

Karmarts Public Company Limited and its subsidiary
Review report and consolidated interim financial statements
For the three-month and nine-month periods ended
30 September 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 30 September 2018, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods ended 30 September 2018, changes in shareholders' equity and cash flows for the nine-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 November 2018

Karmarts Public Company Limited and its subsidiary
Statement of financial position
As at 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		25,925	10,716	23,994	5,947
Current investments	3	447	361	447	361
Trade and other receivables	4, 5	342,933	344,467	351,871	344,417
Current portion of finance lease receivables	5	-	363	-	363
Short-term loans to related party	5	-	55,875	-	55,875
Short-term loans to unrelated parties	6	-	18,000	-	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	318,355	304,940	307,301	303,898
Deposit for purchase of investments in a subsidiary	11	-	4,000	-	4,000
Deposit for purchase of land		-	12,000	-	12,000
Other current assets		47,440	35,661	47,422	35,661
Total current assets		745,780	795,983	741,715	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	3,301	-	3,301	-
Long-term loans to unrelated person and party - net of current portion	8	21,177	28,675	21,177	28,675
Investments in joint venture	9	455	343	3,563	3,563
Investments in associate	10	188,649	63,042	71,030	71,030
Investments in subsidiary	11	-	-	7,000	4,000
Investment properties	12	118,000	118,000	118,000	118,000
Property, plant and equipment	13	408,924	293,002	403,705	292,573
Land awaiting future development	14	8,284	8,284	8,284	8,284
Intangible assets	15	5,469	10,090	5,386	10,090
Deferred tax assets		10,598	8,458	10,598	8,458
Other non-current assets	4	18,922	20,168	18,817	20,148
Total non-current assets		783,779	550,965	670,861	565,724
Total assets		1,529,559	1,346,948	1,412,576	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 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	121,907	175,276	121,907	175,276
Trade and other payables	5,17	160,148	102,952	165,159	102,735
Short-term loan from related party	5	100,000	-	100,000	-
Current portion of liabilities under finance lease agreements		4,433	3,968	4,433	3,968
Current portion of long-term loans from financial institution	18	17,904	17,904	17,904	17,904
Income tax payable		12,388	37,954	11,975	37,528
Other current liabilities		15,662	13,292	15,145	13,238
Total current liabilities		432,442	351,346	436,523	350,649
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion		6,092	6,905	6,092	6,905
Long-term loans from financial institution - net of current portion	18	51,074	62,096	51,074	62,096
Provision for long-term employee benefits		17,763	16,052	17,763	16,052
Deferred tax liabilities		40,714	41,116	40,714	41,116
Total non-current liabilities		115,643	126,169	115,643	126,169
Total liabilities		548,085	477,515	552,166	476,818
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					
Appropriated - statutory reserve	19	52,800	52,800	52,800	52,800
Unappropriated		251,659	142,022	134,440	153,058
Other components of shareholders' equity		41,457	41,284	41,507	41,507
Equity attributable to owners of the Company		977,579	867,769	860,410	879,028
Non-controlling interests of the subsidiary		3,895	1,664	-	-
Total shareholders' equity		981,474	869,433	860,410	879,028
Total liabilities and shareholders' equity		1,529,559	1,346,948	1,412,576	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 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Sales		397,037	385,977	394,550	384,607
Income from warehouse rental		5,189	5,189	5,189	5,189
Other income		3,463	7,060	5,484	7,576
Total revenues		405,689	398,226	405,223	397,372
Expenses					
Cost of sales		186,569	168,426	189,157	169,066
Cost of warehouse rental		107	107	107	107
Selling expenses		123,723	113,922	123,723	113,922
Administrative expenses		26,185	29,044	26,141	29,001
Total expenses		336,584	311,499	339,128	312,096
Profit before share of gain (loss) from investments in joint venture and associate, finance cost and income tax expenses					
		69,105	86,727	66,095	85,276
Share of gain (loss) from investments in joint venture and associate		127,652	(364)	-	-
Profit before finance cost and income tax expenses		196,757	86,363	66,095	85,276
Finance cost		(3,219)	(2,251)	(3,215)	(2,249)
Profit before income tax expenses		193,538	84,112	62,880	83,027
Income tax expenses	20	(11,938)	(17,053)	(11,448)	(16,898)
Profit for the periods		181,600	67,059	51,432	66,129
Profit or loss attributable to:					
Equity holders of the Company		181,353	66,671	51,432	66,129
Non-controlling interests of the subsidiary		247	388		
		181,600	67,059		
Basic earnings per share					
	21				
Profit attributable to equity holders of the Company		0.206	0.076	0.058	0.075
Weighted average number of common stock (shares)		879,998,016	880,222,985	879,998,016	880,222,985

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 30 September 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>181,600</u>	<u>67,059</u>	<u>51,432</u>	<u>66,129</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified 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	<u>14</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the periods	<u>14</u>	<u>(2)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the periods	<u>181,614</u>	<u>67,057</u>	<u>51,432</u>	<u>66,129</u>
Total comprehensive income attributable to:				
Equity holders of the Company	<u>181,367</u>	<u>66,669</u>	<u>51,432</u>	<u>66,129</u>
Non-controlling interests of the subsidiary	<u>247</u>	<u>388</u>		
	<u>181,614</u>	<u>67,057</u>		

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

(Unaudited but reviewed)

Karmarts Public Company Limited and its subsidiary
Income statement
For the nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenues					
Sales		1,111,813	1,106,267	1,109,267	1,104,697
Income from warehouse rental		15,567	15,567	15,567	15,567
Other income		16,087	23,861	18,454	25,410
Total revenues		1,143,467	1,145,695	1,143,288	1,145,674
Expenses					
Cost of sales		523,953	496,409	528,177	498,595
Cost of warehouse rental		254	315	254	315
Selling expenses		297,171	297,252	297,171	297,252
Administrative expenses		102,411	82,810	102,278	82,684
Total expenses		923,789	876,786	927,880	878,846
Profit before share of gain (loss) from investments in joint venture and associate, finance cost and income tax expenses					
		219,678	268,909	215,408	266,828
Share of gain (loss) from investments in joint venture and associate		125,546	(1,506)	-	-
Profit before finance cost and income tax expenses		345,224	267,403	215,408	266,828
Finance cost		(9,056)	(7,347)	(9,047)	(7,343)
Profit before income tax expenses		336,168	260,056	206,361	259,485
Income tax expenses	20	(41,014)	(50,861)	(40,193)	(50,706)
Profit for the periods		295,154	209,195	166,168	208,779
Profit or loss attributable to:					
Equity holders of the Company		294,423	208,619	166,168	208,779
Non-controlling interests of the subsidiary		731	576		
		295,154	209,195		
Basic earnings per share					
Profit attributable to equity holders of the Company	21	0.335	0.237	0.189	0.237
Weighted average number of common stock (shares)		879,998,016	879,692,655	879,998,016	879,692,655

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 nine-month period ended 30 September 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	295,154	209,195	166,168	208,779
Other comprehensive income:				
<i>Other comprehensive income to be reclassified 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	173	(101)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial loss - net of income tax	-	(407)	-	(407)
Other comprehensive income for the periods	173	(508)	-	(407)
Total comprehensive income for the periods	<u>295,327</u>	<u>208,687</u>	<u>166,168</u>	<u>208,372</u>
Total comprehensive income attributable to:				
Equity holders of the Company	294,596	208,111	<u>166,168</u>	<u>208,372</u>
Non-controlling interests of the subsidiary	731	576		
	<u>295,327</u>	<u>208,687</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 nine-month period ended 30 September 2018

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
	Equity attributable to owners of the Company					Other components of shareholders' equity						
	Issued and paid-up share capital	Share premium	Capital reduction surplus	Retained earnings		Surplus on revaluation of assets	Exchange differences		Total other components of shareholders' equity	Total equity attributable to owners of the Company	Non-controlling interests of the subsidiary	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated		on translation of joint venture's financial statements in foreign currency	Total equity attributable to owners of the Company				
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	-	-	-	-	208,619	-	-	-	208,619	576	209,195	
Other comprehensive income for the period	-	-	-	-	(407)	-	(101)	(101)	(508)	-	(508)	
Total comprehensive income for the period	-	-	-	-	208,212	-	(101)	(101)	208,111	576	208,687	
Issuance of ordinary shares during the period												
from the ESOP scheme exercise	345	5,001	-	-	-	-	-	-	5,346	-	5,346	
Stock dividend paid (Note 25)	131,913	-	-	-	(131,913)	-	-	-	-	-	-	
Cash dividend paid (Note 25)	-	-	-	-	(153,940)	-	-	-	(153,940)	-	(153,940)	
Transfer to statutory reserve (Note 19)	-	-	-	10,439	(10,439)	-	-	-	-	-	-	
Change in non-controlling interests of the subsidiary												
from its paid up share capital	-	-	-	-	-	-	-	-	-	750	750	
Balance as at 30 September 2017	527,999	88,397	15,267	50,013	133,824	41,507	(141)	41,366	856,866	1,467	858,333	
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	-	-	-	-	294,423	-	-	-	294,423	731	295,154	
Other comprehensive income for the period	-	-	-	-	-	-	173	173	173	-	173	
Total comprehensive income for the period	-	-	-	-	294,423	-	173	173	294,596	731	295,327	
Cash dividend paid (Note 25)	-	-	-	-	(184,786)	-	-	-	(184,786)	-	(184,786)	
Change in non-controlling interests of the subsidiary												
from its paid up share capital	-	-	-	-	-	-	-	-	-	1,500	1,500	
Balance as at 30 September 2018	527,999	88,397	15,267	52,800	251,659	41,507	(50)	41,457	977,579	3,895	981,474	

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 nine-month period ended 30 September 2018

(Unit: Thousand Baht)

	Separate financial statements							
						Other components of shareholders' equity		
	Issued and paid-up share capital	Share premium	Capital reduction surplus	Retained earnings Appropriated - statutory reserve	Unappropriated	Surplus on revaluation of assets	Total other components of shareholders' equity	Total shareholders' equity
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	-	-	-	-	208,779	-	-	208,779
Other comprehensive income for the period	-	-	-	-	(407)	-	-	(407)
Total comprehensive income for the period	-	-	-	-	208,372	-	-	208,372
Issuance of ordinary shares during the period								
from the ESOP scheme exercise	345	5,001	-	-	-	-	-	5,346
Stock dividend paid (Note 25)	131,913	-	-	-	(131,913)	-	-	-
Cash dividend paid (Note 25)	-	-	-	-	(153,940)	-	-	(153,940)
Transfer to statutory reserve (Note 19)	-	-	-	10,439	(10,439)	-	-	-
Balance as at 30 September 2017	<u>527,999</u>	<u>88,397</u>	<u>15,267</u>	<u>50,013</u>	<u>138,047</u>	<u>41,507</u>	<u>41,507</u>	<u>861,230</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	-	-	-	-	166,168	-	-	166,168
Other comprehensive income for the period	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	166,168	-	-	166,168
Cash dividend paid (Note 25)	-	-	-	-	(184,786)	-	-	(184,786)
Balance as at 30 September 2018	<u>527,999</u>	<u>88,397</u>	<u>15,267</u>	<u>52,800</u>	<u>134,440</u>	<u>41,507</u>	<u>41,507</u>	<u>860,410</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 nine-month period ended 30 September 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	336,168	260,056	206,361	259,485
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	27,529	21,727	27,013	21,716
Reversal of allowance for doubtful accounts	(2,093)	(2,238)	(2,093)	(2,238)
Increase in allowance for reducing cost of inventories to net realisable value	11,552	6,411	11,550	6,411
Increase in (reversal of) allowance for impairment of other current assets	114	(475)	114	(475)
Unrealised loss (gain) on exchange rate	7,631	(11,564)	7,631	(11,564)
Gain on disposal of current investments	(100)	(1,774)	(100)	(1,774)
Unrealised gain on changes in the fair value of current investments	(86)	(114)	(86)	(114)
Fixed assets and intangible assets write-off	455	215	455	215
Gain on disposal of fixed assets and intangible assets	(133)	(496)	(133)	(496)
Interest income	(10,787)	(4,719)	(10,787)	(4,719)
Dividend income	(12)	(37)	(12)	(37)
Provision for long-term employee benefits	2,247	1,475	2,247	1,475
Share-based payment transactions	-	4,196	-	4,196
Interest expenses	7,065	4,506	7,065	4,506
Share of loss (gain) from investments in joint venture and associate	(125,546)	1,506	-	-
Profit from operating activities before changes in operating assets and liabilities:	254,004	278,675	249,225	276,587
Operating assets (increase) decrease				
Trade and other receivables	(2,516)	(48,925)	(11,504)	(48,925)
Finance lease receivables	1,266	(61)	1,266	(61)
Inventories	(24,438)	6,447	(14,424)	8,264
Other current assets	(11,893)	(4,179)	(11,875)	(4,256)
Other non-current assets	1,246	330	1,331	350
Operating liabilities increase (decrease)				
Trade and other payables	42,691	21,721	47,555	21,129
Other current liabilities	2,370	3,299	1,907	3,336
Cash from operating activities	262,730	257,307	263,481	256,424
Cash paid for income tax	(69,122)	(52,462)	(68,288)	(52,462)
Cash paid for long-term employee benefits	(536)	(240)	(536)	(240)
Net cash from operating activities	193,072	204,605	194,657	203,722

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 nine-month period ended 30 September 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	16,930	4,281	16,930	4,281
Dividend received	12	37	12	37
Decrease (increase) in short-term loans to related party	55,875	(1,500)	55,875	(1,500)
Decrease in short-term loans to unrelated parties	18,000	11,922	18,000	11,922
Increase in long-term loans to related party	(4,381)	-	(4,381)	-
Decrease in long-term loans to unrelated person and party	7,498	15,000	7,498	15,000
Proceeds from disposal of equipment and intangible assets	3,074	602	3,074	602
Proceeds from disposal of current investments	8,280	6,024	8,280	6,024
Acquisition of current investments	(8,180)	(4,250)	(8,180)	(4,250)
Purchase of land, equipment and intangible assets	(116,278)	(42,448)	(110,525)	(42,448)
Redemption of deposit for purchase of investments in a subsidiary	4,000	-	4,000	-
Changes in non-controlling interests of the subsidiary from its paid up share capital	1,500	750	-	-
Increase in investments in the subsidiary	-	-	(3,000)	(1,500)
Net cash used in investing activities	<u>(13,670)</u>	<u>(9,582)</u>	<u>(12,417)</u>	<u>(11,832)</u>
Cash flows from financing activities				
Decrease in short-term loans from financial institutions	(61,030)	(30,916)	(61,030)	(30,916)
Increase in short-term loan from related party	100,000	-	100,000	-
Cash paid under finance lease	(693)	(2,615)	(693)	(2,615)
Decrease in long-term loans from financial institution	(11,022)	-	(11,022)	-
Interest paid	(6,662)	(4,257)	(6,662)	(4,257)
Cash received from exercise of ESOP Scheme	-	1,150	-	1,150
Dividend paid	(184,786)	(153,940)	(184,786)	(153,940)
Net cash used in financing activities	<u>(164,193)</u>	<u>(190,578)</u>	<u>(164,193)</u>	<u>(190,578)</u>
Net increase in cash and cash equivalents	15,209	4,445	18,047	1,312
Cash and cash equivalents at beginning of periods	10,716	10,099	5,947	9,334
Cash and cash equivalents at end of periods	<u>25,925</u>	<u>14,544</u>	<u>23,994</u>	<u>10,646</u>
	-		-	
Supplemental cash flow information: -				
Non-cash transactions: -				
Undue installment for acquisition of equipment and intangible assets	15,830	222	15,804	222
Purchases of vehicles under finance leases	33	1,387	33	1,387
Transfer of equipment to inventories	529	241	529	241
Transfer of deposit for purchase of land to be land	12,000	-	12,000	-
Actuarial loss	-	509	-	509
Issuance of stock dividend	-	131,913	-	131,913

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 and nine-month periods ended 30 September 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 standards 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 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards 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.

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

Thai Financial Reporting Standards related to financial instruments

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiary is currently evaluating the impact of these standards to the financial statements in the year when they are 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			
	30 September 2018		31 December 2017	
	Cost	Fair value	Cost	Fair value
Trading securities - ordinary shares	353	447	353	361
Unrealised gain from changes in fair value of investments	94		8	
Total current investments - net	447		361	

During the nine-month period ended 30 September 2018, the Company sold trading securities with book value totaling Baht 8.2 million (2017: Baht 4.3 million) and recognised gain (after tax) on sale amounting to Baht 0.1 million (2017: Baht 1.4 million) in profit or loss.

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30	31	30	31
	September 2018	December 2017	September 2018	December 2017
Trade accounts receivable - related parties				
Aged on the basis of due dates				
Not yet due	4,656	2,613	7,476	2,563
Past due				
1 - 3 months	9,728	5,550	14,913	5,550
4 - 6 months	8,579	5,391	8,579	5,391
7 - 12 months	3,318	2,683	3,318	2,683
Over 12 months	101	-	101	-
Total	26,382	16,237	34,387	16,187
Less: Allowance for doubtful accounts	(101)	-	(101)	-
Net	26,281	16,237	34,286	16,187
Trade accounts receivable - unrelated parties				
Aged on the basis of due dates				
Post dated cheques	5,096	4,002	5,096	4,002
Not yet due	140,693	164,350	140,693	164,350
Past due				
1 - 3 months	150,361	144,645	150,361	144,645
4 - 6 months	14,427	4,080	14,427	4,080
7 - 12 months	195	1,075	195	1,075
Over 12 months	2,568	1,891	2,568	1,891
Returned cheques	878	1,037	878	1,037
Total	314,218	321,080	314,218	321,080
Less: Allowance for doubtful accounts	(3,438)	(3,244)	(3,438)	(3,244)
Net	310,780	317,836	310,780	317,836

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Other receivables				
Advances to related parties	5	457	5	457
Other receivables - related parties	2,610	8,272	3,543	8,272
Other receivables - unrelated parties	3,308	4,104	3,308	4,104
Total	5,923	12,833	6,856	12,833
Less: Allowance for doubtful accounts	(51)	(2,439)	(51)	(2,439)
Net	5,872	10,394	6,805	10,394
Total trade and other receivables - net	342,933	344,467	351,871	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 30 September 2018, the Company had accounts receivable balance of Baht 16.7 million (31 December 2017: Baht 19.4 million), with the portion due in over 12 months amounting to Baht 14.0 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
Name of related parties	Relationship with the Company

(Unaudited but reviewed)

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 to the financial statements.

Such significant transactions are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	For the three-month periods ended		For the three-month periods ended		
	30 September		30 September		
	<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	-	-	25,647	3,829	Cost plus margin
Sales of goods	-	-	5,312	-	Cost
Service income	-	-	1,877	270	Actual charge
Service expenses	-	-	4,817	-	Contract price
Rental income	-	-	459	246	Contract price
<u>Transactions with joint venture and associate</u>					
Sales of goods	2,720	1,269	2,720	1,269	Cost plus margin
Interest income	199	211	199	211	15.0 percent per annum (2017: 1.5 percent per annum)
Interest expenses	142	-	142	-	2 percent per annum
<u>Transactions with related companies</u>					
Sales of goods	8,940	2,795	6,448	2,995	Cost plus margin
Purchases of goods	3,155	2,251	3,021	681	Cost plus margin
Rental income	146	-	146	-	Contract price
Interest income	58	-	58	-	5 percent per annum

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	For the nine-month		For the nine-month		
	periods ended		periods ended		
	30 September		30 September		
	<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	-	-	37,497	7,026	Cost plus margin
Sales of goods	-	-	10,735	-	Cost
Service income	-	-	1,877	811	Actual charge
Service expenses	-	-	11,093	-	Contract price
Rental income	-	-	1,188	740	Contract price
<u>Transactions with joint venture and associate</u>					
Sales of goods	7,820	3,527	7,820	3,527	Cost plus margin
Interest income	5,376	625	5,376	625	15.0 percent per annum (2017: 1.5 percent per annum)
Interest expenses	142	-	142	-	2 percent per annum
<u>Transactions with related companies</u>					
Sales of goods	22,166	10,414	19,619	10,414	Cost plus margin
Purchases of goods	5,578	3,551	5,304	1,981	Cost plus margin
Rental income	457	-	457	-	Contract price
Interest income	119	-	119	-	5 percent per annum

The outstanding balances of the related transactions as at 30 September 2018 and 31 December 2017 are presented in the statements of financial position as follows:

(Unit: Thousand Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	30	31	30	31
	September	December	September	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	7,893	6,114	7,893	6,114
Associate	-	6,000	-	6,000
Subsidiary	-	-	10,351	-
Related companies	21,104	12,852	19,691	12,802
Total	28,997	24,966	37,935	24,916
Less: Allowance for doubtful accounts	(101)	-	(101)	-
Net	<u>28,896</u>	<u>24,966</u>	<u>37,834</u>	<u>24,916</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<u>Finance lease receivable</u>				
Related company	-	1,234	-	1,234
<u>Short-term loans to related party</u>				
Associate	-	55,875	-	55,875
<u>Long-term loans to related party</u>				
Related company	4,381	-	4,381	-
Less: Current portion	(1,080)	-	(1,080)	-
Long-term loans to related party - net of current portion	3,301	-	3,301	-
<u>Trade and other payables - related persons and parties (Note 17)</u>				
Joint venture	2	52	2	52
Associate	142	90	142	90
Subsidiary	-	-	12,851	1,005
Related company	2,866	871	2,716	870
Accrued management benefits	960	970	960	970
Total	3,970	1,983	16,671	2,987
<u>Short-term loan from related party</u>				
Associate	100,000	-	100,000	-

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

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	1 January 2018	Increase	Decrease	30 September 2018
<u>Short-term loans to related party</u>				
Associate				
The Iconic Property Company Limited	55,875	12,000	(67,875)	-
<u>Long-term loans to related party</u>				
Related company				
Ruenrom Food and Beverage Company Limited	-	4,804	(423)	4,381
<u>Short-term loan from related party</u>				
Associate				
The Iconic Property Company Limited	-	100,000	-	100,000

(Unaudited but reviewed)

As at 31 December 2017, short-term loans to the associate mature at call and carry an interest at a rate of 1.5 percent per annum. During the current period, the Company obtained repayment of such short-term loans in full.

As at 30 September 2018, long-term loans to the related party are due within 29 March 2021 and carry an interest at a rate of 5.0 percent per annum.

As at 30 September 2018, short-term loan from the associate mature at call and carry an interest at a rate of 2.0 percent per annum.

Directors and management benefits

During the three-month and nine-month periods ended 30 September 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			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2018	2017	2018	2017
Short-term employee benefits	8	6	21	21
Post-employment benefits	-	-	1	1
Total	<u>8</u>	<u>6</u>	<u>22</u>	<u>22</u>

6. Short-term loans to unrelated parties

As at 31 December 2017, the Company had short-term loans to unrelated parties of Baht 18.0 million with an interest rate of 15% per annum. During the current period, the Company obtained repayment of such short-term loans in full.

(Unaudited but reviewed)

7. Inventories

Movements in the allowance for reducing cost of inventories to net realisable value during the nine-month period ended 30 September 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	22,316	22,316
Increase in allowance for reducing cost of inventories to net realisable value	11,552	11,550
Balance as at 30 September 2018	33,868	33,866

8. Long-term loans to unrelated person and party

As at 30 September 2018, the Company had long-term loans to unrelated person and party amounting to net Baht 30.8 million (31 December 2017: Baht 38.3 million) which carried an interest at a rate of 15% per annum. The long-term loans will be due within September 2020.

9. Investments in joint venture

Investments in joint venture represent investments in an 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	
			30 September 2018 (%)	31 December 2017 (%)	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Karmarts Vietnam Company Limited	Distribution of cosmetic products	Vietnam	49	49	3,563	3,563	455	343

(Unaudited but reviewed)

(Unit: Thousand Baht)

Joint venture's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			30 September 2018	31 December 2017	30 September 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 which 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 is to hold 51,000 ordinary shares (or 51% of the total 100,000 issued and paid-up shares) at MYR 10 per share, or for 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 30 September 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.

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	
			30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
			(%)	(%)				
The Iconic Property Company Limited	Property development	Thailand	33.33	33.33	71,030	71,030	188,649	63,042

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			30 September 2018 (%)	31 December 2017 (%)	30 September 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 selling price was Baht 753.14 million, and the buyer paid a further Baht 168.29 million. Later, on 7 August 2018, the associate registered the transfer of land ownership to the buyer, who has already settled the remaining amount of Baht 564.85 with the associate through an aaved promissory note issued by a Thai commercial bank that matures on 27 November 2018. On 20 August 2018, the associate sold the full amount of the aaved promissory note to that Thai commercial bank at a discount of 1.87 percent per annum, generating net cash receipts of Baht 561.98 million.

11. Investments in subsidiary

(Unit: Thousand Baht)

Company's name	Paid-up share capital		Shareholding percentage		Separate financial statements	
	30 September 2018 (Million Baht)	31 December 2017 (Million Baht)	30 September 2018 (%)	31 December 2017 (%)	30 September 2018	31 December 2017
J KOS Laboratories Company Limited	10.00	5.50	70.00	70.00	7,000	4,000

(Unaudited but reviewed)

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. Consequently on 25 May 2018, the Company entered into the Memorandum of Agreement to cancel the purchase of all those common shares of Ruenrom Food and Beverage Co., Ltd. During the second quarter of the current year, the Company obtained the deposit repayment of Baht 4 million from the seller.

During the second quarter of the current year, the Company additionally invested Baht 3 million in J KOS Laboratories Company Limited. The Company still holds 70% of the total 2,000,000 issued and paid up shares of this subsidiary.

As at 31 December 2017, the Company had commitments amounting to approximately Baht 3.0 million (30 September 2018: Nil) in respect of the uncalled shares in J KOS Laboratories Company Limited.

12. Investment properties

Movements of the investment properties during the nine-month period ended 30 September 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	-
30 September 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
Acquisition	142,485	137,192
Transfer to inventories	(987)	(987)
Disposals / write-off	(8,185)	(8,185)
30 September 2018	<u>550,820</u>	<u>545,059</u>
<u>Accumulated depreciation</u>		
1 January 2018	124,505	124,466
Depreciation during the period	22,640	22,137
Depreciation of disposals / write-off / transfer-out	(5,249)	(5,249)
30 September 2018	<u>141,896</u>	<u>141,354</u>
<u>Net book value</u>		
1 January 2018	<u>293,002</u>	<u>292,573</u>
30 September 2018	<u>408,924</u>	<u>403,705</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 30 September 2018 would have been Baht 133.3 million (31 December 2017: Baht 62.3 million).

As at 30 September 2018, the Company had equipment and vehicles under finance lease agreements with net book value amounting to Baht 15.2 million (31 December 2017: Baht 14.5 million).

As at 30 September 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 74.1 million (The Company only: Baht 74.1 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 30 September 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 of 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 nine-month period ended 30 September 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
Acquisition - at cost	270	174
Write-off - net book value	(2)	(2)
Amortisation during the period	(4,889)	(4,876)
Net book value as at 30 September 2018	5,469	5,386

16. Short-term loans from financial institutions

	(Unit: Thousand Baht)			
	Interest rate		Consolidated / Separate	
	(percent per annum)		financial statements	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
Trust receipts	3.30%-4.95%	2.80% - 6.25%	121,907	175,276

Short-term loans from financial institutions 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	
	30	31	30	31
	September	December	September	December
	2018	2017	2018	2017
Trade payables - related parties	2,866	469	13,816	1,473
Trade payables - unrelated parties	25,168	6,415	17,547	5,276
Other payables - related party	144	544	144	544
Other payables - unrelated parties	64,036	30,704	64,036	30,704
Accrued expenses - related party	-	-	1,751	-
Accrued expenses - unrelated parties	66,974	63,850	66,905	63,768
Accrued management benefits	960	970	960	970
Total trade and other payables	160,148	102,952	165,159	102,735

18. Long-term loans from financial institution

Loan	Interest rate (percent per annum)	Repayment schedule	(Unit: Thousand Baht)	
			Consolidated / Separate	
			financial statements	financial statements
			2018	2017
1	4.5%	Principal and interest payable in monthly installments of Baht 1.49 million each	68,978	80,000
Total			68,978	80,000
Less: Current portion			(17,904)	(17,904)
Long-term loans from financial institution - net of current portion			51,074	62,096

A long-term loans of the Company under a credit facility of Baht 80 million, both principal and interest, is repayable monthly 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.

(Unaudited but reviewed)

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 and nine-month periods ended 30 September 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	12,824	18,184	12,334	18,029
Deferred tax:				
Reversal of temporary differences relating to deferred tax	(886)	(1,131)	(886)	(1,131)
Income tax expenses reported in the income statements	11,938	17,053	11,448	16,898

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	43,556	53,157	42,735	53,002
Deferred tax:				
Reversal of temporary differences relating to deferred tax	(2,542)	(2,296)	(2,542)	(2,296)
Income tax expenses reported in the income statements	41,014	50,861	40,193	50,706

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2018	2017	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	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	-	-	3.93	5.20	32.4066	32.6809
JPY	0.06	0.06	-	-	0.2855	0.2898
RMB	-	-	0.62	0.10	4.7074	5.0145
EURO	-	-	0.01	0.01	37.7206	39.0273

As at 30 September 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

As at 30 September 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)	
	Consolidated / Separate financial statements	
	Level 1	
	30 September 2018	31 December 2017
Financial assets measured at fair value		
Investments in trading securities	447	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 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.

(Unaudited but reviewed)

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

(Unit: Million Baht)

	<u>30 September 2018</u>	<u>31 December 2017</u>
Payable within:		
1 year	7.8	5.8
2 to 3 years	2.3	2.1

The Company 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>30 September 2018</u>	<u>31 December 2017</u>
Receivable within:		
1 year	10.3	20.7
2 to 3 years	-	5.2

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

As at 30 September 2018 and 31 December 2017, the Company had commitments in respect of purchases of finished goods and intangible assets as follows:

(Unit: Million)

<u>Currencies</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
THB	0.3	0.3
USD	0.2	0.2
RMB	-	1.3

24.3 Guarantees

As at 30 September 2018, there were outstanding bank guarantees of Baht 15.5 million (31 December 2017: 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.

(Unaudited but reviewed)

As at 30 September 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. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Final stock dividends for 2016	Annual General Meeting of the shareholders on 27 April 2017	131,913	0.20
Final dividends for 2016	Annual General Meeting of the shareholders on 27 April 2017	46,170	0.07
Interim dividends for 2017	Board of Directors' meeting on 12 May 2017	46,170	0.07
	Board of Directors' meeting on 11 August 2017	61,600	0.07
Total dividends for 2017		<u>285,853</u>	<u>0.41</u>
Final dividends for 2017	Annual General Meeting of the shareholders on 27 April 2018	61,600	0.07
Interim dividends for 2018	Board of Directors' meeting on 14 May 2018	61,600	0.07
	Board of Directors' meeting on 9 August 2018	61,586	0.07
Total dividends for 2018		<u>184,786</u>	<u>0.21</u>

26. 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 and nine months ended 30 September 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 30 September 2018					
Sales and service income					
Revenue from external customers	397,037	5,189	402,226	-	402,226
Inter-segment revenue	-	-	-	-	-
Total revenue	397,037	5,189	402,226	-	402,226
Operating results					
Segment profit	60,560	5,082	65,642	-	65,642
Other income					3,458
Gain on sale of assets					5
Share of gain from investments in joint venture and associate					127,652
Finance cost					(3,219)
Profit before income tax expenses					193,538
Income tax expenses					(11,938)
Net profit for the period					181,600

(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 30 September 2017					
Sales and service income					
Revenue from external customers	385,977	5,189	391,166	-	391,166
Inter-segment revenue	-	-	-	-	-
Total revenue	385,977	5,189	391,166	-	391,166
Operating results					
Segment profit	74,585	5,082	79,667	-	79,667
Other income					6,744
Gain on sale of assets					316
Share of loss from investments in joint venture and associate					(364)
Finance cost					(2,251)
Profit before income tax expenses					84,112
Income tax expenses					(17,053)
Net profit for the period					67,059

(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 nine months ended 30 September 2018					
Sales and service income					
Revenue from external customers	1,111,813	15,567	1,127,380	-	1,127,380
Inter-segment revenue	-	-	-	-	-
Total revenue	1,111,813	15,567	1,127,380	-	1,127,380
Operating results					
Segment profit	188,278	15,313	203,591	-	203,591
Other income					15,954
Gain on sale of assets					133
Share of gain from investments in joint venture and associate					125,546
Finance cost					(9,056)
Profit before income tax expenses					336,168
Income tax expenses					(41,014)
Net profit for the period					295,154

(Unit: Thousand Baht)

	Manufacture and distribution of consumer products segment	Warehouse rental segment	Total reportable segments	Adjustments and eliminations	Consolidated financial statements
For the nine months ended 30 September 2017					
Sales and service income					
Revenue from external customers	1,106,267	15,567	1,121,834	-	1,121,834
Inter-segment revenue	-	-	-	-	-
Total revenue	1,106,267	15,567	1,121,834	-	1,121,834
Operating results					
Segment profit	229,796	15,252	245,048	-	245,048
Other income					23,365
Gain on sale of assets					496
Share of loss from investments in joint venture and associate					(1,506)
Finance cost					(7,347)
Profit before income tax expenses					260,056
Income tax expenses					(50,861)
Net profit for the period					209,195

(Unaudited but reviewed)

The following table presents asset information regarding the Company's and its subsidiary's operating segments as at 30 September 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 30 September 2018	<u>1,411,559</u>	<u>118,000</u>	<u>1,529,559</u>	<u>-</u>	<u>1,529,559</u>
As at 31 December 2017	<u>1,228,948</u>	<u>118,000</u>	<u>1,346,948</u>	<u>-</u>	<u>1,346,948</u>

27. Events after the reporting period

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

28. 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 November 2018.