained earnings transferred to statutory reserve		-	-	-	50,963,730	(50,963,730)	-		-
Dividend paid	31	-	-	-	-	(2,223,242,432)	-		(2,223,242,432)
Total comprehensive income for the year - restated	4	-	-	-	-	2,031,418,675	1,733,702		2,033,152,377
Balance as at December 31, 2012		720,000,000	-	-	92,000,000	656,722,490	2,716,524		1,471,439,014
Balance as at December 31, 2012 - as previously reported		720,000,000	-	-	92,000,000	611,591,196	2,716,524		1,426,307,720
Cumulative effect of change in accounting policy for income tax	4	-	-	-	-	45,131,294	-		45,131,294
Balance as at December 31, 2012 - as restated		720,000,000	-	-	92,000,000	656,722,490	2,716,524		1,471,439,014
Share capital issued	23	185,850,000	8,785,027,903	-	-	-	-		8,970,877,903
Recognition of expenses against capital reserve for share-based payment transactions	24	-	-	36,070,481	-	-	-		36,070,481
Unappropriated retained earnings transferred to statutory reserve		-	-	-	585,000	(585,000)	-		-
Total comprehensive income for the year		-	-	-	-	2,039,172,513	6,660,513		2,045,833,026
Balance as at December 31, 2013		905,850,000	8,785,027,903	36,070,481	92,585,000	2,695,310,003	9,377,037		12,524,220,424

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

Statements of Changes in Shareholders' Equity (continued)

MK Restaurant Group Public Company Limited
its subsidiaries and its jointly controlled entity
For the year ended December 31, 2013

Unit: Baht

Separate financial statements

	Notes	Issued and paid-up share capital	Share premium	Capital reserve of share-based payment transactions	Retained earnings		Total
					Appropriated - statutory reserve	Unappropriated	
Balance as at December 31, 2011 - as previously reported		410,362,700	-	-	41,036,270	785,640,584	1,237,039,554
Cumulative effect of change in accounting policy for income tax	4	-	-	-	-	37,856,940	37,856,940
Balance as at December 31, 2011 - as restated		410,362,700	-	-	41,036,270	823,497,524	1,274,896,494
Share capital issued	23	309,637,300	-	-	-	-	309,637,300
Unappropriated retained earnings transferred to statutory reserve		-	-	-	50,963,730	(50,963,730)	-
Dividend paid	31	-	-	-	-	(2,223,242,432)	(2,223,242,432)
Total comprehensive income for the year - restated	4	-	-	-	-	1,868,620,286	1,868,620,286
Balance as at December 31, 2012		720,000,000	-	-	92,000,000	417,911,648	1,229,911,648
Balance as at December 31, 2012 - as previously reported		720,000,000	-	-	92,000,000	374,923,476	1,186,923,476
Cumulative effect of change in accounting policy for income tax	4	-	-	-	-	42,988,172	42,988,172
Balance as at December 31, 2012 - as restated		720,000,000	-	-	92,000,000	417,911,648	1,229,911,648
Share capital issued	23	185,850,000	8,785,027,903	-	-	-	8,970,877,903
Recognition of expenses against capital reserve for share-based payment transactions	24	-	-	36,070,481	-	-	36,070,481
Unappropriated retained earnings transferred to statutory reserve		-	-	-	585,000	(585,000)	-
Total comprehensive income for the year		-	-	-	-	1,860,179,246	1,860,179,246
Balance as at December 31, 2013		905,850,000	8,785,027,903	36,070,481	92,585,000	2,277,505,894	12,097,039,278


Rit Thirakomen
Director


Somchai Hanjitkasem
Director

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

Cash Flow Statements

MK Restaurant Group Public Company Limited
its subsidiaries and its jointly controlled entity
For the year ended December 31, 2013

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from operating activities				
Profit before tax	2,526,274,859	2,605,322,979	2,304,689,024	2,397,223,064
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Gain on sales of short-term investments	(15,198,569)	(2,142,635)	(13,670,316)	(2,122,581)
Gain on revaluation of short-term investments	(1,040,596)	(439,055)	(904,918)	(242,600)
Allowance for doubtful accounts	2,578,310	-	2,578,310	-
Loss on damage inventories	519,349	165,810	519,349	165,810
Amortisation of prepaid expenses	10,585,322	16,926,515	9,892,901	16,144,023
Depreciation and amortisation	598,126,792	518,922,715	476,045,998	426,774,650
Allowance for impairment of property, plant and equipment	32,001,006	7,875,230	13,486,242	7,875,230
Expenses for share-based payment transactions	36,070,481	-	33,496,239	-
Loss (gain) on disposals of equipment and leasehold rights	285,425	(1,460,528)	790,950	(1,451,243)
Loss on write-off of equipment and computer software	1,233,217	8,702,804	1,233,217	5,180,164
Provision for long-term employee benefits	29,549,678	65,576,068	26,801,319	62,083,383
Realisation of gift voucher, net of sales and cash received during the year	(19,358,343)	(16,081,173)	(19,050,333)	(15,867,573)
Realisation of deferred income, net of sales and cash received during the year	(28,957,526)	(25,309,595)	(24,412,917)	(21,921,910)
Interest income	(98,803,494)	(5,248,072)	(103,376,590)	(10,843,725)
Interest expenses	21,230,717	23,091,803	21,196,197	22,371,187
Profit from operating activities before changes in operating assets and liabilities	3,095,096,628	3,195,902,866	2,729,314,672	2,885,367,879

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

Cash Flow Statements (continued)

MK Restaurant Group Public Company Limited
its subsidiaries and its jointly controlled entity
For the year ended December 31, 2013

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from operating activities (continued)				
Operating assets (increase) decrease				
Trade and other receivables	(9,074,983)	9,094,258	(10,003,159)	(11,242,053)
Inventories	(23,746,138)	(25,338,612)	(20,293,217)	(22,273,916)
Other current assets	(264,954,318)	(31,918,750)	(260,687,797)	(18,478,233)
Deposits	(38,315,578)	(59,863,314)	(24,591,754)	(40,421,910)
Operating liabilities increase (decrease)				
Trade and other payables	20,251,600	617,863,458	(16,241,888)	575,607,517
Dividend payable	-	439,200,000	-	439,200,000
Other current liabilities	(8,794,328)	(397,557,650)	(10,645,074)	(402,639,646)
Deferred income	38,619,241	29,216,329	25,703,682	24,869,945
Provision for long-term employee benefits	(4,000,000)	(12,701,424)	(3,850,000)	(12,431,424)
Cash from operating activities	2,805,082,124	3,763,897,161	2,408,705,465	3,417,558,159
Cash received from interest income	5,035,393	4,913,821	9,608,259	10,509,217
Cash paid for interest expenses	(21,661,540)	(23,039,841)	(21,627,019)	(22,317,132)
Cash paid for corporate income tax	(540,792,394)	(634,411,044)	(508,284,495)	(606,554,563)
Net cash from operating activities	2,247,663,583	3,111,360,097	1,888,402,210	2,799,195,681

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

Cash Flow Statements (continued)

MK Restaurant Group Public Company Limited
its subsidiaries and its jointly controlled entity
For the year ended December 31, 2013

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from investing activities				
Decrease (increase) in short-term loan to related party	-	-	70,000,000	(30,000,000)
Increase in short-term investments	(8,121,351,833)	(67,121,670)	(8,086,096,964)	(22,109,670)
Decrease (increase) in cash paid in advances for purchases of building and equipment	2,331,218	(11,852,736)	2,331,218	(11,852,736)
Cash paid for investment in joint venture	-	-	(83,125,000)	-
Cash paid for purchases of property, plant and equipment	(1,694,711,540)	(1,125,770,478)	(1,470,136,525)	(897,339,814)
Cash paid for purchases of computer software	(14,712,296)	(11,446,886)	(13,821,572)	(10,010,308)
Cash paid for purchases of leasehold rights	(6,801,861)	(111,099)	(4,921,507)	(111,099)
Proceeds from disposals of property, plant and equipment	10,493,504	18,580,736	25,754,126	18,479,602
Proceeds from disposals of leasehold rights	6,801,860	-	6,801,860	-
Net cash used in investing activities	(9,817,950,948)	(1,197,722,133)	(9,553,214,364)	(952,944,025)
Cash flows from financing activities				
Decrease in short-term loan from financial institution	(850,000,000)	(50,000,000)	(850,000,000)	(50,000,000)
Decrease in short-term loan from related party	-	(45,000,000)	-	-
Cash received from share capital issued	8,936,934,878	309,637,300	8,936,934,878	309,637,300
Dividend paid	(439,200,000)	(1,784,042,432)	(439,200,000)	(1,784,042,432)
Net cash from (used) in financing activities	7,647,734,878	(1,569,405,132)	7,647,734,878	(1,524,405,132)
Increase in translation adjustment	6,660,513	1,733,702	-	-
Net increase (decrease) in cash and cash equivalents	84,108,026	345,966,534	(17,077,276)	321,846,524
Cash and cash equivalents at beginning of year	786,839,559	440,873,025	658,370,669	336,524,145
Cash and cash equivalents at end of year (Note 8)	870,947,585	786,839,559	641,293,393	658,370,669
Supplement disclosure of cash flows information				
Non-cash items				
Increase in accounts payable for purchases of plant and equipment	188,162,548	122,789,684	201,518,565	95,904,505
Dividend payable	-	439,200,000	-	439,200,000


Rit Thirakomen
Director


Somchai Hanjitkasem
Director

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

Notes to Consolidated Financial Statements

MK Restaurant Group Public Company Limited
its subsidiaries and its jointly controlled entity
For the year ended December 31, 2013

1. General information

MK Restaurant Group Public Company Limited ("the Company") is a limited company incorporated and domiciled in Thailand and subsequently transformed to be a public limited company under Thai law. The Company is principally engaged in sales of foods and beverages through restaurants, under the trademark "MK Restaurants". The registered office of the Company is at 1200 Bangna-trad Road, Bangna, Bangkok.

As at December 31, 2013, the Company had operated 393 branches (2012: 360 branches).

The Company registered with the Ministry of Commerce for the change of the status of the Company to be a public limited company under the Public Limited Companies Act and also registered for the change of its name from "MK Restaurant Company Limited" to "MK Restaurant Group Public Company Limited" on August 23, 2012.

2. Basis of preparation

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of MK Restaurant Group Public Company Limited ("the Company"), its subsidiaries ("the subsidiaries") and its jointly controlled entity ("the jointly controlled entity") as follows:

Unit: Percent

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
Investments in subsidiaries (held by the Company)				
MK Interfood Company Limited	Restaurant	Thailand	100	100
MK Service Training Center Company Limited	Training service provider	Thailand	100	100
Equity interest in jointly controlled entity (proportionate consolidation)				
Plenus & MK PTE. LTD.	Restaurant	Singapore	50	50

- b) 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.
- c) Jointly controlled entity is fully consolidated applying the proportionate consolidation method as from being the date on which the Company assumed joint control, and continue to be consolidated until the date when such joint control ceases.
- d) The financial statements of the subsidiaries and the jointly controlled entity are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of the overseas jointly controlled entity are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company, its subsidiaries and its jointly controlled entity have been eliminated from the consolidated financial statements.
- g) The financial statements of the overseas jointly controlled entity for the year ended December 31, 2013 included in the consolidated financial statements was prepared by the management of the jointly controlled entity and have not been reviewed by its auditor. Its aggregate assets as at December 31, 2013 were approximately Baht 166 million or 1.1 percent of the consolidated assets (2012: approximately Baht 68 million or 1.3 percent of the consolidated assets) and its aggregate revenue for the year ended December 31, 2013 were approximately Baht 101 million or 0.71 percent of the consolidated revenue (2012: approximately Baht 49 million or 0.37 percent of the consolidated revenue).

- 2.3 The separate financial statements, which present investments in subsidiaries and joint venture under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards

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

(a) Accounting standards that became effective in the current accounting year

Accounting Standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current period and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

(b) Accounting standards that will become effective in the future

	Effective date
Accounting Standards:	
TAS 1 (revised 2012) Presentation of Financial Statements	January 1, 2014
TAS 7 (revised 2012) Statement of Cash Flows	January 1, 2014
TAS 12 (revised 2012) Income Taxes	January 1, 2014
TAS 17 (revised 2012) Leases	January 1, 2014
TAS 18 (revised 2012) Revenue	January 1, 2014
TAS 19 (revised 2012) Employee Benefits	January 1, 2014
TAS 21 (revised 2012) The Effects of Changes in Foreign Exchange Rates	January 1, 2014
TAS 24 (revised 2012) Related Party Disclosures	January 1, 2014
TAS 28 (revised 2012) Investments in Associates	January 1, 2014
TAS 31 (revised 2012) Interests in Joint Ventures	January 1, 2014
TAS 34 (revised 2012) Interim Financial Reporting	January 1, 2014
TAS 36 (revised 2012) Impairment of Assets	January 1, 2014
TAS 38 (revised 2012) Intangible Assets	January 1, 2014
Financial Reporting Standards:	
TFRS 2 (revised 2012) Share-based Payment	January 1, 2014
TFRS 3 (revised 2012) Business Combinations	January 1, 2014
TFRS 4 Insurance Contracts	January 1, 2016
TFRS 5 (revised 2012) Non-current Assets Held for Sale and Discontinued Operations	January 1, 2014
TFRS 8 (revised 2012) Operating Segments	January 1, 2014
Accounting Standard Interpretations:	
TSIC 15 Operating Leases - Incentives	January 1, 2014
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease	January 1, 2014
TSIC 29 Service Concession Arrangements: Disclosures	January 1, 2014
TSIC 32 Intangible Assets - Web Site Costs	January 1, 2014

		Effective date
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	January 1, 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	January 1, 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	January 1, 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	January 1, 2014
TFRIC 10	Interim Financial Reporting and Impairment	January 1, 2014
TFRIC 12	Service Concession Arrangements	January 1, 2014
TFRIC 13	Customer Loyalty Programmes	January 1, 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	January 1, 2014
TFRIC 18	Transfers of Assets from Customers	January 1, 2014

The Company's management believes that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

4. Cumulative effect of the change in accounting policies due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the change described in Note 3 to the financial statements to their significant accounting policies, as a result of the adoption of TAS 12 Income Taxes. The cumulative effect of the change in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the income statements are summarised below.

Unit: Baht

	Consolidated financial statements			Separate financial statements		
	December 31, 2013	December 31, 2012	January 1, 2012	December 31, 2013	December 31, 2012	January 1, 2012
Statements of financial position						
Increase in deferred tax assets	64,086,330	45,131,294	54,225,186	57,323,983	42,988,172	37,856,940
Increase in unappropriated retained earnings	64,086,330	45,131,294	54,225,186	57,323,983	42,988,172	37,856,940

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	For the year ended		For the year ended	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
Income statements				
Increase (decrease) in income tax expenses	(18,955,036)	9,093,892	(14,335,811)	(5,131,232)
Increase (decrease) in profit attributable to equity holders of the Company	18,955,036	(9,093,892)	14,335,811	5,131,232
Increase (decrease) in basic earnings per share	0.0239	(0.0184)	0.0181	0.0104
Share	0.0236	(0.0184)	0.0179	0.0104

In addition, the Company and its subsidiaries had adopted TFRS 2 Share-based Payment as described in Note 24 to the financial statements.

5. Significant accounting policies

5.1 Revenue recognition

Sales and service income

These mainly represent revenues from sales of foods and beverages through the restaurants which are recognised upon goods being delivered and services being rendered. Sales and service income are the invoiced value, excluding value added tax, of goods supplied and services rendered after deducting discounts and allowances.

Membership fee

Income from membership cards is recognised on a straight-line basis over the membership period.

Interest income

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

Other income

Other income is recognised on an accrual basis.

5.2 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.

5.3 Trade accounts receivable

Trade accounts receivable are stated at their 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.

5.4 Inventories

Inventories of finished goods and work in process are valued at the lower of cost (first-in, first-out method) and net realisable value. Cost is defined as all the costs of production including labour cost and attributable factory overheads.

Raw materials and packing materials are valued at the lower of cost (first-in, first-out method) and net realisable value, and are charged to production costs whenever consumed.

5.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- c) Investments in subsidiaries and joint venture are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.6 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (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:

Land improvement	- 5 years
Building	- 20 years
Leasehold improvement	- Lease term
Utility system	- 10 years
Kitchen utensils and operating equipment	- 5 years
Machinery and equipment	- 5 years and 8 years
Furniture, fixtures and office equipment	- 3 years and 5 years
Motor vehicles	- 5 years

Depreciation is included in determining income.

No depreciation is provided on land, equipment under installation and construction in progress.

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 the income statement when the asset is derecognised.

5.7 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

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

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

	Useful lives
Computer software	5 years and 10 years

5.8 Leasehold rights and amortisation

Leasehold rights are stated at cost less accumulated amortisation and allowance for loss on impairment of assets (if any).

Amortisation of leasehold rights is calculated by reference to their costs on the straight-line basis over the lease period and included in determining income.

5.9 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 associated companies and 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.

5.10 Operating lease

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases are recognised as expenses in the income statements on a straight-line basis over the lease term.

When an operating lease is terminated before the lease period has expired, any 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.

5.11 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.

5.12 Impairment of assets

At the end of each reporting period, the Company, its subsidiaries and its jointly controlled entity perform impairment reviews in respect of the property, plant and equipment, intangible assets and leasehold rights 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.

5.13 Equity-settled share-based payment transactions

The Company recognises share-based payment transactions when services from employees are rendered, based on the fair value of the share options on the grant date. The expenses are recorded over the vesting period, in accordance with the conditions regarding length of service rendered by employees stipulated in the share-based payment plan, together with a corresponding increase in “Capital reserve for share-based payment transactions” in shareholders’ equity.

5.14 Employee benefits

Short-term benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Company, its subsidiaries and its jointly controlled entity have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company, its subsidiaries and its jointly controlled entity treat these severance payment obligations as a defined benefit plan. In addition, the Company, its subsidiaries and its jointly controlled entity provide other long-term employee benefit plan, namely long service awards.

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

Actuarial gains and losses arising from post-employment benefits and other long-term employee benefits are recognised immediately in profit or loss.

The defined benefit liabilities and other long-term benefit liabilities comprise the present value of the defined benefit obligations less unrecognised past service cost and unrecognised actuarial gains or losses.

5.15 Provisions

Provisions are recognised when the Company, its subsidiaries and its jointly controlled entity 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.

5.16 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

6. Significant accounting judgments 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 judgments and estimates affect reported amounts and disclosures and actual results could differ from these estimates.

Significant judgments and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement 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.

Impairment of other investment

The Company, its subsidiaries and its jointly controlled entity treat 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 judgment.

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 plant and equipment and to review estimated 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 in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

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 judgment 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.

Equity-settled share-based payment transactions

In estimating fair value for share-based payment transactions, the management is required to exercise judgment and to apply various assumptions, including the expected life of the share options, share price volatility and dividend yield.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans 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.

7. Related party transactions

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

Unit: Million Baht

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2013	2012	2013	2012	
Transactions with subsidiaries (Eliminated from the consolidated financial statements)					
Sales of goods	-	-	727	608	Cost plus margin at the rate of 7%
Sublease and subservice income	-	-	19	18	At the rate stipulated in the agreements
Management service income	-	-	12	12	At the rate of 5% of sales and service income (after output VAT deduction) with a maximum of Baht 1 million per annum
Interest income	-	-	5	6	At the rate as stipulated on promissory note of a commercial bank
Sales of fixed assets	-	-	15	17	Net book value plus margin
Training expenses	-	-	119	109	Market price
Transactions with related companies					
Royalty fee income	5	5	5	5	At the rate of 0.5% of gross sales per month
Sales of fixed assets	-	1	-	1	Net book value plus margin
Royalty fee expenses	40	32	-	-	At the rate of 2% of net sales per month
Rental expenses for operating equipment	34	30	25	23	Market price
Purchases of fixed assets	1	2	1	2	Market price
Rental expenses for land and construction	20	3	20	3	At the rate stipulated in the agreement
Interest expenses	-	1	-	-	At the rate of one year fixed deposit rate of a Commercial bank plus 0.5% per annum

As at December 31, 2013 and 2012, the balances of the accounts between the Company, its subsidiaries and its jointly controlled entity and those related parties are as follows:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade and other receivables - related parties (Note 10)				
Subsidiary	-	-	78,332,007	70,718,345
Related companies (related by common directors)	2,177,755	1,106,341	1,951,028	1,106,341
Total trade and other receivables - related parties	2,177,755	1,106,341	80,283,035	71,824,686
Other accounts payable - related parties (Note 20)				
Subsidiary	-	-	8,312,886	10,556,673
Related companies (related by common directors)	13,452,415	9,492,440	6,641,269	4,381,737
Total other accounts payable - related parties	13,452,415	9,492,440	14,954,155	14,938,410

Loan to related party and loan from related party

As at December 31, 2013 and 2012, the balance of loans between the Company, its subsidiaries and its jointly controlled entity and those related parties and the movements are as follows:

Unit: Baht

Separate financial statements					
Loan to related party	Relationship	Balance as at December 31, 2012	During the year		Balance as at December 31, 2013
			Increase	Decrease	
MK Interfood Co., Ltd.	Subsidiary	200,000,000	-	(70,000,000)	130,000,000
Total		200,000,000	-	(70,000,000)	130,000,000

Unit: Baht

Consolidated financial statements/Separate financial statements

Loan to related party	Relationship	Balance as at December 31,	During the year		Balance as at December 31,
		2012	Increase	Decrease	2013
MK Worldwide Co., Ltd.	Related company (related by common shareholders)	-	70,000,000	(70,000,000)	-
Total		-	70,000,000	(70,000,000)	-

- a) As at December 31, 2013, the Company granted a loan in the form of promissory note of Baht 130 million (2012: Baht 200 million) to MK Interfood Company Limited, a subsidiary. The loan is unsecured, carrying interest at the rate as stipulated on promissory note of a commercial bank and due for repayment on call.
- b) During the current year, the Company obtained a loan in form of promissory note of Baht 70 million from MK Worldwide Company Limited, a related company. The loan is unsecured, carrying interest at the rate of one-year fixed deposit of a commercial bank plus 0.5 percent per annum and due for repayment on call.

The Company repaid such loan in full on January 30, 2013.

Significant agreements with related parties

Franchise agreement for use of trademark, servicemark and operating license

On February 10, 1994, the Company entered into a franchise agreement with Plenus-MK Limited, a related party in Japan, in order to grant the latter the right to use the trademark and the servicemark of "MK Restaurants" in its operating of the Thai-style Sukiyaki restaurants in Japan. An initial franchise fee was Yen 25 million which was fully paid to the Company in 2002. A monthly royalty fee is charged at a rate of 0.5% of gross sales. The agreement shall continue for a term of three years, and thereafter shall be automatically renewed on a three-year basis until being terminated by either party by giving a written notice 180 days prior to the expiration of such agreement.

Management service agreement

On March 1, 2006, the Company entered into a management service agreement with MK Interfood Company Limited ("MKI"), whereby the Company agreed to provide management service to MKI in areas of branch operations, business development, engineering, procurement, marketing, accounting and finance, human resources and quality assurance. MKI agreed to pay management fees to the Company at a rate of 5% of sales and service income (after value added tax deduction) with a maximum of Baht 1 million per month. The agreement is effective for a period of two years and shall be automatically extended for another two years until MKI gives a written notice of termination three months prior to its expiration.

Sublease and subservice agreements

The Company entered into several sublease and subservice agreements, granting seven leasehold rights to MK Interfood Company Limited ("MKI"). Sublease and subservice fees are charged according to the terms of the agreements. The agreements are effective for a period of three years and will be renewed automatically for another three years unless MKI has breached them.

Land, building and warehouse lease agreement

The Company entered into a lease agreement for land, building and warehouse with Global Asset Development Co., Ltd. (formerly known as "MK Global Co., Ltd."), whereby the latter agrees to lease land and construction thereon under six title deeds to the Company and the Company agrees to pay the rental fee to Global Asset Development Co., Ltd. in a total amount of Baht 1,467,438 per month, effective from January 1, 2012 to December 31, 2014. The agreement states that the Company shall begin to pay the monthly rent from November 1, 2012 onwards. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

Land and distribution center building lease agreement

On March 1, 2013, the Company entered into a lease agreement for lease of land and distribution center building with Global Asset Development Co., Ltd., whereby the latter agrees to lease land and distribution center building to the Company and the Company agrees to pay the rental fee to Global Asset Development Co., Ltd. at the rate stipulated in the agreement. The lease agreement is for a period of 20 years, effective from November 1, 2013 to October 31, 2033. The agreement states that the Company shall begin to pay the monthly rent from November 1, 2013 onwards. In addition, the Company shall give a written notice to extend the agreement at least 90 days prior to the expiry date.

Directors and management's benefits

During the years ended December 31, 2013 and 2012, the Company, its subsidiaries and its jointly controlled entity had employee benefit expenses payable to their directors and management as below.

Unit: Million Baht

	Consolidated financial statements/ Separate financial statements	
	2013	2012
Short-term employee benefits	142	112
Post-employment benefits	2	2
Share-based payment	5	-
Total	149	114

During the year 2013, the Company and its subsidiaries had not paid post-employment benefits to their directors and management (2012: Baht 3 million).

8. Cash and cash equivalents

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash	160,271,325	155,105,304	141,752,681	139,184,111
Bank deposits in savings accounts	610,676,260	631,734,255	399,540,712	519,186,558
3-month fixed deposit	100,000,000	-	100,000,000	-
Total	870,947,585	786,839,559	641,293,393	658,370,669

As at December 31, 2013, bank deposits in savings accounts and fixed deposit carried interests between 0.13 and 3.20 percent per annum (2012: between 0.60 and 0.63 percent per annum).

9. Short-term investments

9.1 As at December 31, 2013 and 2012, short-term investments consisted of the following:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
8-month fixed deposits	1,400,000,000	-	1,400,000,000	-
12-month fixed deposits	1,600,000,000	-	1,600,000,000	-
Investments in trading securities (Note 9.2)	338,550,729	200,959,731	256,403,421	155,731,223
Total	3,338,550,729	200,959,731	3,256,403,421	155,731,223

As at December 31, 2013, fixed deposits carried interests between 3.40 and 3.55 percent per annum.

9.2 As at December 31, 2013 and 2012, investments in trading securities are summarised below:

Unit: Baht

	Consolidated financial statements			
	2013		2012	
	Cost	Fair value	Cost	Fair value
Asset Plus Fixed Income Dividend Fund 2	20,000,000	20,738,564	20,000,000	20,437,049
Krungsri Cash Management Fund	88,045,956	88,378,993	71,112,867	71,309,639
SCB Treasury Money Open End Fund	228,679,355	229,399,608	109,062,042	109,180,230
K Money Market Fund	32,020	33,564	32,020	32,813
Total short-term investments				
in trading securities	336,757,331	338,550,729	200,206,929	200,959,731
Add: Gain on change in value	1,793,398		752,802	
Total short-term investments				
in trading securities	338,550,729		200,959,731	

Unit: Baht

Separate financial statements

	2013		2012	
	Cost	Fair value	Cost	Fair value
Asset Plus Fixed Income Dividend Fund 2	20,000,000	20,738,564	20,000,000	20,437,049
Krungsri Cash Management Fund	6,230,780	6,231,684	26,080,813	26,081,131
SCB Treasury Money Open End Fund	228,679,355	229,399,608	109,062,042	109,180,230
K Money Market Fund	32,020	33,565	32,020	32,813
Total short-term investments				
in trading securities	254,942,155	256,403,421	155,174,875	155,731,223
Add: Gain on change in value	1,461,266		556,348	
Total short-term investments				
in trading securities	256,403,421		155,731,223	

Movements of short-term investments in trading securities during the years ended December 31, 2013 and 2012 are summarised below.

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Balance at beginning of year	200,959,731	131,256,372	155,731,223	131,256,372
Purchases	14,288,702,000	6,082,220,581	13,245,300,000	6,012,186,528
Sales	(14,167,350,167)	(6,015,098,912)	(13,159,203,036)	(5,990,076,858)
Gain on sales of investments	15,198,569	2,142,635	13,670,316	2,122,581
Gain on change in value	1,040,596	439,055	904,918	242,600
Balance at end of year	338,550,729	200,959,731	256,403,421	155,731,223

10. Trade and other receivables

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade accounts receivable - related parties				
Aged on the basis of due dates				
Not yet due	-	-	68,724,933	64,651,005
Total trade accounts receivable - related parties	-	-	68,724,933	64,651,005
Trade accounts receivable - unrelated parties				
Aged on the basis of due dates				
Not yet due	35,235,623	32,720,559	24,455,509	24,889,496
Total trade accounts receivable - unrelated parties	35,235,623	32,720,559	24,455,509	24,889,496
Total trade accounts receivable	35,235,623	32,720,559	93,180,442	89,540,501
Other receivables				
Other receivables - related parties	2,177,755	1,106,341	11,558,102	7,173,681
Advances	10,779,936	9,686,570	9,121,264	8,563,634
Accrued interest receivable	94,085,205	-	94,085,205	-
Others	20,205,043	16,127,008	18,274,572	14,596,037
Total other receivables	127,247,939	26,919,919	133,039,143	30,333,352
Less: Allowance for doubtful accounts	(2,578,310)	-	(2,578,310)	-
Total other receivables - net	124,669,629	26,919,919	130,460,833	30,333,352
Total trade and other receivables - net	159,905,252	59,640,478	223,641,275	119,873,853

11. Inventories

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Finished goods	144,753,026	128,819,803	134,808,239	120,838,052
Work in process	456,722	901,330	456,722	901,330
Raw materials	17,567,789	11,091,247	17,567,789	11,091,247
Supplies	63,270,257	62,008,625	59,870,462	60,098,715
Total	226,047,794	202,821,005	212,703,212	192,929,344

12. Other current assets

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Bank receivable - cash transferred to bank for payment of goods	287,372,710	30,133,034	269,198,014	15,282,763
Prepaid expenses	18,739,246	15,953,052	16,280,053	12,812,090
Undue input VAT	36,121,418	28,386,850	31,896,446	23,751,930
Others	5,081,672	8,596,002	5,079,083	8,345,397
Total	347,315,046	83,068,938	322,453,596	60,192,180

13. Investments in subsidiaries

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

Unit: Baht

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2013	2012	2013	2012	2013	2012
			(%)	(%)		
MK Interfood Company Limited	150,000,000	150,000,000	100	100	49,049,977	49,049,977
MK Service Training Center Company Limited	35,000,000	35,000,000	100	100	52,429,895	52,429,895
Total					101,479,872	101,479,872

14. Investment in joint venture

Unit: Baht

Separate financial statements					
Jointly controlled entity's name	Nature of business	Shareholding percentage		Cost	
		2013	2012	2013	2012
		(%)	(%)		
Plenus and MK PTE. LTD.	Restaurant	50	50	149,207,500	66,082,500
Total				149,207,500	66,082,500

On February 26, 2013, the Meeting of the Board of Directors of the Company passed a resolution to approve an additional investment in the share capital increase of Plenus and MK PTE. LTD. in the proportion of the Company of SGD 3.5 million, which was paid on March 27, 2013. The registered share capital of that company increased to SGD 12.5 million (12.5 million ordinary shares of SGD 1 each), in which the Company's shareholding remains at 50 percent of share capital. Such joint venture registered the change of its share capital on May 15, 2013.

15. Other long-term investments

Unit: Baht

	Consolidated financial statements/ Separate financial statements	
	2013	2012
Other investment		
Oversea non-marketable securities - cost	7,278,275	7,278,275
Less: Allowance for loss on diminution in value	(7,278,275)	(7,278,275)
Other investment - net	-	-
Deposit at financial institution		
15-month fixed deposit	5,000,000,000	-
Other long-term investments - net	5,000,000,000	-

As at December 31, 2013, fixed deposit carried interests 3.70 percent per annum.

Unit: Baht

[illegible]

Unit: Baht

Consolidated financial statements

[illegible]

Unit: Baht

Separate financial statements

[illegible]

Unit: Baht

Separate financial statements

[illegible]

As at December 31, 2013 and 2012, certain equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 2,500 million and Baht 2,227 million, respectively (the Company only: Baht 2,368 million and Baht 2,137 million, respectively).

The Company has mortgaged land with net book value of approximately Baht 108 million as at December 31, 2013 as collateral against overdraft facilities granted from a financial institution (2012: Baht 108 million).

17. Intangible assets

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

	Unit: Baht	
	Consolidated financial statements	Separate financial statements
Cost		
January 1, 2012	71,012,358	68,323,573
Additions	11,446,886	10,010,309
Disposals	(183,726)	(183,726)
December 31, 2012	82,275,518	78,150,156
Additions	14,712,296	13,821,572
December 31, 2013	96,987,814	91,971,728
Accumulated amortisation		
January 1, 2012	24,427,392	23,481,890
Amortisation for the year	7,844,674	7,346,445
Amortisation on disposals	(125,571)	(125,571)
December 31, 2012	32,146,495	30,702,764
Amortisation for the year	9,059,239	8,422,316
December 31, 2013	41,205,734	39,125,080
Net book value		
December 31, 2012	50,129,023	47,447,392
December 31, 2013	55,782,080	52,846,648
Amortisation for the year		
2012	7,844,674	7,346,445
2013	9,059,239	8,422,316

18. Leasehold rights

Unit: Baht

	Consolidated financial statements	Separate financial statements
Cost		
January 1, 2012	1,119,468,716	1,084,969,311
Additions	111,099	111,099
Disposals	(33,389,708)	(33,389,708)
December 31, 2012	1,086,190,107	1,051,690,702
Additions	6,801,861	4,921,507
Disposals	(34,164,678)	(34,164,678)
December 31, 2013	1,058,827,290	1,022,447,531
Accumulated amortisation		
January 1, 2012	665,915,363	658,137,113
Amortisation for the year	45,437,115	43,654,765
Amortisation on disposals	(33,389,707)	(33,389,707)
December 31, 2012	677,962,771	668,402,171
Amortisation for the year	42,959,011	40,783,974
Amortisation on disposals	(27,180,247)	(27,180,247)
December 31, 2013	693,741,535	682,005,898
Net book value		
December 31, 2012	408,227,336	383,288,531
December 31, 2013	365,085,755	340,441,633
Amortisation for the year		
2012	45,437,115	43,654,765
2013	42,959,011	40,783,974

19. Short-term loan from financial institution

As at December 31, 2012, the short-term loan from financial institution of Baht 850 million was loan in form of promissory note bearing interest at the rate as stipulated in the agreement and was guaranteed by the Company's directors. During the current year, the Company fully repaid such loan.

20. Trade and other payables

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade accounts payable - unrelated parties	532,061,767	518,469,250	518,430,174	510,584,904
Other accounts payable - related parties	13,452,415	9,492,440	14,954,155	14,938,410
Other accounts payable - unrelated parties (purchases of fixed assets)	446,224,866	238,005,633	400,921,157	187,936,072
Accrued expenses	838,971,135	846,412,299	724,640,862	749,294,183
Others	26,905,103	27,375,227	26,022,673	25,903,077
Total	1,857,615,286	1,639,754,849	1,684,969,021	1,488,656,646

21. Other current liabilities

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Property tax payable	66,018,888	68,856,888	56,411,840	59,939,995
Value added tax payable	45,539,274	59,966,958	38,308,977	53,708,554
Unearned income - gift voucher	13,302,472	16,681,349	12,965,112	16,406,549
Withholding tax payable and social security fund payable	17,741,630	19,277,575	14,448,316	16,936,936
Others	13,067,244	19,039,409	10,844,632	15,682,250
Total	155,669,508	183,822,179	132,978,877	162,674,284

22. Provision for long-term employee benefits

22.1 Defined contribution plans

The Company, its subsidiaries and their permanent employees have jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. Such fund is monthly contributed by both the employees, the Company and its subsidiaries at rates of 2 percent of the employees' basic salaries. The fund is managed by TISCO Asset Management Company Limited. During the year 2013, the Company and its subsidiaries contributed Baht 36.9 million and the Company contributed Baht 33.4 million to the fund.

22.2 Defined benefit plans and other long-term employee benefits

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

Unit: Baht

	Consolidated financial statements		
	Retirement benefits plan	Long service awards plan	Total
As at January 1, 2012	84,313,344	28,647,606	112,960,950
Current service cost	7,281,763	3,078,707	10,360,470
Interest cost	3,574,953	904,610	4,479,563
Benefits paid during the year	(5,491,424)	(7,210,000)	(12,701,424)
Actuarial losses	49,636,428	1,099,607	50,736,035
As at December 31, 2012	139,315,064	26,520,530	165,835,594
Current service cost	16,497,768	6,309,641	22,807,409
Interest cost	5,698,210	1,044,059	6,742,269
Benefits paid during the year	-	(4,000,000)	(4,000,000)
As at December 31, 2013	161,511,042	29,874,230	191,385,272

Unit: Baht

Separate financial statements

	Retirement benefits plan	Long service awards plan	Total
As at January 1, 2012	80,813,303	27,322,253	108,135,556
Current service cost	6,763,086	2,788,945	9,552,031
Interest cost	3,427,956	860,728	4,288,684
Benefits paid during the year	(5,491,424)	(6,940,000)	(12,431,424)
Actuarial losses	47,238,907	1,003,761	48,242,668
As at December 31, 2012	132,751,828	25,035,687	157,787,515
Current service cost	14,840,484	5,548,350	20,388,834
Interest cost	5,429,122	983,363	6,412,485
Benefits paid during the year	-	(3,850,000)	(3,850,000)
As at December 31, 2013	153,021,434	27,717,400	180,738,834

Long-term employee benefit expenses included in selling and administrative expenses in the income statements were as follows:

Unit: Baht

Consolidated financial statements Separate financial statements

	2013	2012	2013	2012
Current service cost	22,807,409	10,360,470	20,388,834	9,552,031
Interest cost	6,742,269	4,479,563	6,412,485	4,288,684
Actuarial losses	-	50,736,035	-	48,242,668
Total expenses recognised in the income statements	29,549,678	65,576,068	26,801,319	62,083,383

Principal actuarial assumptions at the valuation date were as follows:

Unit: Percent per annum

	Consolidated financial statements/ Separate financial statements	
	2013	2012
Discount rate	4.1	4.1
Future salary increase rate (depending on age of employees)	4.0 - 6.0	4.0 - 6.0
Inflation rate	3.5	3.5
Staff turnover rate (depending on age of employees)	4.0 - 16.0	4.0 - 16.0

Amounts of defined benefit obligation for the current and previous two periods are as follows:

Unit: Million Baht

	Retirement benefits plan		Long service awards plan	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2013	161.5	153.0	29.9	27.7
Year 2012	139.3	132.8	26.5	25.0
Year 2011	84.3	80.8	28.6	27.3

Unit: Million Baht

	Experience adjustments on the obligation			
	Retirement benefits plan		Long service awards plan	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2013	-	-	-	-
Year 2012	35.7	33.8	0.8	0.7
Year 2011	-	-	-	-

23. Share capital

- 23.1 On March 7, 2012, the Extraordinary Meeting of Shareholders of the Company passed a special resolution to increase the registered share capital of the Company from Baht 410.4 million (41.04 million ordinary shares, at Baht 10 per share) to Baht 414.5 million (41.45 million ordinary shares, at Baht 10 per share). The Company registered such share capital increase with the Ministry of Commerce on March 19, 2012.
- 23.2 On September 18, 2012, the Extraordinary Meeting of Shareholders of the Company passed special resolutions as follows:
- 23.2.1 To change the par value of the Company's ordinary shares from Baht 10 per share to Baht 1 per share, resulting in an increase in the number of ordinary shares from 41,450,800 shares to 414,508,000 shares. The Company registered the change in the par value of the Company's ordinary shares with the Ministry of Commerce on September 25, 2012.
- 23.2.2 To increase the registered share capital of the Company from Baht 414.5 million (414.5 million ordinary shares, at Baht 1 per share after the change in the par value as discussed in Note 23.2.1) to Baht 920 million (920 million ordinary shares, at Baht 1 per share) by issuing 505,492,000 new ordinary shares with a par value of Baht 1 per share. The Company registered the increase of its registered share capital with the Ministry of Commerce on September 27, 2012.
- 23.2.3 To allocate 505,492,000 new ordinary shares as follows:
- 1) 305,492,000 shares to be offered to the existing shareholders in proportion to their shareholding in the Company (right offering) with a subscription ratio of 1 new share for every 1.35685386196 existing shares with an offer price of Baht 1 per share. The period for subscription and payment was between September 19 and 25, 2012.
- During such period, the Company received payment amounting to Baht 305,492,000 for 305,492,000 additional issued shares. As a result, the issued and paid-up share capital of the Company equaled Baht 720 million (720 million ordinary shares, at Baht 1 per share). The Company registered the increase of its paid-up share capital with the Ministry of Commerce on September 27, 2012.
- 2) 180,000,000 shares to be offered to the public for the first time and assigned to a committee which is authorised to determine conditions and other details relevant to the allocation of shares including the authority to take any actions necessary or incidental to the sale of shares in all respects, including the appointment of a distributor and underwriter. The committee is also responsible for the preparation of requests and supporting documents which are to be submitted to the Securities and Exchange Commission and other agencies involved as well as other agreements that are relevant to such operations.
 - 3) 20,000,000 shares to be reserved for the exercise of warrants that the Company issued and offered to the management (including the management in the director position) and employees of the Company and/or employees of subsidiaries of the Company.

23.3 On January 3, 2013, the Extraordinary Meeting of Shareholders of the Company passed special resolutions as follows:

23.3.1 To decrease the registered share capital of the Company from Baht 920 million (920 million ordinary shares, at Baht 1 per share) to Baht 720 million (720 million ordinary shares, at Baht 1 per share) in order to cut the registered shares that have not been issued or cannot be issued before the capital increase.

23.3.2 To increase the registered share capital of the Company from Baht 720 million to Baht 925.85 million (925.85 million ordinary shares, at Baht 1 per share) by issuing 205,850,000 new ordinary shares with a par value of Baht 1 per share. The Company registered the increase of its registered share capital with the Ministry of Commerce on January 8, 2013.

23.4 During August 5 - 7, 2013, the Company offered 185.85 million ordinary shares, with a par value of Baht 1 each, at a price of Baht 49 each through the Initial Public Offering. The Company registered the increase of its issued and paid-up share capital from Baht 720 million (720 million ordinary shares with a par value of Baht 1 each) to Baht 905.85 million (905.85 million ordinary shares with a par value of Baht 1 each) with the Ministry of Commerce on August 9, 2013, and the Stock Exchange of Thailand approved the 905.85 million ordinary shares with a par value of Baht 1 each as listed securities for trading, effective from August 15, 2013. The Company incurred expenses relating to the share offering totaling Baht 135.8 million (net of income tax of Baht 33.9 million), which were presented as a deduction from the share premium.

24. Warrants

On September 18, 2012, the Extraordinary Meeting of Shareholders of the Company passed a special resolution to issue and offer 20,000,000 registered warrants (the warrants are exercisable within 5 years after the warrants are issued with the exercise price of Baht 1 per 1 ordinary share) to the management including the management in the director position and employees of the Company and/or employees of the subsidiaries of the Company at free of charge. Such warrants identify the name of the holder and are non-transferable unless being transferred as inheritance or transferred to heirs or legal representatives or transferred in any case deemed appropriate by a committee. The warrants are to be a reward for the work of the management and staff as well as for the warrant holders to take part in the Company's ownership. The Company will allocate the warrants to its owners within one year from the date of approval for issuance of warrants from the meeting of shareholders of the Company.

On February 26, 2013, the Meeting of the Board of Directors of the Company passed a resolution to amend type of warrants to be specific name and non-transferrable warrants. The transfer of warrant can be conducted only in the case when the management and employees pass away.

On August 7, 2013, the Company allocated and issued 20,000,000 warrants to the management including the management in the director position and employees of the Company and/or employees of the subsidiaries of the Company at free of charge ("ESOP" or "M-WA"). The exercise period is within 5 years commencing on August 7, 2013, and the warrants can be exercised to acquire the new ordinary shares of the Company for totaling 17 times. The warrants are first exercisable after 1 year since the date that the Company allotted and issued the warrants, with the first exercise date falling on September 30, 2014. The following exercise dates fall on the last working days of March, June, September and December and the last exercise date is August 6, 2018.

The exercise ratio is 1 warrant per 1 new ordinary share, and the exercise price is Baht 1 per share. The warrants are exercisable under the following conditions.

- Up to 10 percent of all allotted warrants are exercisable after 12 months from the allotted date.
- Additional 20 percent of all allotted warrants are exercisable after 24 months from the allotted date.
- Additional 30 percent of all allotted warrants are exercisable after 36 months from the allotted date.
- The remainder of unexercised warrants is exercisable without limitation after the 48 months from the allotted date until the warrants expire.
- In the event that a warrant holder no longer holds a position of management or employee of the Company and/or employee of the subsidiaries of the Company due to retirement according to the Company's regulations, such management or employee is entitled to exercise warrants until the expiry date.
- In case a warrant holder passes away, heirs or legatees (as the case may be) of such holder is entitled to exercise warrants to acquire ordinary shares in an amount of the warrants that are exercisable in accordance with the exercising period until the expiry date.
- If a warrant holder is transferred to another unit or another company as approved by the Board of Directors whereby such director, management or employee has remained to be management or employee of the Company and/or of the subsidiaries of the Company as at the exercise date, such management or employee is entitled to exercise warrants until the expiry date.

The estimated fair value of each share option granted is Baht 42.40 - 46.38, which was calculated by applying the Black-Scholes-Merton formula. The model inputs were the share price at price determination date of Baht 49, exercise price of Baht 1, expected volatility of 38.3%, expected dividend yield of 3%, contractual life of 1 - 5 years, and a risk-free interest rate of 3.5% per annum.

During the year ended December 31, 2013, the Company and its subsidiaries recorded expenses of Baht 36 million (the Company only: Baht 33 million) related to the ESOP or M-WA scheme as personnel expenses in the income statement, together with a corresponding increase in “Capital reserve for share-based payment transactions” in the shareholder’s equity.

As at December 31, 2013, there were 20,000,000 unexercised M-WA warrants.

25. 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.

26. Other income

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Member card fees	42,619,371	36,134,835	34,401,734	31,494,729
Salvage and scrap sales	42,811,386	26,907,711	37,640,202	22,596,136
Sublease and subservice income	-	-	18,790,866	17,937,978
Management service income	-	-	12,000,000	12,000,000
Royalty fee income	16,041,207	6,864,952	16,041,207	6,864,952
Expiry of gift voucher	6,315,600	3,781,100	6,315,600	3,781,100
Interest income	98,803,494	5,248,072	103,376,590	10,843,725
Income from flood insurance	5,435,846	38,477,943	5,435,846	34,496,506
Gain on disposals of property, plant and equipment and leasehold rights	-	1,460,528	-	1,451,243
Others	59,097,742	35,084,071	53,925,263	32,357,627
Total	271,124,646	153,959,212	287,927,308	173,823,996

27. Expenses by nature

Significant expenses by nature are as follows:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Salary, wages and other employee benefits	3,990,743,762	3,596,492,879	3,439,759,727	3,168,145,334
Raw material and consumables used	1,633,378,929	1,493,256,706	1,346,694,559	1,447,519,490
Rental and service expenses from operating lease agreements	1,134,184,071	946,342,744	946,602,536	818,856,381
Utilities expenses	647,370,897	569,083,262	548,382,735	491,242,672
Depreciation and amortisation	598,126,792	518,922,715	476,045,998	426,774,650
Advertising expenses	299,941,927	258,793,922	217,184,198	179,780,664
Repair and maintenance expenses	161,329,942	138,791,911	145,852,995	128,430,534
Training expenses	722,976	614,400	95,897,678	109,476,815
Property tax expenses	50,867,726	45,532,989	44,940,285	40,917,201
Travelling expenses	43,169,608	57,926,849	36,215,017	48,814,224
Allowance for impairment of property, plant and equipment	32,001,006	7,875,230	13,486,242	7,875,230
Changes in inventories of finished goods and work in process	15,488,615	20,095,599	13,525,579	17,596,927

28. Income tax

Income tax expenses for the years ended December 31, 2013 and 2012 are made up as follows:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Current income tax:				
Current income tax charge	505,359,282	566,488,449	458,147,489	535,412,057
Adjustment in respect of current income tax of previous year	698,100	(1,678,037)	698,100	(1,678,037)
Deferred tax:				
Relating to origination and reversal of temporary differences	(18,955,036)	6,892,484	(14,335,811)	(7,233,754)
Effects of changes in the applicable tax rate	-	2,201,408	-	2,102,522
Income tax expenses reported in the income statements	487,102,346	573,904,304	444,509,778	528,602,778

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended December 31, 2013 and 2012 is presented below.

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Accounting profit before tax	2,526,274,859	2,605,322,979	2,304,689,024	2,397,223,064
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	505,254,972	599,224,285	460,937,805	551,361,305
Adjustment in respect of current income tax of previous year	698,100	(1,678,037)	698,100	(1,678,037)
Effects of changes in the applicable tax rate	-	2,201,408	-	2,102,522
Effects of:				
Income not subject to tax	(65,743)	(73,302)	(65,743)	(73,302)
Non-deductible expenses	3,862,987	4,669,587	2,343,332	4,008,201
Additional expense deductions allowed	(22,647,970)	(30,439,637)	(19,403,716)	(27,117,911)
Total	(18,850,726)	(25,843,352)	(17,126,127)	(23,183,012)
Income tax expenses reported in the income statements	487,102,346	573,904,304	444,509,778	528,602,778

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

Unit: Baht

Statements of financial position

Consolidated financial statements

	As at December 31, 2013	As at December 31, 2012	As at January 1, 2012
	(Restated)		
Deferred tax assets			
Allowance for doubtful accounts	515,662	-	-
Allowance for loss on diminution in value of other investment	1,455,655	1,455,655	1,455,655
Allowance for impairment of assets	14,763,350	8,363,149	6,788,103
Provision for long-term employee benefits	38,277,054	33,167,119	22,973,233
Expenses for share-based payment transactions	7,214,097	-	-
Unused tax loss	-	-	14,437,208
Others	2,219,192	2,295,931	8,642,926
Total	64,445,010	45,281,854	54,297,125
Deferred tax liabilities			
Unrealised gain on revaluation of short-term investments in trading securities	358,680	150,560	71,939
Total	358,680	150,560	71,939
Net deferred tax assets	64,086,330	45,131,294	54,225,186

Unit: Baht

Statements of financial position

Separate financial statements

	As at December 31, 2013	As at December 31, 2012	As at January 1, 2012
(Restated)			
Deferred tax assets			
Allowance for doubtful accounts	515,662	-	-
Allowance for loss on diminution in value of other investment	1,455,655	1,455,655	1,455,655
Allowance for impairment of assets	11,060,397	8,363,149	6,788,103
Provision for long-term employee benefits	36,147,767	31,557,503	22,000,054
Expenses for share-based payment transactions	6,699,248	-	-
Others	1,737,507	1,723,135	7,685,067
Total	57,616,236	43,099,442	37,928,879
Deferred tax liabilities			
Unrealised gain on revaluation of short-term investments in trading securities	292,253	111,270	71,939
Total	292,253	111,270	71,939
Net deferred tax assets	57,323,983	42,988,172	38,856,940

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2012, the decreases in tax rates for 2012 - 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

29. Earnings per share

Basic earnings per share is calculated by dividing profit for the years attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the change in par value from Baht 10 each to Baht 1 each as discussed in Note 23 to the financial statements. The number of ordinary shares is adjusted as if the changes in number of shares and per value had occurred at the beginning of the earliest year reported.

Diluted earnings per share is calculated by dividing profit for the years attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that such conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

29.1 Weighted average number of ordinary shares

Unit: Thousand Shares

	Consolidated financial statements/ Separate financial statements	
	2013	2012
Balance brought forward	720,000	410,363
Add: The weighted average number of ordinary shares issued during the year	73,831	83,391
Weighted average number of ordinary shares	793,831	493,754

29.2 Reconciliation of diluted earnings per share

The following table sets forth the computation of basic and diluted earnings per share:

Consolidated financial statements						
For the years ended December 31,						
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2013 (Baht)	2012 (Baht)	2013 (Thousand shares)	2012 (Thousand shares)	2013 (Baht)	2012 (Baht)
		(Restated)				(Restated)
Basic earnings per share						
Profit attributable to equity holders of the Company	2,039,172,513	2,031,418,675	793,831	493,754	2.57	4.11
Effect of dilutive potential ordinary shares						
Warrants offering to the directors and employees of the Company and its subsidiaries 20,000,000 warrants			7,895	-		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	2,039,172,513	2,031,418,675	801,726	493,754	2.54	4.11

Separate financial statements

For the years ended December 31,

	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2013 (Baht)	2012 (Baht)	2013 (Thousand shares)	2012 (Thousand shares)	2013 (Baht)	2012 (Baht)
		(Restated)				(Restated)
Basic earnings per share						
Profit attributable to equity holders of the Company	1,860,179,246	1,868,620,286	793,831	493,754	2.34	3.78
Effect of dilutive potential ordinary shares						
Warrants offering to the directors and employees of the Company and its subsidiaries						
20,000,000 warrants			7,895	-		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	1,860,179,246	1,868,620,286	801,726	493,754	2.32	3.78

30. Operating segment information

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

The Company, its subsidiaries and its jointly controlled entity are engaged in 2 business segments which are restaurant business and training service provider business. Their operations are carried on in geographical areas of Thailand and Singapore. However, the restaurant business in Thailand is the main business segment and the segment information that has been considered based on a quantitative basis is over 90 percent of operating segments and geographical areas. For this reason, the chief operating decision maker considers aggregating the operating segments into one reportable segment of restaurant operation.

Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Major customers

For the years 2013 and 2012, the Company, its subsidiaries and its jointly controlled entity have no major customer with revenue of 10 percent or more of an entity's revenues.

31. Dividends

Dividends declared during the year ended December 31, 2012 consist of the following:

Unit: Baht

		Consolidated financial statements/ Separate financial statements	
Dividends	Approved by	Total dividends	Dividend per share
2012			
First interim dividend for 2012	Board of Directors' Meeting on June 7, 2012 (Par value of Baht 10 per share)	1,284,145,784	30.98
Second interim dividend for 2012	Board of Directors' Meeting on September 7, 2012 (Par value of Baht 10 per share)	499,896,648	12.06
Third interim dividend for 2012	Board of Directors' Meeting on December 19, 2012 (Par value of Baht 1 per share)	439,200,000	0.61
Total		<u>2,223,242,432</u>	

32. Commitments and contingent liabilities

32.1 Capital commitments

As at December 31, 2013, the Company had capital commitments of approximately Baht 102.6 million (2012: Baht 45.2 million), relating to the agreements to construct an office building and to construct and renovate a distribution center.

32.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of building space and equipment and other service agreements. The terms of the agreements are generally between 3 and 20 years.

Future minimum lease payments required under these non-cancellable operating lease and service contracts were as follows:

Unit: Million Baht

	As at December 31,	
	2013	2012
Payable within:		
Less than 1 year	1,017	917
1 to 5 years	1,043	1,108
More than 5 years	435	290

32.3 Futures contracts

The Company has entered into futures contracts with many local companies, whereby the Company and those companies agreed quantity, schedule, place and price of goods to be delivered. The Company has agreed to pay for the goods at the rates stipulated in the contracts.

As at December 31, 2013, the Company had future minimum payments under such contracts of approximately Baht 31 million.

32.4 Guarantees

As at December 31, 2013, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries of approximately Baht 13.6 million (2012: Baht 6.5 million), in respect of certain performance bonds as required in the normal course of businesses. These included letters of guarantee amounting to Baht 6.3 million (2012: Nil) to guarantee payments due to creditors and Baht 7.3 million (2012: Baht 6.5 million) to guarantee electricity use.

33. Financial instruments

33.1 Financial risk management

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

Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables, loans and notes receivable. The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Group does 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, loans and notes receivable as stated in the statement of financial position.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to its bank deposits, loans and short-term borrowings. However, since most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

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

Unit: Million Baht

Consolidated financial statements as at December 31, 2013

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years				
(% per annum)						
Financial assets						
Cash and cash equivalents	100	-	494	277	871	0.13 - 3.20
Short-term investments	3,000	-	-	339	3,339	3.40 - 3.55
Trade and other receivables	-	-	-	160	160	-
Other long-term investments	-	5,000	-	-	5,000	3.70
	3,100	5,000	494	776	9,370	
Financial liabilities						
Trade and other payables	-	-	-	1,858	1,858	-
	-	-	-	1,858	1,858	

Unit: Million Baht

Consolidated financial statements as at December 31, 2012

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate
(% per annum)					
Financial assets					
Cash and cash equivalents	-	565	222	787	0.60 - 0.63
Short-term investments	-	-	201	201	-
Trade and other receivables	-	-	60	60	-
	-	565	483	1,048	
Financial liabilities					
Short-term loan from financial institution	850	-	-	850	3.70
Trade and other payables	-	-	1,640	1,640	-
	850	-	1,640	2,490	

Unit: Million Baht

Consolidated financial statements as at December 31, 2013

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate
	Within 1 year	1 - 5 years				
(% per annum)						
Financial assets						
Cash and cash equivalents	100	-	377	164	641	0.13 - 3.20
Short-term investments	3,000	-	-	256	3,256	3.40 - 3.55
Trade and other receivables	-	-	-	224	224	-
Short-term loan to related party	-	-	130	-	130	2.60 - 3.70
Other long-term investments	-	5,000	-	-	5,000	3.70
	3,100	5,000	507	644	9,251	
Financial liabilities						
Trade and other payables	-	-	-	1,685	1,685	-
	-	-	-	1,685	1,685	

Unit: Million Baht

Consolidated financial statements as at December 31, 2012

	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate
(% per annum)					
Financial assets					
Cash and cash equivalents	-	487	171	658	0.60 - 0.63
Short-term investments	-	-	156	156	-
Trade and other receivables	-	-	120	120	-
Short-term loan to related party	-	200	-	200	3.50 - 3.80
	-	687	447	1,134	
Financial liabilities					
Short-term loan from financial institution	850	-	-	850	3.70
Trade and other payables	-	-	1,489	1,489	-
	850	-	1,489	2,339	

Foreign currency risk

The Group company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies as at December 31, 2013 and 2012 are summarised below.

As at December 31, 2013			
Foreign currency	Financial assets		Average exchange rate as at December 31, 2013
	Consolidated financial statements	Separate financial statements	
	(Million)	(Million)	(Baht per 1 foreign currency unit)
Japanese yen	5.5	5.5	0.3102
US dollar	0.05	0.05	32.6778

Financial liabilities			
Foreign currency	Financial liabilities		Average exchange rate as at December 31, 2013
	Consolidated financial statements	Separate financial statements	
	(Million)	(Million)	(Baht per 1 foreign currency unit)
Japanese yen	13.1	1.8	0.3159

As at December 31, 2012			
Foreign currency	Financial assets		Average exchange rate as at December 31, 2012
	Consolidated financial statements	Separate financial statements	
	(Million)	(Million)	(Baht per 1 foreign currency unit)
Japanese yen	1.5	1.5	0.3500
US dollar	0.01	0.01	30.3873

Financial liabilities			
Foreign currency	Financial liabilities		Average exchange rate as at December 31, 2012
	Consolidated financial statements	Separate financial statements	
	(Million)	(Million)	(Baht per 1 foreign currency unit)
Japanese yen	8.5	0.5	0.3580

33.2 Fair values of financial instruments

Since the majority of the Group company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instruments or by using an appropriate valuation technique, depending on the nature of the instrument.

34. Capital management

The primary objective of the Group company's capital management is to ensure that it has an appropriate capital structure in order to support its business and maximise shareholder value. As at December 31, 2013, the Group's debt-to-equity ratio was 0.2:1 (2012: 2.5:1) and the Company's was 0.2:1 (2012: 2.8:1).

35. Events after the reporting period

On February 24, 2014, the meeting of the Board of Directors of the Company No. 1/2014 passed a resolution approving the payment of dividend for 2013 to the Company's shareholders at Baht 1.6 per share or a total dividend of Baht 1,449.36 million.

The payment of dividend will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on February 24, 2014.

Management Discussion And Analysis

Financial performance

Incomes

	Consolidated Financial Statements			
	2012		2013	
	Million Baht	%	Million Baht	%
MK Suki/MK Gold	11,263	85.7	11,761	82.6
Yayoi Japanese Restaurant	1,595	12.1	1,983	13.9
Na Siam and Le Siam Thai Restaurants	68	0.5	75	0.5
Franchise	8	0.1	24	0.2
Restaurants abroad ¹	49	0.4	101	0.7
Miyazaki and Hakata Japanese Restaurants	3	0.0	22	0.2
Le Petit Coffee Shop and Bakery	1	0.0	4	0.0
Total sales and service incomes	12,987	98.8	13,969	98.1
Other incomes	154	1.2	271	1.9
Total incomes	13,141	100.0	14,240	100.0

In 2013, the Company and subsidiaries recorded total incomes of Baht 14,240 million or a growth rate of 8.4 percent from the previous year. More than 96 percent of the total incomes generated by the Company and its subsidiaries were from sales and service incomes of MK Suki Restaurant and MK Gold Restaurant operated by the Company as well as Yayoi Japanese Restaurant run by MK Interfood Co., Ltd. Yet, while sales and service incomes from the suki business tended to fall, those from the Yayoi Japanese Restaurant were likely to increase. In addition, almost all of the Company's sales and service revenues were in cash immediately collected from customers.

¹ MK Suki and Yayoi Restaurants in Singapore

Performance of the Company's suki restaurant business

	2012	2013
Number of branches - Suki restaurant		
Net newly-opened outlets	40	27
Number of branches at the end of fiscal period	354	381
Financial performance and growth rate - Suki Restaurant		
Sales and service incomes - Suki restaurant (Million Baht)	11,263	11,761
Total sales growth rate (%)	17.2	4.4
Same-store sales growth rate	6.0	(2.9)
The Company's financial performance (million Baht)		
Sales and service incomes	11,344	11,885
Costs of sales and services	(3,663)	(3,916)
Gross profit	7,681	7,969
Gross profit margin (%)	67.7	67.1
The Company's sales and service incomes growth rate (%)	17.3	4.8

Note: Incomes growth was calculated from incomes less connected transactions.

Sales and service incomes of the suki restaurant business

In 2013, the Company recorded Baht 11,761 million total sales and service incomes from the suki restaurant business or an increase by 4.4 percent.

The rise of incomes from the suki restaurant business was thanks to two factors; namely

1. Additional branch opening - in 2013, 27 net new branches were opened as a result of the Company's ongoing focus at the growth strategy to open

new restaurants in conjunction with the expansion of shopping malls and the retail sector. In recent years, however, competition in the retail business has become so intense. Shopping malls and modern-trade outlets such as Central Big C and Tesco Lotus have expanded their branches both in Bangkok and the provinces to cover as many locations as possible. At the other end, smaller community malls are gaining popularity. Several new cozy

community malls are opened in residential areas in Bangkok, its vicinity and in major provinces which enables customers to get easier access to the Company's restaurants than ever.

2. Menu price hike - food prices were hiked to reflect higher costs where in 2013, the Company raised menu prices at both MK Suki Restaurant and MK Gold Restaurant by 4 percent.

The company's total sales and service incomes

In 2013, the Company generated Baht 11,885 million total sales and service incomes or an increase by 4.8 percent. The Company not only enjoyed sales and service incomes from the suki restaurant business but also from the operation of three branches of Na Siam and Le Siam Thai restaurants, eight branches of Hakata and Miyazaki Japanese restaurants, one branch of Le Petit coffee shop and bakery and the franchise business from overseas. In addition, total sales and service incomes of non-suki restaurants amounted to Baht 124 million in 2013 which accounted for 1 percent of the Company's total revenues.

Costs of the company's sales and services

More than 90 percent of the Company's costs of sales and services were costs of food and beverages. Other costs included transportation, storage and warehousing expenses and expenses of consumables at branches. When reviewing the Company's costs of sales and services, one can see that the Company, which has the suki restaurant business as its core business, has quite a stable gross profit margin. Thanks are due to the Company's efficient sourcing and production process where orders of raw materials and finished products for the suki restaurants, Yayoi Japanese restaurants and other eateries have been centralized to profit from the economy of scale so that huge orders can be made at a time while

simultaneously enabling the Company to command better purchasing power with distributors. At the other end, the fact that almost all of the manufacturing is done through the central kitchen not only results in an economy scale production but also helps the Company standardizing its food quality. The Company also actively manages inventories of raw materials and finished products by estimating demands of each branch on a daily basis and therefore could effectively control food delivered to each branch and waste generated from them each day. The centralized management of raw materials and finished products helps managing delivery costs more effectively.

Sales and service incomes and costs of sales - Yayoi Japanese restaurant business

	2012	2013
Number of Yayoi branches		
Net newly-opened outlets	27	22
Number of branches at the end of fiscal period	91	113
Performance (Million Baht)		
Sales and service incomes	1,596	1,983
Costs of sales and services	(564)	(685)
Profit margin	1,032	1,298
Gross profit margin (%)	64.7	65.5
Growth rate (%)		
Total sales growth rate	54.6	24.3
Same-store sales growth rate	11.3	1.1

Sales and service incomes - Yayoi Japanese Restaurant

In 2013, the Company recorded Baht 1,983 million as sales and service revenues from Yayoi Japanese Restaurant which represented a 24.3 percent increase from the year before. The increase of Yayoi's incomes was thanks to:

1. Rapid increase of Yayoi's branches where in 2013, the net number of Yayoi branch rose by 22 as a result of strong positive responses to the Yayoi brand which prompted the Company to expand the Japanese restaurant branch to meet

consumer's demands. This also reflects the Company's strategy to expand new branches in conjunction with the opening of new shopping malls and retail outlets in Bangkok, its peripheral and in the provinces. In addition, as smaller community malls are gaining popularity and several have been opened in residential areas in Bangkok, its vicinity and in the provinces, more customers than ever are able to get easier access to the Company's restaurants.

2. Increase of menu prices at Yayoi Restaurant by 5 percent to reflect higher costs after the food prices were hiked.

Costs of sales and service of the Yayoi Japanese Restaurant

Yayoi's gross profit margin remained stable at 65 percent due mainly to the fact that MK Interfood Co., Ltd. had ordered both raw and finished products from the Company. The ordering process under which the Company sold products to Yayoi contained the same ordering, manufacturing and delivery procedures as in the case of the Company's suki restaurant business which enabled effective cost control and resulted in an economy of scale and better negotiating power with distributors. Besides, MK Interfood Co., Ltd. also managed its raw and finished inventories by estimating

each branch's inventories and waste on a daily basis the same way the suki restaurant business does which allowed Yayoi to control delivered foods and waste produced at each branch daily.

Sales and administrative expenses

Major sales and administrative expenses consisted of employee's expenses, rents, utilities expenses, advertising and sales promotion expenses, costs of consumables and depreciations and amortization of fixed assets. In 2013, sales and administrative expenses totaled Baht 7,066 million representing an increase of Baht 793 million or 12.6 percent from the previous year.

The ratio of sales and administrative expenses to total incomes was also up from 47.7 percent in 2012 to 49.6 percent a year later due mainly to an increase of employee's expenses and rents. Although the Company hiked its prices to compensate for higher expenses, the price hike could partially cover part of the increasing expenses only due to intensive competition in the market.

Net profits

As a result of the various factors which affected the operating results of the Company and its subsidiaries as mentioned earlier as well as the fact that the corporate income tax rate was adjusted down to 20 percent for the fiscal year 2013 from 23 percent for the fiscal year 2012 by the government, net profit of the Company and its

subsidiaries increased from Baht 2,031 million for the year 2012 to Baht 2,039 million for the year 2013 representing an increase of Baht 8 million or 0.4 percent.

Financial position

As of December 31, 2013, the Company boasted a total asset of Baht 15,006 million, which represented a jump of 195 percent from Baht 9,920 million at the end of 2012 thanks mainly to the following:

1. Increase of temporary investment funds totaling Baht 3,138 million - this was a result of an increase of Baht 1.4 billion worth of an eight-month fixed deposit and Baht 1.6 billion worth of a 12-month fixed deposit resulted from the Company's capital increase; as well as an increase of temporary fund worth Baht 138 million invested in securities through fixed income fund, equity fund and short-term money market fund to earn higher interests than conventional bank deposits.
2. An increase of account receivables and other receivables worth Baht 100 million, most of which were due to accrued interest incomes.
3. An increase of other current assets worth Baht 264 million, most of which were due to money transferred to bank for payment of goods.
4. An increase of other long-term investment fund worth Baht 5 billion in a form of a 15-month fixed deposit resulted from the Company's capital increase.

5. An increase of land, buildings and plants totaling Baht 1,293 million due to a total of 55 branches expansion (27 branches of MK Suki Restaurant, 4 branches of Miyazaki, 2 branches of Hakata and 22 branches of Yayoi) where approximately Baht 425 million was invested in fixed assets to update the rights to lease and to renovate mechanical and engineering (M&E) systems, kitchen equipment and other operating devices; while another Baht 912 million was invested to build the new central kitchen at Bangna-Trad Road, Km. 21.

As of December 31, 2013, the Company's total liabilities were Baht 2,482 million which was down 31.3 percent or Baht 1,133 million due mainly to a repayment of Baht 850 million short-term loan, a decrease of Baht 439 million of accrued dividend expenses and an increase of Baht 208 million worth of payables resulted from the purchase of fixed asset.

As of December 31, 2013, the Company's shareholders' equity increased from Baht 11,053 million as at the end of 2012 to Baht 12,524 million thanks to an increase of comprehensive profit at the end of fiscal year totaling Baht -2,039 million, an issuance of capital-increase shares worth Baht 186 million, premium on capital stocks worth Baht 8,785 million and capital reserve for share-based payment transactions worth Baht 36 million.

Financial ratios

		Consolidated financial statements	
		2012	2013
Liquidity ratios			
Liquidity ratio	times	0.4	2.2
Quick ratio	times	0.3	1.9
Cash ratio	times	1.1	0.8
Account receivables turnover ratio	times	444.9	411.1
Average collection period	days	1	1
Inventory turnover ratio	times	22.3	21.6
Average sale period	days	16	17
Account payables turnover ratio	times	10.3	8.8
Payment period	days	35	41
Cash Cycle	days	(18)	(23)
Profitability ratios			
Gross profit margin	%	67.4	66.9
Operating profit margin	%	19.1	16.3
Operating cash flow to operating profit ratio	%	125.7	98.7
Net profit margin	%	15.5	14.3
Return on Equity	%	143.9	29.1
Efficiency ratios			
Return on Assets	%	45.4	20.3
Return on Fixed Assets	%	97.4	72.5
Total asset turnover ratio	times	2.9	1.4
Financial policy ratios			
Debt to Equity ratio	times	2.5	0.2
Interest-bearing Debt to Equity ratio	times	0.6	0.0
Interest coverage ratio	times	160.6	129.8
Obligation coverage ratio (Cash Basis)	times	1.0	0.7
Dividend payment ratio	%	109.4	-

Efficiency ratios

In 2013, the Company's Return on Equity (ROE) was 29.1 percent, down from 143.9 percent in 2012. This was due mainly to higher shareholders' equity resulted from the issuance of capital-increase shares and premium on capital stocks worth Baht 8,971 million.

As for the Company's Return on Assets (ROA), this was down from 45.4 percent in 2012 to 20.3 percent a year later as a result of an increase of assets; namely long-term investment funds and temporary investment funds resulted from the issuance of capital-increase

shares. Besides, there was an increase of land, building and plants item due to branch expansion and the construction of the new central kitchen.

Liquidity

In 2013, the Company recorded Baht 2,248 million net cash from operating activities, most of which were operating profit before changes in operating assets and liabilities. Meanwhile, it spent Baht 9,818 million net cash in investing activities of which Baht 8,121 million acquired from the issuance of the Company's capital-increase was cash paid for investment in general and

Baht 1,695 million was spent to buy land, building and plants as a result of additional branch expansion and decorations of the new head office and the new central kitchen.

In 2013, the Company recorded Baht -7,648 million net cash from financing activities of which the main item was cash worth Baht 8,937 million resulted from the capital-increase share issuance. Other transactions included Baht 850 million repayment of short-term loan to a financial institution and Baht 439 million payment of dividend.

Unit: Million Baht	2012	2013
Net cash from operating activities	3,111	2,248
Net cash used in investing activities	(1,198)	(9,818)
Net cash used in financing activities	(1,569)	7,648
Increasing difference from conversion of financial statements	2	6
Increase (decrease) of net cash and cash equivalents	346	84

As a result of cash movements in operating activities, investing activities and financing activities, the Company's cash and cash equivalents in 2013 increased by Baht 84 million.

Liquidity ratios

As of December 31, 2013, the Company's liquidity ratio increased from 0.4 times in 2012 to 2.2 times a year later; while the quick ratio also rose to 1.9 times in 2013 from 0.3 times a year ago. This was mainly due to the increase of temporary investment funds resulted from the issuance of capital-increase shares.

In 2013, the Company recorded a cash surplus causing its cash cycle to be negative, namely (23) days. This however was corresponding to the nature of the Company's business which immediately collected cash

after its sales and service while trade payables from the purchase of raw and finished products would be made later thanks to the credit term policy. As a result, the Company's average collection period was very brief; namely 1 - 3 days, while the average sale period was around 15 - 20 days and the payment period was as lengthy as 30 - 45 days.

Capital structure

As of December 31, 2013, the Company's debt to equity ratio (D/E) was 0.2 times, which was down from 2.5 times in 2012 following the repayment of Baht 850 million short-term loan to a financial institution and an increase of shareholders' equity thanks to the capital increase and premiums on stock as explained earlier under the topic of shareholders' equity.

Contingent liabilities

As of December 31, 2013, the Company had approximately Baht 103 million worth of liabilities in relation to a project to construct and renovate a building and a distribution center as well as a lease agreement of building space and equipment and other service agreements that obliged the Company to pay Baht 2,495 million in the future. As for the management of contingency liabilities and investment projects, during 2013, the Company recorded Baht -2,248 million net cash flow from the operating activities which it believed should be enough to pay for contingency liabilities. Meanwhile, the Company's executives prudently made an investment decision in a project to ensure maximum returns to shareholders.

Connected Transactions

Persons with Potential Conflict of Interest and Nature of Relationship

Persons with possible connection	Relationship
1. Mr. Rit Thirakomen	<ul style="list-style-type: none"> Director and major shareholder of the Company holding 37.4% of its shares (combining shares held by both Mr. Rit and Mrs. Yupin).
2. Mrs. Yupin Thirakomen	<ul style="list-style-type: none"> Executive and major shareholder of the Company holding 37.4% of its shares (combining shares held by both Mr. Rit and Mrs. Yupin).
3. Mr. Somnuk Hanjitkasem	<ul style="list-style-type: none"> Executive and major shareholder of the Company holding 18.2% of its shares.
4. Mr. Pravit Tantiwasinchai	<ul style="list-style-type: none"> Director and shareholder of the Company holding 0.6% of its shares.
5. Global Asset Development Co., Ltd. (formerly named MK Global Co., Ltd. (MKGB))	<ul style="list-style-type: none"> The company's business is to invest in other businesses. Four directors and/or executives and major shareholders of the Company; namely, Mrs. Yupin Thirakomen, Mr. Rit Thirakomen, Mr. Somchai Hanjitkasem and Mr. Somnuk Hanjitkasem are MKGB's major shareholders holding 65.7% of its shares (combining shares held by both Mr. Rit and Mrs. Yupin and combining shares held by Mrs. Yupin as an administrator of the estate of Mrs. Thongkam), 17.1% and 17.1%, respectively (As of April 26, 2013). directors; namely, Mrs. Yupin Thirakomen, Mr. Rit Thirakomen, Mr. Somchai Hanjitkasem and Mr. Somnuk Hanjitkasem.
6. MK Worldwide Co., Ltd. (MKWW)	<ul style="list-style-type: none"> Four directors and/or executives and major shareholders of the Company; namely, Mrs. Yupin Thirakomen, Mr. Rit Thirakomen, Mr. Somchai Hanjitkasem and Mr. Somnuk Hanjitkasem, are MKWW's major shareholders holding 70% of its shares (combining shares held by both Mr. Rit and Mrs. Yupin), 15% and 15%, respectively (As of April 26, 2013). directors; namely, Mr. Rit Thirakomen and Mr. Somchai Hanjitkasem .
7. Superior Food Service Co., Ltd. (SFS)	<ul style="list-style-type: none"> The company sells and distributes ice-making machines and dish/glass washers. The Company's executive and major shareholder; namely Mrs. Yupin Thirakomen, is SFS's director and major shareholder holding 65% of its shares (As of April 30, 2013).

Persons with possible connection	Relationship
8. KV Electronic Co., Ltd. (KVE)	<ul style="list-style-type: none"> The company produces and sells transformers as well as repairs electronic devices. Dr. Katiya Greigarn, its director, is KVE's authorized director and major shareholder holding 63% of its shares (including those held by related persons) (As of April 25, 2013).
9. Precision Manufacturing Co., Ltd. (PM)	<ul style="list-style-type: none"> The company's business is metal pressing/casting. Mr. Rit Thirakomen is PM's director and major shareholder. A related person is also PM's director and major shareholder. Both (when combined with shares held by the related person) held 9.8% shares of PM (As of April 30, 2013).
10. SE-Education Public Company Limited (SE-ED)	<ul style="list-style-type: none"> The company sells and distributes books. Mr. Rit Thirakomen, who is the Company's director and major shareholder, holds 7.1% of its shares (As of May 8, 2013). The two companies share the same directors; namely Mr. Thanong Chotisorayuth (SE-ED's authorized signatory); and Mr. Pravit Tantiwasinchai.
11. Premier Marketing Public Company Limited (PMK)	<ul style="list-style-type: none"> The company sells and distributes consumer products and consumables. Dr. Katiya Greigarn is a joint director.
12. National Food Retail Co., Ltd. (NFR)	<ul style="list-style-type: none"> The Company runs a restaurant business. Mrs. Yupin Thirakomen and Mr. Somnuk Hanjitkasem, the Company's executives and major shareholders, are NFR's directors and major shareholders holding 74.9% and 25% of its shares, respectively (As of April 26, 2013).
13. A Plus Consultants Co., Ltd. (APC)	<ul style="list-style-type: none"> The company provides engineering services. A person relating to Mr. Rit Thirakomen is an authorized director and major shareholder holding 81.6% in EEC Engineering Network Co., Ltd. (EEC EN), which holds 25% of APC's shares and therefore is APC's major shareholder (As of March 28, 2013).

Note: Shareholding ratio presented in this table includes shareholding ratio of related persons.

Connected Transactions of the Company and Subsidiaries with Persons having Potential Conflict of Interest

In 2013, the Company conducted transactions with persons having potential conflict of interest. However, such transactions did not cause any conflict of interest, details of which are as follows:

Person with potential conflict of interest	a Nature of Transaction	Value of Transaction in 2013 (Million Baht)	Necessity and Rationality of the Transaction
1. MKGB	Account preparation fee	0.02	<ul style="list-style-type: none"> The account preparation fee for MKGB was Baht 16,050. The fee was determined on the basis of estimated service time and costs of staff required in the service. Audit Committee's opinion: The account preparation fee for MKGB was charged on the basis of the costs of staff involving in this service which did not deprive the Company of any interest. The transaction therefore was considered reasonable and necessary.
	Outstanding at the end of fiscal period	0.02	
	Rent for land and the house and building tax	19.38	
	Outstanding at the end of fiscal period	-	
2. MKWW	Loan at beginning of fiscal period	-	<ul style="list-style-type: none"> The Company and subsidiaries borrowed a short-term loan from MKWW in a form of P/N without collateral with payment due on demand. The interest rate was 3% per annum based on a one-year bank deposit rate. As of December 31, 2013, the Company and subsidiaries already repaid the entire amount to MKWW. Audit Committee's opinion: The borrowing was for managing short-term liquidity while the interest rate was based on a one-year bank deposit rate which was lower than the average Minimum Overdraft Rate (MOR) of top five commercial banks (namely, BBL, KTB, SCB, KBANK and BAY). As a result, the transaction was reasonable and for the Company's best interest.
	increased during the period	70	
	(decreased) during the period	(70)	
	Outstanding at the end of fiscal period	-	
	Interest expenses	0.03	
	Outstanding at the end of fiscal period	-	

Person with potential conflict of interest	a Nature of Transaction	Value of Transaction in 2013 (Million Baht)	Necessity and Rationality of the Transaction
2. MKWW (Continued)	Account preparation fee Outstanding at the end of fiscal period	0.02 0.02	<ul style="list-style-type: none"> The Account preparation fee for MKWW was Baht 16,050. The fee was determined on the basis of estimated service time and cost of staff required in the service. Audit Committee's opinion: The account preparation fee for MKWW was charged on the basis of the costs of staff involving in this service which did not deprive the Company of any interest. The transaction therefore was considered reasonable and necessary.
3. SFS	Rent for dishwasher and ice-making machines Outstanding at the end of fiscal period	36.25 8.17	<ul style="list-style-type: none"> This involved rent of dishwashers for all branches of Yayoi Restaurant. SFS was one of several service providers chosen by the Company. SFT's price was not different from what other service providers proposed. This involved rent of ice-making machines for all branches of both Yayoi and MK Suki Restaurants. SFS was the only supplier offering the rent of ice-making machines with after-sales maintenance service. Auditor Committee's opinion: This equipment rent was a normal transaction where the pricing had been compared with what was quoted by other service providers. The transaction therefore was reasonable and was carried out for the Company's best interest.
4. KVE	IT advisory fee Outstanding at the end of fiscal period	0.66 0.06	<ul style="list-style-type: none"> The Company hired KVE as an IT consultant for Baht 60,000 a month fee which was not different from what other service providers had proposed. Auditor Committee's opinion: This hiring-of-service transaction was a normal transaction of the Company of which the IT system required constant upgrades to cope with its business expansion. The consulting fee was made in relation to quotations made by other service providers. The transaction therefore was reasonable and for the Company's best interest.

Person with potential conflict of interest	a Nature of Transaction	Value of Transaction in 2013 (Million Baht)	Necessity and Rationality of the Transaction
5. PM	Costs of suki pots Outstanding at the end of fiscal period	1.49 0.17	<ul style="list-style-type: none"> This item involved the hiring of PM's service to manufacture suki pots for all branches. PM was the sole manufacturer of suki pots for the Company because it had jointly developed the pot with the Company. The pot commanded higher safety standard than what's available in the market. The charge was based on estimated costs of equipment and costs of labor required to manufacture the suki pot plus profit. Audit Committee's opinion: The hire-of-work transaction was a normal transaction of the Company. PM had been involved in the joint development of suki pot which commanded a higher safety standard than suki pots available in general for so long. Besides, PM was able to cope with the Company's constant business expansion. The fee was made on the basis of estimated costs of equipment and labor involved in the manufacturing. The transaction therefore was reasonable and for the Company's best interest.
6. SE-ED	Costs of placemat printing Outstanding at the end of fiscal period	0.05 -	<ul style="list-style-type: none"> This item involved the costs of hiring SE-ED to design, write contents, draw illustrations and print placemats where the quoted price was not different from what other service providers had proposed. Audit Committee's opinion: The transaction was the Company's normal transaction. The quotation was made after comparing with others proposed by service providers. The transaction therefore was reasonable and done for the best interest of the Company.
	Sponsorship fee Outstanding at the end of fiscal period	0.31 -	<ul style="list-style-type: none"> Sponsorship fee for the Kitty Camp Audit Committee's opinion: This hire-of-service item was the Company's normal transaction where the price was made in comparison with other quotations made by other service providers. The transaction therefore was considered reasonable and for the Company's best interest.

Person with potential conflict of interest	a Nature of Transaction	Value of Transaction in 2013 (Million Baht)	Necessity and Rationality of the Transaction
7. PMK	Costs of raw material purchase Outstanding at the end of fiscal period	0.02 0	<ul style="list-style-type: none"> This involved costs of purchased raw materials where the quoted price was not different from what other suppliers had made. Audit Committee's opinion: This transaction to purchase raw materials was indeed the Company's normal transaction where the price was set after comparing it with quotations made by other suppliers. The transaction therefore was reasonable and for the best interest of the Company.
8. NFR	Account preparation fee Outstanding at the end of fiscal period	0.02 0.02	<ul style="list-style-type: none"> The Account preparation fee for NFR was Baht 16,050. The fee was determined on the basis of estimated service time and cost of staff required in the service. Audit Committee's opinion: The account preparation fee for NFR was charged on the basis of the costs of staff involving in this service which did not deprive the Company of any interest. The transaction therefore was considered reasonable and necessary.
9. APC	Design fee Outstanding at the end of fiscal period	0.87 -	<ul style="list-style-type: none"> This item involved the design of the new central kitchen at Bangna (CK5) where the Company hired four experts (APC and three other experts who were not related with the Company, its executives and related persons thereof) who were factory design and construction management and supervision experts. Each expert had clearly divided his roles and responsibilities. APC, one of the four experts, was exclusively responsible for structural design and project management. The professional fee was set at Baht 1.8 million. The project started in 2012. The quoted price was not different from what other suppliers had proposed. Audit Committee's opinion: This hire-of-service item was a normal transaction where the price was made in comparison with quotations proposed by other service providers. The transaction therefore was reasonable and for the best interest of the Company.

Person with potential conflict of interest	a Nature of Transaction	Value of Transaction in 2013 (Million Baht)	Necessity and Rationality of the Transaction
10. Mrs. Yupin Thirakomen	Rent of property Outstanding at the end of fiscal period	0.33 -	<ul style="list-style-type: none"> The premise was rented as a home delivery call center and Chokchai sub-branch. Audit Committee's opinion: The property rent was for the Company's business and was carried out after the location had been considered appropriate to service customers. The rent was comparable to rents offered in the same location. The transaction therefore was reasonable and for the best interest of the Company.
11. Mr. Rit Thirakomen	Sales of gift vouchers Outstanding at the end of fiscal period	0.02 -	<ul style="list-style-type: none"> This involved sales of gift vouchers for use at restaurants of the Company and its subsidiaries with the same price offered to other customers in general. Audit Committee's opinion: The transaction in which gift vouchers were sold was the Company's normal transaction with the same price offered to other customers. The transaction therefore was reasonable and for the best interest of the Company.
12. Mr. Somnuk Hanjirkasem	Sales of gift vouchers Outstanding at the end of fiscal period	0.05 -	<ul style="list-style-type: none"> This involved sales of gift vouchers for use at restaurants of the Company and its subsidiaries with the same price offered to other customers in general. Audit Committee's opinion: The transaction in which gift vouchers were sold was the Company's normal transaction with the same price offered to other customers. The transaction therefore was reasonable and for the best interest of the Company.
13. Mr. Pravit Tantiwasinchai	Sales of gift vouchers Outstanding at the end of fiscal period	0.09 -	<ul style="list-style-type: none"> This involved sales of gift vouchers for use at restaurants of the Company and its subsidiaries with the same price offered to other customers in general. Audit Committee's opinion: The transaction in which gift vouchers were sold was the Company's normal transaction with the same price offered to other customers. The transaction therefore was reasonable and for the best interest of the Company.

Necessity and rationality behind the transactions

The Company and subsidiaries have conducted connected transactions with prudence taking into consideration the best interest of the Company and its shareholders. All connected transactions of the Company and subsidiaries carried out with persons having potential conflict of interest therefore were normal, necessary and reasonable to be executed to support normal business course of the Company itself and the subsidiaries. Conditions in these connected transactions were made on the basis of normal business conditions and aligned with market prices. In addition, the transactions were executed in the same manner if done at arm's length with customers having the same or similar nature. Regarding money borrowed from related companies, the Company and subsidiaries did so only to increase liquidity when required.

Approval measures of connected transactions

The Company approved connected transactions on the basis of the best interest of itself and the subsidiaries. The approval had to go through a review process based on related

regulations of both itself and its subsidiaries and through related committees which included senior management of the Company and subsidiaries who would review impacts and ensured that the pricing was appropriate as in normal business conditions as if the transaction was executed at arm's length. The Company has sought approval in principle regarding business agreements with general business conditions in a transaction between the Company and its subsidiaries vs. director, executive or related persons.

Details are as follows: as the Company and subsidiaries may have transaction with each other in the future, that's why the Company has sought an approval in principle to allow the management to approve such transaction as long as it contains the same business agreement normal people would execute with contractual parties under the same circumstance and as long as there is no influence from the fact that one is a director, executive or a related person over a business negotiation. The Company will submit a summary of transactions being executed and report to the meeting of the Audit Committee and the Board of Directors on a quarterly basis. If a company director, executive director, managing director or anyone with potential conflict of interest has an

interest or conflict of interest, the director will not be authorized to approve the transaction for the Company or its subsidiaries as stipulated by the SEC and/or the SET.

The Company will disclose major connected transactions in Notes to Financial Statements audited by the auditor of the Company and its subsidiaries.

Policy and future prospects of connected transactions

The Company and its subsidiaries have a policy to execute connected transactions at present and in the future with persons having potential conflict of interest where they will be treated as if they were customers in general. This will be carried out through a fair price policy and will also correspond with business conditions in general. The transactions will also be executed through a clear, transparent and fair approval process which corresponds to the principles of corporate governance (CG) as well as rules and regulations of the Company and its subsidiaries. Finally, the transactions must be done in accordance with approval authority governing the execution of connected transactions.

Shareholder and Management Structure

Ordinary shares

As of December 31, 2013, the Company was registered with Baht 925,850,000 capital which was divided into 925,850,000 ordinary shares at Baht 1 par value per share. Of this, Baht 905,850,000 was paid-up capital divided into 905,850,000 shares at Baht 1 par value per share.

Shareholders

Top ten shareholders in the shareholder registration book as of February 3, 2014 were as follows:

List of shareholders	No. of shares held	%
Mr. Rit and Mrs. Yupin Thirakomen's Group		
1. Mrs. Yupin Thirakomen	198,990,002	22.0
2. Mr. Somchai Hanjitasem	164,088,012	18.1
3. Mr. Somnuk Hanjitasem	164,087,977	18.1
4. Mr. Rit Thirakomen	139,608,033	15.4
Total shares held by Mr. Rit and Mrs. Yupin Thirakomen's Group	666,774,024	73.6
5. Aunt Thongkam MK Foundation	31,265,983	3.5
6. Thai NVDR Co., Ltd.	13,483,250	1.5
7. Bualuang Long-term Equity Fund	8,985,700	1.0
8. Mr. Sujint Chumpolkajana	7,200,000	0.8
9. Bualuang Long-term Equity Fund 75/25	6,160,800	0.7
10. STATE STREET BANK EUROPE LIMITED	5,536,500	0.6

Warrants

The Extraordinary General Meeting of Shareholders No. 1/2013 dated January 3, 2013 resolved to allow the Company to issue and offer 20,000,000 units of warrants to executives (including executive directors) and employees of the Company and its subsidiaries (hereinafter referred to as the "M-WA") with the following details:

Type	Warrant to purchase ordinary shares of MK Suki Restaurant Group Public Company Limited in a name-registered and non-transferable form except for transfer upon death of directors, executives and employees
Term	5 years from the issued and offered date
Quantity	20,000,000 units
Offering price	Baht 0 per unit (Zero Baht)
Offering method	One-time offering to more than 50 executives (including executive directors) and employees of the Company and/or subsidiaries
Allocation method	<p>To be allocated to executives (including executive directors) and employees of the Company and/or subsidiaries without going through securities broker</p> <p>The number of warrants allotted to each executive (including executive directors) and employee needs not be equal. This will depend on positions, years of service, knowledge and experiences, responsibilities, performances and potential or profits the Company will generate.</p>
Total number of shares reserved for rights exercise	20,000,000 shares which account for 2.21% of all the Company's shares sold.
Exercise ratio	One warrant for the rights to exercise one ordinary share (subject to subsequent change based on the rights adjustment condition)

Exercise price	Baht 1 per share unless the price is adjusted otherwise based on the rights adjustment condition. The exercise price is lower than the market price for an offer of shares calculated from the IPO of capital-increase shares at Baht 49 a share.
Exercise period	<p>On the last business day of each quarter (March, June, September or December) throughout the warrant's term. The first exercise date will be on the date when the 12-month period from the date the warrant was issued to executives (including executive directors) and employees of both the Company and/or subsidiaries becomes due (the exercise date) based however on the following conditions:</p> <ul style="list-style-type: none"> • After 12 months from the allotted date, a warrant holder may exercise no more than 10 percent of the allotted warrants. • After 24 months from the allotted date, a warrant holder may exercise another 20 percent of the allotted warrants. • After 36 months from the allotted date, a warrant holder may exercise another 30 percent of the allotted warrants. • After 48 months from the allotted date, a warrant holder may exercise any number of the warrants until the warrant's maturity date. • Warrants left from the exercise or not exercised on any exercise date can be accumulated for the next exercise date throughout the term of the warrant. However, on the due date, any warrant not yet exercised will be terminated and voided. • The last exercise date will be the last business day of the five-year period starting from the warrant issuance date.
Period to notify the last exercise intention	No fewer than 15 days before the last exercise date.

Condition of the warrant exercise	<ol style="list-style-type: none"> 1. Warrant holder must be an executive (including executive director) and an employee of the Company and/or subsidiaries on the exercise date. 2. If the warrant holder is no longer an executive (including executive director) or an employee of the Company and/or subsidiaries following his/her retirement based on the Company's regulations, the executive or the employee may exercise his rights under the warrants until the warrant's maturity date. 3. If the warrant holder dies, his/her successor or estate may buy ordinary shares under the warrants up to an amount of warrants due for exercise only. The exercise can be done on any exercise date up to the maturity date of such warrants. 4. If the warrant holder is transferred to another department or another company upon the Board of Directors' approval where the executive or the employee still retains his/her status at the Company and/or subsidiaries, on the exercise date, the executive or employee may exercise his rights under the warrants up to their maturity date. 5. If the warrant holder is no longer an executive (including executive director) or employee of the Company and/or subsidiary before or on any exercise date due to other reasons than stated in Clause 2 - 4 above, such executive or employee of the Company and/or subsidiary will no longer be able to exercise his rights under the remaining warrants (whose rights have not yet been exercised). The warrants will be considered immediately terminated and void.
Reason for new shares issuance to accommodate the change of rights exercise	<p>Whenever the exercise price and the exercise ratio under the rights adjustment condition as stipulated in terms and conditions of the warrants is adjusted.</p> <p>The adjustment is an event/situation stated in the Capital Market Supervisory Board's announcement or any other related notice.</p>

Issuance date and offering period	The Company will completely allocate warrants to executives (including executive directors) and employees of itself and/or subsidiaries within one year from the day the Shareholders' Meeting approves such issuance and offering.
Secondary market for warrants	The Company will not list the warrants on the SET.
Secondary market for ordinary shares resulted from the warrant exercise	The Company will list ordinary shares resulted from the warrant exercise on the SET.
Dilution effect	<p>Price Dilution:</p> <p>If the entire 20 million units of warrants allotted to directors, executives and employees of the Company and/or subsidiaries are exercised, the market price of the Company's shares will be diluted by 2.1 percent based on its IPO price of Baht 49 a share and the warrant's exercise price of Baht 1 a share.</p> <p>Earnings Per Share Dilution and Control Dilution:</p> <p>If the entire 20 million units of warrants allotted to directors, executives and employees of the Company and/or subsidiaries are exercised, the Earnings Dilution and the Control Dilution will be 2.2 percent of the original EPS Dilution and the Control Dilution based on the Company's total 925,850,000 shares sold (paid-up capital after the Company offered capital-increase shares as IPO to existing shareholders and the public and the exercise of all warrants).</p>

Other rules, conditions and details of the warrants including a reason new shares will be issued to accommodate the adjustment of exercise price and exercise ratio shall be at the discretion of the Board of Directors who may determine or amend them as deemed appropriate. The Board shall entrust Chairman of the Board to adopt terms governing the rights and responsibilities of warrant issuer as well as to adopt or amend terms, conditions and details relating to the warrant issuance to accord with laws and announcements of relevant agencies.

Dividend Policy

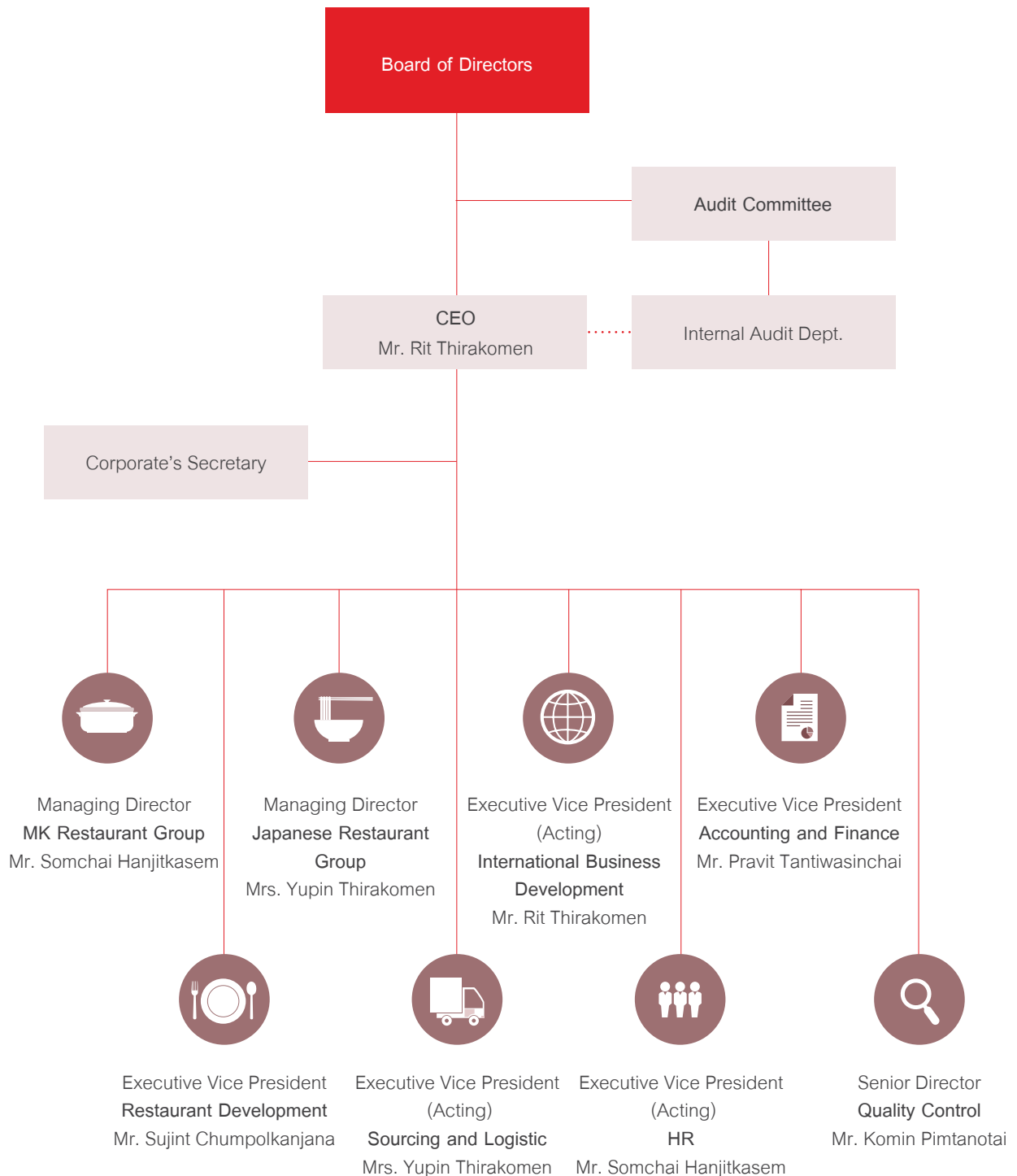
The Company and subsidiaries will pay no less than 50 percent of net profit after corporate income tax and statutory reserves as dividend based however mainly on consolidated financial statements.

Yet, the Company and subsidiaries may pay dividend at a lower rate than what's stated above or it may abstain from dividend payment subject to economic condition, performance, financial

position, liquidity of the Company and its subsidiaries and an extent to which the Company and its subsidiaries require working capital to manage and expand business.

Management Structure of MK Restaurant Group Public Company Limited

As of December 31, 2013, the management structure was as follows:



The Company's management structure consists of the Board of Directors and the Audit Committee. Details of their components, qualifications and clearly-divided roles and responsibilities are as follows.

Board of Directors

As of December 31, 2013, the Board of Directors consisted of 10 directors as follows.

1.	Mr. Rit Thirakomen	Chairman
2.	Mr. Somchai Hanjikasem	Director
3.	Mr. Somchai Pipitvijitkorn	Director
4.	Mr. Sujint Chumpolkajana	Director
5.	Mr. Pravit Tantiwasinchai	Director
6.	Dr. Annop Tanlamai	Independent Director & Chairman of the Audit Committee
7.	Mrs. Vilai Chattanrassamee	Independent Director & member of the Audit Committee
8.	Mr. Attapon Chodchoy	Independent Director & member of the Audit Committee
9.	Mr. Thanong Chotisorayuth	Independent Director
10.	Dr. Katiya Greigarn	Independent Director
11.	Mr. Pravit Tantiwasinchai	Company Secretary

Authorized Directors

Authorized directors who may sign on behalf of the Company are Mr. Rit Thirakomen and Mr. Somchai Hanjikasem who shall jointly sign with the Company's seal; or Mr. Rit Thirakomen or Mr. Somchai Hanjikasem shall jointly sign with Mr. Sujint Chumpolkajana or Mr. Pravit Tantiwasinchai totaling two persons together with the Company's seal.

Roles and responsibilities of the Board of Directors

1. To manage the Company in accordance with the laws, the Company's objectives, its Articles of Association and resolutions of the Shareholders' Meeting with integrity and care to protect the Company's interest.
2. To adopt policy, strategies and business goals with the management and to monitor the operation so that it's in line with such policy, strategies and goals with the target to maximize long-term interest of the Company and its shareholders.
3. To approve annual business plan, budget and business goal proposed by the management and to constantly monitor and evaluate performance of the Company and senior executives to achieve the target.
4. To oversee and ensure that the Company has proper internal control and risk management systems.
5. To ensure efficient supervision both by internal auditor and external auditor.

6. To oversee that an accurate and comprehensive financial reporting is prepared within a required timeframe and to approve quarterly and annual financial statements.
 7. To approve the human resource management policy and the executive development plan; to review senior executive succession plan; to ensure that the Company has an effective evaluation process to assess performance of its senior executives.
 8. To ensure compliance with the principles of corporate governance (CG) under the SET and the SEC's guidelines.
 9. To strictly comply with rules and regulations of the SET and the SEC especially with regard to director's interest and conflict of interest such as matters relating to connected transactions and use of internal information.
 10. To attend the meeting of Board of Directors and Shareholders unless in case of force majeure where absent directors shall notify Chairman of the Board or Company Secretary before the meeting.
 11. To enhance its performance efficiency, the Board of Directors may delegate authority to director, a sub-committee, a person or an entity to jointly or separately do any one or several actions on its behalf
- where such authorization must be made within the Board's legal authority and where scopes of the designated person's power be clearly defined. The authorization however must not be in a manner that will allow the Board or the designated person to review and approve any transaction or to do anything that he or the person with potential conflict of interest (as defined in the SEC's notification) may have an interest or other conflict of interest with the Company and/or subsidiaries unless it's an approval of a normal business transaction with business conditions in general and unless the Board of Directors has already approved the matter in principle in accordance with the laws on securities and exchange.

Audit Committee

As of December 31, 2013, the Audit Committee consisted of three directors as follows:

1.	Dr. Annop Tanlamai	Independent Director & Chairman of the Audit Committee
2.	Mrs. Vilai Chattanrassamee	Independent Director & member of the Audit Committee
3.	Mr. Attapon Chodchoy	Independent Director & member of the Audit Committee
	Mr. Pasakorn Lila	Secretary of the Audit Committee

The three members of the Audit Committee are knowledgeable and experienced persons in finance and accounting.

Roles and Responsibilities of the Audit Committee

1. To verify that the Company has accurately and adequately reported its financial position.
2. To verify that the Company has proper and effective internal control and internal audit systems and to review the independence of internal audit function of the Company; to approve the appointment, transfer and termination of head of the internal audit function or any other functions responsible for internal auditing.
3. To verify the Company's compliance with the laws on securities and exchange, the SET's regulations and laws relating to the Company's business.
4. To review and discuss the Company's major risk with the management and to discuss measures the management has put in place to monitor and control the risk.
5. To review, select and nominate independent person as the Company's auditor and to propose his/her remunerations; to attend the meeting with the auditor without the management's presence at least once a year.
6. To review connected transactions or those with potential conflict of interest that they comply with the laws and the SET's requirements to ensure that the transactions are reasonable and carried out for the best interest of the Company.
7. To prepare the Audit Committee's report and submit it to the Board of Directors after each meeting of the Audit Committee.
8. To prepare the Audit Committee's report for disclosure in the annual report. This report must be signed by Chairman of the Audit Committee and must consist of the following information to the least:
 - (a) Opinion on the accuracy, completion and reliability of the Company's financial statements
 - (b) Opinion on the adequacy of the Company's internal control system
 - (c) Opinion on legal compliance with the laws on securities and exchange, the SET's regulations or laws relating to the Company's business
 - (d) Opinion regarding the soundness of the auditor
 - (e) Opinion regarding transactions with potential conflict of interest
 - (f) Number of meetings organized by the Audit Committee and an attendance record of each member
- (g) Opinion or observation in general that the Audit Committee receives from its performance under the Charter
- (h) Other items that the Audit Committee feels that shareholders and investors should know within its scopes of roles and responsibilities designated by the Board
9. To do other things as designated by the Board upon the Audit Committee's approval.
10. During its performance, if the Audit Committee finds or is suspicious of the following action which could materially affect the Company's financial position and performance, it must report the incident to the Board for remedy purpose within a deadline deemed appropriate by the Audit Committee
 - (a) Transactions that could lead to conflict of interest
 - (b) Corruption or unusual or material defects in the internal control system
 - (c) Violation against the laws on securities and exchange, the SET's regulations or laws relating to the Company's business if the Board or the executives fail to amend it within the timeframe under paragraph one before reporting it to the SEC or the SET.

11. During its performance, the Audit Committee may seek advice from third-party independent advisor or expert in relevant profession if considered necessary and appropriate at the Company's expense. When performing its duties mentioned above, the Audit Committee is directly liable to the Board of Directors who shall remain responsible for the Company's operation to the third party.

The Management Team

As of December 31, 2013, the Company had five executives. Their names and titles are as follows:

1. Mr. Rit Thirakomen	Chief Executive Officer; and Acting Executive Vice President - International Business Development
2. Mr. Somchai Hanjikasem	Managing Director of MK Restaurant Group; and Acting Executive Vice President - Human Resources
3. Mrs. Yupin Thirakomen	Managing Director of Japanese Restaurant Group; and Acting Executive Vice President - Sourcing and Logistic
4. Mr. Sujint Chumpolkajana	Vice Managing Director - Restaurant Development
5. Mr. Pravit Tantiwasinchai	Vice Managing Director - Accounting and Finance

Roles and Responsibilities of Chief Executive Officer (CEO)

CEO is the Company's top executive who has authority, roles and responsibilities to manage the Company's affairs as entrusted by the Board and he directly reports to the Board. The CEO's authority, roles and responsibilities as designated by the Board shall include the following:

1. To manage the Company's affairs to be in compliance with the laws, objectives, Articles of Association and resolutions of the Shareholders' Meeting as well as with policy, regulations, orders and resolutions of the Board of Directors.
2. To perform duty with integrity and care for the best interest of the Company.
3. To adopt business plan, investment plan and annual budget of the Company and to amend the plan and budget during the year if necessary to correspond to a material situation change before submitting the amendment to the Board for approval.
4. To control and monitor the operation according to business plan, investment plan and budget approved by the Board to achieve the goal.

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| <p>5. To submit an operation report; the Company's monthly, quarterly and annual financial report and other related information deemed crucial for the review of the Company's operation to the Board for acknowledgement or approval.</p> | <p>However, any action affecting employees in the position of director or higher shall be reported to the Board for acknowledgment.</p> | <p>Board has already approved the matter in principle according to the laws on securities and exchange.</p> |
| <p>6. To promptly report the Board in case of an incident or any event that may likely and materially make a negative impact to the Company's performance or its financial position or reputation in the future; to propose measures or offer advice to remedy such incident for the Board's approval.</p> | <p>11. To issue regulations regarding the Company's operation; to adopt, change, amend or terminate regulations, orders or announcements regarding the Company's operation without conflicting with or against regulations or orders of the Board of Directors.</p> | <p>Corporate's Secretary</p> <p>The Board of Directors reviewed and appointed the Corporate's Secretary at the Board of Directors' Meeting No. 1/2012 where Mr. Pravitt Tantiwasinchai, with his proper experience and qualifications, was designated as Corporate's Secretary to do the following:</p> |
| <p>7. To formulate or improve the executive organizational structure; to determine roles and responsibilities of senior executives under the CEO's line of command and to submit it to the Board for approval.</p> | <p>12. To authorize other persons to perform or do anything on his behalf as deemed appropriate subject however to the CEO's scopes of authority.</p> | <p>1. To perform duty with care, prudence and integrity for the best interest of the Company and to comply with the laws, objectives and Articles of Association of the Company and resolutions of the Board of Directors and Shareholders' meetings.</p> |
| <p>8. To formulate or amend a table of authority and submit it for the Board's approval.</p> | <p>13. To approve or act in other matters as stated in the table of authorization already approved by the Board.</p> | <p>2. To manage the meetings of the Board of Directors and Shareholders so that they are in compliance with the laws, the Company's regulations and its best practices.</p> |
| <p>9. To efficiently supervise the Company's operation and daily activities; to supervise employees for strict compliance with policies, regulations, orders and resolutions of the Board of Directors.</p> | <p>14. To perform any other duty as designated by the Board of Directors from time to time.</p> | <p>3. To record the minutes of the meetings of the Board of Directors and Shareholders including to inform resolutions of these two meetings to the management and monitor the compliance with such resolutions through CEO.</p> |
| <p>10. To command all employees and staff; to employ, appoint, transfer, exercise disciplinary actions and terminate their employment.</p> | <p>However, the CEO's exercise of his authority as described above is not allowed if the CEO or a person with potential conflict of interest as defined in the notifications of the SEC and the SET has any interest or may have a conflict of interest in any other manner with the Company or subsidiaries unless it's an approval of a normal business transaction with general business conditions and unless the</p> | |

4. To prepare and keep the following documents:
 - 4.1 Registration of Directors
 - 4.2 Invitation letter to attend the Board of Directors' meeting, minutes of the Board of Directors' meeting and the Company's annual report
 - 4.3 Invitation letter to attend the Shareholders' meeting and minutes of the Shareholders' Meeting
5. To keep and maintain a report of interest as filed by directors and executives.
6. To disclose information and reports under his responsibility to supervisory agencies based on the authorities' regulations.
7. To communicate shareholders' rights and the Company's information to shareholders.
8. To provide recommendations and information relating to laws and regulations that the Board is required to know and comply with; and to regularly monitor accurate compliance.
9. To oversee activities of the Board of Directors to ensure that directors can effectively perform their duties.

Table of the Board's meeting attendance in 2013

List of Directors		Board of Directors	The Audit Committee
1.	Mr. Rit Thirakomen	6/6	-
2.	Mr. Somchai Hanjirkasem	6/6	-
3.	Mr. Somchai Pipitvijitkorn	6/6	-
4.	Mr. Thanong Chotisorayuth	6/6	-
5.	Dr. Katiya Greigarn	6/6	-
6.	Dr. Annop Tanlamai	6/6	6/6
7.	Mrs. Vilai Chattanrassamee	5/6	6/6
8.	Mr. Attapon Chodchoy	6/6	6/6
9.	Mr. Sujint Chumpolkajana	6/6	-
10.	Mr. Pravit Tantiwasinchai	6/6	-

Remunerations of Directors and Executives

The Company has clearly and transparently determined director's remunerations which are in line with their roles and responsibilities to supervise the Company's business operation. The remunerations were also reviewed taking into consideration the Company's best interest. Remunerations of directors and executives in 2013 are as follows:

Director's remunerations

In 2013, the Company paid Baht 3,562,500 to its directors. However, based on the rules governing director's remunerations, executive director was remunerated for his status as an executive only and not as a director.

Table of Director's remunerations

Name		Position	Remunerations and meeting allowances (Baht)
1.	Mr. Rit Thirakomen	Chairman	-
2.	Mr. Somchai Hanjitkasem	Director	-
3.	Mr. Somchai Pipitvijitkorn	Director	550,000
4.	Mr. Sujint Chumpolkajana	Director	-
5.	Mr. Pravit Tantiwasinchai	Director	-
6.	Dr. Annop Tanlamai	Director	662,500
7.	Mrs. Vilai Chattanrassamee	Director	625,000
8.	Mr. Attapon Chodchoy	Director	625,000
9.	Mr. Thanong Chotisorayuth	Director	550,000
10.	Dr. Katiya Greigarn	Director	550,000
Total			3,562,500

Executive's remunerations

In 2013, the Company paid Baht 74,243,233 worth of salaries, bonuses and other remunerations to its executives.

Table of executive's remunerations

Type of remunerations	Number (persons)	Remunerations (Baht)
Salary	5	56,967,844
Bonus	5	17,275,389
Total	5	74,243,233

Other remunerations

Aside from paying monetary remunerations to directors and executives as described above, the Extraordinary General Meeting of Shareholders No. 1/2012 held on September 18, 2012 approved to allow the Company to issue and offer 20 million units of warrants (M-WA) to executives (including executive directors) and employees of both the Company and/or subsidiaries. The warrants would be allocated simultaneously with the IPO of the Company's ordinary shares. Meanwhile, executives (including executive directors) have been allocated 1,678,900 units of warrants as follows.

Executives allocated the M-WA	Number of warrant units being allotted
1. Mr. Rit Thirakomen	451,300
2. Mrs. Yupin Thirakomen	406,800
3. Mr. Somchai Hanjitasem	406,800
4. Mr. Sujint Chumpolkajana	251,200
5. Mr. Pravit Tantiwasinchai	162,800

In addition, the Company's executives also received remunerations from the provident fund after the Company started contributing to the fund on January 1, 2013. In 2013, the Company's executives received a total of Baht 1,139,356.88 from the provident Fund.

Corporate Governance

Being in a food and service business, MK Restaurant Group Public Company Limited operates restaurant chains in Thailand and abroad where the service reaches a large number of customers. The Company has been recognized not only for quality and safe food but also great service which have solidly driven its growth so far. Aside from running the business on this fundamental, the Board of Directors also places an extremely high priority to corporate governance (CG). In other words, as the Company firmly believes in the CG principles, CG rules and regulations have been applied in the operation while CG policy is adopted to manage the business and supervise internal functions. The goal, after all, is to ensure that the business is run efficiently and effectively to achieve its objectives.

The essence of the CG is to commit to integrity, transparency and fairness when doing business to reinforce confidence among shareholders, investors, customers, staff and all stakeholders. Our personnel are encouraged to be aware of the principles and to commit to moral practices when conduct the service business. As this reflects the Company's standards of management, it should be favorable to our business and further enhance our recognition here and abroad. That's why the Board of Directors has adopted the CG policy which corresponds to the CG principles for the business to grow sustainably and for us to remain trusted by our shareholders, investors, customers, staff and all stakeholders.



Mr. Rit Thirakomen

Chairman of the Board of Directors

MK Restaurant Group Plc.'s Corporate Governance

To make the Company an efficient organization when it comes to business operation, corporate governance practices and management excellence where shareholders are treated with the best interest and stakeholders are taken into consideration while the Company's business is carried out with transparency and accountability, the Board of Directors has adopted the following corporate governance (CG) policy for itself, the Company's executives and employees to adhere to. Details are as follows.

1. The Board of Directors, executives and employees will perform duty with transparency and integrity towards the organization and other colleagues.
2. The Board of Directors' first priority is customers, to be followed, respectively, by welfare and happiness of employees and best interest of the organization and business partners.
3. The Board of Directors strives to perform its duty with responsibility and independence. Roles and responsibilities of chairman of the Board, Chief Executive Officer and every executive are clearly defined.
4. The Board of Directors strives to be respectable. It will be a leader in ethical practice and a role model for corporate governance compliance.
5. The Board of Directors will devote to the Company without considering their personal interests. Its actions will be mainly based on outcomes affecting the organization and the public at large.
6. The Board of Directors will disclose the Company's financial and non-financial information in an adequate and timely fashion for shareholders and stakeholders to equally access the information.
7. Shareholders will be equally treated for the rights to information and will be offered appropriate channels to communicate with the Company.
8. The Board may appoint a specific committee to carefully screen important matters as deemed appropriate. There will also be an appropriate selection process to recruit important executives of all levels as well as a transparent and fair nomination process.
2. To bolster confidence of both local and international investors as the CG should let everyone equally share the interest.
3. To become a tool for the Company to measure its performance and examine its work process to improve its efficiency and achieve its goals.

The Corporate Governance Policy

Section 1: Shareholders' Rights

The Board of Directors is aware of shareholders' rights to own and control the Company through the Board of Directors appointed to perform duty on their behalf and to make decisions on the Company's major changes. That's why the Board of Directors has encouraged shareholders to exercise their rights based on the following fundamental rights of shareholders:

1. Shareholders' Meeting

- 1.1 The Board will ensure that the Company discloses information, identifies date and time of the meeting and meeting agendas with supporting explanations and rationale in each agenda in an invitation letter to attend the Annual General Meeting of Shareholders (AGM) and the Extraordinary General Meeting of Shareholders (EGM) as well as posts the information on

The Importance of Corporate Governance

1. To strengthen and standardize the management process while making the process accountable which should enhance the Company's competitiveness, prevent and do away with potential conflict of interest.

its website. The Company will refrain from doing anything that will restrict shareholders from studying the Company's information.

- 1.2 The Board will facilitate the Shareholders' Meeting which will be held at a place large enough to accommodate shareholders in Bangkok or nearby provinces not too far away to deter shareholders from travelling to.
- 1.3 The Company will allow shareholders to propose meeting agenda or send questions to the Company before the meeting day through available channels such as the Company's website.
- 1.4 The Company will allow shareholders who are unable to attend the meeting themselves to appoint a proxy who may vote on their behalf where absent shareholders will receive documents and explanations on how to appoint a legal proxy. Simultaneously, the Company will propose independent directors as a choice to be appointed as a proxy.

2. Procedures on the Shareholders' Meeting Date

- 2.1 The Company will introduce technology at the Shareholders' Meeting to register shareholders, count votes and present voting results to allow the Meeting to proceed fast, correctly and accurately.
- 2.2 The Company will allow shareholders to pose questions to Chairman of the Board and chairman of sub-committees in matters relating to the Meeting.
- 2.3 Shareholders are entitled to vote separately in each proposed agenda. For an election of member of the Board, shareholders are entitled to vote for each individual director.
- 2.4 The Company will appoint an independent person to count or check votes at both the AGM and the EGM before disclosing voting result to the Meeting and recording it in the minutes of the meeting.
- 2.5 Chairman of the Meeting shall appropriately manage the meeting session while encouraging shareholders to express their views and ask related questions to the Meeting under a relevant meeting agenda.

3. Minutes of the Meeting and disclosure of resolutions of the Shareholders' Meeting

- 3.1 Voting procedures and presentation of counted votes will be explained to the Meeting before it starts. Shareholders will be allowed to ask questions or raise an issue. In addition, questions and answers and voting results of each agenda indicating the number of shareholders who have voted yes, no or abstention will be recorded. A list of directors present at the meeting and absent from the meeting will also be recorded.
- 3.2. The Company will disclose to the public voting results of each meeting agenda at both the AGM and the EGM on the next business day on the Company's website.

Section 2: Equal treatment of shareholders

Realizing the importance of equal and fair treatment to all shareholders, the Board of Directors has done the following:

1. Giving information prior to the Shareholders' Meeting

- 1.1 The Board of Directors will have the Company submit a meeting schedule, meeting agendas and the Board's opinions to the Stock Exchange

of Thailand (SET) as well as post them on the Company's website at least 28 days before the date of the shareholders' meeting.

1.2 The Board will have the Company notify shareholders all rules and regulations to be applied at the meeting including how to adopt a resolution and voting rights of different classes of shares held by shareholders.

1.3 An invitation letter to attend the Shareholders' Meeting will be entirely made both in Thai and English.

2. Protecting the rights of minority shareholders

2.1 The Board of Directors will adopt clear rules to allow minority shareholders to propose additional meeting agendas in advance prior to the meeting day for the purpose of fairness and transparency when deciding whether or not the agenda proposed by minority shareholders will be added into existing meeting agendas.

2.2 The Board of Directors will adopt procedures to allow minority shareholders to nominate a person as a director. For example, a nomination can be made through the Nomination

Committee 3 - 4 months prior to the Shareholders' Meeting where qualification sheets and consents from the nominee will also be submitted.

2.3 The Board of Directors will proceed with the meeting based on the agendas notified in the invitation letter to attend the Shareholders' Meeting and will not add any meeting agenda during the meeting without notifying shareholders in advance.

2.4 The Board of Directors will allow shareholders to appoint a director on an individual basis.

3. Protection against the use of insider information

To promote equal access to information and to prevent the use of insider information for the benefit of directors, executives and employees including their spouse and children not yet legally matured as well as to strengthen our CG practice, the Company has adopted the insider information policy as follows:

3.1 Directors, executives and employees including their spouses and children not yet legally matured who have access to material information and the Company's financial statements not yet disclosed to the public are prohibited to disseminate or disclose

the information to other persons both in and outside the organization. In addition, there shall be the Chinese Wall among departments to prevent premature disclosure of material information not yet disclosed to the public unless such department is required by its duty to access the information which it shall take a good care of the information the same way the information owner does. This however excludes the disclosure of information to the supervising authorities.

3.2 The Company's directors, executives and employees including their spouses and children not yet legally matured who have access to the Company's material information and its financial statements are prohibited to buy, sell, transfer or take transfer the Company's securities within seven days prior to the disclosure of the Company's financial statements to the public.

4. Director's interest

4.1 At the Board of Directors' meeting, a director having an interest in a meeting agenda must report his interest to the meeting for the Board's acknowledgment. He/she has to leave the meeting room during the agenda.

4.2 The Board of Directors has a duty to review and resolve an issue of potential conflict of interest and connected transactions for the benefit of the Company and all stakeholders where it may designate the Audit Committee to review the issue and express an opinion regarding the transaction with potential conflict of interest and any item relating to the Company's transaction. The Audit Committee should inform the Board on a quarterly basis.

Section 3: Roles of Stakeholders

The Board of Directors has given priority to the rights of all groups of stakeholders; namely customers, suppliers, competitors, the society, employees and shareholders. Realizing its roles and responsibilities, the Board has formulated the Code of Conduct and best practices for employees to be aware of the stakeholders, to be faithful to their duties and to refrain from corruption. In order to protect the interest of all parties in an honest and fair manner, various groups of stakeholders are treated as follows:

Customers

The Company commits to make customers satisfactory and confident in us. It will develop quality products and provide excellent services to customers. It will also facilitate customers. The Company is responsible for

customers through a department set up to follow up with customers grievances to further improve its services.

Suppliers

The Company commits to create a mutual relationship with suppliers through which both may share reciprocal benefits and which the Company may honestly maintain supplier's rights in the service business because it places high priority to supplier's integrity. In addition, the Company also focuses at keeping supplier's information confidential.

Competitors

The Company aims to compete on quality and service efficiency for the best interest of customers. It will not destroy competitor's reputation just for the Company's interest. Simultaneously, the Company considers other firms both as a supplier and a person sharing the same profession who has mutually committed to the ratification governing the profession.

Society

Realizing that the Company is a component in a society, the Board of Directors has instructed the Management to adopt the CSR (corporate social responsibility) policy to provide assistance and support and to create something beneficial for communities and the society.

In addition, employees are urged to be aware of their responsibilities to every sector of the society.

Employees

Equal opportunity is given to employees at all levels. Human resources management is carried out on the basis of ethics and fairness. Remunerations, welfare and the provident fund will be provided for employee's secured future. The Company also pays attention to the development of human resources regardless of their levels both in terms of knowledge and skill enhancement as well as work attitude. The Company will take care of safety and healthcare issues of factory workers. All employees will be subject to a competency evaluation system. Besides, the Key Performance Indicator (KPI) has been introduced to evaluate employee's performance vis-à-vis the Company's goals.

Shareholders

The Company commits to maintain the interest of shareholders for their maximum satisfaction through remarkable returns and a steady growth. In addition, information will be accurately and transparently disclosed to investors and shareholders in an accurate and reliable manner. All shareholders are given a chance to equally exercise their rights.

Section 4: Disclosure of information and transparency

4.1 The Board of Directors has a duty to equally disclose all financial and non-financial information in a timely and reliable manner to shareholders and stakeholders via

the Company's annual report, the SET's electronic notification system and the Company's website. Information to be disclosed will cover what's stated in the SET's best practices which requires the Company to disclose significant and necessary information on a regular basis in Thai and English through the SET's communication channels and on the Company's website.

4.2 The Company has set up the Investor Relations Unit to coordinate with institutional investors, securities analysts and shareholders of the Company to provide them with the Company's performance and investment information through a convenient, fast and easy-to-access channel of communication.

4.3 Significant information with effect to the Company's securities price or which could affect investment decision or make an impact to shareholders' rights and benefits will only be disclosed after the information has been officially disseminated to the SET.

4.4 The Board of Directors is responsible for reporting its liability to the financial statements where such report must be published with the Annual Report. It is to report remunerations of each director in the annual report and to disclose the number of meetings held annually.

4.5 The Board of Directors has entrusted the Audit Committee to oversee the Management Discussion and Analysis (MDA) in conjunction with financial statements on a quarterly basis. This includes reviewing an auditing fee which shall also be disclosed in the annual report.

4.6 The Board of Director is required to disclose a policy under which remunerations are paid to directors and senior executives that can reflect each individual's roles and responsibilities. The disclosure shall include nature or characteristics of the remunerations as well as what each director receives from his/her directorship of subsidiary companies.

4.7 The Board of Directors must report changes in the Company's shareholding ratio based on the regulations of the Securities and Exchange Commission (SEC) and the SET.

4.8 The Board of Directors requires the Audit Committee to examine and oversee risk management where a risk assessment analysis will be conducted and risk is to be kept at an acceptable level.

Section 5: Responsibilities of the Board of Directors

5.1 Components, qualifications of the Board of Directors and appointment

- (1) The Board of Directors shall consist of no fewer than five members but not exceeding 12. This however depends on what the Shareholders' Meeting may determine from time to time. Of this, at least half shall be independent directors.
- (2) Directors shall possess qualifications and shall not have prohibited characteristics as stated in the laws on public limited company. Nor shall they possess any feature that indicates the lack of qualifications to be trusted to manage a business whose shares are held by the public under the laws and the SEC's notification on securities and exchange.
- (3) The Board of Directors shall adopt rules and regulations that carefully allow directors to hold positions at other companies taking into consideration how efficient directors who work for several firms will be and how reassuring that directors can adequately dedicate themselves for the Company. As such, each director may hold position complementary to the nature

of the Company's business in no more than five listed companies. In other words, efficiency of a person as the Company director may fall if he/she holds directorship in too many companies. In addition, the rule must be disclosed to the public.

- (4) The Board of Directors will assign Company Secretary to inform legal and regulatory advice that it had better learn. The Company Secretary will oversee the Board's activities and coordinate with other parties to ensure compliance with the Board's resolutions. The Company Secretary shall be a law or accounting graduate or has attended training relating to the Company Secretary's functions.
- (5) The Board of Directors may appoint an unlimited number of sub-committee as necessary to help it screen and oversee work under its responsibility.
- (6) Members of the Board shall be appointed with transparency. The Nomination Committee shall start a nomination process where a person with appropriate qualifications will be nominated as the Company's director together with detailed resume. The Nomination Committee

will then submit a list of nominees to the Board who will propose them to the Shareholders' Meeting for approval and appointment.

- (7) Resumes of all directors will be posted on the Company's website.
- (8) Newly-appointed directors will attend an orientation session within three months after the appointment in which information proven beneficial and necessary to their performance will be presented to them.
- (9) The Board of Directors will clearly adopt a policy and procedures governing the way the Company's CEO and senior executives hold directorship at other companies. This will include types of directorship and a number of companies they may sit at. All of this is subject to the Board's approval.
- (10) The Board of Directors has designated the Company Secretary to summarize and brief new information to new directors via the Board of Directors' Manual. New directors will make a company visit to better understand the Company's business.

5.2 Roles and responsibilities of the Board of Directors

The following are major roles and responsibilities of the Board of Directors:

- (1) To manage the Company in accordance with the laws, the Company's objectives, its Articles of Association and resolutions of the Shareholders' Meeting with integrity and care to protect the Company's interest.
- (2) To adopt policy, strategies and business goals with the management and to monitor the operation so that it's in line with such policy, strategies and goals with the target to maximize long-term interest of the Company and its shareholders.
- (3) To approve business plan, budget and annual operation goal proposed by the management and to constantly monitor and evaluate performance of the Company and senior executives to achieve the target.
- (4) To oversee and ensure that the Company has proper internal control and risk management systems.

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| <p>(5) To ensure efficient supervision both by internal auditor and external auditor.</p> <p>(6) To oversee that an accurate and comprehensive financial reporting is prepared within a required timeframe and to approve quarterly and annual financial statements.</p> <p>(7) To approve the human resource management policy and the executive development plan; to review senior executive succession plan; to ensure that the Company has an effective evaluation process to assess performance of its senior executives.</p> <p>(8) To ensure compliance with the principles of corporate governance (CG) under the SET and the SEC's guidelines.</p> <p>(9) To strictly comply with rules and regulations of the SET and the SEC especially with regard to director's interest and conflict of interest such as matters relating to connected transactions and use of internal information.</p> | <p>(11) To enhance the Board of Directors' performance, it may entrust director, a sub-committee, a person or an entity to jointly or separately do any one or several actions on its behalf where such authorization must be made within the Board's legal authority and where scopes of the designated person's power be clearly defined. The authorization however must not be in a manner that will allow the Board or the designated person to review and approve any transaction or to do anything that he or the person with potential conflict of interest (as defined in the SEC's notification) may have an interest or other conflict of interest with the Company and/or subsidiaries unless it's an approval of a normal business transaction with business conditions in general and unless the Board of Directors has already approved the matter in principle in accordance with the laws on securities and exchange.</p> | <p>(1) The Audit Committee -
At least three independent directors are appointed as members of the Audit Committee, one of whom must be knowledgeable in finance and accounting. They shall be independent as defined in the SET's announcement and according to the definition of independent director specifically for company. The Audit Committee will audit internal control system, financial reporting system and risk management and will select and appoint auditor.</p> <p>(2) The Corporate Governance, Nomination and Remunerations Committee - All members of the Committee will be independent directors who are members of the Company's Board. The Committee has a duty to nominate appropriate persons as members of the Board and CEO. The Committee has a duty to verify the Company's CG practice and adopt an efficient nomination process for the Company to hire fully-qualified persons.</p> |
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- 5.3 Specific committee**
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| <p>(10) To attend the meeting of Board of Directors and Shareholders unless in case of force majeure where absent directors shall notify Chairman of the Board or Company Secretary before the meeting.</p> | <p>One of the Board of Directors' duties is to thoroughly and effectively review and approve important matters relating to the Company's operation. As a result, the Board has decided to set up the following specific committees:</p> | |
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5.4 The Board of Directors' Meeting, information and documents

- (1) The Board of Directors will schedule meeting dates of the Board of Directors in advance on an annual basis. The Company Secretary will inform each director accordingly.
- (2) The Board of Directors will receive information relating to the meeting in advance. The Company Secretary will prepare an invitation letter to attend the meeting plus meeting agendas and supporting documents at least five days before the meeting date to allow the Board enough time to study the information before attending the meeting unless it's an emergency meeting.
- (3) Chairman of the Board shall approve meeting agendas where he is to consult with the CEO. Each director has liberty to propose a matter into the meeting agendas. The Company Secretary will gather proposed agendas from each director.
- (4) Directors having an interest in an agenda are required to abstain from voting or refrain from expressing opinion in the agenda. At the Board of Directors' meeting, if a director is having an interest in an agenda,

Chairman of the Board will ask the director to comply with the policy by acknowledging his interest in the agenda to the meeting before he/she is invited to step out of the meeting during the agenda.

- (5) The Board of Directors has designated the Company Secretary to record a minutes of the meeting in a complete, accurate and timely fashion. The minutes must be clear in terms of meeting results and opinions of the Board for further use as reference.

5.5 Remunerations of the Board and CEO

The Board of Directors and CEO may not set their own remunerations since this is obviously a conflict of interest. To do so, the Remunerations Committee will determine the rates and propose them for the Board to approve before the matter is presented to shareholders for their approval based on the Board's performance.

- (1) The Remunerations Committee has a duty to provide advice regarding remunerations of the Board and CEO to the Board of Directors. Other advice includes structure/ components of the remunerations proven fair to the Board's responsibilities and in line with its performance at an amount that can effectively retain qualified directors in the

same industry. Meanwhile, structure/components of the remunerations shall be clear, transparent and easy to understand.

- (2) Shareholders are entitled to review rules and policies regarding remunerations of each director annually. The Board of Directors is to submit director's remunerations to shareholders who will review the information as part of the meeting agendas at the Annual General Meeting of Shareholders (AGM).
- (3) The Board of Directors and senior executives are required to report principles and rationale regarding director's remunerations in the Company's Annual Report and its financial statements.

5.6 Evaluation of the Board and CEO

- (1) The Board of Directors will evaluate itself on an annual basis. Directors will discuss what they have achieved and problems they are confronting for further improvement. An evaluation of the Board of Directors' performance will be based on evaluation guidelines as suggested by the SET. Improvement will be made to suit the Company's nature of business.

- (2) The Board of Directors will evaluate CEO's performance and compared it with the Board's performance. The evaluation will be made on the basis of performance. Chairman of the Board is designated to inform evaluation result to CEO and the Board of Directors.

5.7 Succession plan

- (1) The Board of Directors has entrusted CEO and the management to adopt a succession plan for executives and positions in line operation.
- (2) The Board of Directors has designated CEO to regularly report actions under the development and succession plan so that the Company is constantly ready for a successor in case the CEO could no longer perform his duty.
- (3) The Board will ensure that a system is in place to properly select responsible personnel.

5.8 Enhancement of directors and executives

- (1) The Board will promote and facilitate CG training to enhance knowledge on this subject.

- (2) The Board will regularly attend knowledge-enhancement courses organized by supervisory agencies where the Company Secretary is designated to coordinate with directors to inform them of relevant courses.

5.9 Roles and Responsibilities of Company Secretary

- (1) To perform duty with care, prudence and integrity for the best interest of the Company and to comply with the laws, objectives and Articles of Association of the Company and resolutions of the Board of Directors and Shareholders' meetings.
- (2) To manage the meetings of the Board of Directors and Shareholders so that they are in compliance with the laws, the Company's regulations and its best practices.
- (3) To record the minutes of the meetings of the Board of Directors and Shareholders including to inform resolutions of these two meetings to the management and monitor the compliance with such resolutions through CEO.

- (4) To prepare and keep the following documents:
(a) Registration of Directors;
(b) Invitation letter to attend the Board of Directors' meeting, minutes of the Board of Directors' meeting and the Company's annual report; and (c) Invitation letter to attend the Shareholders' meeting and minutes of the Shareholders' Meeting.
- (5) To keep and maintain a report of interest as filed by directors and executives.
- (6) To disclose information and reports under his responsibility to supervisory agencies based on the authorities' regulations.
- (7) To communicate shareholders' rights and the Company's information to shareholders.
- (8) To provide recommendations and information relating to laws and regulations that the Board is required to know and comply with; and to regularly monitor accurate compliance.
- (9) To oversee activities of the Board of Directors to ensure that directors can effectively perform their duties.

Corporate Social Responsibility

MK Restaurant Group Public Company Limited conducts its business on the basis of the corporate governance (CG) principles. We are committed to be an organization with social and environmental responsibility both when doing our business and when conducting activities to enhance wellbeing of the society, communities and the environment. In addition, we encourage staff to take part in exercising social responsibility for a sustainable growth of both the business and the society at large. MK Restaurant Group Plc has so far adopted the following social responsibility policies:

CSR-in-Process

Fair business

The Company commits to do business on a fair and ethical basis. We have put in place a policy to fairly and equally treat our suppliers. The policy, based on the fact that both parties shall enjoy fair returns, prohibits the Company to demand, receive or pay fraudulent benefit from or to suppliers. If there is any information that such demand, receipt or payment occurs, details must be disclosed between suppliers and all parties are to resolve the problem quickly and on a fair basis.

The Company also has a policy to treat business competitors under the best practices on competition. We strive neither to violate supplier's trade secret nor to access his confidential information unscrupulously. We will not

seek confidential information of business competitors in an improper or dishonest manner. Nor will we destroy their reputation through false and malicious accusation.

Respect of human rights

MK Restaurant Group Public Company Limited underlines the importance of basic human rights to promote respect to the rights and liberty of other people. The "MK Culture" is to live as a family with no difference in class and upbringing. Everyone is treated as a family member and each has responsibility to perform his duty for everyone to reach a common goal together.

Fair labor treatment

Realizing that employee is a key success factor for the Company's achievement, it's our policy to treat employees fairly whether in terms of job opportunity, remunerations, transfer and promotion and capacity-building, all of which are done on the following principles:

1. The Company will treat employees politely and with respect to his/her individualism and dignity as a human being.
2. The Company will give fair remunerations to employees.
3. The Company will take care of work environment to ensure safety to life and property of employees.
4. Appointment, transfer, reward and punishment of employees will be executed on a good faith and

based mainly on the employee's knowledge, capacity and sound qualifications.

5. The Company will provide extensive and regular opportunities for employees to enhance knowledge and expand their capacity.
6. The Company is keen to listen to opinions and recommendations based on employee's professional competency.
7. The Company will strictly comply with laws and regulations regarding employment.
8. The Company will refrain from doing anything unfair that could jeopardize employee's job security or threaten and put pressure to employee's psychological state.

MK Restaurant Group Public Company Limited has set up the Employee Relations Division as a channel to provide advice and to discuss problems and grievances with employees. Employee visits are regularly carried out at branches in Bangkok and the provinces to check their wellbeing and to provide assistance. The Company has also initiated the "Happy 8" Project inspired by the Happy Workplace concept introduced by the Thai Health Promotion Foundation. The project promotes workplace happiness in eight aspects with a hope to build a sustainable society; Namely Happy Body, Happy Heart, Happy Soul, Happy Brain, Happy Money, Happy Family, Happy Relax and Happy Society.

Responsibility to consumer

The Company places a high priority to customer's health and safety where quality and hygiene of every food items is highlighted. The Company has food safety experts supervising from the very first step when foods are delivered to us to when they are cooked at the central kitchens, distributed to branches nationwide and stored at each branch. Besides, training is organized to ensure staff's understanding and compliance with the Company's standards which have so far been certified by various institutions as follows.

- ISO 9001: 2008 - The central MK kitchen has been certified by an internationally-recognized standardized quality and food safety management process.

- Hazard Analysis Critical Control Point (HACCP) - HACCP is a system that manages and governs food safety. Critical control point in the manufacturing process is supervised and the system can be applied throughout the entire food chain starting from primary producer to consumer at the end stage for the sake of food safety.
- Good Manufacturing Practices (GMP) - the GMP focuses at a good manufacturing process as it is believed that this should lead to quality products. The GMP covers the production process from the central kitchen all the way to manufacturing equipment and delivery to consumer.
- Certificate from Department of Medical Sciences, Ministry of Public Health regarding contaminants in

fresh vegetables and fruits which confirms that the Company can systematically trace contaminants in fresh produce offered at its restaurants and that it has a traceability all the way back to the entire production chain.

- Certificate under the "Food Safety" program by Department of Medical Sciences, Ministry of Public Health which focuses at finding food contaminates such as borax, salicylic acid, sodium hydrosulfite, formalin and pesticides in food.
- Certificate under the "Q Restaurant" program of the National Bureau of Agricultural Commodity and Food Standards, Ministry of Agriculture and Agricultural Cooperatives, where restaurants are encouraged to use raw materials listed as Q products which have already been certified by the GMP to enable consumer to get access to safe foods
- Certified by the Food Institute, Ministry of Industry under the "No MSG" project - through this program, the Food Institute examines the process and takes samples from food, ingredients and sauces to trace MSG in its lab. With this certificate, all dishes at MK restaurants are certified safe, clean and MSG-free. The Food Institute has given the "No MSG" sign to all MK restaurant branches.



Environmental conservation

The Company puts priority to environmental preservation to maintain environment and ecological balance of communities where it operates. For example, at our factory's microbiological lab, we have a process to dispose of infected waste through a high-temperature sterilization system of 121 degree Celsius. The Company also treats wastewater and have it examined under the standards of Ministry of Industry as stipulated in the Factory Act, B.E. 2535 (1992) before releasing the treated water into public waterways. In addition, the Company strictly complies with environmental impact control standards of Department of Industrial Works, international standards and other laws and regulations.

Community and social development

1. The dual vocational training system project

Together with the Office of Vocational Education Commission, MK Restaurant Group Public Company Limited has organized the "dual vocational training system project" which combines vocational training in school with on-the-job training at business premise. Vocational students will have a chance to train at a business so that they are truly competent before graduating with right quality as required by the business. The project offers the opportunity in both Vocational Certificate level and High Vocational Certificate level through collaboration with more than 20 colleges. Besides, related activities such as extra training in topics considered useful to students under this program are regularly held and certificates are given to participants upon their graduation.



2. The project to support hearing-impaired students

Hearing-impaired students from three schools; namely Thungmahamek School for the Deaf, Nonthaburi School for the Deaf and Nakhon Pathom School for the Deaf have been working with us. Before starting to work, they are provided skill training using the MK Training Center's coursework designed for the dual vocational training project for senior high school students. As part of every course, students will have an opportunity to do a field visit and work at MK restaurant. If they wish to work part-time for more experiences or extra income, the Company will have staff coordinating their schools and MK Restaurant's branch nearest to student's home. At present, MK Restaurant regularly hires disabled students to work with us both as full- and part-time staff.



3. The student trainee/cooperative education project

During school breaks, MK Restaurant Public Company Limited recruits and selects student trainees and cooperative education students to work at the restaurants to enhance their experiences and to enable them to earn extra incomes. The Company also issues a traineeship certificate to students at the end of the period.



CSR-after-Process

Aside from pursuing our business, the Company has regularly conducted social activities for the public interest both in Bangkok and the provinces as follows.

- Offering lunch to physically and intellectually disabled children at Baan Rajawadee where the Company's employees cooked and served food for the kids;
- Donating money to the Special Education Center, Lamphun Province, to help organize the "Love Severely Disabled Kids" Project;
- Supporting a football tournament held by the Thai Blind Football Club (TBFC) which gathered sight-impaired people nationwide to play football with each other for which MK Restaurant Group sponsored food and awards; a football match between the Company's employees and sight-impaired footballers was also organized.
- Teaching social-skill activities such as how to properly clean hands and how to interact with others to kids at Phuket Panyanukul School, a state-run school of more than 150 children who are hearing-impaired, autistic and who suffer from the Down syndrome. Activities were carried out through games played in groups which produced a lot of laugh and joy among kids. MK brought food for kids to eat at the school. The activity also allowed MK employees in Phuket to bond with each other. Meanwhile, MK employee were exposed to the nature of the kids which could turn them into another helping hand to take care of the kids if needed.
- Offering lunch and organizing activities to encourage kids to eat more vegetables through marionettes at Nonthaburi School for the Deaf and Thungmahamek School for the Deaf
- Giving scholarships to orphans at Bangpleng Temple; teaching them social skills such as how to properly clean their hands and to get them eat more veggies; and
- Making donations to several temples, hospitals and foundations for the public interest.



Details of all Directors and Executives

Name / Position	Age (years)	Education	M Share-holding (%)	Family Relations among Executives	Experience		
					Period	Position	Company
1. Mr. Rit Thirakomen	62	<ul style="list-style-type: none"> Bachelor's Degree (Electrical Engineering), Chulalongkorn University DAP 97/2555 Thai Institute of Directors Association 	37.4*	Spouse of Mrs. Yupin Thirakomen	2012 - Present	Chairman of the Board of Directors / Chief Executive Officer	MK Restaurant Group Public Co., Ltd.
<ul style="list-style-type: none"> Chairman of the Board of Directors Chief Executive Officer Director (Authorized Signature) Acting Executive Vice President - International Business Development Division 					Present	Acting Executive Vice President - International Business Development Division	MK Restaurant Group Public Co., Ltd.
					Present	Director	MK Worldwide Co., Ltd.
					Present	Director	Global Asset Development Co., Ltd.
					Present	Director	MK Interfood Co., Ltd.
					Present	Director	MK Service Training Center Co., Ltd.
					Present	Director	Precision Manufacturing Co., Ltd.
					Present	Director	Totems Co., Ltd.
					1989 - 2012	Director	MK Restaurant Group Public Co., Ltd.
					1986 - 2012	Managing Director	MK Restaurant Group Public Co., Ltd.
					1986 - 2006	Managing Director	SE-EDUCATION Public Co., Ltd.
					1973 - 1975	Electrical Engineer	Jardine Matheson

Name / Position		Age (years)	Education	M Share- holding (%)	Family Relations among Executives	Experience		
						Period	Position	Company
2. Mr. Somchai Hanjittkasem	<ul style="list-style-type: none"> • Director (Authorized Signature) • Managing Director - MK Restaurant Group • Acting Executive Vice President - Human Resources Division 	52	<ul style="list-style-type: none"> • Bachelor's Degree, Bangkok University • Master's Degree (MS), Abilene Christian University • DAP 97/2555 FND 9/2547 DAP 6/2546 Thai Institute of Directors Association 	36.3**	Brother of Mrs. Yupin Thirakomen and Mr. Somnuk Hanjittkasem	2012 - Present	Director / Managing Director - MK Restaurant Group	MK Restaurant Group Public Co., Ltd.
						Present	Acting Executive Vice President - Human Resources Division	MK Restaurant Group Public Co., Ltd.
						Present	Director	MK Interfood Co., Ltd.
						Present	Director	Global Asset Development Co., Ltd.
						Present	Director	MK Service Training Center Co., Ltd.
						Present	Director	MK Worldwide Co., Ltd.
						Present	Director	Dawiburi Villa Owner Association Co., Ltd.
						Present	Director	Shellhut Entertainment Co., Ltd.
3. Mr. Somchai Pipitvijitkorn	<ul style="list-style-type: none"> • Director 	74	<ul style="list-style-type: none"> • Bachelor's Degree (Accounting), Chulalongkorn University • Master's Degree (Business Administration), Michigan State University 	None	Uncle of Mr. Rit Thirakomen	2012 - Present	Director	MK Restaurant Group Public Co., Ltd.
						2009 - Present	Chairman of the Board of Directors	Bangsaphan Barmill Public Co., Ltd.
						2004 - Present	Director	Sahaviriya Plate Mill Public Co., Ltd.
						2003 - Present	Director	Sahaviriya Steel Industries Co., Ltd.
						2004 - 2009	Director	Bangsaphan Barmill Public Co., Ltd.
						1986 - 1998	Director	Siam City Cement Public Co., Ltd.
						1984 - 1999	Director	Bank of Ayudhya Public Co., Ltd.
						1983 - 1999	Director	The Ayudha Life Assurance Public Co., Ltd.
						1989 - 2012	Vice President	MK Restaurant Group Public Co., Ltd.
						1989 - 2012	Director	MK Restaurant Group Public Co., Ltd.

Name / Position	Age (years)	Education	M Share- holding (%)	Family Relations among Executives	Experience		
					Period	Position	Company
4. Dr. Annop Tanlamai • Independent Director • Chairman of Audit Committee	63	<ul style="list-style-type: none"> Bachelor's Degree (Mechanical Engineering), Chulalongkorn University Master's Degree (Engineering Management), University of Missouri MBA (Quantitative Business Analysis), Indiana University Ph.D. (Engineering Management), University of Missouri DCP 154/2554 Thai Institute of Directors Association 	None	None	2012 - Present	Independent Director / Chairman of Audit Committee	MK Restaurant Group Public Co., Ltd.
					Present	Director	Bangkok Expressway Public Co., Ltd.
					Present	Director	Ex.19 Co., Ltd.
					Oct. 2012 - Present	Dean	College of Management Mahidol University
					2007 - 2011	Dean	Faculty of Commerce and Accountancy, Chulalongkorn University
					1999 - 2007	Director of the Master of Business Administration (MBA) Program	Faculty of Commerce and Accountancy, Chulalongkorn University
					1995 - 1999	Head of Department of Commerce	Faculty of Commerce and Accountancy, Chulalongkorn University
					1989 - 1995	Director of the Master of Business Administration (MBA) Program	Faculty of Commerce and Accountancy, Chulalongkorn University
					1988 - 1989	Lecturer	Faculty of Commerce and Accountancy, Chulalongkorn University
					1986 - 1988	Assistant Lecturer	Bentley College

Name / Position	Age (years)	Education	M Share- holding [%]	Family Relations among Executives	Experience		
					Period	Position	Company
5. Dr. Katiya Greigarn • Independent Director	61	<ul style="list-style-type: none"> Bachelor's Degree (Electrical Engineering), Chulalongkorn University Master's Degree (Electrical Engineering), University of Missouri - Rolla Ph.D. (Electrical Engineering), University of Missouri - Rolla ACP 34/2554 FSD 3/2551 DAP 37/2548 Thai Institute of Directors Association 	None	None	2012 - Present	Independent Director	MK Restaurant Group Public Co., Ltd.
					2013 - Present	Director	Lynx Corporation Co., Ltd.
					2002 - Present	Director	Chok Udom Property Co., Ltd.
					2002 - Present	Director	Sab Udom Properties Co., Ltd.
					2008 - Present	Director	Mekfah Development Co., Ltd.
					2008 - Present	Director	Viptel Co., Ltd.
					2011 - Present	Independent Director /	Planet Communications Asia
						Chairman of Audit Committee	Co., Ltd.
					2007 - Present	Independent Director /	Premier Marketing Public Co., Ltd.
						Chairman of Audit Committee	
					2005 - 2013	Independent Director /	Premier Technology Public Co., Ltd.
						Chairman of Audit Committee	
					Present	Director	KV Electronics Co., Ltd.
					1988 - Present	Managing Director	KV Electronics Co., Ltd.
					1983 - 1988	Director / Technical Manager	BPC Computer Co., Ltd.
					1981 - 1983	Manager – Electrical Industrial	ItalThai Industrial Co., Ltd.
					1978 - 1981	Plant Manager	ITT Thailand Co., Ltd.

Name / Position	Age (years)	Education	M Share- holding (%)	Family Relations among Executives	Experience		
					Period	Position	Company
6. Mr. Thanong Chotisrayayuth • Independent Director	60	<ul style="list-style-type: none"> Bachelor's Degree (Electrical Engineering), Chulalongkorn University Master's Degree (Education Management), Chulalongkorn University DCP 33/2546 Thai Institute of Directors Association 	None	None	2012 - Present	Independent Director	MK Restaurant Group Public Co., Ltd.
					Present	Director	M&E Co., Ltd.
					Present	Director	Pleam Patana Co., Ltd.
					Present	Director	SE-ED Book Center Co., Ltd.
					Present	Director	SE-EDUCATION Public Co., Ltd.
					2010 - Present	Director	Pleampattana School
					2003 - Present	Chairman of the Board of Directors	Pleam Patana Co., Ltd.
					2001 - Present	Managing Director	SE-ED Book Center Co., Ltd.
					1987 - Present	Managing Director	SE-EDUCATION Public Co., Ltd.
					1974 - 1987	Executive Vice President	SE-EDUCATION Public Co., Ltd.

Name / Position	Age (years)	Education	M Share-holding (%)	Family Relations among Executives	Experience		
					Period	Position	Company
7. Mrs. Vilai Chattanrassamee • Independent Director • Member of Audit Committee	60	<ul style="list-style-type: none"> Bachelor's Degree (Accounting), Chulalongkorn University Master's Degree (Accounting), Thammasart University DCP 13/2544 Thai Institute of Directors Association 	None	None	2012 - Present	Independent Director / Member of Audit Committee	MK Restaurant Group Public Co., Ltd.
					2013 - Present	Independent Director / Member of Audit Committee	Shun Thai Rubber Gloves Industry Public Co., Ltd.
					2010 - 2012	Independent Director / Member of Audit Committee	Asian Seafoods Coldstorage Public Co., Ltd.
					Present	Director	Horton International Co., Ltd.
					Present	Director	Executive Search Services Co., Ltd.
					2011 - Present	Secretary General	Federation of Accounting Professions under the Royal of His Majesty The King
					2002 - 2011	Director / Treasurer	Federation of Accounting Professions under the Royal of His Majesty The King
					1999 - 2009	Vice President - Accounting and Finance	Sahaviriya Steel Industries Co., Ltd.
					1998 - 1999	Chief Financial Officer	Grammy Entertainment Public Co., Ltd.
					1996 - 1998	Executive Vice President	Siam Integrated Cold Rolled Steel Public Co., Ltd.

Name / Position	Age (years)	Education	M Share- holding [%]	Family Relations among Executives	Experience		
					Period	Position	Company
8. Mr. Attapon Chodchoy • Independent Director • Member of Audit Committee	57	<ul style="list-style-type: none"> Bachelor's Degree (Cost Accounting), Chulalongkorn University DCP 54/2548 Thai Institute of Directors Association 	None	None	2012 - Present	Independent Director / Member of Audit Committee	MK Restaurant Group Public Co., Ltd.
					2013 - Present	Independent Director / Member of Audit Committee	M Pictures Entertainment Public Co., Ltd.
					2012 - Present	Financial Advisor	Unique Plastic Industry Co., Ltd.
					2001 - 2011	Director / Director of Finance Department	Molnycke Health Care (Thailand) Co., Ltd.
					1999 - 2001	Director of Accounting and Finance Department	The British Dispensary (L.P.) Co., Ltd.
					1982 - 1999	Director / Chief Finance Officer	Minor Corporation Public Co., Ltd.
9. Mr. Sujint Chumpolkajana • Director • Executive Vice President - Restaurant Development Division	62	<ul style="list-style-type: none"> Bachelor's Degree (Electrical Engineering), Chulalongkorn University DAP 97/2555 Thai Institute of Directors Association 	0.8	None	2012 - Present	Director / Executive Vice President - Restaurant Development Division	MK Restaurant Group Public Co., Ltd.
					2006 - 2012	Executive Vice President - International Business Development Division	MK Restaurant Group Public Co., Ltd.
					Present	Director	MK Service Training Center Co., Ltd.
					1992 - 2006	Vice President	MK Restaurant Group Public Co., Ltd.
					1989 - 1992	Chief Engineering	President Hotel
					1977 - 1989	Chief Engineering	Rama Gardens Lumpini Hotel

Name / Position	Age (years)	Education	M Share-holding (%)	Family Relations among Executives	Experience		
					Period	Position	Company
10. Mr. Pravit Tantiwasinchai	57	<ul style="list-style-type: none"> Bachelor's Degree (Accounting-Finance and Banking), Chulalongkorn University Graduate Diploma (Auditing), Chulalongkorn University DAP 97/2555 DAP 6/2546 Thai Institute of Directors Association 	0.6	None	2012 - Present	Director / Executive Vice President - Accounting and Finance Division / Corporate Secretary	MK Restaurant Group Public Co., Ltd.
<ul style="list-style-type: none"> Executive Vice President - Accounting and Finance Division Corporate Secretary 					2006 - 2012	Executive Vice President - Accounting and Finance Division	MK Restaurant Group Public Co., Ltd.
					1999 - Present	Independent Director / Member of Audit Committee	SE-EDUCATION Public Co., Ltd.
					1994 - 2006	Director of Accounting and Finance Department	MK Restaurant Group Public Co., Ltd.
11. Mrs. Yupin Thirakomen	57	<ul style="list-style-type: none"> Honorary Master's Degree (Business Administration), Kalasin Rajabhat University 	37.4*	Spouse of Mr. Rit Thirakomen / Sister of Mr. Somchai and Mr. Somnuk Hanjikasem	2012 - Present	Managing Director - Japanese Food Restaurant Group	MK Restaurant Group Public Co., Ltd.
<ul style="list-style-type: none"> Managing Director - Japanese Food Restaurant Group Acting Executive Vice President - Supply Chain Division 					Present	Acting Executive Vice President - Supply Chain Division	MK Restaurant Group Public Co., Ltd.
					2006 - 2012	Executive Vice President - Supply Chain and Japanese Restaurant	MK Restaurant Group Public Co., Ltd.
					Present	Director	Global Asset Development Co., Ltd.
					Present	Director	National Food Retail Co., Ltd.
					Present	Director	Kipson Intertech Co., Ltd.
					Present	Director	Superior Food Service Co., Ltd.
					1986 - 2006	Vice President	MK Restaurant Group Public Co., Ltd.

Remark: *Share aggregation of Mr. Rit and Mrs. Yupin Thirakomen **Share aggregation of Mr. Somchai and Mr. Somnuk Hanjikasem % M Shareholding as of February 3, 2014

General Corporate Information and Other References

Company Name	: MK Restaurant Group Public Company Limited
Primary Business	: Restaurant
Head Office	: 1200 Bangna-Trad Road, Bangna, Bangkok 10260
Registration No.	: 0107555000317
Homepage	: www.mkrestaurant.com
Telephone	: +66 2836 1000
Fax	: +66 2836 1099

Share Capital as of December 31, 2013

Registered Capital	: Baht 925,850,000 comprising of 925,850,000 shares with a par value of Baht 1 each
Issued and Paid-up Capital	: Baht 905,850,000 comprising of 905,850,000 shares with a par value of Baht 1 each
Registrar	: Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 62 Rachadapisek Road, Klongtoey, Bangkok 10110 Tel.: +66 2229 2800 Fax: +66 2359 1259
Auditors	: EY Office Limited 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Tel.: +66 2264 0777 Fax: +66 2264 0789

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