

**Sappe Public Company Limited  
and its Subsidiaries**

Interim financial statements  
for the three-month and nine-month periods ended  
30 September 2018  
and  
Independent auditor's report on review  
of interim financial information



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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 2018; the consolidated and separate statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2018 and the consolidated and separate statements of changes in equity and cash flows for the nine-month period ended 30 September 2018; 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".

A handwritten signature in black ink, appearing to read 'Sureerat'.

(Sureerat Thongarunsang)  
Certified Public Accountant  
Registration No. 4409

KPMG Phoomchai Audit Ltd.  
Bangkok  
12 November 2018

# Sappe Public Company Limited and its Subsidiaries

## Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
		2018	2017	2018	2017
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<b>Current assets</b>					
Cash and cash equivalents		140,655	155,684	127,897	142,519
Current investments	4	912,106	905,212	912,106	905,212
Trade accounts receivable	3, 5	230,407	203,210	223,910	199,358
Other receivables	3	48,018	43,129	63,160	56,743
Short-term loans to related parties	3	8,000	8,000	16,831	17,141
Inventories		187,342	176,188	183,456	173,033
Other current assets		6,494	6,841	5,777	6,200
<b>Total current assets</b>		<b>1,533,022</b>	<b>1,498,264</b>	<b>1,533,137</b>	<b>1,500,206</b>
<b>Non-current assets</b>					
Investment in associates	6	136,227	141,927	-	-
Investment in subsidiaries	7	-	-	197,162	197,162
Property, plant and equipment	8	1,071,019	1,048,123	1,067,231	1,043,409
Intangible assets		53,545	56,298	53,545	56,298
Deferred tax assets		9,574	9,400	9,574	9,400
Other non-current assets	3	5,278	4,398	5,278	4,398
<b>Total non-current assets</b>		<b>1,275,643</b>	<b>1,260,146</b>	<b>1,332,790</b>	<b>1,310,667</b>
<b>Total assets</b>		<b>2,808,665</b>	<b>2,758,410</b>	<b>2,865,927</b>	<b>2,810,873</b>

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

# Sappe Public Company Limited and its Subsidiaries

## Statement of financial position

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		30 September	31 December	30 September	31 December
<b>Liabilities and equity</b>		2018	2017	2018	2017
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<b><i>Current liabilities</i></b>					
Bank overdrafts		594	1,047	-	-
Trade accounts payable		146,934	168,598	145,721	167,382
Other payables	3, 9	251,633	276,094	250,382	276,911
Short-term loans from related parties	3	4,048	4,185	-	-
Current portion of finance lease liability		297	-	-	-
Current tax payable		18,606	43,077	18,606	43,077
<b>Total current liabilities</b>		<b>422,112</b>	<b>493,001</b>	<b>414,709</b>	<b>487,370</b>
<b><i>Non-current liabilities</i></b>					
Finance lease liability		504	-	-	-
Non-current provisions for employee benefits		11,404	8,748	11,404	8,748
Other non-current liabilities - related parties	3	4,114	4,257	-	-
<b>Total non-current liabilities</b>		<b>16,022</b>	<b>13,005</b>	<b>11,404</b>	<b>8,748</b>
<b>Total liabilities</b>		<b>438,134</b>	<b>506,006</b>	<b>426,113</b>	<b>496,118</b>

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

# Sappe Public Company Limited and its Subsidiaries

## Statement of financial position

	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
Liabilities and equity		2018	2017	2018	2017
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
<b>Equity</b>					
Share capital	10				
Authorised share capital		308,438	304,620	308,438	304,620
Issued and paid-up share capital		304,368	303,080	304,368	303,080
Share premium on ordinary shares		975,343	956,749	975,343	956,749
Warrants	11	5,457	1,926	5,457	1,926
Retained earnings					
Legal reserve		30,462	30,462	30,462	30,462
Unappropriated		1,060,377	968,549	1,124,184	1,022,538
Difference arising from common control transactions		(4,365)	(4,365)	-	-
Currency translation differences		3,477	910	-	-
<b>Equity attributable to owners of the parent</b>		<b>2,375,119</b>	<b>2,257,311</b>	<b>2,439,814</b>	<b>2,314,755</b>
Non-controlling interests		(4,588)	(4,907)	-	-
<b>Total equity</b>		<b>2,370,531</b>	<b>2,252,404</b>	<b>2,439,814</b>	<b>2,314,755</b>
<b>Total liabilities and equity</b>		<b>2,808,665</b>	<b>2,758,410</b>	<b>2,865,927</b>	<b>2,810,873</b>

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

# Sappe Public Company Limited and its Subsidiaries

## Statement of income (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Three-month period ended 30 September		Three-month period ended 30 September	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
<b>Revenue</b>					
Revenue from sale of goods	3	633,391	724,057	623,693	716,426
Other income	3	12,820	10,508	11,704	10,343
Net foreign exchange gain		1,976	3,829	4,898	3,876
<b>Total revenues</b>		<b>648,187</b>	<b>738,394</b>	<b>640,295</b>	<b>730,645</b>
<b>Expenses</b>					
Cost of sales of goods		421,213	448,114	412,943	441,388
Distribution costs	3	78,299	91,053	77,327	89,424
Administrative expenses	3	60,486	63,467	59,536	61,801
Finance costs	3	44	48	-	7
<b>Total expenses</b>		<b>560,042</b>	<b>602,682</b>	<b>549,806</b>	<b>592,620</b>
Share of gain (loss) of associates	6	(2,696)	3,103	-	-
<b>Profit before income tax expense</b>		<b>85,449</b>	<b>138,815</b>	<b>90,489</b>	<b>138,025</b>
Tax expense		18,279	27,240	18,279	27,240
<b>Profit for the period</b>		<b>67,170</b>	<b>111,575</b>	<b>72,210</b>	<b>110,785</b>
<b>Profit (loss) attributable to:</b>					
Owners of the parent		66,853	111,712	72,210	110,785
Non-controlling interests		317	(137)	-	-
<b>Profit for the period</b>		<b>67,170</b>	<b>111,575</b>	<b>72,210</b>	<b>110,785</b>
<b>Earnings per share (in Baht)</b>					
	13				
Basic earnings per share		<b>0.22</b>	<b>0.37</b>	<b>0.24</b>	<b>0.37</b>
Diluted earnings per share		<b>0.22</b>	<b>0.37</b>	<b>0.24</b>	<b>0.37</b>

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

# Sappe Public Company Limited and its Subsidiaries

## Statement of comprehensive income (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Three-month period ended		Three-month period ended	
	30 September		30 September	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Profit for the period</b>	<b>67,170</b>	<b>111,575</b>	<b>72,210</b>	<b>110,785</b>
<b>Other comprehensive income</b>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	2,449	(164)	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Gains on remeasurements of defined benefit plans	-	-	-	-
<b>Other comprehensive income for the period, net of tax</b>	<b>2,449</b>	<b>(164)</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>69,619</b>	<b>111,411</b>	<b>72,210</b>	<b>110,785</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	69,206	111,601	72,210	110,785
Non-controlling interests	413	(190)	-	-
<b>Total comprehensive income for the period</b>	<b>69,619</b>	<b>111,411</b>	<b>72,210</b>	<b>110,785</b>

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

# Sappe Public Company Limited and its Subsidiaries

## Statement of income (Unaudited)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Nine-month period ended		Nine-month period ended	
		30 September		30 September	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
<b>Revenue</b>					
Revenue from sale of goods	3	2,182,677	2,065,257	2,161,723	2,046,081
Other income	3	38,221	29,452	36,613	28,808
Net foreign exchange gain		4,871	12,365	8,572	13,599
<b>Total revenues</b>		<b>2,225,769</b>	<b>2,107,074</b>	<b>2,206,908</b>	<b>2,088,488</b>
<b>Expenses</b>					
Cost of sales of goods		1,386,883	1,248,995	1,369,417	1,232,606
Distribution costs	3	251,263	271,708	248,292	262,405
Administrative expenses	3	200,390	179,721	198,142	167,644
Finance costs	3	137	143	-	27
<b>Total expenses</b>		<b>1,838,673</b>	<b>1,700,567</b>	<b>1,815,851</b>	<b>1,662,682</b>
Share of gain (loss) of associates	6	(5,700)	875	-	-
<b>Profit before income tax expense</b>		<b>381,396</b>	<b>407,382</b>	<b>391,057</b>	<b>425,806</b>
Tax expense		79,397	83,698	79,397	83,698
<b>Profit for the period</b>		<b>301,999</b>	<b>323,684</b>	<b>311,660</b>	<b>342,108</b>
<b>Profit (loss) attributable to:</b>					
Owners of parent		301,842	323,839	311,660	342,108
Non-controlling interests		157	(155)	-	-
<b>Profit for the period</b>		<b>301,999</b>	<b>323,684</b>	<b>311,660</b>	<b>342,108</b>
<b>Earnings per share (in Baht)</b>					
	13				
Basic earnings per share		<b>0.99</b>	<b>1.07</b>	<b>1.02</b>	<b>1.13</b>
Diluted earnings per share		<b>0.99</b>	<b>1.07</b>	<b>1.02</b>	<b>1.13</b>

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

# Sappe Public Company Limited and its Subsidiaries

## Statement of comprehensive income (Unaudited)

	Consolidated		Separate	
	financial statements		financial statements	
	Nine-month period ended		Nine-month period ended	
	30 September		30 September	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Profit for the period</b>	<b>301,999</b>	<b>323,684</b>	<b>311,660</b>	<b>342,108</b>
<b>Other comprehensive income</b>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	2,729	(267)	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Gains on remeasurements of defined benefit plans	-	333	-	333
<b>Other comprehensive income for the period, net of tax</b>	<b>2,729</b>	<b>66</b>	<b>-</b>	<b>333</b>
<b>Total comprehensive income for the period</b>	<b>304,728</b>	<b>323,750</b>	<b>311,660</b>	<b>342,441</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	304,409	324,079	311,660	342,441
Non-controlling interests	319	(329)	-	-
<b>Total comprehensive income for the period</b>	<b>304,728</b>	<b>323,750</b>	<b>311,660</b>	<b>342,441</b>

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



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

	Consolidated financial statements											
	Retained earnings					Other components of 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	Equity attributable to owners of the parent	Non-controlling interests	Total equity	
	<i>Note</i>											
<i>(in thousand Baht)</i>												
<b>Nine-month period ended 30 September 2018</b>												
<b>Balance at 1 January 2018</b>		303,080	956,749	1,926	30,462	968,549	(4,365)	910	(3,455)	2,257,311	(4,907)	2,252,404
<b>Transactions with owners, recorded directly in equity</b>												
<b>Contributions by and distributions to owners of parent</b>												
Share option exercised	10	1,288	18,594	(6,840)	-	-	-	-	-	13,042	-	13,042
Share-based payment transactions	11	-	-	10,371	-	-	-	-	-	10,371	-	10,371
Dividends	14	-	-	-	(210,014)	-	-	-	-	(210,014)	-	(210,014)
<b>Total contributions by and distributions to owners of the parent</b>												
Total transactions with owners, recorded directly in equity		1,288	18,594	3,531	-	(210,014)	-	-	-	(186,601)	-	(186,601)
<b>Comprehensive income for the period</b>												
Profit		-	-	-	-	301,842	-	-	-	301,842	157	301,999
Other comprehensive income		-	-	-	-	-	-	2,567	2,567	2,567	162	2,729
<b>Total comprehensive income for the period</b>		-	-	-	-	301,842	-	2,567	2,567	304,409	319	304,728
<b>Balance at 30 September 2018</b>		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 are an integral part of these financial statements.

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

		Separate financial statements					
		Retained earning					
Note	Issued and paid-up share capital	Share premium on ordinary shares	Warrants	Legal reserve	Unappropriated	Total equity	
<i>(in thousand Baht)</i>							
<b>Nine-month period ended 30 September 2017</b>							
	<b>301,788</b>	<b>938,368</b>	<b>6,931</b>	<b>30,462</b>	<b>765,670</b>	<b>2,043,219</b>	
<b>Transactions with owners, recorded directly in equity</b>							
<b><i>Contributions by and distributions to owners</i></b>							
<i>10</i>	1,292	18,381	(6,594)	-	-	13,079	
<i>11</i>	-	-	1,188	-	-	1,188	
<i>14</i>	-	-	-	-	(163,267)	(163,267)	
	<b>1,292</b>	<b>18,381</b>	<b>(5,406)</b>	<b>-</b>	<b>(163,267)</b>	<b>(149,000)</b>	
<b><i>Total contributions by and distributions to owners</i></b>							
<b>Comprehensive income for the period</b>							
	-	-	-	-	342,108	342,108	
	-	-	-	-	333	333	
	-	-	-	-	<b>342,441</b>	<b>342,441</b>	
<b>Total comprehensive income for the period</b>							
	<b>303,080</b>	<b>956,749</b>	<b>1,525</b>	<b>30,462</b>	<b>944,844</b>	<b>2,236,660</b>	
<b>Balance at 30 September 2017</b>							

The accompanying notes are an integral part of these 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	Retained earnings	
<i>(in thousand Baht)</i>							
<b>Nine-month period ended 30 September 2018</b>							
<b>Balance at 1 January 2018</b>	<b>303,080</b>	<b>956,749</b>	<b>1,926</b>	<b>30,462</b>	<b>1,022,538</b>	<b>2,314,755</b>	
<b>Transactions with owners, recorded directly in equity</b>							
<b>Contributions by and distributions to owners</b>							
Shares options exercised	10 1,288	18,594	(6,840)	-	-	13,042	
Share-based payment transactions	11 -	-	10,371	-	-	10,371	
Dividends	14 -	-	-	-	(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	311,660	
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>311,660</b>	<b>311,660</b>	
<b>Balance at 30 September 2018</b>	<b>304,368</b>	<b>975,343</b>	<b>5,457</b>	<b>30,462</b>	<b>1,124,184</b>	<b>2,439,814</b>	

The accompanying notes are an integral part of these 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	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the period	301,999	323,684	311,660	342,108
<i>Adjustments to reconcile profit to cash receipts (payments)</i>				
Depreciation	112,724	115,664	111,943	114,886
Amortisation of intangible assets	5,387	4,265	5,387	4,265
Interest income	(418)	(1,232)	(686)	(1,503)
Finance costs	137	143	-	27
Bad and doubtful debts expenses (reversal)	(23)	(178)	49	(238)
Losses on inventories devaluation (reversal)	2,088	(2,755)	2,088	(2,755)
Unrealised gain on exchange rates	(930)	(2,062)	(552)	(2,503)
Unrealised gain from current investments revaluation	(6,041)	(1,599)	(6,041)	(1,599)
Gain on sale of current investments	(853)	(3,712)	(853)	(3,712)
Loss on sale of property, plant and equipment	1,043	952	1,043	1,511
Share of loss (gain) of investments in associates	5,700	(875)	-	-
Non-current provisions for employee benefits	3,091	2,501	3,091	2,501
Share-based payment	10,371	1,188	10,371	1,188
Tax expense	79,397	83,698	79,397	83,698
	513,672	519,682	516,897	537,874
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	(27,355)	(42,934)	(24,782)	(41,606)
Other receivables	(4,413)	(2,546)	(5,740)	(15,763)
Inventories	(13,242)	(24,175)	(12,511)	(24,477)
Other current assets	347	(3,172)	423	(2,939)
Other non-current assets	(880)	(870)	(880)	(870)
Trade accounts payable	(21,652)	38,893	(21,650)	38,948
Other payables	(33,822)	354	(35,962)	11,197
Foreign currency translation differences of subsidiaries	2,596	(126)	-	-
Net cash generated from operating activities	415,251	485,106	415,795	502,364
Provisions for employee benefits paid	(435)	(255)	(435)	(255)
Tax paid	(104,042)	(101,697)	(104,042)	(101,586)
<b>Net cash from operating activities</b>	<b>310,774</b>	<b>383,154</b>	<b>311,318</b>	<b>400,523</b>

The accompanying notes are an integral part of these 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	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Interest received	226	1,166	226	1,800
Acquisition of current investments	(1,140,000)	(2,065,000)	(1,140,000)	(2,065,000)
Proceeds from sale of current investments	1,140,000	1,695,538	1,140,000	1,695,538
Acquisition of property, plant and equipment	(125,761)	(55,173)	(126,722)	(53,322)
Proceeds from sale of property, plant and equipment	184	886	184	229
Acquisition of intangible assets	(2,656)	(4,451)	(2,656)	(4,451)
Short-term loans to related parties	-	(4,000)	-	(4,000)
Proceeds from repayment of short-terms loans to related parties	-	-	-	861
<b>Net cash used in investing activities</b>	<b>(128,007)</b>	<b>(431,034)</b>	<b>(128,968)</b>	<b>(428,345)</b>
<b><i>Cash flows from financing activities</i></b>				
Proceeds (payment) from bank overdraft	(453)	1,128	-	-
Proceeds from issue of shares options exercised	13,042	13,079	13,042	13,079
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(161)	(196)	-	(196)
Dividend paid	(210,014)	(163,267)	(210,014)	(163,267)
Interest paid	(210)	(301)	-	(27)
<b>Net cash used in financing activities</b>	<b>(197,796)</b>	<b>(149,557)</b>	<b>(196,972)</b>	<b>(150,411)</b>
Net decrease in cash and cash equivalents, before effect of exchange rates	(15,029)	(197,437)	(14,622)	(178,233)
Effect of exchange rate changes on cash and cash equivalents	-	14	-	14
<b>Net decrease in cash and cash equivalents</b>	<b>(15,029)</b>	<b>(197,423)</b>	<b>(14,622)</b>	<b>(178,219)</b>
Cash and cash equivalents at beginning of period	155,684	358,505	142,519	325,093
<b>Cash and cash equivalents at ending of period</b>	<b>140,655</b>	<b>161,082</b>	<b>127,897</b>	<b>146,874</b>
<b><i>Non-cash transactions</i></b>				
Outstanding payables for purchases of property, plant and equipment	22,584	4,238	22,584	4,238
Outstanding payables for purchases of intangible assets	72	-	72	-
Finance lease liability	801	-	-	-

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

# **Sappe Public Company Limited and its Subsidiaries**

## **Notes to the financial statements**

**For the three-month and nine-month periods ended 30 September 2018 (Unaudited)**

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# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (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 12 November 2018.

### 1 General information

Sappe Public Company Limited, the “Company”, is incorporated in Thailand and has its registered head office and branches as follows:

Head Office: 9/3 Serithai Road, Kannayao, Kannayao District, Bangkok.

Branch 1: 2 Soi Rama9 28, Huamark, Bangkok District, Bangkok and on 2 October 2017, the Company changed branch 1’s address to 71 Ramkhamhaeng Road, Huamark, Bangkok District, Bangkok

Branch 2: 8 Moo 7, Puech-udom, Lamlukka District, Pathumthani

The Company was listed on the Stock Exchange of Thailand (“SET”) in June 2014.

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

Details of subsidiaries and associates as at 30 September 2018 and 31 December 2017 were as following;

Name of company	Nature of business	Country of incorporation /Nationality	Ownership interest (%)	
			30 September 2018	31 December 2017
<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
<b>Indirect associates</b>				
All Coco Group Co., Ltd.	Producing and distributing coconut products	Thailand	40	40
with subsidiaries as follows :				
- All Coco Co., Ltd.	Distributing coconut products	Thailand	40	40
- K Best Farm Co., Ltd.	Providing and distributing domestic fresh coconut	Thailand	40	40

**Sappe Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the three-month and nine-month periods ended 30 September 2018 (Unaudited)**

**2 Basis of preparation of the interim financial statements**

(a) *Statement of compliance*

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2017) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); 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 2017. 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 2017.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2017 except that the Group has adopted all the new and revised TFRS that are effective for annual periods beginning on or after 1 January 2018. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group.

In addition to the above new and revised TFRS, The FAP has issued TFRS 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard in preparing these interim financial statements.

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

- TAS 11 (revised 2017) *Construction Contracts*,
- TAS 18 (revised 2017) *Revenue*,
- TSIC 31 (revised 2017) *Revenue-Barter Transactions Involving Advertising Services*,
- TFRIC 13 (revised 2017) *Customer Loyalty Programmes*,
- TFRIC 15 (revised 2017) *Agreements for the Construction of Real Estate*, and
- TFRIC 18 (revised 2017) *Transfers of Assets from Customers*.

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements.

In addition the FAP has issued TFRS - Financial instruments standards which is effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted this standard in preparing these interim financial statements. Those TFRS - Financial instruments standards are as following.

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

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the consolidated and separate financial statements.

(b) *Functional and presentation currency*

The interim financial statements are prepared and presented in Thai Baht, which is the Company's functional currency.

(c) *Use of estimates and judgements*

The preparation of interim financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

*Measurement of fair values*

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in the 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 includes 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 level 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.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in note 15 financial instruments.

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

### 3 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with subsidiaries and associates are described in notes 1, 6 and 7. For relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Sappe Corporation Co., Ltd.	Thailand	Common shareholder
Toyox Trading (Thailand) Co., Ltd.	Thailand	Common shareholder
Hayashi Products Co., Ltd.	Thailand	Common shareholder
3T Engineering Co., Ltd.	Thailand	Common shareholder
On Fifth Co., Ltd.	Thailand	Common shareholder
Italmarket Slovakia, a.s.	Slovakia	Held by the shareholders in a subsidiary
Slovakia Promotion s.r.o.	Slovakia	Held by the shareholders in a subsidiary
Bangkok Bestbuy Group Co., Ltd.	Thailand	One of family member of the Company's director is a director.
Group of Persons Ruckariyapong	Thailand	Held by key management personnel
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Sale of goods	Market price or contractually agreed rate
Other income	At agreed rate
Purchase of machinery and equipment	Market price or contractually agreed rate
Rental and other expenses	At agreed rate
Distribution costs and administrative expenses	At agreed rate
Key management personnel compensation	Approved by directors
Interest income	Contractually agreed rate
Interest expense	Contractually agreed rate

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

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

<i>For the three-month period ended 30 September</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sales of goods	-	-	3,833	-
Interest income	-	-	89	93
<b>Associates</b>				
Other income	2,074	1,488	2,074	1,488
Interest income	64	64	64	64
Distribution costs and administrative expenses	25	3,918	25	3,918
<b>Other related parties</b>				
Sales of goods	2,240	1,876	-	19
Purchase of machinery and equipment	2,768	963	2,768	963
Other income	94	88	94	88
Rental and other expenses	1,880	1,942	1,880	1,942
Consultant fee	300	300	300	300
Distribution costs and administrative expenses	55	36	47	25
Interest expense	16	16	-	-
<b>Key management personnel compensation</b>				
Short-term employee benefit and others	12,207	8,548	12,207	8,548
Long-term employee benefits	531	357	531	357
Share-based payments	875	175	875	175
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<i>For the nine-month period ended 30 September</i>	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sales of goods	-	-	8,826	4,128
Interest income	-	-	268	271
Distribution costs and administrative expenses	-	-	-	7,637
<b>Associates</b>				
Other income	6,138	4,883	6,138	4,883
Interest income	191	180	191	180
Distribution costs and administrative expenses	80	3,975	80	3,975

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

<i>For the nine-month period ended 30 September</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Other related parties</b>				
Sales of goods	5,695	5,624	-	26
Purchase of machinery and equipment	11,433	1,888	11,433	1,888
Other income	269	274	269	274
Rental and other expense	5,594	5,579	5,594	5,579
Consultant fee	900	900	900	900
Distribution costs and administrative expenses	187	106	166	85
Interest expense	46	46	-	-

### **Key management personnel compensation**

Short-term employee benefit and others	36,942	25,423	36,942	25,423
Long-term employee benefits	1,537	1,054	1,537	1,054
Share-based payments	3,251	523	3,251	523

Balances as at 30 September 2018 and 31 December 2017 with related parties were as follows:

### **Trade accounts receivable – related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Sappe Europe s.r.o.	-	-	2,641	391
<b>Other related party</b>				
Italmarket Slovakia, a.s.	663	422	-	-
<b>Total</b>	<b>663</b>	<b>422</b>	<b>2,641</b>	<b>391</b>

### **Other receivables - related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sappe Europe s.r.o.	-	-	2,102	1,902
Sappe Trading (Shanghai) Co., Ltd.	-	-	13,188	12,510
Sappe Holding (Thailand) Co., Ltd.	-	-	88	-
Sappe Trading (Hong Kong) Company Limited	-	-	104	-
<b>Associates</b>				
All Coco Group Co., Ltd.	5,400	4,033	5,400	4,033
All Coco Co., Ltd.	175	99	175	99

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

<i>Other receivables - related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Other related party</b>				
Hayashi Products Co., Ltd.	33	32	33	32
<b>Total</b>	<b>5,608</b>	<b>4,164</b>	<b>21,090</b>	<b>18,576</b>

<i>Short-term loans to related parties</i>	<b>Interest rate</b>		<b>Consolidated</b>		<b>Separate</b>	
	30	31	30	31	30	31
	September	December	September	December	September	December
	2018	2017	2018	2017	2018	2017
	<i>(% per annum)</i>					
	<i>(in thousand Baht)</i>					
<b>Subsidiary</b>						
Sappe Europe s.r.o.	4	4	-	-	8,831	9,141
<b>Associates</b>						
All Coco Group Co., Ltd.	3.2	3.2	4,800	4,800	4,800	4,800
All Coco Co., Ltd.	3.2	3.2	3,200	3,200	3,200	3,200
<b>Total</b>			<b>8,000</b>	<b>8,000</b>	<b>16,831</b>	<b>17,141</b>

Movements during the nine-month period ended 30 September of short-term loans to related parties were as follows:

<i>Short-term loans to related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statement</b>		<b>financial statements</b>	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
At 1 January	-	-	9,141	9,699
Decrease	-	-	-	(861)
Foreign currency differences	-	-	(310)	371
<b>At 30 September</b>	<b>-</b>	<b>-</b>	<b>8,831</b>	<b>9,209</b>
<b>Associates</b>				
At 1 January	8,000	4,000	8,000	4,000
Increase	-	4,000	-	4,000
<b>At 30 September</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>	<b>8,000</b>
<b>Total short-term loans to related parties</b>				
At 1 January	8,000	4,000	17,141	13,699
Increase	-	4,000	-	4,000
Decrease	-	-	-	(861)
Foreign currency differences	-	-	(310)	371
<b>At 30 September</b>	<b>8,000</b>	<b>8,000</b>	<b>16,831</b>	<b>17,209</b>

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

### *Other non-current assets*

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<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>

### *Other payable - related parties*

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Sappe Trading (Shanghai) Co., Ltd.	-	-	3,547	3,664
<b>Associate</b>				
All Coco Group Co., Ltd.	3	34	3	34
<b>Other related parties</b>				
Italmarket Slovakia, a.s.	506	476	-	-
Toyox Trading (Thailand) Co., Ltd.	-	30	-	30
3T Engineering Co., Ltd	2,615	-	2,615	-
On Fifth Co., Ltd.	4	-	4	-
<b>Total</b>	<b>3,128</b>	<b>540</b>	<b>6,169</b>	<b>3,728</b>

### *Short-term loans from related parties*

	Interest rate		Consolidated financial statements		Separate financial statements	
	30	31	30	31	30	31
	September 2018	December 2017	September 2018	December 2017	September 2018	December 2017
	<i>(% per annum)</i>					
	<i>(in thousand Baht)</i>					
<b>Other related parties</b>						
Italmarket Slovakia, a.s.	2	2	3,018	3,122	-	-
Director	-	-	943	976	-	-
Others	-	-	87	87	-	-
<b>Total</b>			<b>4,048</b>	<b>4,185</b>	<b>-</b>	<b>-</b>

Movements during the nine-month period ended 30 September of short-term loans from related parties were as follows:

<i>Short-term loans from related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
At 1 January	4,185	4,063	-	-
Foreign currency differences	(137)	151	-	-
<b>At 30 September</b>	<b>4,048</b>	<b>4,214</b>	<b>-</b>	<b>-</b>

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

<i>Other non-current liability – related party</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(in thousand Baht)		
<b>Other related party</b>				
Director	<u>4,114</u>	<u>4,257</u>	<u>-</u>	<u>-</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 September 2018, the management considered to recognise a provision following the regulations of the subsidiary of Baht 4.11 million (31 December 2017: Baht 4.26 million) under “Other non-current liabilities” in the consolidated financial statements.

### *Significant agreements with related parties*

#### *(a) Land lease agreement*

The Company has a land lease agreement with related parties under which the parties agree that the Company has the right to lease the land for 20 years ended year 2033 and the Company is committed to pay an initial deposit and the monthly land lease. Each year the parties will add 3.33% of the latest monthly land lease. The term of this agreement is continued unless either party gives written notice at least 90 days prior to the effective date of termination. On 19 May 2014, the Company entered into an amendment memorandum to revise the above rate of land lease from 3.33% per year to 2% per year. However, after three years of this agreement, the Company has the option to purchase this land from the lessor at the average of the appraised values as determined by independent appraisers.

#### *(b) Land and building lease agreement*

The Company has a land and building lease agreement with a related party under which the parties agree that the Company has the right to lease the land and building for 3 years ended year 2019. In consideration thereof, the Company is committed to pay an initial deposit and the monthly land and building lease. Each year the parties will add 3% of the latest monthly land and building lease. The term of this agreement is continued until either party gives written notice at least 30 days prior to the effective date of termination.

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

### 4 Current investments

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Current investments</b>				
Debt securities held for trading	912,106	905,212	912,106	905,212
<b>Total</b>	<b>912,106</b>	<b>905,212</b>	<b>912,106</b>	<b>905,212</b>

Movements during the nine-month period ended 30 September of current investments were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<b>Current investments</b>				
<b>Debt securities held for trading</b>				
At 1 January	905,212	227,278	905,212	227,278
Purchases during the period	1,140,000	2,065,000	1,140,000	2,065,000
Sales during the period	(1,140,000)	(1,695,538)	(1,140,000)	(1,695,538)
Adjustment for revaluation	6,894	5,311	6,894	5,311
<b>At 30 September</b>	<b>912,106</b>	<b>602,051</b>	<b>912,106</b>	<b>602,051</b>

### 5 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		<i>(in thousand Baht)</i>			
Related parties	3	663	422	2,641	391
Other parties		229,764	202,896	221,269	198,983
<b>Total</b>		<b>230,427</b>	<b>203,318</b>	<b>223,910</b>	<b>199,374</b>
Less allowance for doubtful accounts		(20)	(108)	-	(16)
<b>Net</b>		<b>230,407</b>	<b>203,210</b>	<b>223,910</b>	<b>199,358</b>
Bad and doubtful debts expense (reversal) for the:					
Three-month period ended 30 September		6	(45)	65	(59)
Nine-month period ended 30 September		(23)	(178)	49	(238)

**Sappe Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the three-month and nine-month periods ended 30 September 2018 (Unaudited)**

Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	663	422	2,264	391
Overdue				
Less than 3 months	-	-	377	-
	<u>663</u>	<u>422</u>	<u>2,641</u>	<u>391</u>
<b>Other parties</b>				
Within credit terms	143,756	143,958	142,059	143,186
Overdue				
Less than 3 months	85,935	57,762	79,157	55,760
3 - 6 months	53	1,068	53	21
6 - 12 months	-	76	-	16
Over than 12 months	20	32	-	-
	<u>229,764</u>	<u>202,896</u>	<u>221,269</u>	<u>198,983</u>
Less allowance for doubtful accounts	(20)	(108)	-	(16)
	<u>229,744</u>	<u>202,788</u>	<u>221,269</u>	<u>198,967</u>
<b>Net</b>	<u>230,407</u>	<u>203,210</u>	<u>223,910</u>	<u>199,358</u>

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

**6 Investment in associates**

	<b>Consolidated financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
<b>Indirect associates</b>		
At 1 January	141,927	140,797
Share of net profits (losses) of associates	(5,700)	875
<b>At 30 September</b>	<u>136,227</u>	<u>141,672</u>

**Sappe Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the three-month and nine-month periods ended 30 September 2018 (Unaudited)**

Investments in associates as at 30 September 2018 and 31 December 2017, and dividend income for the nine-month period ended 30 September, were as follows:

		<b>Consolidated financial statements</b>						Dividend income
		Ownership interest			Paid-up capital			for the nine-month
		30	31	30	31	30	31	period ended
		September 2018	December 2017	September 2018	December 2017	September 2018	December 2017	September 2017
		(in thousand Baht)						September 2018
		30	31	30	31	30	31	September 2017
		September 2018	December 2017	September 2018	December 2017	September 2018	December 2017	September 2017
<b>Indirect associate</b>								
All Coco Group Co., Ltd.	40	168,000	168,000	143,855	143,855	136,227	141,927	-
<b>Total</b>		<b>143,855</b>	<b>143,855</b>	<b>143,855</b>	<b>143,855</b>	<b>136,227</b>	<b>141,927</b>	<b>-</b>

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 financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

### 7 Investments in subsidiaries

<i>For the nine-month period ended 30 September</i>	<b>Separate financial statements</b>	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	197,162	197,162
At 30 September	<u>197,162</u>	<u>197,162</u>

**Sappe Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the three-month and nine-month periods ended 30 September 2018 (Unaudited)**

Investments in subsidiaries as at 30 September 2018 and 31 December 2017, and dividend income from these investments in subsidiaries 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 2018	September 2017
	30 2018	31 2017	30 2018	31 2017	30 2018	31 2017	30 2018	31 2017	30 2018	31 2017			
	( <i>in thousand Baht</i> )												
<b>Direct subsidiaries</b>													
Sappe Europe s.r.o.	60	60	EUR 6,639		162	162	-	-	162	162	-	-	-
Sappe Holding (Thailand) Co., Ltd.	100	100	THB 197,000,000		197,000	197,000	-	-	197,000	197,000	-	-	-
<b>Total</b>					<b>197,162</b>	<b>197,162</b>	<b>-</b>	<b>-</b>	<b>197,162</b>	<b>197,162</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Indirect subsidiaries</b>													
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	-	-	-
<b>Total</b>					<b>24,607</b>	<b>24,607</b>	<b>-</b>	<b>-</b>	<b>24,607</b>	<b>24,607</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

### 8 Property, plant and equipment

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

<i>Nine-month period ended 30 September</i>	<b>Consolidated financial statements</b>			
	2018		2017	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Land and land improvement	-	-	622	-
Buildings and building improvement	14,245	(135)	1,154	(57)
Machinery and equipment	107,937	(1,073)	11,904	(2,394)
Furniture, fixtures and office equipment	5,070	(19)	4,317	(253)
Vehicles	3,230	-	7,823	-
Assets under construction and installation	137,992	(131,482)	29,828	(4,851)
<b>Total</b>	<b>268,474</b>	<b>(132,709)</b>	<b>55,648</b>	<b>(7,555)</b>

<i>Nine-month period ended 30 September</i>	<b>Separate financial statements</b>			
	2018		2017	
	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value	Acquisitions and transfers in - at cost	Disposals and transfers out - net book value
	<i>(in thousand Baht)</i>			
Land and land improvement	-	-	622	-
Buildings and building improvement	14,245	(135)	1,154	(57)
Machinery and equipment	107,937	(1,073)	11,904	(1,544)
Furniture, fixtures and office equipment	5,070	(19)	4,302	(139)
Vehicles	3,230	-	5,936	-
Assets under construction and installation	137,992	(131,482)	29,828	(4,851)
<b>Total</b>	<b>268,474</b>	<b>(132,709)</b>	<b>53,746</b>	<b>(6,591)</b>

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

### 9 Other payables

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		<i>(in thousand Baht)</i>			
Other payables - related parties	3	3,128	540	6,169	3,728
Accrued promotional expense		73,010	87,723	73,010	87,723
Accrued expense		67,979	92,776	67,541	92,361
Other payables - other parties		67,180	68,321	67,180	68,321
Advance received		26,882	18,250	26,882	18,250
Others		13,454	8,484	9,600	6,528
<b>Total</b>		<b>251,633</b>	<b>276,094</b>	<b>250,382</b>	<b>276,911</b>

### 10 Share capital

<i>For the nine-month period ended 30 September</i>	Par value per share <i>(in Baht)</i>	2018		2017	
		Number	Amount	Number	Amount
		<i>(thousand shares / thousand Baht)</i>			
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	304,620	304,620	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	<b>308,438</b>	<b>308,438</b>	<b>304,620</b>	<b>304,620</b>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	303,080	303,080	301,788	301,788
Shares options exercised <i>(Note 11)</i>	1	1,288	1,288	1,292	1,292
<b>At 30 September</b>					
- ordinary shares	1	<b>304,368</b>	<b>304,368</b>	<b>303,080</b>	<b>303,080</b>

In the Annual General Meeting of Shareholders, held on 26 April, 2018, the shareholders approved the followings;

1) Decrease the registered capital of the Company from 304,620,000 shares with a par value of Baht 1 per share to 304,368,080 shares with a par value of Baht 1 per share for cancelling the reserve of 251,920 shares for the exercise of warrant rights to purchase the Company's ordinary shares with a par value of Baht 1 per share. The Company registered the decrease with the Ministry of Commerce on 25 May 2018.

2) Increase of the registered capital from the registered capital 304,368,080 shares with a par value of Baht 1 per share to 308,438,080 shares with a par value of Baht 1 per share by issuing 4,070,000 new ordinary shares with a par value of Baht 1 per share, equivalent to Baht 4,070,000. The Company registered the increase with the Ministry of Commerce on 31 May 2018.

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

### 11 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.

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

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

Description	Details														
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:														
	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">The period of holding the warrants (month) after issuance</th> <th style="text-align: center;">The right that can be exercised as a percentage of the warrants received</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">12</td> <td style="text-align: center;">20%</td> </tr> <tr> <td style="text-align: center;">18</td> <td style="text-align: center;">30%</td> </tr> <tr> <td style="text-align: center;">24</td> <td style="text-align: center;">40%</td> </tr> <tr> <td style="text-align: center;">30</td> <td style="text-align: center;">55%</td> </tr> <tr> <td style="text-align: center;">36</td> <td style="text-align: center;">70%</td> </tr> <tr> <td style="text-align: center;">42</td> <td style="text-align: center;">100%</td> </tr> </tbody> </table>	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%
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%

Expenses for share-based payment transactions in the consolidated and separate financial statements for the nine-month period ended 30 September 2018 were Baht 10.37 million (2017: Baht 1.19 million) and for the three-month period ended 30 September 2018 were Baht 3.17 million (2017: Baht 0.40 million).

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

<i>For the nine-month period ended 30 September</i>	<b>Consolidated/Separate financial statements</b>			
	2018		2017	
	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	1.82	1,288	3.49	2,563
Issuance of warrants	7.72	4,070	-	-
Exercise	9.12	(1,288)	5.11	(1,292)
<b>At 30 September</b>	<b>7.72</b>	<b>4,070</b>	<b>1.84</b>	<b>1,271</b>

## Sappe Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

#### 12 Segment information

The Group has 2 reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions have different locations, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1	Thailand
Segment 2	Others

#### Information about reportable segments

	Thailand		Others		Eliminate		Net	
	2018	2017	2018	2017	2018	2017	2018	2017
<i>Three-month period ended 30 September</i>								
External revenue	619,860	716,426	13,531	7,631	-	-	633,391	724,057
Inter-segment revenue	3,833	-	-	-	(3,833)	-	-	-
<b>Total segment revenue</b>	<b>623,693</b>	<b>716,426</b>	<b>13,531</b>	<b>7,631</b>	<b>(3,833)</b>	<b>-</b>	<b>633,391</b>	<b>724,057</b>
Share of gain (loss) of associates	(2,696)	3,103	-	-	-	-	(2,696)	3,103
<b>Segment profit (loss) before income tax</b>	<b>87,793</b>	<b>141,128</b>	<b>(2,295)</b>	<b>(2,339)</b>	<b>(49)</b>	<b>26</b>	<b>85,449</b>	<b>138,815</b>
<i>Nine-month period ended 30 September</i>								
External revenue	2,152,897	2,041,953	29,780	23,304	-	-	2,182,677	2,065,257
Inter-segment revenue	8,826	4,128	-	-	(8,826)	(4,128)	-	-
<b>Total segment revenue</b>	<b>2,161,723</b>	<b>2,046,081</b>	<b>29,780</b>	<b>23,304</b>	<b>(8,826)</b>	<b>(4,128)</b>	<b>2,182,677</b>	<b>2,065,257</b>
Share of gain (loss) of associates	(5,700)	875	-	-	-	-	(5,700)	875
<b>Segment profit (loss) before income tax</b>	<b>385,357</b>	<b>426,681</b>	<b>(3,912)</b>	<b>(19,315)</b>	<b>(49)</b>	<b>16</b>	<b>381,396</b>	<b>407,382</b>
Segment assets as at 30 September / 31 December	2,865,927	2,810,873	170,466	172,323	(227,728)	(224,786)	2,808,665	2,758,410
Segment liabilities as at 30 September / 31 December	426,113	496,118	42,521	37,496	(30,500)	(27,608)	438,134	506,006

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

### 13 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:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>For the 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><u>66,853</u></b>	<b><u>111,712</u></b>	<b><u>72,210</u></b>	<b><u>110,785</u></b>
Number of ordinary shares				
Outstanding at 1 July	304,368	302,347	304,368	302,347
Effect of issuing shares options exercised	-	637	-	637
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b><u>304,368</u></b>	<b><u>302,984</u></b>	<b><u>304,368</u></b>	<b><u>302,984</u></b>
<b>Earnings per share (basic) (in Baht)</b>	<b><u>0.22</u></b>	<b><u>0.37</u></b>	<b><u>0.24</u></b>	<b><u>0.37</u></b>
<i>For the 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><u>301,842</u></b>	<b><u>323,839</u></b>	<b><u>311,660</u></b>	<b><u>342,108</u></b>
Number of ordinary shares				
Outstanding at 1 January	303,080	301,788	303,080	301,788
Effect of issuing shares options exercised	1,241	743	1,241	743
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b><u>304,321</u></b>	<b><u>302,531</u></b>	<b><u>304,321</u></b>	<b><u>302,531</u></b>
<b>Earnings per share (basic) (in Baht)</b>	<b><u>0.99</u></b>	<b><u>1.07</u></b>	<b><u>1.02</u></b>	<b><u>1.13</u></b>

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

### *Diluted earnings per share*

The calculations of diluted 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 weighted average number of ordinary shares outstanding during the periods after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>For the 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>66,853</b>	<b>111,712</b>	<b>72,210</b>	<b>110,785</b>
Number of ordinary shares outstanding At 1 July	304,368	302,984	304,368	302,984
Effect of share options exercised	-	135	-	135
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b>304,368</b>	<b>303,119</b>	<b>304,368</b>	<b>303,119</b>
<b>Earnings per share (diluted) (in Baht)</b>	<b>0.22</b>	<b>0.37</b>	<b>0.24</b>	<b>0.37</b>
	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
<i>For the 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>301,842</b>	<b>323,839</b>	<b>311,660</b>	<b>342,108</b>
Weighted average number of ordinary shares outstanding (basic)	304,321	302,531	304,321	302,531
Effect of share options exercised	-	138	-	138
<b>Weighted average number of ordinary shares outstanding (diluted)</b>	<b>304,321</b>	<b>302,669</b>	<b>304,321</b>	<b>302,669</b>
<b>Earnings per share (diluted) (in Baht)</b>	<b>0.99</b>	<b>1.07</b>	<b>1.02</b>	<b>1.13</b>

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 2018. Effect of share options issued were not included in the calculation of diluted earnings per share.

## 14 Dividends

At the annual general meeting of the shareholders of the Company held on 26 April 2018, the shareholders approved the appropriation of dividends from annual net profit for the year 2017 of Baht 0.69 per share, amounting to Baht 210.01 million. The dividend was paid to shareholders in May 2018.

At the annual general meeting of the shareholders of the Company held on 26 April 2017, the shareholders approved the appropriation of dividends from annual net profit for the year 2016 of Baht 0.54 per share, amounting to Baht 163.27 million. The dividend was paid to shareholders in May 2017.

# Sappe Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

### 15 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 <i>(in thousand Baht)</i>	Carrying amount	Fair Value Level 2
<b>30 September 2018</b>				
<i>Financial assets measured at fair value</i>				
Debt securities held for trading	912,106	912,106	912,106	912,106
<i>Financial assets not measured at fair value</i>				
Foreign currency forward contract	3,324	2,726	3,324	2,726
<b>31 December 2017</b>				
<i>Financial assets measured at fair value</i>				
Debt securities held for trading	905,212	905,212	905,212	905,212
<i>Financial assets not measured at fair value</i>				
Foreign currency forward contract	3,125	1,971	3,125	1,971
<i>Fair values of financial assets and liabilities</i>				

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 2018 and 31 December 2017.

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 financial statements

For the three-month and nine-month periods ended 30 September 2018 (Unaudited)

### 16 Commitments with non-related parties

	Consolidated financial statements		Separate Financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	<i>(in thousand Baht)</i>			
<b>Capital commitments</b>				
<i>Contracted but not provided for :</i>				
Machinery, equipment and other constructions	7,940	50,582	7,940	50,582
<b>Total</b>	<b>7,940</b>	<b>50,582</b>	<b>7,940</b>	<b>50,582</b>
<b>Future minimum lease payments under non-cancellable operating leases</b>				
Within one year	23,075	16,935	19,926	16,205
After one year but within five years	14,099	15,333	13,477	14,494
<b>Total</b>	<b>37,174</b>	<b>32,268</b>	<b>33,403</b>	<b>30,699</b>
<b>Other commitments</b>				
Bank guarantees	10,616	7,716	10,616	7,716
<b>Total</b>	<b>10,616</b>	<b>7,716</b>	<b>10,616</b>	<b>7,716</b>

### 17 Contingent liability

As at 30 September 2018, the Company has been sued by a former oversea distributor in the amount of CNY 3.15 million (Baht 15.94 million). Presently, the case is being considered by the court. However, the Company has set aside provision of Baht 0.93 million (2017: Baht 0.94 million) for liability that may arise as a result of this case, based on the opinion of their management and legal department.