

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 2018
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 kpmg.com/th

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้ แขวงยานนาวา
เขตสาทร กรุงเทพฯ 10120
โทร +66 2677 2000
แฟกซ์ +66 2677 2222
เว็บไซต์ kpmg.com/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 2018, 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 2018 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 3 (g) and 9 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 3 (p) and 17 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.

Impairment of investment in indirect associates	
Refer to Notes 3 (a), 10 and 11	
The key audit matter	How the matter was addressed in the audit
<p>In 2016, The Group has an investment in indirect associates which has accumulated losses. The Company's management considered that there is an indication of impairment from the uncertainty of current economic which may affect to the indirect associates of the Company that are manufacturing and distributing coconut products. The operating results of indirect associates may be significantly less than the indirect associates company's plan. As a result, the future cash flows may lower than the carrying amount of investments in indirect associates and investments in subsidiaries and impairment of investment is required to set up.</p> <p>Due to the materiality of the transactions and the significant judgment of management involved in the impairment assessment of 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 identifying any indications of impairment for investment in indirect associates, assessing the reasonableness of the expected recoverable amounts and preparing cash flow projection from management approved budget; - Considering the factor which indicated to impact on investment in indirect associates; - Assessing the reasonableness of the future cash flows by comparing historical operating result, current operating result and future plan of indirect associates; - Considering the reasonableness of assumptions of revenue growth rate compare with the economic growth rate and the indirect associates' s business plan; - 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. The annual report is expected to be made available to me after the date of this auditor's report.

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 when it becomes available 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.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that correction be made.



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
28 February 2019

Sappe Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		31 December		31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	172,637,193	155,684,171	159,558,463	142,518,828
Current investments	6	915,805,084	905,211,836	915,805,084	905,211,836
Trade accounts receivable	4,7	248,959,379	203,210,260	244,365,478	199,358,340
Other receivables	4,8	36,716,696	43,128,944	36,783,020	56,743,620
Short-term loans to related parties	4	8,000,000	8,000,000	8,000,000	17,140,978
Inventories	9	213,776,297	176,188,474	209,636,457	173,032,997
Other current assets		8,666,900	6,840,607	7,647,183	6,199,610
Total current assets		1,604,561,549	1,498,264,292	1,581,795,685	1,500,206,209
Non-current assets					
Investment in associates	10	142,008,984	141,926,789	-	-
Investment in subsidiaries	11	-	-	197,161,757	197,161,757
Other long-term investments	6	50,000,000	-	50,000,000	-
Property, plant and equipment	13	1,055,945,749	1,048,123,055	1,052,462,714	1,043,409,115
Intangible assets	14	52,302,487	56,297,869	52,302,487	56,297,869
Deferred tax assets	15	12,792,180	9,399,730	12,792,180	9,399,730
Other non-current assets	4	5,295,678	4,398,345	5,295,678	4,398,345
Total non-current assets		1,318,345,078	1,260,145,788	1,370,014,816	1,310,666,816
Total assets		2,922,906,627	2,758,410,080	2,951,810,501	2,810,873,025

The accompanying notes are an integral part of these 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	
		2018	2017	2018	2017
		(in Baht)			
Current liabilities					
Bank overdrafts		948,461	1,047,930	-	-
Trade accounts payable	16	176,338,714	168,597,921	175,257,298	167,382,714
Other payables	4, 17	272,991,327	276,094,004	269,184,605	276,910,592
Short-term loans from related parties	4	3,984,049	4,184,575	-	-
Current portion of finance lease liability		296,106	-	-	-
Current tax payable		27,903,612	43,077,089	27,903,612	43,077,089
Total current liabilities		482,462,269	493,001,519	472,345,515	487,370,395
Non-current liabilities					
Finance lease liability		419,795	-	-	-
Non-current provisions for employee benefits	18	12,434,680	8,748,025	12,434,680	8,748,025
Other non-current liability - related party	4	4,049,469	4,256,943	-	-
Total non-current liabilities		16,903,944	13,004,968	12,434,680	8,748,025
Total liabilities		499,366,213	506,006,487	484,780,195	496,118,420

The accompanying notes are an integral part of these 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	
		2018	2017	2018	2017
		(in Baht)			
Equity					
Share capital	19,20				
Authorised share capital		308,438,080	304,620,000	308,438,080	304,620,000
Issued and paid-up share capital		304,368,080	303,079,938	304,368,080	303,079,938
Share premium on ordinary shares	19	975,342,956	956,749,013	975,342,956	956,749,013
Warrants	20	9,069,233	1,925,914	9,069,233	1,925,914
Retained earnings					
Legal reserve	21	30,843,808	30,462,000	30,843,808	30,462,000
Unappropriated		1,109,704,196	968,549,008	1,147,406,229	1,022,537,740
Difference arising from common					
control transactions	21	(4,365,342)	(4,365,342)	-	-
Currency translation differences	21	3,423,910	910,068	-	-
Equity attributable to owners					
of the parent		2,428,386,841	2,257,310,599	2,467,030,306	2,314,754,605
Non-controlling interests	12	(4,846,427)	(4,907,006)	-	-
Total equity		2,423,540,414	2,252,403,593	2,467,030,306	2,314,754,605
Total liabilities and equity		2,922,906,627	2,758,410,080	2,951,810,501	2,810,873,025

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

Sappe Public Company Limited and its Subsidiaries

Statement of income

		Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2018	2017	2018	2017
		(in Baht)			
Revenue					
Revenue from sale of goods	4	2,826,862,011	2,687,319,165	2,799,065,879	2,663,257,202
Other income	4, 23	51,540,442	40,551,815	49,898,364	39,761,211
Net foreign exchange gain		7,481,278	18,096,973	10,805,344	18,760,432
Total revenue		2,885,883,731	2,745,967,953	2,859,769,587	2,721,778,845
Expenses	4				
Cost of sales of goods	25	1,799,820,078	1,637,263,847	1,776,185,776	1,616,757,787
Distribution costs	25	383,488,002	363,492,078	379,571,707	352,924,401
Administrative expenses	25	265,480,143	242,616,414	283,138,682	229,346,872
Finance costs		183,777	178,739	71	27,040
Total expenses		2,448,972,000	2,243,551,078	2,438,896,236	2,199,056,100
Share of profit of associates	10	82,195	1,129,642	-	-
Profit before income tax expense		436,993,926	503,546,517	420,873,351	522,722,745
Tax expense	26	85,626,704	103,031,588	85,609,314	102,921,303
Profit for the year		351,367,222	400,514,929	335,264,037	419,801,442
Profit (Loss) attributable to:					
Owners of the parent		351,550,736	401,144,481	335,264,037	419,801,442
Non-controlling interests	12	(183,514)	(629,552)	-	-
Profit for the year		351,367,222	400,514,929	335,264,037	419,801,442
Earnings per share (in Baht)	27				
Basic earnings per share		1.16	1.33	1.10	1.39
Diluted earnings per share		1.16	1.32	1.10	1.38

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

Sappe Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Consolidated financial statements		Separate financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
Note	2018	2017	2018	2017
	(in Baht)			
Profit for the year	351,367,222	400,514,929	335,264,037	419,801,442
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Exchange differences on translating foreign operations	2,757,935	(367,805)	-	-
<i>Items that will not be reclassified to profit or loss</i>				
Gains on remeasurements of defined benefit plans	18, 26 -	332,861	-	332,861
Other comprehensive income (expense) for the year, net of tax	2,757,935	(34,944)	-	332,861
Total comprehensive income (expense) for the year	354,125,157	400,479,985	335,264,037	420,134,303
Total comprehensive income (expense) attributable to:				
Owners of the parent	354,064,578	401,260,360	335,264,037	420,134,303
Non-controlling interests	12 60,579	(780,375)	-	-
Total comprehensive income (expense) for the year	354,125,157	400,479,985	335,264,037	420,134,303

The accompanying notes are an integral part of these 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 paid-up share capital	Share premium on ordinary shares	Warrants	Legal reserve	Unappropriated	Difference arising from common control transactions	Translating foreign operations	Total other components of equity	Equity attributable to owners of the parent	Non- controlling interests	Total equity
	Note											
(in Baht)												
Year ended 31 December 2017												
Balance at 1 January 2017		301,788,286	938,368,189	6,931,117	30,462,000	730,338,241	(4,365,342)	1,127,050	(3,238,292)	2,004,649,541	(4,126,631)	2,000,522,910
Transactions with owners, recorded directly in equity												
Contributions by and distributions to owners of the parent												
Shares options exercised	19, 20	1,291,652	18,380,824	(6,594,498)	-	-	-	-	-	13,077,978	-	13,077,978
Share-based payment transactions	20	-	-	1,589,295	-	-	-	-	-	1,589,295	-	1,589,295
Dividends	28	-	-	-	-	(163,266,575)	-	-	-	(163,266,575)	-	(163,266,575)
Total contributions by and distributions to owners of the parent		1,291,652	18,380,824	(5,005,203)	-	(163,266,575)	-	-	-	(148,599,302)	-	(148,599,302)
Total transactions with owners, recorded directly in equity		1,291,652	18,380,824	(5,005,203)	-	(163,266,575)	-	-	-	(148,599,302)	-	(148,599,302)
Comprehensive income for the year												
Profit		-	-	-	-	401,144,481	-	-	-	401,144,481	(629,552)	400,514,929
Other comprehensive income		-	-	-	-	332,861	-	(216,982)	(216,982)	115,879	(150,823)	(34,944)
Total comprehensive income for the year		-	-	-	-	401,477,342	-	(216,982)	(216,982)	401,260,360	(780,375)	400,479,985
Balance at 31 December 2017		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

The accompanying notes are an integral part of these 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 paid-up share capital	Share premium on ordinary shares	Warrants	Legal reserve	Unappropriated	Difference arising from common control transactions	Translating foreign operations	Total other components of equity	Equity attributable to owners of the parent	Non- controlling interests	Total equity
	Note											
(in Baht)												
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	19, 20	1,288,142	18,593,943	(6,839,648)	-	-	-	-	-	13,042,437	-	13,042,437
Share-based payment transactions	20	-	-	13,982,967	-	-	-	-	-	13,982,967	-	13,982,967
Dividends	28	-	-	-	-	(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	354,125,157
Transfer to legal reserve	21	-	-	-	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 are an integral part of these 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 2017							
Balance at 1 January 2017		301,788,286	938,368,189	6,931,117	30,462,000	765,670,012	2,043,219,604
Transactions with owners, recorded directly in equity							
<i>Contributions by and distributions to owners</i>							
Shares options exercised	19,20	1,291,652	18,380,824	(6,594,498)	-	-	13,077,978
Share-based payment transactions	20	-	-	1,589,295	-	-	1,589,295
Dividends	28	-	-	-	-	(163,266,575)	(163,266,575)
<i>Total contributions by and distributions to owners</i>		1,291,652	18,380,824	(5,005,203)	-	(163,266,575)	(148,599,302)
Comprehensive income for the year							
Profit		-	-	-	-	419,801,442	419,801,442
Other comprehensive income		-	-	-	-	332,861	332,861
Total comprehensive income for the year		-	-	-	-	420,134,303	420,134,303
Balance at 31 December 2017		303,079,938	956,749,013	1,925,914	30,462,000	1,022,537,740	2,314,754,605

The accompanying notes are an integral part of these 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 <i>(in Baht)</i>	Unappropriated	Total equity
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	19, 20	1,288,142	18,593,943	(6,839,648)	-	-	13,042,437
Share-based payment transactions	20	-	-	13,982,967	-	-	13,982,967
Dividends	28	-	-	-	-	(210,013,740)	(210,013,740)
<i>Total contributions by and distributions to owners</i>		<u>1,288,142</u>	<u>18,593,943</u>	<u>7,143,319</u>	<u>-</u>	<u>(210,013,740)</u>	<u>(182,988,336)</u>
Comprehensive income for the year							
Profit		-	-	-	-	335,264,037	335,264,037
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>335,264,037</u>	<u>335,264,037</u>
Transfer to legal reserve	21	-	-	-	381,808	(381,808)	-
Balance at 31 December 2018		<u>304,368,080</u>	<u>975,342,956</u>	<u>9,069,233</u>	<u>30,843,808</u>	<u>1,147,406,229</u>	<u>2,467,030,306</u>

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

Sappe Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2018	2017	2018	2017
		(in Baht)			
Cash flows from operating activities					
Profit for the year		351,367,222	400,514,929	335,264,037	419,801,442
Adjustments to reconcile profit to cash receipts					
(payments)					
Depreciation	25	153,621,778	154,555,828	152,597,743	152,844,268
Amortisation of intangible assets	25	7,244,810	6,023,748	7,244,810	6,023,748
Impairment losses on assets		-	1,434,000	-	1,434,000
Interest income		(642,853)	(1,451,214)	(996,703)	(1,811,586)
Finance costs		183,777	178,739	71	27,040
Bad and doubtful debts expenses (reversal)	4, 7, 8	1,428,276	(1,469,496)	22,082,540	(434,544)
Losses on inventories devaluation (reversal)	9	(1,300,136)	(3,360,165)	(1,300,136)	(3,360,165)
Unrealised (gain) loss on exchange rates		1,095,417	(4,761,007)	1,645,472	(5,119,938)
Unrealised gain from current investment revaluation	6	(8,658,112)	(3,834,156)	(8,658,112)	(3,834,156)
Gain on sale of current investments	6	(1,935,136)	(4,637,790)	(1,935,136)	(4,637,790)
Loss (gain) on sale of property, plant and equipment		(2,287,236)	663,340	(2,287,236)	1,225,154
Share of profit of associates		(82,195)	(1,129,642)	-	-
Non-current provisions for employee benefits		4,121,655	3,335,418	4,121,655	3,335,418
Share-based payment		13,982,967	1,589,295	13,982,967	1,589,295
Tax expense	26	85,626,704	103,031,588	85,609,314	102,921,303
		603,766,938	650,683,415	607,371,286	670,003,489
Changes in operating assets and liabilities					
Trade accounts receivable		(45,903,987)	(31,517,721)	(45,251,754)	(32,826,774)
Other receivables		3,932,105	163,906,496	5,862,238	149,860,763
Inventories		(36,287,687)	(16,067,784)	(35,303,324)	(15,087,934)
Other current assets		(1,826,293)	(3,667,521)	(1,447,573)	(3,610,623)
Other non-current assets		(897,333)	(866,231)	(897,333)	(866,231)
Trade accounts payable		7,780,583	25,883,639	7,914,373	26,060,472
Other payables		4,979,742	35,118,871	(1,782,136)	47,329,425
Foreign currency translation differences of subsidiaries		2,556,805	(242,769)	-	-
Net cash generated from operating		538,100,873	823,230,395	536,465,777	840,862,587
Provisions for employee benefits paid		(435,000)	(9,250,290)	(435,000)	(9,250,290)
Taxes paid		(104,192,631)	(101,866,509)	(104,175,241)	(101,645,754)
Net cash from operating activities		433,473,242	712,113,596	431,855,536	729,966,543

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

Sappe Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2018	2017	2018	2017
(in Baht)					
Cash flows from investing activities					
Interest received		386,853	1,321,048	385,330	1,952,468
Acquisition of current investments	6	(1,340,000,000)	(2,565,000,000)	(1,340,000,000)	(2,565,000,000)
Proceeds from sale of current investments	6	1,340,000,000	1,895,537,777	1,340,000,000	1,895,537,777
Acquisition of other long-term investments		(50,000,000)	-	(50,000,000)	-
Acquisition of property, plant and equipment		(167,547,841)	(89,928,166)	(168,508,686)	(87,399,058)
Proceeds from sale of property, plant and equipment		3,535,514	1,390,444	3,535,514	731,571
Acquisition of intangible assets		(3,256,597)	(4,812,980)	(3,256,597)	(4,812,980)
Short-terms loan to related parties	4	-	(4,000,000)	-	(4,000,000)
Proceeds from repayment of short-terms loans to related party	4	-	-	-	861,174
Net cash used in investing activities		(216,882,071)	(765,491,877)	(217,844,439)	(762,129,048)
Cash flows from financing activities					
Proceeds (Payment) from bank overdraft		(99,469)	1,047,930	-	-
Proceeds from exercise of share options		13,042,437	13,077,978	13,042,437	13,077,978
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(244,944)	(195,870)	-	(195,870)
Dividend paid to owners of the Company	28	(210,013,740)	(163,266,575)	(210,013,740)	(163,266,575)
Interest paid		(2,322,345)	(106,126)	(71)	(27,040)
Net cash used in financing activities		(199,638,061)	(149,442,663)	(196,971,374)	(150,411,507)
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		16,953,110	(202,820,944)	17,039,723	(182,574,012)
Effect of exchange rate changes on cash and cash equivalents		(88)	(171)	(88)	(171)
Net increase (decrease) in cash and cash equivalents		16,953,022	(202,821,115)	17,039,635	(182,574,183)
Cash and cash equivalents at beginning of the year		155,684,171	358,505,286	142,518,828	325,093,011
Cash and cash equivalents at ending of the year	5	172,637,193	155,684,171	159,558,463	142,518,828
Non-cash transactions					
Outstanding payables for purchases of property, plant and equipment		6,704,778	12,313,844	6,704,778	12,313,844
Outstanding payables for purchases of intangible assets		86,834	94,003	86,834	94,003
Finance lease liabilities		715,901	-	-	-

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

Sappe Public Company Limited and its Subsidiaries
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Sappe Public Company Limited and its Subsidiaries
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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 28 February 2019.

1 General information

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

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

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

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

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

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

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

Name of company	Nature of business	Country of incorporation /Nationality	Ownership interest (%)	
<i>Direct subsidiaries</i>			2018	2017
Sappe Europe s.r.o.	Distributing health drinking product	Slovakia	60	60
Sappe Holding (Thailand) Co., Ltd.	Group management service	Thailand	100	100
<i>Indirect subsidiaries</i>				
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
<i>Indirect associates</i>				
All Coco Group Co., Ltd.	Producing and distributing coconut products	Thailand	40	40
with subsidiaries as follows :				
- All Coco Co., Ltd.	Distributing coconut products	Thailand	40	40
- K Best Farm Co., Ltd.	Providing and distributing domestic fresh coconut	Thailand	40	40

Sappe Public Company Limited and its Subsidiaries
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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 (“FAP”); the applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued the new and revised TFRS effective for annual accounting period beginning on or after 1 January 2018. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 33

(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 as explained in Note 3 (n)

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

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Assumptions and estimation uncertainties

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

Note 3 (t) and 15	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used
Note 10	Measurement of goodwill arising from acquisition of investment in associates
Note 18	Measurement of defined benefit obligations: key actuarial assumptions
Note 20	Measurement of share-based payments and
Note 29	Valuation of financial instruments.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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 CFO.

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 such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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

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

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

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

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

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 10 Identified assets and liabilities assumed from acquiring of investment in an associate
- Note 20 Warrants
- Note 29 Financial instruments

Sappe Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

3 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.

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.

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.

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.

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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

A subsidiary is an entity controlled by the Group. The Group control 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.

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.

Sappe Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

(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.

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.

Sappe Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2018

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

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on 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

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 associates and 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.

Sappe Public Company Limited and its Subsidiaries
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For the year ended 31 December 2018

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.

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.

Sappe Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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 recoded 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

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

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.

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Notes to the financial statements

For the year ended 31 December 2018

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.

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.

(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.

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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.

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.

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(q) Revenue

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.

Interest income

Interest income is recognised in profit or loss as it accrues.

(r) 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 periods of time to be prepared for its intended use or sale.

(s) 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.

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.

(t) 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.

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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.

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.

(u) *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.

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(v) 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.

4 Related parties

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

Relationships with subsidiaries and associates are described in notes 1, 10 and 11. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Sappe Corporation Co., Ltd.	Thailand	Common shareholder
Toyox Trading (Thailand) Co., Ltd.	Thailand	Common shareholder
Hayashi Products Co., Ltd.	Thailand	Common shareholder
3T Engineering Co., Ltd.	Thailand	Common shareholder
On Fifth Co., Ltd.	Thailand	Common shareholder
Italmarket Slovakia, a.s.	Slovakia	Held by the shareholders in a subsidiary
Slovakia Promotion s.r.o.	Slovakia	Held by the shareholders in a subsidiary
Bangkok Bestbuy Group Co., Ltd.	Thailand	One of family member of the company's director is a director.
Group of Persons Ruckariyapong	Thailand	Held by key management personnel
Key management personnel	Thailand	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
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>For the year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods	-	-	11,076	5,676
Interest income	-	-	355	363
Distribution costs and administrative expenses	-	-	-	7,637
Associates				
Other income	8,375	6,387	8,375	6,387
Interest income	256	245	256	245
Distribution costs and administrative expenses	134	4,012	134	4,012
Other related parties				
Sales of goods	6,962	7,460	-	38
Purchases of machinery and equipment	12,428	6,450	12,428	6,450
Other income	379	363	379	363
Rental and other expenses	7,605	7,441	7,605	7,441
Consultant fee	1,200	1,200	1,200	1,200
Distribution costs and administrative expenses	227	275	198	209
Interest expense	61	61	-	-
Key management personnel				
Short-term employee benefit and others	49,392	34,565	49,392	34,565
Long-term employee benefit	2,069	1,422	2,069	1,422
Share-based payments	4,245	677	4,245	677

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

<i>Trade accounts receivable - related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiary				
Sappe Europe s.r.o.	-	-	1,116	391
Other related party				
Italmarket Slovakia, a.s.	-	422	-	-
Total	<u>-</u>	<u>422</u>	<u>1,116</u>	<u>391</u>

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Other receivables - related parties

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Subsidiaries				
Sappe Europe s.r.o.	-	-	2,156	1,902
Sappe Trading (Shanghai) Co., Ltd.	-	-	9,716	12,510
Sappe Holding (Thailand) Co., Ltd.	-	-	88	-
Sappe Trading (Hong kong) Company Limited	-	-	104	-
Associates				
All Coco Group Co., Ltd.	4,189	4,033	4,189	4,033
All Coco Co., Ltd.	201	99	201	99
Other related parties				
Hayashi Products Co., Ltd.	28	32	28	32
Director	7	-	-	-
	<u>4,425</u>	<u>4,164</u>	<u>16,482</u>	<u>18,576</u>
Less allowance for doubtful accounts	-	-	(11,872)	-
Net	<u>4,425</u>	<u>4,164</u>	<u>4,610</u>	<u>18,576</u>
Bad and doubtful debts expense for the year	<u>-</u>	<u>-</u>	<u>11,872</u>	<u>-</u>

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

Short-term loans to related parties

	Interest rate		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
	(% per annum)		(in thousand Baht)			
Subsidiary						
Sappe Europe s.r.o.	4	4	-	-	8,692	9,141
Associates						
All Coco Group Co., Ltd.	3.2	3.2	4,800	4,800	4,800	4,800
All Coco Co., Ltd.	3.2	3.2	3,200	3,200	3,200	3,200
			<u>8,000</u>	<u>8,000</u>	<u>16,692</u>	<u>17,141</u>
Less allowance for doubtful accounts			-	-	(8,692)	-
Short-term loans to related parties, net			<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>17,141</u>
Bad and doubtful debts expense for the year			<u>-</u>	<u>-</u>	<u>8,692</u>	<u>-</u>

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Movements during the years ended 31 December of short-term loans to related parties were as follows:

Short-term loans to related parties

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiary				
At 1 January	-	-	9,141	9,699
Decrease	-	-	-	(861)
Foreign currency differences	-	-	(449)	303
	-	-	8,692	9,141
<i>Less allowance for doubtful accounts</i>	-	-	(8,692)	-
At 31 December	-	-	-	9,141
Associates				
At 1 January	8,000	4,000	8,000	4,000
Increase	-	4,000	-	4,000
At 31 December	8,000	8,000	8,000	8,000
Total Short-term loans to related parties				
At 1 January	8,000	4,000	17,141	13,699
Increase	-	4,000	-	4,000
Decrease	-	-	-	(861)
Foreign currency difference	-	-	(449)	303
	8,000	8,000	16,692	17,141
<i>Less allowance for doubtful accounts</i>	-	-	(8,692)	-
At 31 December	8,000	8,000	8,000	17,141

Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
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

Other payable - related parties

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiary				
Sappe Trading (Shanghai) Co., Ltd.	-	-	-	3,664
Associate				
All Coco Group Co., Ltd.	30	34	30	34
Other related parties				
Italmarket Slovakia, a.s.	1,269	476	-	-
Toyox Trading (Thailand) Co., Ltd.	94	30	94	30
3T Engineering Co., Ltd	2,568	-	2,568	-
Bangkok Bestbuy Group Co., Ltd	75	-	75	-
Total	4,036	540	2,767	3,728

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<i>Short-term loans from related parties</i>	Interest rate		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Other related parties						
Italmarket Slovakia, a.s.	2	2	2,970	3,122	-	-
Director	-	-	928	976	-	-
Others	-	-	86	87	-	-
Total			3,984	4,185	-	-

As at 31 December 2018 and 2017, the Group has short-term loans from related parties amounting to Euro 105,000.

Movements during the years ended 31 December of short-term loans from related parties were as follows:

<i>Short-term loans from related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Other related parties				
At 1 January	4,185	4,063	-	-
Foreign currency differences	(201)	122	-	-
At 31 December	3,984	4,185	-	-

<i>Other non-current liability - related party</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Other related party				
Director	4,049	4,257	-	-

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 2018, the management considered to recognise a provision following the regulations of the subsidiary of Baht 4.05 million (2017: Baht 4.26 million) under "Other non-current liabilities" in the consolidated financial statements.

Significant agreements with related parties

(a) Land lease agreement

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

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(b) Land and building lease agreement

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

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Cash on hand	379	80	-	10
Cash at banks - current accounts	49,253	16,482	49,253	16,196
Cash at banks - savings accounts	123,005	139,122	110,305	126,313
Cash and cash equivalents in the statement of financial position	172,637	155,684	159,558	142,519
Cash and cash equivalents in the statement of cash flows	172,637	155,684	159,558	142,519

6 Other investments

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Current investments				
Debt securities held for trading	915,805	905,212	915,805	905,212
	915,805	905,212	915,805	905,212
Other long-term investments				
Long-term deposits at financial institutions	50,000	-	50,000	-
	50,000	-	50,000	-
Total	965,805	905,212	965,805	905,212

Movements during the year ended 31 December of the current investments were as follows.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Current investments				
Debt securities held for trading				
At 1 January	905,212	227,278	905,212	227,278
Purchases during the year	1,340,000	2,565,000	1,340,000	2,565,000
Sales during the year	(1,340,000)	(1,895,538)	(1,340,000)	(1,895,538)
Valuation adjustment	10,593	8,472	10,593	8,472
At 31 December	915,805	905,212	915,805	905,212

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7 Trade accounts receivable

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	4	-	422	1,116	391
Other parties		248,961	202,896	243,249	198,983
Total		248,961	203,318	244,365	199,374
Less allowance for doubtful accounts		(2)	(108)	-	(16)
Net		248,959	203,210	244,365	199,358
Current		248,959	203,210	244,365	199,358
Total		248,959	203,210	244,365	199,358
Bad and doubtful debts expense for the year (reversal)		(106)	(1,470)	(16)	(435)

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	-	422	745	391
Overdue:				
Less than 3 months	-	-	371	-
	-	422	1,116	391
Other parties				
Within credit terms	159,449	143,958	159,098	143,186
Overdue:				
Less than 3 months	89,430	57,762	84,071	55,760
3-6 months	80	1,068	80	21
6-12 months	-	76	-	16
Over than 12 months	2	32	-	-
	248,961	202,896	243,249	198,983
Less allowance for doubtful accounts	(2)	(108)	-	(16)
	248,959	202,788	243,249	198,967
Net	248,959	203,210	244,365	199,358

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

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8 Other receivables

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Other receivables - related parties	4	4,425	4,164	16,482	18,576
Prepaid expenses		27,542	26,437	26,804	25,553
Value added taxes refundable		1,229	8,419	1,228	8,337
Others		5,056	4,109	5,676	4,278
Total		38,252	43,129	50,190	56,744
Less allowance for doubtful accounts		(1,535)	-	(13,407)	-
Net		36,717	43,129	36,783	56,744
Bad and doubtful debts expense for the year		1,535	-	13,407	-

9 Inventories

		Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Finished goods		91,579	72,361	88,192	69,600
Trading goods		767	-	767	-
Work in progress		8,093	14,776	8,093	14,382
Raw materials		41,532	36,710	41,532	36,710
Package and packing material		46,386	35,706	46,386	35,706
Spare parts, factory supplies and others		22,941	18,483	22,941	18,483
Goods in transit		5,430	2,405	4,677	2,405
Total		216,728	180,441	212,588	177,286
Less Allowance for decline in value		(1,363)	(334)	(1,363)	(334)
Allowance for slow moving		(1,589)	(3,919)	(1,589)	(3,919)
Net		213,776	176,188	209,636	173,033
Inventories recognised as an expense in 'cost of sales of goods':					
- Cost		1,801,120	1,640,624	1,777,486	1,620,118
- Write-down to net realisable value (reversal)		1,029	(153)	1,029	(153)
- Reversal of write-down		(2,329)	(3,207)	(2,329)	(3,207)
Net total		1,799,820	1,637,264	1,776,186	1,616,758

10 Investment in associates

	Consolidated financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
Indirect associates		
At 1 January	141,927	140,797
Share of net profits of associates	82	1,130
At 31 December	142,009	141,927

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The Group had goodwill from investment in All Coco Group Co., Ltd of Baht 60.78 million which is a part of investment in associates - equity method as at 31 December 2017. Sappe Holding (Thailand) Co., Ltd., the Company's subsidiary has an option to purchase additional shares in the maximum portion of 11% and 9% of All Coco Group Co., Ltd.'s registered shares within two years and four years after the effective date of the Shareholders Agreement, respectively, at the fair value.

Investments in associates as at 31 December 2018 and 2017, and dividend income from those investments for the years then ended, were as follows:

	Consolidated financial statements									
	Ownership interest		Paid-up capital		Cost		Equity		Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)				(in thousand Baht)					
Indirect associates										
All Coco Group Co., Ltd.	40	40	168,000	168,000	143,855	143,855	142,009	141,927	-	-
Total					143,855	143,855	142,009	141,927	-	-

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

In 2018, the Group reviewed the recoverable amount of investment in indirect associates and found that the recoverable amount of investment in indirect associates as at 31 December 2018 exceeded its carrying amount. For the purpose of impairment testing in investments in associates, the recoverable amount of indirect associates was based on value-in-use. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering 5 years period. Cashflow are estimated using an average growth of 12.8%. The terminal growth rate use at 0% for conservative purpose. The discount rate of 9.5% applied to the cash flow projections reflect management's estimates of the risks specific to the respective indirect associates at the date of the assessment. 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.

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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.	
	2018	2017
	<i>(in thousand Baht)</i>	
Revenue	348,090	348,659
Profit (loss) from continuing operations	205	2,824
Total comprehensive income (100%)	205	2,824
Total comprehensive income of the Group's interest	82	1,130
Group's share of total comprehensive income	82	1,130
Current assets	93,848	82,942
Non-current assets	179,952	199,356
Current liabilities	(57,571)	(63,344)
Non-current liabilities	(22,799)	(25,729)
Net assets (100%)	193,430	193,225
Group's share of net assets (40% hold)	77,372	77,290
Transaction costs	3,855	3,855
Goodwill	60,782	60,782
Carrying amount of interest in associates	142,009	141,927

11 Investments in subsidiaries

	Separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	197,162	197,162
At 31 December	197,162	197,162

On 23 January 2017, Sappe Trading (Shanghai) Co., Ltd which is the indirect subsidiary increased its registered share capital from Chinese Yuan 500,000 to Chinese Yuan 2,000,000. The company register on 23 January 2017.

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Investments in subsidiaries as at 31 December 2018 and 2017, and dividend income from these investments for the years then ended, were as follows:

	Separate financial statements											
	Ownership interest		Paid-up capital		Cost		Impairment		At cost - net		Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)											
(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	THB 197,000,000		197,000	197,000	-	-	197,000	197,000	-	-
Total					197,162	197,162	-	-	197,162	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	-	-
Total					24,607	24,607	(24,607)	-	-	24,607	-	-

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

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12 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 2018		
	Other 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 liabilities	(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		
Loss allocated to non-controlling interest	(184)	-	(184)
Other comprehensive income allocated to non-controlling interest	244	-	244

	31 December 2017		
	Other individually immaterial subsidiaries	Intra- group elimination	Total
	<i>(in thousand Baht)</i>		
Non-controlling interest percentage	40		
Current assets	8,949		
Non-current assets	4,642		
Current liabilities	(21,601)		
Non-current liabilities	(4,257)		
Net liabilities	(12,267)		
Carrying amount of non-controlling interest	(4,907)	-	(4,907)
Revenue	31,439		
Loss	(1,574)		
Other comprehensive income	(377)		
Total comprehensive income	(1,951)		
Loss allocated to non-controlling interest	(630)	-	(630)
Other comprehensive income allocated to non-controlling interest	(151)	-	(151)

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13 Property, plant and equipment

	Consolidated 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
<i>Cost</i>							
At 1 January 2017	128,076	375,361	972,666	88,631	47,902	19,330	1,631,966
Additions	179	443	13,618	5,678	7,794	65,196	92,908
Transfer	3,033	1,167	6,151	4,648	-	(14,999)	-
Disposals	-	(3,049)	(6,979)	(7,374)	(1,964)	-	(19,366)
Effect of movements in exchange rates	-	-	588	(254)	35	-	369
At 31 December 2017 and 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	131,388	387,792	1,091,239	96,047	55,882	87,324	1,849,672
<i>Depreciation and impairment losses</i>							
At 1 January 2017	8,705	97,293	324,886	50,271	38,356	-	519,511
Depreciation charge for the year	4,917	23,940	108,378	12,415	4,906	-	154,556
Impairment losses	-	-	-	-	-	1,434	1,434
Transfer	-	-	1	(1)	-	-	-
Disposals	-	(2,974)	(5,338)	(7,038)	(1,964)	-	(17,314)
Effect of movements in exchange rates	-	-	231	(671)	7	-	(433)
At 31 December 2017 and 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	18,766	142,721	527,872	65,593	37,340	1,434	793,726

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		Consolidated financial statements					
	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	Total
<i>Net book value</i>							
At 1 January 2017							
Owned assets	119,371	278,068	647,780	38,360	9,306	19,330	1,112,215
Assets under finance leases	-	-	-	-	240	-	240
	119,371	278,068	647,780	38,360	9,546	19,330	1,112,455
At 31 December 2017 and 1 January 2018							
Owned assets	117,666	255,663	557,886	36,353	12,462	68,093	1,048,123
	117,666	255,663	557,886	36,353	12,462	68,093	1,048,123
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

The gross amount of the Group's fully depreciated land improvement, plant and equipment that was still in use as at 31 December 2018 amounted to Baht 175.41 million (2017: Baht 157.87 million).

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For the year ended 31 December 2018

	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 2017	128,076	375,361	961,801	88,447	47,902	19,330	1,620,917
Additions	179	443	13,865	5,407	5,956	65,197	91,047
Transfer	3,033	1,166	6,151	4,649	-	(14,999)	-
Disposals	-	(3,049)	(5,603)	(7,374)	(1,965)	-	(17,991)
At 31 December 2017 and 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	131,388	387,792	1,081,781	95,965	54,099	87,324	1,838,349
Depreciation and impairment losses							
At 1 January 2017	8,705	97,293	317,704	50,263	38,356	-	512,321
Depreciation for the year	4,917	23,940	107,743	11,721	4,523	-	152,844
Impairment losses	-	-	-	-	-	1,434	1,434
Transfer	-	-	1	(1)	-	-	-
Disposals	-	(2,974)	(4,058)	(7,038)	(1,965)	-	(16,035)
At 31 December 2017 and 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	18,766	142,721	520,880	65,562	36,523	1,434	785,886

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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
Net book value							
At 1 January 2017							
Owned assets	119,371	278,068	644,097	38,184	9,306	19,330	1,108,356
Assets under finance leases	-	-	-	-	240	-	240
	<u>119,371</u>	<u>278,068</u>	<u>644,097</u>	<u>38,184</u>	<u>9,546</u>	<u>19,330</u>	<u>1,108,596</u>
At 31 December 2017 and 1 January 2018							
Owned assets	117,666	255,662	554,824	36,184	10,979	68,094	1,043,409
	<u>117,666</u>	<u>255,662</u>	<u>554,824</u>	<u>36,184</u>	<u>10,979</u>	<u>68,094</u>	<u>1,043,409</u>
At 31 December 2018							
Owned assets	112,622	245,071	560,901	30,403	17,576	85,890	1,052,463
	<u>112,622</u>	<u>245,071</u>	<u>560,901</u>	<u>30,403</u>	<u>17,576</u>	<u>85,890</u>	<u>1,052,463</u>

The gross amount of the Company's fully depreciated land improvement ,plant and equipment that was still in use as at 31 December 2018 amounted to Baht 175.41 million (2017: Baht 157.87 million).

Asset under construction and installation as at 31 December 2018 were machinery, etc. (2017: Gas Insulated Substation Turnkey and new office decoration, etc.).

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14 Intangible assets

	Consolidated financial statements			
	Software licences	Trademarks and Copyrights (in thousand Baht)	Product design	Total
Cost				
At 1 January 2017	29,181	45,807	1,460	76,448
Additions	217	3,649	100	3,966
Effect of movements in exchange rates	30	-	-	30
At 31 December 2017 and 1 January 2018	29,428	49,456	1,560	80,444
Additions	1,097	2,152	-	3,249
Effect of movements in exchange rates	(47)	-	-	(47)
At 31 December 2018	30,478	51,608	1,560	83,646
Amortisation				
At 1 January 2017	15,687	2,404	-	18,091
Amortisation for the year	3,166	2,762	95	6,023
Effect of movements in exchange rates	32	-	-	32
At 31 December 2017 and 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	22,067	9,082	195	31,344
Net book value				
At 1 January 2017	13,494	43,403	1,460	58,357
At 31 December 2017 and 1 January 2018	10,543	44,290	1,465	56,298
At 31 December 2018	8,411	42,526	1,365	52,302
	Separate financial statements			
	Software licences	Trademarks and Copyrights (in thousand Baht)	Product design	Total
Cost				
At 1 January 2017	28,237	45,807	1,460	75,504
Additions	215	3,649	100	3,964
At 31 December 2017 and 1 January 2018	28,452	49,456	1,560	79,468
Additions	1,097	2,152	-	3,249
At 31 December 2018	29,549	51,608	1,560	82,717
Amortisation				
At 1 January 2017	14,743	2,404	-	17,147
Amortisation for the year	3,166	2,762	95	6,023
At 31 December 2017 and 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	21,138	9,082	195	30,415

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	Software licences	Separate financial statements Trademarks and Copyrights (in thousand Baht)	Product design	Total
<i>Net book value</i>				
At 1 January 2017	13,494	43,403	1,460	58,357
At 31 December 2017 and 1 January 2018	10,543	44,290	1,465	56,298
At 31 December 2018	8,411	42,526	1,365	52,302

15 Deferred tax

Deferred tax assets and liabilities determined after appropriate offsetting are included in the statement of financial position as at 31 December as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
		(in thousand Baht)		
Deferred tax assets	14,768	9,865	14,768	9,865
Deferred tax liabilities	(1,976)	(465)	(1,976)	(465)
Net	12,792	9,400	12,792	9,400

Movements in total deferred tax assets and liabilities during the year were as follows:

	Consolidated financial statements (Charged) / Credited to (Note 26)			
	At 1 January 2018	Profit or loss	Other Comprehensive income	At 31 December 2018
		(in thousand Baht)		
<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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Consolidated financial statements (Charged) / Credited to (Note 26)				
	At 1 January 2017	Profit or loss <i>(in thousand Baht)</i>	Other Comprehensive income	At 31 December 2017
<i>Deferred tax assets</i>				
Trade accounts receivable	691	(688)	-	3
Inventories	1,523	(673)	-	850
Property, plant and equipment	6,958	(933)	-	6,025
Provisions for employee benefit	3,016	(1,183)	(83)	1,750
Other payables	1,485	(248)	-	1,237
Total	13,673	(3,725)	(83)	9,865
<i>Deferred tax liabilities</i>				
Finance lease liabilities	(9)	9	-	-
Forward contracts	(284)	(181)	-	(465)
Total	(293)	(172)	-	(465)
Net	13,380	(3,897)	(83)	9,400

	Separate financial statements (Charged)/ credited to: (Note 26)			
	At 1 January 2018	Profit or loss	Other comprehensive income	At 31 December 2018
		(in million Baht)		
Deferred tax assets				
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
Deferred tax liabilities				
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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	Separate financial statements (Charged)/credited to: (Note 26)		
	At 1 January 2017	Profit or loss <i>(in million Baht)</i>	Other comprehensive income
			At 31 December 2017
Deferred tax assets			
Trade accounts receivable	691	(688)	-
Inventories	1,523	(673)	-
Property, plant and equipment	6,958	(933)	-
Provisions for employee benefit	3,016	(1,183)	(83)
Other payables	1,485	(248)	-
Total	13,673	(3,725)	(83)
Deferred tax liabilities			
Finance lease liabilities	(9)	9	-
Forward contracts	(284)	(181)	-
Total	(293)	(172)	-
Net	13,380	(3,897)	(83)

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 2.0 million, respectively because the Company have cumulative tax losses.

16 Trade accounts payable

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
		<i>(in thousand Baht)</i>		
Other parties	176,339	168,598	175,257	167,383
Total	176,339	168,598	175,257	167,383
Current	176,339	168,598	175,257	167,383
Total	176,339	168,598	175,257	167,383

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17 Other payables

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Other payables - related parties	4	4,036	540	2,767	3,728
Accrued promotional expense		118,402	87,723	118,402	87,723
Accrued expenses		76,447	92,776	76,083	92,361
Other payables - other parties		53,378	68,321	53,378	68,321
Advance received		8,468	18,250	8,468	18,250
Others		12,260	8,484	10,087	6,528
Total		272,991	276,094	269,185	276,911
Current		272,991	276,094	269,185	276,911
Total		272,991	276,094	269,185	276,911

18 Non-current provisions for employee benefit

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Statement of financial position				
Non-current provisions obligations for:				
Post-employment benefits	10,119	6,852	10,119	6,852
Other long-term employee benefits	2,316	1,896	2,316	1,896
Total	12,435	8,748	12,435	8,748
Year ended 31 December				
Statement of comprehensive income				
Recognised in profit or loss:				
Post-employment benefits	3,267	2,564	3,267	2,564
Other long-term employee benefits	855	771	855	771
Total	4,122	3,335	4,122	3,335
Recognised in other comprehensive income				
Actuarial gain recognised in the year	-	(416)	-	(416)
Total	-	(416)	-	(416)

Post-employment benefits

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.

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Movement in the present value of the defined benefit obligations.

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2018	2017	2018	2017
			<i>(in thousand Baht)</i>		
At 1 January		8,748	15,079	8,748	15,079
Include in profit or loss:	24				
Current service cost		3,714	2,986	3,714	2,986
Interest on obligation		408	349	408	349
		4,122	3,335	4,122	3,335
Included in other comprehensive income					
Actuarial gain		-	(416)	-	(416)
		-	(416)	-	(416)
Other					
Benefit paid		(435)	(9,250)	(435)	(9,250)
		(435)	(9,250)	(435)	(9,250)
At 31 December		12,435	8,748	12,435	8,748

Actuarial gains and losses recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
		<i>(in thousand Baht)</i>		
Demographic assumptions	-	1,659	-	1,659
Financial assumptions	-	612	-	612
Experience adjustment	-	(2,687)	-	(2,687)
Total	-	(416)	-	(416)

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.

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
			<i>(%)</i>	
Discount rate	2.38	2.38	2.38	2.38
Future salary growth	5	5	5	5
Employee turnover	0 - 50	0 - 50	0 - 50	0 - 50

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

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As at 31 December 2018, the weighted-average duration of the defined benefit obligation was 21.85 years (2017: 21.85 years)

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.

	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	(in thousand Baht)			
At 31 December 2018				
Discount rate (1% movement)	(963)	1,097	(963)	1,097
Future salary growth (1% movement)	1,163	(1,041)	1,163	(1,041)
Employee turnover (1% movement)	(1,124)	818	(1,124)	818
Future mortality (1 year)	58	(58)	58	(58)
As at 31 December 2017				
Discount rate (1% movement)	(733)	838	(733)	838
Future salary growth (1% movement)	741	(658)	741	(658)
Employee turnover (1% movement)	(858)	644	(858)	644
Future mortality (1 year)	44	(44)	44	(44)

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.

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act 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 will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognized during that period in the consolidated and the separate financial statements is estimated to increase by an amount of approximately Baht 4.70 million

19 Share capital

	Par value per share (in Baht)	2018		2017	
		Number	Baht	Number	Baht
		(thousand shares / thousand Baht)			
Authorised					
At 1 January					
- ordinary shares	1	304,620	304,620	304,620	304,620
Reduction of shares	1	(252)	(252)	-	-
Increase of new shares	1	4,070	4,070	-	-
At 31 December					
- ordinary shares	1	308,438	308,438	304,620	304,620

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	Par value per share (in Baht)	2018		2017	
		Number	Baht	Number	Baht
		(thousand shares / thousand Baht)			
Issued and paid-up					
At 1 January					
- ordinary shares	1	303,080	303,080	301,788	301,788
Shares options exercised (Note 20)	1	1,288	1,288	1,292	1,292
At 31 December					
- ordinary shares	1	304,368	304,368	303,080	303,080

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.

20 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-W A2), 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 2018 were Baht 13.98 million (2017: Baht 1.59 million).

Movements during the year ended 31 December 2018 and 2017 of warrants were as follows:

	Consolidated / Separate financial statements			
	2018		2017	
	Average exercise price per share (Baht)	Option shares (in thousand shares)	Average exercise price per share (Baht)	Option shares (in thousand shares)
At 1 January	1.82	1,288	3.46	2,580
Issuance of warrants	7.72	4,070	-	-
Exercise	9.12	(1,288)	5.11	(1,292)
At 31 December	<u>7.72</u>	<u>4,070</u>	<u>1.82</u>	<u>1,288</u>

21 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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22 Segment information

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

Segment 1 Thailand

Segment 2 Others

Revenue and operating results of segment in financial statements for the years ended 31 December 2018 and 2017 are shown as follows;

	2018			
	Thailand	Others	Eliminate	Net
		<i>(in thousand Baht)</i>		
External revenue	2,787,990	38,872	-	2,826,862
Inter-segment revenue	11,076	-	(11,076)	-
Total revenue	2,799,066	38,872	(11,076)	2,826,862
Cost of sales of goods	(1,776,186)	(34,710)	11,076	(1,799,820)
Gross margin	1,022,880	4,162	-	1,027,042
Other income	49,898	1,997	(354)	51,541
Net foreign exchange gain	10,805	(3,324)	-	7,481
Distribution costs	(379,572)	(3,916)	-	(383,488)
Administrative expenses	(283,138)	(2,907)	20,565	(265,480)
Finance costs	-	(538)	354	(184)
Share of profit of associates	82	-	-	82
Profit (loss) before income tax expenses	420,955	(4,526)	20,565	436,994
Tax expenses	(85,609)	(18)	-	(85,627)
Profit (loss) for the year	335,346	(4,544)	20,565	351,367
Segment assets as at 31 December 2018	2,951,811	173,118	(202,022)	2,922,907
Segment liabilities as at 31 December 2018	484,780	40,013	(25,427)	499,366
Interest income	997	-	(355)	642
Depreciation and amortisation	159,843	1,024	-	160,867
Segment assets				
Capital expenditure	1,104,765	3,483	-	1,108,248

For the year ended 31 December 2018

	Thailand	Others (in thousand Baht)	2017 Eliminate	Net
External revenue	2,657,581	29,738	-	2,687,319
Inter-segment revenue	5,676	-	(5,676)	-
Total revenue	2,663,257	29,738	(5,676)	2,687,319
Cost of sales of goods	(1,616,758)	(26,182)	5,676	(1,637,264)
Gross margin	1,046,499	3,556	-	1,050,055
Other income	39,761	8,791	(8,000)	40,552
Net foreign exchange gain	18,760	(663)	-	18,097
Distribution costs	(352,924)	(18,205)	7,637	(363,492)
Administrative expenses	(229,347)	(13,269)	-	(242,616)
Finance costs	(27)	(515)	363	(179)
Share of profit of associates	1,130	-	-	1,130
Profit (loss) before income tax expenses	523,852	(20,305)	-	503,547
Tax expenses	(102,921)	(111)	-	(103,032)
Profit (loss) for the year	420,931	(20,416)	-	400,515
Segment assets as at 31 December 2017	2,810,873	172,323	(224,786)	2,758,410
Segment liabilities as at 31 December 2017	496,118	37,496	(27,608)	506,006
Interest income	1,812	2	(363)	1,451
Depreciation and amortisation	158,868	1,712	-	160,580
Segment assets				
Capital expenditure	1,099,707	4,714	-	1,104,421

Geographical information

Information on the geographical revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

	Revenues		Non-current assets	
	2018	2017	2018	2017
	(in thousand Baht)			
Thailand	945,873	981,397	1,314,862	1,255,432
Indonesia and Philippines	757,831	730,979	-	-
Others	1,123,158	974,943	3,483	4,714
Total	2,826,862	2,687,319	1,318,345	1,260,146

Major customer

Revenues from 2 major customers of the Group's represent approximately Baht 758 million (2017: 2 major customers amount of Baht 731 million) of the Group's total revenues.

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23 Other income

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Income from logistic	17,116	15,347	17,080	15,326
Income from sales of scrap	3,449	2,508	3,396	2,484
Interest income	642	1,451	997	1,812
Others	30,333	21,246	28,425	20,139
Total	51,540	40,552	49,898	39,761

24 Employee benefit expenses

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Management					
Wages and salaries		36,731	27,030	36,731	27,030
Contribution to provident fund		689	694	689	694
Defined benefit plans and other					
long-term employee benefit	18	1,380	728	1,380	728
Share-based payment	20	4,245	677	4,245	677
Others		12,661	7,535	12,661	7,535
Total		55,706	36,664	55,706	36,664
Other employee					
Wages and salaries		246,427	235,915	246,427	229,677
Contribution to provident fund		4,167	3,258	4,167	3,258
Defined benefit plans and other					
long-term employee benefit	18	2,742	2,607	2,742	2,607
Share-based payment	20	9,738	912	9,738	912
Others		81,072	91,327	77,582	87,820
Total		344,146	334,019	340,656	324,274

Defined benefit plans

Details of the defined benefit plans are in note 18.

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.

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25 Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress	(13,271)	(15,313)	(12,304)	(14,334)
Raw materials and consumables used	1,253,191	1,178,494	1,229,601	1,158,027
Employee benefit expenses	399,852	370,683	396,362	360,938
Sale promotion expenses	214,508	211,297	214,344	205,150
Depreciation and amortisation expenses	160,867	160,580	159,843	158,868
Transportation expenses	101,024	92,485	100,910	91,934
Utilities expenses	66,493	62,483	66,454	62,444
Others	266,124	182,663	283,686	176,002
Total cost of sales of goods, distribution costs and administrative expenses	2,448,788	2,243,372	2,438,896	2,199,029

26 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Current tax expense					
Current year		88,954	99,135	88,936	99,024
Adjustment for prior year		65	-	65	-
		89,019	99,135	89,001	99,024
Deferred tax expense					
Movement in temporary differences	15	(3,392)	3,897	(3,392)	3,897
		(3,392)	3,897	(3,392)	3,897
Total		85,627	103,032	85,609	102,921

Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2018			2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in thousand Baht)</i>					
Defined benefit plan actuarial gain	-	-	-	416	(83)	333
Total	-	-	-	416	(83)	333

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	Separate financial statements					
	Before tax	2018 Tax (expense) benefit	Net of tax (in thousand Baht)	Before tax	2018 Tax (expense) benefit	Net of tax
Defined benefit plan actuarial gain	-	-	-	416	(83)	333
Total	-	-	-	416	(83)	333

Reconciliation of effectively tax rate

Consolidated financial statements				
	Rate (%)	2018 (in thousand Baht)	Rate (%)	2017 (in thousand Baht)
Profit before income tax		436,994		503,547
Income tax using the Thai corporation tax rate	20	87,399	20	100,709
Effect of different tax rates in foreign jurisdictions	(1)	(3,361)	1	3,848
Income not subject to tax	-	(16)	-	(226)
Additional expenses deductible	(1)	(3,134)	(1)	(4,622)
Expenses not deductible for tax purposes	1	4,194	-	3,322
Recognition of previously unrecognised deferred tax	-	480	-	-
Under provided in prior year	-	65	-	-
Total	20	85,627	20	103,032

Separate financial statements				
	Rate (%)	2018 (in thousand Baht)	Rate (%)	2017 (in thousand Baht)
Profit before income tax		420,873		522,723
Income tax using the Thai corporation tax rate	20	84,175	20	104,545
Additional expenses deductible	(1)	(3,120)	(1)	(4,567)
Expenses not deductible for tax purposes	1	4,009	1	2,943
Recognition of previously unrecognised deferred tax	-	480	-	-
Under provided in prior year	-	65	-	-
Total	20	85,609	20	102,921

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27 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(In thousand Baht/thousand shares)</i>			
Profit for the year attributable to ordinary shareholders of the Company (basic)	351,551	401,144	335,264	419,801
Number of ordinary shares outstanding at 1 January	303,080	301,788	303,080	301,788
Effect of issuing shares options exercised	1,253	881	1,253	881
Weighted average number of ordinary shares outstanding (basic)	304,333	302,669	304,333	302,669
Earnings per share (basic) (in Baht)	1.16	1.33	1.10	1.39

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2018 and 2017 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht/thousand shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	351,551	401,144	335,264	419,801
Weighted average number of ordinary shares outstanding (basic)	304,333	302,669	304,333	302,669
Effect of issuing shares options exercised	-	806	-	806
Weighted average number of ordinary shares outstanding (diluted)	304,333	303,475	304,333	303,475
Earnings per share (diluted) (in Baht)	1.16	1.32	1.10	1.38

The exercise price, including the fair value, of share based payment is higher than the average market price of the ordinary shares for the year ended 31 December 2018. Effect of share options issued were not included in the calculation of diluted earnings per share.

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28 Dividend

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

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

29 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.

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 the effective interest rates of loans receivable are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

Consolidated financial statements					
			Within 1	After 1 year	Total
	Note	Interest Rate	year	but within	
			year	5 year	
			(in thousand Baht)		
2018					
Current					
Short-term loan from related parties	4	Market rate	<u>3,984</u>	<u>-</u>	<u>3,984</u>
2017					
Current					
Short-term loan from related parties	4	Market rate	<u>4,185</u>	<u>-</u>	<u>4,185</u>

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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.

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	2018	2017	2018	2017
		(in thousand Baht)			
United States Dollars					
Cash and cash equivalents	5	26	26	2	2
Trade accounts receivable	7	28,476	15,678	28,476	15,678
Trade accounts payable	16	(2,701)	(7,217)	(2,701)	(7,217)
Other payables	17	(23,663)	(32,296)	(23,619)	(34,246)
Gross balance sheet exposure		2,138	(23,809)	2,158	(25,783)
Currency forwards sales		(28,476)	(15,678)	(28,476)	(15,678)
Net exposure		(26,338)	(39,487)	(26,318)	(41,461)

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

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Euro					
Cash and cash equivalents	5	381	306	2	2
Trade accounts receivable	7	5,711	7,468	1,117	3,616
Other receivables	8	382	589	-	1,902
Short-term loans to related party	4	-	-	-	9,141
Trade accounts payable	16	1,081	1,215	-	-
Other payables	17	(7,947)	(6,731)	(3,514)	(3,012)
Net exposure		(392)	2,847	(2,395)	11,649
Hong Kong Dollars					
Cash and cash equivalents	5	11,911	12,075	-	-
Other payables	17	(46)	-	-	-
Net exposure		11,865	12,075	-	-
Ren Min Bi					
Cash and cash equivalents	5	668	594	-	-
Other receivable	8	499	208	-	-
Other payables	17	(1,333)	-	(1,428)	-
Net exposure		(166)	802	(1,428)	-

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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.

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 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
31 December 2017				
<i>Financial assets measured at fair value</i>				
Debt securities held for trading	905,212	905,212	905,212	905,212
<i>Financial assets not measured at fair value</i>				
Foreign currency forward contract	3,125	1,971	3,125	1,971

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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 2018 and 2017.

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

30 Commitments with non-related parties

	Consolidated financial statements		Separate Financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for</i>				
Machinery, equipment and other constructions	77,846	50,582	77,846	50,582
Total	77,846	50,582	77,846	50,582
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	17,797	16,935	16,586	16,205
After one year but within five years	10,788	15,333	10,176	14,494
Total	28,585	32,268	26,762	30,699
<i>Other commitments</i>				
Unused letters of credit for machinery	2,249	-	2,249	-
Bank guarantees	10,616	7,716	10,616	7,716
Total	12,865	7,716	12,865	7,716

Foreign currency sale forward contracts

As at 31 December 2018, the Company had outstanding foreign currency sale forward contracts of USD 3.71 million due in 2019 (2017: USD 7.00 million, due in 2018).

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31 Contingent liabilities

As at 30 December 2018, the Company has been sued by a former oversea distributor in the amount of CNY 3.15 million (Baht 15.09 million). Presently, the case is being considered by the court. However, the Company has set aside provision of Baht 0.93 million (*2017: Baht 0.94 million*) for liability that may arise as a result of this case, based on the opinion of their management and legal department.

32 Events after the reporting period

a) At the Board of Directors Meeting held on 15 January 2019, the Board has approved to increase share capital of Sappe Holding (Thailand) Co., Ltd., the subsidiary, amounting to Baht 93 million (9,300,000 shares at Baht 10 per share). On 8 February 2019, Sappe Holding (Thailand) Co., Ltd registered its share capital from Baht 197 million to Baht 290 million (29,000,000 shares at Baht 10 per share) by issue share capital to Baht 93 million (9,300,000 shares at Baht 10 per share). The Company has paid-up share capital amounting to Baht 68 million and registered changes in equity to the Ministry of Commerce on 8 February 2019.

b) At the Board of Directors Meeting held on 30 January 2019, the Board has approved the followings;

1) Sappe Holding (Thailand) Co., Ltd., the subsidiary, to purchase issued ordinary shares of All Coco Group Company Limited regarding a call option granted in the Shareholders' Agreement by 11 percent or equivalent to 184,800 shares, par value of Baht 100 at the price of Baht 229.17 per shares amounting to Baht 42.35 million. On 1 February 2019, Sappe Holding (Thailand) Co., Ltd. has additionally acquired an 11 percent shareholding interest in All Coco Group Company Limited. Following the completion of the acquisition, All Coco Group Company Limited became a subsidiary of the Company.

The Company is presently in the process of determining the fair value of the acquired business according to TFRS 3 of All Coco Group Company Limited which is expected to be completed within one year from the date of purchase.

2) Approved Sappe Holding (Thailand) Co., Ltd., to enter into a partnership with MYEN PTE LTD. to co-invest into an investee company which will develop, manufacture, market and distribute healthy hydration beverages in Thailand. The subsidiary will hold a 25 percent of total share capital in the investee company. Later, on 4 February 2019, DANONE SAPPE BEVERAGES COMPANY LIMITED registered its share capital amounting to Baht 1 million (10,000 shares at Baht 100 per share). On 28 February 2019, DANONE SAPPE BEVERAGES COMPANY LIMITED registered its share capital from Baht 1 million to Baht 100 million by issue 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 25 million. The associate company registered changes in equity to 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.

c) On 27 February 2019, Sappe Public Company Limited has entered into various agreements with DANONE SAPPE BEVERAGES COMPANY LIMITED which includes co-packing and distribution agreements.

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33 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TFRS 16	Leases	2020
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020
TFRIC 22	Foreign Currency Transactions and Advance Consideration	2019

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

Sales of goods.

Revenue is currently recognised when the significant risks and rewards of ownership have been transferred to the buyer. Under TFRS 15, revenue will be recognised when a customer obtains control of the goods.

Transition options

The Group / Company plans to adopt TFRS 15. The effect of initially applying this standard at the date of initial application (1 January 2019) resulting in, the Group's revenue from sale of goods for the year 2018 will decrease by Baht 12.23 million and distribution costs will decrease by the same amount.

(b) TFRS - Financial instruments standards

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

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