

**Sappe Public Company Limited
and its Subsidiaries**

Condensed Interim financial statements
for the three-month and six-month periods ended
30 June 2019
and
Independent auditor's review report



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Independent auditor's report on review of interim financial information

To the Board of Directors of Sappe Public Company Limited

I have reviewed the accompanying consolidated and separate statements of financial position of Sappe Public Company Limited and its subsidiaries, and of Sappe Public Company Limited, respectively, as at 30 June 2019; the consolidated and separate statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2019 and the consolidated and separate statements of changes in equity and cash flows for the six-month period ended 30 June 2019; and condensed notes ("interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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



Conclusion

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

Emphasis of Matter

I draw attention to Note 4 to the interim financial statements, during the three-month and six-month periods ended 30 June 2019, the Group completed an acquisition of business of All Coco Group Co., Ltd. for which the fair value of identifiable net assets and the allocation of purchase price have not been completed and have been provisionally determined by management. My conclusion is not modified in respect of this matter.

(Sureerat Thongarunsang)
Certified Public Accountant
Registration No. 4409

KPMG Phoomchai Audit Ltd.
Bangkok
14 August 2019

Sappe Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
		2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Current assets					
Cash and cash equivalents		225,682	172,637	145,171	159,559
Current investments	6	823,135	915,805	823,135	915,805
Trade accounts receivable	5,7	465,530	248,959	453,322	244,365
Other receivables	5	58,298	36,717	59,864	36,783
Short-term loans to related parties	5	-	8,000	8,000	8,000
Inventories		213,918	213,777	195,575	209,637
Other current assets		11,305	8,667	10,554	7,647
Total current assets		1,797,868	1,604,562	1,695,621	1,581,796
Non-current assets					
Investment in associates	4,8	13,057	142,009	-	-
Investment in subsidiaries	4,9	-	-	265,162	197,162
Other long-term investments	6	100,000	50,000	100,000	50,000
Property, plant and equipment	10	1,175,675	1,055,946	1,018,984	1,052,463
Goodwill	4	95,264	-	-	-
Other intangible assets		56,129	52,302	49,914	52,302
Deferred tax assets		13,765	12,792	13,735	12,792
Other non-current assets	5	20,567	5,296	5,363	5,296
Total non-current assets		1,474,457	1,318,345	1,453,158	1,370,015
Total assets		3,272,325	2,922,907	3,148,779	2,951,811

The accompanying notes from an integral part of the interim financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of financial position

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
Liabilities and equity		2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<i>Current liabilities</i>					
Bank overdrafts		-	948	-	-
Trade accounts payable	5	282,237	176,339	281,314	175,257
Other payables	5,11	278,841	272,991	258,136	269,185
Current portion of long-term loans					
from financial institution		99	-	-	-
Short-term loans	5	16,754	3,984	-	-
Current portion of finance lease liability	4	6,270	296	-	-
Current tax payable		66,260	27,904	64,734	27,904
Total current liabilities		650,461	482,462	604,184	472,346
<i>Non-current liabilities</i>					
Long-term loans from financial institutions		82	-	-	-
Finance lease liability	4	15,771	420	-	-
Deferred tax liabilities		528	-	-	-
Non-current provisions for employee benefits		17,182	12,435	16,916	12,435
Other non-current liability	5	7,812	4,049	-	-
Total non-current liabilities		41,375	16,904	16,916	12,435
Total liabilities		691,836	499,366	621,100	484,781

The accompanying notes from an integral part of the interim financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		30 June	31 December	30 June	31 December
Liabilities and equity	Note	2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Equity					
Share capital	12				
Authorised share capital		<u>308,438</u>	<u>308,438</u>	<u>308,438</u>	<u>308,438</u>
Issued and paid-up share capital		304,368	304,368	304,368	304,368
Share premium on ordinary shares		975,343	975,343	975,343	975,343
Warrants	13	14,986	9,069	14,986	9,069
Retained earnings					
Legal reserve		30,844	30,844	30,844	30,844
Unappropriated		1,160,361	1,109,704	1,202,138	1,147,406
Difference arising from common control transactions		(4,365)	(4,365)	-	-
Currency translation differences		<u>5,824</u>	<u>3,424</u>	-	-
Equity attributable to owners of the parent		2,487,361	2,428,387	2,527,679	2,467,030
Non-controlling interests		<u>93,128</u>	<u>(4,846)</u>	-	-
Total equity		<u>2,580,489</u>	<u>2,423,541</u>	<u>2,527,679</u>	<u>2,467,030</u>
Total liabilities and equity		<u>3,272,325</u>	<u>2,922,907</u>	<u>3,148,779</u>	<u>2,951,811</u>

The accompanying notes from an integral part of the interim financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of income (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Three-month period ended		Three-month period ended	
		30 June		30 June	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Revenue					
Revenue from sale of goods	5, 14	921,729	846,935	863,756	842,275
Other income	5	14,174	11,780	10,346	11,449
Net foreign exchange gain		2,798	-	5,431	-
Total revenues		938,701	858,715	879,533	853,724
Expenses					
Cost of sales of goods		573,193	540,013	524,219	536,434
Distribution costs	5	108,810	92,895	99,929	91,941
Administrative expenses	5	75,464	67,588	67,209	66,817
Net foreign exchange loss		-	10,362	-	9,580
Finance costs	5	354	57	-	-
Total expenses		757,821	710,915	691,357	704,772
Share of loss of associates	4, 8, 14	(9,779)	(436)	-	-
Profit before income tax expense		171,101	147,364	188,176	148,952
Tax expense		37,352	29,724	37,377	29,724
Profit for the period		133,749	117,640	150,799	119,228
Profit (loss) attributable to:					
Owners of the parent		135,711	117,700	150,799	119,228
Non-controlling interests		(1,962)	(60)	-	-
Profit for the period		133,749	117,640	150,799	119,228
Earnings per share (in Baht)					
Basic earnings per share	15	0.45	0.39	0.50	0.39
Diluted earnings per share		0.45	0.39	0.50	0.39

The accompanying notes from an integral part of the interim financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of comprehensive income (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Three-month period ended 30 June		Three-month period ended 30 June	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Profit for the period	133,749	117,640	150,799	119,228
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	2,272	(30)	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Gains on remeasurements of defined benefit plans	525	-	525	-
Other comprehensive income (expense) for the period, net of tax	2,797	(30)	525	-
Total comprehensive income for the period	136,546	117,610	151,324	119,228
Total comprehensive income (expense) attributable to:				
Owners of the parent	138,404	117,678	151,324	119,228
Non-controlling interests	(1,858)	(68)	-	-
Total comprehensive income for the period	136,546	117,610	151,324	119,228

The accompanying notes from an integral part of the interim financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of income (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
Revenue					
Revenue from sale of goods	5, 14	1,697,371	1,549,286	1,573,184	1,538,030
Other income	5	25,709	25,401	23,647	24,909
Gain from changes in interest in associate	4	10,082	-	-	-
Net foreign exchange gain		2,104	2,895	4,893	3,674
Total revenues		1,735,266	1,577,582	1,601,724	1,566,613
Expenses					
Cost of sales of goods		1,059,531	965,670	962,934	956,474
Distribution costs	5	207,921	172,964	192,181	170,965
Administrative expenses	5	140,959	139,904	128,067	138,606
Finance costs	5	582	93	-	-
Total expenses		1,408,993	1,278,631	1,283,182	1,266,045
Share of loss of associates	4, 8, 14	(10,034)	(3,004)	-	-
Profit before income tax expense		316,239	295,947	318,542	300,568
Tax expense		64,712	61,118	63,505	61,118
Profit for the period		251,527	234,829	255,037	239,450
Profit (loss) attributable to:					
Owners of the parent		250,962	234,989	255,037	239,450
Non-controlling interests		565	(160)	-	-
Profit for the period		251,527	234,829	255,037	239,450
Earnings per share (in Baht)					
	15				
Basic earnings per share		0.82	0.77	0.84	0.79
Diluted earnings per share		0.82	0.77	0.84	0.79

The accompanying notes from an integral part of the interim financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of comprehensive income (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Six-month period ended		Six-month period ended	
	30 June		30 June	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Profit for the period	251,527	234,829	255,037	239,450
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	2,687	280	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Gains on remeasurements of defined benefit plans	525	-	525	-
Other comprehensive income for the period, net of tax	3,212	280	525	-
Total comprehensive income for the period	254,739	235,109	255,562	239,450
Total comprehensive income (expense) attributable to:				
Owners of the parent	253,887	235,203	255,562	239,450
Non-controlling interests	852	(94)	-	-
Total comprehensive income for the period	254,739	235,109	255,562	239,450

The accompanying notes from an integral part of the interim financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Consolidated financial statements											
	Note	Share			Retained earnings		Other components of equity			Equity		Total equity
		Issued and paid-up share capital	premium on ordinary shares	Warrants	Legal reserve	Unappropriated	Difference arising from common control transactions	Translating foreign operations	Total other components of equity	attributable to owners of the parent	Non-controlling interests	
<i>(in thousand Baht)</i>												
Six-month period ended 30 June 2018												
Balance at 1 January 2018		303,080	956,749	1,926	30,462	968,549	(4,365)	910	(3,455)	2,257,311	(4,907)	2,252,404
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners of the parent</i>												
Shares options exercised	12	1,288	18,594	(6,840)	-	-	-	-	-	13,042	-	13,042
Share-based payment transactions	13	-	-	6,665	-	-	-	-	-	6,665	-	6,665
Dividends		-	-	-	-	(210,014)	-	-	-	(210,014)	-	(210,014)
<i>Total contributions by and distributions to owners of the parent</i>		<u>1,288</u>	<u>18,594</u>	<u>(175)</u>	<u>-</u>	<u>(210,014)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,307)</u>	<u>-</u>	<u>(190,307)</u>
Total transactions with owners, recorded directly in equity		<u>1,288</u>	<u>18,594</u>	<u>(175)</u>	<u>-</u>	<u>(210,014)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,307)</u>	<u>-</u>	<u>(190,307)</u>
Comprehensive income (expense) for the period												
Profit		-	-	-	-	234,989	-	-	-	234,989	(160)	234,829
Other comprehensive income		-	-	-	-	-	-	214	214	214	66	280
Total comprehensive income (expense) for the period		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>234,989</u>	<u>-</u>	<u>214</u>	<u>214</u>	<u>235,203</u>	<u>(94)</u>	<u>235,109</u>
Balance at 30 June 2018		<u>304,368</u>	<u>975,343</u>	<u>1,751</u>	<u>30,462</u>	<u>993,524</u>	<u>(4,365)</u>	<u>1,124</u>	<u>(3,241)</u>	<u>2,302,207</u>	<u>(5,001)</u>	<u>2,297,206</u>

The accompanying notes from an integral part of the interim financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Consolidated financial statements											
	Note	Retained earnings				Other components of equity			Equity		Total equity	
		Issued and paid-up share capital	Share premium on ordinary shares	Warrants	Legal reserve	Unappropriated	Difference arising from common control transactions	Translating foreign operations	Total other components of equity	attributable to owners of the parent		Non-controlling interests
<i>(in thousand Baht)</i>												
Six-month period ended 30 June 2019												
Balance at 1 January 2019		304,368	975,343	9,069	30,844	1,109,704	(4,365)	3,424	(941)	2,428,387	(4,846)	2,423,541
Transactions with owners, recorded directly in equity												
<i>Contributions by and distributions to owners of the parent</i>												
Share-based payment transactions	13	-	-	5,917	-	-	-	-	-	5,917	-	5,917
Dividends	16	-	-	-	-	(200,830)	-	-	-	(200,830)	-	(200,830)
Total contributions by and distributions to owners of the parent		-	-	5,917	-	(200,830)	-	-	-	(194,913)	-	(194,913)
Changes in ownership interests in subsidiaries												
Acquisition of non-controlling interests with a change in control	4	-	-	-	-	-	-	-	-	-	97,122	97,122
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	-	97,122	97,122
Total transactions with owners, recorded directly in equity		-	-	5,917	-	(200,830)	-	-	-	(194,913)	97,122	(97,791)
Comprehensive income for the period												
Profit		-	-	-	-	250,962	-	-	-	250,962	565	251,527
Other comprehensive income		-	-	-	-	525	-	2,400	2,400	2,925	287	3,212
Total comprehensive income for the period		-	-	-	-	251,487	-	2,400	2,400	253,887	852	254,739
Balance at 30 June 2019		304,368	975,343	14,986	30,844	1,160,361	(4,365)	5,824	1,459	2,487,361	93,128	2,580,489

The accompanying notes from an integral part of the interim financial statements.

Sappe Public Company Limited and its Subsidiaries
Statement of changes in equity (Unaudited)

	Separate financial statements					Total equity	
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Retained earnings			
				Warrants	Legal reserve		Unappropriated
<i>(in thousand Baht)</i>							
Six-month period ended 30 June 2018							
Balance at 1 January 2018		303,080	956,749	1,926	30,462	1,022,538	2,314,755
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Shares options exercised	12	1,288	18,594	(6,840)	-	-	13,042
Share-based payment transactions	13	-	-	6,665	-	-	6,665
Dividends		-	-	-	-	(210,014)	(210,014)
<i>Total contributions by and distributions to owners</i>		<u>1,288</u>	<u>18,594</u>	<u>(175)</u>	<u>-</u>	<u>(210,014)</u>	<u>(190,307)</u>
Comprehensive income for the period							
Profit		-	-	-	-	239,450	239,450
Total comprehensive income for the period		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>239,450</u>	<u>239,450</u>
Balance at 30 June 2018		<u><u>304,368</u></u>	<u><u>975,343</u></u>	<u><u>1,751</u></u>	<u><u>30,462</u></u>	<u><u>1,051,974</u></u>	<u><u>2,363,898</u></u>

The accompanying notes from an integral part of the interim financial statements.

Sappe Public Company Limited and its Subsidiaries
Statement of changes in equity (Unaudited)

	Note	Separate financial statements				Total equity	
		Issued and paid-up share capital	Share premium on ordinary shares	Warrants	Retained earnings Legal reserve Unappropriated		
Six-month period ended 30 June 2019							
Balance at 1 January 2019		304,368	975,343	9,069	30,844	1,147,406	2,467,030
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Share-based payment transactions	13	-	-	5,917	-	-	5,917
Dividends	16	-	-	-	-	(200,830)	(200,830)
Total contributions by and distributions to owners		-	-	5,917	-	(200,830)	(194,913)
Comprehensive income for the period							
Profit		-	-	-	-	255,037	255,037
Other comprehensive income		-	-	-	-	525	525
Total comprehensive income for the period		-	-	-	-	255,562	255,562
Balance at 30 June 2019		304,368	975,343	14,986	30,844	1,202,138	2,527,679

The accompanying notes from an integral part of the interim financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Cash flows from operating activities					
Profit for the period		251,527	234,829	255,037	239,450
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Depreciation		89,433	73,943	80,207	73,422
Amortisation of intangible assets		3,744	3,574	3,692	3,574
Interest income		(901)	(353)	(1,193)	(532)
Finance costs		582	93	-	-
Bad and doubtful debts expenses (reversal)		545	(17)	(402)	(16)
Losses on inventories devaluation (reversal)		(201)	482	122	482
Unrealised loss (gain) on exchange rates		(1,343)	10,931	(500)	11,081
Unrealised gain from current investments revaluation	6	(4,579)	(3,755)	(4,579)	(3,755)
Gain on sale of current investments	6	(2,751)	(371)	(2,751)	(371)
Gain from changes in interest in associate	4	(10,082)	-	-	-
Loss on sale of property, plant and equipment		592	771	-	771
Share of loss of investments in associates		10,034	3,004	-	-
Non-current provisions for employee benefits		5,782	2,061	5,702	2,061
Share-based payment		5,917	6,665	5,917	6,665
Tax expense		64,712	61,118	63,505	61,118
		<u>413,011</u>	<u>392,975</u>	<u>404,757</u>	<u>393,950</u>
Changes in operating assets and liabilities					
Trade accounts receivable		(184,967)	(54,019)	(209,565)	(55,844)
Other receivables		(13,115)	(9,343)	(20,885)	(6,241)
Inventories		15,119	(36,605)	13,940	(36,884)
Other current assets		(2,381)	(909)	(2,907)	(1,204)
Other non-current assets		84	(937)	(67)	(936)
Trade accounts payable		99,208	50,016	106,057	49,978
Other payables		(24,912)	(1,126)	(12,536)	(1,734)
Foreign currency translation differences of subsidiaries		2,414	229	-	-
Net cash generated from operating activities		<u>304,461</u>	<u>340,281</u>	<u>278,794</u>	<u>341,085</u>
Provisions for employee benefits paid		(565)	(435)	(565)	(435)
Tax paid		<u>(28,144)</u>	<u>(43,199)</u>	<u>(27,750)</u>	<u>(43,199)</u>
Net cash from operating activities		<u>275,752</u>	<u>296,647</u>	<u>250,479</u>	<u>297,451</u>

The accompanying notes from an integral part of the interim financial statements.

Sappe Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Six-month period ended		Six-month period ended	
		30 June		30 June	
		2019	2018	2019	2018
<i>(in thousand Baht)</i>					
<i>Cash flows from investing activities</i>					
Payment on investments in subsidiaries	9	-	-	(68,000)	-
Acquisition of subsidiary, net of cash acquired	4	6,571	-	-	-
Acquisition of associate	8	(25,000)	-	-	-
Acquisition of current investments	6	(650,000)	(800,000)	(650,000)	(800,000)
Proceeds from sale of current investments	6	750,000	800,000	750,000	800,000
Acquisition of other long-term investments		(50,000)	-	(50,000)	-
Acquisition of property, plant and equipment		(48,162)	(84,078)	(45,884)	(85,039)
Proceeds from sale of property, plant and equipment		186	137	-	137
Acquisition of intangible assets		(1,904)	(1,500)	(1,054)	(1,500)
Interest received		901	226	901	226
Net cash used in investing activities		(17,408)	(85,215)	(64,037)	(86,176)
<i>Cash flows from financing activities</i>					
Repayment of bank overdraft		(948)	(339)	-	-
Proceeds from exercise of share options		-	13,042	-	13,042
Repayment of short-term loans		(39)	-	-	-
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(2,540)	(71)	-	-
Dividend paid		(200,830)	(210,014)	(200,830)	(210,014)
Interest paid		(942)	(68)	-	-
Net cash used in financing activities		(205,299)	(197,450)	(200,830)	(196,972)
Net increase (decrease) in cash and cash equivalents		53,045	13,982	(14,388)	14,303
Cash and cash equivalents at 1 January		172,637	155,684	159,559	142,519
Cash and cash equivalents at 30 June		225,682	169,666	145,171	156,822
<i>Non-cash transactions</i>					
Outstanding payables for purchases of property, plant and equipment		7,706	10,488	7,549	10,488
Outstanding payables for purchases of intangible assets		337	29	337	29
Vehicle acquired by way of finance leases		-	961	-	-

The accompanying notes from an integral part of the interim financial statements.

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

Note	Contents
1	General information
2	Basis of preparation of the interim financial statements
3	Changes in accounting policies
4	Acquisition of subsidiary
5	Related parties
6	Other investments
7	Trade accounts receivable
8	Investment in associates
9	Investment in subsidiaries
10	Property, plant and equipment
11	Other payables
12	Share capital
13	Warrants
14	Segment information and disaggregation of revenue
15	Earnings per share
16	Dividends
17	Financial instruments
18	Commitments with non-related parties
19	Contingent liabilities
20	Events after the reporting period
21	Thai Financial Reporting Standards (TFRS) not yet adopted

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

These notes form an integral part of the financial statements.

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language financial statements, and were approved and authorised for issue by the Board of Directors on 14 August 2019.

1 General information

The principal activities of the Company are manufacturing and distributing health drinking and food products.

Details of subsidiaries and associates as at 30 June 2019 and 31 December 2018 were as following;

Name of company	Nature of business	Country of incorporation /Nationality	Ownership interest (%)	
			30 June 2019	31 December 2018
Direct subsidiaries				
Sappe Europe s.r.o.	Distributing health drinking product	Slovakia	60	60
Sappe Holding (Thailand) Co., Ltd.	Group management service	Thailand	100	100
Indirect subsidiaries				
Sappe Trading (HongKong) Company Limited	Import, export and distribution of goods	Hong Kong	100	100
Sappe Hong Kong Company Limited	Group management service	Hong Kong	100	100
Sappe Trading (Shanghai) Co., Ltd.	Distributing health drinking product	People's Republic of China	100	100
All Coco Group Co., Ltd.	Producing and distributing coconut products	Thailand	51	40
- All Coco Co., Ltd.	Distributing coconut products	Thailand	51	40
- K Best Farm Co., Ltd.	Providing and distributing domestic fresh coconut	Thailand	51	40
Indirect associates				
Danone Sappe Beverages Co., Ltd.	Distributing health drinking product	Thailand	25	-

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis (“interim financial statements”) in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2018. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Company and its subsidiaries for the year ended 31 December 2018.

(b) Use of judgements, estimates and accounting policies

In preparing these interim financial statements, judgements and estimates are made by management in applying the Group’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2018, except for revenue recognition which requires additional judgement in determining the timing of the transfer of control - at a point in time or over time - according to the requirements of TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which the Group has initially adopted to replace TAS 18 *Revenue* (“TAS 18”), TAS 11 *Construction Contracts* (“TAS11”) and related interpretations.

Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such change in accounting policy has no material impacts on the financial statements.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for current period in preparing these interim financial statements. Those new TFRS that are relevant to the Group’s operations are disclosed in note 21.

3 Changes in accounting policies

The Group has initially applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) from 1 January 2019. TFRS 15 establishes a comprehensive framework for determining how much and when revenue is recognised.

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Group recognises revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognises revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due.

The detail impact of the changes in accounting policies, if any are disclosed as follows:

a. The receipt of up-front payments from a customer

The Group receives a deposit from a customer when entering into a contract. Under TAS 18, the Group recognised the deposit as a part of other payables. Under TFRS 15, the Group will recognise revenue from such deposit when transferring control over the goods to the customer. The timing of receipt of the up-front payment in comparison to the transfer of the goods to the customer gives rise to a significant financing component. Therefore, the Group adjusted the amount of consideration received to reflect the time value of money, unless the Group transfers control of the goods to the customer within 12 months from the receipt of said deposit, which is in accordance with the practical expedient of TFRS 15. This change results in increases in revenue and finance costs. The deposit is reclassified as a part of contract liabilities. However, there was no effect from this change to the Group.

b. Payment to a customer

The Group makes payments to its retailers for product placement ("slotting fees"), promotion events or advertising. Under TAS 18, the Group recognised such amounts as distribution costs. Under TFRS 15, it is required that the Group will consider whether the Group receives distinct goods or services from the customer. If so, then the Group recognises such payments as an expense when the distinct goods or services are consumed. In contrast, if not, such payments are recognised as a reduction of revenue. If the payment exceeds the fair value of the goods or services received, then the excess is recognised as a reduction of revenue. As a result, this results in decreases in revenue and distribution costs.

c. Commission fees payable

Under TAS 18, the Group recognised commission paid as distribution costs when incurred. Under TFRS 15, the Group capitalises these commission fees as costs of obtaining a contract (contract cost) when they are incremental and – if they are expected to be recovered. The Group amortises them on a systematic basis that is consistent with the pattern of revenue recognition for the related contract. If the expected amortisation period is one year or less, then the commission fees are expensed when incurred. This change results in a decrease in distribution costs and recognition of contract costs.

TFRS 15 did not have any material impact on the Group's accounting policies with respect to other revenue streams (see Notes 14).

Sappe Public Company Limited and its Subsidiaries

Notes to the condensed interim financial statements

For the three-month and six-month periods ended 30 June 2019 (Unaudited)

4 Acquisition of subsidiary

In 2016, the Group invested in 40% of the issued and paid-up capital of All Coco Group Co., Ltd. which producing and distributing coconut products. All Coco Group Co., Ltd. thereby became an associate of the Group. Later, on 1 February 2019, the Group had control over All Coco Group Co., Ltd., by acquiring 11% of the issued and paid-up capital, affecting to the percentage of holding interest of the Group increased from 40% to 51% and managements of Sappe Public Company Limited had been appointed as All Coco Group's board of directors.

Taking control of All Coco Group Co., Ltd. will enable the Group presence in the coconut drink business since All Coco Group Co., Ltd. has a strong foothold in the aromatic coconut market, especially a strong network of fresh coconut suppliers, which could guarantee a supply of high quality fresh coconuts. The acquisition is expected to provide the Group with an increase in growth opportunities in the soft-drink business in Thailand and worldwide.

During the period from the acquisition date to 30 June 2019, All Coco Group Co., Ltd. contributed revenue of Baht 118.75 million and profit of Baht 1.45 million to the Group's results. If the acquisition had occurred on 1 January 2019, management estimates that consolidated revenue would have increased by Baht 31.71 million and consolidated profit for the six-month period would have increased by Baht 4.77 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019.

The following summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

Identifiable assets acquired and liabilities assumed

	Note	Fair value (in thousand Baht)
Cash and cash equivalents		48,921
Trade accounts receivable	7	32,746
Other receivables		6,321
Inventories		15,059
Other current assets		257
Property, plant and equipment	10	160,959
Intangible assets		5,417
Other non-current assets		15,355
Trade accounts payable		(6,690)
Other payables	11	(29,652)
Short-term loans		(21,000)
Tax payable		(1,212)
Long-term loans from financial institutions		(220)
Finance lease liabilities		(23,865)
Non-current provisions for employee benefit		(188)
Other non-current liabilities		(4,000)
Total identifiable net assets		198,208
Less: Non-controlling interests (49%)		97,122
Total identifiable net assets received		101,086
Less: Fair value of previously-held interests before business combination		154,000
Less: Purchase consideration transferred		42,350
Goodwill arising from the acquisition		95,264
Net cash acquired with the subsidiary		48,921
Cash paid		42,350
Net cash inflows		6,571

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

An independent appraiser has been appointed to determine the fair value of the business, but the report of the appraiser is not yet completed as at the date of approval of these consolidated financial statements. Accordingly, the fair value of assets acquired and liabilities assumed have been provisionally determined at the acquisition date.

In accordance with TFRS 3, management is required to make a preliminary assessment of the fair values of businesses acquired as at the acquisition date. During the measurement period, which must not exceed one year from the acquisition date, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date. Finalisations of the fair values for acquisition of All Coco Group Co., Ltd. is dependent on determination of the ultimate purchase price and completion of the purchase price allocation exercise.

Goodwill

The remeasurement to fair value of the Group's existing 40 percent interest in the acquiree resulted in a gain of Baht 10.08 million, which has been recognised in gain from changes in interest in associate in the statement of comprehensive income.

Goodwill is attributable mainly to the skills and technical talent of All Coco Group Co., Ltd.'s work force and cooperation for business of coconut products, which is health drinks as Group's products. None of the goodwill recognised is expected to be deductible for income tax purposes.

5 Related parties

Relationships with subsidiaries and associates are described in notes 1, 8 and 9.

Material changes in pricing policies during the six-month period ended 30 June 2019 are as follows:

Transactions	Pricing policies
Purchase of goods	At agreed rate

Significant transactions for the three-month and six-month periods ended 30 June with related parties were as follows:

<i>Three-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods	-	-	349	3,045
Purchase of goods	-	-	3,717	-
Other income	-	-	30	-
Interest income	-	-	145	90
Distribution costs and administrative expenses	-	-	266	-
Associates				
Sales of goods	11,394	-	11,394	-
Purchase of goods	67,147	-	67,147	-
Other income	297	2,025	297	2,025
Interest income	-	64	-	64
Distribution costs and administrative expenses	-	27	-	27

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

<i>Three-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other related parties				
Sales of goods	1,921	1,828	-	-
Purchases of machinery and equipment	385	8,555	385	8,555
Other income	84	86	84	86
Rental and other expenses	1,919	1,867	1,919	1,867
Consultant fee	300	300	300	300
Distribution costs and administrative expenses	26	76	18	71
Interest expense	63	15	-	-
Key management personnel compensation				
Short-term employee benefit and others	14,051	12,429	14,051	12,429
Long-term employee benefits	545	509	545	509
Share-based payments	760	448	760	448
<i>Six-month period ended 30 June</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods	-	-	1,058	4,993
Purchase of goods	-	-	3,933	-
Other income	-	-	30	-
Interest income	-	-	291	179
Distribution costs and administrative expenses	-	-	337	-
Associates				
Sales of goods	38,922	-	38,922	-
Purchase of goods	93,855	-	93,855	-
Other income	547	4,064	547	4,064
Interest income	-	127	-	127
Distribution costs and administrative expenses	-	55	-	55
Other related parties				
Sales of goods	3,070	3,455	-	-
Purchases of machinery and equipment	420	8,665	420	8,665
Other income	177	175	177	175
Rental and other expenses	3,820	3,714	3,820	3,714
Consultant fee	600	600	600	600
Distribution costs and administrative expenses	64	132	50	119
Interest expense	124	30	-	-
Key management personnel compensation				
Short-term employee benefit and others	28,358	24,735	28,358	24,735
Long-term employee benefits	1,090	1,006	1,090	1,006
Share-based payments	1,512	2,376	1,512	2,376

For the three-month and six-month periods ended 30 June 2019, intercompany sales to associates described above excluded co-packing and distribution with an indirect associate of Baht 53.71 million and 76.10 million, respectively.

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

Balances as at 30 June 2019 and 31 December 2018 with related parties were as follows:

<i>Trade accounts receivable - related parties</i>	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Subsidiary				
Sappe Europe s.r.o.	-	-	345	1,116
Associates				
Danone Sappe Beverages Co., Ltd.	123,659	-	123,659	-
Other related parties				
Italmarket Slovakia, a.s.	705	-	-	-
Total	124,364	-	124,004	1,116
<i>Other receivables - related parties</i>	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sappe Europe s.r.o.	-	-	2,192	2,156
Sappe Trading (Shanghai) Co., Ltd.	-	-	9,791	9,716
Sappe Holding (Thailand) Co., Ltd.	-	-	624	88
Sappe Trading (Hong kong) Company Limited	-	-	104	104
All Coco Group Co., Ltd.	-	-	3,398	-
All Coco Co., Ltd.	-	-	252	-
Associates				
All Coco Group Co., Ltd.	-	4,189	-	4,189
All Coco Co., Ltd.	-	201	-	201
Danone Sappe Beverages Co., Ltd.	14,296	-	14,296	-
Other related parties				
Hayashi Products Co., Ltd.	30	28	30	28
Director	-	7	-	-
	14,326	4,425	30,687	16,482
<i>Less allowance for doubtful accounts</i>	-	-	(11,983)	(11,872)
Net	14,326	4,425	18,704	4,610
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Bad and doubtful debts expense for the:				
- Three-month period ended 30 June	-	-	35	-
- Six-month period ended 30 June	-	-	111	-

Giving consideration of the currents operation at two overseas subsidiaries, the company has provided allowance for doubtful accounts totalling Baht 11.98 million for the six-month period ended 30 June 2019 (31 December 2018: Baht 11.87 million).

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

Movements during the six-month periods ended 30 June 2019 of loans to related parties were as follows:

	Interest rate		Consolidated financial statements			
	31 December 2018 (% per annum)	30 June 2019	31 December 2018	Increase	Decrease	30 June 2019
Associates						
All Coco Group Co., Ltd.	3.2	-	4,800	-	4,800	-
All Coco Co., Ltd.	3.2	-	3,200	-	3,200	-
Net			8,000			-

	Interest rate		Separate financial statements				
	31 December 2018 (% per annum)	30 June 2019	31 December 2018	Increase	Decrease	Foreign currency differences	30 June 2019
Subsidiaries							
Sappe Europe s.r.o.	4	4	8,692	-	-	(513)	8,179
All Coco Group Co., Ltd.	-	3.2	-	4,800	-	-	4,800
All Coco Co., Ltd.	-	3.2	-	3,200	-	-	3,200
Associates							
All Coco Group Co., Ltd.	3.2	-	4,800	-	4,800	-	-
All Coco Co., Ltd.	3.2	-	3,200	-	3,200	-	-
Total			16,692				16,179
<i>Less</i> allowance for doubtful accounts			(8,692)				(8,179)
Net			8,000				8,000

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Reversal of bad and doubtful debts expense of loan to related parties for the:				
- Three-month period ended 30 June	-	-	183	-
- Six-month period ended 30 June	-	-	513	-

	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Other non-current assets				
Other related parties				
Directors	1,167	1,167	1,167	1,167
Group of Persons Ruckariyapong	1,063	1,063	1,063	1,063
Total	2,230	2,230	2,230	2,230

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

<i>Trade accounts payable - related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiary				
All Coco Group Co., Ltd.	-	-	1,756	-
Associate				
Danone Sappe Beverages Co., Ltd.	100,425	-	100,425	-
Total	100,425	-	102,181	-
<i>Other payable - related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiary				
All Coco Group Co., Ltd.	-	-	244	-
Associate				
All Coco Group Co., Ltd.	-	30	-	30
Other related parties				
Italmarket Slovakia, a.s.	510	1,269	-	-
Toyox Trading (Thailand) Co., Ltd.	24	94	24	94
3T Engineering Co., Ltd	2,568	2,568	2,568	2,568
Bangkok Bestbuy Group Co., Ltd.	-	75	-	75
Key management personnel	481	-	-	-
Total	3,583	4,036	2,836	2,767

Movements during the six-month periods ended 30 June 2019 of loans from related parties were as follows:

	Interest rate		Consolidated financial statements			
	31 December	30 June	31 December	Increase	Decrease	Foreign
	2018	2019	2018			currency
	<i>(% per annum)</i>			<i>(in thousand Baht)</i>		differences
Other related parties						
Italmarket						
Slovakia, a.s.	2.0	2.0	2,970	-	-	(174)
Director	-	-	928	-	-	(54)
Key management						
personnel	-	3.2	-	6,500	-	-
Other related						
parties	-	-	86	-	-	(2)
Total			3,984			10,254

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

<i>Other non-current liability - related party</i>	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other related party				
Director	<u>3,812</u>	<u>4,049</u>	-	-

The memorandum of association of a subsidiary states that the subsidiary has to pay dividends from net profit of Euro 109,076.03 to a shareholder. The first gainer is a shareholder and then the rest of the profit will be allocated according to the proportion of the investment held. As of 30 June 2019, the management considered to recognise a provision following the regulations of the subsidiary of Baht 3.81 million (31 December 2018: Baht 4.05 million) under "Other non-current liabilities" in the consolidated financial statements.

Significant agreements with related parties

(a) *Co-packing agreement*

The Company has a co-packing agreement with Danone Sappe Beverage Co., Ltd., an indirect associate, to produce health drinking product. The Company is responsible for procuring raw material and packaging and producing in accordance with the formula and the manufactured products specifications, any other prior written specification or instructions. This agreement shall be effective from 27 February 2019, and shall remain in full force and effect as long as the Group is a shareholder of Danone Sappe Beverage Co., Ltd. The parties are committed to pay service fee at the rate as stipulated in the agreement.

(b) *Distribution agreement*

The Company has a distribution agreement with Danone Sappe Beverage Co., Ltd., an indirect associate, to distribute health drinking product. The term of this agreement shall be for an initial period of 5 years from 27 February 2019. The term of this agreement shall be renewed automatically and extended for successive further periods of 2 years each, unless either gives written notice no later than 6 months before the expiry date. The parties are committed to pay service fee at the rate as stipulated in the agreement.

6 Other investments

Movements during the six-month period ended 30 June 2019 of current investments were as follows:

	31 December 2018	Consolidated financial statements			30 June 2019
		Purchase	Disposal	Fair value adjustment	
	<i>(in thousand Baht)</i>				
<i>Current investments</i>					
Debt securities held for trading	<u>915,805</u>	650,000	(750,000)	7,330	<u>823,135</u>
	<u>915,805</u>				<u>823,135</u>
<i>Other long-term investments</i>					
Long-term deposits at financial institutions	<u>50,000</u>	50,000	-	-	<u>100,000</u>

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

	31 December 2018	Separate financial statements			30 June 2019
		Purchase	Disposal	Fair value adjustment	
<i>(in thousand Baht)</i>					
Current investments					
Debt securities held for trading	915,805	650,000	(750,000)	7,330	823,135
Total	915,805				823,135
Other long-term investments					
Long-term deposits at financial institutions	50,000	50,000	-	-	100,000

7 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<i>(in thousand Baht)</i>				
Within credit terms	247,273	159,449	241,470	159,843
Overdue:				
Less than 3 months	208,371	89,430	203,990	84,442
3-6 months	5,381	80	3,768	80
6-12 months	5,091	-	4,094	-
Over than 12 months	421	2	-	-
Total	466,537	248,961	453,322	244,365
Less allowance for doubtful accounts	(1,007)	(2)	-	-
Net	465,530	248,959	453,322	244,365
	2019	2018	2019	2018
Bad and doubtful debts expense (Reversal) for the:				
- Three-month period ended 30 June	544	19	-	-
- Six-month period ended 30 June	546	(17)	-	(16)

The normal credit term granted by the Group ranges from 30 to 60 days.

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

8 Investment in associates

Investments in associates as at 30 June 2019 and 31 December 2018, and dividend income for the six-month period ended 30 June, were as follows:

		Consolidated financial statements									
	Type of business	Ownership interest		Paid-up capital		Cost		Equity		Dividend income for the six-month period ended	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	30 June 2018
		(%)				(in thousand Baht)					
<i>Indirect associates</i>											
All Coco Group Co., Ltd.	Producing and distributing coconut products	-	40	-	168,000	-	143,855	-	142,009	-	-
Danone Sappe Beverages Co., Ltd.	Distributing health drinking product	25	-	100,000	-	25,000	-	13,057	-	-	-
Total						<u>25,000</u>	<u>143,855</u>	<u>13,057</u>	<u>142,009</u>	<u>-</u>	<u>-</u>

All indirect associates were incorporated in Thailand.

None of the Group's associates are publicly listed and consequently do not have published price quotations.

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

Acquisitions

In February 2019, Sappe Holding (Thailand) Co., Ltd., a subsidiary made a new investment in 100 percent of the issued and paid up capital of Danone Sappe Beverages Co., Ltd., incorporated in Thailand, for a consideration of Baht 1 million. On 28 February 2019, Danone Sappe Beverages Co., Ltd. registered its share capital from Baht 1 million to Baht 100 million by issuing share capital to Baht 99 million (990,000 shares at Baht 100 per share). Sappe Holding (Thailand) Co., Ltd. has paid-up share capital amounting to Baht 24 million, totalling to Baht 25 million, 25 percent of issued and paid-up share capital. Danone Sappe Beverages Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 28 February 2019. In this connection, Sappe Holding (Thailand) Co., Ltd. has an option to purchase additional shares in the maximum portion of 24 percent within three years after the payment date of the first tranche shares.

Reclassification to subsidiary

In February 2019, the Company made an additional investment in 11 percent of the issued and paid up capital of All Coco Group Co., Ltd., increasing the Group's interest to 51 percent. All Coco Group Co., Ltd. thereby ceased to be an associated company and became a subsidiary. Details of the acquisition are given in note 4.

In this connection, the Company recognised gain on remeasurement of previously held-equity investment in All Coco Group Co., Ltd. of Baht 10.08 million in the statement of comprehensive income during the six-month period ended 30 June 2019.

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

9 Investments in subsidiaries

Investments in subsidiaries as at 30 June 2019 and 31 December 2018, and dividend income from those investments for the six-month period ended 30 June were as follows:

	Separate financial statements										Dividend income for the six-month period ended	
	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		30	30
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	June 2019	June 2018
	(%)								(in thousand Baht)			
Direct subsidiaries												
Sappe Europe s.r.o.	60	60	EUR 6,639		162	162	-	-	162	162	-	-
Sappe Holding (Thailand) Co., Ltd.	100	100	Baht 265 million	Baht 197 million	265,000	197,000	-	-	265,000	197,000	-	-
Total					<u>265,162</u>	<u>197,162</u>	<u>-</u>	<u>-</u>	<u>265,162</u>	<u>197,162</u>	<u>-</u>	<u>-</u>
Indirect subsidiaries												
Sappe Trading (Hong Kong) Company Limited	100	100	HKD 100,000		454	454	(454)	(454)	-	-	-	-
Sappe Hong Kong Company Limited	100	100	HKD 3,000,000		13,980	13,980	(13,980)	(13,980)	-	-	-	-
Sappe Trading (Shanghai) Co., Ltd.	100	100	CNY 2,000,000		10,173	10,173	(10,173)	(10,173)	-	-	-	-
All Coco Group Co., Ltd.	51	-	Baht 168 million	-	196,350	-	-	-	196,350	-	-	-
Total					<u>220,957</u>	<u>24,607</u>	<u>(24,607)</u>	<u>(24,607)</u>	<u>196,350</u>	<u>-</u>	<u>-</u>	<u>-</u>

Giving consideration of the current operation at overseas subsidiaries, the Group has provided allowance for impairment loss totalling Baht 24.61 million during the year ended 31 December 2018.

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

12 Share capital

<i>For the six-month period ended 30 June</i>	Par value per share (in Baht)	2019		2018	
		Number	Amount	Number	Amount
		<i>(thousand shares/thousand Baht)</i>			
<i>Authorised</i>					
<i>At 1 January</i>					
- ordinary shares	1	308,438	308,438	304,620	304,620
Reduction of shares	1	-	-	(252)	(252)
Increase of new shares	1	-	-	4,070	4,070
<i>At 30 June</i>					
- ordinary shares	1	308,438	308,438	308,438	308,438
<i>Issued and paid-up</i>					
<i>At 1 January</i>					
- ordinary shares	1	304,368	304,368	303,080	303,080
Shares options exercised (Note 13)	1	-	-	1,288	1,288
<i>At 30 June</i>					
- ordinary shares	1	304,368	304,368	304,368	304,368

13 Warrants

1) The issuance of warrants no.1 (“Warrant” or “SAPPE-WA”)

On 30 December 2017, warrants were exercised by the Company’s management and employees. The Company received cash for paid-up capital in amount of Baht 13.04 million. On 11 January 2018, share capital comprising 1,288,142 shares at par value Baht 1 per share have been registered with the Ministry of Commerce and paid-up share capital has thereby increased from Baht 303,079,938 to Baht 304,368,080. In order that, the warrants to purchase the Company’s ordinary shares No.1 (SAPPE-WA) which were issued and offered to management and employees of the Company expired in June 2018. The management and employees have exercised their warrants in proportion to the number of shares they have been granted.

2) The issuance of warrants no. 2 (“Warrant” or “SAPPE-WA2”)

At the annual general shareholders’ meeting of the Company held on 26 April 2018, the shareholders passed resolutions to approve the issuance of 4,070,000 units of warrants with a term of 4 years (“Warrant” or “SAPPE-WA2”) to qualifying management and employees of the Company. The warrants will be granted on the last working day of June and December of each year. The first exercise date is 12 months after issuing the warrants and the holders must have complied with all terms of the exercising right.

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

The warrants have been allocated to the management (including directors) and employees of the Company. The exercise ratio is 1 warrant per 1 new ordinary share, and the exercise price is Baht 20.56 per share (unless the adjustment of the exercising right). The terms of the exercise and the fair value of the share options has the detail as follow:

Description	Details
Type of warrants	Warrants to purchase ordinary shares of Sappe Public Company Limited issued to the management (including the executive directors) and employees of the Company at the second time (SAPPE-WA2), specification of the holder's name and non-transferable unless the transfer of inheritance or transfer to heirs or representatives by law.
Issue and sell quantities	4,070,000 units
Terms of warrants	4 years from the issuance date of warrant
Exercise ratio	1 warrant to 1 ordinary share unless there is a change in exercise ratio under the change conditions.
Exercise price	Baht 20.56 per share
Exercise period and proportion	The holders of SAPPE-WA2 can exercise the warrants to purchase ordinary shares of the Company after holding it for the specified period. The first exercise date is 12 months after issuing the warrants. The details are as follows:

The period of holding the warrants (month) after issuance	The right that can be exercised as a percentage of the warrants received
12	20%
18	30%
24	40%
30	55%
36	70%
42	100%

Fair value of warrants Baht 6.9 - 8.3

The purchasing condition requires that the employees must have employee status or have a termination on each date of exercising the right.

The fair value of the warrant is measured using a Black-Scholes Model with the following financial assumptions:

Grant date share price (Baht)	26.00
Exercise price warrant (Baht)	20.56
Historical volatility in 3 years and 3 months at the allotment date (per semi-annual)	35.00%
Historical dividend yield	2.60%
Risk free interest rate at the allotment date	1.18 – 1.85%

Sappe Public Company Limited and its Subsidiaries

Notes to the condensed interim financial statements

For the three-month and six-month periods ended 30 June 2019 (Unaudited)

Expenses for share-based payment transactions in the consolidated and separate financial statements for the six-month period ended 30 June 2019 were Baht 5.92 million (2018: Baht 6.66 million) and for the three-month period ended 30 June 2019 were Baht 2.98 million (2018: Baht 1.75 million).

Movements during the six-month periods ended 30 June of warrants were as follows:

<i>Six-month period ended 30 June</i>	Consolidated/Separate financial statements			
	2019		2018	
	Average exercise price per share (Baht)	Option shares (in thousand shares)	Average exercise price per share (Baht)	Option shares (in thousand shares)
At 1 January	7.72	4,070	1.82	1,288
Issuance of warrants	-	-	7.16	4,070
Exercise	-	-	9.12	(1,288)
At 30 June	7.72	4,070	7.16	4,070

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

14 Segment information and disaggregation of revenue

	Consolidated financial statements											
	Sappe Public Company Limited		All Coco Group Co., Ltd.		Other segments		Total		Eliminate		Net	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<i>Three-month period ended 30 June</i>	<i>(in thousand Baht)</i>											
Information about reportable segments												
External revenues	863,407	839,230	50,797	-	7,525	7,705	921,729	846,935	-	-	921,729	846,935
Inter-segment revenue	349	3,045	3,983	-	-	-	4,332	3,045	(4,332)	(3,045)	-	-
Total revenue	863,756	842,275	54,780	-	7,525	7,705	926,061	849,980	(4,332)	(3,045)	921,729	846,935
Disaggregation of revenue												
Primary geographical markets												
Thailand	329,050	239,414	53,313	-	-	-	382,363	239,414	(3,983)	-	378,380	239,414
Indonesia and Philippines	200,671	241,859	-	-	-	-	200,671	241,859	-	-	200,671	241,859
Others	334,035	361,002	1,467	-	7,525	7,705	343,027	368,707	(349)	(3,045)	342,678	365,662
Total revenue	863,756	842,275	54,780	-	7,525	7,705	926,061	849,980	(4,332)	(3,045)	921,729	846,935
Major products												
Drinks	787,750	738,170	46,926	-	7,525	7,705	842,201	745,875	(4,332)	(3,045)	837,869	742,830
Others	76,006	104,105	7,854	-	-	-	83,860	104,105	-	-	83,860	104,105
Total revenue	863,756	842,275	54,780	-	7,525	7,705	926,061	849,980	(4,332)	(3,045)	921,729	846,935
Timing of revenue recognition												
At a point in time	863,756	842,275	54,780	-	7,525	7,705	926,061	849,980	(4,332)	(3,045)	921,729	846,935
Share of loss of investments in associates	(9,779)	(436)	-	-	-	-	(9,779)	(436)	-	-	(9,779)	(436)
Segment profit (loss) before income tax	178,397	148,516	(3,638)	-	(3,522)	(1,175)	171,237	147,341	(136)	23	171,101	147,364

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

<i>Six-month period ended 30 June</i>	Consolidated financial statements											
	Sappe Public Company Limited		All Coco Group Co., Ltd.		Other segments		Total		Eliminate		Net	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(in thousand Baht)</i>											
Information about reportable segments												
External revenues	1,572,126	1,533,037	112,882	-	12,363	16,249	1,697,371	1,549,286	-	-	1,697,371	1,549,286
Inter-segment revenue	1,058	4,993	4,270	-	-	-	5,328	4,993	(5,328)	(4,993)	-	-
Total revenue	1,573,184	1,538,030	117,152	-	12,363	16,249	1,702,699	1,554,279	(5,328)	(4,993)	1,697,371	1,549,286
Disaggregation of revenue												
Primary geographical markets												
Thailand	635,836	457,393	113,928	-	-	-	749,764	457,393	(4,270)	-	745,494	457,393
Indonesia and Philippines	392,890	446,188	-	-	-	-	392,890	446,188	-	-	392,890	446,188
Others	544,458	634,449	3,224	-	12,363	16,249	560,045	650,698	(1,058)	(4,993)	558,987	645,705
Total revenue	1,573,184	1,538,030	117,152	-	12,363	16,249	1,702,699	1,554,279	(5,328)	(4,993)	1,697,371	1,549,286
Major products												
Drinks	1,373,583	1,357,778	99,774	-	12,363	16,249	1,485,720	1,374,027	(5,328)	(4,993)	1,480,392	1,369,034
Others	199,601	180,252	17,378	-	-	-	216,979	180,252	-	-	216,979	180,252
Total revenue	1,573,184	1,538,030	117,152	-	12,363	16,249	1,702,699	1,554,279	(5,328)	(4,993)	1,697,371	1,549,286
Timing of revenue recognition												
At a point in time	1,573,184	1,538,030	117,152	-	12,363	16,249	1,702,699	1,554,279	(5,328)	(4,993)	1,697,371	1,549,286
Share of loss of investments in associates	(10,034)	(3,004)	-	-	-	-	(10,034)	(3,004)	-	-	(10,034)	(3,004)
Segment profit (loss) before income tax	308,508	297,564	2,660	-	5,462	(1,616)	316,630	295,948	(391)	(1)	316,239	295,947

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

	Consolidated financial statements											
	Sappe Public Company Limited		All Coco Group Co., Ltd.		Other segments		Total		Eliminate		Net	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
<i>For the six-month period ended 30 June</i>												
							<i>(in thousand Baht)</i>					
Segment assets as at 30 June/31 December	3,148,779	2,951,811	272,142	-	134,828	173,118	3,555,749	3,124,929	(283,424)	(202,022)	3,272,325	2,922,907
Segment liabilities as at 30 June/31 December	621,100	484,780	72,480	-	36,693	40,013	730,273	524,793	(38,437)	(25,427)	691,836	499,366

Sappe Public Company Limited and its Subsidiaries

Notes to the condensed interim financial statements

For the three-month and six-month periods ended 30 June 2019 (Unaudited)

<i>Three-month period ended 30 June</i>	Separate financial statements	
	Reportable segments	
	2019	2018
	<i>(in thousand Baht)</i>	
Disaggregation of revenue		
Primary geographical markets		
Thailand	329,050	239,414
Indonesia and Philippines	200,671	241,859
Others	334,035	361,002
Total revenue	863,756	842,275
Major products		
Drinks	787,750	738,170
Others	76,006	104,105
Total revenue	863,756	842,275
Timing of revenue recognition		
At a point in time	863,756	842,275

<i>Six-month period ended 30 June</i>	Separate financial statements	
	Reportable segments	
	2019	2018
	<i>(in thousand Baht)</i>	
Disaggregation of revenue		
Primary geographical markets		
Thailand	635,836	457,393
Indonesia and Philippines	392,890	446,188
Others	544,458	634,449
Total revenue	1,573,184	1,538,030
Major products		
Drinks	1,373,583	1,357,778
Others	199,601	180,252
Total revenue	1,573,184	1,538,030
Timing of revenue recognition		
At a point in time	1,573,184	1,538,030

15 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the three-month and six-month periods ended 30 June were based on the profit for the periods attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the periods as follows:

<i>Three-month period ended 30 June</i>	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht/thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company (basic)	135,711	117,700	150,799	119,228
Number of ordinary shares outstanding	304,368	304,368	304,368	304,368
Earnings per share (basic) (in Baht)	0.45	0.39	0.50	0.39

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

<i>Six-month period ended</i> <i>30 June</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht/thousand shares)</i>			
Profit for the period attributable to ordinary shareholders of the Company (basic)	250,962	234,989	255,037	239,450
Number of ordinary shares outstanding at 1 January	304,368	303,080	304,368	303,080
Effect of issuing shares options exercised	-	1,217	-	1,217
Weighted average number of ordinary shares outstanding (basic)	304,368	304,297	304,368	304,297
Earnings per share (basic) (in Baht)	0.82	0.77	0.84	0.79

Diluted earnings per share

The exercise price, including the fair value, of share based payment is higher than the average market price of the ordinary shares for the three-month and six-month period ended 30 June 2019. Effect of share options issued were not included in the calculation of diluted earnings per share.

16 Dividends

The dividends paid by the Group to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
2019				
Annual dividend	18 April 2019	May 2019	0.66	200,830
Additional dividend			0.66	200,830
2018				
Annual dividend	26 April 2018	May 2018	0.69	200,014
Additional dividend			0.69	200,014

17 Financial instruments

Carrying amount and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair Value Level 2	Carrying amount	Fair Value Level 2
	<i>(in thousand Baht)</i>			
30 June 2019				
<i>Financial assets measured at fair value</i>				
Debt securities held for trading	823,135	823,135	823,135	823,135

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair Value Level 2 <i>(in thousand Baht)</i>	Carrying amount	Fair Value Level 2
30 June 2019				
<i>Financial assets not measured at fair value</i>				
Foreign currency forward contract	4,064	3,541	4,064	3,541
31 December 2018				
<i>Financial assets measured at fair value</i>				
Debt securities held for trading	915,805	915,805	915,805	915,805
<i>Financial assets not measured at fair value</i>				
Foreign currency forward contract	1,737	1,059	1,737	1,059

Measurement of fair values

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values of financial assets and liabilities

The fair values of the current portion of financial assets and liabilities are taken to approximate the carrying values due to the relatively short-term maturity of these financial instruments.

The fair values of finance lease liabilities approximate their carrying amounts as the market rate is close to the contract rate.

The Group has considered the level 2 fair value of debt securities held for trading based on net asset value as at the measurement date according to the fund's information released to the public as at 30 June 2019 and 31 December 2018.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Fair values reflect the credit risk of the instrument.

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

18 Commitments with non-related parties

<i>At 30 June 2019</i>	Consolidated financial statements (in thousand Baht)	Separate Financial statements
Capital commitments		
<i>Contracted but not provided for:</i>		
Machinery, equipment and other constructions	23,543	15,534
Software	2,785	-
Total	26,328	15,534
Future minimum lease payments under non-cancellable operating leases		
Within one year	16,145	13,374
After one year but within five years	8,298	4,622
Over 5 years	10,735	-
Total	35,178	17,996
Other commitments		
Bank guarantees	10,616	10,616
Total	10,616	10,616

19 Contingent liabilities

As at 30 June 2019, the Company has been sued by a former oversea distributor in the amount of CNY 3.15 million (Baht 14.28 million). Presently, the case is being considered by the court. However, the Company has set aside provision of Baht 0.88 million (*31 December 2018: Baht 0.93 million*) for liability that may arise as a result of this case, based on the opinion of their management and legal department.

20 Events after the reporting period

- a) On 28 June 2019, warrants were exercised by the Company's management and employees. The Company received cash for paid-up capital in amount of Baht 0.21 million. On 11 July 2019, share capital comprising 10,000 shares at par value Baht 1 per share have been registered with the Ministry of Commerce and paid-up capital has thereby increased from Baht 304,368,080 to Baht 304,378,080.
- b) On 22 July 2019, the Company paid for the additional paid-up share capital of Sappe Holding (Thailand) Co., Ltd. in amount of Baht 25 million. Thus, the paid-up share capital of Sappe Holding (Thailand) Co., Ltd. became Baht 290 million. Sappe Holding (Thailand) Co., Ltd. registered the increase of paid-up share capital with the Ministry of Commerce on 22 July 2019.

Sappe Public Company Limited and its Subsidiaries
Notes to the condensed interim financial statements
For the three-month and six-month periods ended 30 June 2019 (Unaudited)

21 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new TFRS which are relevant to the Group's operations are expected to have significant impact on the Company's financial statements on the date of initial application. Those TFRS which become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* *TFRS - Financial instruments standards*

(a) TFRS - Financial instruments standards

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is presently considering the potential impact of adopting and initially applying those TFRSs on the financial statements.