

Karmarts Public Company Limited and its subsidiary
Review report and consolidated interim financial statements
For the three-month period ended 31 March 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Karmarts Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Karmarts Public Company Limited and its subsidiary as at 31 March 2018, the related consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Karmarts Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Sophon Permsirivallop
Certified Public Accountant (Thailand) No. 3182

EY Office Limited
Bangkok: 14 May 2018

Karmarts Public Company Limited and its subsidiary
Statement of financial position
As at 31 March 2018

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|------------------|-------------------------------|------------------|
| | | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 86,795 | 10,716 | 83,911 | 5,947 |
| Current investments | 3 | 402 | 361 | 402 | 361 |
| Trade and other receivables | 4, 5 | 321,878 | 344,467 | 321,936 | 344,417 |
| Current portion of finance lease receivables | 5 | 39 | 363 | 39 | 363 |
| Short-term loans to related party | 5 | 5,875 | 55,875 | 5,875 | 55,875 |
| Short-term loans to unrelated person and parties | 6 | 14,000 | 18,000 | 14,000 | 18,000 |
| Current portion of long-term loans to related party | 5 | 1,080 | - | 1,080 | - |
| Current portion of long-term loans to unrelated person and party | 8 | 9,600 | 9,600 | 9,600 | 9,600 |
| Inventories | 7 | 303,923 | 304,940 | 304,220 | 303,898 |
| Deposit for purchase of investments in a subsidiary | 11 | 4,000 | 4,000 | 4,000 | 4,000 |
| Deposit for purchase of land | | 12,000 | 12,000 | 12,000 | 12,000 |
| Other current assets | | 32,370 | 35,661 | 32,358 | 35,661 |
| Total current assets | | 791,962 | 795,983 | 789,421 | 790,122 |
| Non-current assets | | | | | |
| Finance lease receivables - net of current portion | 5 | - | 903 | - | 903 |
| Long-term loans to related party - net of current portion | 5 | 3,724 | - | 3,724 | - |
| Long-term loans to unrelated person and party - net of current portion | 8 | 27,072 | 28,675 | 27,072 | 28,675 |
| Investments in joint venture | 9 | 320 | 343 | 3,563 | 3,563 |
| Investments in associate | 10 | 61,731 | 63,042 | 71,030 | 71,030 |
| Investments in subsidiary | 11 | - | - | 4,000 | 4,000 |
| Investment properties | 12 | 118,000 | 118,000 | 118,000 | 118,000 |
| Property, plant and equipment | 13 | 298,784 | 293,002 | 297,935 | 292,573 |
| Land awaiting future development | 14 | 8,284 | 8,284 | 8,284 | 8,284 |
| Intangible assets | 15 | 8,615 | 10,090 | 8,598 | 10,090 |
| Deferred tax assets | | 9,078 | 8,458 | 9,078 | 8,458 |
| Other non-current assets | 4 | 19,030 | 20,168 | 18,966 | 20,148 |
| Total non-current assets | | 554,638 | 550,965 | 570,250 | 565,724 |
| Total assets | | 1,346,600 | 1,346,948 | 1,359,671 | 1,355,846 |

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

Karmarts Public Company Limited and its subsidiary
Statement of financial position (continued)
As at 31 March 2018

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|-------|--|-------------------------------|--|-------------------------------|
| | | 31 March 2018 (Unaudited but reviewed) | 31 December 2017 (Audited) | 31 March 2018 (Unaudited but reviewed) | 31 December 2017 (Audited) |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts and short-term loans from banks | 16 | 118,262 | 175,276 | 118,262 | 175,276 |
| Trade and other payables | 5, 17 | 76,386 | 102,952 | 77,013 | 102,735 |
| Current portion of liabilities under finance lease agreements | | 4,180 | 3,968 | 4,180 | 3,968 |
| Current portion of long-term loans from financial institution | 18 | 17,904 | 17,904 | 17,904 | 17,904 |
| Income tax payable | | 57,190 | 37,954 | 56,764 | 37,528 |
| Other current liabilities | | 9,899 | 13,292 | 9,790 | 13,238 |
| Total current liabilities | | 283,821 | 351,346 | 283,913 | 350,649 |
| Non-current liabilities | | | | | |
| Liabilities under finance lease agreements | | | | | |
| - net of current portion | | 6,485 | 6,905 | 6,485 | 6,905 |
| Long-term loans from financial institution | | | | | |
| - net of current portion | 18 | 58,455 | 62,096 | 58,455 | 62,096 |
| Provision for long-term employee benefits | | 16,468 | 16,052 | 16,468 | 16,052 |
| Deferred tax liabilities | | 40,764 | 41,116 | 40,764 | 41,116 |
| Total non-current liabilities | | 122,172 | 126,169 | 122,172 | 126,169 |
| Total liabilities | | 405,993 | 477,515 | 406,085 | 476,818 |

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

Karmarts Public Company Limited and its subsidiary
Statement of financial position (continued)
As at 31 March 2018

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | | | |
|-----------------------------|-----------------------------------|---|-------------------------------|-----------------------------|------------------|------------------|
| | Note | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 | |
| | | (Unaudited but reviewed) | (Audited) | (Unaudited but reviewed) | (Audited) | |
| Shareholders' equity | | | | | | |
| Share capital | | | | | | |
| Registered | | | | | | |
| | | 880,000,000 ordinary shares of Baht 0.60 each | 528,000 | 528,000 | 528,000 | 528,000 |
| Issued and fully paid up | | | | | | |
| | | 879,998,016 ordinary shares of Baht 0.60 each | 527,999 | 527,999 | 527,999 | 527,999 |
| | | Share premium | 88,397 | 88,397 | 88,397 | 88,397 |
| | | Capital reduction surplus | 15,267 | 15,267 | 15,267 | 15,267 |
| Retained earnings | | | | | | |
| | 19 | Appropriated - statutory reserve | 52,800 | 52,800 | 52,800 | 52,800 |
| | | Unappropriated | 213,544 | 142,022 | 227,616 | 153,058 |
| | | Other components of shareholders' equity | 41,444 | 41,284 | 41,507 | 41,507 |
| | | Equity attributable to owners of the Company | 939,451 | 867,769 | 953,586 | 879,028 |
| | | Non-controlling interests of the subsidiary | 1,156 | 1,664 | - | - |
| | | Total shareholders' equity | 940,607 | 869,433 | 953,586 | 879,028 |
| | | Total liabilities and shareholders' equity | 1,346,600 | 1,346,948 | 1,359,671 | 1,355,846 |
| | | | - | - | - | - |

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

Directors

(Unaudited but reviewed)

Karmarts Public Company Limited and its subsidiary**Income statement****For the three-month period ended 31 March 2018**

(Unit: Thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2018 | 2017 | 2018 | 2017 |
| Revenues | | | | | |
| Sales | 5 | 358,554 | 367,206 | 358,554 | 367,206 |
| Income from warehouse rental | | 5,189 | 5,189 | 5,189 | 5,189 |
| Other income | 5 | 15,123 | 12,082 | 15,394 | 12,599 |
| Total revenues | | 378,866 | 384,477 | 379,137 | 384,994 |
| Expenses | | | | | |
| Cost of sales | 5 | 165,665 | 166,217 | 163,936 | 166,899 |
| Cost of warehouse rental | | 42 | 104 | 42 | 104 |
| Selling expenses | | 83,052 | 88,400 | 83,052 | 88,400 |
| Administrative expenses | 5 | 36,286 | 26,429 | 36,239 | 26,387 |
| Total expenses | | 285,045 | 281,150 | 283,269 | 281,790 |
| Profit before share of loss from investments in joint venture and associate, finance cost and income tax expenses | | | | | |
| | | 93,821 | 103,327 | 95,868 | 103,204 |
| Share of loss from investments in joint venture and associate | | | | | |
| | | (1,494) | (306) | - | - |
| Profit before finance cost and income tax expenses | | 92,327 | 103,021 | 95,868 | 103,204 |
| Finance cost | | (2,635) | (2,883) | (2,632) | (2,882) |
| Profit before income tax expenses | | 89,692 | 100,138 | 93,236 | 100,322 |
| Income tax expenses | 20 | (18,678) | (20,108) | (18,678) | (20,108) |
| Profit for the periods | | 71,014 | 80,030 | 74,558 | 80,214 |
| Profit or loss attributable to: | | | | | |
| Equity holders of the Company | | 71,522 | 79,994 | 74,558 | 80,214 |
| Non-controlling interests of the subsidiaries | | (508) | 36 | | |
| | | 71,014 | 80,030 | | |
| Basic earnings per share | | | | | |
| | 21 | | | | |
| Profit attributable to equity holders of the Company | | 0.081 | 0.091 | 0.085 | 0.091 |
| Weighted average number of common stock (shares) | | 879,998,016 | 879,425,079 | 879,998,016 | 879,425,079 |

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

(Unaudited but reviewed)

Karmarts Public Company Limited and its subsidiary
Statement of comprehensive income
For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Profit for the periods | <u>71,014</u> | <u>80,030</u> | <u>74,558</u> | <u>80,214</u> |
| Other comprehensive income: | | | | |
| <i>Other comprehensive income to be reclassified</i> | | | | |
| <i>to profit or loss in subsequent periods:</i> | | | | |
| Share of profit (loss) from exchange differences on translation | | | | |
| of joint venture's financial statements in foreign currency | 160 | (142) | - | - |
| <i>Other comprehensive income not to be reclassified</i> | | | | |
| <i>to profit or loss in subsequent periods:</i> | | | | |
| Actuarial loss - net of income tax | - | (407) | - | (407) |
| Other comprehensive income for the periods | <u>160</u> | <u>(549)</u> | <u>-</u> | <u>(407)</u> |
| Total comprehensive income for the periods | <u><u>71,174</u></u> | <u><u>79,481</u></u> | <u><u>74,558</u></u> | <u><u>79,807</u></u> |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the Company | 71,682 | 79,445 | <u>74,558</u> | <u>79,807</u> |
| Non-controlling interests of the subsidiary | (508) | 36 | | |
| | <u><u>71,174</u></u> | <u><u>79,481</u></u> | | |

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

(Unaudited but reviewed)

Karmarts Public Company Limited and its subsidiary**Statement of changes in shareholders' equity****For the three-month period ended 31 March 2018**

(Unit: Thousand Baht)

| Consolidated financial statements | | | | | | | | | | | |
|--|----------------|---------------------------|----------------------------------|----------------|--|---------------------|--|--|--|---|----------------------------|
| Equity attributable to owners of the Company | | | | | | | | | | | |
| | | | | | Other components of shareholders' equity | | | | | | |
| | | | | | Exchange differences | | | | | | |
| Issued and paid-up | | Retained earnings | | | Surplus on revaluation of assets | | on translation of joint venture's financial statements in foreign currency | Total other components of shareholders' equity | Total equity attributable to owners of the Company | Non-controlling interests of the subsidiary | Total shareholders' equity |
| share capital | Share premium | Capital reduction surplus | Appropriated - statutory reserve | Unappropriated | assets | in foreign currency | equity | the Company | the subsidiary | equity | |
| Balance as at 1 January 2017 | 395,741 | 83,396 | 15,267 | 39,574 | 221,904 | 41,507 | (40) | 41,467 | 797,349 | 141 | 797,490 |
| Profit for the period | - | - | - | - | 79,994 | - | - | - | 79,994 | 36 | 80,030 |
| Other comprehensive income for the period | - | - | - | - | (407) | - | (142) | (142) | (549) | - | (549) |
| Total comprehensive income for the period | - | - | - | - | 79,587 | - | (142) | (142) | 79,445 | 36 | 79,481 |
| Balance as at 31 March 2017 | 395,741 | 83,396 | 15,267 | 39,574 | 301,491 | 41,507 | (182) | 41,325 | 876,794 | 177 | 876,971 |
| Balance as at 1 January 2018 | 527,999 | 88,397 | 15,267 | 52,800 | 142,022 | 41,507 | (223) | 41,284 | 867,769 | 1,664 | 869,433 |
| Profit for the period | - | - | - | - | 71,522 | - | - | - | 71,522 | (508) | 71,014 |
| Other comprehensive income for the period | - | - | - | - | - | - | 160 | 160 | 160 | - | 160 |
| Total comprehensive income for the period | - | - | - | - | 71,522 | - | 160 | 160 | 71,682 | (508) | 71,174 |
| Balance as at 31 March 2018 | 527,999 | 88,397 | 15,267 | 52,800 | 213,544 | 41,507 | (63) | 41,444 | 939,451 | 1,156 | 940,607 |

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

(Unaudited but reviewed)

Karmarts Public Company Limited and its subsidiary
Statement of changes in shareholders' equity (continued)
For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

| | Separate financial statements | | | | | | Other components of shareholders' equity | | Total shareholders' equity |
|---|--|---------------|------------------------------|-------------------------------------|----------------|--|---|----------------|----------------------------------|
| | Issued and paid-up share capital | Share premium | Capital reduction surplus | Retained earnings | | Surplus on revaluation of assets | Total other components of shareholders' equity | | |
| | | | | Appropriated - statutory reserve | Unappropriated | | | | |
| Balance as at 1 January 2017 | 395,741 | 83,396 | 15,267 | 39,574 | 225,967 | 41,507 | 41,507 | 801,452 | |
| Profit for the period | - | - | - | - | 80,214 | - | - | 80,214 | |
| Other comprehensive income for the period | - | - | - | - | (407) | - | - | (407) | |
| Total comprehensive income for the period | - | - | - | - | 79,807 | - | - | 79,807 | |
| Balance as at 31 March 2017 | <u>395,741</u> | <u>83,396</u> | <u>15,267</u> | <u>39,574</u> | <u>305,774</u> | <u>41,507</u> | <u>41,507</u> | <u>881,259</u> | |
| Balance as at 1 January 2018 | 527,999 | 88,397 | 15,267 | 52,800 | 153,058 | 41,507 | 41,507 | 879,028 | |
| Profit for the period | - | - | - | - | 74,558 | - | - | 74,558 | |
| Other comprehensive income for the period | - | - | - | - | - | - | - | - | |
| Total comprehensive income for the period | - | - | - | - | 74,558 | - | - | 74,558 | |
| Balance as at 31 March 2018 | <u>527,999</u> | <u>88,397</u> | <u>15,267</u> | <u>52,800</u> | <u>227,616</u> | <u>41,507</u> | <u>41,507</u> | <u>953,586</u> | |

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

(Unaudited but reviewed)

Karmarts Public Company Limited and its subsidiary**Statement of cash flows****For the three-month period ended 31 March 2018**

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------------|-------------------------------|----------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Cash flows from operating activities | | | | |
| Profit before tax | 89,692 | 100,138 | 93,236 | 100,322 |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities: | | | | |
| Depreciation and amortisation | 8,636 | 7,330 | 8,603 | 7,327 |
| Increase in (reversal of) allowance for doubtful accounts | (1,102) | 301 | (1,102) | 301 |
| Increase in allowance for reducing cost of inventories to net realisable value | 3,776 | 1,553 | 3,776 | 1,553 |
| Reversal of allowance for impairment of assets | (65) | (533) | (65) | (533) |
| Unrealised loss (gain) on exchange rate | 83 | (7,735) | 83 | (7,735) |
| Unrealised gain on change in the fair value of current investments | (41) | (230) | (41) | (230) |
| Fixed assets and intangible assets write-off | 32 | 123 | 32 | 123 |
| Gain on disposal of fixed assets and intangible assets | (3) | (122) | (3) | (122) |
| Interest income | (6,997) | (2,156) | (6,997) | (2,156) |
| Provision for long-term employee benefits | 773 | 492 | 773 | 492 |
| Interest expenses | 1,969 | 1,828 | 1,969 | 1,828 |
| Share of loss from investments in joint venture and associate | 1,494 | 306 | - | - |
| Profit from operating activities before changes in operating assets and liabilities: | 98,247 | 101,295 | 100,264 | 101,170 |
| Operating assets (increase) decrease | | | | |
| Trade and other receivables | 17,705 | (1,436) | 17,597 | (1,442) |
| Finance lease receivables | 1,227 | 5 | 1,227 | 5 |
| Inventories | (2,660) | 21,703 | (3,999) | 22,594 |
| Other current assets | 3,356 | (11,333) | 3,368 | (11,214) |
| Other non-current assets | 1,138 | 620 | 1,182 | 620 |
| Operating liabilities increase (decrease) | | | | |
| Trade and other payables | (25,578) | (4,904) | (24,839) | (5,631) |
| Other current liabilities | (3,393) | (907) | (3,448) | (861) |
| Cash from operating activities | 90,042 | 105,043 | 91,352 | 105,241 |
| Cash paid for income tax | (414) | (306) | (414) | (306) |
| Cash paid for long-term employee benefits | (357) | (47) | (357) | (47) |
| Net cash from operating activities | 89,271 | 104,690 | 90,581 | 104,888 |

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

(Unaudited but reviewed)

Karmarts Public Company Limited and its subsidiary**Statement of cash flows (continued)****For the three-month period ended 31 March 2018**

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|-----------------|-------------------------------|-----------------|
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| Cash flows from investing activities | | | | |
| Interest income received | 12,983 | 1,698 | 12,983 | 1,698 |
| Decrease (increase) in short-term loans to related party | 50,000 | (1,500) | 50,000 | (1,500) |
| Decrease in short-term loans to unrelated person and parties | 4,000 | 9,048 | 4,000 | 9,048 |
| Increase in long-term loans to related party | (4,804) | - | (4,804) | - |
| Decrease in long-term loans to unrelated person and party | 1,603 | - | 1,603 | - |
| Proceeds from disposal of equipment and intangible assets | 3 | 124 | 3 | 124 |
| Purchase of land, equipment and intangible assets | (13,206) | (14,846) | (12,631) | (14,846) |
| Net cash from (used in) investing activities | 50,579 | (5,476) | 51,154 | (5,476) |
| Cash flows from financing activities | | | | |
| Decrease in bank overdrafts and short-term loans from banks | (57,125) | (94,675) | (57,125) | (94,675) |
| Cash paid under finance lease | (1,085) | (776) | (1,085) | (776) |
| Decrease in long-term loans from financial institution | (3,641) | - | (3,641) | - |
| Interest paid | (1,920) | (1,790) | (1,920) | (1,790) |
| Net cash used in financing activities | (63,771) | (97,241) | (63,771) | (97,241) |
| Net increase in cash and cash equivalents | 76,079 | 1,973 | 77,964 | 2,171 |
| Cash and cash equivalents at beginning of periods | 10,716 | 10,099 | 5,947 | 9,334 |
| Cash and cash equivalents at end of periods | 86,795 | 12,072 | 83,911 | 11,505 |
| | - | | - | |

Supplemental cash flow information: -

Non-cash transactions: -

Undue installment for acquisition of equipment

and intangible assets

Purchases of vehicles under finance leases

Transfer of equipment to inventories

Actuarial loss

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

Karmarts Public Company Limited and its subsidiary
Notes to consolidated interim financial statements
For the three-month period ended 31 March 2018

1. Corporate information

Karmarts Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of consumer products and the provision of warehouse rental. The Company’s registered address is 81-81/1, Soi Phetchakasem 54 sub 3, Phetchakasem Road, Bangduan, Phasicharoen, Bangkok.

2. Basis of preparation

2.1 Basis for the preparation of interim financial statements

These consolidated interim financial statements have been prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting” with the Company choosing to present condensed consolidated interim financial statements. However, the Company has presented the statements of financial position, statements of income, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

These consolidated interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. This consolidated interim financial information should therefore be read in conjunction with the latest annual financial statements.

The consolidated interim financial statements in Thai language are the official statutory financial statements of the Company. The consolidated interim financial statements in English language have been translated from the Thai language financial statements.

2.2 Basis of consolidation

These consolidated interim financial statements are prepared by applying the same basis as that applied for the preparation of the consolidated financial statements for the year ended 31 December 2017. There have been no significant changes in the composition of the group of the Company during the current period.

2.3 New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the period, the Company and its subsidiary have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary's financial statements.

(b) Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiary is evaluating the impact of this standard to the financial statements in the year when it is adopted.

2.4 Significant accounting policies

The consolidated interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

(Unaudited but reviewed)

3. Current Investments

(Unit: Thousand Baht)

| | Consolidated / Separate financial statements | | | |
|---|--|------------|------------------|------------|
| | 31 March 2018 | | 31 December 2017 | |
| | Cost | Fair value | Cost | Fair value |
| Trading securities - ordinary shares | 353 | 402 | 353 | 361 |
| Unrealised gain from changes in fair value of investments | 49 | | 8 | |
| Total current investments - net | 402 | | 361 | |

During the three-month period ended 31 March 2018 and 2017, the Company had no sale of any trading securities.

4. Trade and other receivables

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------|-------------------------------|----------|
| | 31 | 31 | 31 | 31 |
| | March | December | March | December |
| | 2018 | 2017 | 2018 | 2017 |
| Trade accounts receivable - related parties | | | | |
| Aged on the basis of due dates | | | | |
| Not yet due | 2,503 | 2,613 | 2,503 | 2,563 |
| Past due | | | | |
| 1 - 3 months | 5,820 | 5,550 | 5,820 | 5,550 |
| 4 - 6 months | 5,857 | 5,391 | 5,857 | 5,391 |
| 7 - 12 months | 1,616 | 2,683 | 1,616 | 2,683 |
| Over 12 months | - | - | - | - |
| Total | 15,796 | 16,237 | 15,796 | 16,187 |
| Less: Allowance for doubtful accounts | - | - | - | - |
| Net | 15,796 | 16,237 | 15,796 | 16,187 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------|-------------------------------|----------|
| | 31 | 31 | 31 | 31 |
| | March | December | March | December |
| | 2018 | 2017 | 2018 | 2017 |
| Trade accounts receivable - unrelated parties | | | | |
| Aged on the basis of due dates | | | | |
| Post dated cheques | 5,995 | 4,002 | 5,995 | 4,002 |
| Not yet due | 151,594 | 164,350 | 151,594 | 164,350 |
| Past due | | | | |
| 1 - 3 months | 130,152 | 144,645 | 130,152 | 144,645 |
| 4 - 6 months | 12,881 | 4,080 | 12,881 | 4,080 |
| 7 - 12 months | 1,493 | 1,075 | 1,493 | 1,075 |
| Over 12 months | 2,279 | 1,891 | 2,279 | 1,891 |
| Returned cheques | 814 | 1,037 | 814 | 1,037 |
| Total | 305,208 | 321,080 | 305,208 | 321,080 |
| Less: Allowance for doubtful accounts | (3,055) | (3,244) | (3,055) | (3,244) |
| Net | 302,153 | 317,836 | 302,153 | 317,836 |
| Other receivables | | | | |
| Advances to related parties | 454 | 457 | 454 | 457 |
| Other receivables - related parties | 547 | 8,272 | 605 | 8,272 |
| Other receivables - unrelated parties | 4,454 | 4,104 | 4,454 | 4,104 |
| Total | 5,455 | 12,833 | 5,513 | 12,833 |
| Less: Allowance for doubtful accounts | (1,526) | (2,439) | (1,526) | (2,439) |
| Net | 3,929 | 10,394 | 3,987 | 10,394 |
| Total trade and other receivables - net | 321,878 | 344,467 | 321,936 | 344,417 |

On 22 December 2014, the Company entered into an agreement to sell all of the inventories that are related to the project to upgrade the 470MHz Mobile Telephone Network to CDMA2000 1X to a non-related party at a price of Baht 28.1 million (including VAT). This agreement requires the buyer to make payment to the Company in monthly installments, within 10 years. As at 31 March 2018, the Company had accounts receivable balance of Baht 18.7 million (31 December 2017: Baht 19.4 million), with the portion due in over 12 months amounting to Baht 15.4 million (31 December 2017: Baht 16.7 million) and classified as other non-current assets in the statements of financial position.

5. Related parties transactions

During the periods, the Company and its subsidiary had significant business transactions with related persons and parties, which have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related persons and companies.

The relationship between the Company and the related parties is summarised below.

| Name of related parties | Relationship with the Company |
|---|---|
| J KOS Laboratories Co., Ltd. | Subsidiary |
| The Iconic Property Co., Ltd. | Associate |
| The Iconic Property Charan Sanit Wong13 Co., Ltd. | Subsidiary of the associate |
| The Iconic Property Phetkasem Co., Ltd. | Subsidiary of the associate |
| Bangwaek Condominium Co., Ltd. | Subsidiary of the associate |
| Karmarts Vietnam Co., Ltd. | Joint venture |
| Karmarts Malaysia Sdn. Bhd.* | Related company |
| Ruenrom Food and Beverage Co., Ltd.** | Common shareholder / director with the Company |
| June Laboratories Co., Ltd. | Common shareholder / director with the subsidiary |
| Beautrium Co., Ltd. | Shareholder / director is related to the Company's shareholders and directors |

* The Company has planned to invest in that company as discussed in Note 9

** The Company has planned to invest in that company as discussed in Note 11

Such significant transactions are summarised below.

(Unit: Thousand Baht)

| | Consolidated | | Separate | | |
|---|-----------------------------------|-------------|-----------------------------------|-------------|-------------------------|
| | financial statements | | financial statements | | |
| | For the three-month periods ended | | For the three-month periods ended | | |
| | 31 March | | 31 March | | Transfer Pricing Policy |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | |
| <u>Transactions with subsidiary</u> | | | | | |
| (Eliminated from consolidated financial statements) | | | | | |
| Purchases of goods | - | - | 4,111 | 581 | Cost plus margin |
| Service income | - | - | - | 271 | Contract price |
| Rental income | - | - | 247 | 247 | Contract price |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated | | Separate | | Transfer Pricing Policy |
|--|----------------------|-------------|----------------------|-------------|---|
| | financial statements | | financial statements | | |
| | For the three-month | | For the three-month | | |
| | periods ended | | periods ended | | |
| | 31 March | | 31 March | | |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | |
| <u>Transactions with joint venture and associate</u> | | | | | |
| Sales of goods | 1,456 | 481 | 1,456 | 481 | Cost plus margin |
| Interest income | 4,957 | 205 | 4,957 | 205 | 15.0 percent per annum (2017: 1.5 percent per annum) |
| <u>Transactions with related companies</u> | | | | | |
| Sales of goods | 3,864 | 3,586 | 3,843 | 3,525 | Cost plus margin |
| Purchases of goods | 1,447 | 590 | 1,395 | 590 | Cost plus margin |
| Rental income | 155 | - | 155 | - | Contract price |

The outstanding balances of the related transactions as at 31 March 2018 and 31 December 2017 are presented in the statements of financial position as follows:

| | (Unit: Thousand Baht) | | | |
|--|------------------------|---------------|--------------------|---------------|
| | Consolidated financial | | Separate financial | |
| | statements | | statements | |
| | 31 | 31 | 31 | 31 |
| | March | December | March | December |
| | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> |
| <u>Trade and other receivables - related parties (Note 4)</u> | | | | |
| Joint venture | 5,971 | 6,114 | 5,971 | 6,114 |
| Associate | 15 | 6,000 | 15 | 6,000 |
| Subsidiary | - | - | 58 | - |
| Related companies | 10,811 | 12,852 | 10,811 | 12,802 |
| Total | 16,797 | 24,966 | 16,855 | 24,916 |
| Less: Allowance for doubtful accounts | - | - | - | - |
| Net | <u>16,797</u> | <u>24,966</u> | <u>16,855</u> | <u>24,916</u> |
| <u>Finance lease receivable</u> | | | | |
| Related company | <u>18</u> | <u>1,234</u> | <u>18</u> | <u>1,234</u> |
| <u>Short-term loans to related party</u> | | | | |
| Associate | <u>5,875</u> | <u>55,875</u> | <u>5,875</u> | <u>55,875</u> |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| <u>Long-term loans to related party</u> | | | | |
| Related company | 4,804 | - | 4,804 | - |
| Less: Current portion | (1,080) | - | (1,080) | - |
| Long-term loans to related party - net of current portion | <u>3,724</u> | <u>-</u> | <u>3,724</u> | <u>-</u> |
| <u>Trade and other payables - related persons and parties (Note 17)</u> | | | | |
| Joint venture | 2 | 52 | 2 | 52 |
| Associate | - | 90 | - | 90 |
| Subsidiary | - | - | 1,609 | 1,005 |
| Related company | 593 | 871 | 541 | 870 |
| Accrued management benefits | 320 | 970 | 320 | 970 |
| Total | <u>915</u> | <u>1,983</u> | <u>2,472</u> | <u>2,987</u> |

During the current periods, the balances of loans to related parties and the movements are as follows:

(Unit: Thousand Baht)

| | Consolidated / Separate financial statements | | | |
|---|--|--------------|-----------------|---------------|
| | 1 January 2018 | Increase | Decrease | 31 March 2018 |
| <u>Short-term loans to related party</u> | | | | |
| Associate | | | | |
| The Iconic Property Company Limited | <u>55,875</u> | <u>-</u> | <u>(50,000)</u> | <u>5,875</u> |
| <u>Long-term loans to related party</u> | | | | |
| Related company | | | | |
| Ruenrom Food and Beverage Company Limited | <u>-</u> | <u>4,804</u> | <u>-</u> | <u>4,804</u> |

As at 31 March 2018, short-term loans to such associate matured at call and carried interest at a rate of 15.0 percent per annum (31 December 2017: a rate of 1.5 percent per annum).

As at 31 March 2018, long-term loans to related party is due within 29 March 2021 and carry an interest at a rate of 5.0 percent per annum.

(Unaudited but reviewed)

Directors and management benefits

During the three-month periods ended 31 March 2018 and 2017, the Company and its subsidiary had employee benefit expenses of their directors and management as below.

| | (Unit: Million Baht) | |
|------------------------------|---|-------------|
| | Consolidated / Separate financial statements | |
| | <u>2018</u> | <u>2017</u> |
| Short-term employee benefits | 7 | 6 |
| Post-employment benefits | - | 1 |
| Total | <u>7</u> | <u>7</u> |

6. Short-term loans to unrelated person and parties

As at 31 March 2018, the Company had short-term loans to unrelated person and parties net amounting to net Baht 14.0 million (31 December 2017: Baht 18.0 million) which carried interest at a rate of 15% per annum (31 December 2017: a rate of 15% per annum).

7. Inventories

Movements in the allowance for reducing cost of inventories to net realisable value during the three-month period ended 31 March 2018 are summarised below.

| | (Unit: Thousand Baht) |
|---|---|
| | Consolidated / Separate financial statements |
| Balance as at 1 January 2018 | 22,316 |
| Increase in allowance for reducing cost of inventories to net realisable value | <u>3,776</u> |
| Balance as at 31 March 2018 | <u><u>26,092</u></u> |

8. Long-term loans to unrelated person and party

As at 31 March 2018, the Company had long-term loans to unrelated person and party net amounting to net Baht 36.7 million (31 December 2017: Baht 38.3 million) which carried interest at a rate of 15% per annum (31 December 2017: a rate of 15% per annum). The long-term loans will be due within September 2020 (31 December 2017: due within September 2020).

(Unaudited but reviewed)

9. Investments in joint venture

Investments in joint venture represent investments in entity which is jointly controlled by the Company and other party. Details of these investments are as follows:

(Unit: Thousand Baht)

| Joint venture's name | Nature of business | Country of incorporation | Consolidated financial statements | | | | | |
|----------------------------------|-----------------------------------|--------------------------|-----------------------------------|------------------|---------------|------------------|---|------------------|
| | | | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
| | | | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| | | | % | % | | | | |
| Karmarts Vietnam Company Limited | Distribution of cosmetic products | Vietnam | 49 | 49 | 3,563 | 3,563 | 320 | 343 |

(Unit: Thousand Baht)

| Joint venture's name | Nature of business | Country of incorporation | Separate financial statements | | | |
|----------------------------------|-----------------------------------|--------------------------|-------------------------------|------------------|---------------|------------------|
| | | | Shareholding percentage | | Cost | |
| | | | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| | | | % | % | | |
| Karmarts Vietnam Company Limited | Distribution of cosmetic products | Vietnam | 49 | 49 | 3,563 | 3,563 |

Investments in this joint venture were determined on the basis of financial information provided by this company's management. This was unaudited by its external auditor due to time constraints.

On 23 February 2015, the Company entered into the Memorandum of Understanding to establish Karmarts Malaysia Sdn. Bhd., the new joint venture in Malaysia in which the Company will hold 51,000 ordinary shares (or 51% of the total 100,000 issued and paid-up shares) at MYR 10 per share, or a total of MYR 510,000 or approximately Baht 4.9 million. The said joint venture has been in the process of registration, and the Company has not yet invested in that company up to the present.

As at 31 March 2018 and 31 December 2017, the Company had commitments amounting to USD 98,000 in respect of the uncalled shares in Karmarts Vietnam Company Limited.

(Unaudited but reviewed)

10. Investments in associate

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Consolidated financial statements | | | | | |
|-------------------------------------|----------------------|--------------------------|-----------------------------------|------------------|---------------|------------------|---|------------------|
| | | | Shareholding percentage | | Cost | | Carrying amounts based on equity method | |
| | | | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| | | | % | % | | | | |
| The Iconic Property Company Limited | Property development | Thailand | 33.33 | 33.33 | 71,030 | 71,030 | 61,731 | 63,042 |

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Separate financial statements | | | |
|-------------------------------------|----------------------|--------------------------|-------------------------------|------------------|---------------|------------------|
| | | | Shareholding percentage | | Cost | |
| | | | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| | | | % | % | | |
| The Iconic Property Company Limited | Property development | Thailand | 33.33 | 33.33 | 71,030 | 71,030 |

On 4 January 2018, The Iconic Property Company Limited (an associate), entered into a Memorandum of Understanding with an unrelated listed company to sell its land with a total area of 2,066.5 square wah. A deposit of Baht 20 million was paid on 4 January 2018. Later, on 20 March 2018, the parties entered into a sale and purchase of land agreement, under which the price was Baht 753.14 million, and the buyer paid a further Baht 168.28 million, or 25% of the total price. The counterparties have agreed that the transfer of land ownership and payment of the remaining amount is to be made within 27 November 2018, and if the buyer wishes to complete the transfer earlier than this scheduled date, the associate, or the seller, has undertaken to gladly comply with this wish.

(Unaudited but reviewed)

11. Investments in subsidiary

(Unit: Thousand Baht)

| Company's name | Paid-up | Shareholding | Separate financial statements | |
|---------------------------------------|----------------|--------------|-------------------------------|------------------|
| | share capital | percentage | Cost method | |
| | (Million Baht) | (%) | 31 March 2018 | 31 December 2017 |
| J KOS Laboratories Company Limited | 5.50 | 70.00 | 4,000 | 4,000 |

On 22 November 2017, the Company entered into the Memorandum of Agreement to buy and sell 800,000 common shares of Ruenrom Food and Beverage Co., Ltd., (or 80% of the total 1,000,000 issued and paid-up shares), and agreed to place the deposit of Baht 4 million with the seller. Up to the present, the Share Purchase Agreement and transfer of shares have not been arranged.

As at 31 March 2018 and 31 December 2017, the Company had commitments amounting to approximately Baht 3.0 million in respect of the uncalled shares in J KOS Laboratories Company Limited.

12. Investment properties

Movements of the investment properties during the three-month period ended 31 March 2018 are as summarised below.

(Unit: Thousand Baht)

| | Consolidated / Separate financial statements |
|---|---|
| 1 January 2018 | 118,000 |
| Increase/(decrease) in fair value during the period | - |
| 31 March 2018 | 118,000 |

The majority of investment properties of the Company were placed as collateral for short-term and long-term credit facilities granted by commercial banks.

13. Property, plant and equipment

| | (Unit: Thousand Baht) | |
|---|-----------------------------|-----------------------------|
| | Consolidated | Separate |
| | <u>financial statements</u> | <u>financial statements</u> |
| <u>Cost / Revalued amount</u> | | |
| 1 January 2018 | 417,507 | 417,039 |
| Acquisitions | 12,936 | 12,484 |
| Transfer to inventories | (120) | (120) |
| Disposals / write-off | (81) | (81) |
| 31 March 2018 | <u>430,242</u> | <u>429,322</u> |
| <u>Accumulated depreciation</u> | | |
| 1 January 2018 | 124,505 | 124,466 |
| Depreciation during the period | 7,024 | 6,992 |
| Depreciation of disposals / write-off / transfer-out | (71) | (71) |
| 31 March 2018 | <u>131,458</u> | <u>131,387</u> |
| <u>Net book value</u> | | |
| 1 January 2018 | <u>293,002</u> | <u>292,573</u> |
| 31 March 2018 | <u>298,784</u> | <u>297,935</u> |

The Company arranged for independent professional valuers to appraise the value of the land at the end of the year 2015. The land was revalued using the market approach. The Company recorded the resulting increase in asset value, totaling approximately Baht 42.7 million, in “surplus on revaluation of assets” in the statement of changes in shareholders' equity for the year 2015.

Had the land been carried in the financial statements based on historical cost, its net book value as of 31 March 2018 would have been Baht 62.3 million (31 December 2017: Baht 62.3 million).

As at 31 March 2018, the Company had equipment and vehicles under finance lease agreements with net book value amounting to Baht 15.5 million (31 December 2017: Baht 14.5 million).

As at 31 March 2018, certain items of buildings and equipment have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment of those assets amounted to approximately Baht 71.7 million (The Company only: Baht 71.7 million) (31 December 2017: Baht 66.2 million, the Company only: Baht 66.2 million).

(Unaudited but reviewed)

The Company has placed a majority of its land with structures thereon as collateral for short-term and long-term credit facilities granted by commercial banks.

14. Land awaiting future development

As at 31 March 2018 and 31 December 2017, the Company had land awaiting future development amounting to Baht 8.3 million. The Company placed land with net book value by Baht 3.2 million as collateral for short-term and long-term credit facilities granted by commercial banks.

15. Intangible assets

Movements of the intangible assets during the three-month period ended 31 March 2018 are summarised below.

| | (Unit: Thousand Baht) | |
|-------------------------------------|-----------------------|----------------------|
| | Consolidated | Separate |
| | financial statements | financial statements |
| Net book value as at 1 January 2018 | 10,090 | 10,090 |
| Acquisitions - at cost | 138 | 120 |
| Write-off - net book value | (1) | (1) |
| Amortisation during the period | (1,612) | (1,611) |
| Net book value as at 31 March 2018 | <u>8,615</u> | <u>8,598</u> |

16. Bank overdrafts and short-term loans from banks

| | (Unit: Thousand Baht) | | | |
|----------------|-----------------------|---------------|-------------------------|----------------|
| | Interest rate | | Consolidated / Separate | |
| | (percent per annum) | | financial statements | |
| | 31 March | 31 December | 31 March | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| Trust receipts | 3.20% - 6.25% | 2.80% - 6.25% | <u>118,262</u> | <u>175,276</u> |
| | | | <u>118,262</u> | <u>175,276</u> |

Bank overdrafts and short-term loans from banks are secured by the mortgage of the majority of the Company's land with structures thereon and investment properties.

(Unaudited but reviewed)

17. Trade and other payables

(Unit: Thousand Baht)

| | Consolidated financial | | Separate financial | |
|--|------------------------|----------------|--------------------|----------------|
| | statements | | statements | |
| | 31 March | 31 December | 31 March | 31 December |
| | 2018 | 2017 | 2018 | 2017 |
| Trade payables - related parties | 593 | 469 | 2,150 | 1,473 |
| Trade payables - unrelated parties | 4,615 | 6,415 | 3,726 | 5,276 |
| Other payables - related person and party | 2 | 544 | 2 | 544 |
| Other payables - unrelated parties | 31,141 | 30,704 | 31,141 | 30,704 |
| Accrued expenses - unrelated parties | 39,715 | 63,850 | 39,674 | 63,768 |
| Accrued management benefits | 320 | 970 | 320 | 970 |
| Total trade and other payables | <u>76,386</u> | <u>102,952</u> | <u>77,013</u> | <u>102,735</u> |

18. Long-term loans from financial institution

(Unit: Thousand Baht)

| Loan | Interest rate (percent per annum) | Repayment schedule | Consolidated / Separate financial statements | |
|---|--------------------------------------|--|--|---------------|
| | | | 2018 | 2017 |
| 1 | 4.5% | Principal and interest payable in monthly installments of Baht 1.49 million each | 76,359 | 80,000 |
| Total | | | 76,359 | 80,000 |
| Less: Current portion | | | (17,904) | (17,904) |
| Long-term loans from financial institution - net of current portion | | | <u>58,455</u> | <u>62,096</u> |

A long-term loans of the Company under a credit facility of Baht 80 million, both principal and interest, is monthly repayable in 60 installments. The loan carries interest at a rate of 4.5% per annum. The loan is secured by the mortgage of the majority of the Company's land and construction thereon.

The loan agreement contains several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

20. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expenses for the three-month periods ended 31 March 2018 and 2017 are made up as follows:

| | (Unit: Thousand Baht) | |
|---|---|---------------|
| | Consolidated / Separate financial statements | |
| | 2018 | 2017 |
| Current income tax: | | |
| Interim corporate income tax charge | 19,650 | 20,377 |
| Deferred tax: | | |
| Relating to origination and reversal of temporary differences | (972) | (269) |
| Income tax expenses reported in the income statements | <u>18,678</u> | <u>20,108</u> |

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2018 and 2017 are as follows:

| | (Unit: Thousand Baht) | |
|--|---|------|
| | Consolidated / Separate financial statements | |
| | 2018 | 2017 |
| Deferred tax related to actuarial loss | - | 102 |

21. Earnings per share

Basic earnings per share is calculated by dividing profit or loss for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

22. Foreign currency risk

The Company's exposure to foreign currencies risk arises mainly from trading transactions of finished goods and equipment that are denominated in foreign currencies.

The significant balances of financial assets and liabilities denominated in foreign currencies of the Company are summarised below.

| Currency | Financial assets | | Financial liabilities | | Average exchange rate | |
|----------|------------------|---------------------|-----------------------|---------------------|---------------------------------------|---------------------|
| | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 | 31 March 2018 | 31 December 2017 |
| | (Million) | (Million) | (Million) | (Million) | (Baht per 1 foreign currency unit) | |
| USD | - | - | 3.75 | 5.20 | 31.2381 | 32.6809 |
| JPY | 0.06 | 0.06 | - | - | 0.2939 | 0.2898 |
| RMB | - | - | 0.08 | 0.10 | 4.9783 | 5.0145 |
| EURO | - | - | 0.01 | 0.01 | 38.4394 | 39.0273 |

As at 31 March 2018 and 31 December 2017, the Company and its subsidiary had no foreign exchange forward contracts outstanding.

23. Fair value of financial instruments

The Company and its subsidiary use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiary endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

(Unaudited but reviewed)

As at 31 March 2018 and 31 December 2017, the Company and its subsidiary had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

| | <u>Consolidated / Separate financial statements</u> | |
|--|---|-------------------------|
| | <u>Level 1</u> | |
| | <u>31 March 2018</u> | <u>31 December 2017</u> |
| Financial assets measured at fair value | | |
| Investments in trading securities | 402 | 361 |

During the current period, there were no transfers within the fair value hierarchy.

24. Commitments and contingent assets/liabilities

24.1 Operating lease and service agreements commitments

The Company and its subsidiary have entered into several lease agreements in respect of the lease of land, building space, vehicles and service agreements. The terms of the non-cancellable agreements are generally between 1 and 3 years.

Future minimum lease payments required under these non-cancellable operating lease and service agreements are as follows:

(Unit: Million Baht)

| | <u>31 March 2018</u> | <u>31 December 2017</u> |
|-----------------|----------------------|-------------------------|
| Payable within: | | |
| 1 year | 5.0 | 5.8 |
| 2 to 3 years | 1.2 | 2.1 |

The Company has entered into lease agreement in respect of the lease of warehouse. The term of the non-cancellable agreement is 3 years.

Future minimum lease payments expected to be received under non-cancellable operating lease are as follows:

(Unit: Million Baht)

| | <u>31 March 2018</u> | <u>31 December 2017</u> |
|--------------------|----------------------|-------------------------|
| Receivable within: | | |
| 1 year | 20.7 | 20.7 |
| 2 to 3 years | - | 5.2 |

24.2 Commitments in respect of purchases of finished goods and capital expenditure

As at 31 March 2018 and 31 December 2017, the Company had commitment in respect of purchases of finished goods and intangible assets as follow:

| | (Unit: Million) | |
|-------------------|----------------------|-------------------------|
| <u>Currencies</u> | <u>31 March 2018</u> | <u>31 December 2017</u> |
| THB | 0.3 | 0.3 |
| USD | 0.3 | 0.2 |
| RMB | 1.6 | 1.3 |

24.3 Guarantees

As at 31 March 2018 and 31 December 2017, there were outstanding bank guarantees of Baht 0.5 million issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

As at 31 March 2018 and 31 December 2017, the Company had a guarantee commitment in respect of a bank guarantee provided on behalf of StarCom Co., Ltd. amounting to Baht 10 million.

25. Segment information

The Company and its subsidiary are organised into business units based on their products and services. During the current period, the Company and its subsidiary have not changed the organisation of their reportable segments.

(Unaudited but reviewed)

The following tables present revenue and profit information regarding the Company's and its subsidiary's operating segments for the periods of three months ended 31 March 2018 and 2017, respectively.

(Unit: Thousand Baht)

| | Manufacture and distribution of consumer products segment | Warehouse rental segment | Total reportable segments | Adjustments and eliminations | Consolidated financial statements |
|---|--|-----------------------------|------------------------------|---------------------------------|---|
| For the three months ended 31 March 2018 | | | | | |
| Sales and service income | | | | | |
| Revenue from external customers | 358,554 | 5,189 | 363,743 | - | 363,743 |
| Inter-segment revenue | - | - | - | - | - |
| Total revenue | 358,554 | 5,189 | 363,743 | - | 363,743 |
| Operating results | | | | | |
| Segment profit | 73,550 | 5,148 | 78,698 | - | 78,698 |
| Other income | | | | | 15,120 |
| Gain on sale of assets | | | | | 3 |
| Share of loss from investments in joint venture and associate | | | | | (1,494) |
| Finance cost | | | | | (2,635) |
| Profit before income tax expenses | | | | | 89,692 |
| Income tax expenses | | | | | (18,678) |
| Net profit for the period | | | | | 71,014 |

(Unaudited but reviewed)

(Unit: Thousand Baht)

| | Manufacture and distribution of consumer products segment | Warehouse rental segment | Total reportable segments | Adjustments and eliminations | Consolidated financial statements |
|---|--|-----------------------------|------------------------------|---------------------------------|---|
| For the three months ended 31 March 2017 | | | | | |
| Sales and service income | | | | | |
| Revenue from external customers | 367,206 | 5,189 | 372,395 | - | 372,395 |
| Inter-segment revenue | - | - | - | - | - |
| Total revenue | 367,206 | 5,189 | 372,395 | - | 372,395 |
| Operating results | | | | | |
| Segment profit | 86,159 | 5,086 | 91,245 | - | 91,245 |
| Other income | | | | | 11,960 |
| Gain on sale of assets | | | | | 122 |
| Share of loss from investments in joint venture and associate | | | | | (306) |
| Finance cost | | | | | (2,883) |
| Profit before income tax expenses | | | | | 100,138 |
| Income tax expenses | | | | | (20,108) |
| Net profit for the period | | | | | 80,030 |

(Unaudited but reviewed)

The following table presents assets information regarding the Company's and its subsidiary's operating segments as at 31 March 2018 and 31 December 2017:

(Unit: Thousand Baht)

| | Manufacture and distribution of consumer products segment | Warehouse rental segment | Total reportable segments | Adjustments and eliminations | Consolidated financial statements |
|------------------------|--|-----------------------------|------------------------------|---------------------------------|---|
| Segment assets | | | | | |
| As at 31 March 2018 | 1,228,600 | 118,000 | 1,346,600 | - | 1,346,600 |
| As at 31 December 2017 | 1,228,948 | 118,000 | 1,346,948 | - | 1,346,948 |

26. Events after the reporting period

On 27 April 2018, the Annual General Meeting of the Company's shareholders passed a resolution to approve a total dividend payment by Baht 0.28 per share in respect of the operating result of 2017. The dividend payment is scheduled for 25 May 2018 and represents a year-end dividend of Baht 0.07 per share, inclusive of the interim dividend of Baht 0.21 per share, or a total of Baht 61.6 million.

On 14 May 2018, the Company's Board of Directors Meeting passed a resolution to approve the payment of an interim dividend by cash of Baht 0.07 per share, from the operating results of the first quarter of 2018, or a total of Baht 61.6 million. The dividend payment will be made on 13 June 2018.

27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Audit Committee and the Company's Board of Directors on 14 May 2018.