

mudman

ANNUAL REPORT

2018

MUDMAN PUBLIC COMPANY LIMITED

รายงานประจำปี 2561
บริษัท มัดแมน จำกัด (มหาชน)

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Vision and Mission

Vision:

“To be great, enduring company, with appealing food & lifestyle brands, proving a healthy and quality work environment”

Mission:

Company conducts business and activities to support development of Thai community in creating sustainable social and environmental development

- To be a strong and respected company in the eyes of our staff, consumers, community, suppliers and stakeholders
- To operate successful brands in term of brand awareness, brand regards and penetration
- To value and support our people and stakeholders
- To win the market place in terms of quality, growth of stakeholders, and brand equity

Messages from the Chairman

To: The Shareholders of Mudman Public Company Limited

On behalf of the Board of Directors of the Company, it is a great honor and privilege for me to have the opportunity to extend a very warm welcome to all of you to the 2019 Annual General Meeting of your Company for the second year since the Company has been listed on the Stock Exchange of Thailand in 2017.

The message will include the key points of the performance of the Company for the year 2018, dividend recommendation for 2018 performance, and the business outlook and strategies of the Company in the future.

1. The Performance of the Company for the year 2018

In 2018, overall Thai economy expanded by 4.1%, due primarily to private consumption that expanded favorably in-line with the more broad-based expansion of overall economic activities and income conditions, continuing growth of exports and tourism sector, and total investment. However, the Company continues to face tough challenges from the persistent weak purchasing power of consumer of consumers and economic slowdown, Therefore, the Company continued not only to focus on productivity improvement and cost saving, but also to constantly strengthened and developed the Company's competitive advantages by offering new innovative products to best match the needs of consumers, executing effective advertising and promotional campaigns to reach the target consumers, using technology as a tool to enhance the consumers' experiences on our services, and operating business with integrity, accountability, and transparency to ensure that we are delivering quality products and services to all customers. With above implementations, the 2018 financial performance was broadly satisfactory with total revenues of THB 3,233 mm (2017 total revenues of THB 2,962 mm) or growth of 9.2%. The net profit improved from THB (50) mm in 2017 to THB (12) mm in 2018.

2. Dividend Recommendation for the 2018 Performance

With 2018 performance and confidence in the future prospect of the Company, the Board of Director of the Company resolved to recommend to pay an annual dividend of THB 0.055 per share, subject to the shareholder approval at 2019 Annual General Meeting. The dividend will be paid on May 21, 2019 to the eligible shareholders who hold a right to receive the dividend.

3. The Business Outlook and Strategies of the Company in the Future

In 2019, despite the Office of the National Economic Development Board (NEDB) forecast that the Thai economy will continue to grow at 3.5% - 4.5% which supported by a favorable growth momentum of private consumption, an improvement of private investment, an acceleration of public investment, a recovery of tourism sector, a clearer redirection of global trade, production, and investment which will help ease the impacts from global slowdown, the Company remains cautious about the future outlook in 2019. The Company has key strategies to create sustainable growth as followed

- **Continuing Innovation & Creativity:** The experienced team has been developing and innovating products and services to meet the rapid changes of consumers' behavior and needs. For example, strengthen "Value for Money" concepts, product innovation (i.e. festive menus, trendy menu such as durian donuts, ice-cream cake in various formats, and special menu for Mother's Day).

- **Store Expansion in Strategic Locations:** Since store expansion is a key factor to create sustainable growth, the Company has determined to continuously develop and expand stores of both owned- and franchised-brand in strategic locations to create sustainable growth and meet consumers' needs. In addition, the Company has the experienced team who understands the market situation and competition. Moreover, the Company has been strengthening good relationships with the existing landlords and at the same time developing new relationship with potential landlords.
- **International Growth:** The Company has determined and realized the opportunities in presenting unique Thai cuisine to the global market. Therefore, the Company has been aggressively expanded "Greyhound Café" to not only Asian market in which there are exceptional success, but also the first flagship store in Europe (London, England) in 4Q/17 to build the brand awareness of Greyhound Café in Europe. In addition, the Company has been granted the territory expansion of Au Bon Pain into CLMV countries (Cambodia, Laos, Myanmar, and Vietnam). The Company is on the study and partner selection process.
- **Competitive Advantages of Costs and Expenses:** The Company is aiming not only to establish sustainable revenue growth, but also to create competitive advantage of costs and expenses. The Company has been developing centralized unit in order to support each brand (owned and franchised brands) in the areas of accounting and finance, information technology, supply chain management, human resource, and etc. With the centralized support unit, each brand is able to concentrate on consumer and to efficiently control costs and expenses i.e. big order for all brands.
- **Inorganic Growth:** The Company not only focuses on the organic growth of the existing business, but also eyes on the optimal new business opportunities to create inorganic growth. In 4Q/17, MM acquired the ordinary shares of SLVH which operates food and beverage business under the trademark of Le Grand Vefour, a historic restaurant (since 1784) with more than 230 years of operation. SLVH has only one restaurant located in the area of The Palais Royal's Gardens in Paris, France with two Michelin stars.

On the behalf of the Board of Directors of the Company, I would like to thank our customers, shareholders, and stakeholders who have reposed great trust and repeated support in our products and services. In addition, I take this opportunity to thank all our employees for their tremendous efforts and dedication in delivering results in intensely competitive environment and tough economic situation.

Yours Sincerely,



(Mr. Sompoch Intranukul)

Chairman of Board of Director

Report of Audit Committee

To: The Shareholders of Mudman Public Company Limited

The Audit Committee appointed by the Company's Board of Directors consists of three independent directors. Chaired by Lt. Col. Taweessin Rukkatanyu, the Committee has Miss Tippawan Pinvanichkul and Mr. Pisit Jeungpraditphan as two audit members with Miss Praphaiwan Kimsomboon serving as the Committee's secretary. The qualifications of all Audit Committee's members have passed the criteria laid down by the Office of the Securities and Exchange Commission (SEC). The Audit Committee has carried out its work within the scope of duties and responsibilities specified in the Audit Committee Charter.

In 2018, the Audit Committee convened four meetings with the Company's executives, internal auditors, and the auditors. In addition, the Audit Committee met with the auditors to discuss 2018 financial statements without the presence of the Company's Management. The work of the Audit Committee during 2018 can be summarized as follows:

1. Review of quarterly financial statements and full year financial statement

The Audit Committee reviewed the quarterly financial statements and full year financial statement including the connected transactions and transaction that may have a conflict of interest with executives, internal audit department and auditors. The Audit Committee inquired and received explanations from executives of the Company's finance and accounting units as well as the auditors concerning the accuracy of the Company's financial statements and consolidated financial statements, and also the adequacy of information disclosure and notes to the financial statements. After the review, the Audit Committee agreed with the auditors that fairly the financial statements were accurate in all material aspects and were reliable in accordance with the generally accepted accounting standard. The financial statements were also presented to the Company's Board of Directors for approval.

2. Review of internal-control operations and system

The Audit Committee reviewed the internal control based on the report from the internal audit department together with executives every quarter to consider the business operation, use of resources, asset management, fraud, the reliability of financial reports, and compliance with laws and regulations. The Audit Committee did not find any material defect. The Audit Committee also reviewed the auditor's report which also indicated that there was no any material defect, all branches and all units have efficient processes. The internal audit department works independently to assess all major systems of the Company based on the approved audit plan and report directly to the Audit Committee.

3. Review of compliance with laws and regulations

The Audit Committee reviewed the compliance with internal-audit team and relevant executives. The review showed the audited units proceeded in line with prescribed laws and regulations. They also kept abreast of any change in law, accounting standard and relevant issues through quarterly consultations with external auditor. Updated knowledge of laws, regulations and relevant issues allowed the Company to study and understand the changed requirements well for proper compliance.

4. Review of connected transactions or transactions that may cause conflict of interest

The Audit Committee reviewed the appropriateness of connected transactions or transactions that may cause conflict of interest. The review showed that the connected transactions by the Company in 2018 were done based on normal business practice, reasonable, and in the best interest of the Company's business. These connected transactions were transparent, with related information disclosed fully and accurately.

5. Promotion of Good Corporate Governance

The Audit Committee reviewed the Company's compliance with the Securities and Exchange Act, the regulations of the SEC and SET, and other relevant laws related to the Company's business. The Audit Committee concluded that the Company fully complied with the aforementioned regulatory requirements in all material aspects. In addition, the Audit Committee encouraged executives and employees of the Company to follow the policy as good corporate governance shall boost the Company's efficiency.

6. Consider the appointment of the auditor

The Audit Committee reviewed the performance of auditor during the past year on the basis of his/her/their reliability, independence, competency and abilities to provide services, counseling on accounting standards, auditing, and certifying financial statements in a timely manner. Based on the review, the Audit Committee recommended to the Board of Directors that Deloitte Touche Tohmatsu Jaiyod Audit Co.,Ltd. be appointed as the Company's auditor for the year 2019. The appointment will be subjected to the approval from the 2019 Annual General Meeting of Shareholders.

In conclusion, after having thoroughly carried out its duties as defined in the Audit Committee Charter, the Audit Committee has the opinion that the Company accurately reported its financial information and operations; that not only the Company had internal-control system and internal audit in place but it also complied with relevant laws, rules and regulations; that its connected transactions were duly disclosed and the Company's operations responded to the principle of good corporate governance in an adequate, transparent and reliable manner; and that the Company constantly improved its operation systems so as to deliver quality and respond well to changing business environment.

Yours Sincerely,



(Lt. Col. Taweessin Rukkatanyu)
Chairman of Audit Committee

The Board of Directors

The Board of Directors:



Mr. Sompoch Intranukul

Chairman of Board of Director

Independent Director

Risk Management Director



Mr. Supasith Sukhanindr

Vice Chairman of Board of Director

Chairman of Executive Committee



Mr. Pilunchai Pradubphong

Director

Executive Director

Mr. Nadim Xavier Salhani

Director

Vice Chairman of Executive Committee

Risk Management Director



Mr. Bhanu Inkawat

Director

Executive Director



Mr. Chalush Chinthammit

Director

Executive Director

Miss Kamornwan Chinthammit

Director



Pol.Gen. Ruangsak Jritake

Independent Director



Lt.Col. Taweessin Rukkatanyu

Independent Director

Chairman of Audit Committee

Chairman of Risk Management Committee

Asst. Prof. Tippawan Pinvanichkul

Independent Director

Audit Committee



Mr. Pisit Jeungpraditphan

Independent Director

Audit Committee

Management Team:

Mudman PCL

Golden Donuts (Thailand)
Co.,Ltd.ABP Café (Thailand)
Co.,Ltd.

Golden Scoop Co.,Ltd.



3

2

1

4

5

| | | |
|---|-----------------------------|---|
| 1 | Mr. Nadim Xavier Salhani | Chief Executive Officer VP - Human Resource (Acting) |
| 2 | Miss Hansa Sermisri | Chief Financial Officer |
| 3 | Miss Wimonrat Asawachavisit | VP - Supply Chain Management |
| 4 | Miss Lapaporn Tiasakul | Managing Director - ABP Café (Thailand) Co.,Ltd. |
| 5 | Miss Nobklao Trakoolpan | Managing Director - Golden Donuts (Thailand) Co.,Ltd. |

**GREYHOUND
CAFÉ**

Greyhound Café Co.,Ltd.

**GREYHOUND
ORIGINAL**

Greyhound Co.,Ltd.



| | | |
|---|---|---|
| 1 | Mr. Bhanu Inkawat | Executive Creative Director |
| 2 | Mrs. Pornsiri Rojmeta | Managing Director Marketing & International Director (Acting) Corporate Office Development Director (Acting) |
| 3 | Mr. Torsit Sarisdiwongse | Operation Director |
| 4 | Miss Pornthip Lapdamrongkij | Accounting & Finance Director |
| 5 | Mr. Kritinart Isarangkura (Greyhound Co.,Ltd.) | General Manager Accounting & Finance Director (Acting) Marketing Director (Acting) Human Development Director (Acting) |

General Information

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Mudman Public Company Limited

| | |
|--------------------|---|
| Initial | MM |
| Registered Number | 0107559000141 |
| Type of Business | MM is operating through its subsidiaries (Holding Company) |
| Registered Capital | 1,054,903,750 Baht |
| Par Value | 1.00 Baht per share |
| Head Office | 33/4 The Nine Tower Grand Rama9 Building, Tower A, 18 th Fl. Rama9 Rd, Huai Khwang, Bangkok, 10310 Tel: 02-079-9765 Fax: 02-079-9755 |
| Website | www.mudman.co.th |

**Golden Donuts Company Limited (Thailand)**

| | |
|--------------------|---|
| Registered Number | 0105548146423 |
| Registered Capital | 300,000,000 Baht |
| Par Value | 10.00 Baht per share |
| Head Office | 33/4 The Nine Tower Grand Rama9 Building, Tower A, 18th Fl. Rama9 Rd, Huai Khwang, Bangkok, 10310 Tel: 02-079-9765 Fax: 02-079-9755 |
| Website | www.dunkindonuts.co.th |




ABP Café Company Limited (Thailand)

| | |
|--------------------|---|
| Registered Number | 0105548146776 |
| Registered Capital | 40,000,000 Bat |
| Par Value | 10.00 Bat per share |
| Head Office | 33/4 The Nine Tower Grand Rama9 Building, Tower A, 18th Fl. Rama9 Rd, Huai Khwang, Bangkok, 10310 Tel: 02-079-9765 Fax: 02-079-9755 |
| Website | www.aubonpainthailand.com |


Golden Scoop Company Limited

| | |
|--------------------|---|
| Registered Number | 0105555079990 |
| Registered Capital | 125,000,000 Baht |
| Par Value | 10.00 Baht per share |
| Head Office | 33/4 The Nine Tower Grand Rama9 Building, Tower A, 18th Fl. Rama9 Rd, Huai Khwang, Bangkok, 10310 Tel: 02-079-9765 Fax: 02-079-9755 |
| Website | www.facebook.com/BaskinRobbinsThailand |



**GREYHOUND
CAFÉ****Greyhound Café Company Limited**

Registered Number 0105539130528
Registered Capital 10,784,300 Baht
Par Value 100.00 Baht per share
Head Office 27 Soi Sukhumvit 53, Sukhumvit Rd, Klong Toey, Watthana, Bangkok,
10110
Tel: 02-260-7178
Fax: 02-260-7149
Website www.greyhoundcafe.co.th

GHC Café (UK) Limited

Registered Number 10049145
Registered Capital 200,000 Pound sterling
Par Value 1.00 Pound sterling per share
Head Office Sutherland House, 1759 London Road, Leigh On Sea, Essex,
United Kingdom, SS9 2RZ
Website www.greyhoundcafe.uk



**GREYHOUND
ORIGINAL****Greyhound Company Limited**

| | |
|--------------------|--|
| Registered Number | 0105523019789 |
| Registered Capital | 96,990,000 Baht |
| Par Value | 100.00 Baht per share |
| Head Office | 27/1 Soi Sukhumvit 53, Sukhumvit Rd, Klong Toey, Watthana, Bangkok, 10110 Tel: 02-260-7121 Fax: 02-260-7122 |
| Website | www.greyhound.co.th |



Mudman International Limited

| | |
|--------------------|---|
| Registered Number | 152010 |
| Registered Capital | 30,000 USD |
| Par Value | 1.00 USD per share |
| Head Office | Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius |

**Societe Langonnaise des Vins et Hotelleries SAS**

| | |
|--------------------|--|
| Registered Number | 592066047 |
| Registered Capital | 452,768 Euro |
| Par Value | 16.00 Euro per share |
| Head Office | 17 rue de Beaujolais in Paris 75001, France |
| Website | www.grand-vefour.com |



References**Share Registrar**

Thailand Securities Depository Company Limited
93, Ratchadaphisek Road, Dindaeng,
Bangkok 10400 Thailand
Tel: 02-009-9999
Fax: 02-009-9991

Auditor

| | |
|-----------------------------|--|
| Ms. Wimolporn Boonyusthian | Certified Public Account No. 4067 (or) |
| Ms. Juntira Juntrachaichoat | Certified Public Account No. 6326 (or) |
| Mr. Choopong Surachutikarn | Certified Public Account No. 4325 (or) |
| Mr. Yongyuth Lertsurapibul | Certified Public Account No. 6770 |

Deloitte Touche Tohmatsu Jaiyos Audit Company Limited
11/1 AIA Sathorn Tower, 23rd – 27th Floor, South Sathorn Road, Yannawa,
Sathorn, Bangkok 10120
Tel: 02-034-0000
Fax: 02-034-0100

Financial Highlights

| | | 2016 | 2017 | 2018 |
|---|--------------------------------------|--------|--------|--------|
| Income Statement (THB mm) | Revenues from Sales and Services | 2,889 | 2,824 | 3,082 |
| | Total Revenues | 2,992 | 2,962 | 3,233 |
| | Gross Profit | 1,714 | 1,671 | 1,824 |
| | EBIT | (132) | (11) | 28 |
| | EBITDA | 256 | 238 | 253 |
| | Net Profit | (168) | (50) | (12) |
| | Total Assets | 3,815 | 4,338 | 4,301 |
| | Total Liabilities | 1,999 | 1,493 | 1,513 |
| | Total Equities | 1,815 | 2,845 | 2,788 |
| Profitability Ratio (%) | Gross Profit Margin | 59.3 | 59.2 | 59.2 |
| | EBITDA Margin | 8.6 | 8.0 | 7.8 |
| | Net Profit Margin | (5.6) | (1.7) | (0.4) |
| | Return on Assets (ROA) | (4.3) | (1.2) | (0.3) |
| | Return on Equity (ROE) | (8.5) | (2.2) | (0.4) |
| Liquidity Ratio | Liquidity Ratio (x) | 0.4 | 0.5 | 0.9 |
| | Days Sales Outstanding (Day) | 7.7 | 10.3 | 10.9 |
| | Days Inventory Outstanding (Day) | 65.6 | 63.3 | 54.7 |
| | Days Payable Outstanding (Day) | 120.2 | 136.0 | 120.1 |
| | Cash Conversion Cycle (Day) | (47.0) | (62.4) | (54.4) |
| Debt-to-Equity Ratio (x) | Debt to Equity Ratio | 1.1 | 0.5 | 0.5 |
| | Interest Bearing Debt / Equity Ratio | 0.6 | 0.2 | 0.3 |
| | Long-Term Debt / Equity Ratio | 0.6 | 0.2 | 0.3 |
| Per Share Data (Million shares) | Par Value (THB per share) | 1 | 1 | 1 |
| | Registered Shares | 1,055 | 1,055 | 1,055 |
| | Paid-up Shares | 844 | 1,055 | 1,055 |

Nature of Business Operation

Business Overview

MM is operating through its subsidiaries (Holding Company) with core business of Food and Beverage business and other businesses of lifestyle business and Investment in other companies business (Holding Company) with following details:

Core Business

1) Food & Beverage Business under *Franchised Brands*

- Golden Donuts (Thailand) Company Limited
- ABP Café (Thailand) Company Limited
- Golden Scoop Company Limited

2) Food & Beverage Business under *Owned Brands*

- Greyhound Café Company Limited
- GHC Café (UK) Company Limited
- Societe Langonnaise des Vins et Hotelleries SAS

Other business

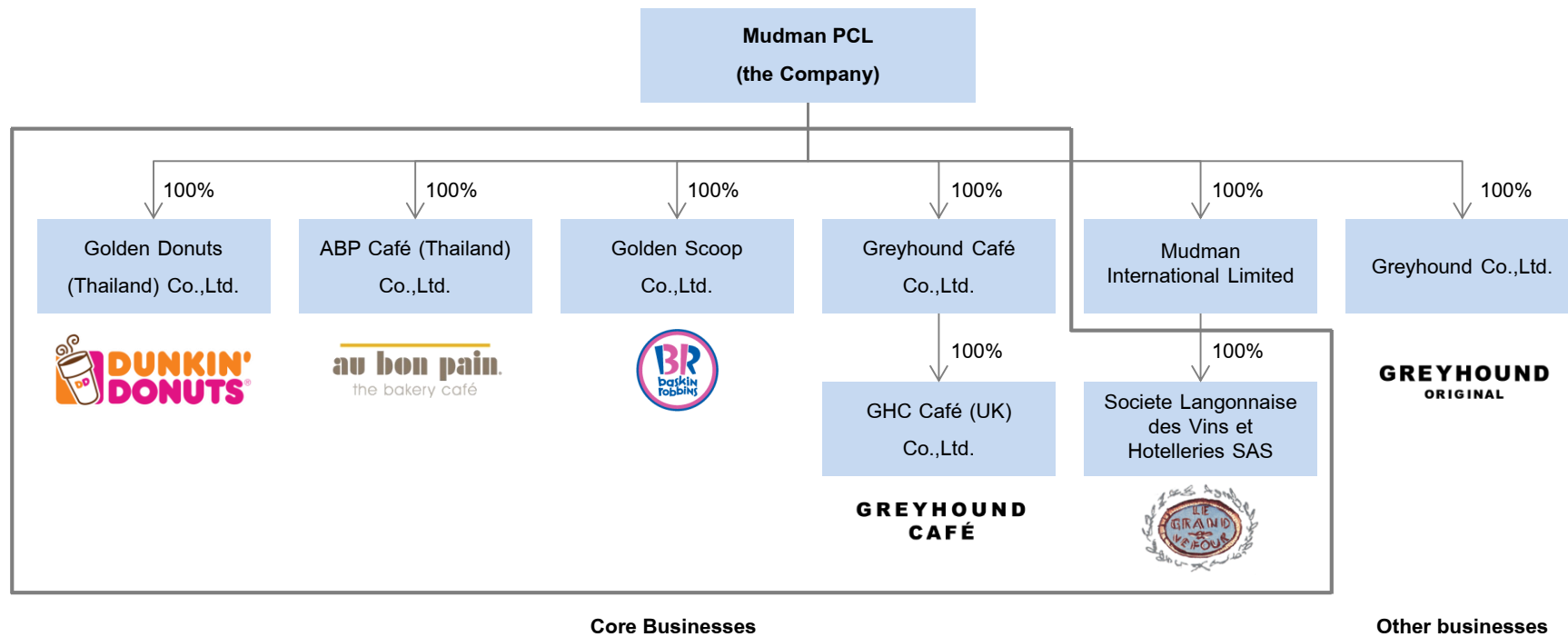
3) Lifestyle Business








- Greyhound Company Limited

4) Holding Company Business

- Mudman International Limited

Group Structure of MM as of December 31, 2018



| Brand | Initial | % of Share | Nature of Business Operation |
|---|----------|---|--|
| Core Business | | | |
| 1) Food & Beverage Business under <i>Franchised Brands</i> | | | |
| Golden Donuts (Thailand) Co.,Ltd.  | DD | 100.0 | Produce and distribute donuts and beverage under “Dunkin’ Donuts” brand |
| ABP Café (Thailand) Co.,Ltd.  | ABP | 100.0 | Produce and distribute bakery under “Au Bon Pain” brand |
| Golden Scoop Co.,Ltd.  | BR | 100.0 | Import and distribute premium ice-cream under “Baskin Robbins” brand |
| 2) Food & Beverage Business under <i>Owned Brands</i> | | | |
| Greyhound Café Co.,Ltd  | GHC | 100.0 | Operating full-service restaurant under the following key brands: <ul style="list-style-type: none"> - Greyhound Café - Another Hound Café - Kin + Hey by Greyhound Cafe |
| GHC Café (UK) Co.,Ltd.  | GHC (UK) | 100.0 (Indirect holding thru GHC) | Operating full-service restaurant with GHC concept of “Basic with a Creative Twist” in international markets |
| Societe Langonnaise des Vins et Hotelleries SAS  | SLVH | 100.0 (Indirect holding thru MM Inter) | Operating premium gastronomical restaurant under “Le Grand Vefour” brand with two Michelin Stars |
| Other Business | | | |
| 3) Lifestyle Business | | | |
| Greyhound Co.,Ltd.  | GH | 100.0 | <ul style="list-style-type: none"> • Produce and distribute fashions and accessories under the following key brands: <ul style="list-style-type: none"> - Greyhound Original - Smileyhound • Food & Beverage Café • Design lifestyle & fashionable products |

| Brand | Initial | % of Share | Nature of Business Operation |
|-------------------------------------|----------|------------|---|
| 4) Holding Company Business | | | |
| Mudman International Limited | MM Inter | 100.0 | Investment in other companies (holding company) |

Revenue Structure

In 2016 – 2018, MM and its subsidiaries earned total revenue of THB 2,992 mm, THB 2,970 mm, and THB 3,233 mm, respectively, equaling to annual revenue growth of (1.0%) in 2017 and 9.1% in 2018. Revenue structure by business is as bellowed:

| Sales and Services Income | 2016 ^{/1} | | 2017 ^{/1} | | 2018 ^{/1} | |
|----------------------------------|--------------------|--------------|--------------------|--------------|--------------------|--------------|
| | THB mm | % | THB mm | % | THB mm | % |
| 1. Food & Beverage Business | 2,708 | 90.5 | 2,687 | 90.7 | 2,935 | 90.8 |
| 2. Lifestyle Business | 181 | 6.0 | 137 | 4.6 | 147 | 4.5 |
| Sales and Service Incomes | 2,889 | 96.6 | 2,824 | 95.3 | 3,082 | 95.3 |
| Other incomes | 102 | 3.4 | 138 | 4.7 | 151 | 4.7 |
| Total Revenues | 2,992 | 100.0 | 2,962 | 100.0 | 3,233 | 100.0 |

/1 Revenue structure base on consolidated financial statement

Type of Business and Nature of Operation

1. Food & Beverage Business under *Franchised Brands*



1.1. Golden Donuts (Thailand) Company Limited

Golden Donuts (Thailand) Company Limited (“GDT” or “Franchisee”) is a subsidiary of MM with 100% shareholding. GDT is the exclusive authorized operator of “Dunkin’ Donuts” under Master Franchise Agreement of Dunkin’ Donuts Franchised Restaurants LLC (USA) (“Franchisor”) to produce and distributed donuts, beverage, and other DD products under “Dunkin’ Donuts” brand in Thailand.

The first Dunkin’ Donuts store in Thailand was opened in 1981 which is very popular international brand in the country. The shape of donuts and tastes in Thailand are similar to the original one in the US including the quality, the variety of products, store management system, and store atmosphere. With large repeated-consumer base and increasing new comers, GDT continuously grows in term of number of stores and revenues every year. As of December 31, 2018, there are 301 stores over the country, most of which are Kiosk format. There are two DD store formats: (1) Kiosk – small size (10-30 sq.m) with limited seats and mainly located in shopping malls and hypermarkets and (2) Stand-alone – larger size (50-150 sq.m.) with average seating of 20-40 per store and mainly located in department stores and community malls.



In addition, Dunkin' Donut also offers "Catering" services under professional unit to deliver not only foods and beverages, but also decoration per customers' activities and concepts such as business seminar, meeting, party, and etc. Also, DD provides a snack box as an option for customers per their requires



Target Customer of Dunkin' Donuts is middle income level and above, regardless of ages and occupations. DD's customers are e.g. teenagers, university students, employees, managers, housewives, and tourists, those who seek for premium & quality donuts and beverages.



The main products of Dunkin' Donuts are donuts, bakery, and beverages. There are more than 50 menus of donuts in each store such as original donuts, Mochi ring, and Munchkin to meet consumers' needs. With continuing product innovation, DD always offers new products to the markets creating competitive advantages over competitors. The new products are not only the donut, icing and topping, but also donut-paired beverages such as coffee, coco, and smoothies.





1.2. ABP Café (Thailand) Company Limited

ABP Café (Thailand) Company Limited (“ABP” or “Franchisee”) is a subsidiary of MM with 100% shareholding. ABP is the exclusive authorized operator of “Au Bon Pain” under Master Franchise Agreement of ABP Corporation (USA) (“Franchisor”) to produce and distribute bakery, beverage, and other products under “Au Bon Pain” brand in Thailand.

The first ABP store in Thailand was opened in 1997 in American bakery style offering quality and nutritious bakeries, sandwiches, salads, soup, premium coffee and other beverages. ABP continuing create new innovative products to create awareness from target consumers; however, ABP still primarily focus on premium & nutritious quality bread and bakery shop. In addition, the concept of ABP store is to provide not only welcome feeling and warm seating, but also convenient and quick services in rushed hours. As of December 31, 2018, there are 77 branches stores in Thailand, most of which are located in Bangkok and greater Bangkok. All stores are stand-alone format which is 50-200 sq.m. with average seating of 30 per store and located in prime locations of hospitals, shopping malls, and office buildings.



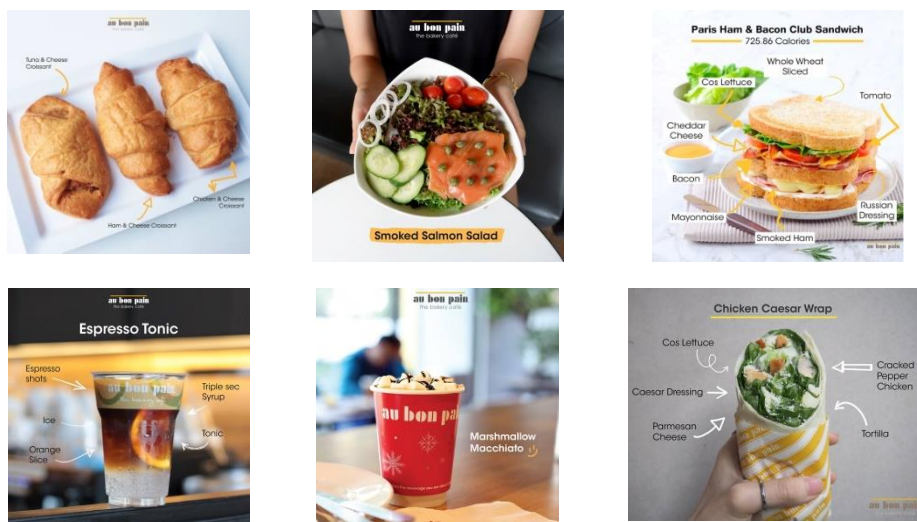
Additionally, ABP also provides “Catering” services for various groups of customers such as university students, employees, managers, housewives, and tourists. There are three types of catering services: (1) Food station, (2) Snack box, and (3) Lunch box.



The target customer is middle income and above, including students, families, tourists and foreign visitors who love tasty nutritious bakery with quick & quality services. ABP store decorates in relax and welcome concept with lifestyle facilities i.e. Wi-Fi, big tables for meeting or party, and private room.



The main ABP products are foods, bakeries, and beverages. The unique & famous recipe of ABP is Pastry with “Zero Gram Trans Fat”. It baked twice per day for keeping fresh. There are numerous menus of food and bakery such as cookies, sandwiches, muffins, soups and bagels. It also offers hot or cold drinks, tea, and smoothies.



1.3. Golden Scoop Company Limited

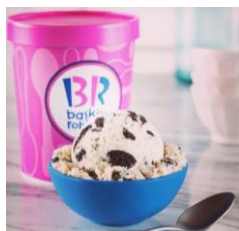
Golden Scoop Company Limited (“GS” or “Franchisee”) is a subsidiary of MM with 100% shareholding. GS is the exclusive authorized operator of “Baskin Robbins” under Master Franchise Agreement of Baskin Robbins Franchising LLC (USA) (“Franchisor”), the same franchisor of DD, to import and distribute ice cream and other products (i.e. topping and whipped cream) under “Baskin Robbins” brand in Thailand. As of December 31, 2018, GS had 36 stores in Thailand, covering Bangkok and other provinces. Most of stores are Kiosks, 20-30 sq.m. with average seating of 8-15 per store. Another store format is Stand-Alone with size of 45-80 sq.m. and average seating of 30-50 per store.



Target Customer of Baskin Robbins is middle income level and above. Most of customers are family, housewives, kids, teenagers, and tourists who appreciate premium ice cream of Baskin Robbins. With expansion in Bangkok and greater Bangkok with store refreshment and new marketing strategies, BR will attract expand its target customer base to businessman, mid manager, student, and expatriate.



The main products of Baskin Robbins are ice-creams, ice-cream cakes, and beverages. BR has more than 20 favors premium imported ice-cream as base ingredient to create numerous menus.



2. Food & Beverage Business under Owned Brands

GREYHOUND CAFÉ

2.1. Under the trademark “Greyhound Café / Another-Hound Café / Kin + Hey”

Greyhound Café / Another-Hound Café / Kin + Hey is a full service restaurant with fashion café concept, operated by Greyhound Café Company Limited (“GHC”). Greyhound Café / Another-Hound Cafe has been creating its unique concepts in not only stylish menu and outstanding decoration, but also impressed services and premium food & beverage quality in every single stores.

As of December 31, 2018, GHC had 38 stores in Thailand and oversea: 20 branches in Thailand under Greyhound Café, Another-Hound Café, and Kin+Hey and 18 branches oversea (Republic of China, Hong Kong, Malaysia, Singapore, Indonesia, and England) under Greyhound Café brand.

There are three concepts of GHC which are separated by target customer, food concept, and pricing with following details:

2.1.1. Greyhound Café

GREYHOUND CAFÉ

As of December 31, 2018, there are 16 branches under *Greyhound Café* brand in Thailand with store size of 270 – 350 sq.m. and average seating of 120 per store. The core concept of Greyhound Café is “*Simple with Creative Twist*” which is interpreted not only in modern, creative, unique store decoration, but also exceptional food concept and fashionable serving menus.



Target Customer of Greyhound Café is middle income level and above including university students and office workers, businessman, and tourists who appreciate quality food with unique experiences of Greyhound Cafe.



Greyhound Café serves food with a twist concept of Thai and international cuisines that offers more than 195 menus including Thai twist with international food, vegetarian food, dessert, and beverage. There are many signature dishes such as Caesar Salad with country Style Dressing, Homemade Pate' with Cognac and Fresh Green Peppercorns, Greyhound Famous Fried Chicken Wings, and etc.



Complicated Noodle



Greyhound Famous Fried Chicken Wings



Hot and Spicy Beef or Pork Balls with Crispy Celery



Salmon Sashimi in Spicy Hot Sauce



Homemade Pate' with Cognac and



Fried Tons of Crab Meat with Rice



Beef Salad Noodle



Caesar Salad with country Style Dressing



Tub Tim Krob Greyhound Style

2.1.2. Another-Hound Cafe



As of December 31, 2018, there are 3 branches under *Another-Hound Café* brand in Thailand with store size of 300 – 350 sq.m. and average seating of 120 per store. The core concept of Another-Hound Café is “*Accessible Stylish Casual Italian with Asian Twist*” which is interpreted not only in modern, creative, unique store decoration, but also exceptional food concept and luxury serving menus.



Another-Hound Cafe serves food with a twist concept of Thai spicy and Italian cuisines that offers more than 100 menus including Avocado Salad, Light Tom Yum Soup, Cold Japanese Salad, DIY Crab Sandwich, Fusilli Pad Thai, Spaghetti Cha Cha Cha, Fried Diced Lamb with Garlic and Black Pepper, Minced Pork and Smoked Bacon Balls, Crab Bomb with Rice, and Bean Medley with Longan Granite.



Avocado Salad



Light Tom Yum Soup



Fusilli Pad Thai



Spaghetti Cha Cha Cha



Fried Diced Lamb with Garlic and Black Pepper



Minced Pork and Smoked Bacon Balls

2.1.3. Kin+Hey by Greyhound Cafe



Kin+Hey is serving Street Food with unique concept of Greyhound Café for especially working men/women. Currently, there is only one store at The Groove at Central World serving various menus such as Thai-style noodle at lunch for quality and tasty quick meal and Izagaya (grilled) menus at dinner for celebrating among colleagues and friends after office hours

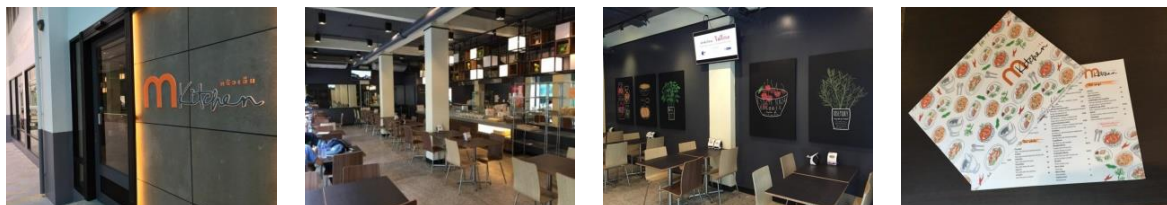


2.2. Under the trademark “M-Kitchen”



MM has recognized market opportunity in full service restaurant under *Owned Brand* with different target customers of Greyhound Café. Therefore, MM operates cafeteria business in a hospital under “M-Kitchen” brand, comprising of two business divisions including cafeteria business and in-patient department (IPD) food services. The operation is under MM. As of 31 December 2018, M-Kitchen had 1 store at Ramkamhaeng Hospital. However, the Company has a plan to expand this business to other places not only in a hospital such as a private school, international school, and etc. The important reasons to make a decision are trend of the market, ability to invest, volume of customers, payback period, and return on investment (ROI).

M-Kitchen is a mid-size restaurant that is provided welcome feeling and cleanness. The target customers are out-patient department (OPD) patients and their relatives, as well as hospital’s staff. They prefer quick services with affordable value for money menus. For IPD food services, the target group is only in-patient with nutritious control and conditions from the hospital.



2.3. Under the trademark “Le Grand Vefour”



The board of directors No. 4/2017 at October 12, 2017 resolved to approve Mudman International Limited (“MM Inter”), a subsidiary of the Company (in which the Company holds 100 percent of the total issued shares), to acquire 100 percent of the total shares of Societe Langonnaise des Vins et Hotelleries (“SLVH”). The objectives of the acquisition are to enhance the opportunities and abilities to strengthen the food and beverage business in international markets. SLVH currently operates food and beverage business under the trademark of “Le Gand Vefour” which is a historic restaurant (since 1784) with more than 230 years of operation. SLVH has only one restaurant located in the area of The Palais Royal’s Gardens in Paris, France with two Michelin stars. The transaction has been completed on December 21, 2017.



The targets customer of Le Grand Vefour is businessmen, top executives, politicians, and tourists with high income level who are fascinated in French gastronomy. In addition, Le Grand Vefour carefully selects premium raw materials and professionally serves quality cuisine to represent customers’ personality and preference to ensure customers’ satisfaction.

Le Grand Vefour offers splendid French gastronomy presenting French luxury in 18th century and modern & vibrant fashion in various menus.



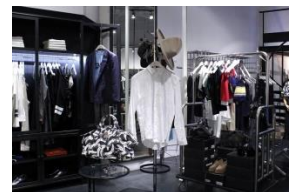


3. Lifestyle Business


GREYHOUND ORIGINAL

Greyhound Company Limited ("GHF") engages in lifestyle business under "Greyhound" brand. GHF is a subsidiary of MM with 100% shareholding.

GHF established in 1980. GHF has been a prominent manufacturer and distributor of fashion garments for both men and women, with over 20 years of well-accumulated experiences. The brand is very popular among university students and businessmen at ages of 18-35 year old. With innovative and unique concepts, GHF is a leading fashion brand with extension to cover "Lifestyle" products such as shirts, T-shirts, pants, suits, skirts, shoes, bags, and accessories. With strong brand awareness and leading fashion brand, GHF successfully forms collaboration with other companies in several projects under Greyhound concept. "Project 1.1", a collaborate between GHF and The Mall Group Co.,Ltd. is a sample of leveraging "Greyhound" brand not only in fashion business, but also in other lifestyle businesses.



As of December 31, 2018, there were 11 GHF stores in Bangkok and greater Bangkok. There are sub-brands of GHF targeting different customer groups to create business opportunities to capture different preferences, style, and pricing of each target customers. The key sub-brands of GHF are as followed:

| Brand | Information |
|---|--|
| GREYHOUND ORIGINAL | "Greyhound Original" is the first lifestyle brand of Greyhound focusing on distributing apparel and accessories with minimal concept ... <i>"Basic with a twist"</i> . The main products are shirts, T-shirts, pants, suits, skirts, shoes, and bags at seasonal collections. The price range is 2,000 – 5,000 Baht per piece. |
|  SMILEYHOUND GREYHOUND | "Smileyhound" is a brand for Casual Wear that is designed with concept of <i>"Basic Casualwear with Smileyhound Icon for Everyone"</i> . The main products are T-shirts, pants, shoes, and bags. The price range is 1,200 – 2,500 Baht per piece. |



Strategy for Competition:

1. Food & Beverage Business

MM and subsidiaries has been developing strategies to ensure competitive advantages with key strategies as followed:

- *Product Strategy*

The Company continually supports “Product Innovation” The product development department, collaboration among kitchen, marketing, and purchasing department, is to study consumers’ behavior to develop a product that meet consumers’ demand.

- *Quality Control Strategy*

The standard of product and service is the important factor to ensure consumers’ satisfaction. The Company focuses on all processes from raw material selection, production, quality control, storage, and distribution process to store services standard to guarantee the fresh, clean, and quality products.

- *Cost Management Strategy*

With more than 430 stores of Quick Services Restaurants (QSR) nationwide under three subsidiaries, there is a redundant and inefficient cost if each subsidiary has its owned operations such as procurement, management, and business development. Therefore, the Company develops a *central support function* for QSR subsidiaries. The central support functions including procurement, management, and business development in order to create negotiation power and reduce the overlapped functions and expenses (cost sharing expenses). Moreover, the Company also builds *central kitchen* and *central distribution center* to produce and distribute the products instead of production at store level. The central support functions and central kitchen not only lower overlapping operating costs, but also lower production wastes. In addition, the Company and Franchisors have been jointly developing strategies to create efficient process at minimum costs. For example, the Franchisors allow the Franchisees to purchase raw material from approved local suppliers to lower raw material costs, transportation cost and others costs instead of importing all raw material directly from the Franchisors.

- *Brand Equity & Brand Awareness Strategy*

Since brand equity & brand awareness are an important factor for a company using brand as Flagship to develop products and services, the Company primarily focuses on strengthen brand equity with enhancing brand awareness, guaranteed quality of products and services, strong brand positioning, and brand loyalty. With strong brand equity, the consumers are confident in reliable quality of products and services of the Company. The key strategy is to present the assured quality of the products including raw material selection, impressive services, and value-for-money pricing. Additionally, another strategy is brand advertisement via collaboration with alliances to create the new product, promotion, and expand branches continually in domestic and international markets.

- *Store Expansion Strategy*

The Company has targeted the new-opening stores each year incorporating overall economy, consumer behavior, and purchasing power. The business development department is responsible for detail study and analysis of each potential location. The important factors are the economy, location, population density, and purchasing power in that area. The proposed location must be captured the target consumers of each brand. Moreover, The Company considers not only quantity studies, but also quality factors. The quality study includes feasibility study, source of funding, payback period, minimum return on investment (ROI), and comparison of nearby existing stores. On the other hands, the quality factors are workforce, transportation, production facility, and others to support the operation. The study also covers the impact of new stores to the nearby existing stores to make sure that there is no market cannibalization, but the new store will capture and expand its consumer base. After the opening, the Company closely monitors the performance to understand the consumer behavior and unexpected problems which will be mitigated for the next coming stores.

- *People Development Strategy*

With well-established experiences of management team, the Company has been overcoming in economy recession, economic crisis, and political turmoil. Competent people are a core asset of the Company to drive the strategies and create sustainable growth. Therefore, the Company has developed the training and development programs every year per the yearly strategic plans. The training and development includes not only classroom training, but also on-the-job training to experience the company culture and live situations.

2. Lifestyle Business

With strong brand identity of “Greyhound”, the Company has developed “Greyhound Lifestyle Shop” as a solid footprint for brand extension and brand leverage in the future. Currently, GHF has been leveraging Greyhound brand to healthy product, “Live Juice” offering fresh, easy drink, and nutritious juice. In addition, GHF has stepped into “Lifestyle Designing Concept” business rendering concept design for customers including clubhouse design, soft drink can, toiletry bag, home furniture, and tailor-made apparel.



Procurement of Product or Services

1. Food & Beverage Business

There are two types of procurement source which are central kitchen and store level. The central kitchen is responsible for raw material preparation and distribution of products to stores. At store level, the Company has a policy to control the food quality. Therefore, the perishable goods, semi-cooked goods, and finished goods will be delivered directly from the suppliers to the stores everyday based on purchase order (1-day advanced). At

the end of the day, all finished goods will be destroyed and returned to the central kitchen for counting check and disposal.

2. Lifestyle Business

The company has a production plan for the seasonal collection in advance. Each collection is new and unique from other collections. With advance collection plan, GHF is carefully sourcing necessary raw materials such as fabric, button, zipper, and etc. After the sourcing, GHF will outsource the third party for the production. The third party is required to prepare a sample completed products for GHF approval prior to the production to ensure the pattern and sewing is at Greyhound standard and quality. In addition, GHF always double checks on the quality and amount before the delivery and distribute to the stores.

Industry Trends & Market Competition:

Food & Beverage and Lifestyle Businesses are the part of Retail Business. The important factor that drives this business is a household spending. The Consumer Confidence Index determines consumers' opinions toward the economy and spending on household and consumer products.

The average Consumer Confidence Index during 2016 - 2018 is 36.1, 39.2, and 38.0 respectively (source: Trade Policy and Strategy Office (Ministry of Commerce)). The decreasing index shows the lower consumer confidence on economy on spending due to slowdown economy.

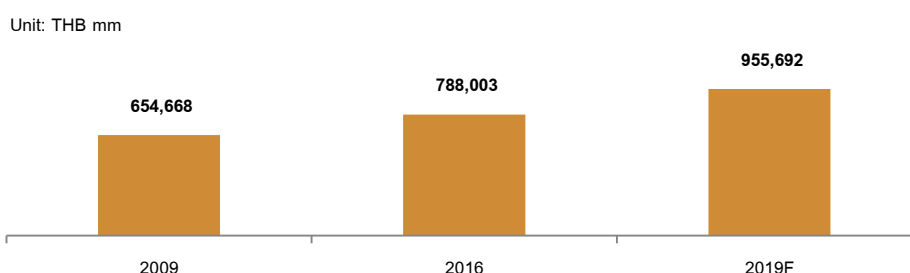
In addition, the Company believes that the index will be improved in 2019 due to government spending programs. The government spending is a key catalyst to boost overall economy and consumer confidence.

1. Food & Beverage Business

With low barrier to entry of general food and beverage business, many new players are easy to come into the business which leads to intense competition. Due to the fierce competition, some players are pushed to liquidate their businesses. Therefore, the key survivor kits are established industry experiences and effective management skill to understand rapid changes of consumers' behavior, to maintain and expand the market share, and to enhance brand equity.

In 2016, the market value of food service business in Thailand was THB 788,000 mm with expected continuing growth to THB 995,692 mm in 2019F or at compound annual growth rate (CAGR) of 6.0%.

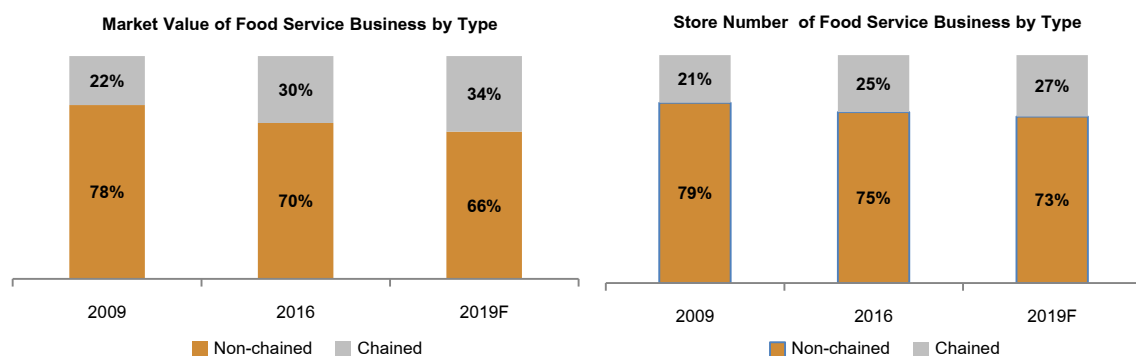
The Market Value of Food Service Business in Thailand



Source: EIC and Euromonitor

According to the market value of food services business by type (chained vs non-chained), the proportion of non-chained format to the market value is higher than the proportion of chained format. However, such proportion has

been decreasing from 78% in 2009 to 70% in 2016 with forecast to be 66% in 2019F due primarily to intense competition, store expansion capacity, management, and working capital. On the other hand, the proportion of chained format to the market value is expected to increase from 22% in 2009 to 34% in 2019F.



Source: EIC and Euromonitor

In addition, the important growth drivers in food service industry in Thailand are the increasing consumer behaviors that prefer restaurant dining to home dining, the higher household income of target customer, urbanization, and the higher number of tourists in Bangkok and other key provinces.

2. Lifestyle Business

Lifestyle business is a retail business offering various types of product such as clothes, accessories, sunglasses, household appliances, and home furniture. In addition to the various types, there are different target customers i.e. age, sex, and demography. With intense competition from low barrier to entry, the Company has realized the intense competition and tried to enhance brand equities among various target customers.

Risk Factors

1. Risk from discontinuation of franchise agreement or termination of franchise agreement due to breach of terms and conditions

Under franchise business, the franchisor will authorize a franchisee to have a right to operate a restaurant under the franchisor's trademark in assigned territory, exclusivity period, and management system. Part of MM's business is operated under franchise agreement from international franchisor, under the terms and conditions as indicated in franchise agreement. The key terms and conditions are summarized as followed:

| Brand | Period of Contract |
|----------------|--|
| DUNKIN' DONUTS | On December 15, 2021, each branch has the right to operate Dunkin' Donuts for 20 years, and has the right to renew the contract for another 20 years |
| Au Bon Pain | April 1, 2034 or ending / termination date of the last contract of the opened store, where the contract period of each store is nine years, whichever is earlier |
| Baskin-Robbins | On December 15, 2022, each branch has the right to operate Baskin Robbins for 10 years, and has the right to renew the contract for another 10 years |

With limited period of contract, the franchise agreements are susceptible to possible changes in terms and conditions as indicated in the franchise agreements. For example, the company stops operation more than one week, excepting for the force majeure, war, chaos, government announcement, or misuse of the authorized trademark.

Coupled with MM's growth in food and beverage business under franchise agreement, MM diversifies its business portfolio to food and beverage business under own brand to boundlessly thrive its business. Not only securing food and beverage business under franchisee agreement and own brand, MM aims to expand its portfolio to other businesses in the future as well.

2. Risk from intense competition

Under ever-rising competition, both in food and beverage business and lifestyle business, from local as well as foreign entrants, MM's performance can be adversely affected.

Nevertheless, MM is considered as a strong player with well-recognized brands and good relationship with the franchisors. The well-cultivated expertise has empowered the Company to optimize its business portfolio, as well as location to cover its target customers. Moreover, its management team has developed strong experience in the businesses for over 10 years. The team has immense industry knowledge and customer insight, leading to the Company's effective risk management. The Company also encompassed the comprehensive set of growth plan in Thailand and oversea, securing the sustainable growth in food and beverage business. This can be evidenced by consistent organic growth of total revenue of food and beverage business under franchise agreement, and significant in-organic growth from acquisition of businesses under own brands (GHC and GHF) in 2014 which is a key driver to boost growth in domestic and international markets.

3. Risk from procurement of rental areas

Location selection is important to business growth of operations in food and beverage business, as well as in lifestyle business. Majority of rental contracts are in short-term, at 1-3 years on average. Moreover, the high competition in food and beverage, and lifestyle industries, coupled with ever-rising number of new entrants, have intensified the competition to secure key locations and lifted the rental cost significantly both in Bangkok and other

provinces. Hence, MM and its subsidiaries can be adversely affected by the risk of obtaining reasonable terms and conditions in current and new rental contracts.

Nevertheless, MM and its subsidiaries are experienced players with well-recognized brands and strong brand awareness in local and foreign markets. They own popular products which contributed significantly in attracting customers for repeating services. They also have good rental payment record, whilst strictly conforming to the terms and conditions in the rental contracts over the past. Moreover, MM and its subsidiaries ally with several landlords, and own an experienced business development team that assists on securing new locations. These factors have facilitated MM and its subsidiaries in renewing existing rental contracts and securing new rental contracts.

4. Risk from discontinuation or change in terms and conditions of rental agreement

Majority of MM and its subsidiaries' branches, e.g. Dunkin' Donuts Au Bon Pain Baskin Robbins Greyhound Café and Greyhound Fashion, are located in department stores, community malls, and/or hypermarkets. The branches are under rental contracts with rental period of no more than 3 years and renewal right after maturity of contracts. Therefore, MM may encounter risk of discontinuation of rental contracts, as well as change in terms and conditions of the rental contracts e.g. increase in rental and service payment. The aforementioned risk may adversely affect the financial and operational performance of the Company.

However, MM forms strong business alliance with several department stores, community malls, and shopping centers. The Company also maintains good relationship with the landlords over the past, and has strictly and consistently complies with the rental contract. The franchise businesses of MM are considered as magnet stores, with the popular products that draw customers to visit the department stores, community malls, and shopping centers where they are located. Moreover, similar to rental contracts of other tenants, the rental contracts between MM and its landlords assign rental cost on market price, and are formed on Arm's Length Basis. Hence, MM and its subsidiaries are confident that under adverse situation, they will ably secure new locations with market terms and conditions.

5. Risk from increase in personnel cost

Since January 1, 2013, the government has effectively imposed the regulation to increases wage to THB 300 per day, applicable nationwide (Based on Committee Announcement of Minimum Wage No. 7 dated 17 October 2011). The lift of minimum wage has considerably affected companies those heavily rely on human resource, buoying companies' personnel cost related to branch employees, waiters/waitresses, employees in central kitchen, and employees in branches' kitchens. Therefore, the business performance of MM and its subsidiaries can be adversely affected by this regulatory change.

Nevertheless, MM has increased wage of its employees to be competitive to the market rate and competitors' rates in order to effectively cope with the regulatory change and maintain its competitiveness in the labor market. The average minimum wage of MM's employees is higher than minimum wage by law. Supported by effective wage management scheme, the Company is determined to increase the proportion of full-time employees to part-time employees. This is due to 2 reasons. Firstly, the cost of full-time employees is more consistent and predictable. Secondly, the Company has better control on personnel cost of full-time employees, than that of part-time employees. Although the rise in proportion of full-time employees has financial implication on MM's personnel cost, MM deems the rise in proportion of full-time employees necessary for its growth. The Company firmly believes that the retention of its personnel, through increasing proportion of full-time employees, shall enhance the potentiality of its employees while reducing employees' overall turnover rate. To diminish the financial implication of this plan and maintain profitability, the Company focuses on controlling its personnel cost in the best manner.

6. Risk from fluctuations of costs of agricultural raw materials

Raw materials in food and beverage business are mainly agricultural products, such as meat, vegetable, and fruit etc., accounting for 95% of total raw materials. The costs of the raw materials fluctuate by seasonal effect, climate variability, natural disaster, and market demand at a particular point of time. The fluctuation of raw material costs is uncontrollable. This risk can adversely affect food and beverage businesses, inevitably affecting MM's operation.

Nevertheless, the Company concentrates on controlling and managing its costs effectively, and attempts to reduce the effect from fluctuation of raw material costs by closely monitoring the market situation, conducting risk assessment on 33 shortage of raw materials and possible increase in raw material costs, and managing risk from fluctuation of raw material costs by adjusting production process to respond to higher raw material costs. Moreover, the Company may consider increasing prices of its products. However, the prices will be reflected by market price and competitors' prices in order to minimize the downside to sales and overall customer base of the Company.

7. Risk from the economic, political, natural disaster events

Economic slowdown and economy fluctuation, politic situation, and natural disaster events are the factors that directly affect to the spending power because the consumers are uncertain on their income. In additional, the uncertainty will lower the future spending and increase the current saving amount. Therefore, there is a risk from such events which will affect the Company's performance, financial position, and business opportunities.

However, with well-established experiences of management team, the Company truly understands the industry movement and consumer behavior and carefully crates strategic plan including risk assessments and business strategies, cost management, brand equity enhancement, and business continuity plan in order to ensure business operation in such events.

8. Risk from exchange rate

The Company has foreign-currency transactions in three parts: (1) Franchise fee of DD and ABP, (2) Imported ice-cream from the USA of BR, and (3) Royalty fee of GHC. Therefore, there is an exchange rate risk which adversely affects the Company's performance if they do not implement proper management.

However, since foreign income and expense are in US dollar, the Company has implemented some natural hedge mechanism without forward contract. In addition, the Company is studying the optimal mechanism to carefully manage the exchange rate risk at minimum cost.

9. Risk from employment

ASEAN Economic Community (AEC) consists of 10 countries including Thailand, Malaysia, Singapore, Philippine, Indonesia, Brunei, Vietnam, Laos, Burma, and Cambodia with objective to integrate ASEAN as single market and production. ASEAN will be characterized by free movement of goods, services, and investments as well as freer flow of capital and skills. Therefore, there are many improvements in such countries. For example, economic reform in Burma, the increase of minimum wage for alien labor in Laos, Vietnam, and Cambodia to attract them to move and work in such countries. In addition, the increased wage in other countries might affect the labor in Thailand to move and work in such countries. Moreover, labor is a key factor to operate food and beverage business in many functions such as central kitchen and store level. The Company always provides professional training to create skilled labor to support the future growth. Hence, there is an employment risk that the skilled labor might move to work in other places.

However, the Company always continuously supports people management and development to ensure the smooth business expansion in long term. Also, the Company carefully provides optimal staff benefits and remuneration with open-door policy to welcome comments to create sustainable growth platform.

10. Risk from the Company's major shareholders holding more than 50% of the Company's total issued share capital

At May 4, 2018, the major shareholder of the Company is Sub Sri Thai PCL ("**SST**" or "**Sub Sri Thai**") with 677,939,000 shares or 64.3% of the total issued share capital. As a result, SST is able to control the vote on almost every resolutions at the meeting of shareholders. Thus, other shareholders of the Company may face the risk of being unable to gather enough votes in order to examine and to balance the power of major shareholders in respect of the matters presented by the major shareholders to the shareholders' meeting for consideration.

However, the Company always supports check-and-balance policy and good corporate governance through transparent company structure. The structure consists of audit committee, executive committee, and risk management committee with written power and responsibility of each committee. In addition, the Company has set related-party transaction policy with connected parties (i.e. director, shareholders, and connected person). For example, the connected person cannot vote in the agenda that related to such connected person with approval and consideration of independent directors. Such structure and policies are to ensure the shareholder that the Company is well-established check-and-balance, transparent, and effective management.

Shareholder and Management Structure

As of December 31, 2018, the Company was registered and fully paid-up with THB 1,054,903,750 capital divided into 1,054,903,750 ordinary shares at par value of THB 1.0 per share.

1. Major Shareholders

Top ten shareholders as the close of share register on May 4, 2018 are as followed:

| Shareholder | No. of shares | %Shareholding |
|---|----------------------|---------------|
| 1. Sub Sri Thai PCL ^{/1} | 677,939,000 | 64.3 |
| 2. Khon Kaen Sugar Industry PCL ^{/2} | 78,718,600 | 7.5 |
| 3. Mr.Thaveechat Jurangkool | 51,746,900 | 4.9 |
| 4. Mr. Bhanu Inkawat | 23,534,800 | 2.2 |
| 5. Credit Suisse AG, Singapore Branch | 16,763,400 | 1.6 |
| 6. Mr. Supasith Sukhanindr | 8,133,937 | 0.8 |
| 7. Miss Duangkae Chinthammit | 7,685,373 | 0.7 |
| 8. Mr. Nares Ngamapichon | 7,500,000 | 0.7 |
| 9. Miss Duangdao Chinthammit | 7,192,112 | 0.7 |
| 10. Mrs. Kamalee Pachimsawat | 6,775,582 | 0.6 |
| Others | 168,914,046 | 16.0 |
| Total | 1,054,903,750 | 100.0 |

Note:

/1 Top ten shareholders of Sub Sri Thai PCL as of May 7, 2018 are as followed:

| Shareholders | No. of Shares | %Shareholding |
|--------------------------------|--------------------|---------------|
| 1. Mr. Supasith Sukhanindr | 89,523,732 | 19.6 |
| 2. Mr. Supachai Sukhanindr | 47,928,147 | 10.5 |
| 3. Mrs. Intira Sukhanindr | 47,322,152 | 10.4 |
| 4. Mr.Thaveechat Jurangkool | 30,300,000 | 6.7 |
| 5. Miss Duangkae Chinthammit | 25,540,437 | 5.6 |
| 6. Miss Duangdao Chinthammit | 25,020,563 | 5.5 |
| 7. Mr. Chamroon Chinthammit | 22,183,332 | 4.9 |
| 8. Mr. Somchai Chinthammit | 16,644,546 | 3.7 |
| 9. Mrs. Kamalee Pachimsawat | 14,031,410 | 3.1 |
| 10.Miss Kamolrudee Pachimsawat | 13,143,572 | 2.9 |
| Others | 124,169,932 | 27.2 |
| Total | 455,807,823 | 100.0 |

/2 Top ten shareholders of Khon Kaen Sugar Industry PCL as of March 5, 2019 are as followed:

| Shareholders | No. of Shares | %Shareholding |
|---------------------------------------|----------------------|---------------|
| 1. KSL Sugar Holding Co.,Ltd. | 1,466,016,928 | 33.2 |
| 2. Thai NVDR Co.,Ltd. | 135,788,222 | 3.1 |
| 3. Mr. Chanachai Chutimavorapand | 115,355,499 | 2.6 |
| 4. Mr. Chamroon Chinthammit | 105,138,031 | 2.4 |
| 5. Miss Duangdao Chinthammit | 99,799,954 | 2.3 |
| 6. Miss Duangkae Chinthammit | 99,683,643 | 2.3 |
| 7. Mr. Kamondanai Chinthammit | 98,652,448 | 2.2 |
| 8. Mr. Somchai Chinthammit | 96,475,726 | 2.2 |
| 9. CREDIT SUISSE AG, SINGAPORE BRANCH | 94,387,336 | 2.1 |
| 10. Mr. Piripon Chinthammit | 92,647,024 | 2.1 |
| Others | 2,006,287,808 | 45.5 |
| Total | 4,410,232,619 | 100.0 |

Shareholding Structure of Core-Business Subsidiaries

Golden Donuts Company (Thailand) Co.,Ltd.

As of December 31, 2018, GDT had registered and paid-up capital of THB 300 mm divided in 30 million shares at par value of THB 10 per share. The shareholders are as followed:

| Shareholders | No. of Shares | %Shareholding |
|------------------------------|-------------------|---------------|
| 1. Mudman PCL | 29,999,998 | 100.0 |
| 2. Mr. Supasith Sukhanindr | 1 | 0.0 |
| 3. Mr. Pilunchai Pradubphong | 1 | 0.0 |
| Total | 30,000,000 | 100.0 |

ABP Café (Thailand) Co.,Ltd.

As of December 31, 2018, ABP had registered and paid-up capital of THB 40 mm divided in 4 million shares at par value of THB 10 per share. The shareholders are as followed:

| Shareholders | No. of Shares | %Shareholding |
|------------------------------|------------------|---------------|
| 1. Mudman PCL | 3,999,998 | 100.0 |
| 2. Mr. Supasith Sukhanindr | 1 | 0.0 |
| 3. Mr. Pilunchai Pradubphong | 1 | 0.0 |
| Total | 4,000,000 | 100.0 |

Golden Scoop Co.,Ltd.

As of December 31, 2018, GS had registered and paid-up capital of THB 125 mm divided in 12.5 million shares at par value of THB 10 per share. The shareholders are as followed:

| Shareholders | No. of Shares | %Shareholding |
|------------------------------|-------------------|---------------|
| 1. Mudman PCL | 12,499,998 | 100.0 |
| 2. Mr. Supasith Sukhanindr | 1 | 0.0 |
| 3. Mr. Pilunchai Pradubphong | 1 | 0.0 |
| Total | 12,500,000 | 100.0 |

Greyhound Café Company Limited

As of December 31, 2018, GHC had registered and paid-up capital of THB 10,784,300 divided in 107,843 million shares (common share of 55,000 shares and preferred share of 52,843 shares) at par value of THB 100 per share. The shareholders are as followed:

| Shareholders | No. of Shares | %Shareholding |
|-----------------------------|------------------------------|---------------|
| 1. Mudman PCL | 52,843 (P/S) 54,998 (C/S) | 100.0 |
| 2. Mr. Supasith Sukhanindr | 1 | 0.0 |
| 3. Mr. Nadim Xavier Salhani | 1 | 0.0 |
| Total | 107,843 | 100.0 |

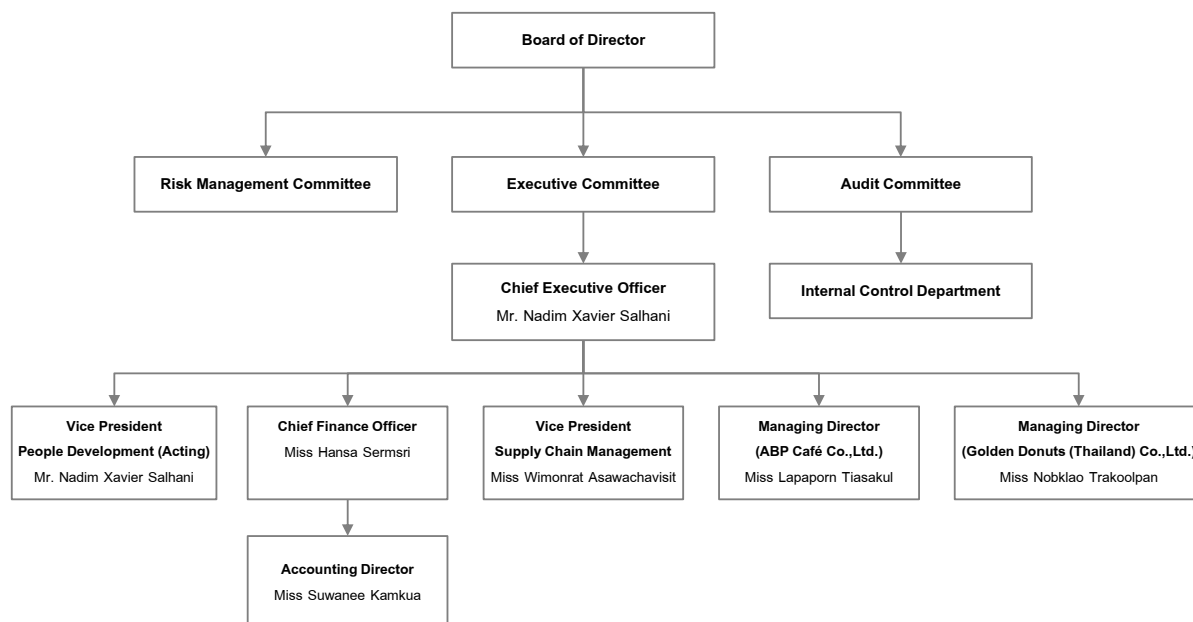
Rights of the preferred share (GHC) are as followed:

- Dividend preference of 70% of the total declared dividend
- Voting rights of one preferred share is one vote
- Liquidation preference over common shares

2. Management

2.1 Management Structure

Management Structure of the Company consists of the Board of Directors and three sub-committees which are the Audit Committee, the Risk Management Committee, and the Executive Committee with details as followed:



(1) Board of Directors of the Company

As of December 31, 2018, the Board of Directors consisted of 11 directors as followed:

| Name | Position |
|---------------------------------------|--|
| 1. Mr. Sompoch Intranukul | Chairman of Board of Directors Independent Director Risk Management Committee |
| 2. Mr. Supasith Sukhanindr | Vice Chairman of Board of Directors Chairman of Executive Committee |
| 3. Mr. Pilunchai Pradubphong | Board of Director Executive Director |
| 4. Mr. Nadim Xavier Salhani | Board of Director Vice Chairman of Executive Committee Risk Management Committee |
| 5. Mr. Bhanu Inkawat | Board of Director Executive Committee |
| 6. Mr. Chalush Chinthammit | Board of Director Executive Committee |
| 7. Miss Kamornwan Chinthammit | Board of Director |
| 8. Pol.Gen. Ruangsak Jritake | Independent Director |
| 9. Pol. Lt. Col. Thaweesin Rakkatanyu | Independent Director Chairman of Audit Committee Chairman of Risk Management Committee |
| 10. Asst. Dr. Tippawan Pinvanichkul | Independent Director Audit Committee |

| Name | Position |
|-------------------------------|---|
| 11. Mr. Pisit Jeungpraditphan | Independent Director Audit Committee |

The Secretary Company: Mr. Pilunchai Pradubphong

(2) Authorized Directors

The authorized directors are *Mr. Supasith Sukhanindr, Mr. Nadim Xavier Salhani, Mr. Bhanu Inkawat, Mr. Chalush Chinthammit, and Mr. Pilunchai Pradubphong* any Two of Five of given directors are to co-sign and affix with the company seal.

(3) Scope of Authority and Responsibilities of the Board of Directors

Scope of Authority and Responsibilities of the Board of Directors including MM's subsidiaries and affiliates

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, care, and fiduciary duty;
2. To consider and approve key business matters such as vision and mission of the Company, strategy, financial targets, major plans of action and budget of the company and its subsidiaries;
3. To inspect and manage an operating result of the chief executive officer, management team, and any assigned person on the duty of the company and its subsidiaries according to the Company's policy;
4. To regularly monitor the operating results of the Company, subsidiaries, and affiliates per the Company's plan and budget;
5. To ensure the effective and efficient accounting system, prudent internal control system, and proper internal audit system;
6. To prepare and sign the Company's balance sheet and income statement at the year-ended calendar period to propose to the annual general meeting for approval;
7. To consider, select, and nominate the auditor of the Company and subsidiaries and remuneration per the suggestion of the audit committee prior to nominate to the annual general meeting for approval;
8. To conduct the written corporate governance policy of the Company and subsidiaries and to ensure the fair implementation to the stakeholders;
9. To appoint management of the Company and subsidiaries per the given qualifications of the relevant laws and regulations;
10. To appoint sub committees (i.e. audit committee, and other sub committees), to set scope of authorities and responsibilities of the sub committees, to monitor implementation of the sub committees to ensure the compliance of the Company's charter. To review the governance and management policies on yearly basis;
11. To appoint and amend the authorized directors;
12. To appoint the management of the Company and subsidiaries (the management of the Company is based on the definition of Management per SEC/SET), company secretary, and their remuneration;
13. To set remuneration policy including based salary, salary adjustment, bonus, benefits, and etc. To assign the CEO to set remuneration policy for non-management level per the Delegation of Authority Manual;
14. To delegate approval policy with yearly review basis;

15. To seek outside professional opinions (if necessary);
16. To encourage and support the directors and the managements of the Company and subsidiaries to attend seminars or training courses of the Thai Institute of Director Association (IOD) in relation to duty and responsibility of director and management;
17. To ensure the good corporate governance of the subsidiaries / affiliates as a part of the Company, the following transactions or actions are required to be approved by the Company's Board of Directors or the Shareholders (as the case may be):
- 17.1. Any transaction or action of the subsidiaries in the following cases must be approved by the Company's board of directors or shareholders meeting (as the case may be)
- (1) Appoint or nominate a person to be director and management team in subsidiaries / affiliates, at least at pro rata basis in such subsidiaries / affiliates, otherwise indicated by the board of director;
 - (2) Capital increase by issuance of the subsidiaries' newly issued shares and allocation of shares, including reduction of the subsidiaries' registered capital which is not pro rata to the existing shareholding of the shareholders, resulting in more than ten percent (10%) decrease in the proportion of the Company's voting rights, direct and/or indirect, in any tier, of the total votes in the subsidiaries' shareholders meeting;
 - (3) Payment of the subsidiaries' annual dividend and interim dividend (if any);
 - (4) Amendment to the Company's articles of association, except for amendment to articles of association with significant matters in accordance with 17.2 (5);
 - (5) The Company's annual budget of the Company and in subsidiaries / affiliates except in case that is determined in Delegation of Authority; and
 - (6) Appoint an auditor of the subsidiaries in only case that such auditor is not a full member of the Company's auditor that the subsidiaries' auditor must be a full member of the Company's auditor.

Items in (7) to (10) are deemed significant transactions, and if entered into, it will significantly affect the Company's financial position and operating results, and therefore approval from the Parent Company's board of directors is required. This is however provided that the size of a transaction entered into by the Company, when compared to the size of the Parent Company (the criteria prescribed in the Notifications of the Capital Market Supervisory Board and of the Stock Exchange of Thailand Commission relating to Acquisition or Disposition of Assets and/or relating to Connected Transactions and/or amended notifications being enforced at the time (as the case may be) shall be applied mutatis mutandis, meets the threshold for consideration and approval from the Parent Company's board of directors. The transactions are as follows:

- (7) If the Company agrees to enter into a transaction with its connected party, or a transaction relating to acquisition or disposition of its assets as follows:
- a. Transfer or waiver of rights and privileges, including waiver of claims against the person causing damage to the Company
 - b. Sale or transfer of the Company's business, in whole or in material part, to another party
 - c. Purchase or acceptance of the transfer of another company's business to the Company

- d. Entering into, amendment to or termination of an agreement relating to lease of the Company's business, in whole or in material part; assignment of another party to manage the Company's business; or merger of the Company's business with another party's
 - e. Lease or letting on hire-purchase of the Company's business or assets, in whole or in material part
 - (8) Borrowing money, lending money, giving credits, giving guarantee, taking a juristic act to bind the Company to take on additional financial obligations, or providing any other financial assistance to another party which is not its normal business. Dissolution of the Company's business.
 - (9) Shut down of the subsidiary businesses
 - (10) Any other transaction that is not a normal business transaction and significantly affects the Company
- 17.2. Any transaction or action of the subsidiaries in the following cases must be approved by the shareholders meeting while holding shares with voting rights more than 75 (seventy five) percent of the voting rights from the shareholders who attend in that meeting.
- (1) if the Company agrees to enter into a transaction with its connected party, or a transaction relating to acquisition or disposition of its assets, provided that the size of a transaction entered into by the Company, when compared to the size of the Parent Company (the criteria of transaction calculation as prescribed in applicable notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand Commission shall be applied mutatis mutandis), meets the threshold for consideration and approval from the Parent Company's shareholders meeting.
 - (2) Capital increase by issuance of the Company's newly issued shares and allocation of shares, including reduction of the Company's registered capital which is not pro rata to the existing shareholding of the shareholders, resulting in more than ten percent (10%) decrease in the proportion of the Parent Company's voting rights, direct and/or indirect, in any tier, of the total votes in the Company's shareholders meeting; or resulting in decrease in the proportion of the Parent Company's voting rights, direct and/or indirect, in any tier, to be lower than fifty percent (50%) of the total votes in the Company's shareholders meeting.
 - (3) Dissolution of the Company's business, provided that the size of a transaction entered into by the Company, when compared to the size of the Parent Company (the criteria of transaction calculation as prescribed in applicable notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand Commission relating to Acquisition or Disposition of Assets and/or amended notifications being enforced at the time shall be applied mutatis mutandis), meets the threshold for consideration and approval from the Parent Company's shareholders meeting.
 - (4) Any other transaction that is not a normal business transaction of the Company and will significantly affect the Company, provided that the size of a transaction entered into by the Company, when compared to the size of the Parent Company (the criteria prescribed in the Notifications of the Capital Market Supervisory Board and of the Stock Exchange of Thailand Commission Re: Acquisition or Disposition of Assets and/or Re: Connected Transactions (as the

case may be) shall be applied mutatis mutandis), meets the threshold for consideration and approval from the Parent Company's shareholders meeting.

- (5) Amendment to the Company's articles of association with respect to matters that might significantly affect its financial position and operating results, including but not limited to amendment to, for example, the Company's articles of association which might affect the Parent Company's voting rights in the Company's board of directors meeting and/or shareholders meeting, or its dividend payment.

18. The Company's directors and executives shall completely and correctly disclose to the Parent Company the data on the Company's financial position and operating results, and connected transactions, and/or acquisition or disposition of assets and/or significant transactions within an appropriate period of time determined by the Parent Company.
19. The Company's directors and executives shall ensure that the Company maintains internal control system, risk management system and anti-corruption system which are appropriate, efficient and circumspect enough to assure that the Company's operations will be truly in accordance with the Parent Company's policies laws on public limited company and securities and exchange, notifications regarding good corporate governance of a listed company, and relevant notifications, regulations and rules of the Capital Market Supervisory Board, the Office of Securities and Exchange Commission, and the Stock Exchange of Thailand. The Company's directors and executives shall provide a clear work system to show that the Company is sufficiently organized to continually and reliably disclose information on significant transactions per the prescribed rules, and shall provide a channel for the Parent Company's directors and executives to acknowledge the Company's information in order to efficiently follow up on the operating results and financial position, transactions between the Company and its directors and executives, and significant transactions of the Company. In addition, the Company's directors and executives shall provide a review mechanism for such work system in the Company by allowing the Parent Company's internal audit team and independent directors to have direct access to data, and report on result of the work system review to the Parent Company's directors and executives to ensure that the Company consistently performs in accordance with the provided system.

Directors, executives or related parties of the Company shall make a transaction with the Company only when such transaction has been approved by the board of directors of the Company and/or Parent Company, and/or the shareholders meeting of the Company and/or Parent Company (as the case may be) based on the transaction size calculated (the criteria of transaction calculation as prescribed in the notifications of the Capital Market Supervisory Board, and the Notification of the Stock Exchange of Thailand Commission relating to Connected Transactions and/or amended notifications being enforced at the time shall be applied mutatis mutandis), unless the transaction is a commercial agreement that a reasonable person would enter into with any contract party in general under the same situation, by the exercise of commercial bargaining power without influence from the position of director, executive or related person, as the case may be, and being approved by the Parent Company's board of directors, or in accordance with the principles approved by the Parent Company's board of directors.

(4) Directors' attendance at the meeting

| Year 2018 | Board of director | Audit Committee | Nomination and Remuneration Committee |
|---------------------------------------|-------------------|-----------------|---------------------------------------|
| 1. Mr. Sompoch Intranukul | 3/4 | - | 1/1 |
| 2. Mr. Supasith Sukhanindr | 2/4 | - | - |
| 3. Mr. Pilunchai Pradubphong | 4/4 | - | - |
| 4. Mr. Nadim Xavier Salhani | 4/4 | - | 1/1 |
| 5. Mr. Bhanu Inkawat | 2/4 | - | - |
| 6. Mr. Chalush Chinthammit | 3/4 | - | - |
| 7. Miss Kamornwan Chinthammit | 3/4 | - | - |
| 8. Pol.Gen. Ruangsak Jritake | 1/4 | - | - |
| 9. Pol. Lt. Col. Thaweesin Rakkatanyu | 4/4 | 4/4 | 1/1 |
| 10. Asst. Prof. Tippawan Pinvanichkul | 2/4 | 2/4 | - |
| 11. Mr. Pisit Jeungpraditphan | 4/4 | 4/4 | - |

(5) Management Team

As of December 31, 2018, the executive officers consisted of 5 officers as follows:

| Name | Position |
|--------------------------------|---|
| 1. Mr. Nadim Xavier Salhani | Chief Executive Officer Vice President - People Development (Acting) |
| 2. Miss Hansa Semsri | Chief Finance Officer Accounting Director (Acting) |
| 3. Miss Wimonrat Asawachavisit | Vice President - Supply Chain Management |
| 4. Miss Lapaporn Tiasakul | Managing Director – ABP Café Co.,Ltd. |
| 5. Miss Nobklao Trakoolpan | Managing Director – Golden Donuts (Thailand) Co.,Ltd. |

(6) Corporate Secretary

The Board of Directors No. 1/2016 on March 15, 2016 resolved to appoint Mr. Pilunchai Pradubphong to be a Company Secretary. To comply with the relevant law and regulation, Mr. Pilunchai Pradubphong is qualified (Appendix 1) with following roles and responsibilities:

1) 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

(c) Invitation letter to attend the Shareholders' meeting and minutes of the Shareholders' Meeting

2) To keep and maintain a report of interest as filed by directors and executives.

3) To provide a copy of report of interest to the chairman of the board of director and the chairman of audit committee within seven working days after the receiving date. To provide proper document storage system of any material documents or information at least 10 years after such document or information has been created

4) To follow other activities per the relevant authorities' guidance

(7) The Board of Directors for MM's subsidiaries**1. GDT**

As of December 31, 2018, the Board of Directors of GDT consisted of 3 directors as follows:

| Name | Position |
|------------------------------|------------------------------------|
| 1. Mr. Supasith Sukhanindr | Chairman of the Board of Directors |
| 2. Mr. Nadim Xavier Salhani | Director |
| 3. Mr. Pilunchai Pradubphong | Director |

The authorized directors: Mr. Supasith Sukhanindr, Mr. Nadim Xavier Salhani, and Mr. Pilunchai Pradubphong;
Any Two of those directors are co-sign with company seal.

2. ABP

As of December 31, 2018, the Board of Directors of ABP consisted of 3 directors as follows:

| Name | Position |
|------------------------------|------------------------------------|
| 1. Mr. Supasith Sukhanindr | Chairman of the Board of Directors |
| 2. Mr. Nadim Xavier Salhani | Director |
| 3. Mr. Pilunchai Pradubphong | Director |

The authorized directors: Mr. Supasith Sukhanindr, Mr. Nadim Xavier Salhani, and Mr. Pilunchai Pradubphong;
Any Two of those directors are co-sign with company seal.

3. GS

As of December 31, 2018, the Board of Directors of GS consisted of 3 directors as follows:

| Name | Position |
|------------------------------|-----------------|
| 1. Mr. Supasith Sukhanindr | Director |
| 2. Mr. Nadim Xavier Salhani | Director |
| 3. Mr. Pilunchai Pradubphong | Director |

The authorized directors: Mr. Supasith Sukhanindr, Mr. Nadim Xavier Salhani, and Mr. Pilunchai Pradubphong;
Any Two of those directors are co-sign with company seal.

4. GHC

As of December 31, 2018, the Board of Directors of GHC consisted of 3 directors as follows:

| Name | Position |
|-----------------------------|-----------------|
| 1. Mr. Supasith Sukhanindr | Director |
| 2. Mr. Nadim Xavier Salhani | Director |
| 3. Mr. Bhanu Inkawat | Director |

The authorized directors: Mr. Supasith Sukhanindr, Mr. Nadim Xavier Salhani, and Mr. Bhanu Inkawat; Any Two of those directors are co-sign with company seal.

5. GH

As of December 31, 2018, the Board of Directors of GH consisted of 3 directors as follows:

| Name | Position |
|-----------------------------|-----------------|
| 1. Mr. Supasith Sukhanindr | Director |
| 2. Mr. Nadim Xavier Salhani | Director |

| Name | Position |
|----------------------|----------|
| 3. Mr. Bhanu Inkawat | Director |

The authorized directors: Mr. Supasith Sukhanindr, Mr. Nadim Xavier Salhani, and Mr. Bhanu Inkawat; Any Two of those directors are co-sign with company seal.

6. GHC UK

As of December 31, 2018, the Board of Directors of GHC UK consisted of 4 directors as follows:

| Name | Position |
|-----------------------------|----------|
| 1. Mr. Supasith Sukhanindr | Director |
| 2. Mr. Nadim Xavier Salhani | Director |
| 3. Mr. Bhanu Inkawat | Director |
| 4. Mr. Supachai Sukhanindr | Director |

The authorized directors: Mr. Supasith Sukhanindr, Mr. Nadim Xavier Salhani, Mr. Bhanu Inkawat, and Mr. Supachai Sukhanindr; Any One of those directors sign.

7. MM Inter

As of December 31, 2018, the Board of Directors of MM Inter consisted of 3 directors as follows:

| Name | Position |
|------------------------------|----------|
| 1. Mr. Supasith Sukhanindr | Director |
| 2. Mr. Nadim Xavier Salhani | Director |
| 3. Mr. Pilunchai Pradubphong | Director |
| 4. Ms. Beatrice Lan Kung Wa | Director |
| 5. Mr. Ashive Kanoosingh | Director |

The authorized directors: Mr. Supasith Sukhanindr, Mr. Nadim Xavier Salhani, and Mr. Pilunchai Pradubphong, Ms. Beatrice Lan Kung Wa, and Mr. Ashive Kanoosingh; Any Two of those directors are co-sign with company seal.

8. SLVH

As of December 31, 2018, the director and authorized director of SLVH is Mr. Nadim Xavier Salhani.

(9) Executive Directors of Subsidiaries

The Executive Directors of 5 subsidiaries consisted of 9 directors as follows:

| Name | Position | Company where they work | | | | |
|------------------------------|--|-------------------------|-----|----|-----|-----|
| | | GDT | ABP | GS | GHC | GHF |
| 1. Mr. Nadim Xavier Salhani | Chief Executive Officer | ✓ | ✓ | ✓ | | |
| 2. Miss Hansa Semsri | Chief Finance Officer | ✓ | ✓ | ✓ | | |
| 3. Miss Wimonrat Asawachavit | Vice President - Supply Chain Management | ✓ | ✓ | ✓ | | |
| 4. Miss Lapaporn Tiasakul | Vice President - Business Development | ✓ | ✓ | ✓ | | |
| | Managing Director | | ✓ | | | |
| 5. Miss Nobklao Trakoolpan | Vice President - Operation | ✓ | | ✓ | | |
| | Managing Director | ✓ | | | | |

| Name | Position | Company where they work | | | | |
|--------------------------------|--|-------------------------|-----|----|-----|-----|
| | | GDT | ABP | GS | GHC | GHF |
| 6. Mrs. Pornsiri Rojmeta | Managing Director | | | | ✓ | |
| | Marketing & International Director (Acting) | | | | ✓ | |
| | Corporate Office Development Director (Acting) | | | | ✓ | |
| 7. Miss Pornthip Lapdamrongkij | Accounting & Finance Director | | | | ✓ | |
| 8. Mr. Torsit Sarisdiwongse | Operation Director | | | | ✓ | |
| 9. Mr. Kritinart Isarangkura | General Manager | | | | | ✓ |
| | Accounting & Finance Director (Acting) | | | | | ✓ |
| | Marketing Director (Acting) | | | | | ✓ |
| | Human Development Director (Acting) | | | | | ✓ |
| | Production Director (Acting) | | | | | ✓ |

Note: The Company has not appointed the Executive position of MM Inter and SLVH since it has no any major activities. The Company shall appoint the management positions once there are more major activities.

2.2 Sub - Committees

Sub - committees of the Company consists of (1) the Audit Committee, (2) the Risk Management Committee, and (3) the Executive Committee with details as followed:

(1) Audit Committee

As of December 31, 2018, the Audit Committee consisted of three committees as follows:

| Name | Position |
|--------------------------------------|-----------------------------|
| 1. Lt.Col. Taweesin Rukkatanyu | Chairman of Audit Committee |
| 2. Asst. Prof. Tippawan Pinvanichkul | Audit Committee |
| 3. Mr. Pisit Jeungpraditphan | Audit Committee |

The secretary of the Audit committee is Miss Praphaiwan Kimsomboon. In addition, Asst. Prof. Tippawan Pinvanichkul and Mr. Pisit Jeungpraditphan is the audit committee who has financial experience in reviewing the Company's financial statements.

Scope of Authority and Responsibilities of the Audit Committee

- Review the company's financial statement to ensure its accuracy and adequate disclosure with coordinating with the external auditor and management who is responsible for preparing the quarterly and yearly financial statements;
- Review the internal control system to ensure its appropriate and efficient procedure. The audit committee shall report the observations or suggest the optimal solutions to ensure the appropriate and efficient internal control system to the board of directors;

3. Review to ensure the company is compliance with SEC/SET regulations, and other relevant laws and regulations;
4. Consider, select, and nominate the external auditor, including the remuneration, to the board of director;
5. Review the internal system of the Company with acceptable procedure and standard basis;
6. Consider the disclosure of the transaction in relation to connected transactions or the transactions that may cause conflicts of interests, making them in line with the laws and SET's regulations. This is to ensure such transactions are reasonable and for the highest benefit of the company;
7. To support and monitor to ensure that the Company acquires the efficient risk management system;
8. Report the audited results to the Board of Directors at least four times a year;
9. To appointment, transfer, and terminate the head of internal audit department;
10. Reserve a right to invite the executives, the management, or employees to clarify, commentate, attend the meeting or submit any relevant documents, including be able to reach into any classified information of the Company;
11. To appoint an external advisor (if necessary) per the Company's policy and the BOD's approval;
12. Prepare an audit committee's report and disclose it in the Company's annual report. The report shall be signed by the chairman of audit committee;
13. The audit committee shall report the problems or obstacles (if any) to the board of directors every year;
14. To review, improve and amend the Audit Committee Charter every year; and
15. Other operations as assigned by the board of directors under the scope of roles and responsibilities of the audit committee.

(2) Risk Management Committee

As of December 31, 2018, the Risk Management Committee of the company consisted of 3 committees as follows:

| Name | Position |
|--------------------------------|---------------------------------------|
| 1. Lt.Col. Taweesin Rukkatanyu | Chairman of Risk Management Committee |
| 2. Mr. Sompoch Intranukul | Risk Management Committee |
| 3. Mr. Nadim Xavier Salhani | Risk Management Committee |

Scope of Authority and Responsibilities of the Risk Management Committee

1. To establish a policy in relation to risk management to cover all business risks of the Company;
2. To set strategy to be in lined with risk levels with scheduled monitoring system to ensure that the risks are in controllable and acceptable level.

3. To support and encourage collaboration of each department in the Company to develop efficient risk management policy with periodic monitoring and reviewing system;
4. To develop risk assessment and risk analysis systems to ensure the smooth business operation in normal situations and crisis;
5. To support and develop risk management as one of the operational process and related to the International standards;
6. Report a problem to the Board of Director for consideration and improvement; and
7. Other operations assigned by the Board of Directors.

(3) Executive Committee

As of December 31, 2018, the Executive Committee of the company consisted of five committees as follows:

| Name | Position |
|------------------------------|--------------------------------------|
| 1. Mr. Supasith Sukhanindr | Chairman of Executive Committee |
| 2. Mr. Nadim Xavier Salhani | Vice Chairman of Executive Committee |
| 3. Mr. Pilunchai Pradubphong | Executive Committee |
| 4. Mr. Bhanu Inkawat | Executive Committee |
| 5. Mr. Chalush Chinthammit | Executive Committee |

Scope of Authority and Responsibilities of the Executive Committee

1. To supervise the operation of the Company per the approved policies by the Board of Director and to report the operating outcomes to the Board of Director. The quorum is half of the executive committee with majority voting basis in any agendas;
2. To consider and assign delegation of authority to ensure that the transaction with connected person and related parties will be at arm's length basis with no conflict of interest. The procedure shall be approved by the board of director;
3. To consider annual budget, to seek an approval of the board of director, and to monitor such the approved annual budget;
4. To assess and monitor the business plan with proper amendment per the situations;
5. To approve investment and investment budget per the Delegation of Authorization manual;
6. To approve any agreements or contracts per the Delegation of Authorization manual;
7. To provide sufficient information to the board of director and shareholder for their approval process, including;
8. To consider profit/loss of the Company and propose dividend payment to the Board of directors;
9. To consider new business investments and discontinue any existing business and to propose to the board of director;

10. To establish a procedure to immediately report any material frauds to the board of director; and
11. Any operations to support per the board of director approval.

Any approval matters in the executive committee shall be informed to the board of director in the next meeting.

2.3 The selection and appointment of the Directors and Management

(1) Independent Directors

The Independent Directors who is appointed shall have full qualifications under the rules of The Capital Market Supervisory Board. The company has revised the definition of independent directors to be stricter than the definition imposed by The Securities and Exchange Commission (SEC), as follows:

1. The person must hold no more than 1% of shares with voting rights of the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company; inclusive of shareholding by individuals related to such independent directors.
2. The person must not be serving, or have served, as a director who is involved with the management, or a staff member, an employee or a consultant with a monthly wage. The person also must not be or be an individual with the authority to control the Company, the parent Company, the associates, the affiliates, the associates of the same level, the major shareholders or of the entities with the authority to control the Company, with the exception of the case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director. The ineligibility however does not include the case where an independent director has previously served as a public servant or a consultant of a government agency which is a major shareholder of, or an entity with the authority to control the Company.
3. The person must not be related by blood or law as father, mother, spouse, sibling or child, spouse of son or daughter of executives, major shareholders, individuals with the authority to control the Company or candidates for the position of an executive or an individual with the authority to control the Company or an associate.
4. The person must not have, or have had, a business relationship with the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company, in such a manner that may interfere with one's independent discretion. The person also must have not been or has been a shareholder, individuals with the authority to control the Company, of the person who has business relationship with the Company, the parent Company, the associates, the affiliates, the major shareholder or the entities with the authority to control the Company. There is an exception in the case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director. The business relationship as described in the above paragraph is inclusive of normal trading transactions for the conduct of business; lease or letting of immovable; transactions relating to assets or service; provision or acceptance of financial assistance through acceptance or provision of loans and guarantees, the use of assets as collateral and other such practices which result in the Company or the party to the agreement being under the obligation to repay the other party for an

amount from 3% of net tangible assets of the Company or from Twenty Million Baht whichever is lower. The calculation of such obligation to debt is to be in accordance with the related transaction value calculation method as per the Announcement of the Capital Market Supervisory Board on the Related Transaction Criteria with exceptions. The said obligation to debt includes that which has materialized during the period of one year prior to the day of business relationship with the same individual.

5. The person must not be, or has been, an auditor of the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company. The person also must not be a significant shareholder, an individual with the authority to control or a partner of the audit office with which the auditor the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company is associated. There is an exception in such case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director.
6. The person must not be, or has been, a provider of a professional service including the service as a legal consultant or a financial consultant for which greater than Two Million Baht of fee is paid per year by the Company, the parent Company, the associates, the affiliates, the major shareholders or the entities with the authority to control the Company. The person also must not be a significant shareholder or an individual with the authority to control or a partner of such provider of professional service. There is an exception in such case where he or she has retired from such a position for at least two years prior to the day on which he or she is appointed as an independent director.
7. The person must not be a director appointed to represent a director of the Company, a major shareholder or a shareholder who is related to a major shareholder.
8. The person must not be in a business of the same nature as, and of significant competition to, that of the Company or an associate. The person also must not be a significant partner in a partnership; a director who is involved with the management; a staff member; an employee; a consultant with a monthly wage; as well as, a shareholder who holds more than 1% of shares with voting rights of another Company which is engaged in a business of the same nature as and of significant competition to that of the Company or an associate.
9. The person must not have any other characteristic which is an obstacle to the giving of free opinion on the operation of the Company.
10. Not being a director appointed for representation of company directors, major shareholders or shareholder related with the major shareholder of the company and
11. The person must not be a director of the Company, the parent Company, the associates, the affiliates, or the entities with the authority to control the Company.

(2) Directors and Management

Since there is no the Nomination and Remuneration Committee who has been assigned to select qualified persons having appropriate qualifications to be nominated as Company directors and CEO, the shareholder, professional, director, independent director, and management team to nominate a qualified candidate per the following procedure and criteria:

The selection of the Directors

1. Director is a person with relevant industry knowledges and experiences, integrity, accountability, ethic, and dedication;
2. Directors must be qualified under the stated qualification under the SET/SEC regulations, and relevant laws and regulations;
3. In case of the appointment of independent directors, the Nomination Committee shall consider the independence of persons to be nominated as independent directors pursuant to the criteria of the Securities and Exchange Commission (SEC) and the Company. In the case that the existing independent director shall take the directorship for another term, the duration of the directorship from the first date of appointment as an independent director should not be more than nine (9) years in a row;
4. A director must not, whether on his own account or on account of a third person, undertake any business of the same nature as and competing with that of the company, become a partner in an ordinary partnership or a partner with unlimited liability in a limited partnership or any other company undertaking any business of the same nature as and competing with that of the company, unless such fact has been notified to the meeting of shareholders prior to the resolution electing such director; and
5. In case of existing directors who shall take the directorship for another term, the Nomination Committee may consider the dedication and performance of such directors while taking the directorship, as well as the number of listed companies in which such directors take the directorship that the total number should not be more than five (5) listed companies.

Criteria and Procedures for Selecting and Withdraw the Directors as follows:

1. A company must, for the operation of its business, have a board of directors consisting of at least five directors, provided that not less than one half of the total number of directors must have a residence in the Kingdom.
2. The shareholders' meeting was authorized to appoint Company directors according to the criteria and method as follows:
 - (1) One shareholder shall have one vote per one share
 - (2) Each shareholder must exercise all of the votes he or she has under the first paragraph to elect one or several persons to be a director or directors and must not allot his or her votes to any person in any number
 - (3) The persons receiving the highest number of votes, followed by those with descending highest number of votes shall be elected as the directors fulfilling the number of directorship required to be elected by the shareholder's meeting. In case the number of votes for the candidates in descending order are equal and exceed the number of directors to be elected at said meeting, the Chairman shall cast the deciding vote
3. At every annual ordinary meeting of shareholders, there shall be an election of the board of directors en masse on the same occasion, provided that the original board of directors may remain in office to serve as the acting board of directors in furtherance of the operation of the business of the company for the time being and to the extent necessary until the new board of directors takes office, in which case one-third of the number of directors shall vacate office. If the number of directors is not a multiple of three, then the

number nearest to one-third shall vacate office. The directors to vacate office in the first and second years following the registration of the company shall, unless otherwise provided in the articles of association, be drawn by lots. In every subsequent year, the directors who have been longest in office shall vacate office. The director who vacates office under this section may be re-elected

4. Any director intending to resign shall submit a resignation letter to the company. The resignation takes effect as from the date on which the resignation letter reaches the company
5. In the case where the office of a director becomes vacant by any reason other than the expiration of the term, the board of directors shall elect a person possessing the qualifications and being under no prohibitions under section 68 as a replacing director at the next meeting of the board of directors, unless the remaining term of office of such director is less than two months. The resolution of the board of directors under paragraph one must be supported by votes of not less than three-fourths of the number of the remaining directors

A meeting of shareholders may pass a resolution removing any director from office prior to the expiration of the term, with the votes of not less than three fourths of the number of shareholders present at the meeting and entitled to vote and also with the aggregate number of shares of not less than one half of the number of shares held by the shareholders present at the meeting and entitled to vote.

The Selection of the Management

Since there is no the Nomination and Remuneration Committee who has been assigned to select qualified persons having appropriate qualifications to be nominated as Management, the Company shall select the Management per the following procedure:

The selection of the Chief Executive Officer

The shareholder, professional, director, and management to nominate a qualified candidate as Chief Executive Officer. The board of director shall consider and approve the candidate to be Chief Executive Officer.

The selection of management positions below Chief Executive Officer

In addition to the definition of Management per SEC/SET regulations, the CEO or head of department is authorized to select and appoint a qualified candidate to be a position below Management level per the definition of SEC/SET regulations. However, the head of internal audit or internal control shall be approved by the Audit Committee.

2.4 Remuneration for Directors and Managers

(1) Remuneration for directors

Paid in cash

The remuneration for directors, which was approved by the 2018 Annual General Meeting on April 25, 2018, is as followed:

| Name | Board | EXCOM | AC | Others | Total |
|------------------------------|---------|---------|----|--------|----------------|
| 1. Mr. Sompoch Intranukul | 600,000 | - | - | - | 600,000 |
| 2. Mr. Supasith Sukhanindr | 300,000 | 180,000 | - | - | 480,000 |
| 3. Mr. Pilunchai Pradubphong | 300,000 | 180,000 | - | - | 480,000 |
| 4. Mr. Nadim Xavier Salhani | 300,000 | 60,000 | - | - | 360,000 |
| 5. Mr. Bhanu Inkawat | 300,000 | - | - | - | 300,000 |

| Name | Board | EXCOM | AC | Others | Total |
|---------------------------------------|------------------|----------------|----------------|----------|------------------|
| 6. Mr. Chalush Chinthammit | 300,000 | - | - | - | 300,000 |
| 7. Miss Kamornwan Chinthammit | 300,000 | - | - | - | 300,000 |
| 8. Pol.Gen. Ruangsak Jritake | 300,000 | - | - | - | 300,000 |
| 9. Pol. Lt. Col. Thaweesin Rakkatanyu | 300,000 | - | 180,000 | - | 480,000 |
| 10. Asst. Dr. Tippawan Pinvanichkul | 300,000 | - | 60,000 | - | 360,000 |
| 11. Mr. Pisit Jeungpraditphan | 300,000 | - | 60,000 | - | 360,000 |
| Total | 3,600,000 | 420,000 | 300,000 | - | 4,320,000 |

Note:

Board: Board of Director Remuneration

EXCOM: Board of Executive Directors Remuneration

AC: Audit Committee Remuneration

Others: Other Remunerations

Paid in non-cash

-None-

(2) Remuneration for Management**Paid in cash**

The remuneration including with salary, allowance, bonus, provident fund, social security, and others of Management Team (9 members) of The Company and its subsidiaries is totally THB 51,092,534 in 2018.

| Type of Remuneration | No. of Management | Value (THB) |
|---|-------------------|-------------------|
| Salary, allowance, and bonus | 9 | 46,257,910 |
| Provident fund, social security, and others | 9 | 4,834,624 |
| Total | 9 | 51,092,534 |

Paid in non-cash

-None-

2.5 Corporate Governance**Corporate Governance Policies**

The board of director of the Company has been putting the corporate governance as priority factor with written Corporate Government Manual per the SEC/SEC guidance including international practices. The director, management team, and all staff shall follow the manual with three following topics:

1. Rights and equality of shareholders
2. Code of Conduct for directors
3. Code of Conduct for management and staff

With the written manual to be followed by director, management, and staff, the board of director regularly reviews and amends the manual to be in current situations

In 2017, the Company disclosed the Corporate Government Manual through the Company website to guide for all staff to be acknowledged and to follow the manual. In addition, the disclosure is for shareholders, stakeholders, investors, and others to ensure the good corporate governance of the Company. Moreover, the employees have to sign the acknowledgement of the manual in the orientation. Also, the Company will periodically monitor the compliance through the internal control process.

2.6 The Use of Internal Information

Since the board of director has been placed good corporate governance as priority to ensure the transparency and to prevent conflict of interest from the misuse of internal information before public disclosure, the board of director sets the use of internal information policy as followed:

1. Educating directors, executives, and Executive Director of Accounting & Financial field about the duty to report their securities holding and the holding of their spouse and minor children to SEC pursuant to Section 59 and penalty provisions under section 275 of the Securities and Exchange Act B.E.1996 (include the amendment).
2. Ensuring the directors, executive officers, and Executive Director of Accounting & Financial field of the Company including their spouse and minor children report the holding of securities and report through the secretary of the company within 30 days since the appointment or trading securities within 3 days since sale, purchase, and transfer its.
3. The Directors, executive officers, Executive Director of Accounting & Financial field and employees of the Company and subsidiaries that received inside information which may affect the stock price needs to be careful when trading securities of the Company in the last month before the financial statements or internal information is disclosed to the public. And during 24 hours after the information of the Company has disclosed to the public those related to inside information must not disclose it to anyone unless they have indicated that data to the stock market.

The penalties for the violation are regarded as a disciplinary offense under the regulations of the Company and the Company will consider sanctions as appropriate such as verbal warning, written warning, probation and expelling, dismissal or removal depending on the case of violation.

2.7 Auditor Fee

In 2018, the Company appointed Deloitte Touche Tohmatsu Jaiyos Audit Company Limited as the auditor of the Company and its subsidiaries. The auditor fee of the Company was THB 5.88 mm without others fee.

In addition, there are no connected persons/entities of the auditors having relationship or interest of transaction with the Company that may create a conflict of interest with the Company, the Company's subsidiaries.

2.8 Internal Control

1. Director's comment

The good corporate governance is a guidance to ensure the transparency, check-and-balance system, integrity, and accountability of the Company leading to maximize shareholders' wealth, stakeholders, business partners, communities, and all relevant parties. Therefore, the BOD no. 1/2016 on March 15, 2016 appointed the Audit Committee consisting of three audit committee to review the internal control process and the compliance to the SEC/SET regulations and other laws/regulations.

According to the Board of director's meeting no. 2/2019 on February 21, 2019, all audit committees attended the meeting and the board of directors discussed with the management team with reference of the Internal Control Assessment reported by Miss Praphaiwan Kimsomboon, Internal Audit department of the Company. The board of director commented that the Company has appropriate internal control system per the SEC/SET regulations. The topics of the report are as followed:

1. Control Environment
2. Risk Management
3. Control Activities

4. Information & Communication
5. Monitoring Activities

2. Internal audit's comment

The Audit Committee appointed by the Company's Board of Directors consists of three independent directors. Chaired by Lt.Col. Taweesin Rukkatanyu, the Committee has Miss Tippawan Pinvanichkul and Mr. Pisit Jeungpraditphan as two audit members with Miss Praphaiwan Kimsomboon serving as the Committee's secretary. The qualifications of all Audit Committee's members have passed the criteria laid down by the Office of the Securities and Exchange Commission (SEC). The Audit Committee has carried out its work within the scope of duties and responsibilities specified in the Audit Committee Charter.

In 2018, the Audit Committee convened four meetings with the Company's executives, internal auditors, and the auditors. In addition, the Audit Committee met with the auditors to discuss 2018 financial statements without the presence of the Company's Management. The work of the Audit Committee during 2018 can be summarized as follows:

1. Review of quarterly financial statements and full year financial statement

The Audit Committee reviewed the quarterly financial statements and full year financial statement including the connected transactions and transaction that may have a conflict of interest with executives, internal audit department and auditors. The Audit Committee inquired and received explanations from executives of the Company's finance and accounting units as well as the auditors concerning the accuracy of the Company's financial statements and consolidated financial statements, and also the adequacy of information disclosure and notes to the financial statements. After the review, the Audit Committee agreed with the auditors that fairly the financial statements were accurate in all material aspects and were reliable in accordance with the generally accepted accounting standard. The financial statements were also presented to the Company's Board of Directors for approval.

2. Review of internal-control operations and system

The Audit Committee reviewed the internal control based on the report from the internal audit department together with executives every quarter to consider the business operation, use of resources, asset management, fraud, the reliability of financial reports, and compliance with laws and regulations. The Audit Committee did not find any material defect. The Audit Committee also reviewed the auditor's report which also indicated that there was no any material defect, all branches and all units have efficient processes. The internal audit department works independently to assess all major systems of the Company based on the approved audit plan and report directly to the Audit Committee.

3. Review of compliance with laws and regulations

The Audit Committee reviewed the compliance with internal-audit team and relevant executives. The review showed the audited units proceeded in line with prescribed laws and regulations. They also kept abreast of any change in law, accounting standard and relevant issues through quarterly consultations with external auditor. Updated knowledge of laws, regulations and relevant issues allowed the Company to study and understand the changed requirements well for proper compliance.

4. Review of connected transactions or transactions that may cause conflict of interest

The Audit Committee reviewed the appropriateness of connected transactions or transactions that may cause conflict of interest. The review showed that the connected transactions by the Company in 2018 were done based on normal business practice, reasonable, and in the best interest of the Company's business. These connected transactions were transparent, with related information disclosed fully and accurately.

5. Promotion of Good Corporate Governance

The Audit Committee reviewed the Company's compliance with the Securities and Exchange Act, the regulations of the SEC and SET, and other relevant laws related to the Company's business. The Audit Committee concluded that the Company fully complied with the aforementioned regulatory requirements in all material aspects. In addition, the Audit Committee encouraged executives and employees of the Company to follow the policy as good corporate governance shall boost the Company's efficiency.

6. Consider the appointment of the auditor

The Audit Committee reviewed the performance of auditor during the past year on the basis of his/her/their reliability, independence, competency and abilities to provide services, counseling on accounting standards, auditing, and certifying financial statements in a timely manner. Based on the review, the Audit Committee recommended to the Board of Directors that Deloitte Touche Tohmatsu Jaiyod Audit Co.,Ltd. be appointed as the Company's auditor for the year 2019. The appointment will be subjected to the approval from the 2019 Annual General Meeting of Shareholders.

In conclusion, after having thoroughly carried out its duties as defined in the Audit Committee Charter, the Audit Committee has the opinion that the Company accurately reported its financial information and operations; that not only the Company had internal-control system and internal audit in place but it also complied with relevant laws, rules and regulations; that its connected transactions were duly disclosed and the Company's operations responded to the principle of good corporate governance in an adequate, transparent and reliable manner; and that the Company constantly improved its operation systems so as to deliver quality and respond well to changing business environment.

2.9 Dividend Policy**1. Dividend Policy of the Company**

The Company has dividend policy to make dividend payment of not less than 50% of net profit based on the Company's separate financial statement after deduction of tax expenses and legal reserve (if any). Dividend payout will be considered by the board of directors/shareholders of the Company for the purpose of maximizing benefit to the shareholders. Factors determining dividend payout of the Company are such as reserve for loan repayment, investment plan for expansion, and liquidity support for the Company's subsidiaries under unstable market circumstances etc. The dividend payout shall not exceed retained earnings in the Company's separate financial statements, and shall comply with related laws and regulations.

As the Company operates as a holding company which majorly consists of investment in its subsidiaries, its dividend payout capability is mainly subject to subsidiaries' performance and dividend payout

2. Dividend Policy of Subsidiaries

Subsidiaries of the Company have dividend policy to make dividend payment of not less 50% of net profit based on their separate financial statements after deduction of tax expenses and legal reserve (if any). Dividend payout will be considered by the board of directors/shareholders of the Company for the purpose of maximizing benefit to the shareholders. Factors determining dividend payout of the Company are such as reserve for loan repayment, investment plan for expansion, and liquidity support for the Company's subsidiaries under unstable market circumstances etc. The dividend payout shall not exceed retained earnings in the Company's separate financial statements, and shall comply with related laws and regulations.

Related Party Transactions

1. Related Transactions

For the year ending on 31 December 2017 and 2018, the key related party transactions entered into the Company can be summarized as follows:

| Person/Juristic Entity with Possible Conflict of Interests | Relationship | Shareholding ^{/1} | Position in the Company |
|---|---|----------------------------|--|
| Sub Sri Thai Plc. ("SST") <u>Business Nature</u> SST provides storage service for documents, products, and assets | Major shareholders of the Company, with shared directors 1. Mr. Sompoch Intranukul 2. Mr. Supasith Sukhanindr 3. Mr. Pilunchai Pradubphong | 64.3% | -None- |
| Mr. Supasith Sukhanindr | Major shareholder with shareholding of 19.62% ^{/2} of SST and director of MM | 0.8% | Vice Chairman of the Board of Director |
| Mr. Supachai Sukhanindr | Older brother of Mr. Supasith Sukhanindr, and major shareholder with 10.5% ^{/2} shareholding in SST. | -None- | Consultant to the Management Team |

Note: /1 Data on May 4, 2018

/2 Data on May 7, 2018

2. Related party transaction of the company and subsidiaries

Related party transaction of the Company and subsidiaries with those who may have conflict of interest for the period year ended 31 December 2017 and 31 December 2018 are as follows

| Person/Juristic Person who may have conflict of interest and nature of relationship | Type of Transactions | Transaction Size (THB mm) | | Characteristic of Transactions |
|--|---|---------------------------|-------------------------------|--|
| | | 2017 | 2018 | |
| SST | Document storage services provided by SST - Account receivables - Other creditors | - 0.01 | 0.007 0.02 | <u>Necessity and Details of The Transactions</u> <ul style="list-style-type: none"> Document storage service expenses incurred by the company and its subsidiaries Service fees are at fair-market price <u>Auditor's Opinion</u> <p>The auditors have assessed the rationality with regards to the transactions and have concluded that the storage services are regular activities of the company and its subsidiaries. Referential documents have stated that the service fees are at fair-market price, as if dealing with a third- party provider (Arm's Length Basis). Hence, the transactions are within reasons and appropriate.</p> |
| Mr. Supachai Sukhanindr | Consultation Fees Scope and Responsibilities <ul style="list-style-type: none"> Offer advice on the operation of the business as a whole and the future trend in the industry Provide recommendations on investment opportunities on land and properties | 0.30 | 0.30 | <u>Necessity and Details of The Transactions</u> <ul style="list-style-type: none"> Given fierce competition within the industry, the company must seek new opportunities and retain its competitive advantages • The committee has decided on 7/2013 to appoint Mr. Supachai Sukhanindras board of director within the scope offering his expertise on land scouting, seeking investment opportunity, and collaborating with related entities. <u>His services are required upon request and not on a regular basis.</u> Consultation fee is THB 25,000 per month and is at a fair- |

| Person/Juristic Person who may have conflict of interest and nature of relationship | Type of Transactions | Transaction Size (THB mm) | | Characteristic of Transactions |
|--|--|---------------------------|------|--|
| | | 2017 | 2018 | |
| | <ul style="list-style-type: none"> Counsel on the related business entities within the industry | | | <p>market price</p> <p><u>Auditor's Opinion</u></p> <ul style="list-style-type: none"> The auditors have assessed the appropriateness of the transaction and have declared Mr. Supachai Sukhanindr to be a qualified consultant with the service fee is within a reasonable range concerning the scope and responsibilities. As a result the transaction is within it reasons and necessity as if dealing with a third-party service provider (Arm's Length Basis). |

3. Connected transaction approval procedure

All related-party / connected transactions of the Company and subsidiaries with any potential conflict of interest person / connected person, related person, or any potential conflict of interest person in the future shall be reviewed by the audit committee with opinion on the necessity and rationality of the transactions in aspects of pricing, terms and conditions to ensure that the transactions are arm's length basis. If necessary, external advisors, experts, or auditor shall be engaged in order to provide independent opinion on the transactions to the board of director, audit committee, or shareholder (if applicable). The connected director, beneficial director, or anyone with potential conflict of interest will not be authorized to vote / approve the transactions. In addition, the related-party / connected transaction will be disclosed in notes of the audited / reviewed financial statement by auditor.

4. Trend of related transaction in the future

The Company and subsidiaries have the policy to execute related-party / connected transactions in the future accordingly to the SET and/or SEC regulations, accounting standards re: disclosure of related / connected transaction stipulated by Accountant and Auditors Association.

With ongoing related-party / connected transactions as normal business course, the Company and subsidiaries establish guidance policy to ensure that the transaction is at fair price, normal business practice as third party, and at arm's length basis. The audit committee will consider and approve the guidance policy.

If necessary, external advisors, experts, or auditor shall be engaged in order to provide independent opinion on the transactions to the board of director, audit committee, or shareholder (if applicable) in order to ensure that the transaction is not provide any beneficial transfer between the Company and subsidiaries and connected person. In additional, the Company is maximizing shareholders' wealth.

Management Discussion and Analysis

Income Statement

Total Revenue

The Company earned THB 2,962 mm and THB 3,233 mm in 2017 and 2018 respectively or growth of 9.2%. The key factor is mainly from revenue recognition of the new restaurants, Le Grand Vefour in Paris, France, Greyhound Café in London, England, Kin Hey by Greyhound, and Greyhound Coffee and other brands in Bangkok in these periods.

Cost of Sales and Services

The Company recorded the cost of sales and services of THB 1,152 mm and THB 1,258 mm or 38.9% and 38.9% of total revenues in 2017 and 2018 respectively. There is slightly different in such ratio, primarily from well-stabilized under the effective collaboration between purchasing department, logistics department, marketing department, and branch employees through the application of effective procurement and inventory management systems.

Selling and Administrative Expenses (S&A)

The S&A reported THB 1,820 mm and THB 1,947 mm or 61.4% and 60.2% of total revenues in 2017 and 2018 respectively. However, the Company recorded an extra expense regarding the acquisition of Societe Langonnaise des Vins et Hotelleries SAS ("SLVH") of THB 19 mm in 4Q/2017. Also, the Company recorded a write-off expense of THB 16 mm in 4Q/2018. Therefore, the normal SG&A in 2017 and 2018 would be THB 1,801 mm and THB 1,931 mm or 60.8% and 59.7% of the total revenues respectively.

S&A Breakdown by Type

| | 2017 | 2018 | Y-o-Y Change |
|---|--------------|--------------|--------------|
| Amortization of intangible assets from business acquisitions ⁽¹⁾ | 67 | 48 | (28.3%) |
| Other selling expenses ⁽²⁾ | 1,385 | 1,526 | 10.2% |
| Administrative expenses ⁽³⁾ | 349 | 357 | 2.3% |
| Extra expenses | 19 | 16 | (15.8%) |
| Total selling and administrative expenses | 1,820 | 1,947 | 7.0% |

Note

- (1) Non-cash items from business acquisitions are divided into amortization of Dunkin' Donut, Au Bon Pain, and Greyhound Café franchises totaling THB 6 mm, THB 2 mm, and THB 4 mm in 3Q18. The Company has reviewed the economic useful lives of certain franchises and considered changing the estimated economic useful lives of the franchises from 10 years to 20 years to reflect the current usage condition and the future economic benefits in 1Q/2018.
- (2) The Company incurred higher personnel cost, rental and service costs in 2018 due to the performance recognition of Le Grand Vefour in Paris, France, Greyhound Café in London, England, and other shops under other brands
- (3) Administrative expenses include remuneration of management and employees at office, administrative expenses, and other related costs. The decrease was primarily from intensive cost saving policy.

Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)

The Company recorded EBITDA of THB 238 mm and THB 253 mm or %EBITDA of 8.0% and 7.8% of total revenues in 2017 and 2018 respectively.

For comparison purpose of 2017 vs 2018, the extra transaction fee of THB 19 mm in 4Q/17 and the write-off expense of THB 16 mm in 4Q/18 have been excluded for such comparison. Therefore, the EBITDA would be as follows.

| | 2017 | 2018 |
|----------------------------|------|------|
| EBITDA | 238 | 253 |
| %EBITDA | 8.0% | 7.8% |
| Extra expenses | 19 | 16 |
| EBITDA – Normal operation | 257 | 269 |
| %EBITDA – Normal operation | 8.6% | 8.3% |

Finance Cost

In 2017 and 2018, the Company incurred finance cost amounting THB 34 mm and THB 34 mm respectively.

Net Profit (Loss)

In 2017 and 2018, the Company's net profit (loss) amounted to THB (50) mm and THB (12) mm, respectively. Net profit (loss) of the Company equaled to (1.7%) and (0.4%) of total revenues respectively.

For comparison purpose of 2017 vs 2018, the extra transaction fee of THB 19 mm in 4Q/17 and the write-off expense of THB 16 mm in 4Q/18 have been excluded for such comparison. Therefore, the net profit (loss) would be as follows.

| | 2017 | 2018 |
|--|--------|--------|
| Net Profit (Loss) | (50) | (12) |
| % Net Profit (Loss) | (1.7%) | (0.4%) |
| Extra expenses | 19 | 16 |
| Net Profit (Loss) – Normal operation | (31) | 4 |
| % Net Profit (Loss) – Normal operation | (1.1%) | 0.1% |

Statement of Financial Position**Total Assets**

As of 31 December 2017 and 2018, the Company's assets equaled THB 4,338 mm and THB 4,301 mm, respectively. Majority of assets is non-current assets. As of 2017 and 2018, the Company's non-current assets accounted for 88% of total assets, while the current assets accounted for 12% of total assets, respectively.

| Total Assets | 31 December 2017 | | 31 December 2018 | |
|---------------------|------------------|--------------|------------------|--------------|
| | THB mm | % | THB mm | % |
| Current assets | 523 | 12.1 | 499 | 11.6 |
| Non-current assets | 3,815 | 87.9 | 3,802 | 88.4 |
| Total assets | 4,338 | 100.0 | 4,301 | 100.0 |

1. Current Assets

The Company's current assets totaled THB 523 mm and THB 499 mm at 2017 and 2018 accounting for 12.1% and 11.6% of total assets respectively. The Company recorded cash and cash equivalent of THB 195 mm and THB 210 mm in 2017 and 2018 respectively. Account receivables were THB 103 mm and 93 mm at 2017 and 2018. Inventories were THB 201 mm and THB 181 mm accounting for 4.6% and 4.2% of total assets at 2017 and 2018, respectively. The majority of inventories are finished products of Lifestyle business (i.e. apparel).

2. Non-Current Assets

As of 2017 and 2018, MM's non-current assets totaled THB 3,815 mm and THB 3,802 mm, accounting for 87.9% and 88.4% of total assets, respectively. The main item in non-current assets were building improvement and equipment, goodwill and intangible assets. Building improvement and equipment totaled THB 554 mm and THB 598 mm or 12.8% and 13.9% of total assets, respectively. Goodwill from business acquisition was stable at THB 2,140 mm at 2017 and 2018. Goodwill was comprised of goodwill from Donut business at THB 484 mm, goodwill from bakery business at THB 298 mm, and goodwill from restaurants at THB 1,357 mm based on the business acquisition of Greyhound group since 2014 and Le Grand Véfou in 2017. At 2017 and 2018, other intangible assets amounted to THB 985 mm and THB 919 mm or 22.7% and 21.4% of total assets, respectively.

Total Liabilities

| Total Liabilities | 31 December 2017 | | 31 December 2018 | |
|--------------------------|------------------|--------------|------------------|--------------|
| | THB mm | % | THB mm | % |
| Current Liabilities | 978 | 65.5 | 563 | 37.2 |
| Non-Current Liabilities | 515 | 34.5 | 950 | 62.8 |
| Total Liabilities | 1,493 | 100.0 | 1,513 | 100.0 |

1. Current Liabilities

As of 2017 and 2018, the Company's current liabilities totaled THB 978 mm and THB 563 mm, respectively, accounting for 65.5% and 37.2% of total liabilities. In 3Q/18, the Company issued long-term debentures and repaid some short-term borrowings from financial institutions in the same quarter.

2. Non-Current Liabilities

As of 2017 and 2018, non-current liabilities totaled THB 515 mm and THB 950 mm, representing 34.5% and 62.8% of total liabilities, respectively. Majority of non-current liabilities were long-term debt from financial institution in which long-term debt, net of current portion, equaled to THB 238 mm and THB 142 mm, respectively, accounting for 15.9% and 9.4% of total liabilities, respectively. However, in 3Q/18, the Company issued long-term debentures of THB 497 mm or 32.9% of the total liabilities. Then, the Company repaid some short-term borrowings from financial institutions and some long-term borrowings in the same quarter.

Shareholders' Equity

As of 2017 and 2018, the Company's shareholders' equity stood at THB 2,845 mm and THB 2,788 mm respectively.

Liquidity

In 2018, the Company reported net increase (decrease) in cash and cash equivalents of THB 210 mm based on consolidated financial statements with following details:

| | Year 2017 (THB mm) | Year 2018 (THB mm) | Change (THB mm) |
|---|-----------------------|-----------------------|--------------------|
| Net cash flows from operating activities | 195 | 226 | 31 |
| Net cash flows used in investing activities | (568) | (208) | 360 |
| Net cash flows used in financing activities | 478 | (12) | (490) |
| Net increase (decrease) in cash and cash equivalents | 106 | 15 | (91) |
| Cash and cash equivalents at beginning of year | 89 | 195 | n.a. |
| Cash and cash equivalents at end of year | 195 | 210 | n.a. |

Net cash flows from operating activities

The Company reported net cash flows from operating activities of THB 195 mm and THB 226 mm in 2017 and 2018 respectively or increased by THB 31 mm due mainly to the acquisition of SLVH in 2017.

Net cash flows used in investing activities

The Company reported net cash flows used in investing activities of THB (568) mm and THB (208) mm in 2017 and 2018 respectively or decreased by THB 360 mm due primarily to store expansion especially in strategic locations with high feasibility.

Net cash flows used in financing activities

The Company reported net cash flows used in financing activities of THB 478 mm and THB (12) mm in 2017 and 2018 respectively or decreased by THB 490 mm because of the long-term loans from financial institutions repayment.

Liquidity Ratios

| | | Consolidated | |
|----------------------------|-----|--------------|-----------|
| | | Year 2017 | Year 2018 |
| Liquidity ratio | x | 0.5 | 0.9 |
| Days Sales Outstanding | Day | 10.3 | 10.9 |
| Days Inventory Outstanding | Day | 63.3 | 54.7 |
| Days Payable Outstanding | Day | 136.0 | 120.1 |
| Cash Cycle | Day | (62.4) | (54.4) |

The Company had liquidity ratio of 0.5x and 0.9x in 2017 and 2018 respectively which is primarily from high current liabilities. The current liabilities mainly consist of short-term loans from financial institutions (THB 358 mm and THB 70 mm in 2017 and 2018 respectively) and current portion of long-term loans from financial institutions (THB 87 mm and THB 49 mm in 2017 and 2018 respectively).

However, the Company receives most of revenues in cash with day sales outstanding of 10.3 days and 10.9 days in 2017 and 2018 respectively. The day sales outstanding mostly represent the operation of Greyhound business and SLVH (investment in 2017). The revenues of some Greyhound stores located in department stores will be held and will be transferred to the company based on the terms and conditions stipulated in lease contract. Also, the GHF has partially revenues in credit from some types of customers. In addition, SLVH has some customers having corporate account receivables in which the collection will be happened after the dining.

The Company has days Inventory outstanding of 63.3 days and 54.7 days in 2017 and 2018 respectively due mainly to inventories (i.e. raw material and finished products) of GHF.

The Company has day payable outstanding of 120 – 130 days in 2017 and 2018 respectively. The Company had Cash Cycle of (62.4) days and (54.4) days due primarily to the nature of business operation that the Company mainly receives revenues in cash, quick inventory turnover in food and beverage business, and some inventory from GHF. As a result, the Company has low receivable and low inventory with credit term from suppliers of 120 – 130 days leading to negative cash cycle.

Liability ratios (cash basis)

| | Consolidated | |
|------------------------------|--------------|-----------|
| | Year 2017 | Year 2018 |
| Liability ratio (cash basis) | 0.1 | 0.4 |

The liability ratio (cash basis) is calculated from net cash flows from operating activities divided by sum of debt repayment, investments, and dividend paid.

In 2017, the Company reported liability ratio of 0.1x due to the investment in SLVH and other investments of totaling of THB 568 mm, debt repayment and dividend paid of totaling of THB 881 mm, and net cash flow from operating activities of THB 195 mm.

In 2018, the Company reported liability ratio of 0.4x due to the debt repayment and dividend paid of totaling of THB 365 mm, and net cash flow from operating activities of THB 226 mm.

Independent Auditor's Report

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS

Opinion

We have audited the consolidated financial statements of Mudman Public Company Limited and its subsidiaries (the "Group") and the separate financial statements of Mudman Public Company Limited (the "Company"), which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Mudman Public Company Limited and its subsidiaries and of Mudman Public Company Limited as at December 31, 2018, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing ("TSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 4 to the financial statements, the Group acquired the shares of Societe Langonnaise des Vins et Hotelleries SAS ("SLVH") on December 21, 2017. Subsequently, in 2018, the Group then updated the fair values of the identifiable assets acquired and liabilities assumed and the fair value allocation at the business acquisition date based upon the final appraisal report dated September 10, 2018 obtained from the independent appraiser and other necessary information obtained since the business acquisition date in accordance with Thai Financial Reporting Standard No. 3 (revised 2017) "Business Combination". As a result, the consolidated statement of financial position as at December 31, 2017, which is presented as comparative information, have been restated accordingly, to reflect new information obtained about facts and circumstances that existed as of the business acquisition date.

Other Matter

The consolidated financial statements of Mudman Public Company Limited and its subsidiaries and the separate financial statements of Mudman Public Company Limited for the year ended December 31, 2017 (before restatement and reclassifications as described in Notes 4 and 35 to the financial statements), presented herein as comparative information, were audited by another auditor, whose report thereon dated February 23, 2018 expressed an unmodified opinion with an emphasis paragraph regarding the acquisition of investment in a subsidiary on those statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key Audit Matters | Audit Responses |
|--|---|
| <p>Business acquisition</p> <p>During the year ended December 31, 2017, the Group acquired a subsidiary for a total of Baht 301 million. As at December 31, 2017, the Group provisionally recorded the acquisition using a best estimate of the values of the assets acquired and liabilities assumed, determined by applying the acquisition method. Subsequently in 2018, the Group then updated the fair values of the identifiable assets acquired and liabilities assumed and allocated the fair values at the business acquisition date based upon the final appraisal report dated September 10, 2018 from the independent appraiser and other necessary information obtained from the business acquisition date in accordance with Thai Financial Reporting Standard No. 3 (revised 2017) "Business Combination".</p> <p>We have focused on this business acquisition since it is material to the financial statements as a whole, and management was required to exercise substantial judgment when appraising the fair values of the assets acquired and liabilities assumed, including recognized goodwill.</p> <p>Details of the business acquisition were disclosed in the Note 4 to the financial statements.</p> | <p>Key audit procedures included:</p> <ul style="list-style-type: none"> - Examining the terms and conditions of the agreement and inquire with management as to the nature and objectives of the acquisition. - Reviewing the final appraisal report of assessing the calculation of the fair value of assets acquired and liabilities assumed specified in the documentation of measurement under the acquisition method as prepared by an independent valuation specialist, by considering the methods and significant assumptions used by the independent valuation specialist in calculating the fair value of assets and liabilities and evaluating the expertise, ability and integrity of the independent valuation specialist. - Involving our valuation specialist to evaluate the financial parameter applied to the discount rate, identification of the intangible assets, valuation methodology and mathematical accuracy. - Assessing the rationale of goodwill recognized from the business combination. - Considering the presentation and related disclosures. |
| <p>Goodwill and trademarks</p> <p>The Group has goodwill and trademarks of Baht 2,140 million and Baht 378 million, respectively, as at December 31, 2018. We have focused on the consideration of the impairment of goodwill and trademarks because the assessment of impairment of goodwill and trademarks is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill and trademarks as at the end of reporting period.</p> <p>Accounting policies of goodwill and trademarks and details of goodwill and trademarks were disclosed in the Notes</p> | <p>Key audit procedures included:</p> <ul style="list-style-type: none"> - Testing the significant assumptions applied by management in preparing estimates of the cash flows expected to be realized from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. - Evaluating the discount rate applied by management through analysis of the weighted average cost of capital of the Group and of the industry and involving internal specialist to assist in the assessment of this information by comparing it to external sources based on the |

| Key Audit Matters | Audit Responses |
|--|---|
| 3.6, 3.7, 13 and 14 to the financial statements, respectively. | <p>specialist's knowledge and past experience, tested the calculation of the realizable values of the assets using the selected financial model.</p> <p>- Considering the presentation and related disclosures.</p> |

Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Group.

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BANGKOK

February 21, 2019

Wimolporn Boonyusthian

Certified Public Accountant (Thailand)

Registration No. 4067

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

Statement of Financial Position

MUDMAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

UNIT : BAHT

| | Notes | Consolidated Financial Statements | | Separate Financial Statements | |
|-------------------------------------|-------|--------------------------------------|----------------------|----------------------------------|----------------------|
| | | 2018 | 2017 "Restated" | 2018 | 2017 |
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 6.1 | 209,573,721 | 195,040,342 | 9,748,976 | 18,440,709 |
| Trade and other current receivables | 7 | 93,199,648 | 102,830,596 | 82,125,430 | 37,802,315 |
| Short-term loans | 5 | - | - | 813,587,893 | 548,901,657 |
| Inventories | 8 | 181,292,917 | 201,229,856 | 721,549 | 701,326 |
| Other current assets | 9 | 14,782,777 | 24,111,287 | 538,297 | 786,324 |
| Total Current Assets | | <u>498,849,063</u> | <u>523,212,081</u> | <u>906,722,145</u> | <u>606,632,331</u> |
| NON-CURRENT ASSETS | | | | | |
| Restricted bank deposits | 10 | 2,427,980 | 2,675,804 | - | - |
| Investments in subsidiaries | 11 | - | - | 3,062,048,614 | 3,062,048,614 |
| Building improvement and equipment | 12 | 597,588,832 | 553,715,187 | 19,052,183 | 14,995,165 |
| Goodwill | 13 | 2,139,883,533 | 2,139,883,533 | - | - |
| Other intangible assets | 14 | 918,995,112 | 985,102,989 | 79,329 | 347,334 |
| Deferred tax assets | 21 | 81,903 | 6,252,408 | - | - |
| Other non-current assets | 15 | 142,861,606 | 127,361,628 | 18,365,042 | 15,282,409 |
| Total Non-Current assets | | <u>3,801,838,966</u> | <u>3,814,991,549</u> | <u>3,099,545,168</u> | <u>3,092,673,522</u> |
| TOTAL ASSETS | | <u>4,300,688,029</u> | <u>4,338,203,630</u> | <u>4,006,267,313</u> | <u>3,699,305,853</u> |

MUDMAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT DECEMBER 31, 2018

UNIT : BAHT

| | Notes | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-------|--------------------------------------|----------------------|----------------------------------|----------------------|
| | | 2018 | 2017 "Restated" | 2018 | 2017 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | |
| CURRENT LIABILITIES | | | | | |
| Short-term borrowings from financial institutions | 16 | 70,000,000 | 357,500,000 | 27,000,000 | 337,500,000 |
| Trade and other current payables | 17 | 397,707,350 | 441,681,631 | 14,270,748 | 33,922,172 |
| Payable for acquisition of investment in a subsidiary | 5 | - | 39,393,800 | - | 208,525 |
| Current portion of liabilities under finance leases | 20 | 10,775,656 | 11,209,028 | 2,285,333 | 2,315,300 |
| Current portion of long-term borrowings | 18 | 49,470,580 | 87,164,222 | 46,000,000 | - |
| Short-term borrowings | 5 | - | - | 101,000,000 | 231,100,000 |
| Income tax payable | | 6,652,913 | 10,034,467 | - | - |
| Other current liabilities | | 28,012,437 | 30,950,597 | 2,319,224 | 2,627,046 |
| Total Current Liabilities | | <u>562,618,936</u> | <u>977,933,745</u> | <u>192,875,305</u> | <u>607,673,043</u> |
| NON-CURRENT LIABILITIES | | | | | |
| Liabilities under finance leases | 20 | 10,090,878 | 12,392,531 | 4,291,455 | 6,405,114 |
| Long-term borrowings | 18 | 141,752,141 | 237,625,741 | 138,000,000 | - |
| Long-term debentures | 19 | 497,218,862 | - | 497,218,862 | - |
| Deferred tax liabilities | 21 | 196,055,486 | 215,554,168 | - | - |
| Non-current provisions for employee benefit | 22 | 27,836,719 | 26,160,324 | 11,522,135 | 10,850,387 |
| Other non-current provisions | 23 | 51,904,000 | - | 200,000 | - |
| Other non-current liabilities | | 25,161,580 | 23,690,182 | 3,001,099 | - |
| Total Non-Current liabilities | | <u>950,019,666</u> | <u>515,422,946</u> | <u>654,233,551</u> | <u>17,255,501</u> |
| TOTAL LIABILITIES | | <u>1,512,638,602</u> | <u>1,493,356,691</u> | <u>847,108,856</u> | <u>624,928,544</u> |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital | 24 | | | | |
| Authorized share capital | | | | | |
| 1,054,903,750 ordinary shares of Baht 1 each | | <u>1,054,903,750</u> | <u>1,054,903,750</u> | <u>1,054,903,750</u> | <u>1,054,903,750</u> |
| Issued and paid-up share capital | | | | | |
| 1,054,903,750 ordinary shares of Baht 1 each, fully paid | | <u>1,054,903,750</u> | <u>1,054,903,750</u> | <u>1,054,903,750</u> | <u>1,054,903,750</u> |
| Premium on ordinary shares | 24 | 1,953,348,039 | 1,953,348,039 | 1,953,348,039 | 1,953,348,039 |
| Surplus on business combination under common control | | 212,355,818 | 212,355,818 | - | - |
| Retained earnings (Deficit) | | | | | |
| Appropriated - Legal reserve | 25 | 18,581,860 | 11,969,629 | 18,581,860 | 11,969,629 |
| Unappropriated (Deficit) | | (453,695,177) | (387,442,076) | 132,324,808 | 54,155,891 |
| Other components of shareholders' equity | | 2,555,137 | (288,221) | - | - |
| TOTAL SHAREHOLDERS' EQUITY | | <u>2,788,049,427</u> | <u>2,844,846,939</u> | <u>3,159,158,457</u> | <u>3,074,377,309</u> |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | | <u>4,300,688,029</u> | <u>4,338,203,630</u> | <u>4,006,267,313</u> | <u>3,699,305,853</u> |

Statement of Comprehensive Income

MUDMAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

| | Notes | Consolidated Financial Statements | | Separate Financial Statements | |
|--|-------|--------------------------------------|----------------------|----------------------------------|---------------------|
| | | 2018 | 2017 | 2018 | 2017 |
| REVENUES | | | | | |
| Sales and service income | | 3,082,102,057 | 2,823,514,991 | 14,043,302 | 14,914,816 |
| Management service income | 5 | - | - | 89,055,600 | 97,455,986 |
| Dividends income | 5 | - | - | 150,543,639 | 43,781,131 |
| Other income | 5 | 150,722,208 | 138,178,267 | 25,245,118 | 4,998,438 |
| Total revenues | | <u>3,232,824,265</u> | <u>2,961,693,258</u> | <u>278,887,659</u> | <u>161,150,371</u> |
| EXPENSES | | | | | |
| Cost of sales and services | | 1,258,209,588 | 1,152,916,762 | 90,309,900 | 108,503,561 |
| Selling expenses | | 1,589,749,766 | 1,470,946,681 | 8,191,202 | 9,020,500 |
| Administrative expenses | | 357,251,651 | 348,580,852 | 16,731,069 | 6,205,210 |
| Total expenses | | <u>3,205,211,005</u> | <u>2,972,444,295</u> | <u>115,232,171</u> | <u>123,729,271</u> |
| Profit (loss) before finance cost and income tax expense | | 27,613,260 | (10,751,037) | 163,655,488 | 37,421,100 |
| Finance cost | 5 | <u>(33,503,838)</u> | <u>(33,771,059)</u> | <u>(31,410,874)</u> | <u>(27,567,203)</u> |
| Profit (loss) before income tax expense | | (5,890,578) | (44,522,096) | 132,244,614 | 9,853,897 |
| Income tax expense | 21 | <u>(6,286,826)</u> | <u>(5,857,079)</u> | - | - |
| PROFIT (LOSS) FOR THE YEAR | | <u>(12,177,404)</u> | <u>(50,379,175)</u> | <u>132,244,614</u> | <u>9,853,897</u> |
| OTHER COMPREHENSIVE INCOME (EXPENSE) | | | | | |
| Items that may be reclassified to profit or loss in subsequent periods | | | | | |
| Exchange differences on translation of financial statements | | | | | |
| in foreign currencies | | 2,843,358 | (288,221) | - | - |
| Items that may not be reclassified to profit or loss in subsequent periods | | | | | |
| Actuarial gain - net of income tax | | - | 15,139,685 | - | 6,940,793 |
| Other comprehensive income for the year | | <u>2,843,358</u> | <u>14,851,464</u> | <u>-</u> | <u>6,940,793</u> |
| TOTAL COMPREHENSIVE INCOME (EXPENSE) FOR THE YEAR | | <u>(9,334,046)</u> | <u>(35,527,711)</u> | <u>132,244,614</u> | <u>16,794,690</u> |
| Basic earnings (loss) per share | | | | | |
| Basic earnings (loss) per share (Baht) | 27 | <u>(0.01)</u> | <u>(0.05)</u> | <u>0.13</u> | <u>0.01</u> |
| Weighted average number of ordinary share (Thousand Shares) | 27 | <u>1,054,904</u> | <u>999,416</u> | <u>1,054,904</u> | <u>999,416</u> |

Statement of Changes in Shareholders' Equity

MUDMAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018
CONSOLIDATED FINANCIAL STATEMENTS

| Notes | Issued and Paid-up Share Capital | Premium on Ordinary Shares | Surplus on Business Combination under Common Control | Retained Earnings (Deficit) | | Other Components of | | Total Shareholders' Equity |
|--------------------------------------|--|----------------------------------|--|-------------------------------|-----------------------------|--|----------------------|----------------------------------|
| | | | | Appropriated Legal Reserve | Unappropriated (Deficit) | Shareholders' Equity Exchange Differences on Translation of Financial Statements in Foreign Currencies | Shareholders' Equity | |
| | | | | | | | | |
| | | | | | | | | |
| Balance as at January 1, 2017 | | | | | | | | |
| 24 | 843,923,000 | 1,099,077,000 | 212,355,818 | 11,129,895 | (351,362,852) | - | - | 1,815,122,861 |
| | 210,980,750 | 854,271,039 | - | - | - | - | - | 1,065,251,789 |
| | - | - | - | - | (35,239,490) | (288,221) | (288,221) | (35,527,711) |
| 25 | - | - | - | 839,734 | (839,734) | - | - | - |
| | 1,054,903,750 | 1,953,348,039 | 212,355,818 | 11,969,629 | (387,442,076) | (288,221) | (288,221) | 2,844,846,939 |
| Balance as at January 1, 2018 | | | | | | | | |
| | 1,054,903,750 | 1,953,348,039 | 212,355,818 | 11,969,629 | (387,442,076) | (288,221) | (288,221) | 2,844,846,939 |
| | - | - | - | - | (12,177,404) | 2,843,358 | 2,843,358 | (9,334,046) |
| 25 | - | - | - | 6,612,231 | (6,612,231) | - | - | - |
| 25 | - | - | - | - | (47,463,466) | - | - | (47,463,466) |
| | 1,054,903,750 | 1,953,348,039 | 212,355,818 | 18,581,860 | (453,695,177) | 2,555,137 | 2,555,137 | 2,788,049,427 |

MUDMAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2018
SEPARATE FINANCIAL STATEMENTS

UNIT : BAHT

| | Notes | Issued and Paid-up Share Capital | Premium on Ordinary Shares | Retained Earnings | | Total Shareholders' Equity |
|--|-------|--|----------------------------------|-------------------------------|--------------------|----------------------------------|
| | | | | Appropriated Legal Reserve | Unappropriated | |
| Balance as at January 1, 2017 | | 843,923,000 | 1,099,077,000 | 11,129,895 | 38,200,935 | 1,992,330,830 |
| Proceeds from share subscription | 24 | 210,980,750 | 854,271,039 | - | - | 1,065,251,789 |
| Total comprehensive income for the year | | - | - | - | 16,794,690 | 16,794,690 |
| Transferred unappropriated retained earnings to leg: | 25 | - | - | 839,734 | (839,734) | - |
| Balance as at December 31, 2017 | | <u>1,054,903,750</u> | <u>1,953,348,039</u> | <u>11,969,629</u> | <u>54,155,891</u> | <u>3,074,377,309</u> |
| Balance as at January 1, 2018 | | 1,054,903,750 | 1,953,348,039 | 11,969,629 | 54,155,891 | 3,074,377,309 |
| Total comprehensive income for the year | | - | - | - | 132,244,614 | 132,244,614 |
| Transferred unappropriated retained earnings to leg: | 25 | - | - | 6,612,231 | (6,612,231) | - |
| Dividends paid | 25 | - | - | - | (47,463,466) | (47,463,466) |
| Balance as at December 31, 2018 | | <u>1,054,903,750</u> | <u>1,953,348,039</u> | <u>18,581,860</u> | <u>132,324,808</u> | <u>3,159,158,457</u> |

Cash Flow Statement

MUDMAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

| | Notes | Consolidated | | Separate | |
|---|-------|----------------------|--------------|----------------------|--------------|
| | | Financial Statements | | Financial Statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit (loss) before income tax expense | | (5,890,578) | (44,522,096) | 132,244,614 | 9,853,897 |
| Adjustments to reconcile profit (loss) before income tax expense | | | | | |
| to net cash provided by (paid from) operating activities | | | | | |
| Depreciation | | 154,513,649 | 160,187,857 | 4,566,804 | 2,221,909 |
| Amortisation | | 70,387,996 | 88,200,035 | 329,605 | 614,607 |
| Loss on write-off assets | | 20,377,528 | 10,286,566 | 492,797 | 6,471,153 |
| Doubtful debts expense (reversal) | | (30,000) | - | - | - |
| Loss on diminution in value of inventories | | 3,739,487 | 4,375,726 | - | - |
| Long-term employee benefit expenses | | 6,458,031 | 3,102,769 | 671,748 | 1,264,389 |
| Amortization of deferred costs relating to the issuance of debentures | | 468,862 | - | 468,862 | - |
| Dividends income | | - | - | (150,543,639) | (43,781,131) |
| Interest income | | (645,849) | (944,238) | (11,095,420) | (2,569,909) |
| Interest expenses | | 33,503,838 | 31,004,059 | 31,410,874 | 25,567,203 |
| Write off withholding tax | | - | 47,663 | - | - |
| Profit (loss) from operating activities before changes | | | | | |
| in operating assets and liabilities | | 282,882,964 | 251,738,341 | 8,546,245 | (357,882) |
| Operating assets (increase) decrease | | | | | |
| Trade and other current receivables | | 10,281,313 | (848,243) | (2,729,255) | (4,909,539) |
| Inventories | | 15,546,183 | 24,354,785 | (20,223) | (1,131) |
| Other current assets | | 9,368,434 | (11,675,515) | 248,027 | (980,034) |
| Restricted bank deposits | | 247,824 | 340,306 | - | - |
| Other non-current assets | | (15,499,979) | (13,524,269) | (3,082,633) | (1,258,190) |
| Operating liabilities increase (decrease) | | | | | |
| Trade and other current payables | | (47,277,533) | (30,765,562) | (19,207,963) | 10,392,050 |
| Other current liabilities | | (2,938,160) | 2,318,852 | (307,822) | (438,693) |
| Non-current provision for employee benefits | | (4,781,636) | (2,572,305) | - | - |
| Other non-current liabilities | | 1,471,398 | 3,189,292 | 3,001,099 | - |
| Cash received (paid) for operating activities | | 249,300,808 | 222,555,682 | (13,552,525) | 2,446,581 |
| Dividend income | | - | - | 111,669,918 | 43,781,131 |
| Cash paid for income tax | | (22,996,557) | (26,972,890) | - | (3,019,398) |
| Net cash provided by operating activities | | 226,304,251 | 195,582,792 | 98,117,393 | 43,208,314 |

MUDMAN PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2018

UNIT : BAHT

| | Notes | Consolidated Financial Statements | | Separate Financial Statements | |
|---|-------|--------------------------------------|--------------------|----------------------------------|-------------------|
| | | 2018 | 2017 | 2018 | 2017 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Increase in short-term loans | | - | - | (264,686,236) | (420,603,316) |
| Cash paid for acquisition of investment in a subsidiary | | (39,393,800) | (256,155,981) | (208,525) | (767,000) |
| Cash paid for short-term borrowings to existing shareholder of a subsidiary | | - | (49,618,022) | - | - |
| Acquisition of building improvement and equipment | | (165,891,173) | (232,711,360) | (9,583,968) | (3,567,240) |
| Proceeds from sales of equipment | | 2,268,360 | 2,603,442 | 3,093 | 3,000 |
| Proceeds from franchise termination | | 1,727,000 | - | - | - |
| Increase in intangible assets and leasehold rights | | (7,662,964) | (33,342,867) | (61,600) | (65,660) |
| Interest received | | 636,829 | 928,411 | 8,375,281 | 1,548,168 |
| Net cash used in investing activities | | (208,315,748) | (568,296,377) | (266,161,955) | (423,452,048) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| (Decrease) increase in short-term borrowings from financial institution | 6.3 | (287,500,000) | 332,700,000 | (310,500,000) | 312,700,000 |
| Decrease in short-term borrowings | 6.3 | - | - | (130,100,000) | (808,393,333) |
| Cash paid for liabilities under finance leases | 6.3 | (11,477,526) | (8,106,783) | (2,143,626) | (480,586) |
| Proceeds from long-term borrowings | 6.3 | 184,000,000 | - | 184,000,000 | - |
| Repayments of long-term borrowings | 6.3 | (317,567,243) | (720,298,462) | - | - |
| Transaction costs relating to the issuance of debentures | 6.3 | (3,250,000) | - | (3,250,000) | - |
| Proceeds from issuance of debentures | 6.3 | 500,000,000 | - | 500,000,000 | - |
| Proceeds from ordinary share offering | | - | 1,107,648,937 | - | 1,107,648,937 |
| Cash paid for direct costs related to the share offering | | - | (42,397,148) | - | (42,397,148) |
| Dividends paid | | (47,463,836) | (160,345,370) | (47,463,466) | (160,345,370) |
| Cash paid for interest expenses | | (28,645,564) | (30,946,627) | (31,190,079) | (22,371,405) |
| Net cash (used in) provided by financing activities | | (11,904,169) | 478,254,547 | 159,352,829 | 386,361,095 |
| Exchange differences on translation of financial statements in foreign currencies | | 8,449,045 | 120,636 | - | - |
| Net increase (decrease) in cash and cash equivalents | | 14,533,379 | 105,661,598 | (8,691,733) | 6,117,361 |
| Cash and cash equivalents as at January 1, | | 195,040,342 | 89,378,744 | 18,440,709 | 12,323,348 |
| Cash and cash equivalents as at December 31, | | 209,573,721 | 195,040,342 | 9,748,976 | 18,440,709 |

Notes to Consolidated Financial Statements

1. GENERAL INFORMATION

Mudman Public Company Limited (the “Company”) is a public company incorporated and domiciled in Thailand. Its parent company and ultimate parent of the Group is Sub Sri Thai Public Company Limited. The Company is principally engaged in investment holding, management services for related parties and distribution of food. The registered office of the Company is at 33/4 The 9th Towers Grand Rama 9, 18th Floor, Tower A, Rama 9 Road, Huaykwang, Huaykwang, Bangkok.

The Market for Alternative Investment (“mai”) has approved the listing of the Company’s 1,055 million ordinary shares with a par value of Baht 1 each as securities to be traded on the mai, effective from April 11, 2017.

2. BASIS FOR PREPARATION AND PRESENTATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.1 The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2017) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2018 onwards, and the Regulations of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statements (No.2) B.E. 2559” dated October 11, 2016.

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 under the historical cost basis except as disclosed in the significant accounting policies.

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

| Company's name | Nature of business | Country of incorporation | % of shareholding As at December 31, 2018 % | As at December 31, 2017 % |
|--|--|--------------------------|---|------------------------------------|
| <u>Subsidiaries directly owned by the Company</u> | | | | |
| Golden Donuts (Thailand) Co., Ltd. | Distribution of food and beverage | Thailand | 100 | 100 |
| ABP Café (Thailand) Co., Ltd. | Distribution of food and beverage | Thailand | 100 | 100 |
| Golden Scoop Co., Ltd. | Distribution of food and beverage | Thailand | 100 | 100 |
| Greyhound Co., Ltd. | Production and distribution of ready-made clothing and leather goods | Thailand | 100 | 100 |
| Greyhound Café Co., Ltd. | Restaurant | Thailand | 100 | 100 |
| Mudman International Limited | Holding company | Republic of Mauritius | 100 | 100 |
| <u>Subsidiaries indirectly owned by the Company</u> | | | | |
| <u>Held by Greyhound Café Co., Ltd.</u> | | | | |
| GHC CAFÉ (UK) Co., Ltd. | Restaurant | United Kingdom | 100 | 100 |
| <u>Held by Mudman International Limited</u> | | | | |
| Societe Langonnaise des Vins et Hotelleries SAS | Restaurant | France | 100 | 100 |

The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

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.

The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

The assets and liabilities in the financial statements of overseas subsidiaries are translated to Thai Baht using the exchange rates 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 currencies" in the statements of changes in shareholders' equity.

Significant balances and transactions between the Company and its subsidiaries including investments in subsidiaries and subsidiaries' share capital were eliminated from the consolidated financial statements.

2.3 New or revised Thai Financial Reporting Standards

2.3.1 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the period, the Group has adopted the revised and new Thai Financial Reporting Standards ("TFRSs") including Thai Financial Reporting Standard Interpretation issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements, except the following financial reporting standards:

Thai Accounting Standard No. 7 (Revised 2017) "Statement of Cash Flows"

This revised accounting standard requires the disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This accounting standard requires prospective method for such amendment (see Note 6.3).

Thai Accounting Standard No.12 (Revised 2017) "Income Tax"

This revised accounting standard clarifies about the recognition of deferred tax assets in case an entity has unrealized loss. This Standard clarifies whether the assessment of future taxable income profits is sufficient to use for reversal of deductible temporary differences (e.g. 5-year loss carry forward). The future tax profits used for comparing should not include tax deductions. In addition, the assessment of future tax profits should include gain which may incur from the increasing of entity's assets value in the future. This accounting standard requires retrospective method for such amendment.

- 2.3.2 Thai Financial Reporting Standards (“TFRS”) announced in the Royal Gazette but not yet effective

- 2.3.2.1 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

Thai Financial Reporting Standards (“TFRS”)

| | |
|---------|--|
| TFRS 1 | First-time Adoption of International Financial Reporting Standards |
| TFRS 15 | Revenue from Contracts with Customers |

Thai Financial Reporting Standard Interpretation (“TFRIC”)

| | |
|----------|---|
| TFRIC 22 | Foreign Currency Transactions and Advance Consideration |
|----------|---|

Thai Financial Reporting Standards (TFRSs) Revised 2018

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology and reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standards (“TAS”)

| | |
|-----------------------|---|
| TAS 28 (Revised 2018) | Investment in Associates and Joint Ventures |
| TAS 40 (Revised 2018) | Investment Property |

Thai Financial Reporting Standards (“TFRS”)

| | |
|-----------------------|---------------------|
| TFRS 2 (Revised 2018) | Share-based Payment |
| TFRS 4 (Revised 2018) | Insurance Contracts |

2.3.2.2 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

Thai Accounting Standards ("TAS")

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards ("TFRS")

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Financial Reporting Standard Interpretations ("TFRIC")

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

The Group's management will adopt such TFRSs in the preparation of the Group's financial statements when they become effective. The Group's management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and cash equivalents

Cash and cash equivalents includes cash, savings account deposits, current account deposits and not exceeding 3 months fixed deposits, and short-term investments which are not exceeding 3 months duration for repayment with no obligation commitment.

3.2 Trade accounts receivable

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

3.3 Inventories

Inventories are carried at the lower of cost or net realizable value, and adjusted by allowance for deteriorated or obsolete inventories and for diminution in value of inventories. The cost of inventories are calculated by using the first-in, first-out method.

3.4 Investments in subsidiaries

Investments in subsidiaries are presented by the cost method in the separate financial statements. In the case where impairment of investment is occurred, they are recognized as expense charged to the statement of profit or loss and other comprehensive income.

3.5 Building improvement and equipment

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

Depreciation of building improvement and equipment is calculated by costs using the straight-line method over their estimated useful lives, as follows:

| | |
|--------------------------------|--------------|
| Building improvement | 5 - 15 years |
| Equipment | 3 - 10 years |
| Furniture and office equipment | 3 - 5 years |
| Motor vehicles | 5 years |

No depreciation is provided on assets under installation and construction.

Dismantling, moving and renovating asset location costs in which the Company obligates when receiving such asset are recognized as the cost of assets and depreciated them.

3.6 Goodwill

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

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

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

3.7 Intangible assets

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

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

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

| | |
|-------------------|--------------|
| Franchise | 7 - 28 years |
| Trademark | 40 years |
| Computer software | 3 - 5 years |

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

Leasehold rights

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

3.8 Impairment of assets

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

An impairment loss is recognised in the statement of profit or loss and other comprehensive income.

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

3.9 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plan

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

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

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

3.10 Provisions

The Company and its subsidiaries will record provisions when it is highly certain that obligations will occur at present legally or reliable estimate as a result of past events. These obligations are expected to cause an outflow of resources embodying economics benefits resulting to settle such obligations and these amounts to be paid can be estimated reliably. If there is expectation to recover payment toward estimated liabilities certainly by all or part, the returned payment will be recognized as separate asset but its amount must not be more than related estimated liabilities and the expense related to liability estimates is shown in the statement of profit or loss and other comprehensive income at amount net by recognized amount of expense to be recovered.

3.11 Leases

Operating lease

Lease in which substantially the risks and ownership of assets remain with the lessor is accounted for as operating lease. Rental applicable to such operating leases are charged to the statement of profit or loss and other comprehensive income using the straight-line method over the lease period.

Finance lease

Lease in which substantially all the risk and reward of ownership, other than legal title is transferred to the Company is accounted for as a finance lease. The Company capitalized the asset and recorded liabilities in the statements of financial position of lessee in the amount at the lower of estimated present value of the underlying lease payments or at the fair value of the leased asset at the contractual date. The leased assets are depreciated using the straight-line method over their estimated useful lives. Financial charge is calculated by the effective interest rate method over the term of contracts. Financial charge and depreciation are recognized as expenses in the statement of profit or loss and other comprehensive income.

3.12 Finance costs

Finance costs such as interest expenses and similar costs are charged to the statement of profit or loss and other comprehensive income for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.13 Foreign currency transactions

Foreign currency transactions are translated into Baht at the exchange rates ruling on the transaction dates. Monetary assets and liabilities in foreign currencies outstanding at the statement of financial position date are translated into Baht at the exchange rates ruling on that date. Exchange gains or losses either realized or unrealized are included as incomes or expenses in the statement of profit or loss and other comprehensive income for the year.

The financial statements of overseas subsidiaries are translated to Thai Baht in preparation of the consolidated financial statements as follows:

- a. Assets and liabilities are translated to Thai Baht at the foreign exchange rates ruling at statement of financial position date.
- b. Shareholders' equity is translated to Thai Baht at the foreign exchange rates on the transaction date.
- c. Revenues and expenses are translated to Thai Baht at average foreign exchange rates for the year.

Gain (loss) on translation of the financial statements prepared in foreign currencies are presented as other components of equity under shareholders' equity.

3.14 Related parties

Related parties with the Company and its subsidiaries represent individuals or enterprises which have the controlling power over the Company and its subsidiaries or are controlled by the Company and its subsidiaries either directly or indirectly, or under the common control with the Company and its subsidiaries. Furthermore, the related parties also represent the associates and the parties who hold the shares with voting rights, either directly or indirectly, and have significant influence to the Company, important managers, directors or employees of the Company and its subsidiaries who have power to plan and control the operations of the Company and its subsidiaries, including the close family members who can persuade or have power to persuade to act in compliance with said persons and businesses that said persons who have control power or significant influence, either directly or indirectly.

3.15 Revenue recognition

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

Revenues from services is recognised when services have been rendered.

Dividend income is recognized when entitled to receive such dividend.

Other incomes are recognized on an accrual basis.

3.16 Expense recognition

Other expenses are recognized on an accrual basis.

3.17 Income tax expense

Income tax expenses represents the sum of the current tax and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted or substantively enacted at the statement of financial position date.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit (tax base). The Company and its subsidiaries recognize deferred tax liabilities for all temporary differences, and recognize deferred tax assets for temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilized. The carrying amounts of deferred tax assets are reviewed at each statement of financial position date. Deferred tax assets shall be reduced to the extent that utilized taxable profits decreased. Any such reduction shall be reversed to the extent that it becomes probable that the Company and its subsidiaries have sufficient taxable profit to allow total or part of the asset to be recovered.

The Company and its subsidiaries measures deferred tax assets and deferred tax liabilities at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the end of the reporting period.

In the consolidated financial statements, deferred tax assets and deferred tax liabilities are recognized by each company in the Group, and deferred tax asset of one company in the Group is offset against deferred tax liability of another company in the Group if, and only if, the companies concerned have a legally enforceable right to make or receive a single net payment and the companies intend to make or receive such a net payment or to recover the asset and settle the liability simultaneously.

3.18 Earnings (loss) per share

The calculations of basic earnings (loss) per share were based on the profit (loss) for the year attributable to equity holders divided by the weighted average number of ordinary shares held by outsiders outstanding during the year net of treasury stocks. The calculations of diluted earnings per share (if any) were based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

3.19 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company and its subsidiaries take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.20 Use of accounting estimates

Use of management's judgements

The preparation of consolidated and separate financial statements in conformity with Thai Financial Reporting Standards also requires the Company's and its subsidiaries' management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although, these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Building improvement and equipment/Depreciation

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

In May 2018, the subsidiary's management reviewed the estimated economic useful lives of building improvement and considered changing the estimated economic useful lives of certain building improvement to reflect the current usage condition and the future economic benefits from 5 years to 10 years which the subsidiary has been permitted by the Director General of the Revenue Department on May 11, 2018 which was effective for the accounting period beginning or after January 1, 2018. The subsidiary adjusted the change in such accounting estimate using the prospective method. However, such change results in changes in future depreciation to be recognized in the statements of profit or loss and other comprehensive income for the years as follows:

| | Unit : Thousand Baht | | | | |
|--|----------------------|----------|---------|---------|--------|
| | 2018 | 2019 | 2020 | 2021 | Later |
| Consolidated financial statements | | | | | |
| Increase (Decrease) in depreciation | (18,030) | (16,055) | (9,085) | (5,894) | 49,064 |

Goodwill and intangible assets

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

In January 2018, the subsidiary's management reviewed the estimated economic useful lives of franchises and considered changing the estimated economic useful lives of certain franchises from 10 years to 20 years, to reflect the current usage condition and the future economic benefits because the subsidiary extended the period of the franchises agreement. The subsidiary adjusted the change in such accounting estimate using the prospective method. However, such change results in changes in future amortization to be recognized in the statements of profit or loss and other comprehensive income for the years as follows:

| | Unit : Thousand Baht | | | | |
|--|----------------------|----------|----------|----------|--------|
| | 2018 | 2019 | 2020 | 2021 | Later |
| Consolidated financial statements | | | | | |
| Increase (Decrease) in amortization | (12,722) | (12,722) | (12,722) | (12,722) | 50,888 |

Deferred tax assets

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

Post-employment benefits under defined benefit

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

Past service cost related to the plan amendment is recognized as an expense in the income statement when the plan amendment is effective.

4. ACQUISITION OF BUSINESS AND ACQUISITION OF ASSETS

On October 12, 2017, the Board of Directors' Meeting of the Company passed a resolution to acquire shares of Societe Langonnaies des Vins et Hotelleries SAS ("SLVH") which operates food and beverage business under the trademark of Le Grand Vefour. On December 21, 2017, the Company and Mudman International Limited (a subsidiary) acquired 28,298 ordinary shares (par value Euro 16 each) of SLVH from existing shareholder for a total consideration of Euro 7,812,247 which payment was divided into two installments. The first installment amounting to Euro 6,812,247 was paid by cash on December 21, 2017 and the second installment amounting to Euro 1,000,000 equivalent to Baht 39,393,800 has already paid by cash on December 21, 2018.

During 2018, the Group engaged an independent appraiser to appropriate the fair value of identifiable assets acquired and liabilities assumed and allocation of fair value at the acquisition date. The Group received the purchase price allocation report dated September 10, 2018 from the independent appraiser. The Group has applied Thai Financial Reporting Standard No. 3 (revised 2017) "Business Combinations" to recognize this business combination transaction. The following summarizes the major classes of consideration transferred and the recognized fair value of assets acquired and liabilities assumed at the business acquisition date:

| | Unit : Thousand Baht (Restated) |
|--|------------------------------------|
| Cash and cash equivalents | 5,265 |
| Trade and other current receivables | 22,853 |
| Inventories | 24,961 |
| Other current assets | 5,272 |
| Building improvements and equipment | 7,148 |
| Intangible assets | 98,792 |
| Other non-current assets | 3,039 |
| Short-term borrowings | (49,618) |
| Trade and other current payables | (23,520) |
| Other current liabilities | (8,331) |
| Deferred tax liabilities | (26,966) |
| Non-current provision for employee benefits | (1,924) |
| Identifiable assets and liabilities - net | 56,971 |
| Consideration transferred | 300,815 |
| Goodwill | 243,844 |

Based on, the information from the purchase price allocation report of an independent appraiser dated September 10, 2018 and other relevant factors obtained since the business acquisition date. The Group considered the fair values of assets acquired and liabilities assumed from the business acquisition and recorded the difference amount between the purchase price and the value of consideration received in the account "Goodwill" in the amount of Baht 243.84 million. The Group retrospectively adjusted the provisional amounts recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and would have affected the measurement of the amounts recognized as of that date. Therefore, the consolidated statement of financial position as at December 31, 2017, has been restated accordingly.

The effects of the restatement on the consolidated statement of financial position as at December 31, 2017 were as follows:

| | Balance as previously reported | Effect of the restatement | Unit : Thousand Baht Balance as restated |
|---|--------------------------------------|------------------------------|--|
| Consolidated statement of financial position as at December 31, 2017 | | | |
| Assets | | | |
| Inventory | 192,954 | 7,625 | 200,579 |
| Goodwill | 1,896,039 | 243,844 | 2,139,883 |
| Unallocated costs of business acquisition | 309,502 | (309,502) | - |
| Other intangible assets | 900,104 | 84,999 | 985,103 |
| Total assets | 4,311,239 | 26,966 | 4,338,205 |
| Liabilities and shareholders' equity | | | |
| Deferred tax liabilities | 188,588 | 26,966 | 215,554 |
| Total liabilities and shareholders' equity | 4,311,239 | 26,966 | 4,338,205 |

5. RELATED PARTY TRANSACTIONS

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

Significant transactions with related parties for the years ended December 31, are as follows:

| | Consolidated Financial Statements | | Separate Financial Statements | | Unit : Thousand Baht Pricing policy |
|--|--------------------------------------|-------|----------------------------------|--------|--|
| | 2018 | 2017 | 2018 | 2017 | |
| <u>Transactions with parent company</u> | | | | | |
| Dividend paid | 30,507 | - | 30,507 | - | Announced rate |
| <u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements) | | | | | |
| Dividend income | - | - | 150,544 | 43,781 | Announced rate |
| Management service income | - | - | 89,056 | 97,456 | At the higher of the 2.5%-3.5% of sales and the cost plus margin of 5% |
| Other income | | | | | |
| Rental income | - | - | 8,398 | 1,916 | Contract rate |
| Interest income | - | - | 10,984 | 2,351 | 3.75% - 5.63% p.a. |
| Finance cost | | | | | |
| Interest expenses | - | - | 9,158 | 22,958 | 3.65% - 5.38% p.a. |
| <u>Transactions with related parties</u> | | | | | |
| Rental expenses | - | 1,200 | - | 1,200 | Contract rate |
| Dividend paid | 3,542 | - | 3,542 | - | Announced rate |
| <u>Transactions with directors, employees and related persons</u> | | | | | |
| Dividend paid | 2,376 | - | 2,376 | - | Announced rate |

As at December 31, significant balances of accounts between the Company and those related parties are as follows:

| | Consolidated Financial Statements | | Unit : Thousand Baht Separate Financial Statements | |
|---|--------------------------------------|---------------|--|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| Trade receivables (see Note 7) | | | | |
| Parent company | - | 7 | - | - |
| Subsidiaries | - | - | 16,090 | 18,586 |
| | <u>-</u> | <u>7</u> | <u>16,090</u> | <u>18,586</u> |
| Other receivables (see Note 7) | | | | |
| Subsidiaries | - | - | 25,545 | 17,795 |
| | <u>-</u> | <u>-</u> | <u>25,545</u> | <u>17,795</u> |
| Accrued dividend income | | | | |
| Subsidiaries | - | - | 38,874 | - |
| | <u>-</u> | <u>-</u> | <u>38,874</u> | <u>-</u> |
| Short-term loans | | | | |
| Subsidiaries | - | - | 875,588 | 610,902 |
| <u>Less:</u> Allowance for doubtful debts | - | - | (62,000) | (62,000) |
| | <u>-</u> | <u>-</u> | <u>813,588</u> | <u>548,902</u> |
| Other payables (see Note 17) | | | | |
| Parent company | 16 | 14 | - | - |
| Subsidiary | - | - | 199 | 4,939 |
| | <u>16</u> | <u>14</u> | <u>199</u> | <u>4,939</u> |
| Payables for acquisition of investment in a subsidiary | | | | |
| Subsidiary | - | - | - | 209 |
| Related party (director of subsidiary) (see Note 11) | - | 39,394 | - | - |
| | <u>-</u> | <u>39,394</u> | <u>-</u> | <u>209</u> |
| Short-term borrowings | | | | |
| Subsidiaries | - | - | 101,000 | 231,100 |
| | <u>-</u> | <u>-</u> | <u>101,000</u> | <u>231,100</u> |

Short-term loans

As at December 31, 2018 and 2017, short-term loans represent promissory notes in Thai Baht. Interest is charged at 3.75% - 5.25% per annum and 3.75% - 5.63% per annum, respectively. Such loans have no collateral and are repayable on demand

Short-term borrowings

As at December 31, 2018 and 2017, short-term borrowings represent promissory notes in Thai Baht. Interest is charged at 3.65% per annum and 5.03% per annum, respectively. Such borrowings have no collateral and are repayable on demand.

Movements for the year ended December 31, 2018 of loans to and borrowings from related parties are as follows:

| | | Unit : Thousand Baht | | | |
|---|--------------|---------------------------------------|----------------------------------|----------------------------------|---------------------------------------|
| | | Separate Financial Statements | | | |
| Loans to / Borrowings from | Relationship | Balance as at December 31, 2017 | Increase during the period | Decrease during the period | Balance as at December 31, 2018 |
| <u>Short-term loans</u> | | | | | |
| ABP Café (Thailand) Co., Ltd. | Subsidiary | 5,000 | 74,538 | - | 79,538 |
| Golden Scoop Co., Ltd. | Subsidiary | 25,900 | 7,200 | (1,200) | 31,900 |
| Greyhound Café Co., Ltd. | Subsidiary | 61,300 | 175,563 | (36,500) | 200,363 |
| Greyhound Co., Ltd. | Subsidiary | 190,398 | 10,000 | (15,247) | 185,151 |
| Mudman International Ltd. | Subsidiary | 328,303 | 50,333 | - | 378,636 |
| | | 610,901 | 317,634 | (52,947) | 875,588 |
| <u>Less:</u> Allowance for doubtful debts | | (62,000) | - | - | (62,000) |
| Total | | 548,901 | 317,634 | (52,947) | 813,588 |
| <u>Short-term borrowings</u> | | | | | |
| Golden Dounts (Thailand) Co., Ltd. | Subsidiary | 231,100 | 160,000 | (290,100) | 101,000 |

Directors and management's benefits

During the years ended December 31, the Company and its subsidiaries had employee benefit expenses of their directors and management as follows:

| | | Unit : Thousand Baht | | | |
|------------------------------|--|--------------------------------------|--------|----------------------------------|--------|
| | | Consolidated Financial Statements | | Separate Financial Statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| Short-term employee benefits | | 93,906 | 91,801 | 36,067 | 47,726 |
| Post-employment benefits | | 2,304 | 2,744 | 1,507 | 2,118 |
| Total | | 96,210 | 94,545 | 37,574 | 49,844 |

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties, as described in Notes 31.4.1.

6. ADDITIONAL CASH FLOW INFORMATION

6.1 Cash and cash equivalents as at December 31, are as follows:

| | Consolidated | | Unit : Thousand Baht | |
|------------------------------------|----------------------|----------------|----------------------|---------------|
| | Financial Statements | | Separate | |
| | 2018 | 2017 | 2018 | 2017 |
| Cash on hand | 24,107 | 24,088 | 45 | 49 |
| Deposits at financial institutions | | | | |
| - Current accounts | 54,818 | 47,890 | 1,511 | 1 |
| - Savings accounts | 100,640 | 103,062 | 8,193 | 18,391 |
| Bills of exchange | 30,009 | 20,000 | - | - |
| Total | <u>209,574</u> | <u>195,040</u> | <u>9,749</u> | <u>18,441</u> |

6.2 Non-cash items as at December 31, are as follows:

| | Consolidated | | Unit : Thousand Baht | |
|--|----------------------|--------|----------------------|-------|
| | Financial Statements | | Separate | |
| | 2018 | 2017 | 2018 | 2017 |
| Payables from purchases of assets | 22,202 | 25,218 | 343 | 1,007 |
| Other non-current provision | 51,904 | - | 200 | - |
| Liabilities under finance leases | 8,743 | 20,379 | - | 9,201 |
| Amortization of deferred cost relating to the issuance of debentures | 469 | - | 469 | - |

6.3 Changing in liabilities from financing activities

| | Unit : Thousand Baht | | | |
|--|-----------------------------------|----------------------|------------------|---------------------------------|
| | Consolidated Financial Statements | | | |
| | Balance as at January 1, 2018 | Financing cash flows | Non-cash changes | Balance as at December 31, 2018 |
| Short-term borrowings from financial institutions | 357,500 | (287,500) | - | 70,000 |
| Long-term borrowings | 324,790 | (133,567) | - | 191,223 |
| Liabilities under finance leases | 23,602 | (11,478) | 8,743 | 20,867 |
| Proceeds from debentures | - | 500,000 | - | 500,000 |
| Transaction costs relating to the issuance of debentures | - | (3,250) | 469 | (2,781) |
| Total | <u>705,892</u> | <u>64,205</u> | <u>9,212</u> | <u>779,309</u> |

| | Unit : Thousand Baht | | | |
|--|-------------------------------|----------------------|------------------|---------------------------------|
| | Separate Financial Statements | | | |
| | Balance as at January 1, 2018 | Financing cash flows | Non-cash changes | Balance as at December 31, 2018 |
| Short-term borrowings from financial institutions | 337,500 | (310,500) | - | 27,000 |
| Short-term borrowings | 231,100 | (130,100) | - | 101,000 |
| Long-term borrowings | - | 184,000 | - | 184,000 |
| Liabilities under finance leases | 8,720 | (2,143) | - | 6,577 |
| Proceeds from debentures | - | 500,000 | - | 500,000 |
| Transaction costs relating to the issuance of debentures | - | (3,250) | 469 | (2,781) |
| Total | <u>577,320</u> | <u>238,007</u> | <u>469</u> | <u>815,796</u> |

7. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables as at December 31, consisted of:

| | Consolidated | | Unit : Thousand Baht | |
|--|----------------------|---------|----------------------|--------|
| | Financial Statements | | Separate | |
| | 2018 | 2017 | 2018 | 2017 |
| <u>Trade receivables - related parties</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | - | 7 | 11,703 | 13,860 |
| Past due | | | | |
| Up to 3 months | - | - | 1,388 | 1,238 |
| 3 - 6 months | - | - | 1,375 | 1,403 |
| 6 - 12 months | - | - | 1,624 | 2,081 |
| Over 12 months | - | - | - | 4 |
| Total trade receivables - related parties | | | | |
| (see Note 5) | - | 7 | 16,090 | 18,586 |
| <u>Trade receivables - others</u> | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 58,378 | 76,255 | 586 | 763 |
| Past due | | | | |
| Up to 3 months | 11,199 | 6,746 | 2 | - |
| 3 - 6 months | - | 581 | - | - |
| 6 - 12 months | 21 | 585 | - | - |
| Over 12 months | 6,182 | 5,558 | - | - |
| Total | 75,780 | 89,725 | 588 | 763 |
| Less: Allowance for doubtful debts | (5,453) | (5,483) | - | - |
| Total trade receivables - others | 70,327 | 84,242 | 588 | 763 |
| Total trade receivables | 70,327 | 84,249 | 16,678 | 19,349 |
| <u>Other receivables</u> | | | | |
| Other receivables - related parties | | | | |
| (see Note 5) | - | - | 25,545 | 17,795 |
| Other receivables - others | 10,861 | 6,756 | 34 | 19 |
| Prepaid expenses | 12,012 | 11,826 | 994 | 639 |
| Accrued dividend income | - | - | 38,874 | - |
| Total other receivables | 22,873 | 18,582 | 65,447 | 18,453 |
| Total trade and other current receivables | 93,200 | 102,831 | 82,125 | 37,802 |

8. INVENTORIES

Inventories as at December 31, consisted of:

| | Consolidated | | Unit : Thousand Baht | |
|--|----------------------|--------------------|----------------------|------|
| | Financial Statements | | Separate | |
| | 2018 | 2017 "Restated" | 2018 | 2017 |
| Finished goods | 68,065 | 79,601 | - | - |
| Work in process | 1,679 | 1,382 | - | - |
| Raw materials | 95,805 | 97,392 | 44 | 45 |
| Packing materials | 16,397 | 13,286 | 667 | 651 |
| Goods in transit | 130 | 5,233 | - | - |
| Others | 16,885 | 18,264 | 11 | 5 |
| Total | 198,961 | 215,158 | 722 | 701 |
| Less: Allowance on diminution in value | (17,668) | (13,928) | - | - |
| Total inventories | 181,293 | 201,230 | 722 | 701 |

The costs of inventories recognized as expenses in the consolidated financial statements for the years ended December 31, 2018 and 2017 are Baht 1,254.47 million and Baht 1,148.56 million, respectively. (The Company only 2018: Baht 5.66 million and 2017: Baht 6.19 million)

The Company recognized expenses in respect of write-downs of inventories to net realizable value in the consolidated financial statements for the years ended December 31, 2018 and 2017 of Baht 3.74 million and Baht 4.36 million, respectively.

9. OTHER CURRENT ASSETS

Other current assets as at December 31, consisted of:

| | Consolidated | | Unit : Thousand Baht | |
|----------------------------|----------------------|--------|----------------------|------|
| | Financial Statements | | Separate | |
| | 2018 | 2017 | 2018 | 2017 |
| Undue value-added tax | 7,122 | 19,516 | 529 | 777 |
| Others | 7,661 | 4,595 | 9 | 9 |
| Total other current assets | 14,783 | 24,111 | 538 | 786 |

10. RESTRICTED BANK DEPOSITS

These represent fixed deposits which were pledged with the banks of the subsidiaries to secure the letters of guarantee issued by banks (see Note 31.4.2).

11. INVESTMENTS IN SUBSIDIARIES

Details of investments in subsidiaries as presented in the separate financial statements as at December 31, are as follows:

| Company's name | Paid-up capital | | Percentage of shareholding | | Unit : Thousand Baht | |
|-------------------------------------|-----------------|---------|----------------------------|------|----------------------|-----------|
| | | | | | Carrying amounts | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Golden Donut (Thailand) Co., Ltd. | 300,000 | 300,000 | 100 | 100 | 842,447 | 842,447 |
| ABP Café (Thailand) Co., Ltd. | 40,000 | 40,000 | 100 | 100 | 382,147 | 382,147 |
| Golden Scoop Co., Ltd. | 125,000 | 125,000 | 100 | 100 | 125,000 | 125,000 |
| Greyhound Café Co., Ltd. | 10,784 | 10,784 | 100 | 100 | 1,492,606 | 1,492,606 |
| Greyhound Co., Ltd. | 96,990 | 96,990 | 100 | 100 | 361,194 | 361,194 |
| Mudman International Limited | 976 | 976 | 100 | 100 | 976 | 976 |
| Total | | | | | 3,204,370 | 3,204,370 |
| Less: Allowance for impairment loss | | | | | (142,321) | (142,321) |
| Investments in subsidiaries | | | | | 3,062,049 | 3,062,049 |

Allowance for impairment loss of investment is the allowance set aside for impairment loss on the investment in Greyhound Co., Ltd.

On October 12, 2017, the Board of Directors' Meeting of the Company passed a resolution to acquire shares of Societe Langonnaies des Vins et Hotelleries SAS ("SLVH") which operates food and beverage business under the trademark of Le Grand Vefour. On December 21, 2017, Mudman International Limited (a subsidiary) acquired 28,298 ordinary shares (par value Euro 16 each) of SLVH from existing shareholder for a total consideration of Euro 7,812,247 which payment was divided into two installments. The first installment amounting to Euro 6,812,247 was paid by cash on December 21, 2017 and the second installment amounting to Euro 1,000,000 or equivalents to Baht 39,393,800 has already paid by cash on December 21, 2018.

12. BUILDING IMPROVEMENT AND EQUIPMENT

Movements of building improvement and equipment for the years ended December 31, are as follows:

2018

Unit : Thousand Baht

| | Consolidated financial statements | | | | | |
|--------------------------------------|-----------------------------------|-----------|--------------------------------|----------------|--|-----------|
| | Building Improvement | Equipment | Furniture and Office Equipment | Motor Vehicles | Assets under Installation and Construction | Total |
| Cost | | | | | | |
| As at January 1, 2018 | 650,079 | 257,694 | 252,343 | 11,345 | 5,342 | 1,176,803 |
| Additions | 148,779 | 42,464 | 32,993 | - | 4,297 | 228,533 |
| Disposals | (38,435) | (11,855) | (6,554) | - | - | (56,844) |
| Transfer in (out) | 3,875 | 94 | 626 | - | (4,595) | - |
| Translation adjustment | (3,028) | (193) | (793) | - | - | (4,014) |
| As at December 31, 2018 | 761,270 | 288,204 | 278,615 | 11,345 | 5,044 | 1,344,478 |
| Accumulated depreciation | | | | | | |
| As at January 1, 2018 | 318,162 | 146,895 | 147,617 | 2,738 | - | 615,412 |
| Depreciation for the year | 77,297 | 33,747 | 41,462 | 2,008 | - | 154,514 |
| Depreciation on disposals | (17,316) | (7,920) | (5,477) | - | - | (30,713) |
| Translation adjustment | - | - | - | - | - | - |
| As at December 31, 2018 | 378,143 | 172,722 | 183,602 | 4,746 | - | 739,213 |
| Allowance for impairment loss | | | | | | |
| As at January 1, 2018 | 7,668 | 8 | - | - | - | 7,676 |
| As at December 31, 2018 | 7,668 | 8 | - | - | - | 7,676 |
| Net book value | | | | | | |
| As at December 31, 2018 | 375,459 | 115,474 | 95,013 | 6,599 | 5,044 | 597,589 |

2017

Unit : Thousand Baht

| | Consolidated financial statements | | | | | |
|---|-----------------------------------|-----------|--------------------------------|----------------|--|-----------|
| | Building Improvement | Equipment | Furniture and Office Equipment | Motor Vehicles | Assets under Installation and Construction | Total |
| Cost | | | | | | |
| As at January 1, 2017 | 514,303 | 224,237 | 210,749 | 7,519 | 16,791 | 973,599 |
| Additions | 80,548 | 24,352 | 40,699 | 8,683 | 87,793 | 242,075 |
| Disposals | (17,470) | (3,396) | (13,496) | (4,857) | (6,471) | (45,690) |
| Transfer in (out) | 66,926 | 11,579 | 14,266 | - | (92,771) | - |
| Acquisition of subsidiary during the year (see Note 11) | 5,991 | 959 | 198 | - | - | 7,148 |
| Translation adjustment | (219) | (37) | (73) | - | - | (329) |
| As at December 31, 2017 | 650,079 | 257,694 | 252,343 | 11,345 | 5,342 | 1,176,803 |
| Accumulated depreciation | | | | | | |
| As at January 1, 2017 | 241,100 | 116,843 | 122,468 | 6,238 | - | 486,649 |
| Depreciation for the year | 89,485 | 32,701 | 36,644 | 1,358 | - | 160,188 |
| Depreciation on disposals | (12,422) | (2,648) | (11,494) | (4,858) | - | (31,422) |
| Translation adjustment | (1) | (1) | (1) | - | - | (3) |
| As at December 31, 2017 | 318,162 | 146,895 | 147,617 | 2,738 | - | 615,412 |
| Allowance for impairment loss | | | | | | |
| As at January 1, 2017 | 9,161 | 8 | - | - | - | 9,169 |
| Decrease during the year | (1,493) | - | - | - | - | (1,493) |
| As at December 31, 2017 | 7,668 | 8 | - | - | - | 7,676 |
| Net book value | | | | | | |
| As at December 31, 2017 | 324,249 | 110,791 | 104,726 | 8,607 | 5,342 | 553,715 |

Depreciation for the years ended December 31,

2018

154,514

2017

160,188

2018

Unit : Thousand Baht

| | Separate financial statements | | | | | |
|---------------------------------|-------------------------------|-----------|--------------------------------|----------------|--|---------|
| | Building Improvement | Equipment | Furniture and Office Equipment | Motor Vehicles | Assets under Installation and Construction | Total |
| Cost | | | | | | |
| As at January 1, 2018 | 2,804 | 444 | 5,095 | 8,599 | 3,852 | 20,794 |
| Additions | 5,978 | 57 | 3,085 | - | - | 9,120 |
| Disposals | (1,083) | - | (80) | - | - | (1,163) |
| Transfer in (out) | 3,235 | - | 617 | - | (3,852) | - |
| As at December 31, 2018 | 10,934 | 501 | 8,717 | 8,599 | - | 28,751 |
| Accumulated depreciation | | | | | | |
| As at January 1, 2018 | 1,471 | 207 | 3,645 | 476 | - | 5,799 |
| Depreciation for the year | 1,242 | 83 | 1,522 | 1,720 | - | 4,567 |
| Depreciation on disposals | (610) | - | (57) | - | - | (667) |
| As at December 31, 2018 | 2,103 | 290 | 5,110 | 2,196 | - | 9,699 |
| Net book value | | | | | | |
| As at December 31, 2018 | 8,831 | 211 | 3,607 | 6,403 | - | 19,052 |

2017

Unit : Thousand Baht

| | Separate financial statements | | | | | |
|--|-------------------------------|-----------|--------------------------------|----------------|--|---------|
| | Building Improvement | Equipment | Furniture and Office Equipment | Motor Vehicles | Assets under Installation and Construction | Total |
| Cost | | | | | | |
| As at January 1, 2017 | 2,804 | 449 | 4,575 | - | 6,051 | 13,879 |
| Additions | - | - | 520 | 8,599 | 4,272 | 13,391 |
| Disposals | - | (5) | - | - | (6,471) | (6,476) |
| As at December 31, 2017 | 2,804 | 444 | 5,095 | 8,599 | 3,852 | 20,794 |
| Accumulated depreciation | | | | | | |
| As at January 1, 2017 | 910 | 130 | 2,539 | - | - | 3,579 |
| Depreciation for the year | 561 | 79 | 1,106 | 476 | - | 2,222 |
| Depreciation on disposals | - | (2) | - | - | - | (2) |
| As at December 31, 2017 | 1,471 | 207 | 3,645 | 476 | - | 5,799 |
| Net book value | | | | | | |
| As at December 31, 2017 | 1,333 | 237 | 1,450 | 8,123 | 3,852 | 14,995 |
| Depreciation for the years ended December 31, | | | | | | |
| 2018 | | | | | | 4,567 |
| 2017 | | | | | | 2,222 |

As at December 31, 2018 and 2017, the Company and its subsidiaries had assets with net book values amounting to Baht 25.59 million and Baht 5.00 million, respectively, which were acquired under finance leases.

As at December 31, 2018 and 2017, the Company and its subsidiaries had building improvement and equipment items which fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 152 million and Baht 182 million, respectively.

13. GOODWILL

Goodwill as at December 31, 2018 and 2017, consisted of:

| | Donuts unit | | Bakery unit | | Restaurant unit | | Unit : Thousand Baht Total | |
|---|----------------|----------------|----------------|----------------|------------------|------------------|-------------------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | | | | | "Restated" | | "Restated" |
| Cost as at January 1, | 484,370 | 484,370 | 298,192 | 298,192 | 1,357,321 | 1,113,477 | 2,139,883 | 1,896,039 |
| Acquired through business combinations | - | - | - | - | - | 243,844 | - | 243,844 |
| Cost as at December 31, | <u>484,370</u> | <u>484,370</u> | <u>298,192</u> | <u>298,192</u> | <u>1,357,321</u> | <u>1,357,321</u> | <u>2,139,883</u> | <u>2,139,883</u> |

14. OTHER INTANGIBLE ASSETS

Other intangible assets as at December 31, consisted of:

| | Consolidated Financial Statements | | Unit : Thousand Baht Separate Financial Statements | |
|-------------------------------|--------------------------------------|----------------|--|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | "Restated" | | |
| Intangible assets - others | 814,944 | 869,182 | 79 | 347 |
| Leasehold rights | 104,051 | 115,921 | - | - |
| Total other intangible assets | <u>918,995</u> | <u>985,103</u> | <u>79</u> | <u>347</u> |

Intangible assets - others

Intangible assets - others include franchise, trademarks, computer software and others.

Movements of the intangible assets - others during the years ended December 31, are as follows:

| | Consolidated Financial Statements | | | | | Unit : Thousand Baht Separate Financial Statements |
|----------------------------------|-----------------------------------|----------------|-------------------|--------------|----------------|--|
| | Franchise | Trademark | Computer software | Others | Total | Computer software |
| | | | | | | |
| 2018 | | | | | | |
| Net book value as at January 1, | 469,974 | 380,469 | 14,813 | 3,926 | 869,182 | 347 |
| Increase | 2,905 | - | 3,158 | - | 6,063 | 62 |
| Dispose during the year | (1,727) | - | (64) | - | (1,791) | - |
| Amortization for the year | (49,294) | (479) | (5,704) | (2,480) | (57,957) | (330) |
| Exchange differences on | - | (666) | 113 | - | (553) | - |
| Net book value as at December 31 | <u>421,858</u> | <u>379,324</u> | <u>12,316</u> | <u>1,446</u> | <u>814,944</u> | <u>79</u> |

| | Consolidated Financial Statements | | | | | Unit : Thousand Baht Separate Financial Statements |
|----------------------------------|-----------------------------------|----------------|-------------------|--------------|----------------|--|
| | Franchise | Trademark | Computer software | Others | Total | Computer software |
| | | | | | | |
| 2017 | | | | | | |
| Net book value as at January 1, | 534,404 | 325,298 | 18,890 | 6,406 | 884,998 | 896 |
| Increase | 4,382 | 4,794 | 2,087 | - | 11,263 | 66 |
| Acquisitions/adjustments through | - | 50,520 | 134 | - | 50,654 | - |
| Dispose during the year | - | - | (114) | - | (114) | - |
| Amortization for the year | (68,812) | (143) | (6,184) | (2,480) | (77,619) | (615) |
| Net book value as at December 31 | <u>469,974</u> | <u>380,469</u> | <u>14,813</u> | <u>3,926</u> | <u>869,182</u> | <u>347</u> |

As at December 31, 2018 and 2017, the subsidiaries had intangible assets with net book value of Baht 8.34 Million and Baht 8.16 million, respectively, which were acquired under finance leases.

Leasehold rights

Movements of the leasehold rights accounts during the years ended December 31, are summarized below.

| | Unit : Thousand Baht | |
|---|----------------------|------------|
| | Consolidated | |
| | Financial Statements | |
| | 2018 | 2017 |
| | | "Restated" |
| Net book value as at January 1, | 115,921 | 76,292 |
| Add: Increase during the period | 1,600 | 2,070 |
| Acquisitions/adjustments through business combination | - | 48,138 |
| Less: Amortization for the period | (12,431) | (10,579) |
| Exchange differences on translation of financial statements | (1,039) | - |
| Net book value as at December 31, | 104,051 | 115,921 |

The subsidiaries have mortgaged leasehold rights with a total net book value as at December 31, 2018 and 2017 amounting to Baht 12.59 million and Baht 15.61 million, respectively, as collateral for long-term borrowings from the financial institutions (see Note 18).

15. OTHER NON-CURRENT ASSETS

Other non-current assets as at December 31, consisted of:

| | Unit : Thousand Baht | | | |
|--------------------------------|----------------------|---------|----------------------|--------|
| | Consolidated | | Separate | |
| | Financial Statements | | Financial Statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Income tax waiting for refund | 15,158 | 11,749 | 15,158 | 11,749 |
| Deposits | 127,704 | 115,613 | 3,207 | 3,533 |
| Total other non-current assets | 142,862 | 127,362 | 18,365 | 15,282 |

16. SHORT TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Short-term borrowings from financial institutions as at December 31, consisted of:

| | Unit : Million Baht | | | |
|---|----------------------|------|----------------------|------|
| | Consolidated | | Separate | |
| | Financial Statements | | Financial Statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Short-term borrowings from financial institutions | 70 | 358 | 27 | 338 |

As at December 31, 2018 and 2017, short-term credit facilities from financial institutions of the Company and its subsidiaries which have not yet been drawn down amounted to Baht 180 million and Baht 168 million, respectively, which is guaranteed by the Company and its subsidiaries (see Note 31.4.1).

The interest rates of short-term borrowings as at December 31, are as follows:

| | Consolidated | | Separate | |
|---|----------------------|-------------|----------------------|-------------|
| | Financial Statements | | Financial Statements | |
| | 2018 | 2017 | 2018 | 2017 |
| | % | % | % | % |
| Short-term borrowings from financial institutions | 3.50 - 3.85 | 3.50 - 3.75 | 3.65 - 3.70 | 3.50 - 3.75 |

17. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables as at December 31, consisted of:

| | Consolidated | | Unit : Thousand Baht | |
|---|-----------------------------|-------------|-----------------------------|-------------|
| | Financial Statements | | Separate | |
| | 2018 | 2017 | 2018 | 2017 |
| Trade payables - others | 159,912 | 172,883 | 1,114 | 2,064 |
| Other payables - related parties (see Note 5) | 16 | 14 | 199 | 4,939 |
| Other payables - others | 57,575 | 70,091 | - | 3,701 |
| Payables for purchase of assets | 22,202 | 25,218 | 343 | 1,007 |
| Accrued expenses | 126,876 | 143,141 | 10,558 | 22,211 |
| Deferred income | 31,126 | 30,335 | 2,057 | - |
| Total trade and other current payables | 397,707 | 441,682 | 14,271 | 33,922 |

18. LONG-TERM BORROWINGS

Details of long-term borrowings as at December 31, are as follows:

| | | | Unit : Thousand Baht | |
|---|--|--|-----------------------------|-------------|
| Interest rate (%) | Repayment schedule | | 2018 | 2017 |
| <u>Seperate</u> | | | | |
| MLR-1.00 to 1.50 | Quarterly installments as from February 2019 to November 2022 | | 184,000 | - |
| | | | 184,000 | - |
| <u>Subsidiaries</u> | | | | |
| MLR-1.75 to 2.00 | Monthly installments as from April 2013 to March 2021 | | 7,223 | 10,549 |
| MLR-1.50 | Quarterly installments as from December 2014 to September 2021 | | - | 314,241 |
| | | | 7,223 | 324,790 |
| Total | | | 191,223 | 324,790 |
| <u>Less:</u> Current portion | | | (49,471) | (87,164) |
| Long-term borrowings - net of current portion | | | 141,752 | 237,626 |

The borrowings facilities of subsidiaries are secured by the mortgage of leasehold rights of subsidiaries (see Note 14).

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

19. LONG-TERM DEBENTURES

Long-term debentures as at December 31, consisted of:

| | Unit : Thousand Baht |
|---|-------------------------|
| | Consolidated / Separate |
| | Financial Statements |
| | As at December 31, |
| | 2018 |
| Face value | 500,000 |
| <u>Less:</u> Unamortized deferred costs relating to the issuance of debentures | (2,781) |
| Net balance | 497,219 |
| <u>Less:</u> Current portion | - |
| Long-term debentures | 497,219 |

The Company issued Thai Baht currency debentures which are holder specified, non-subordinated and unsecured bonds at par value of Baht 1,000 per unit to a limited number of investors, with the following details:

| Symbol | Unit | Total value (Thousand Baht) | Issued date | Term | Maturity date | Interest rate (% per annum) | Interest payment | Fair Value (Thousand Baht) |
|--------|---------|-----------------------------------|---------------|---------|---------------|-----------------------------------|------------------|----------------------------------|
| MM217A | 500,000 | 500,000 | July 26, 2018 | 3 years | July 26, 2021 | 5.00 | Every 3 months | 501,176 |

The Company is required to comply with certain financial conditions such as maintaining certain financial ratios.

20. LIABILITIES UNDER FINANCE LEASES

Liabilities under finance leases as at December 31, consisted of:

| | Unit : Thousand Baht | |
|--|----------------------|----------------------|
| | Consolidated | Separate |
| | Financial Statements | Financial Statements |
| | 2018 | 2017 |
| Liabilities under finance leases | 22,070 | 25,225 |
| <u>Less:</u> Deferred interest expenses | (1,203) | (1,623) |
| Total | 20,867 | 23,602 |
| <u>Less:</u> Current portion | (10,776) | (11,209) |
| Liabilities under finance leases - net of current portion | 10,091 | 12,393 |

The Company and its subsidiaries entered into the finance leases with leasing companies for rental of equipment and motor vehicles for use in their operation, whereby they committed to pay rental on a monthly basis. The terms of the agreements are generally 3 years.

Future minimum lease payments required under the finance leases were as follows:

| Unit : Thousand Baht | | | |
|--|------------------|-------------|---------|
| Consolidated Financial Statements | | | |
| As at 31 December 2018 | | | |
| | Less than 1 year | 1 - 5 years | Total |
| Future minimum lease payments | 11,579 | 10,491 | 22,070 |
| Deferred interest expenses | (803) | (400) | (1,203) |
| Present value of future minimum lease payments | 10,776 | 10,091 | 20,867 |

| Unit : Thousand Baht | | | |
|--|------------------|-------------|---------|
| Consolidated Financial Statements | | | |
| As at 31 December 2017 | | | |
| | Less than 1 year | 1 - 5 years | Total |
| Future minimum lease payments | 12,042 | 13,183 | 25,225 |
| Deferred interest expenses | (833) | (790) | (1,623) |
| Present value of future minimum lease payments | 11,209 | 12,393 | 23,602 |

| Unit : Thousand Baht | | | |
|--|------------------|-------------|-------|
| Separate Financial Statements | | | |
| As at 31 December 2018 | | | |
| | Less than 1 year | 1 - 5 years | Total |
| Future minimum lease payments | 2,530 | 4,470 | 7,000 |
| Deferred interest expenses | (245) | (179) | (424) |
| Present value of future minimum lease payments | 2,285 | 4,291 | 6,576 |

| Unit : Thousand Baht | | | |
|--|------------------|-------------|-------|
| Separate Financial Statements | | | |
| As at 31 December 2017 | | | |
| | Less than 1 year | 1 - 5 years | Total |
| Future minimum lease payments | 2,530 | 7,000 | 9,530 |
| Deferred interest expenses | (215) | (595) | (810) |
| Present value of future minimum lease payments | 2,315 | 6,405 | 8,720 |

21. INCOME TAX EXPENSE, DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

21.1 Income tax expense

Income tax expense for the years ended December 31, consisted of:

| Unit : Thousand Baht | | |
|---|----------|----------|
| Consolidated | | |
| Financial Statements | | |
| | 2018 | 2017 |
| Current income tax | | |
| Current income tax charge | (19,615) | (21,620) |
| Deferred tax | | |
| Deferred income tax expense and temporary differences | 13,328 | 15,763 |
| Income tax expense | (6,287) | (5,857) |

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

| | Unit : Thousand Baht | | | |
|--|------------------------------|----------|------------------------------|---------|
| | Consolidated | | Separate | |
| | Financial Statements 2018 | 2017 | Financial Statements 2018 | 2017 |
| Profit (loss) before income tax expense | (5,890) | (44,522) | 132,245 | 9,854 |
| Statutory tax rate (%) | 20% | 20% | 20% | 20% |
| Income tax expenses (income) before effect on income tax | (1,178) | (8,904) | 26,449 | 1,971 |
| Effect on income tax from exempted taxable expense (income) | (18,437) | (12,716) | (26,449) | (1,971) |
| Deferred income tax expense | 13,328 | 15,763 | - | - |
| Income tax expense | (6,287) | (5,857) | - | - |

21.2 Deferred tax assets - net as at December 31, consisted of:

| | Unit : Thousand Baht | |
|---|------------------------------|-------|
| | Consolidated | |
| | Financial Statements 2018 | 2017 |
| Deferred tax assets | | |
| Provision for long-term employee benefits | 6 | 2,677 |
| Deferred income | - | 3,416 |
| Others | 76 | 159 |
| Total | 82 | 6,252 |

The movements of deferred tax assets during the years ended December 31, are as follows:

2018

| | Unit : Thousand Baht | | | |
|---|-----------------------------------|---|---|-------------------------------|
| | Consolidated Financial Statements | | | As at December 31, 2018 |
| | As at January 1, 2018 | Items as recognized in profit or loss | Items as recognized in other comprehensive income | |
| Deferred tax assets - net | | | | |
| Non-current provisions for employee benefit | 2,677 | (2,671) | - | 6 |
| Deferred income | 3,416 | (3,416) | - | - |
| Provision for dismantling and restoring costs | - | 76 | - | 76 |
| Others | 159 | (159) | - | - |
| Deferred tax assets - net | 6,252 | (6,170) | - | 82 |

2017

| | Unit : Thousand Baht | | | |
|---|-----------------------------------|---|---|-------------------------------|
| | Consolidated Financial Statements | | | As at December 31, 2017 |
| | As at January 1, 2016 | Items as recognized in profit or loss | Items as recognized in other comprehensive income | |
| Deferred tax assets - net | | | | |
| Non-current provisions for employee benefit | 4,874 | - | (2,197) | 2,677 |
| Deferred income | 3,626 | (210) | - | 3,416 |
| Others | 246 | (87) | - | 159 |
| Deferred tax assets - net | 8,746 | (297) | (2,197) | 6,252 |

21.3 Deferred tax liabilities - net as at December 31 are as follows:

| | Unit : Thousand Baht | |
|--|-----------------------------------|--------------------|
| | Consolidated Financial Statements | |
| | 2018 | 2017 "Restated" |
| Deferred tax liabilities | | |
| Non-current provisions for employee benefit | (2,957) | - |
| Deferred Income | (2,845) | - |
| Provision for dismantling and restoring costs | (951) | - |
| Depreciation | 5,546 | 8,720 |
| Amortisation | 29,136 | 28,656 |
| Fair value adjustment of intangible assets arise in business acquisition | 168,278 | 178,178 |
| Others | (152) | - |
| Total | 196,055 | 215,554 |

The movements of deferred tax liabilities during the years ended December 31, are as follows:

2018

| | Unit : Thousand Baht | | |
|--|-----------------------------------|---|-------------------------------|
| | Consolidated Financial Statements | | |
| | As at January 1, 2018 | Items as recognized in profit or loss | As at December 31, 2018 |
| Deferred tax liabilities - net | | | |
| Non-current provisions for employee benefit | - | (2,957) | (2,957) |
| Deferred Income | - | (2,845) | (2,845) |
| Provision for dismantling and restoring costs | - | (951) | (951) |
| Depreciation | 8,720 | (3,174) | 5,546 |
| Amortisation | 28,656 | 480 | 29,136 |
| Fair value adjustment of intangible assets arise in business acquisition | 178,178 | (9,900) | 168,278 |
| Others | - | (152) | (152) |
| Deferred tax liabilities - net | 215,554 | (19,499) | 196,055 |

2017

| | Unit : Thousand Baht | | |
|--|-----------------------------------|---|---|
| | Consolidated Financial Statements | | |
| | As at January 1, 2017 | Items as recognized in profit or loss | As at December 31, 2017 "Restated" |
| Deferred tax liabilities - net | | | |
| Depreciation | 11,980 | (3,260) | 8,720 |
| Amortisation | 28,176 | 480 | 28,656 |
| Fair value adjustment of intangible assets arise in business acquisition | 164,638 | 13,540 | 178,178 |
| Deferred tax liabilities - net | 204,794 | 10,760 | 215,554 |

As at December 31, 2018 and 2017, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 698.67 million and Baht 480 million, respectively (The Company only: Baht 445.78 million and Baht 450 million, respectively.). No deferred tax assets have been recognised on these amounts as the management of the Company and its subsidiaries believe that future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The Company and its subsidiaries have unused tax losses amounting to Baht 451.64 million (The Company only: Baht 229.73 million) which will expire by 2022.

22. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

Movement in the present value of non-current provisions for employee benefit for the years ended December 31, are as follows:

| | Unit : Thousand Baht | | | |
|--|----------------------|----------|----------------------|----------|
| | Consolidated | | Separate | |
| | Financial Statements | | Financial Statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Non-current provisions for employee benefit | | | | |
| brought forward | 26,160 | 40,895 | 10,850 | 16,527 |
| Included in profit or loss: | | | | |
| Current service cost | 5,766 | 2,359 | 481 | 980 |
| Interest cost | 691 | 744 | 191 | 284 |
| Included in other comprehensive income: | | | | |
| Actuarial (gain) loss | | | | |
| Demographic assumptions changes | - | (28,192) | - | (12,716) |
| Financial assumptions changes | - | 15,626 | - | 7,019 |
| Experience adjustments | - | (4,624) | - | (1,244) |
| Benefits paid during the year | (4,780) | (2,572) | - | - |
| Increase from acquisition of subsidiary (see Note 4) | - | 1,924 | - | - |
| Non-current provisions for employee benefit | | | | |
| carried forward | 27,837 | 26,160 | 11,522 | 10,850 |

Long-term employee benefit expenses recognized in the statement of profit or loss for the years ended December 31, are as follows:

| | Unit : Thousand Baht | | | |
|---|----------------------|-------|----------------------|-------|
| | Consolidated | | Separate | |
| | Financial Statements | | Financial Statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Cost of sales and services | 370 | 362 | 660 | 1,199 |
| Selling and administrative expenses | 6,087 | 2,741 | 12 | 65 |
| Total expenses recognised in profit or loss | 6,457 | 3,103 | 672 | 1,264 |

As at December 31, 2018 and 2017, the Company and its subsidiaries expect to pay Baht 0.41 million and Baht 5.00 million of long-term employee benefits during the next year (The Company only 2018: Nil and 2017: Baht 4 million).

As at December 31, 2018 and 2017, the weighted average duration of the liabilities for long-term employee benefit of the Company and subsidiaries is 8 - 21 years (The Company only: 8 years).

Significant actuarial assumptions as at December 31, are summarised below:

| | Unit : Thousand Baht | | | |
|-----------------------------|----------------------|--------------|----------------------|--------|
| | Consolidated | | Separate | |
| | Financial Statements | | Financial Statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Discount rate | 2.69 - 3.51 | 2.69 - 3.51 | 2.69 | 2.69 |
| Future salary increase rate | 6.45 - 12.33 | 6.45 - 12.33 | 8.39 | 8.39 |
| Turnover rate | 0 - 82 | 0 - 82 | 0 - 50 | 0 - 50 |

The result of sensitivity analysis for significant assumptions that affect the present value of the non-current provision for employee benefit as at December 31, are summarised below:

| | Unit : Thousand Baht | | | |
|-----------------------------|----------------------|------------------|----------------------|------------------|
| | Consolidated | | Separate | |
| | Financial Statements | | Financial Statements | |
| | Increase by 0.5% | Decrease by 0.5% | Increase by 0.5% | Decrease by 0.5% |
| 2018 | | | | |
| Discount rate | (833) | 893 | (140) | 148 |
| Future salary increase rate | 1,044 | (980) | 203 | (194) |
| Turnover rate | (1,107) | 1,192 | (255) | 269 |

| | Unit : Thousand Baht | | | |
|----------------------|----------------------|------------------|----------------------|------------------|
| | Consolidated | | Separate | |
| | Financial Statements | | Financial Statements | |
| | Increase by 0.5% | Decrease by 0.5% | Increase by 0.5% | Decrease by 0.5% |
| 2017 | | | | |
| Discount rate | (819) | 879 | (154) | 163 |
| Salary increase rate | 922 | (867) | 180 | (172) |
| Turnover rate | (977) | 1,050 | (227) | 239 |

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process of being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered an amendment to post-employment benefits plan. The Company and its subsidiaries will reflect the effect of such change by recognizing past service cost as an expense in the statement of profit or loss of the period in which the law is effective.

23. OTHER NON-CURRENT PROVISIONS

Other non-current provisions are provision for dismantling and restoring cost.

Movement in the provision for dismantling and restoring cost for the years ended December 31, are as follows:

| | Unit : Thousand Baht | | | |
|--|----------------------|----------|----------------------|----------|
| | Consolidated | | Separate | |
| | Financial Statements | | Financial Statements | |
| | 2561 | 2560 | 2561 | 2560 |
| Balance as at January 1, | - | - | - | - |
| <u>Add:</u> Increase during the years | 53,247 | - | 200 | - |
| <u>Less:</u> Disposal/written-off during the years | (1,343) | - | - | - |
| Balance as at December 31, | <u>51,904</u> | <u>-</u> | <u>200</u> | <u>-</u> |

24. SHARE CAPITAL

During March 29 - 31, 2017, the Company made an offer to the shareholders of its parent company to purchase 41 million ordinary shares with a par value of Baht 1 each, at a price of Baht 5.25 per share, or for a total of Baht 217 million. In addition, during April 3 - 5, 2017, the Company made an Initial Public Offering of 170 million ordinary shares with a par value of Baht 1 each, at a price of Baht 5.25 per share, or for a total of Baht 890 million. The direct costs attributable to the share offering amounting to Baht 42 million are presented as a deduction from the share premium on ordinary shares under the shareholders' equity. The Company received payment of this share capital increment and registered the increase of its issued and paid-up share capital from Baht 844 million (844 million ordinary shares with a par value of Baht 1 per share) to Baht 1,055 million (1,055 million ordinary shares with a par value of Baht 1 per share) with the Ministry of Commerce on April 7, 2017.

25. DIVIDENDS PAID AND LEGAL 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.

The 2018 Annual General Meeting of Shareholders of the Company held on April 25, 2018 passed a resolution of the distribution of dividends for the year 2017 at Baht 0.045 per share, totaling the amount of approximation Baht 47 million. Such dividend distribution shall be payable to the shareholders entitled to receive the dividends in accordance with the Company's Articles of Association and who are listed on the shareholders list dated May 4, 2018. The dividends was paid on May 22, 2018.

26. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, are as follows:

| | Consolidated | | Unit : Thousand Baht | |
|--|-----------------------------|------------------|-----------------------------|----------------|
| | | | Separate | |
| | Financial Statements | | Financial Statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Salaries and wages and other employee benefits | 980,705 | 820,459 | 78,080 | 93,669 |
| Depreciation and amortization | 234,944 | 249,702 | 4,896 | 2,837 |
| Rental and related service expenses | 497,545 | 490,534 | 14,631 | 3,650 |
| Franchise fees | 116,997 | 116,038 | - | - |
| Transportation expenses | 52,269 | 49,305 | - | - |
| Utilities expenses | 104,353 | 80,317 | 1,489 | 1,742 |
| Marketing expenses | 66,561 | 52,336 | 1,716 | 2,787 |
| Maintenance expenses | 27,889 | 16,462 | 774 | 280 |
| Raw materials and consumables used | 883,003 | 806,315 | 5,663 | 6,185 |
| Changes in finished goods and work in process | (19,286) | 17,886 | - | - |
| Finance costs | 33,504 | 33,771 | 31,411 | 27,567 |
| Other operating expenses | 260,231 | 273,090 | 7,983 | 12,579 |
| | <u>3,238,715</u> | <u>3,006,215</u> | <u>146,643</u> | <u>151,296</u> |

27. BASIC EARNINGS (LOSS) PER SHARE

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

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

| | Consolidated Financial Statements | | Separate Financial Statements | |
|---|--|-------------|--|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| Profit (loss) for the year (Thousand Baht) | (12,027) | (50,379) | 132,245 | 9,854 |
| Weighted average number of ordinary shares (Thousand shares) | 1,054,904 | 999,416 | 1,054,904 | 999,416 |
| Earnings (loss) per share (Baht/share) | (0.01) | (0.05) | 0.13 | 0.01 |

As at December 31, 2018 and 2017, the Company does not have diluted earnings per share.

28. SEGMENT INFORMATION

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

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

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

The Company and its subsidiaries operate in Thailand, the United Kingdom and France. However, revenues and assets in the United Kingdom and France are not material in the financial statement for the year ended December 31, 2018.

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

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

For the years 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

The table presents revenue and loss information regarding the Company's and its subsidiaries' operating segments for the years ended December 31 are as follows:

| | Unit : Million Baht | | | | | |
|-------------------------------|---------------------------|-------|-----------------|------|-----------------------------------|-------|
| | Food and beverage segment | | Garment segment | | Consolidated Financial Statements | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenue | | | | | | |
| Sales and service income | 2,935 | 2,687 | 147 | 137 | 3,082 | 2,824 |
| Operating result | | | | | | |
| Segment loss | (84) | (106) | (40) | (42) | (124) | (148) |
| Other income | | | | | 151 | 138 |
| Financial cost | | | | | (33) | (34) |
| Loss before income tax | | | | | (6) | (44) |
| Income tax expenses | | | | | (6) | (6) |
| Loss for the year | | | | | (12) | (50) |

Geographic Area Information

Financial information by geographic area for the years ended December 31, of the Company and the subsidiaries are as follows:

| | Unit : Million Baht | | | | | |
|---------------------------------|---------------------|-------|----------|------|-------|-------|
| | Domestic | | Overseas | | Total | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenue from external customers | 2,868 | 2,822 | 214 | 2 | 3,082 | 2,824 |

29. PROVIDENT FUND

The Company and its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees and the Company and its subsidiaries contribute to the fund monthly at the rate of 2 to 4 percent of basic salary. The fund, which is managed by BBL Asset Management Company Limited and Tisco Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 and 2017 amounting to approximately Baht 7.48 million and Baht 7.00 million, respectively, (The Company only 2018: Baht 1.61 million and 2017: Baht 2.00 million) were recognised as expenses.

30. EMPLOYEE JOINT INVESTMENT PROGRAM

| | | |
|----------------------------|--|--|
| 1) Approved by | The Annual General Meeting of the shareholders of its parent company in 2016 | The Board of Director Meeting of the company No.5/2017 |
| 2) Duration of the scheme | 2 years, from 1 August 2016 to 31 July 2018 | 2 years, from 1 May 2018 to 30 April 2020 |
| 3) Detail of contributions | Employees contribute 5 percent of their monthly base salary and the Company and its subsidiaries additionally contribute 7 percent of employees' monthly base salary | Employees contribute 5 percent of their monthly base salary and the Company and its subsidiaries additionally contribute 7 percent of employees' monthly base salary |
| 4) Program management | Phillip Securities (Thailand) Public Company Limited | Phillip Securities (Thailand) Public Company Limited |

Employee Joint Investment Program for the years 2018 and 2017, the Company and its subsidiaries contributed Baht 3.99 million and Baht 2.00 million, respectively (The Company only 2018: Baht 1.37 million and 2017: Baht 2.00 million) to the program.

31. COMMITMENTS AND CONTINGENT LIABILITIES**31.1 Capital commitments**

As at December 31, 2018 and 2017, the subsidiaries had capital commitments of Baht 12.50 million and Baht 20.00 million, respectively, relating to the improvement of buildings and acquisition of equipment.

31.2 Operating leases and service commitments

The Company and its subsidiaries entered into several leases in respect of the leases of building spaces and related services. The terms of the agreements are generally between 6 months and 28 years. Certain rental and service charges are calculated at a percentage of actual sales which have a minimum guaranteed amount as stipulated in the agreements.

As at December 31, future minimum leases required under these operating leases and services contracts were as follows:

| | Unit : Thousand Baht | | | |
|--------------------------|----------------------|------|----------------------|------|
| | Consolidated | | Separate | |
| | Financial Statements | | Financial Statements | |
| | 2018 | 2017 | 2018 | 2017 |
| Payable: | | | | |
| Up to 1 year | 312 | 270 | 15 | 14 |
| Over 1 and up to 5 years | 392 | 416 | 24 | 39 |
| Over 5 years | 11 | 54 | 2 | 2 |

The above future payment do not include certain long-term lease agreements with rental fees based on the percentage of sales.

31.3 Franchise agreements

31.3.1 On March 10, 1981, a subsidiary entered into a master franchise agreement with Dunkin' Donuts of America Inc. Later on January 9, 2012, the Company renewed the agreement for the period of 20 years. Under the agreement, the subsidiary, which has been granted the franchise to operate bakery shops in Thailand, is obliged to pay the franchisor a franchise fee calculated at a percentage of sales as stipulated in the agreement.

31.3.2 On April 1, 2006, a subsidiary entered into a master franchise agreement with ABP Corporation for a period of 28 years. Under the agreement, the subsidiary, which has been granted the franchise to operate bakery shops in Thailand, is obliged to pay the franchisor a franchise fee calculated at a percentage of sales as stipulated in the agreement.

31.3.3 On July 2, 2012 a subsidiary entered into a master franchise agreement with Baskin-Robbins Franchising LLC. in the United States Under the agreement, the subsidiary has been granted the franchise to operate ice cream shops in Thailand.

31.4 Guarantees

31.4.1 As at December 31, 2018 and 2017, the Company and its subsidiaries have jointly guaranteed the revolving credit facilities of the Group amounting to Baht 373 million and Baht 560 million, respectively (see Note 16).

31.4.2 As at December 31, 2018 and 2017, there were outstanding bank guarantees of approximately Baht 14 million and Baht 8 million, respectively, issued by banks on behalf of the subsidiaries to guarantee for rental payment and electricity use. Such amounts included the letters of guarantee of Baht 2.43 million and Baht 2.68 million, respectively, which the deposit at bank was used as collateral (see Note 10).

31.5 Litigation

In March 2017, a former employee sued the Company for unfair dismissal through the Central Labor Court, seeking compensation from the Company.

On April 19, 2018, the Central Labor Court judged that the Company has to pay for legal compensation to the former employee in the amount of Baht 0.6 million which the Company paid on April 25, 2018 and the court case is finalized.

32. FINANCIAL INSTRUMENTS

Financial risk management

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

Credit risk

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

Interest rate risk

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

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, 2018 | | | | | | |
| Fixed interest rates | | Floating | Non- | Total | Interest rate | |
| Within | 1-5 | interest rate | interest | | (% per annum) | |
| 1 year | years | | bearing | | | |
| Financial assets | | | | | | |
| Cash and cash equivalent | 30 | - | 95 | 85 | 210 | 0.10 - 0.85 |
| Trade and other current receivables | - | - | - | 93 | 93 | - |
| Restricted bank deposits | - | - | 2 | - | 2 | 0.90 - 1.38 |
| Financial liabilities | | | | | | |
| Short-term borrowings from financial institutions | 70 | - | - | - | 70 | 3.65 - 3.70 |
| Trade and other current payables | - | - | - | 398 | 398 | - |
| Long-term borrowings from financial institutions | - | - | 191 | - | 191 | MLR - 2 to MLR - 1 |

| Unit : Million Baht | | | | | | |
|---|-----------------------------------|-------|---------------|----------|-------|------------------------|
| | Consolidated Financial Statements | | | | | |
| | As at December 31, 2017 | | | | | |
| | Fixed interest rates | | Floating | Non- | Total | Interest rate |
| | Within | 1-5 | interest rate | interest | | (% per annum) |
| | 1 year | years | | bearing | | |
| <u>Financial assets</u> | | | | | | |
| Cash and cash equivalent | 20 | - | 102 | 73 | 195 | 0.10 - 0.78 |
| Trade and other current receivables | - | - | - | 103 | 103 | - |
| Restricted bank deposits | 3 | - | - | - | 3 | 1.30 - 1.38 |
| <u>Financial liabilities</u> | | | | | | |
| Short-term borrowings from financial institutions | 338 | - | 20 | - | 358 | 3.50 - 3.75, MLR - 2.5 |
| Trade and other current payables | - | - | - | 442 | 442 | - |
| Long-term borrowings from financial institutions | - | - | 325 | - | 325 | MLR - 2 to MLR - 1.5 |

| | | | | | Unit : Million Baht | |
|---|-------|---------------|----------|-------|-------------------------------|----------------------|
| | | | | | Separate Financial Statements | |
| | | | | | As at December 31, 2018 | |
| Fixed interest rates | | Floating | Non- | Total | Interest rate | |
| Within | 1-5 | interest rate | interest | | (% per annum) | |
| 1 year | years | | bearing | | | |
| Financial assets | | | | | | |
| Cash and cash equivalent | - | - | 8 | 2 | 10 | 0.38 - 0.85 |
| Trade and other current receivables | - | - | - | 82 | 82 | - |
| Short-term loans to related parties | 814 | - | - | - | 814 | 3.80 - 5.25 |
| Financial liabilities | | | | | | |
| Short-term borrowings from financial institutions | 27 | - | - | - | 27 | 3.65 - 3.70 |
| Trade and other current payables | - | - | - | 14 | 14 | - |
| Short-term borrowings from related parties | 101 | - | - | - | 101 | 3.65 |
| Long-term borrowings from financial institutions | - | - | 184 | - | 184 | MLR - 1.5 to MLR - 1 |

| | Separate Financial Statements As at December 31, 2017 | | | | Unit : Million Baht | |
|--|--|--------------|---------------------------|-----------------------------|---------------------|--------------------------------|
| | Fixed interest rates | | Floating interest rate | Non- interest bearing | Total | Interest rate (% per annum) |
| | Within 1 year | 1-5 years | | | | |
| <u>Financial assets</u> | | | | | | |
| Cash and cash equivalent | - | - | 18 | - | 18 | 0.38 - 0.40 |
| Trade and other current receivables | - | - | - | 38 | 38 | - |
| Short-term loans to related parties | 549 | - | - | - | 549 | 3.75 - 5.63 |
| <u>Financial liabilities</u> | | | | | | |
| Short-term borrowings from financial institutions | 338 | - | - | - | 338 | 3.50 - 3.75 |
| Trade and other current payables | - | - | - | 34 | 34 | - |
| Short-term borrowings from related parties | 231 | - | - | - | 231 | 5.03 |

Foreign currency risk

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

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

Fair values

Cash and cash equivalents, trade and other current receivables, short-term loans, other current assets, short-term borrowings from financial institutions, trade and other current payables, short-term borrowings, current income tax payable and other current liabilities, the carrying values approximate their fair values due to the relatively short period to maturity. The carrying amounts of long-term borrowings approximate their fair values due to floating interest rates.

The transactions disclosed in the following table, are considered that the book value of financial assets and liabilities recognized in the consolidated and separate financial statements are different from their fair values.

| | Consolidated / Separate | | Fair value | Valuation technique of fair value |
|-------------------------|-------------------------|--------------|------------|---|
| | Financial Statement | | | |
| | Book value | Fair value | | |
| | Million Baht | Million Baht | | |
| As at December 31, 2018 | | | | |
| Financial liabilities | | | | |
| Long-term debentures | 497 | 501 | Level 2 | Calculated from the closing price of the last Bond Market Association Thailand at the last day. |
| As at December 31, 2017 | | | | |
| | Nil | | | |

33. CAPITAL MANAGEMENT

The primary objective of the Company's and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value.

34. EVENTS AFTER THE REPORTING PERIOD

34.1 On January 8, 2019, the Company's Board of Directors meeting No. 1/2019, passed resolutions as follows:

- 1) Approved the establishment of a subsidiary in France to support business expansion with a registered capital of Euro 24,000 which will be held by Mudman International Limited at a 67%.
- 2) Approved investment in France in accordance with the Share sale and purchase agreement (SPA) terms for Societe Langonnaise des Vins et Hotelleries SAS, a restaurant in France.

34.2 On February 21, 2019, the Company's Board of Directors meeting No. 2/2019, passed a resolution of the distribution of dividends for the year 2018 totaling the amount of approximation Baht 58 million. The above dividend distribution shall be payable to the shareholders entitled to receive the dividends in accordance with the Company's Articles of Association and who are listed on the record date on May 7, 2019. The dividend payments will be made on May 21, 2019.

35. RECLASSIFICATIONS

Certain transactions in the financial statements for the year ended December 31, 2017 have been reclassified in conformity with the presentation in the financial statements for the year ended December 31, 2018. The reclassifications have not affected to net profit, total comprehensive income and shareholders' equity previously reported. Such reclassifications are as follows:

| | | | Unit : Thousand Baht | |
|--|--|-------------------------------------|---|-------------------------------------|
| Item | Previous presentation | Reclassified to | Consolidated Financial Statements | Separate Financial Statements |
| STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31, 2017 | | | | |
| Interest receivable from related parties | Short-term loans to and interest receivables from related parties | Trade and other current receivables | - | 17,792 |
| Prepaid expenses | Other current assets | Trade and other current receivables | 11,786 | 640 |
| Packing materials | Other current assets | Inventories | 651 | 651 |
| Leasehold rights | Leasehold rights | Other intangible assets | 67,783 | - |
| Deposit | Deposit | Other non-current assets | 115,613 | 3,533 |
| Interest payable to related parties | Short-term loans from and interest payable to related parties | Trade and other current payables | - | 4,879 |
| Deferred income | Other current liabilities | Trade and other current payables | 30,335 | - |
| STATEMENTS OF PROFIT OR LOSS FOR THE YEAR ENDED DECEMBER 31, 2017 | | | | |
| Revenue from sales | Cost of sales and services | Sales and service income | 8,032 | 8,032 |
| Amortization of intangible assets acquired though business combination | Amortization of intangible assets acquired though business combination | Selling expenses | 67,126 | - |
| Other selling expenses | Other selling expenses | Selling expenses | 1,396,165 | 9,021 |
| Reduction of inventories to net realizable value | Administrative expenses | Cost of sales and services | 8,625 | - |
| Depreciation expense and amortization expense | Administrative expenses | Selling expenses | 7,655 | - |

36. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved for issuance by the Company's Board of Directors on February 21, 2019.

Appendix 1: Details of Directors, Management team, Controlling person, and Company secretary of the Company and its subsidiaries operating core business**1) Details of Director, Management team, Controlling person, and Company secretary**

| Name | Age | Education / Training | % Holding ^{/1} | Family relationship between a management | Working experiences (in the past 5 years) | | | |
|--|-----|--|----------------------------|---|---|--------------------------------|---|-------------------------|
| | | | | | Period | Position | Company | Type of the company |
| 1. MR. SOMPOCH INTRANUKUL <i>(Chairman of the Board of Director/ Independent Director / Chairman of the Nomination and Remuneration Committee)</i> | 80 | <ul style="list-style-type: none"> - B.A. (Accounting) Chulalongkorn University - Senior Executive Program (SEP 1) Sasin Graduate Institute of Business Administration of Chulalongkorn University - Diploma National Defence College, Class 6/1993 - Advanced Audit Committee Program, Thai Institute of Directors - Director Certification Program (DCP) Class 24/2002 - Director Accreditation Program (DAP) Class 63/2007 - Chartered Director Class (CDC) Class 3/2008 | 0.002 | None | 2003 – 2013 | President / Audit Committee | Raimon Land PCL | Real Estate |
| | | | | | 1999 – Present | President | Siam Administrative Management and Security Guards Co., Ltd. | Service Business |
| | | | | | 1999 – Present | Chairman of Audit Committee | Deves Insurance PCL | Insurance |
| | | | | | 2002 – Present | President | SCMB Co., Ltd. | Financial Consultant |
| | | | | | 2008 – Present | Chairman of Audit Committee | Hifi Orient (Thai) PCL | Electric Appliances |

| Name | Age | Education / Training | % Holding ^{/1} | Family relationship between a management | Working experiences (in the past 5 years) | | | |
|--|-----|---|----------------------------|---|---|---------------------|-------------------------------------|---------------------------------------|
| | | | | | Period | Position | Company | Type of the company |
| 2. MR. SUPASITH SUKHANINDR ^{/2} (Vice - Chairman Director/ Chairman of the Board of Executive Director/ Director) | 43 | <ul style="list-style-type: none"> - M.B.A. Specialized in Finance, Marketing and International Business, University of Miami U.S.A. - Bachelor of Business Administration Program in Marketing, Thammasat University - Director Accreditation Program (DAP) Class 50/2006 | 0.952 | Mr. Supachai Sukhanindr's Brother | 2001 – Present | Executive Committee | Super Enterprises Co., Ltd. | Real Estate Rental |
| | | | | | 2012 – Present | Director | Golden Donuts (Thailand) Co., Ltd. | Food & Beverage |
| | | | | | 2012 – Present | Director | ABP Café (Thailand) Co., Ltd. | Food & Beverage |
| | | | | | 2012 – Present | Director | Golden Scoop Co., Ltd. | Food & Beverage |
| | | | | | 2014 – Present | Director | Greyhound Café Co., Ltd. | Food & Beverage |
| | | | | | 2014 – Present | Director | Greyhound Co., Ltd. | Lifestyle Business |
| | | | | | 2016 – Present | Director | GHC Café (UK) Co.,Ltd. | Food & Beverage |
| | | | | | 2017 – Present | Director | Mudman International Ltd. | Holding Company |
| 3. MR. PILUNCHAI PRADUBPHONG ^{/2,3} (Vice - Chairman of the Board of Executive Director/ Director) | 63 | <ul style="list-style-type: none"> - Bachelor of Laws, Ramkhamhaeng University - Certificate of Business Administration National Institute of Development Administration - Director Accreditation Program (DAP) Class 49/2005 | 0.0002 | None | 2002 – 2014 | Director | Siamweb PCL | IT product |
| | | | | | 2011 – 2014 | Director | Industrial Enterprises Co.,Ltd | Vegetable Oil & Animal Feed |
| | | | | | 2012 – 2014 | Director | Thai Livestock Promotion Co.,Ltd | Export & Import Agriculture's product |
| | | | | | 2005 – Present | Director | Sub Sri Thai Public Company Limited | Warehouse Service |

| Name | Age | Education / Training | % Holding ^{1/} | Family relationship between a management | Working experiences (in the past 5 years) | | | |
|---|-----|---|-------------------------|--|---|----------|-------------------------------------|---------------------|
| | | | | | Period | Position | Company | Type of the company |
| | | | | | 2009 – Present | Director | SST Warehouse Co., Ltd | Warehouse Service |
| | | | | | 2016 – Present | Director | Golden Donuts (Thailand) Co., Ltd. | Food & Beverage |
| | | | | | 2016 – Present | Director | ABP Café (Thailand) Co., Ltd. | Food & Beverage |
| | | | | | 2016 – Present | Director | Golden Scoop Co., Ltd. | Food & Beverage |
| | | | | | 2017 – Present | Director | Mudman International Ltd. | Holding Company |
| 4. MR. NADIM XAVIER SALHANI ^{2/} (Board of Director / Nomination and Remuneration Committee / Chairman of the Board of Executive Directors / VP - Human Resource (Acting)) | 58 | - Starbucks Coffee University Certification, Seattle USA - Sales & Marketing Course, Dusit Thani College - Accounting for Non-Accountant, Dusit Thani College - Workshop, Paradigm Prism, Robert Perry - Bachelor degree of Hospitality and Recreation MKTG-OPS, School of Hotel Administration at Cornell University - Director Accreditation | 0.001 | None | 1997 – 2003 | Manager | Starbucks Coffee (Thailand) Co. Ltd | Food & Beverage |
| | | | | | 1992 – 1997 | Manager | Dusit Thani Public Company Limited | Hotel |
| | | | | | 2003 – Present | Director | Golden Donuts (Thailand) Co., Ltd. | Food & Beverage |
| | | | | | 2003 – Present | Director | ABP Café (Thailand) Co., Ltd. | Food & Beverage |
| | | | | | 2012 – Present | Director | Golden Scoop Co., Ltd. | Food & Beverage |
| | | | | | 2014 – Present | Director | Greyhound Café Co., Ltd. | Food & Beverage |
| | | | | | 2014 – Present | Director | Greyhound Co., Ltd. | Lifestyle Business |

| Name | Age | Education / Training | % Holding ^{/1} | Family relationship between a management | Working experiences (in the past 5 years) | | | |
|--|-----|---|-------------------------|--|---|----------------------|---|---|
| | | | | | Period | Position | Company | Type of the company |
| | | Program (DAP) Class 104 / 2013 | | | 2016 – Present | Director | GHC Café (UK) Co.,Ltd. | Food & Beverage |
| | | | | | 2017 – Present | Director | Mudman International Ltd. | Holding Company |
| | | | | | 2018 – Present | Director | Societe Langonnaise des Vins et Hotelleries SAS | Food & Beverage |
| 5. MR. BHANU INKAWAT ^{/2} (Board of Director / Board of Executive Directors) | 63 | - Bachelor degree of Graphic Design, Harrow College of Technology & Art, London - On registration process of Director Accreditation Program (DAP) | 2.231 | None | 1980 – Present | Director | Greyhound Co., Ltd | Lifestyle Business |
| | | | | | 1996 – Present | Director | Greyhound Café Co., Ltd. | Food & Beverage |
| | | | | | 2016 – Present | Director | GHC Café (UK) Co.,Ltd. | Food & Beverage |
| 6. MR. CHALUSH CHINTHAMMIT ^{/2} (Board of Director / Board of Executive Directors) | 49 | - Master degree of Finance and Banking, BBA, Mercer University, USA - Bachelor degree of Finance and Banking, BBA, Assumption University - Capital Market Academy Class 10 - Director Accreditation Program (DAP) Class 21 / 2004 - Thailand Energy Academy Class 6 | 0.107 | None | 2004 – Present | Director | Khon Kaen Sugar Industry PCL. | Produce & Distribute Sugar |
| | | | | | 2017 - Present | Managing Director | BBGI Co.,Ltd. | Produce & Distribute bio based products |
| | | | | | 2016 – Present | Managing Director | KSL Green Innovation PCL | Produce & Distribute ethanol |
| | | | | | Present | Director | Master Ad PCL | Outdoor media service provider |
| | | | | | 2007 - Present | Director / Secretary | Thai Sugar and Bio-Energy Producers Association | Association |

| Name | Age | Education / Training | % Holding ^{1/1} | Family relationship between a management | Working experiences (in the past 5 years) | | | |
|------|-----|--|-----------------------------|---|---|----------|--|--|
| | | | | | Period | Position | Company | Type of the company |
| | | - Institute of Business and Industrial Development Class 3 | | | 1997 - Present | Director | Sugar cane and brown sugar committees and other committees under Sugar Cane and Brown Sugar Act 2527 | Committee under Sugar Cane and Brown Sugar Act 2527 |
| | | | | | 1997 – Present | Director | K.S.L. Real Estate Co., Ltd. | Real Estate |
| | | | | | 1996 – Present | Director | Rajaproduct Co., Ltd. | Ceramic |
| | | | | | 1996 – Present | Director | Onnut Property Co., Ltd. | Hotel & Property |
| | | | | | 2002 – Present | Director | KSL Export Trading Co.,Ltd. | Export Sugar |
| | | | | | 2003 – Present | Director | Khon Kaen Sugar Power Plant Co., Ltd | Electricity |
| | | | | | 2007 – Present | Director | Thai Sugar Terminal PCL | Harbor & Warehouse |
| | | | | | 2018 - Present | Director | Savannakhet Sugar Co.,Ltd. | Agriculture |
| | | | | | 2018 - Present | Director | TS Public Company Limited. | Warehouse Service |
| | | | | | 2018 - Present | Director | Koh Kong Plantation Co.,Ltd. | Raw Sugar |
| | | | | | 2018 - Present | Director | Koh Kong Sugar Industry Co., Ltd. | Raw Sugar |

| Name | Age | Education / Training | % Holding ^{1/1} | Family relationship between a management | Working experiences (in the past 5 years) | | | |
|------|-----|----------------------|-----------------------------|---|---|----------------------------------|---|--|
| | | | | | Period | Position | Company | Type of the company |
| | | | | | 2018 - Present | Director | KSL Agriculture Public Company Limited | Sugar Cane |
| | | | | | 2018 - Present | Director | TS Warehouse Co.,Ltd. | Warehouse |
| | | | | | 2018 - Present | Director / Executive Director | TS Flour Mill Co.,Ltd. | Real Estate Rental & Wheat product |
| | | | | | 2018 - Present | Director | KSL Agro and Trading Co.,LTd. | Produce and distribute brown sugar |
| | | | | | 2018 - Present | Director | Thai Sugar Millers Corp., Ltd. | Sugar business |
| | | | | | 2018 - Present | Chairman of Board of Director | Colossal International Co.,Ltd. | Chemical products |
| | | | | | 2018 - Present | Director | Raja Porcelain Co.,Ltd. | Porcelain |
| | | | | | 2018 - Present | Director | MMP Corporation Co.,Ltd. | plastic film manufacturer |
| | | | | | 2018 - Present | Director | KSL Sugar Holding Co.,Ltd. | Sugar business |
| | | | | | 2018 - Present | Director | Chengpres Co.,Ltd. | Porcelain ,glass, and kitchenware |
| | | | | | 2018 - Present | Director | Para Ruamchoke Co.,Ltd. | Real estate |
| | | | | | 2018 - Present | Director | Chanarat Co.,Ltd. | Real estate |

| Name | Age | Education / Training | % Holding ^{1/1} | Family relationship between a management | Working experiences (in the past 5 years) | | | |
|--|-----|--|-----------------------------|---|---|--|---|-------------------------|
| | | | | | Period | Position | Company | Type of the company |
| | | | | | 2018 - Present | Director | National Enterprises Co.,Ltd. | Real estate |
| | | | | | 2018 - Present | Director | Rajasolar Material Co.,Ltd. | Ceramic products |
| | | | | | 2018 - Present | Director | WSP Logistics Co.,Ltd. | Logistic |
| | | | | | 2018 - Present | Director | DAD SPV Co.,Ltd. | Asset monetization |
| | | | | | 2018 - Present | Director | Bangchak Biofuels Co.,Ltd. | Biofuels |
| | | | | | 2018 - Present | Director | BBE Co.,Ltd. | Ethanol |
| | | | | | 2015 – Present | Director / Chairman of Audit Committee | Dhanarak Asset Development Co.,Ltd. | Public asset management |
| 7. MISS KAMORNWAN CHINTHAMMIT (Board of Director) | 41 | - Master of Law, Southern Methodist University, USA - Master of Law, Case Western Reserve University, USA - Bachelor of law, Chulalongkorn University - Director Accreditation Program (DAP) Class 137 / 2017 | 0.267 | None | 2008 – Present | Senior Manager | Khon Kaen Sugar Industry Public Co., Ltd. | Sugar |
| 8. POL.GEN. RUANGSAK JRITAKE | 63 | - Bachelor of Public Administration in Public | None | None | 2011 – 2012 | Commander (Education) | Royal Thai Police | Government Service |

| Name | Age | Education / Training | % Holding ^{1/1} | Family relationship between a management | Working experiences (in the past 5 years) | | | |
|--|-----|--|-----------------------------|---|---|--------------------------------------|---|------------------------|
| | | | | | Period | Position | Company | Type of the company |
| (Independent Director) | | Administration, Bangkokthonburi University - Faculty of Political Science, Chulalongkorn University - Faculty of Political Science, Royal Police Cadet Academy - Director Accreditation Program (DAP) Class 124/2016 | | | 2012 – 2014 | Assistant Commissioner General | Royal Thai Police | Government Service |
| | | | | | 2014 – 2015 | Deputy Commissioner General | Royal Thai Police | Government Service |
| 9. POL. LT. COL. THAWEESIN RAKKATANYU (Independent Director/ Chairman of Audit Committee / Chairman of the Nomination and Remuneration Committee) | 67 | - Certificate, Management of Government and Private Sectors Class No.8, King Prajadhipok's Institute - B.Ss. (Engineering) Hons. Royal Military College of Science (SHRIVENHAM) - M.Sc. (Soil Mechanics), Imperial College University of London - D.I.C. (Diploma of Membership of Imperial College) Imperial College University of London - Director Certification program (DCP) class 124/2006 | None | None | 2008 - 2011 | Governor | The Expressway Authority of Thailand | Government Service |

| Name | Age | Education / Training | % Holding ^{1/1} | Family relationship between a management | Working experiences (in the past 5 years) | | | |
|--|-----|--|-----------------------------|---|---|---|--|--------------------------|
| | | | | | Period | Position | Company | Type of the company |
| | | - Advanced Audit Committee Program (AACP) class 23/2016 | | | | | | |
| 10. ASST. DR. TIPPAWAN PINVANICHKUL <i>(Independent Director/ Audit Committee)</i> | 52 | - Bachelor of Accounting, Thammasat University - M.B.A. Management of Technology, Asia Institute of Technology (AIT) - Ph.D. Management of Technology, Asia Institute of Technology (AIT) - Director Accreditation Program (DAP) Class 104/2013 - Advanced Audit Committee Program (AACP) class 23/2016 - Capital Market Academy Class 25 | None | None | 2010 – Present | Vice President for Property and Finance | King Mongkut's University of Technology Thonburi | Education |
| | | | | | 2016 - Present | Director / Excusive Director | Small and Medium Enterprise Development Bank of Thailand (SME Bank) | Financial institution |
| 11. MR. PISIT JEUNGPRADITPHAN <i>(Independent Director/ Audit Committee)</i> | 46 | - Chartered Alternative Investment Analyst , CAIA Association - Chartered Financial Analyst, CFA Institute - BBA in Banking & Management, Assumption | None | None | 2006 – 2010 | Mutual Fund Manager | Siam Knight Fund Management Securities Co., Ltd | Investment Consultant |
| | | | | | 2011 – Present | Director | Gereje Advisory Asia Pte., Ltd. | Investment Consultant |
| | | | | | 2012 – Present | Senior Director (Investment | IV Global Securities Public Company Limited | Exchange Securities |

| Name | Age | Education / Training | % Holding ^{1/1} | Family relationship between a management | Working experiences (in the past 5 years) | | | |
|---|-----|--|-----------------------------|---|---|---|---------------------------------------|------------------------|
| | | | | | Period | Position | Company | Type of the company |
| | | University - Director Accreditation Program (DAP) Class 104/2013 - Advanced Audit Committee Program (AACP) class 19/2015 | | | | Banking) | | |
| | | | | | 2015 – Present | Director | KT Restaurant Co.,Ltd. | Food & Beverage |
| 12. MISS HANSA SEMSRI (Vice President – Accounting & Finance / Accounting Director (Acting)) | 62 | - Master degree of Management, Monash University - Bachelor degree of Accounting, Ramkhamhaeng University | 0.055 | None | 2006 – Present | VP – Accounting & Finance | Golden Donuts (Thailand) Co., Ltd. | Food & Beverage |
| | | | | | 2006 – Present | VP – Accounting & Finance | ABP Café (Thailand) Co., Ltd. | Food & Beverage |
| | | | | | 2012 – Present | VP – Accounting & Finance | Golden Scoop Co., Ltd. | Food & Beverage |
| 13. MISS WIMONRAT ASAWACHAVISIT (Vice President – Supply Chain Management) | 59 | - Bachelor degree of Education Program, Silpakorn International Collage | 0.055 | None | 2012 – Present | VP – Supply Chain Management | Golden Donuts (Thailand) Co., Ltd. | Food & Beverage |
| | | | | | 1996 – Present | VP – Supply Chain Management | ABP Café (Thailand) Co., Ltd. | Food & Beverage |
| | | | | | 2012 – Present | VP – Supply Chain Management | Golden Scoop Co., Ltd. | Food & Beverage |
| 14. MISS LAPAPORN TIASAKUL (Vice President – Business Development) | 50 | - Bachelor degree of Marketing, Assumption University | 0.055 | None | 2003 – Present | VP – Business Development | Golden Donuts (Thailand) Co., Ltd. | Food & Beverage |
| | | | | | 2016 – Present | VP – Business Development / Managing Director | ABP Café (Thailand) Co., Ltd. | Food & Beverage |

| Name | Age | Education / Training | % Holding ^{1/1} | Family relationship between a management | Working experiences (in the past 5 years) | | | |
|---|-----|--|-----------------------------|---|---|--|--|------------------------|
| | | | | | Period | Position | Company | Type of the company |
| | | | | | 1996 – Present | VP – Business Development | Golden Scoop Co., Ltd. | Food & Beverage |
| 15. MISS NOBKLAO TRAKOOLPAN <i>(Vice President – Operation)</i> | 44 | <ul style="list-style-type: none"> - Master degree of Hotel Management, The University of Sydney, Australia - Master degree of Operating Management, San Francisco State University, USA - Bachelor degree of Arts, Assumption University | None | None | 2010 – 2013 | Operating Manager | Aloft Bangkok Sukhumvit 11 Hotel | Hotel |
| | | | | | 2013 – 2014 | General Manager | Holiday Inn Express Bangkok Siam Hotel | Hotel |
| | | | | | 2014 – Present | VP – Operation | Golden Donuts (Thailand) Co., Ltd. | Food & Beverage |
| | | | | | 2014 – Present | VP – Operation | Golden Scoop Co., Ltd. | Food & Beverage |
| 16. Mrs. Pornsiri Rojmeta <i>(Managing Director)</i> | 63 | <ul style="list-style-type: none"> - Master degree from University of Kentucky, USA - Bachelor of Education Program, Chulalongkorn University | 0.159 | None | 2005 - Present | Managing Director | Greyhound Café Company Limited | Food & Beverage |
| 17. Miss Pornthip Lapdamrongkij <i>(Accounting & Finance Director)</i> | 46 | <ul style="list-style-type: none"> - MBA, Thammasat University - Bachelor degree of Accounting, Thammasat University | None | None | 2001 - 2013 | Chairman of Executive Director in Accounting & Finance | Buddy Group Thailand | Hotel & Restaurant |
| 18. Mr. Torsit Sarisdiwongse <i>(Operation Director)</i> | 55 | <ul style="list-style-type: none"> - Bachelor of Education Program, Chulalongkorn University | None | None | 1997 - Present | Corporate Executive Chef | Greyhound Café Company Limited | Food & Beverage |

| Name | Age | Education / Training | % Holding ^{/1} | Family relationship between a management | Working experiences (in the past 5 years) | | | |
|--|-----|--|-------------------------|--|---|------------------------------------|----------------------------|---------------------|
| | | | | | Period | Position | Company | Type of the company |
| 1) Mr. Supachai Sukhanindr ^{/2} (Director of GHC (UK)) | 46 | <ul style="list-style-type: none"> - Doctor degree of Computer System Management and Information Technology, Washington University, USA - Master degree of Finance, Mercer University, USA - Bachelor degree of Quantitative Economics, Chulalongkorn University - Director Certification Program (DCP) class 231/2016 - Senior Executive program class 19 - GMS (Greater Mekong Subregion, CMA-GMS) class 1 - Institute of Business and Industrial Development class 3 | 0.439 | Mr. Supasith Sukhanindr's Brother | 2001 - Present | Chairman of the Board of Directors | Super Resources Co.,Ltd | Real Estate Rental |
| | | | | | 2016 - Present | Director | The Ultra wealth Group | Seminar & Training |
| | | | | | 2016 - Present | Chairman of the Board of Directors | Ultra-Wealth Group Company | Seminar & Training |

Note: /1 The %Holding was as of May 4, 2018 which includes shares held by the spouse and minor children

/2 The Secretary Company

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