

Report of the Board of Directors' Responsibilities to Financial Reporting

The Board of Directors is responsible for the financial statements of Sappe Public Company Limited (“Company”) and its subsidiaries, which are prepared in accordance with financial reporting standards under the Accounting Act B.E. 2543, the Accounting Profession Act B.E. 2547, the interpretation and guidelines on accounting issued by the Federation of Accounting Professions, and the Securities and Exchange Act B.E. 2535. Regarding the preparation of financial reports, the Company has chosen and implemented under the appropriate accounting policies consistently, including sufficient disclosure of important information in the notes of financial statements and unconditional procurement of comments on the financial statements of the Company in the auditors’ reports.

In addition, the Board of Directors is responsible for overseeing, establishing, and maintaining the internal control and risk management to ensure that accounting records are accurate, complete, timely and sufficient to maintain assets as well as preventing fraud or committing an offense against the Company. In this regard, the Board of Directors has appointed the Audit Committee consisting of independent directors overseeing financial statements and assessing the internal control and internal audit systems for efficiency and effectiveness. For this reason, The Board of Directors is of the opinion that, with the internal control and internal audit systems of the Company, the Company can build confidence that the Company’s financial statements and financial reports are accurate in substantial.

On behalf of the Board of Directors,



Mr. Anan Ruckariyapong
(Director)



Mr. Arnupap Ruckariyapong
(Director)

**Sappe Public Company Limited
and its Subsidiaries**

Financial statements for the year ended
31 December 2019
and
Independent Auditor's Report



KPMG Phoomchai Audit Ltd.
50th Floor, Empire Tower
1 South Sathorn Road, Yannawa
Sathorn, Bangkok 10120, Thailand
Tel +66 2677 2000
Fax +66 2677 2222
Website home.kpmg/th

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ home.kpmg/th

Independent Auditor's Report

To the Shareholders of Sappe Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Sappe Public Company Limited and its subsidiaries (the "Group") and of Sappe Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Valuation of inventories	
Refer to Notes 4 (g) and 11 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
As there is high competition in both local and overseas markets for health and functional drinks, new products are continuously launched to attract customers and fulfil their changing needs. Consequently, the products of the Group and the Company have short lives, their sales and selling prices are subject to the market situation, and long-outstanding inventories may result. The Group's and the Company's inventories are stated at the lower of cost and net realisable value which involves management's judgment. This is an area of focus in my audit.	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Inquiry of the management to obtain an understanding of the Group's and the Company's policy in relation to setting provision for inventories and reviewing the Group's and the Company's compliance with this policy; - Understanding and evaluating the design and effectiveness of internal controls relevant to inventory management and attending inventory counts and observing the condition of inventories; - Testing the accuracy of inventory aging by checking samples to relevant supporting documents; - Testing the valuation of inventories by comparing their costs against their expected net realisable values less relevant selling expenses, and checking samples of the related supporting documents; and - Considering the adequacy of disclosure in accordance with the financial reporting standard.
Accrued promotional expenses	
Refer to Notes 4 (p) and 18 to the consolidated and separate financial statements.	
The key audit matter	How the matter was addressed in the audit
There is high competition in both local and overseas markets for health and functional drinks. The Group offers customers several types of promotional offers to compete with its competitors. The Group has accrued promotional expenses for these offers based on statistical information, and management's judgment on the behaviour of both local and overseas customers, and the type of offer. This is an area of focus in my audit.	<p>My audit procedures included:</p> <ul style="list-style-type: none"> - Inquiry of the management to obtain an understanding of the Group's policy in relation to accruing promotional expenses and reviewing the Group's compliance with this policy; - Understanding and evaluating the design and effectiveness of internal controls relevant to the sales process and estimation of accrued promotional and marketing expenses; - Testing the calculation of accrued promotional expenses by checking to samples of related supporting documents; - Testing that accrued promotional expenses related to offers active as at year end and in the year by checking to samples of related supporting documents; and - Considering the adequacy of disclosure in accordance with the financial reporting standard.

Business acquisition	
Refer to Notes 4 (a), and 5 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>During 2019, the Group completed the acquisition of All Coco Group Co., Ltd, which provides producing and distributing coconut products, by additional acquiring 11% of the issued and paid-up capital for purchase consideration of Baht 42.35 million. The Group completed the purchase price allocation in July 2019. Following the completion of the acquisition, All Coco Group Co., Ltd. became an indirect subsidiary of the Company.</p> <p>The purchase price allocation is a judgmental exercise, requiring the Group to determine the fair value of assets acquired and liabilities assumed and consideration transferred with any resulting differences recognised as goodwill.</p> <p>Due to the materiality of the transactions and the significant judgment involved in determining the fair value of assets acquired and liabilities assumed, I considered the purchase price allocation for recognition of goodwill from indirect subsidiary is the key audit matter.</p>	<p>My audit procedures included</p> <ul style="list-style-type: none"> - Reading the share sales and purchase agreement to understand key terms and conditions; - Evaluating the assessment by the Group of the identification of all the assets acquired and liabilities assumed and consideration transferred; - Evaluating the assumptions and methodologies underpinning the valuations such as growth rate, discount rate and percentage of expenses per revenue with reference to external and internal sources and testing mathematical calculation; - Evaluating independence and qualification of the independent appraiser of the Group; - Involving KPMG specialist to evaluate key assumptions, identification of the intangible assets, valuation methodology and mathematical accuracy; - Use the work of expert engaged by KPMG in evaluating methodologies and key assumptions of the valuation; and - Considering the adequacy of the Group's disclosures in accordance with Thai Financial Reporting Standards.

Impairment of goodwill arising from business combination of a subsidiary	
Refer to Notes 4 (a), 4 (k), 5, 13 and 16 to the consolidated financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>During 2019, the Group completed the acquisition of All Coco Group Co., Ltd. by acquiring 11% of the issued and paid-up capital, affecting to the percentage of holding interest of the Group increased from 40% to 51% with consideration transferred of Baht 42.35 million which resulted in recording goodwill of Baht 90.90 million. The Company's management considered that current economic is still uncertain which may affect to the indirect subsidiary of the Company that are manufacturing and distributing coconut products. The operating results of the indirect subsidiary may be significantly less than its plan. The Company's management determines recoverable amounts by utilizing the value in use model. As a result, the future cash flows may lower than the carrying amount of investments in indirect subsidiary and impairment of investment may be required.</p> <p>Due to the materiality of the transactions and the significant judgment of management involved in the impairment assessment of goodwill and investments considers whether the carrying amount of the assets exceeds the recoverable amount, the estimated future cash flows, growth rates and the discount rates. Consequently, I consider that this is a significant matter.</p>	<p>My audit procedures included :</p> <ul style="list-style-type: none"> - Inquiring of management to obtain an understanding of the process used for assessing the reasonableness of the expected recoverable amounts and preparing cash flow projection from management approved budget; - Assessing the reasonableness of the future cash flows by comparing historical operating result, current operating result and future plan of indirect subsidiary; - Considering the reasonableness of assumptions of revenue growth rate compare with the economic growth rate and the indirect subsidiary's business plan; - Evaluated the financial parameters applied to the discount rate; - Assessing the suitability of the discount rate applied to the future cash flows and benchmarked this against other companies in the industry; - Performing the sensitivity analysis of key assumption; and - Considering the adequacy of disclosure in accordance with the financial reporting standard.



Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

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

If I conclude that there is a material misstatement therein, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



(Sureerat Thongarunsang)
Certified Public Accountant
Registration No. 4409

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2020

Sappe Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2019	2018	2019	2018
(in Baht)					
Current assets					
Cash and cash equivalents	7	181,695,045	172,637,193	124,386,959	159,558,463
Current investments	8	1,132,132,459	915,805,084	1,132,132,459	915,805,084
Trade accounts receivable	6, 9	352,869,006	248,959,379	334,594,602	244,365,478
Other receivables	6, 10	40,948,620	36,716,696	42,867,835	36,783,020
Short-term loans to related parties	6	-	8,000,000	7,650,000	8,000,000
Inventories	11	216,897,035	213,776,297	188,977,242	209,636,457
Other current assets		19,334,890	8,666,900	18,666,106	7,647,183
Total current assets		1,943,877,055	1,604,561,549	1,849,275,203	1,581,795,685
Non-current assets					
Investment in associates	5, 12	29,744,235	142,008,984	-	-
Investment in subsidiaries	5, 13	-	-	290,161,757	197,161,757
Other long-term investments	8	100,000,000	50,000,000	100,000,000	50,000,000
Property, plant and equipment	15	1,133,839,607	1,055,945,749	973,006,063	1,052,462,714
Goodwill	5, 16	90,898,858	-	-	-
Other intangible assets	17	56,062,414	52,302,487	46,517,849	52,302,487
Deferred tax assets	27	14,957,209	12,792,180	14,921,300	12,792,180
Other non-current assets	6	20,587,289	5,295,678	5,368,738	5,295,678
Total non-current assets		1,446,089,612	1,318,345,078	1,429,975,707	1,370,014,816
Total assets		3,389,966,667	2,922,906,627	3,279,250,910	2,951,810,501

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

Sappe Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2019	2018	2019	2018
		(in Baht)			
Current liabilities					
Bank overdrafts		-	948,461	-	-
Trade accounts payable	6	182,074,937	176,338,714	179,783,574	175,257,298
Other payables	6, 18	366,347,708	272,991,327	345,159,472	269,184,605
Current portion of long-term loans					
from financial institution		103,321	-	-	-
Short-term loans from related parties	6	10,975,396	3,984,049	-	-
Current portion of finance lease liability		6,503,844	296,106	-	-
Current tax payable		36,699,650	27,903,612	36,596,193	27,903,612
Total current liabilities		602,704,856	482,462,269	561,539,239	472,345,515
Non-current liabilities					
Long-term loans from financial institution		29,089	-	-	-
Finance lease liability		12,448,218	419,795	-	-
Deferred tax liabilities	27	2,570,796	-	-	-
Non-current provisions for employee benefits	19	20,302,955	12,434,680	19,955,202	12,434,680
Other non-current liability	6	8,141,254	4,049,469	-	-
Total non-current liabilities		43,492,312	16,903,944	19,955,202	12,434,680
Total liabilities		646,197,168	499,366,213	581,494,441	484,780,195

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

Sappe Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Equity					
Share capital	20, 21				
Authorised share capital		308,438,080	308,438,080	308,438,080	308,438,080
Issued and paid-up share capital		304,378,080	304,368,080	304,378,080	304,368,080
Share premium on ordinary shares	20	975,607,543	975,342,956	975,607,543	975,342,956
Warrants	21	20,931,117	9,069,233	20,931,117	9,069,233
Retained earnings					
Legal reserve	22	30,843,808	30,843,808	30,843,808	30,843,808
Unappropriated		1,312,461,984	1,109,704,196	1,365,995,921	1,147,406,229
Difference arising from common					
control transactions	22	(4,365,342)	(4,365,342)	-	-
Currency translation differences	22	7,337,251	3,423,910	-	-
Equity attributable to owners					
of the parent		2,647,194,441	2,428,386,841	2,697,756,469	2,467,030,306
Non-controlling interests	14	96,575,058	(4,846,427)	-	-
Total equity		2,743,769,499	2,423,540,414	2,697,756,469	2,467,030,306
Total liabilities and equity		3,389,966,667	2,922,906,627	3,279,250,910	2,951,810,501

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

Sappe Public Company Limited and its Subsidiaries

Statement of income

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended		Year ended	
		31 December		31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
Revenue					
Revenue from sale of goods	6, 23	3,299,477,568	2,826,862,011	3,051,476,235	2,799,065,879
Other income	6, 24	69,919,411	51,540,442	65,584,971	49,898,364
Gain from change in interest in associate	5	10,081,532	-	-	-
Net foreign exchange gain		7,377,995	7,481,278	12,271,697	10,805,344
Total revenue		3,386,856,506	2,885,883,731	3,129,332,903	2,859,769,587
Expenses					
Cost of sales of goods	26	2,083,847,334	1,799,820,078	1,888,396,711	1,776,185,776
Distribution costs	26	490,110,418	383,488,002	456,897,873	379,571,707
Administrative expenses	26	290,698,512	265,480,143	265,396,680	283,138,682
Finance costs	6	1,116,117	183,777	232	71
Total expenses		2,865,772,381	2,448,972,000	2,610,691,496	2,438,896,236
Share of profit (loss) of associates	5, 12, 23	(18,346,282)	82,195	-	-
Profit before income tax expense		502,737,843	436,993,926	518,641,407	420,873,351
Tax expense	27	100,011,274	85,626,704	99,746,827	85,609,314
Profit for the year		402,726,569	351,367,222	418,894,580	335,264,037
Profit (loss) attributable to:					
Owners of the parent		403,062,676	351,550,736	418,894,580	335,264,037
Non-controlling interests	14	(336,107)	(183,514)	-	-
Profit for the year		402,726,569	351,367,222	418,894,580	335,264,037
Earnings per share					
	28				
Basic earnings per share		1.32	1.16	1.38	1.10
Diluted earnings per share		1.32	1.16	1.38	1.10

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

Sappe Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
Profit for the year		402,726,569	351,367,222	418,894,580	335,264,037
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange differences on translating foreign operations		4,354,730	2,757,935	-	-
<i>Items that will not be reclassified to profit or loss</i>					
Gains on remeasurements of defined benefit plans	19, 27	525,218	-	525,218	-
Other comprehensive income for the year, net of tax		<u>4,879,948</u>	<u>2,757,935</u>	<u>525,218</u>	<u>-</u>
Total comprehensive income for the year		<u><u>407,606,517</u></u>	<u><u>354,125,157</u></u>	<u><u>419,419,798</u></u>	<u><u>335,264,037</u></u>
Total comprehensive income (expense) attributable to:					
Owners of the parent		407,501,235	354,064,578	419,419,798	335,264,037
Non-controlling interests	14	<u>105,282</u>	<u>60,579</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>407,606,517</u></u>	<u><u>354,125,157</u></u>	<u><u>419,419,798</u></u>	<u><u>335,264,037</u></u>

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

Sappe Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements											
Note	Issued and paid-up share capital	Share premium on ordinary shares	Warrants	Retained earnings		Other components of equity			Equity attributable to owners of the parent	Non-controlling interests	Total equity
				Legal reserve	Unappropriated	Difference arising from common control transactions	Translating foreign operations	Total other components of equity			
Year ended 31 December 2018											
Balance at 1 January 2018	303,079,938	956,749,013	1,925,914	30,462,000	968,549,008	(4,365,342)	910,068	(3,455,274)	2,257,310,599	(4,907,006)	2,252,403,593
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners of the parent											
Shares options exercised	20, 21	1,288,142	18,593,943	(6,839,648)	-	-	-	-	13,042,437	-	13,042,437
Share-based payment transactions	21	-	-	13,982,967	-	-	-	-	13,982,967	-	13,982,967
Dividends	29	-	-	-	-	(210,013,740)	-	-	(210,013,740)	-	(210,013,740)
Total contributions by and distributions to owners of the parent		1,288,142	18,593,943	7,143,319	-	(210,013,740)	-	-	(182,988,336)	-	(182,988,336)
Total transactions with owners, recorded directly in equity		1,288,142	18,593,943	7,143,319	-	(210,013,740)	-	-	(182,988,336)	-	(182,988,336)
Comprehensive income for the year											
Profit		-	-	-	-	351,550,736	-	-	351,550,736	(183,514)	351,367,222
Other comprehensive income		-	-	-	-	-	2,513,842	2,513,842	2,513,842	244,093	2,757,935
Total comprehensive income for the year		-	-	-	-	351,550,736	-	2,513,842	2,513,842	354,064,578	60,579
Transfer to legal reserve	22	-	-	-	381,808	(381,808)	-	-	-	-	-
Balance at 31 December 2018		304,368,080	975,342,956	9,069,233	30,843,808	1,109,704,196	(4,365,342)	3,423,910	(941,432)	2,428,386,841	(4,846,427)
											2,423,540,414

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

Sappe Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements											
				Retained earnings		Other components of equity					
	Issued and	Share				Difference	Translating	Total	Equity	Non-	
	paid-up	premium on				arising from	foreign	other	attributable	controlling	Total
Note	share capital	ordinary shares	Warrants	Legal reserve	Unappropriated	common control	operations	components	to owners	interests	equity
						transactions		of equity	of the parent		
											</

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

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

		Separate financial statements					
					Retained earnings		
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Warrants	Legal reserve	Unappropriated	Total equity
(in Baht)							
Year ended 31 December 2018							
Balance at 1 January 2018		303,079,938	956,749,013	1,925,914	30,462,000	1,022,537,740	2,314,754,605
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Shares options exercised	20, 21	1,288,142	18,593,943	(6,839,648)	-	-	13,042,437
Share-based payment transactions	21	-	-	13,982,967	-	-	13,982,967
Dividends	29	-	-	-	-	(210,013,740)	(210,013,740)
<i>Total contributions by and distributions to owners</i>		1,288,142	18,593,943	7,143,319	-	(210,013,740)	(182,988,336)
Comprehensive income for the year							
Profit		-	-	-	-	335,264,037	335,264,037
Total comprehensive income for the year		-	-	-	-	335,264,037	335,264,037
Transfer to legal reserve	22	-	-	-	381,808	(381,808)	-
Balance at 31 December 2018		304,368,080	975,342,956	9,069,233	30,843,808	1,147,406,229	2,467,030,306

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

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

		Separate financial statements					
					Retained earnings		
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Warrants	Legal reserve (in Baht)	Unappropriated	Total equity
Year ended 31 December 2019							
Balance at 1 January 2019		304,368,080	975,342,956	9,069,233	30,843,808	1,147,406,229	2,467,030,306
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Shares options exercised	20, 21	10,000	264,587	(68,987)	-	-	205,600
Share-based payment transactions	21	-	-	11,930,871	-	-	11,930,871
Dividends	29	-	-	-	-	(200,830,106)	(200,830,106)
<i>Total contributions by and distributions to owners</i>		10,000	264,587	11,861,884	-	(200,830,106)	(188,693,635)
Comprehensive income for the year							
Profit		-	-	-	-	418,894,580	418,894,580
Other comprehensive income		-	-	-	-	525,218	525,218
Total comprehensive income for the year		-	-	-	-	419,419,798	419,419,798
Balance at 31 December 2019		304,378,080	975,607,543	20,931,117	30,843,808	1,365,995,921	2,697,756,469

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

Sappe Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2019	2018	2019	2018
<i>(in Baht)</i>					
Cash flows from operating activities					
Profit for the year		402,726,569	351,367,222	418,894,580	335,264,037
<i>Adjustments to reconcile profit to cash receipts</i>					
<i>(payments)</i>					
Tax expense	27	100,011,274	85,626,704	99,746,827	85,609,314
Depreciation	15, 26	183,732,483	153,621,778	161,923,153	152,597,743
Amortisation of intangible assets	17, 26	7,544,275	7,244,810	7,412,026	7,244,810
Finance costs		1,116,117	183,777	232	71
Bad and doubtful debts expenses (reversal)	6, 9, 10	1,169,795	1,428,276	(297,220)	22,082,540
Losses on inventories devaluation (reversal)	11	1,886,954	(1,300,136)	2,644,307	(1,300,136)
Unrealised loss (gain) on exchange rates		(424,619)	1,095,417	767,115	1,645,472
Unrealised gain from current investment revaluation	8	(11,242,203)	(8,658,112)	(11,242,203)	(8,658,112)
Gain on sale of current investments	8	(5,085,172)	(1,935,136)	(5,085,172)	(1,935,136)
Gain from changes in interest in associate	5	(10,081,532)	-	-	-
Gain on sale of plant and equipment		(47,435)	(2,287,236)	(944,389)	(2,287,236)
Share of loss (profit) of interest in associates	23	18,346,282	(82,195)	-	-
Non-current provisions for employee benefits		8,902,130	4,121,655	8,742,045	4,121,655
Share-based payment	21	11,930,871	13,982,967	11,930,871	13,982,967
Interest income	24	(2,237,386)	(642,853)	(2,590,929)	(996,703)
Dividend income		(1,371,604)	-	(1,371,604)	-
		<u>706,876,799</u>	<u>603,766,938</u>	<u>690,529,639</u>	<u>607,371,286</u>
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		(71,982,710)	(45,903,987)	(90,380,918)	(45,251,754)
Other receivables		2,434,285	3,932,105	(5,401,743)	5,862,238
Inventories		10,051,549	(36,287,687)	18,014,908	(35,303,324)
Other current assets		(10,411,218)	(1,826,293)	(11,018,923)	(1,447,573)
Other non-current assets		63,511	(897,333)	(73,060)	(897,333)
Trade accounts payable		(959,937)	7,780,583	4,519,668	7,914,373
Other payables		65,711,976	4,979,742	77,930,645	(1,782,136)
Foreign currency translation differences of subsidiaries		(1,270,932)	2,556,805	-	-
Net cash generated from operating		<u>700,513,323</u>	<u>538,100,873</u>	<u>684,120,216</u>	<u>536,465,777</u>
Provisions for employee benefits paid		(565,000)	(435,000)	(565,000)	(435,000)
Taxes paid		(94,292,474)	(104,192,631)	(93,314,671)	(104,175,241)
Net cash from operating activities		<u>605,655,849</u>	<u>433,473,242</u>	<u>590,240,545</u>	<u>431,855,536</u>

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

Sappe Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
	Note	2019	2018	2019	2018
		(in Baht)			
Cash flows from investing activities					
Payment on investments in subsidiaries	13	-	-	(93,000,000)	-
Acquisition of subsidiary, net of cash acquired	5	6,570,780	-	-	-
Acquisition of associate	12	(50,000,000)	-	-	-
Acquisition of current investments	8	(1,600,000,000)	(1,340,000,000)	(1,600,000,000)	(1,340,000,000)
Proceeds from sale of current investments	8	1,400,000,000	1,340,000,000	1,400,000,000	1,340,000,000
Acquisition of other long-term investments	8	(50,000,000)	(50,000,000)	(50,000,000)	(50,000,000)
Acquisition of plant and equipment		(92,859,757)	(167,547,841)	(84,881,515)	(168,508,686)
Proceeds from sale of plant and equipment		980,255	3,535,514	944,393	3,535,514
Acquisition of intangible assets		(5,879,377)	(3,256,597)	(1,618,984)	(3,256,597)
Proceeds from repayment of loans to related party	6	-	-	350,000	-
Interest received		2,237,386	386,853	2,047,487	385,330
Dividends received		1,371,604	-	1,371,604	-
Net cash used in investing activities		(387,579,109)	(216,882,071)	(424,787,015)	(217,844,439)
Cash flows from financing activities					
Repayment of bank overdraft		(948,461)	(99,469)	-	-
Proceeds from exercise of share options		205,600	13,042,437	205,600	13,042,437
Repayment of long-term loans		(88,091)	-	-	-
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(5,628,541)	(244,944)	-	-
Dividend paid to owners of the Company	29	(200,830,106)	(210,013,740)	(200,830,106)	(210,013,740)
Interest paid		(1,728,993)	(2,322,345)	(232)	(71)
Net cash used in financing activities		(209,018,592)	(199,638,061)	(200,624,738)	(196,971,374)
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		9,058,148	16,953,110	(35,171,208)	17,039,723
Effect of exchange rate changes on cash and cash equivalents		(296)	(88)	(296)	(88)
Net increase (decrease) in cash and cash equivalents		9,057,852	16,953,022	(35,171,504)	17,039,635
Cash and cash equivalents at 1 January		172,637,193	155,684,171	159,558,463	142,518,828
Cash and cash equivalents at 31 December	7	181,695,045	172,637,193	124,386,959	159,558,463
Non-cash transactions					
Outstanding payables for purchases of plant and equipment		5,718,375	6,704,778	4,289,769	6,704,778
Outstanding payables for purchases of intangible assets		95,238	86,834	95,238	86,834
Vehicle acquired by way of finance leases		381,416	715,901	-	-

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

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 26 February 2020.

1 General information

Sappe Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand. The Company’s registered head office and branches as follows:

Head Office: 9/3 Serithai Road, Kannayao, Kannayao District, Bangkok.
 Branch 1: 71 Ramkhamhaeng Road, Huamark, Bangkok District, Bangkok
 Branch 2: 8 Moo 7, Puech-udom, Lam Lukka District, Pathumthani

The principal activities of the Company are manufacturing and distributing health drinking and food product. Details of subsidiaries and associates as at 31 December 2019 and 2018 were as following;

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

(*) are indirect associates in 2018 (see Note 5).

Sappe Public Company Limited and its Subsidiaries
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2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions; the applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting period beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group's accounting policies. There is no material impact on the Group's financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* ("TFRS 15") which replaces TAS 18 *Revenue* ("TAS 18"), TAS 11 *Construction Contracts* ("TAS 11") and related interpretations. The details of accounting policies are disclosed in note 4(r).

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 34.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Debt securities held for trading	Fair value
Share-based payment	Fair value
Defined benefit liability	Present value of the defined benefit obligation

(c) Functional and presentation currency

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

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

(i) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note 3 / 4(r) and 23	Revenue recognition is recognised over time or at a point in time;
Note 14	Equity-accounted investees: whether the Group has significant influence over an investee

Sappe Public Company Limited and its Subsidiaries
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(ii) Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 5	Acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis;
Note 9	Measurement of allowance for doubtful debts of trade accounts receivable;
Note 12	Measurement of goodwill arising from acquisition of investment in associates;
Note 16	Impairment test of goodwill: key assumptions underlying recoverable amounts;
Note 19	Measurement of defined benefit obligations: key actuarial assumptions;
Note 21	Measurement of share-based payments; and
Note 27	Recognition of deferred tax asset: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

3 Changes in accounting policies

From 1 January 2019, the Group has adopted TFRS 15 using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 January 2019 as an adjustment to the retained earnings at 1 January 2019. Therefore, the Group has not restated the information presented for 2018, as previously reported under TAS 18 and related interpretations. The disclosure requirements of TFRS 15 have not generally been applied to comparative information.

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, excluding those amounts collected on behalf of third parties, value added tax and after deduction of any trade discounts and volume rebates. Judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Under TAS 18, the Group recognised revenue from sale of goods when the significant risks and rewards of ownership of the goods were transferred to the buyer, and recognised revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue was recognised if there was continuing management involvement with the goods or there were significant uncertainties regarding recovery of the consideration due.

(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.

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For the year ended 31 December 2019

(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 assets) when they are incremental and – if they are expected to be recovered. The Group amortises them on a 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, recognition of contract cost assets and an increase in deferred tax liabilities.

TFRS 15 did not have any material impact on the Group's accounting policies with respect to other revenue streams (see Notes 23).

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Sappe Public Company Limited and its Subsidiaries
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For the year ended 31 December 2019

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognized as surplus or discount from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries are changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Sappe Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2019

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rate ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests.

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When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) *Derivative*

Derivatives are used to manage exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. Derivatives are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

(d) *Hedging*

Hedge of future foreign currency transactions

Gains and losses from forward exchange contracts used to hedge anticipated future currency transactions are deferred until the forecasted transaction occurs. Where the hedged item is a recognised asset or liability, it is translated at the contracted forward rates.

Foreign currency assets and liabilities hedged by forward exchange contracts are translated to Thai Baht at the contracted forward exchange rates.

(e) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(f) *Trade and other accounts receivable*

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(g) *Inventories*

Inventories are measured at the lower of cost and net realisable value. Cost is calculated as follows:

Finished goods	- at standard cost which approximates current production cost, at weighted average cost.
Work in progress	- at standard cost which includes raw materials, variable labour and manufacturing overhead costs and
Raw materials, spare parts, factory supplies and others	- at weighted average cost

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Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate weighted average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(h) Investments

Investments in associates and subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Investments in other debt securities

Debt securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

The fair value of financial instruments classified as debt securities held for trading is determined as net assets value at the reporting date.

Disposal of investments

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

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(i) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

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Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvement	5-10	years
Buildings and building improvement	5-20	years
Machinery and equipment	3-15	years
Furniture, fixtures and office equipment	3-20	years
Vehicles	5-8	years

No depreciation is provided on freehold land, land reclamation recorded as part of land improvement and assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(j) *Intangible assets*

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

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Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licences	3-10 years
Trademarks and copyrights	Agreement life

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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(l) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plan is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

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Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(o) Share-based payments

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(p) Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(q) 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 the 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 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 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 or indirectly.
- *Level 3*: inputs for the asset or liability that are based on unobservable input.

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.

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

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(r) Revenue

Accounting policies for revenue recognition in 2019

Revenue is recognised 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, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

Sale of goods

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Accounting policies for revenue recognition in 2018

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

(s) Investment income

Investment income comprises dividend and interest income from investments and bank deposits. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

(t) Finance costs

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

(u) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

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Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(v) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current tax and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(w) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and warrants granted to employees.

(x) Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(y) Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly assets and liabilities segment.

5 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, which the consideration consisted of a cash payment of Baht 42.35 million, 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.

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During the period from the acquisition date to 31 December 2019, All Coco Group Co., Ltd. contributed revenue of Baht 248.32 million and loss of Baht 0.80 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 year ended 31 December 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:

<i>Identifiable assets acquired and liabilities assumed</i>	<i>Note</i>	Fair value <i>(in thousand Baht)</i>
Cash and cash equivalents		48,921
Trade accounts receivable		32,746
Other receivables		6,321
Inventories		15,059
Other current assets		257
Property, plant and equipment	15	171,659
Intangible assets	17	5,416
Other non-current assets		15,355
Trade accounts payable		(6,690)
Other payables		(29,652)
Short-term loans		(21,000)
Tax payable		(1,212)
Long-term loans from financial institutions		(220)
Finance lease liabilities		(23,865)
Deferred tax liabilities	27	(2,140)
Non-current provisions for employee benefit	19	(188)
Other non-current liabilities		(4,000)
Total identifiable net assets		206,767
Less: Non-controlling interests (49%)		101,316
Total identifiable net assets received		105,451
Less: Fair value of previously-held interests before business combination		154,000
Less: Purchase consideration transferred		42,350
Goodwill arising from the acquisition		90,899
Net cash acquired with the subsidiary		48,921
Cash paid		42,350
Net cash inflows		6,571

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 (Baht 154.00 million less Baht 143.92 million carrying value of equity-accounted investee at acquisition date), 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.

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6 Related parties

Relationships with subsidiaries and associates are described in notes 1, 12 and 13. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
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
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	Personnel who have authority and responsibility for planning, ordering and controlling for all direct and indirect activities including directors of the Group. (regardless of management role)

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

Transactions	Pricing policies
Sale of goods	Market price or contractually agreed rate
Purchase of goods	At 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
Consulting fee	Contractually agreed rate
Interest income	Contractually agreed rate
Interest expense	Contractually agreed rate

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

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods	-	-	5,962	11,076
Purchase of goods	-	-	17,152	-
Purchase of machinery and equipment	-	-	532	-
Other income	-	-	180	-
Interest income	-	-	575	355
Distribution costs and administrative expenses	-	-	468	-
Associates				
Sales of goods	8,681	-	8,681	-
Purchase of goods	186,582	-	186,582	-
Other income	13,980	8,375	13,980	8,375
Interest income	-	256	-	256
Distribution costs and administrative expenses	-	134	-	134
Other related parties				
Sales of goods	5,648	6,962	4	-
Purchases of machinery and equipment	779	12,428	779	12,428
Other income	365	379	365	379
Rental and other expenses	7,996	7,605	7,666	7,605
Consultant fee	1,200	1,200	1,200	1,200
Distribution costs and administrative expenses	141	227	112	198
Interest expense	357	61	-	-
Key management personnel				
Short-term employee benefit and others	56,988	49,392	56,988	49,392
Long-term employee benefit	2,180	2,069	2,180	2,069
Share-based payments	3,056	4,245	3,056	4,245

Intercompany sales to and purchase from associates described above excluded co-packing and distribution with an indirect associate of Baht 147.41 million for the year ended 31 December 2019.

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Balances as at 31 December with related parties were as follows:

<i>Trade accounts receivable</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiary				
Sappe Europe s.r.o.	-	-	1,392	1,116
Associate				
Danone Sappe Beverages Co., Ltd.	14,385	-	14,385	-
Other related party				
On Fifth Co., Ltd.	1	-	1	-
Italmarket Slovakia, a.s.	499	-	-	-
Total	14,885	-	15,778	1,116

<i>Other receivables</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sappe Europe s.r.o.	-	-	2,274	2,156
Sappe Trading (Shanghai) Co., Ltd.	-	-	9,874	9,716
Sappe Holding (Thailand) Co., Ltd.	-	-	833	88
Sappe Trading (Hong kong) Company Limited	-	-	204	104
All Coco Group Co., Ltd.	-	-	1,938	-
All Coco Co., Ltd.	-	-	290	-
Associates				
All Coco Group Co., Ltd.	-	4,189	-	4,189
All Coco Co., Ltd.	-	201	-	201
Danone Sappe Beverages Co., Ltd.	10,323	-	10,323	-
Other related parties				
Hayashi Products Co., Ltd.	34	28	34	28
Director	-	7	-	-
	<u>10,357</u>	<u>4,425</u>	<u>25,770</u>	<u>16,482</u>
<i>Less allowance for doubtful accounts</i>	<u>-</u>	<u>-</u>	<u>(12,148)</u>	<u>(11,872)</u>
Net	<u>10,357</u>	<u>4,425</u>	<u>13,622</u>	<u>4,610</u>
 Bad and doubtful debts expense for the year	 <u>-</u>	 <u>-</u>	 <u>276</u>	 <u>11,872</u>

Giving consideration of the current operation at two overseas subsidiaries, the company has provided allowance for doubtful accounts totalling Baht 12.15 million during the year ended 31 December 2019 (2018: Baht 11.87 million).

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	Interest rate	Consolidated financial statements			
<i>Movement of loans to</i>	At 31 December (% per annum)	At 1 January	Increase	Decrease	At 31 December
			(in thousand Baht)		
2019					
Associates					
All Coco Group Co., Ltd.	-	4,800	-	4,800	-
All Coco Co., Ltd.	-	3,200	-	3,200	-
Total		8,000			-
2018					
Associates					
All Coco Group Co., Ltd.	3.2	4,800	-	-	4,800
All Coco Co., Ltd.	3.2	3,200	-	-	3,200
Total		8,000			8,000

	Interest rate	Separate financial statements				
<i>Movement of loans to</i>	At 31 December (% per annum)	At 1 January	Increase	Decrease	Foreign currency difference	At 31 December
			(in thousand Baht)			
2019						
Subsidiaries						
Sappe Europe s.r.o.	4	8,692	-	-	(800)	7,892
All Coco Group Co., Ltd.	3.2	-	4,800	210	-	4,590
All Coco Co., Ltd.	3.2	-	3,200	140	-	3,060
Associates						
All Coco Group Co., Ltd.	-	4,800	-	4,800	-	-
All Coco Co., Ltd.	-	3,200	-	3,200	-	-
Total		16,692				15,542
Less allowance for doubtful accounts		(8,692)				(7,892)
Net		8,000				7,650
2018						
Subsidiaries						
Sappe Europe s.r.o.	4	9,141	-	-	(449)	8,692
Associates						
All Coco Group Co., Ltd.	3.2	4,800	-	-	-	4,800
All Coco Co., Ltd.	3.2	3,200	-	-	-	3,200
Total		17,141				16,692
Less allowance for doubtful accounts		-				(8,692)
Net		17,141				8,000

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	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Bad and doubtful debt expenses for the year (reversal)	-	-	(800)	8,692
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other non-current assets				
Other related parties				
Directors	1,167	1,167	1,167	1,167
Group of Persons Ruckariyapong	1,063	1,063	1,063	1,063
Total	2,230	2,230	2,230	2,230
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Trade accounts payable				
Subsidiary				
All Coco Group Co., Ltd.	-	-	2,509	-
Associate				
Danone Sappe Beverages Co., Ltd.	42,806	-	42,806	-
Total	42,806	-	45,315	-
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other payable				
Subsidiary				
All Coco Group Co., Ltd.	-	-	314	-
Associate				
All Coco Group Co., Ltd.	-	30	-	30
Other related parties				
Italmarket Slovakia, a.s.	520	1,269	-	-
Toyox Trading (Thailand) Co., Ltd.	3	94	3	94
3T Engineering Co., Ltd	281	2,568	281	2,568
Bangkok Bestbuy Group Co., Ltd	-	75	-	75
Director	349	-	-	-
Key management personnel	349	-	-	-
Total	1,502	4,036	598	2,767

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<i>Movement of loans from</i>	Interest rate		Consolidated financial statements			
	At 31 December (% per annum)	At 1 January	Increase	Decrease (in thousand Baht)	Foreign currency difference	At 31 December
2019						
Other related parties						
Italmarket						
Slovakia, a.s.	2	2,970	-	-	(271)	2,699
Director	0 - 3.2	928	6,500	(2,825)	(85)	4,518
Key management personnel	3.2	-	6,500	(2,825)	-	3,675
Other related parties	-	86	-	-	(3)	83
Total		3,984				10,975
2018						
Other related parties						
Italmarket						
Slovakia, a.s.	2	3,122	-	-	(152)	2,970
Director	-	976	-	-	(48)	928
Other related parties	-	87	-	-	(1)	86
Total		4,185				3,984

As at 31 December 2019 and 2018, the Group has short-term loans from related parties amounting to Euro 105,000.

<i>Other non-current liability</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other related party				
Director	3,679	4,049	-	-

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 31 December 2019, the management considered to recognise a provision following the regulations of the subsidiary of Baht 3.68 million (2018: Baht 4.05 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.

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The Group has a land lease agreement with a related party under which the party agree that the Group has the right to lease the land for 30 years ended year 2046 and the Group is committed to pay the monthly land lease. Every 5 years the party will add 10% 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.

(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 2022. 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.

(c) 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.

(d) 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.

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash on hand	52	379	-	-
Cash at banks - current accounts	78,618	49,253	33,488	49,253
Cash at banks - savings accounts	103,025	123,005	90,899	110,305
Cash and cash equivalents in the statement of financial position	181,695	172,637	124,387	159,558
Cash and cash equivalents in the statement of cash flows	181,695	172,637	124,387	159,558

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8 Other investments

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Current investments</i>				
Debt securities held for trading	1,132,132	915,805	1,132,132	915,805
	<u>1,132,132</u>	<u>915,805</u>	<u>1,132,132</u>	<u>915,805</u>
<i>Other long-term investments</i>				
Long-term deposits at financial institutions	100,000	50,000	100,000	50,000
	<u>100,000</u>	<u>50,000</u>	<u>100,000</u>	<u>50,000</u>
Total	<u>1,232,132</u>	<u>965,805</u>	<u>1,232,132</u>	<u>965,805</u>

Dividend income and interest income for the year ended 31 December 2019 amounting to Baht 1.37 million and Baht 1.62 million, respectively.

	Consolidated financial statements			
	At 1 January	Purchase	Disposal	Fair value adjustment
	<i>(in thousand Baht)</i>			
2019				
<i>Current investments</i>				
Debt securities held for trading	<u>915,805</u>	1,600,000	(1,400,000)	16,327
				<u>1,132,132</u>
<i>Other long-term investments</i>				
Long-term deposits at financial institutions	<u>50,000</u>	50,000	-	-
				<u>100,000</u>
2018				
<i>Current investments</i>				
Debt securities held for trading	<u>905,212</u>	1,340,000	(1,340,000)	10,593
				<u>915,805</u>
<i>Other long-term investments</i>				
Long-term deposits at financial institutions	<u>-</u>	50,000	-	-
				<u>50,000</u>

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	At 1 January	Separate financial statements			At 31 December
		Purchase	Disposal	Fair value adjustment	
		<i>(in thousand Baht)</i>			
2019					
Current investments					
Debt securities held for trading	<u>915,805</u>	1,600,000	(1,400,000)	16,327	<u>1,132,132</u>
Other long-term investments					
Long-term deposits at financial institutions	<u>50,000</u>	50,000	-	-	<u>100,000</u>
2018					
Current investments					
Debt securities held for trading	<u>905,212</u>	1,340,000	(1,340,000)	10,593	<u>915,805</u>
Other long-term investments					
Long-term deposits at financial institutions	<u>-</u>	50,000	-	-	<u>50,000</u>

9 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Within credit terms	204,705	159,449	194,295	159,843
Overdue:				
Less than 3 months	138,823	89,430	131,225	84,442
3-6 months	9,341	80	9,075	80
6-12 months	233	-	227	-
Over than 12 months	1,123	2	-	-
	<u>354,225</u>	<u>248,961</u>	<u>334,822</u>	<u>244,365</u>
Less allowance for doubtful accounts	<u>(1,356)</u>	<u>(2)</u>	<u>(227)</u>	<u>-</u>
Net	<u>352,869</u>	<u>248,959</u>	<u>334,595</u>	<u>244,365</u>

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

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10 Other receivables

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Other receivables - related parties	6	3,829	4,425	19,242	16,482
Other unbilled receivables - related party	6	6,528	-	6,528	-
Prepaid expenses		19,920	27,542	18,429	26,804
Value added taxes refundable		5,595	1,229	5,460	1,228
Others		6,612	5,056	6,891	5,676
		42,484	38,252	56,550	50,190
Less allowance for doubtful accounts		(1,535)	(1,535)	(13,682)	(13,407)
Net		40,949	36,717	42,868	36,783
Bad and doubtful debts expense for the year		-	1,535	275	13,407

11 Inventories

		Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Finished goods		62,744	91,579	48,807	88,192
Trading goods		6,917	767	6,273	767
Work in progress		17,625	8,093	13,758	8,093
Raw materials		36,820	41,532	36,288	41,532
Package and packing material		71,143	46,386	66,695	46,386
Spare parts, factory supplies and others		26,557	22,941	22,543	22,941
Goods in transit		1,458	5,430	210	4,677
Total		223,264	216,728	194,574	212,588
Less Allowance for decline in value		(1,621)	(1,363)	(1,621)	(1,363)
Allowance for slow moving		(4,746)	(1,589)	(3,976)	(1,589)
Net		216,897	213,776	188,977	209,636
Inventories recognised in 'cost of sales of goods':					
- Cost		2,081,203	1,801,120	1,885,753	1,777,486
- Write-down to net realisable value		258	1,029	258	1,029
- (Reversal of) write-down		2,386	(2,329)	2,386	(2,329)
Net		2,083,847	1,799,820	1,888,397	1,776,186

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12 Investment in associates

		Consolidated financial statements								Dividend income	
	Type of business	Ownership interest		Paid-up capital		Cost		Equity		2019	2018
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		(%)						(in thousand Baht)			
Indirect associates											
All Coco Group Co., Ltd.	Producing and distributing coconut products	-	40	-	168,000	-	143,855	-	142,009	-	-
Danone Sappe Beverages Co., Ltd.	Distributing health drinking product	25	-	200,000	-	50,000	-	29,744	-	-	-
Total						50,000	143,855	29,744	142,009	-	-

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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 Group 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 5.

The Group has an option to purchase additional shares in the maximum portion of 9% of All Coco Group Co., Ltd.'s registered shares within 4 years after the effective date of the first sales and purchase of shares agreement, at the fair value

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 year ended 31 December 2019.

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Associates

The following table summarises the financial information of the associates as included in their own financial statements, adjusted for fair value adjustment at acquisition and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in these companies.

	Group of All Coco Group Co., Ltd. From 1 January 2019 to 31 January 2019	2018 (in thousand Baht)	2019	2018
Revenue	31,715	348,090	186,600	-
Profit (loss) from continuing operations	4,774	205	(78,974)	-
Total comprehensive income (100%)	4,774	205	(78,974)	-
Total comprehensive income of the Group's interest	1,909	82	(19,744)	-
Elimination of unrealised profit on downstream sales and upstream purchase	-	-	(512)	-
Group's share of total comprehensive income	1,909	82	(20,256)	-
Current assets	-	93,848	169,675	-
Non-current assets	-	179,952	192	-
Current liabilities	-	(57,571)	(48,842)	-
Non-current liabilities	-	(22,799)	-	-
Net assets (100%)	-	193,430	121,025	-
Group's share of net assets	-	77,372	30,256	-
Elimination of unrealised profit on downstream sales and upstream purchase	-	-	(512)	-
Transaction costs	-	3,855	-	-
Goodwill	-	60,782	-	-
Carrying amount of interest in associates	-	142,009	29,744	-

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13 Investments in subsidiaries

	Separate financial statements										Dividend income For the year	
	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net			
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(%)										(in thousand Baht)	
Direct subsidiaries												
Sappe Europe s.r.o.	60	60	EUR 6,639		162	162	-	-	162	162	-	-
Sappe Holding (Thailand) Co., Ltd.	100	100	Baht 290 million	Baht 197 million	290,000	197,000	-	-	290,000	197,000	-	-
Total					290,162	197,162	-	-	290,162	197,162	-	-
Indirect subsidiaries												
Sappe Trading (Hong Kong) Company Limited	100	100	HKD 100,000		454	454	(454)	(454)	-	-	-	-
Sappe Hong Kong Company Limited	100	100	HKD 3,000,000		13,980	13,980	(13,980)	(13,980)	-	-	-	-
Sappe Trading (Shanghai) Co., Ltd.	100	100	CNY 2,000,000		10,173	10,173	(10,173)	(10,173)	-	-	-	-
All Coco Group Co., Ltd.	51	-	Baht 168 million	-	196,350	-	-	-	196,350	-	-	-
Total					220,957	24,607	(24,607)	(24,607)	196,350	-	-	-

Giving consideration of the current operation at overseas subsidiaries, the Group has provided allowance for impairment loss totaling Baht 24.61 million during the year ended 31 December 2019 (2018: Baht 24.61 million).

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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 year ended 31 December 2019 are disclosed in note 5.

14 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group elimination:

	31 December 2019			
	All Coco Group Co., Ltd.	Other individually immaterial subsidiaries (in thousand Baht)	Intra- group elimination	Total
Non-controlling interest percentage	49	40		
Current assets	89,280	9,700		
Non-current assets	183,543	2,245		
Current liabilities	(47,100)	(19,037)		
Non-current liabilities	(19,760)	(3,777)		
Net assets	205,963	(10,869)		
Carrying amount of non-controlling interest	100,922	(4,347)	-	96,575
Revenue	248,316	28,775		
Profit (loss)	(803)	144		
Other comprehensive income	-	1,103		
Total comprehensive income	(803)	1,247		
Profit (loss) allocated to non-controlling interest	(393)	57	-	(336)
Other comprehensive income allocated to non-controlling interest	-	441	-	441

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	31 December 2018		
	Individually immaterial subsidiaries	Intra- group elimination	Total
	<i>(in thousand Baht)</i>		
Non-controlling interest percentage	40		
Current assets	11,630		
Non-current assets	3,431		
Current liabilities	(22,708)		
Non-current liabilities	(4,469)		
Net assets	(12,116)		
Carrying amount of non-controlling interest	(4,846)	-	(4,846)
Revenue	40,868		
Loss	(459)		
Other comprehensive income	610		
Total comprehensive income	151		
Other comprehensive loss allocated to non-controlling interest	(184)	-	(184)
Other comprehensive income allocated to non-controlling interest	244	-	244

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15 Property, plant and equipment

		Consolidated financial statements						
	Note	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Asset under construction and installation	Total
Cost								
At 1 January 2018		131,288	373,922	986,044	91,329	53,767	69,527	1,705,877
Additions		-	303	13,198	4,352	3,230	141,817	162,900
Transfer		100	13,997	101,594	1,011	7,318	(124,020)	-
Disposals		-	(430)	(9,225)	(527)	(8,342)	-	(18,524)
Effect of movements in exchange rates		-	-	(372)	(118)	(91)	-	(581)
At 31 December 2018 and 1 January 2019		131,388	387,792	1,091,239	96,047	55,882	87,324	1,849,672
Additions		32	267	14,629	2,804	1,910	71,549	91,191
Acquisition through business combination	5	4,850	61,220	99,793	3,593	2,089	114	171,659
Transfer		3,333	14,887	70,737	2,762	1,574	(93,293)	-
Disposals		-	-	(1,348)	(278)	(3,069)	-	(4,695)
Effect of movements in exchange rates		-	-	(752)	(120)	(163)	-	(1,035)
At 31 December 2019		139,603	464,166	1,274,298	104,808	58,223	65,694	2,106,792
Depreciation and impairment losses								
At 1 January 2018		13,622	118,259	428,158	54,976	41,305	1,434	657,754
Depreciation charge for the year		5,144	24,756	108,196	11,118	4,408	-	153,622
Disposals		-	(294)	(8,152)	(488)	(8,342)	-	(17,276)
Effect of movements in exchange rates		-	-	(330)	(13)	(31)	-	(374)
At 31 December 2018 and 1 January 2019		18,766	142,721	527,872	65,593	37,340	1,434	793,726
Depreciation charge for the year		4,361	29,582	129,860	12,690	7,239	-	183,732
Transfer		544	5,419	(5,008)	(161)	(794)	-	-
Disposals		-	-	(223)	(470)	(3,070)	-	(3,763)
Effect of movements in exchange rates		-	-	(653)	(3)	(87)	-	(743)
At 31 December 2019		23,671	177,722	651,848	77,649	40,628	1,434	972,952

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	Consolidated financial statements						Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment <i>(in thousand Baht)</i>	Vehicles	Asset under construction and installation	
Net book value							
At 31 December 2018							
Owned assets	112,622	245,071	563,367	30,454	17,576	85,890	1,054,980
Assets under finance leases	-	-	-	-	966	-	966
	112,622	245,071	563,367	30,454	18,542	85,890	1,055,946
At 31 December 2019							
Owned assets	115,932	286,444	619,271	27,159	17,123	64,260	1,130,189
Assets under finance leases	-	-	3,179	-	472	-	3,651
	115,932	286,444	622,450	27,159	17,595	64,260	1,133,840

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	Separate financial statements						
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Asset under construction and installation	Total
Cost							
At 1 January 2018	131,288	373,921	976,214	91,129	51,893	69,528	1,693,973
Additions	-	304	13,198	4,352	3,230	141,816	162,900
Transfer	100	13,997	101,594	1,011	7,318	(124,020)	-
Disposals	-	(430)	(9,225)	(527)	(8,342)	-	(18,524)
At 31 December 2018 and 1 January 2019	131,388	387,792	1,081,781	95,965	54,099	87,324	1,838,349
Additions	-	122	12,309	1,747	1,910	66,379	82,467
Transfer	-	1,304	85,556	2,130	2,596	(91,586)	-
Disposals	-	-	(194)	-	(3,069)	-	(3,263)
At 31 December 2019	131,388	389,218	1,179,452	99,842	55,536	62,117	1,917,553
Depreciation and impairment losses							
At 1 January 2018	13,622	118,259	421,390	54,945	40,914	1,434	650,564
Depreciation for the year	5,144	24,756	107,642	11,105	3,951	-	152,598
Disposals	-	(294)	(8,152)	(488)	(8,342)	-	(17,276)
At 31 December 2018 and 1 January 2019	18,766	142,721	520,880	65,562	36,523	1,434	785,886
Depreciation for the year	4,246	24,545	117,062	10,103	5,967	-	161,923
Disposals	-	-	(193)	-	(3,069)	-	(3,262)
At 31 December 2019	23,012	167,266	637,749	75,665	39,421	1,434	944,547
Net book value							
At 31 December 2018	112,622	245,071	560,901	30,403	17,576	85,890	1,052,463
At 31 December 2019	108,376	221,952	541,703	24,177	16,115	60,683	973,006

The gross amount of the Group and Company's fully depreciated land improvement, plant and equipment that was still in use as at 31 December 2019 amounted to Baht 223.89 million and Baht 218.23 million, respectively (2018: Baht 175.41 million and Baht 175.41 million).

Asset under construction and installation as at 31 December 2019 were machinery, etc. (2018: Machinery).

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16 Goodwill

	<i>Note</i>	Consolidated financial statements	
		2019	2018
		<i>(in million Baht)</i>	
Cost			
At 1 January		-	-
Acquired through business combinations	5	90,899	-
At 31 December		90,899	-
Net book value			
At 31 December		90,899	-

During the year 2019, a subsidiary completed acquisition of 11% equity share in All Coco Group Co., Ltd. (See note 5) resulting in recognition of goodwill.

Impairment testing for CGU containing goodwill

For the purposes of impairment testing, goodwill has been allocated to the Group's CGU (operating division) as follows.

The recoverable amount of this CGU was based on fair value less costs of disposal, estimated using discounted cash flows. The fair value measurement was categorised as a Level 3 fair value.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

	Consolidated financial statements
	2019
	(%)
Discount rate	9.54
Terminal value growth rate	0.00
Budgeted EBITDA growth rate (average of next five years)	9.20

The discount rate was a post-tax measure estimated based on the historical industry average weighted-average cost of capital, with a possible debt leveraging of 50% at a market interest rate of 13.78%.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make.

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Budgeted EBITDA was estimated taking into account past experience, adjusted as follows.

- Revenue growth was projected taking into account the average growth levels experienced over the past five years and the estimated sales volume and price growth for the next five years. It was assumed that the sales price would increase in line with forecast inflation over the next five years.
- Significant one-off environmental costs have been factored into the budgeted EBITDA, reflecting various potential regulatory developments in Thailand in which the CGU operates. Other environmental costs are assumed to grow with inflation in other years.
- Estimated cash flows related to a restructuring that is expected to be carried out in 2020 were reflected in the budgeted EBITDA.

The estimated recoverable amount of the CGU exceeded its carrying amount by approximately Baht 580.90 million. Management has identified that a reasonably possible change in two key assumptions could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which these two assumptions would need to change individually for the estimated recoverable amount to be equal to the carrying amount.

	Consolidated financial statements
	2019
	(%)
Discount rate	5.2
Budgeted EBITDA growth rate	79

17 Other intangible assets

Consolidated financial statements				
		Trademarks and Copyrights (in thousand Baht)	Product design	Total
<i>Cost</i>	<i>Note</i>	Software licences		
At 1 January 2018		29,428	49,456	1,560
Additions		1,097	2,152	-
Effect of movements in exchange rates		(47)	-	-
At 31 December 2018 and 1 January 2019		30,478	51,608	1,560
Acquisition through business combination	5	4,269	1,147	-
Additions		3,985	1,567	336
Effect of movements in exchange rates		(85)	-	-
At 31 December 2019		38,647	54,322	1,896

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Consolidated financial statements				
	Software licences	Trademarks and Copyrights (in thousand Baht)	Product design	Total
<i>Amortisation</i>				
At 1 January 2018	18,885	5,166	95	24,146
Amortisation for the year	3,229	3,916	100	7,245
Effect of movements in exchange rates	(47)	-	-	(47)
At 31 December 2018 and 1 January 2019	22,067	9,082	195	31,344
Amortisation for the year	3,121	4,323	100	7,544
Effect of movements in exchange rates	(85)	-	-	(85)
At 31 December 2019	25,103	13,405	295	38,803
<i>Net book value</i>				
At 31 December 2018	8,411	42,526	1,365	52,302
At 31 December 2019	13,544	40,917	1,601	56,062

Separate financial statements				
	Software licences	Trademarks and Copyrights (in thousand Baht)	Product design	Total
<i>Cost</i>				
At 1 January 2018	28,452	49,456	1,560	79,468
Additions	1,097	2,152	-	3,249
At 31 December 2018 and 1 January 2019	29,549	51,608	1,560	82,717
Additions	60	1,568	-	1,628
At 31 December 2019	29,609	53,176	1,560	84,345
<i>Amortisation</i>				
At 1 January 2018	17,909	5,166	95	23,170
Amortisation for the year	3,229	3,916	100	7,245
At 31 December 2018 and 1 January 2019	21,138	9,082	195	30,415
Amortisation for the year	3,015	4,297	100	7,412
At 31 December 2019	24,153	13,379	295	37,827
<i>Net book value</i>				
At 31 December 2018	8,411	42,526	1,365	52,302
At 31 December 2019	5,456	39,797	1,265	46,518

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18 Other payables

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Other payables - related parties	6	804	4,036	598	2,767
Accrued interest expense - related parties	6	698	-	-	-
Accrued promotional expense		144,738	118,402	144,738	118,402
Accrued expenses		111,732	76,447	102,301	76,083
Other payables - other parties		79,781	53,378	73,950	53,378
Advance received		17,802	8,468	15,150	8,468
Others		10,793	12,260	8,422	10,087
Total		366,348	272,991	345,159	269,185

19 Non-current provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Statement of financial position				
Non-current provisions for:				
Post-employment benefits	18,326	10,119	17,978	10,119
Other long-term employee benefits	1,977	2,316	1,977	2,316
Total	20,303	12,435	19,955	12,435
Year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	8,084	3,267	7,924	3,267
Other long-term employee benefits	817	855	817	855
Total	8,901	4,122	8,741	4,122
Recognised in other comprehensive income:				
Actuarial gain recognised in the year	(656)	-	(656)	-
Cumulative actuarial gain recognised	3,558	3,558	3,558	3,558
Total	2,902	3,558	2,902	3,558

Defined benefit plan

The Group and the Company operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E.2541 (1998) to provide requirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

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Present value of the defined benefit obligations	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2019	2018 (in thousand Baht)	2019	2018
At 1 January		12,435	8,748	12,435	8,748
Include in profit or loss:	25				
Current service cost		5,862	3,714	5,717	3,714
Past service cost		2,675	-	2,665	-
Interest on obligation		364	408	359	408
		8,901	4,122	8,741	4,122
Included in other comprehensive income					
Actuarial gain					
- Demographic assumptions		9	-	9	-
- Financial assumptions		1,551	-	1,551	-
- Experience adjustment		(2,216)	-	(2,216)	-
		(656)	-	(656)	-
Other					
Benefit paid		(565)	(435)	(565)	(435)
Acquisition through business combination		188	-	-	-
		(377)	(435)	(565)	(435)
At 31 December		20,303	12,435	19,955	12,435

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee, who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost recognised increased

Other long-term employee benefit

Other long-term employee benefit was based on the length of service of employees and actuarial assumptions as basis to calculate the obligations.

Principal actuarial assumptions	Consolidated financial statements		Separate financial statements	
	2019	2018 (%)	2019	2018
Discount rate	2.49 - 2.93	2.38	2.49	2.38
Future salary growth	5	5	5	5
Employee turnover	0 - 40	0 - 50	0 - 40	0 - 50

Assumptions regarding future mortality have been based on published statistics and mortality tables.

As at 31 December 2019, the weighted-average duration of the defined benefit obligation was 23.85 - 30.28 years (2018: 21.85 years)

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Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

<i>Effect to the defined benefit obligation At 31 December</i>	Consolidated financial statements			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Discount rate	(2,542)	(963)	3,018	1,097
Future salary growth	2,832	1,163	(2,434)	(1,041)
Employee turnover	(2,819)	(1,124)	1,424	818
Future mortality	139	58	(138)	(58)

<i>Effect to the defined benefit obligation At 31 December</i>	Separate financial statements			
	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Discount rate	(2,502)	(963)	2,971	1,097
Future salary growth	2,784	1,163	(2,392)	(1,041)
Employee turnover	(2,774)	(1,124)	1,405	818
Future mortality	137	58	(136)	(58)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

20 Share capital

	Par value per share (in Baht)	2019		2018	
		Number	Baht	Number	Baht
		(thousand shares / thousand Baht)			
Authorised					
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
At 31 December					
- ordinary shares	1	308,438	308,438	308,438	308,438
Issued and paid-up					
At 1 January					
- ordinary shares	1	304,368	304,368	303,080	303,080
Shares options exercised (Note 21)	1	10	10	1,288	1,288
At 31 December					
- ordinary shares	1	304,378	304,378	304,368	304,368

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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.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

21 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.

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

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

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

Fair value of warrants Baht 6.9 - 8.3

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

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

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

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Expenses for share-based payment transactions in the consolidated and separate financial statements for the year ended 31 December 2019 were Baht 11.93 million (2018: Baht 13.98 million).

Movements during the years ended 31 December of warrants were as follows:

	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)
At 31 December	7.72	4,060	7.72	4,070

22 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

The currency translation differences account within equity relates to foreign currency differences arising from the translation of the financial statements of foreign operations to Thai Baht.

Defined benefit plan actuarial gains (losses)

The defined benefit plan actuarial gains (losses) account within equity comprises experience adjustments which are the effects of differences between the previous actuarial assumptions and what has actually occurred and the effects of changes in actuarial assumptions.

Differences arising from common control transactions

The differences arising from common control transactions within equity represents the excess of the book values of certain entities or businesses under common control over their cost as of the date of their acquisition. The reserve is non-distributable and will be retained until the respective subsidiaries are sold or otherwise disposed of.

Movements in reserves

Movements in reserves are shown in the statements of changes in equity.

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23 Segment information and disaggregation of revenue

Management determined that the Group has 2 reportable segments, as described below, which are the strategic divisions for different products and are managed separately because they require different technology. 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	Health drinking products
Segment 2	Coconut products

Each segment's performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

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	Consolidated financial statements											
	Health drinking products		Coconut products		Other segments		Total		Eliminate		Net	
Year ended 31 December	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(in thousand Baht)											
Information about reportable segments												
External revenues	3,045,514	2,787,990	226,754	-	27,210	38,872	3,299,478	2,826,862	-	-	3,299,478	2,826,862
Inter-segment revenue	5,962	11,076	17,621	-	-	-	23,583	11,076	(23,583)	(11,076)	-	-
Total revenue	3,051,476	2,799,066	244,375	-	27,210	38,872	3,323,061	2,837,938	(23,583)	(11,076)	3,299,478	2,826,862
Disaggregation of revenue												
Primary geographical markets												
Thailand	1,155,450	945,873	238,201	-	-	-	1,393,651	945,873	(17,621)	-	1,376,030	945,873
Indonesia and Philippines	776,118	757,831	-	-	-	-	776,118	757,831	-	-	776,118	757,831
Korea	318,769	273,595	1,530	-	-	-	320,299	273,595	-	-	320,299	273,595
Others	801,139	821,767	4,644	-	27,210	38,872	832,993	860,639	(5,962)	(11,076)	827,031	849,563
Total revenue	3,051,476	2,799,066	244,375	-	27,210	38,872	3,323,061	2,837,938	(23,583)	(11,076)	3,299,478	2,826,862
Major products												
Drinks	2,615,380	2,376,736	207,942	-	27,210	38,872	2,850,532	2,415,608	(23,583)	(11,076)	2,826,949	2,404,532
Others	436,096	422,330	36,433	-	-	-	472,529	422,330	-	-	472,529	422,330
Total revenue	3,051,476	2,799,066	244,375	-	27,210	38,872	3,323,061	2,837,938	(23,583)	(11,076)	3,299,478	2,826,862
Timing of revenue recognition												
At a point in time	3,051,476	2,799,066	244,375	-	27,210	38,872	3,323,061	2,837,938	(23,583)	(11,076)	3,299,478	2,826,862
Share of profit (loss) of investments in associates	(18,346)	82	-	-	-	-	(18,346)	82	-	-	(18,346)	82
Segment profit (loss) before income tax	518,641	420,873	(565)	-	(14,831)	(4,462)	503,245	416,411	(507)	20,583	502,738	436,994
Interest income	2,591	997	-	-	-	-	2,591	997	(575)	(355)	2,016	642
Depreciation and amortisation	169,335	159,843	21,027	-	914	1,024	191,276	160,867	-	-	191,276	160,867

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Consolidated financial statements												
	Health drinking products		Coconut products		Other segments		Total		Eliminate		Net	
Year ended 31 December	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(in thousand Baht)											
Tax expense	99,747	85,609	238	-	26	18	100,011	85,627	-	-	100,011	85,627
Segment assets	3,279,251	2,951,811	272,823	-	146,718	173,118	3,698,792	3,124,929	(308,825)	(202,022)	3,389,967	2,922,907
Segment liabilities	581,494	484,780	66,860	-	36,565	40,013	684,919	524,793	(38,722)	(25,427)	646,197	499,366

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<i>Year ended 31 December</i>	Separate financial statements	
	Reportable segments	
	2019	2018
	<i>(in thousand Baht)</i>	
Disaggregation of revenue		
Primary geographical markets		
Thailand	1,155,450	945,873
Indonesia and Philippines	776,118	757,831
Korea	318,769	273,595
Others	801,139	821,767
Total revenue	3,051,476	2,799,066
Major products		
Drinks	2,615,380	2,376,736
Others	436,096	422,330
Total revenue	3,051,476	2,799,066
Timing of revenue recognition		
At a point in time	3,051,476	2,799,066

Geographical segments

In presenting information on the geographical revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

<i>Geographical information</i>	Consolidated financial statements			
	Revenues		Non-current assets	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Thailand	1,376,030	945,873	1,443,812	1,314,862
Indonesia and Philippines	776,118	757,831	-	-
Korea	320,299	273,595	-	-
Others	827,031	849,563	2,278	3,483
Total	3,299,478	2,826,862	1,446,090	1,318,345

Major customer

Revenues from 2 major customers of the Group's represent approximately Baht 776 million (2018: 2 customers approximately Baht 758 million) of the Group's total revenues.

24 Other income

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Income from logistic	18,452	17,116	18,109	17,080
Gain from current investment revaluation	11,242	8,658	11,242	8,658
Gain on sale of current investments	6,457	1,935	6,457	1,935
Income from sales of scrap	2,768	3,449	2,737	3,396
Interest income	2,237	642	2,591	997
Others	28,763	19,740	24,449	17,832
Total	69,919	51,540	65,585	49,898

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25 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Management					
Wages and salaries		40,103	36,731	40,103	36,731
Contribution to provident fund		800	689	800	689
Defined benefit plans and other					
long-term employee benefit	19	1,380	1,380	1,380	1,380
Share-based payment	21	3,056	4,245	3,056	4,245
Others		16,885	12,661	16,885	12,661
Total		62,224	55,706	62,224	55,706
Other employee					
Wages and salaries		241,268	246,427	198,676	246,427
Contribution to provident fund		4,112	4,167	3,955	4,167
Defined benefit plans and other					
long-term employee benefit	19	7,521	2,742	7,361	2,742
Share-based payment	21	8,875	9,738	8,875	9,738
Others		106,733	81,072	96,494	77,582
Total		368,509	344,146	315,361	340,656

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by 3% of their basic salaries and by the Company at rate 3% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

26 Expenses by nature

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress	20,669	(13,271)	28,215	(12,304)
Raw materials and consumables used	1,428,412	1,254,881	1,287,848	1,231,291
Employee benefit expenses	430,733	399,852	377,585	396,362
Sale promotion expenses	271,142	214,508	265,762	214,344
Depreciation and amortisation expenses	191,273	160,867	169,335	159,843
Wages	129,457	94,057	129,457	94,057
Transportation expenses	113,388	101,024	107,866	100,910
Utilities expenses	86,179	66,493	70,865	66,454
Others	193,403	170,377	173,758	187,939
Total cost of sales of goods, distribution costs and administrative expenses	2,864,656	2,448,788	2,610,691	2,438,896

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27 Income tax

<i>Income tax recognised in profit or loss</i>	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Current tax expense				
Current year	102,239	88,954	102,370	88,936
Adjustment for prior year	(363)	65	(363)	65
	<u>101,876</u>	<u>89,019</u>	<u>102,007</u>	<u>89,001</u>
Deferred tax expense				
Movement in temporary differences	(1,865)	(3,392)	(2,260)	(3,392)
	<u>(1,865)</u>	<u>(3,392)</u>	<u>(2,260)</u>	<u>(3,392)</u>
Total income tax expense	<u>100,011</u>	<u>85,627</u>	<u>99,747</u>	<u>85,609</u>

Consolidated financial statements						
<i>Income tax</i>	Before tax	2019	Net of tax	Before tax	2018	Net of tax
		Tax (expense) benefit			Tax (expense) benefit	
<i>Recognised in other comprehensive income</i>						
Defined benefit plan actuarial losses	(656)	131	(525)	-	-	-
Total	<u>(656)</u>	<u>131</u>	<u>(525)</u>	<u>-</u>	<u>-</u>	<u>-</u>

Separate financial statements						
<i>Income tax</i>	Before tax	2019	Net of tax	Before tax	2018	Net of tax
		Tax (expense) benefit			Tax (expense) benefit	
<i>Recognised in other comprehensive income</i>						
Defined benefit plan actuarial losses	(656)	131	(525)	-	-	-
Total	<u>(656)</u>	<u>131</u>	<u>(525)</u>	<u>-</u>	<u>-</u>	<u>-</u>

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Reconciliation of effectively tax rate

	Consolidated financial statements			
	2019		2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		502,738		436,994
Income tax using the Thai corporation tax rate	20	100,548	20	87,399
Effect of different tax rates in foreign jurisdictions		2,653		(3,361)
Income not subject to tax		1,652		(16)
Additional expenses deductible		(4,677)		(3,134)
Expenses not deductible for tax purposes		4,178		4,194
Recognition of previously unrecognised deferred tax		(3,980)		480
Under provided in prior years		(363)		65
Total	20	100,011	20	85,627

Reconciliation of effectively tax rate

	Separate financial statements			
	2019		2018	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax		518,641		420,873
Income tax using the Thai corporation tax rate	20	103,728	20	84,175
Additional expenses deductible		(3,263)		(3,120)
Expenses not deductible for tax purposes		3,625		4,009
Recognition of previously unrecognised deferred tax		(3,980)		480
Under provided in prior years		(363)		65
Total	19	99,747	20	85,609

Deferred tax

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
At 31 December		(in thousand Baht)		
Deferred tax assets	15,884	14,768	15,435	14,768
Deferred tax liabilities	(3,498)	(1,976)	(514)	(1,976)
Net	12,386	12,792	14,921	12,792

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	At 1 January	Consolidated financial statements (Charged) / Credited to			At 31 December
		Profit or loss	Other comprehensive income (in thousand Baht)	Acquired in business combination	
2019					
Deferred tax assets					
Trade accounts receivable	-	271	-	-	271
Other receivables	2,681	55	-	-	2,736
Short-term loans to related parties	1,738	(160)	-	-	1,578
Inventories	590	675	-	-	1,265
Property, plant and equipment	5,379	(933)	-	-	4,446
Provisions for employee benefit	2,487	1,704	(131)	-	4,060
Other payables	1,893	(365)	-	-	1,528
Total	14,768	1,247	(131)	-	15,884
Deferred tax liabilities					
Current investment	(1,732)	1732	-	-	-
Property, plant and equipment	-	232	-	(2,140)	(1,908)
Finance lease liabilities	-	(1,076)	-	-	(1,076)
Forward contracts	(244)	(270)	-	-	(514)
Total	(1,976)	618	-	(2,140)	(3,498)
Net	12,792	1,865	(131)	(2,140)	12,386

	Consolidated financial statements (Charged) / Credited to			
	At 1 January	Profit or loss	Other comprehensive income	At 31 December
<i>Deferred tax</i>				
<i>2018</i>				
<i>Deferred tax assets</i>				
Trade accounts receivable	3	(3)	-	-
Other receivables	-	2,681	-	2,681
Short-term loans to related parties	-	1,738	-	1,738
Inventories	850	(260)	-	590
Property, plant and equipment	6,025	(646)	-	5,379
Provisions for employee benefit	1,750	737	-	2,487
Other payables	1,237	656	-	1,893
Total	9,865	4,903	-	14,768
<i>Deferred tax liabilities</i>				
Current investment	-	(1,732)	-	(1,732)
Forward contracts	(465)	221	-	(244)
Total	(465)	(1,511)	-	(1,976)
Net	9,400	3,392	-	12,792

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<i>Deferred tax</i>	At 1 January	Separate financial statements (Charged) / credited to		At 31 December
		Profit or loss <i>(in million Baht)</i>	Other comprehensive income	
2019				
<i>Deferred tax assets</i>				
Trade accounts receivable	-	46	-	46
Other receivables	2,681	55	-	2,736
Short-term loans to related parties	1,738	(160)	-	1,578
Inventories	590	528	-	1,118
Property, plant and equipment	5,379	(933)	-	4,446
Provisions for employee benefit	2,487	1,635	(131)	3,991
Other payables	1,893	(373)	-	1,520
Total	14,768	798	(131)	15,435
<i>Deferred tax liabilities</i>				
Current investment	(1,732)	1,732	-	-
Forward contracts	(244)	(270)	-	(514)
Total	(1,976)	1,462	-	(514)
Net	12,792	2,260	(131)	14,921
2018				
<i>Deferred tax assets</i>				
Trade accounts receivable	3	(3)	-	-
Other receivables	-	2,681	-	2,681
Short-term loans to related parties	-	1,738	-	1,738
Inventories	850	(260)	-	590
Property, plant and equipment	6,025	(646)	-	5,379
Provisions for employee benefit	1,750	737	-	2,487
Other payables	1,237	656	-	1,893
Total	9,865	4,903	-	14,768
<i>Deferred tax liabilities</i>				
Current investment	-	(1,732)	-	(1,732)
Forward contracts	(465)	221	-	(244)
Total	(465)	(1,511)	-	(1,976)
Net	9,400	3,392	-	12,792

The Company has not recognised deferred tax liabilities arising from temporary differences on currency translation difference of the subsidiaries' financial statements because the Company does not intend to dispose of investments in the subsidiaries in the foreseeable future.

The Group's subsidiary, Sappe Holding (Thailand) Co., Ltd and Sappe Hong Kong Co., Ltd. has not recognised deferred tax assets arising from temporary differences on investment in subsidiaries totalling Baht 2.9 million and Baht 2.0 million, respectively (2018: Baht 2.9 million and Baht 2.0 million) because the Company have cumulative tax losses.

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28 Earnings per share

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	<i>(In thousand Baht/thousand shares)</i>			
Profit attributable to ordinary shareholders for the year ended 31 December				
Profit for the year attributable to ordinary shareholders of the Company (basic)	<u>403,063</u>	<u>351,551</u>	<u>418,895</u>	<u>335,264</u>
Profit (loss) attributable to ordinary shareholders of the Company (diluted)	<u>403,063</u>	<u>351,551</u>	<u>418,895</u>	<u>335,264</u>
<i>Ordinary shares outstanding</i>				
Number of ordinary shares outstanding at 1 January	304,368	303,080	304,368	303,080
Effect of issuing shares options exercised	5	1,253	5	1,253
Weighted average number of ordinary shares outstanding (basic) at 31 December	<u>304,373</u>	<u>304,333</u>	<u>304,373</u>	<u>304,333</u>
Weighted average number of ordinary shares outstanding (diluted) at 31 December	<u>304,373</u>	<u>304,333</u>	<u>304,373</u>	<u>304,333</u>
Earnings per share (basic) (in Baht)	<u>1.32</u>	<u>1.16</u>	<u>1.38</u>	<u>1.10</u>
Earnings per share (dilute) (in Baht)	<u>1.32</u>	<u>1.16</u>	<u>1.38</u>	<u>1.10</u>

At 31 December 2018 and 2019, the effect was excluded from the diluted weighted-average number of ordinary shares calculation because their effect would have been anti-dilutive.

29 Dividend

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

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
2019				
Annual dividend	18 April 2019	May 2019	<u>0.66</u>	<u>200,830</u>
2018				
Annual dividend	26 April 2018	May 2018	<u>0.69</u>	<u>210,014</u>

30 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

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Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholder's equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly floated. The Group is primarily exposed to interest rate risk from its borrowings.

			Consolidated financial statements		
			Maturity period		
At 31 December	Note	Effective Interest Rate	Within 1 year (in thousand Baht)	After 1 year but within 5 year	Total
2019					
Financial Liabilities					
Loans payable - Related parties	6	Market rate	<u>10,975</u>	<u>-</u>	<u>10,975</u>
2018					
Financial Assets					
Loans receivable - Related parties	6	3.2	<u>8,000</u>	<u>-</u>	<u>8,000</u>
Financial Liabilities					
Loans payable - Related parties	6	Market rate	<u>3,984</u>	<u>-</u>	<u>3,984</u>
			Separate financial statements		
			Maturity period		
At 31 December	Note	Effective Interest Rate	Within 1 year (in thousand Baht)	After 1 year but within 5 year	Total
2019					
Financial Assets					
Loans receivable - Related parties	6	3.2	<u>7,650</u>	<u>-</u>	<u>7,650</u>
2018					
Financial Assets					
Loans receivable - Related parties	6	3.2	<u>8,000</u>	<u>-</u>	<u>8,000</u>

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated sales, denominated in foreign currencies, for the subsequent period.

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At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
United States Dollars					
Cash and cash equivalents	7	22	26	2	2
Trade accounts receivable	9	44,846	28,476	44,846	28,476
Trade accounts payable		-	(2,701)	-	(2,701)
Other payables	18	(4,179)	(23,663)	(3,944)	(23,619)
Gross balance sheet exposure		40,689	2,138	40,904	2,158
Currency forwards sales		(44,846)	(28,476)	(44,846)	(28,476)
Net exposure		(4,157)	(26,338)	(3,942)	(26,318)

Surplus currency forwards sales is for hedging the currency risk on the estimated forecast sales.

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Euro					
Cash and cash equivalents	7	1,378	381	1	2
Trade accounts receivable	9	14,185	5,711	9,776	1,117
Other receivables	10	68	382	-	-
Trade accounts payable		653	1,081	-	-
Other payables	18	(8,911)	(7,947)	(6,043)	(3,514)
Short-term loans	6	(3,625)	(3,984)	-	-
Net exposure		3,748	(4,376)	3,734	(2,395)

Hong Kong Dollars					
Cash and cash equivalents	7	11,083	11,911	-	-
Other payables	18	(85)	(46)	-	-
Net exposure		10,998	11,865	-	-

Ren Min Bi					
Cash and cash equivalents	7	579	668	-	-
Other receivables	10	2,163	499	-	-
Other payables	18	(177)	(1,333)	-	(1,428)
Net exposure		2,565	(166)	-	(1,428)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

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Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

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. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Consolidated financial statements		Separate financial statements	
	Carrying amount	Fair Value Level 2 (in thousand Baht)	Carrying amount	Fair Value Level 2
31 December 2019				
<i>Financial assets measured at fair value</i>				
Debt securities held for trading	1,132,132	1,132,132	1,132,132	1,132,132
<i>Financial assets not measured at fair value</i>				
Foreign currency forward contract	2,514	1,250	2,514	1,250
31 December 2018				
<i>Financial assets measured at fair value</i>				
Debt securities held for trading	915,805	915,805	915,805	915,805
<i>Financial assets not measured at fair value</i>				
Foreign currency forward contract	1,737	1,059	1,737	1,059

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 31 December 2019 and 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.

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31 Commitments with non-related parties

	Consolidated financial statements		Separate Financial statements	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for</i>				
Machinery, equipment and other constructions	12,719	77,846	8,039	77,846
Software	163	-	-	-
Total	12,882	77,846	8,039	77,846
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within 1 year	15,979	17,797	10,314	16,586
1 - 5 years	1,819	10,788	472	10,176
Total	17,798	28,585	10,786	26,762
<i>Other commitments</i>				
Unused letters of credit for machinery	-	2,249	-	2,249
Bank guarantees	10,616	10,616	10,616	10,616
Total	10,616	12,865	10,616	12,865

Foreign currency sale forward contracts

As at 31 December 2019, the Company had outstanding foreign currency sale forward contracts of USD 7.13 million due in 2020 (2018: USD 3.71 million, due in 2019).

32 Contingent liabilities

As at 31 December 2019, the Company has been sued by a former oversea distributor in the amount of CNY 3.15 million (Baht 13.61 million). The Company have won in the federal court. Presently, the case is under the appeal of the distributor. However, the Company has set aside provision of Baht 0.86 million (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.

33 Event after the reporting period

At the Board of Directors' meeting of the Company held on 26 February 2020, the Board of Directors agreed to propose a dividend payment of Baht 0.83 per share, totalling Baht 252.63 million. The Board of Directors will propose this matter to the Annual General Meeting of Shareholders for further approval.

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34 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

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

** TFRS - Financial instruments standards*

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards 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 TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS – Financial instruments are as follows:

(i) Classification – Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

Under TFRS 9, derivatives will be measured at FVTPL. It shall replace current accounting policies of the Group on recognition when the derivatives were exercised.

The Group expects to initially adopt these TFRS by adjusting the impact to retained earnings or other component of equity on 1 January 2020. Therefore, the Group will not apply the requirements of these TFRS to comparative information.

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The preliminary impact assessment of initially applying TFRS - Financial instruments on the financial statements is as follows:

	Consolidated financial statements	Separate financial statements
<i>Statement of financial position</i>	2020	2020
<i>At 1 January</i>	(in thousand Baht)	
Increase (decrease) in trade account receivables	294	(30)
Increase (decrease) in other receivables	(1,049)	1,610
Increase in derivative liabilities	(1,264)	(1,264)
Decrease in deferred tax assets	(381)	(316)
Decrease in deferred tax liabilities	253	253
(Increase) decrease in retained earnings	2,147	(253)
Increase in non-controlling interests	(127)	-

(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. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Currently, the Group recognises payments made under operating leases in profit or loss on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Group will recognise right-of-use assets and lease liabilities for its operating leases. As a result, the nature of expenses related to those leases will be changed because the Group will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

The Group plans to apply TFRS 16 initially on 1 January 2020, using the modified retrospective approach. Therefore, the cumulative effect of adopting TFRS 16 will be recognised as an adjustment to the retained earnings at 1 January 2020, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply TFRS 16 to all contracts entered into before 1 January 2020 and identified as leases in accordance with TAS 17 and TFRIC 4.

The preliminary impact assessment of initially applying TFRS 16 on the financial statements is as follows:

	Consolidated financial statements	Separate financial statements
<i>Statement of financial position</i>	2020	2020
<i>At 1 January</i>	(in thousand Baht)	
Increase in right-of-use assets	85,723	75,170
Increase in lease liabilities	(91,131)	(79,675)
Increase in deferred tax liabilities	(1,082)	(901)
Decrease in retained earnings	6,490	5,405
Decrease non-controlling interests	532	-