

**Sappe Public Company Limited  
and its Subsidiaries**

Condensed Interim financial statements  
for the three-month and nine-month periods ended  
30 September 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 September 2019; the consolidated and separate statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2019 and the consolidated and separate statements of changes in equity and cash flows for the nine-month period ended 30 September 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 nine-month periods ended 30 September 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  
12 November 2019

# Sappe Public Company Limited and its Subsidiaries

## Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
Assets	Note	2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
		(in thousand Baht)			
<i>Current assets</i>					
Cash and cash equivalents		208,427	172,637	141,745	159,559
Current investments	6	978,579	915,805	978,579	915,805
Trade accounts receivable	5, 7	317,971	248,959	302,586	244,365
Other receivables	5	39,004	36,717	42,312	36,783
Short-term loans to related parties	5	-	8,000	7,650	8,000
Inventories		227,444	213,777	206,003	209,637
Other current assets		16,120	8,667	15,536	7,647
<b>Total current assets</b>		<b>1,787,545</b>	<b>1,604,562</b>	<b>1,694,411</b>	<b>1,581,796</b>
<i>Non-current assets</i>					
Investment in associates	4, 8	34,392	142,009	-	-
Investment in subsidiaries	4, 9	-	-	290,162	197,162
Other long-term investments	6	100,000	50,000	100,000	50,000
Property, plant and equipment	10	1,167,150	1,055,946	1,011,963	1,052,463
Goodwill	4	95,264	-	-	-
Other intangible assets		55,343	52,302	48,240	52,302
Deferred tax assets		13,003	12,792	12,969	12,792
Other non-current assets	5	20,396	5,296	5,346	5,296
<b>Total non-current assets</b>		<b>1,485,548</b>	<b>1,318,345</b>	<b>1,468,680</b>	<b>1,370,015</b>
<b>Total assets</b>		<b>3,273,093</b>	<b>2,922,907</b>	<b>3,163,091</b>	<b>2,951,811</b>

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



# Sappe Public Company Limited and its Subsidiaries

## Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
(in thousand Baht)					
Current liabilities					
Bank overdrafts		-	948	-	-
Trade accounts payable	5	178,848	176,339	176,103	175,257
Other payables	5, 11	322,200	272,991	302,028	269,185
Current portion of long-term loans					
from financial institution		102	-	-	-
Short-term loans	5	10,946	3,984	-	-
Current portion of finance lease liability	4	6,379	296	-	-
Current tax payable		26,326	27,904	26,232	27,904
Total current liabilities		544,801	482,462	504,363	472,346
Non-current liabilities					
Long-term loans from financial institutions		55	-	-	-
Finance lease liability	4	14,119	420	-	-
Deferred tax liabilities		618	-	-	-
Non-current provisions for employee benefits		18,743	12,435	18,436	12,435
Other non-current liability	5	7,646	4,049	-	-
Total non-current liabilities		41,181	16,904	18,436	12,435
Total liabilities		585,982	499,366	522,799	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 September	31 December	30 September	31 December
Liabilities and equity	Note	2019	2018	2019	2018
		(Unaudited)		(Unaudited)	
		(in thousand Baht)			
<b>Equity</b>					
Share capital	12				
Authorised share capital		308,438	308,438	308,438	308,438
Issued and paid-up share capital		304,378	304,368	304,378	304,368
Share premium on ordinary shares		975,607	975,343	975,607	975,343
Warrants	13	17,924	9,069	17,924	9,069
Retained earnings					
Legal reserve		30,844	30,844	30,844	30,844
Unappropriated		1,262,545	1,109,704	1,311,539	1,147,406
Difference arising from common					
control transactions		(4,365)	(4,365)	-	-
Currency translation differences		7,706	3,424	-	-
<b>Equity attributable to owners</b>					
<b>of the parent</b>		<b>2,594,639</b>	<b>2,428,387</b>	<b>2,640,292</b>	<b>2,467,030</b>
Non-controlling interests		92,472	(4,846)	-	-
<b>Total equity</b>		<b>2,687,111</b>	<b>2,423,541</b>	<b>2,640,292</b>	<b>2,467,030</b>
<b>Total liabilities and equity</b>		<b>3,273,093</b>	<b>2,922,907</b>	<b>3,163,091</b>	<b>2,951,811</b>

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

# Sappe Public Company Limited and its Subsidiaries

## Statement of income (Unaudited)

		Consolidated		Separate	
		financial statements		financial statements	
		Three-month period ended		Three-month period ended	
		30 September		30 September	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
<b>Revenue</b>					
Revenue from sale of goods	5, 14	815,194	633,391	752,675	623,693
Other income	5	18,112	12,820	16,647	11,704
Net foreign exchange gain		154	1,976	2,317	4,898
<b>Total revenues</b>		<b>833,460</b>	<b>648,187</b>	<b>771,639</b>	<b>640,295</b>
<b>Expenses</b>					
Cost of sales of goods		491,794	421,213	440,238	412,943
Distribution costs	5	136,863	78,299	128,017	77,327
Administrative expenses	5	72,830	60,486	66,521	59,536
Finance costs	5	293	44	-	-
<b>Total expenses</b>		<b>701,780</b>	<b>560,042</b>	<b>634,776</b>	<b>549,806</b>
Share of loss of associates	4, 8, 14	(3,664)	(2,696)	-	-
<b>Profit before income tax expense</b>		<b>128,016</b>	<b>85,449</b>	<b>136,863</b>	<b>90,489</b>
Tax expense		26,698	18,279	27,462	18,279
<b>Profit for the period</b>		<b>101,318</b>	<b>67,170</b>	<b>109,401</b>	<b>72,210</b>
<b>Profit (loss) attributable to:</b>					
Owners of the parent		102,184	66,853	109,401	72,210
Non-controlling interests		(866)	317	-	-
<b>Profit for the period</b>		<b>101,318</b>	<b>67,170</b>	<b>109,401</b>	<b>72,210</b>
<b>Earnings per share (in Baht)</b>					
	15				
Basic earnings per share		0.34	0.22	0.36	0.24
Diluted earnings per share		0.34	0.22	0.36	0.24

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

# Sappe Public Company Limited and its Subsidiaries

## Statement of comprehensive income (Unaudited)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Three-month period ended		Three-month period ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Profit for the period</b>	<b>101,318</b>	<b>67,170</b>	<b>109,401</b>	<b>72,210</b>
<b>Other comprehensive income</b>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	2,093	2,449	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>2,093</b>	<b>2,449</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>103,411</b>	<b>69,619</b>	<b>109,401</b>	<b>72,210</b>
<b>Total comprehensive income (expense) attributable to:</b>				
Owners of the parent	104,066	69,206	109,401	72,210
Non-controlling interests	(655)	413	-	-
<b>Total comprehensive income for the period</b>	<b>103,411</b>	<b>69,619</b>	<b>109,401</b>	<b>72,210</b>

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

# Sappe Public Company Limited and its Subsidiaries

## Statement of income (Unaudited)

		Consolidated		Separate	
		financial statements		financial statements	
		Nine-month period ended		Nine-month period ended	
		30 September		30 September	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
<b>Revenue</b>					
Revenue from sale of goods	5, 14	2,512,565	2,182,677	2,325,859	2,161,723
Other income	5	43,821	38,221	40,294	36,613
Gain from changes in interest in associate	4	10,082	-	-	-
Net foreign exchange gain		2,258	4,871	7,210	8,572
<b>Total revenues</b>		<b>2,568,726</b>	<b>2,225,769</b>	<b>2,373,363</b>	<b>2,206,908</b>
<b>Expenses</b>					
Cost of sales of goods		1,551,325	1,386,883	1,403,172	1,369,417
Distribution costs	5	344,784	251,263	320,198	248,292
Administrative expenses	5	213,789	200,390	194,588	198,142
Finance costs	5	875	137	-	-
<b>Total expenses</b>		<b>2,110,773</b>	<b>1,838,673</b>	<b>1,917,958</b>	<b>1,815,851</b>
Share of loss of associates	4, 8, 14	(13,698)	(5,700)	-	-
<b>Profit before income tax expense</b>		<b>444,255</b>	<b>381,396</b>	<b>455,405</b>	<b>391,057</b>
Tax expense		91,410	79,397	90,967	79,397
<b>Profit for the period</b>		<b>352,845</b>	<b>301,999</b>	<b>364,438</b>	<b>311,660</b>
<b>Profit (loss) attributable to:</b>					
Owners of parent		353,146	301,842	364,438	311,660
Non-controlling interests		(301)	157	-	-
<b>Profit for the period</b>		<b>352,845</b>	<b>301,999</b>	<b>364,438</b>	<b>311,660</b>
<b>Earnings per share (in Baht)</b>					
	15				
Basic earnings per share		1.16	0.99	1.20	1.02
Diluted earnings per share		1.16	0.99	1.20	1.02

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

# Sappe Public Company Limited and its Subsidiaries

## Statement of comprehensive income (Unaudited)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	Nine-month period ended		Nine-month period ended	
	30 September		30 September	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Profit for the period</b>	<b>352,845</b>	<b>301,999</b>	<b>364,438</b>	<b>311,660</b>
<b>Other comprehensive income</b>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	4,780	2,729	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Gains on remeasurements of defined benefit plans	525	-	525	-
<b>Other comprehensive income for the period, net of tax</b>	<b>5,305</b>	<b>2,729</b>	<b>525</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>358,150</b>	<b>304,728</b>	<b>364,963</b>	<b>311,660</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	357,953	304,409	364,963	311,660
Non-controlling interests	197	319	-	-
<b>Total comprehensive income for the period</b>	<b>358,150</b>	<b>304,728</b>	<b>364,963</b>	<b>311,660</b>

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 attributable to owners of the parent	Non-controlling interests	Total equity		
		Issued and paid-up share capital	Share premium on ordinary shares	Warrants	Legal reserve	Unappropriated reserve	Difference arising from common control transactions	Translating foreign operations	Total other components of equity						
Nine-month period ended 30 September 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															
Contributions by and distributions to owners of the parent															
Shares options exercised	12	1,288	18,594	(6,840)	-	-	-	-	-	13,042	-	13,042			
Share-based payment transactions	13	-	-	10,371	-	-	-	-	-	10,371	-	10,371			
Dividends	16	-	-	-	-	(210,014)	-	-	-	(210,014)	-	(210,014)			
Total contributions by and distributions to owners of the parent															
Total transactions with owners, recorded directly in equity		1,288	18,594	3,531	-	(210,014)	-	-	-	(186,601)	-	(186,601)			
Comprehensive income for the period															
Profit		-	-	-	-	301,842	-	-	-	301,842	157	301,999			
Other comprehensive income		-	-	-	-	-	-	2,567	2,567	2,567	162	2,729			
Total comprehensive income for the period		-	-	-	-	301,842	-	2,567	2,567	304,409	319	304,728			
Balance at 30 September 2018		304,368	975,343	5,457	30,462	1,060,377	(4,365)	3,477	(888)	2,375,119	(4,588)	2,370,531			

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												
		Retained earnings		Other components of equity								
		Share		Difference		Equity						
		Issued and paid-up share capital	premium on ordinary shares	Warrants	Legal reserve	Unappropriated	arising from common control transactions	Translating foreign operations	Total other components of equity	attributable to owners of the parent	Non-controlling interests	Total equity
Note												
(in thousand Baht)												
Nine-month period ended 30 September 2019												
Balance at 1 January 2019												
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the parent												
12		10	264	(69)	-	-	-	-	-	205	-	205
13		-	-	8,924	-	-	-	-	-	8,924	-	8,924
16		-	-	-	-	(200,830)	-	-	-	(200,830)	-	(200,830)
Total contributions by and distributions to owners of the parent												
10		10	264	8,855	-	(200,830)	-	-	-	(191,701)	-	(191,701)
Changes in ownership interests in subsidiaries												
4		-	-	-	-	-	-	-	-	-	97,121	97,121
Total changes in ownership interests in subsidiaries												
-		-	-	-	-	-	-	-	-	-	97,121	97,121
Total transactions with owners, recorded directly in equity												
10		10	264	8,855	-	(200,830)	-	-	-	(191,701)	97,121	(94,580)
Comprehensive income (expense) for the period												
-		-	-	-	-	353,146	-	-	-	353,146	(301)	352,845
-		-	-	-	-	525	-	4,282	4,282	4,807	498	5,305
-		-	-	-	-	353,671	-	4,282	4,282	357,953	197	358,150
Total comprehensive income for the period												
304,378		304,378	975,607	17,924	30,844	1,262,545	(4,365)	7,706	3,341	2,594,639	92,472	2,687,111
Balance at 30 September 2019												

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				
		Retained earning				
		Issued and paid-up share capital	Share premium on ordinary shares	Warrants	Legal reserve	Unappropriated equity
	Note					
<b>Nine-month period ended 30 September 2018</b>						
Balance at 1 January 2018		303,080	956,749	1,926	30,462	1,022,538
						2,314,755
<b>Transactions with owners, recorded directly in equity</b>						
<i>Contributions by and distributions to owners</i>						
Shares options exercised	12	1,288	18,594	(6,840)	-	-
Share-based payment transactions	13	-	-	10,371	-	-
Dividends	16	-	-	-	(210,014)	(210,014)
<b>Total contributions by and distributions to owners</b>		<b>1,288</b>	<b>18,594</b>	<b>3,531</b>	<b>-</b>	<b>(210,014)</b>
						<b>(186,601)</b>
<b>Comprehensive income for the period</b>						
Profit		-	-	-	-	311,660
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311,660</b>
Balance at 30 September 2018		304,368	975,343	5,457	30,462	1,124,184
						2,439,814

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
		Issued and paid-up share capital	Share premium on ordinary shares	Warrants	Legal reserve	Unappropriated	
		Note			(in thousand Baht)		
<b>Nine-month period ended 30 September 2019</b>							
<b>Balance at 1 January 2019</b>		<b>304,368</b>	<b>975,343</b>	<b>9,069</b>	<b>30,844</b>	<b>1,147,406</b>	<b>2,467,030</b>
<b>Transactions with owners, recorded directly in equity</b>							
<i>Contributions by and distributions to owners</i>							
Shares options exercised	12	10	264	(69)	-	-	205
Share-based payment transactions	13	-	-	8,924	-	-	8,924
Dividends	16	-	-	-	-	(200,830)	(200,830)
<i>Total contributions by and distributions to owners</i>		<b>10</b>	<b>264</b>	<b>8,855</b>	<b>-</b>	<b>(200,830)</b>	<b>(191,701)</b>
<b>Comprehensive income for the period</b>							
Profit		-	-	-	-	364,438	364,438
Other comprehensive income		-	-	-	-	525	525
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>364,963</b>	<b>364,963</b>
<b>Balance at 30 September 2019</b>		<b>304,378</b>	<b>975,607</b>	<b>17,924</b>	<b>30,844</b>	<b>1,311,539</b>	<b>2,640,292</b>

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

# Sappe Public Company Limited and its Subsidiaries

## Statement of cash flows (Unaudited)

		Consolidated		Separate	
		financial statements		financial statements	
		Nine-month period ended		Nine-month period ended	
		30 September		30 September	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
<b>Cash flows from operating activities</b>					
Profit for the period		352,845	301,999	364,438	311,660
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Depreciation		135,826	112,724	120,878	111,943
Amortisation of intangible assets		5,644	5,387	5,559	5,387
Interest income		(1,368)	(418)	(1,801)	(686)
Finance costs		875	137	-	-
Bad and doubtful debts expenses (reversal)		1,242	(23)	(464)	49
Losses on inventories devaluation		179	2,088	1,131	2,088
Unrealised loss (gain) on exchange rates		353	(930)	1,639	(552)
Unrealised gain from current investments revaluation	6	(8,586)	(6,041)	(8,586)	(6,041)
Gain on sale of current investments	6	(4,188)	(853)	(4,188)	(853)
Gain from changes in interest in associate	4	(10,082)	-	-	-
Loss (gain) on sale of plant and equipment		704	1,043	(75)	1,043
Share of loss of investments in associates		13,698	5,700	-	-
Non-current provisions for employee benefits		7,342	3,091	7,223	3,091
Share-based payment		8,924	10,371	8,924	10,371
Tax expense		91,410	79,397	90,967	79,397
		594,818	513,672	585,645	516,897
<b>Changes in operating assets and liabilities</b>					
Trade accounts receivable		(37,461)	(27,355)	(58,409)	(24,782)
Other receivables		3,813	(4,413)	(5,743)	(5,740)
Inventories		1,213	(13,242)	2,503	(12,511)
Other current assets		(7,196)	347	(7,889)	423
Other non-current assets		255	(880)	(50)	(880)
Trade accounts payable		(4,209)	(21,652)	818	(21,650)
Other payables		19,761	(33,822)	33,419	(35,962)
Foreign currency translation differences of subsidiaries		(1,349)	2,596	-	-
Net cash generated from operating activities		569,645	415,251	550,294	415,795
Provisions for employee benefits paid		(565)	(435)	(565)	(435)
Tax paid		(93,924)	(104,042)	(92,947)	(104,042)
<b>Net cash from operating activities</b>		<b>475,156</b>	<b>310,774</b>	<b>456,782</b>	<b>311,318</b>

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

# Sappe Public Company Limited and its Subsidiaries

## Statement of cash flows (Unaudited)

		Consolidated		Separate	
		financial statements		financial statements	
	Note	Nine-month period ended		Nine-month period ended	
		30 September		30 September	
		2019	2018	2019	2018
		(in thousand Baht)			
<b>Cash flows from investing activities</b>					
Payment on investments in subsidiaries	9	-	-	(93,000)	-
Acquisition of subsidiary, net of cash acquired	4	6,571	-	-	-
Acquisition of associate	8	(50,000)	-	-	-
Acquisition of current investments	6	(1,250,000)	(1,140,000)	(1,250,000)	(1,140,000)
Proceeds from sale of current investments	6	1,200,000	1,140,000	1,200,000	1,140,000
Acquisition of other long-term investments		(50,000)	-	(50,000)	-
Acquisition of plant and equipment		(87,675)	(125,761)	(81,427)	(126,722)
Proceeds from sale of plant and equipment		793	184	75	184
Acquisition of intangible assets		(3,139)	(2,656)	(1,368)	(2,656)
Proceeds from repayment of loans to subsidiaries	5	-	-	350	-
Interest received		1,373	226	1,399	226
<b>Net cash used in investing activities</b>		<b>(232,077)</b>	<b>(128,007)</b>	<b>(273,971)</b>	<b>(128,968)</b>
<b>Cash flows from financing activities</b>					
Repayment of bank overdraft		(948)	(453)	-	-
Proceeds from exercise of share options		205	13,042	205	13,042
Repayment of short-term loans		(63)	-	-	-
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(4,083)	(161)	-	-
Dividend paid		(200,830)	(210,014)	(200,830)	(210,014)
Interest paid		(1,570)	(210)	-	-
<b>Net cash used in financing activities</b>		<b>(207,289)</b>	<b>(197,796)</b>	<b>(200,625)</b>	<b>(196,972)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>35,790</b>	<b>(15,029)</b>	<b>(17,814)</b>	<b>(14,622)</b>
Cash and cash equivalents at 1 January		172,637	155,684	159,559	142,519
<b>Cash and cash equivalents at 30 September</b>		<b>208,427</b>	<b>140,655</b>	<b>141,745</b>	<b>127,897</b>
<b>Non-cash transactions</b>					
Outstanding payables for purchases of plant and equipment		6,301	22,584	5,656	22,584
Outstanding payables for purchases of intangible assets		216	72	216	72
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 nine-month periods ended 30 September 2019 (Unaudited)**

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**Sappe Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
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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 12 November 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 September 2019 and 31 December 2018 were as following:

Name of company	Nature of business	Country of incorporation /Nationality	Ownership interest (%)	
			30 September 2019	31 December 2018
<b>Direct subsidiaries</b>				
Sappe Europe s.r.o.	Distributing health drinking product	Slovakia	60	60
Sappe Holding (Thailand) Co., Ltd.	Group management service	Thailand	100	100
<b>Indirect subsidiaries</b>				
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 (*)
with subsidiaries as follows :				
- All Coco Co., Ltd.	Distributing coconut products	Thailand	51	40 (*)
- K Best Farm Co., Ltd.	Providing and distributing domestic fresh coconut	Thailand	51	40 (*)
<b>Indirect associates</b>				
Danone Sappe Beverages Co., Ltd.	Distributing health drinking product	Thailand	25	-

(\*) are indirect associates in 2018 (see Notes 4).

**Sappe Public Company Limited and its Subsidiaries**  
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**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 20.

**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**  
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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. 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.

b. 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).

**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 shares and voting interest, 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.



**Sappe Public Company Limited and its Subsidiaries**  
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During the period from the acquisition date to 30 September 2019, All Coco Group Co., Ltd. contributed revenue of Baht 185.47 million and loss of Baht 0.003 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 nine-month period ended 30 September 2019 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)
<b>Total identifiable net assets</b>		<b>198,208</b>
Less: Non-controlling interests (49%)		97,122
<b>Total identifiable net assets received</b>		<b>101,086</b>
Less: Fair value of previously-held interests before business combination		154,000
Less: Purchase consideration transferred		42,350
<b>Goodwill arising from the acquisition</b>		<b>95,264</b>
Net cash acquired with the subsidiary		48,921
Cash paid		42,350
Net cash inflows		6,571

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.

**Sappe Public Company Limited and its Subsidiaries**  
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*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 nine-month period ended 30 September 2019 are as follows:

Transactions	Pricing policies			
Purchase of goods	At agreed rate			
Significant transactions for the three-month and nine-month periods ended 30 September with related parties were as follows:				
	Consolidated financial statements		Separate financial statements	
Three-month period ended 30 September	2019	2018	2019	2018
	(in thousand Baht)			
<b>Subsidiaries</b>				
Sales of goods	-	-	2,069	3,833
Purchase of goods	-	-	6,211	-
Purchase of machinery and equipment	-	-	532	-
Other income	-	-	75	-
Interest income	-	-	142	89
Distribution costs and administrative expenses	-	-	108	-
<b>Associates</b>				
Purchase of goods	70,489	-	70,489	-
Other income	3,718	2,074	3,718	2,074
Interest income	-	64	-	64
Distribution costs and administrative expenses	-	25	-	25
<b>Other related parties</b>				
Sales of goods	1,244	2,240	-	-
Purchase of machinery and equipment	80	2,768	80	2,768
Other income	93	94	93	94
Rental and other expenses	1,925	1,880	1,925	1,880
Consultant fee	300	300	300	300
Distribution costs and administrative expenses	26	55	19	47
Interest expense	55	16	-	-
<b>Key management personnel compensation</b>				
Short-term employee benefit and others	14,034	12,207	14,034	12,207
Long-term employee benefits	545	531	545	531
Share-based payments	768	875	768	875

# Sappe Public Company Limited and its Subsidiaries

## Notes to the condensed interim financial statements

For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

<i>Nine-month period ended 30 September</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sales of goods	-	-	3,127	8,826
Purchase of goods	-	-	10,144	-
Purchase of machinery and equipment	-	-	532	-
Other income	-	-	105	-
Interest income	-	-	433	268
Distribution costs and administrative expenses	-	-	445	-
<b>Associates</b>				
Sales of goods	6,991	-	6,991	-
Purchase of goods	132,413	-	132,413	-
Other income	4,265	6,138	4,265	6,138
Interest income	-	191	-	191
Distribution costs and administrative expenses	-	80	-	80
<b>Other related parties</b>				
Sales of goods	4,314	5,695	-	-
Purchase of machinery and equipment	500	11,433	500	11,433
Other income	270	269	270	269
Rental and other expense	5,745	5,594	5,745	5,594
Consultant fee	900	900	900	900
Distribution costs and administrative expenses	90	187	69	166
Interest expense	179	46	-	-
<b>Key management personnel compensation</b>				
Short-term employee benefit and others	42,392	36,942	42,392	36,942
Long-term employee benefits	1,635	1,537	1,635	1,537
Share-based payments	2,280	3,251	2,280	3,251

Intercompany sales to and purchase from associates described above excluded co-packing and distribution with an indirect associate of Baht 32.28 million and 108.38 million for the three-month and nine-month periods ended 30 September 2019, respectively.

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

<i>Trade accounts receivable – related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Sappe Europe s.r.o.	-	-	1,697	1,116
<b>Associates</b>				
Danone Sappe Beverages Co., Ltd.	370	-	370	-
<b>Other related parties</b>				
Italmarket Slovakia, a.s.	251	-	-	-
<b>Total</b>	<b>621</b>	<b>-</b>	<b>2,067</b>	<b>1,116</b>

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

<i>Other receivables - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sappe Europe s.r.o.	-	-	2,174	2,156
Sappe Trading (Shanghai) Co., Ltd.	-	-	9,874	9,716
Sappe Holding (Thailand) Co., Ltd.	-	-	833	88
Sappe Trading (Hong kong) Company Limited	-	-	203	104
All Coco Group Co., Ltd.	-	-	3,345	-
All Coco Co., Ltd.	-	-	270	-
<b>Associates</b>				
All Coco Group Co., Ltd.	-	4,189	-	4,189
All Coco Co., Ltd.	-	201	-	201
Danone Sappe Beverages Co., Ltd.	1,051	-	1,051	-
<b>Other related parties</b>				
Hayashi Products Co., Ltd.	31	28	31	28
Director	-	7	-	-
	<u>1,082</u>	<u>4,425</u>	<u>17,781</u>	<u>16,482</u>
Less allowance for doubtful accounts	-	-	(12,048)	(11,872)
<b>Net</b>	<u><b>1,082</b></u>	<u><b>4,425</b></u>	<u><b>5,733</b></u>	<u><b>4,610</b></u>
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Bad and doubtful debts expense for the:				
- Three-month period ended 30 September	<u>-</u>	<u>-</u>	<u>65</u>	<u>-</u>
- Nine-month period ended 30 September	<u>-</u>	<u>-</u>	<u>176</u>	<u>-</u>

Giving consideration of the currents operation at two overseas subsidiaries, the company has provided allowance for doubtful accounts totalling Baht 12.05 million for the nine-month period ended 30 September 2019 (31 December 2018: Baht 11.87 million).

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

	<b>Interest rate</b>		<b>Consolidated financial statements</b>			
	31 December 2018	30 September 2019	31 December 2018	Increase (in thousand Baht)	Decrease	30 September 2019
	<i>(% per annum)</i>					
<b>Associates</b>						
All Coco Group Co., Ltd.	3.2	-	4,800	-	4,800	-
All Coco Co., Ltd.	3.2	-	3,200	-	3,200	-
<b>Net</b>			<u><b>8,000</b></u>			<u><b>-</b></u>

# Sappe Public Company Limited and its Subsidiaries

## Notes to the condensed interim financial statements

For the three-month and nine-month periods ended 30 September 2019 (Unaudited)

	Interest rate		Separate financial statements				
	31 December 2018 <i>(% per annum)</i>	30 September 2019	31 December 2018	Increase	Decrease	Foreign currency differences	30 September 2019
				<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>							
Sappe Europe s.r.o.	4	4	8,692	-	-	(875)	7,817
All Coco Group							
Co., Ltd.	-	3.2	-	4,800	210	-	4,590
All Coco Co., Ltd.	-	3.2	-	3,200	140	-	3,060
<b>Associates</b>							
All Coco Group							
Co., Ltd.	3.2	-	4,800	-	4,800	-	-
All Coco Co., Ltd.	3.2	-	3,200	-	3,200	-	-
<b>Total</b>			<b>16,692</b>				<b>15,476</b>
Less allowance for doubtful accounts			(8,692)				(7,817)
<b>Net</b>			<b>8,000</b>				<b>7,650</b>

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(in thousand Baht)			
Reversal of bad and doubtful debts expense of loan to related parties for the:				
- Three-month period ended 30 September	-	-	362	-
- Nine-month period ended 30 September	-	-	875	-

### Other non-current assets

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

### Trade accounts payable - related parties

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	(in thousand Baht)			
<b>Subsidiary</b>				
All Coco Group Co., Ltd.	-	-	2,830	-
<b>Associate</b>				
Danone Sappe Beverages Co., Ltd.	25,988	-	25,988	-
<b>Total</b>	<b>25,988</b>	<b>-</b>	<b>28,818</b>	<b>-</b>

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

<i>Other payable - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
All Coco Group Co., Ltd.	-	-	588	-
<b>Associate</b>				
All Coco Group Co., Ltd.	-	30	-	30
<b>Other related parties</b>				
Italmarket Slovakia, a.s.	501	1,269	-	-
Toyox Trading (Thailand) Co., Ltd.	-	94	-	94
3T Engineering Co., Ltd	-	2,568	-	2,568
Bangkok Bestbuy Group Co., Ltd.	-	75	-	75
Key management personnel	319	-	-	-
<b>Total</b>	<b>820</b>	<b>4,036</b>	<b>588</b>	<b>2,767</b>

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

	<b>Interest rate</b>		<b>Consolidated financial statements</b>				
	31 December 2018	30 September 2019	31 December 2018	Increase	Decrease	Foreign currency differences	30 September 2019
	<i>(% per annum)</i>			<i>(in thousand Baht)</i>			
<b>Other related parties</b>							
Italmarket							
Slovakia, a.s.	2.0	2.0	2,970	-	-	(296)	2,674
Director	-	-	928	-	-	(92)	836
Key management personnel	-	3.2	-	6,500	2,825	-	3,675
Other related parties	-	-	86	-	-	-	86
<b>Total</b>			<b>3,984</b>				<b>7,271</b>

<i>Other non-current liability - related party</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>			
<b>Other related party</b>				
Director	<b>3,646</b>	<b>4,049</b>	-	-

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 September 2019, the management considered to recognise a provision following the regulations of the subsidiary of Baht 3.65 million (31 December 2018: Baht 4.05 million) under "Other non-current liabilities" in the consolidated financial statements.

**Sappe Public Company Limited and its Subsidiaries**  
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*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 nine-month period ended 30 September 2019 of current investments were as follows:

<b>Consolidated financial statements</b>					
	31 December 2018	Purchase	Disposal (in thousand Baht)	Fair value adjustment	30 September 2019
<b><i>Current investments</i></b>					
Debt securities held for trading	<u>915,805</u>	1,250,000	(1,200,000)	12,774	<u>978,579</u>
<b><i>Other long-term investments</i></b>					
Long-term deposits at financial institutions	<u>50,000</u>	50,000	-	-	<u>100,000</u>
<b>Separate financial statements</b>					
	31 December 2018	Purchase	Disposal (in thousand Baht)	Fair value adjustment	30 September 2019
<b><i>Current investments</i></b>					
Debt securities held for trading	<u>915,805</u>	1,250,000	(1,200,000)	12,774	<u>978,579</u>
<b><i>Other long-term investments</i></b>					
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 nine-month periods ended 30 September 2019 (Unaudited)

### 7 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	<i>(in thousand Baht)</i>			
Within credit terms	195,277	159,449	186,555	159,843
Overdue:				
Less than 3 months	116,964	89,430	110,430	84,442
3-6 months	368	80	239	80
6-12 months	6,603	-	5,598	-
Over than 12 months	463	2	-	-
<b>Total</b>	<b>319,675</b>	<b>248,961</b>	<b>302,822</b>	<b>244,365</b>
Less allowance for doubtful accounts	(1,704)	(2)	(236)	-
<b>Net</b>	<b>317,971</b>	<b>248,959</b>	<b>302,586</b>	<b>244,365</b>
	2019	2018	2019	2018
Bad and doubtful debts expense (Reversal) for the:				
- Three-month period ended 30 September	<u>696</u>	<u>6</u>	<u>236</u>	<u>65</u>
- Nine-month period ended 30 September	<u>1,242</u>	<u>(23)</u>	<u>236</u>	<u>49</u>

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



**Sappe Public Company Limited and its Subsidiaries**  
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**8 Investment in associates**

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

Consolidated financial statements											
Type of business	Ownership interest		Paid-up capital		Cost		Equity		Dividend income for the nine-month period ended		
	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	30 September 2018	
<i>(in thousand Baht)</i>											
<i>Indirect associates</i>											
All Coco Group Co., Ltd.											

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 nine-month periods ended 30 September 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.

In July 2019, Danone Sappe Beverages Co., Ltd. registered its share capital from Baht 100 million to Baht 200 million by issuing share capital to Baht 100 million (1,000,000 shares at Baht 100 per share). Sappe Holding (Thailand) Co., Ltd., a subsidiary has paid-up share capital amounting to Baht 25 million. The percentage of holding interest of the Group remains unchanged. Danone Sappe Beverages Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 31 July 2019.

*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 nine-month period ended 30 September 2019.

**Sappe Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
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**9 Investments in subsidiaries**

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

Separate financial statements											Dividend income for the nine-month period ended
Ownership interest	Paid-up capital		Cost		Impairment		At cost - net		September 2019	September 2018	
	30 September 2019	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018				
(in thousand Baht)											
<i>Direct subsidiaries</i>											
Sappe Europe s.r.o.	60	60	EUR 6,639	162	162	-	-	162	162	-	-
Sappe Holding (Thailand) Co., Ltd.	100	100	Baht 290 million	290,000	197,000	-	-	290,000	197,000	-	-
Total				<u>290,162</u>	<u>197,162</u>	<u>-</u>	<u>-</u>	<u>290,162</u>	<u>197,162</u>	<u>-</u>	<u>-</u>
<i>Indirect subsidiaries</i>											
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**  
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In February 2019, Sappe Holding (Thailand) Co., Ltd., which is the subsidiary increase its registered share capital from Baht 197 million to Baht 290 million (29,000,000 shares, at the price of Baht 10 per share) by issue authorised share capital of Sappe Holding (Thailand) Co., Ltd. by Baht 93 million (9,300,000 shares, at the price of Baht 10 per share). The Company made a share payment for Baht 68 million. Sappe Holding (Thailand) Co., Ltd. registered the increase of share capital with the Ministry of Commerce on 8 February 2019.

In July 2019, the Company made an additional paid-up share for Baht 25 million. Sappe Holding (Thailand) Co., Ltd. were fully paid-up on 22 July 2019.

Details of the increase of investment in subsidiaries from business acquisition during the nine-month period ended 30 September 2019 are disclosed in note 4.

## 10 Property, plant and equipment

Acquisitions, disposals and transfers of property, plant and equipment during the nine-month period ended 30 September 2019 were as follows:

	Consolidated financial statements			Separate financial statements	
	Acquisitions and transfers in - at cost	Assets acquired from business acquisition	Disposals and transfers out - net book value (in thousand Baht)	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
Land and land improvement	2,820	4,901	-	-	-
Buildings and building improvement	12,445	56,290	(2,810)	1,340	-
Machinery and equipment	96,082	87,925	(11,442)	94,434	-
Furniture, fixtures and office equipment	5,032	9,640	(1,021)	3,281	-
Vehicles	3,106	2,089	(227)	3,106	-
Assets under construction and installation	73,808	114	(91,411)	69,407	(91,190)
<b>Total</b>	<b>193,293</b>	<b>160,959</b>	<b>(106,911)</b>	<b>171,568</b>	<b>(91,190)</b>

## 11 Other payables

		Consolidated financial statements		Separate financial statements	
	Note	30 September 2019	31 December 2018	30 September 2019	31 December 2018
		(in thousand Baht)			
Other payables - related parties	5	820	4,036	588	2,767
Accrued promotional expense		118,192	118,402	118,192	118,402
Accrued expense		90,755	76,447	81,799	76,083
Other payables - other parties		76,744	53,378	70,996	53,378
Advance received		25,442	8,468	22,236	8,468
Others		10,247	12,260	8,217	10,087
<b>Total</b>		<b>322,200</b>	<b>272,991</b>	<b>302,028</b>	<b>269,185</b>

**Sappe Public Company Limited and its Subsidiaries**  
**Notes to the condensed interim financial statements**  
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**12 Share capital**

<i>For the nine-month period ended 30 September</i>	Par value per share (in Baht)	2019		2018	
		Number	Amount	Number	Amount
		<i>(thousand shares / thousand Baht)</i>			
<b>Authorised</b>					
At 1 January					
- 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
<b>At 30 September</b>					
- ordinary shares	1	<u>308,438</u>	<u>308,438</u>	<u>308,438</u>	<u>308,438</u>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	304,368	304,368	303,080	303,080
Shares options exercised (Note 13)	1	10	10	1,288	1,288
<b>At 30 September</b>					
- ordinary shares	1	<u>304,378</u>	<u>304,378</u>	<u>304,368</u>	<u>304,368</u>

**13 Warrants**

Expenses for share-based payment transactions in the consolidated and separate financial statements for the nine-month period ended 30 September 2019 were Baht 8.92 million (2018: Baht 10.37 million) and for the three-month period ended 30 September 2019 were Baht 3.00 million (2018: Baht 3.71 million).

Movements during the nine-month periods ended 30 September of warrants were as follows:

<i>For the nine-month period ended 30 September</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	-	-	7.72	4,070
Exercise	6.90	(10)	9.12	(1,288)
<b>At 30 September</b>	<u>7.72</u>	<u>4,060</u>	<u>7.72</u>	<u>4,070</u>

**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

## 14 Segment information and disaggregation of revenue

	Consolidated financial statements						
	Health drinking products		Coconut products		Other segments		Net
	2019	2018	2019	2018	2019	2018	
<i>Three-month period ended 30 September</i>							
<i>Information about reportable segments</i>							
External revenues	750,605	619,860	59,040	-	815,194	633,391	633,391
Inter-segment revenue	2,070	3,833	6,319	-	8,389	3,833	-
<b>Total revenue</b>	<b>752,675</b>	<b>623,693</b>	<b>65,359</b>	<b>-</b>	<b>823,583</b>	<b>637,224</b>	<b>633,391</b>
<i>Disaggregation of revenue</i>							
<b>Primary geographical markets</b>							
Thailand	253,036	232,395	60,744	-	313,780	232,395	232,395
Indonesia and Philippines	202,968	156,381	-	-	202,968	156,381	156,381
Others	296,671	234,917	4,615	-	306,835	248,448	244,615
<b>Total revenue</b>	<b>752,675</b>	<b>623,693</b>	<b>65,359</b>	<b>-</b>	<b>823,583</b>	<b>637,224</b>	<b>633,391</b>
<b>Major products</b>							
Drinks	637,060	508,832	54,970	-	697,579	522,363	518,530
Others	115,615	114,861	10,389	-	126,004	114,861	114,861
<b>Total revenue</b>	<b>752,675</b>	<b>623,693</b>	<b>65,359</b>	<b>-</b>	<b>823,583</b>	<b>637,224</b>	<b>633,391</b>
<b>Timing of revenue recognition</b>							
At a point in time	752,675	623,693	65,359	-	823,583	637,224	633,391
Share of loss of investments in associates	(3,664)	(2,696)	-	-	(3,664)	(2,696)	(2,696)
Segment profit (loss) before income tax	133,199	87,793	(2,220)	-	128,208	85,498	85,449

**For the three-month and nine-month periods ended 30 September 2019 (Unaudited)**

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

<i>Three-month period ended 30 September</i>	<b>Separate financial statements</b>	
	<b>Reportable segments</b>	
	2019	2018
	<i>(in thousand Baht)</i>	
<b>Disaggregation of revenue</b>		
<b>Primary geographical markets</b>		
Thailand	253,036	232,395
Indonesia and Philippines	202,968	156,381
Others	296,671	234,917
<b>Total revenue</b>	<b>752,675</b>	<b>623,693</b>
<b>Major products</b>		
Drinks	637,060	508,832
Others	115,615	114,861
<b>Total revenue</b>	<b>752,675</b>	<b>623,693</b>
<b>Timing of revenue recognition</b>		
At a point in time	<b>752,675</b>	<b>623,693</b>
<i>Nine-month period ended 30 September</i>	<b>Separate financial statements</b>	
	<b>Reportable segments</b>	
	2019	2018
	<i>(in thousand Baht)</i>	
<b>Disaggregation of revenue</b>		
<b>Primary geographical markets</b>		
Thailand	888,872	689,788
Indonesia and Philippines	595,858	602,569
Others	841,129	869,366
<b>Total revenue</b>	<b>2,325,859</b>	<b>2,161,723</b>
<b>Major products</b>		
Drinks	2,006,639	1,866,393
Others	319,220	295,330
<b>Total revenue</b>	<b>2,325,859</b>	<b>2,161,723</b>
<b>Timing of revenue recognition</b>		
At a point in time	<b>2,325,859</b>	<b>2,161,723</b>



**Sappe Public Company Limited and its Subsidiaries**  
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**15 Earnings per share**

***Basic earnings per share***

The calculations of basic earnings per share for the three-month and nine-month periods ended 30 September 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:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
<i>Three-month period ended 30 September</i>	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit for the period attributable to ordinary shareholders of the Company (basic)</b>	<b>102,184</b>	<b>66,853</b>	<b>109,401</b>	<b>72,210</b>
Number of ordinary shares outstanding at 1 July	304,368	304,368	304,368	304,368
Effect of issuing shares options exercised	9	-	9	-
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>304,377</b>	<b>304,368</b>	<b>304,377</b>	<b>304,368</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>0.34</b>	<b>0.22</b>	<b>0.36</b>	<b>0.24</b>
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2019	2018	2019	2018
<i>Nine-month period ended 30 September</i>	<i>(in thousand Baht / thousand shares)</i>			
<b>Profit for the period attributable to ordinary shareholders of the Company (basic)</b>	<b>353,146</b>	<b>301,842</b>	<b>364,438</b>	<b>311,660</b>
Number of ordinary shares outstanding at 1 January	304,368	303,080	304,368	303,080
Effect of issuing shares options exercised	3	1,241	3	1,241
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>304,371</b>	<b>304,321</b>	<b>304,371</b>	<b>304,321</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>1.16</b>	<b>0.99</b>	<b>1.20</b>	<b>1.02</b>

***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 nine-month period ended 30 September 2019. Effect of share options issued were not included in the calculation of diluted earnings per share.

**Sappe Public Company Limited and its Subsidiaries**  
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**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)
<b>2019</b>				
Annual dividend	18 April 2019	May 2019	0.66	200,830
<b>Additional dividend</b>			<b>0.66</b>	<b>200,830</b>
<b>2018</b>				
Annual dividend	26 April 2018	May 2018	0.69	200,014
<b>Additional dividend</b>			<b>0.69</b>	<b>200,014</b>

**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.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	Carrying amount	Fair Value Level 2 (in thousand Baht)	Carrying amount	Fair Value Level 2
<b>30 September 2019</b>				
<b><i>Financial assets measured at fair value</i></b>				
Debt securities held for trading	978,579	978,579	978,579	978,579
<b><i>Financial assets not measured at fair value</i></b>				
Foreign currency forward contract	1,711	891	1,711	891
<b>31 December 2018</b>				
<b><i>Financial assets measured at fair value</i></b>				
Debt securities held for trading	915,805	915,805	915,805	915,805
<b><i>Financial assets not measured at fair value</i></b>				
Foreign currency forward contract	1,737	1,059	1,737	1,059

**Sappe Public Company Limited and its Subsidiaries**  
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**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 September 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.

**18 Commitments with non-related parties**

<i>At 30 September 2019</i>	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
<b><i>Capital commitments</i></b>		
<i>Contracted but not provided for:</i>		
Machinery, equipment and other constructions	13,250	8,393
Software	2,064	-
<b>Total</b>	<b>15,314</b>	<b>8,393</b>
<b><i>Future minimum lease payments under non-cancellable operating leases</i></b>		
Within one year	17,286	11,843
After one year but within five years	4,466	945
Over 5 years	10,438	-
<b>Total</b>	<b>32,190</b>	<b>12,788</b>
<b><i>Other commitments</i></b>		
Bank guarantees	10,616	10,616
<b>Total</b>	<b>10,616</b>	<b>10,616</b>

**Sappe Public Company Limited and its Subsidiaries**  
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**19 Contingent liabilities**

As at 30 September 2019, the Company has been sued by a former oversea distributor in the amount of CNY 3.15 million (Baht 13.74 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 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:

<b>TFRS</b>	<b>Topic</b>
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.