

S & J International Enterprises Public Company Limited
and its subsidiaries
Report and interim consolidated financial statements
For the three-month and six-month periods ended
30 June 2019



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Independent Auditor's Report on Review of Interim Financial Information To the Shareholders of S & J International Enterprises Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of S & J International Enterprises Public Company Limited and its subsidiaries as at 30 June 2019, the related consolidated statements of income and comprehensive income for the three-month and six-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of S & J International Enterprises 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.



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Other matter

The consolidated statement of financial position of S & J International Enterprises Public Company Limited and its subsidiaries and the separate statement of financial position of S & J International Enterprises Public Company Limited as at 31 December 2018, presented as comparative information, were audited by another auditor who expressed an unqualified opinion on those statements under his report dated 26 February 2019.

The consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2018, and the consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended of S & J International Enterprises Public Company Limited and its subsidiaries and the separate financial statements of S & J International Enterprises Public Company Limited for the same period, presented as comparative information, were also reviewed by the aforementioned auditor who, qualified the review conclusion under his report dated 9 August 2018 in relation to some investments in associated companies for which the equity method was applied using the interim financial information prepared by the management of the associated companies, which had not been reviewed by their auditors.

Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

EY Office Limited

Bangkok: 14 August 2019

S & J International Enterprises Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
Note	2019	2018	2019	2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets				
Current assets				
Cash and cash equivalents	106,661	53,015	56,087	8,375
Current investments	7,000	8,000	-	-
Trade and other receivables	3 920,790	932,669	744,957	744,637
Short-term loans to subsidiary	2 -	-	4,000	4,000
Inventories	4 871,410	698,048	761,218	609,750
Other current assets	124,061	88,817	99,842	81,795
Total current assets	2,029,922	1,780,549	1,666,104	1,448,557
Non-current assets				
Available-for-sale investments	5 973,830	998,748	973,830	998,748
Investments in subsidiaries	6 -	-	154,903	154,903
Investments in associates	7 270,876	279,072	216,261	213,619
Investments in related companies	8 65,181	65,219	61,635	61,635
Other long-term investments	5,000	5,000	5,000	5,000
Long-term loans to other company	9 -	16,142	-	16,142
Investment properties	10 89,633	91,441	89,513	91,321
Property, plant and equipment	11 1,616,494	1,570,763	969,930	998,247
Leasehold right	207	528	-	-
Intangible assets	12 35,643	34,696	30,543	33,266
Deferred tax assets	16 57,434	47,718	51,423	42,539
Other non-current assets	2 17,863	34,711	10,015	10,783
Total non-current assets	3,132,161	3,144,038	2,563,053	2,626,203
Total assets	5,162,083	4,924,587	4,229,157	4,074,760

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

S & J International Enterprises Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	13	481,009	138,743	300,518	60,000
Trade and other payables	14	608,046	529,203	536,070	478,075
Income tax payable		10,627	45,356	8,557	41,854
Other current liabilities		11,408	10,622	9,018	8,558
Total current liabilities		1,111,090	723,924	854,163	588,487
Non-current liabilities					
Provision for long-term employee benefits	15	161,726	185,844	128,205	154,524
Deferred tax liabilities	16	132,234	129,699	132,051	129,699
Other non-current liabilities		376	360	261	252
Total non-current liabilities		294,336	315,903	260,517	284,475
Total liabilities		1,405,426	1,039,827	1,114,680	872,962
Shareholders' equity					
Share capital					
Registered					
200,000,000 ordinary shares of Baht 1 each		200,000	200,000	200,000	200,000
Issued and fully paid-up					
149,930,828 ordinary shares of Baht 1 each		149,931	149,931	149,931	149,931
Share premium		724,763	724,763	724,763	724,763
Retained earnings					
Appropriated-statutory reserve		20,000	20,000	20,000	20,000
Unappropriated		2,061,514	2,152,068	1,721,294	1,788,681
Other components of shareholders' equity		486,548	510,473	498,489	518,423
Equity attributable to owners of the Company		3,442,756	3,557,235	3,114,477	3,201,798
Non-controlling interests		313,901	327,525	-	-
Total shareholders' equity		3,756,657	3,884,760	3,114,477	3,201,798
Total liabilities and shareholders' equity		5,162,083	4,924,587	4,229,157	4,074,760

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

Directors

(Unaudited but reviewed)

S & J International Enterprises Public Company Limited and its subsidiaries

Income statement

For the three-month period ended 30 June 2019

		(Unit: Thousand Baht, except earnings per share expressed in Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Revenues					
Sales		1,099,821	1,084,123	922,599	830,096
Dividend income		23,244	29,506	35,497	71,713
Other income		27,289	28,224	24,637	26,766
Total revenues		1,150,354	1,141,853	982,733	928,575
Expenses					
Cost of sales		797,060	816,863	657,634	623,266
Selling and distribution expenses		39,137	33,988	25,333	24,524
Administrative expenses		263,200	224,279	229,092	192,676
Total expenses		1,099,397	1,075,130	912,059	840,466
Profit before share of profit from investments in associates,					
finance costs and income tax expenses		50,957	66,723	70,674	88,109
Share of profit from investments in associates	7	6,372	4,470	-	-
Profit before finance costs and income tax expenses		57,329	71,193	70,674	88,109
Finance costs		(1,173)	(1,406)	(409)	(934)
Profit before income tax expenses		56,156	69,787	70,265	87,175
Income tax expenses	16	(6,150)	(3,807)	(5,799)	(2,184)
Profit for the period		50,006	65,980	64,466	84,991
Profit (loss) attributable to:					
Equity holders of the Company		56,019	57,749	64,466	84,991
Non-controlling interests		(6,013)	8,231		
		50,006	65,980		
Earnings per share					
Basic earnings per share	17				
Profit attributable to equity holders of the Company		0.37	0.39	0.43	0.57

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

(Unaudited but reviewed)

S & J International Enterprises Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit for the period		50,006	65,980	64,466	84,991
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currencies		(3,445)	374	-	-
Loss on changes in value of available-for-sale investments - net of income tax	16	(12,699)	(28,388)	(12,699)	(28,388)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(16,144)	(28,014)	(12,699)	(28,388)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gain - net of income tax	15, 16	25,818	-	25,085	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		25,818	-	25,085	-
Other comprehensive income for the period		9,674	(28,014)	12,386	(28,388)
Total comprehensive income for the period		59,680	37,966	76,852	56,603
Total comprehensive income attributable to:					
Equity holders of the Company		65,693	29,735	76,852	56,603
Non-controlling interests		(6,013)	8,231	-	-
		59,680	37,966		

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

(Unaudited but reviewed)

S & J International Enterprises Public Company Limited and its subsidiaries

Income statement

For the six-month period ended 30 June 2019

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Revenues					
Sales		2,070,925	2,116,107	1,692,531	1,616,979
Dividend income		24,273	30,506	68,026	72,713
Other income		53,145	49,450	48,341	46,267
Total revenues		2,148,343	2,196,063	1,808,898	1,735,959
Expenses					
Cost of sales		1,542,190	1,620,216	1,240,554	1,232,451
Selling and distribution expenses		68,856	61,133	47,328	43,351
Administrative expenses		485,706	430,630	421,845	372,053
Total expenses		2,096,752	2,111,979	1,709,727	1,647,855
Profit before share of profit from investments in associates,					
finance costs and income tax expenses		51,591	84,084	99,171	88,104
Share of profit from investments in associates	7	20,667	28,825	-	-
Profit before finance costs and income tax expenses		72,258	112,909	99,171	88,104
Finance costs		(1,738)	(2,790)	(507)	(1,762)
Profit before income tax expenses		70,520	110,119	98,664	86,342
Income tax expenses	16	(2,603)	(3,790)	(2,223)	(669)
Profit for the period		67,917	106,329	96,441	85,673
Profit (loss) attributable to:					
Equity holders of the Company		72,541	90,826	96,441	85,673
Non-controlling interests		(4,624)	15,503		
		67,917	106,329		
Earnings per share					
Basic earnings per share	17				
Profit attributable to equity holders of the Company		0.48	0.61	0.64	0.57

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

(Unaudited but reviewed)

S & J International Enterprises Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit for the period		67,917	106,329	96,441	85,673
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currencies		(3,991)	(927)	-	-
Loss on changes in value of available-for-sale investments - net of income tax	16	(19,934)	(40,352)	(19,934)	(40,352)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(23,925)	(41,279)	(19,934)	(40,352)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gain - net of income tax	15, 16	25,818	-	25,085	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		25,818	-	25,085	-
Other comprehensive income for the period		1,893	(41,279)	5,151	(40,352)
Total comprehensive income for the period		69,810	65,050	101,592	45,321
Total comprehensive income attributable to:					
Equity holders of the Company		74,434	49,547	101,592	45,321
Non-controlling interests		(4,624)	15,503		
		69,810	65,050		

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

(Unaudited but reviewed)

S & J International Enterprises Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2019

(Unit: Thousand Baht)

	Separate financial statements									
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of equity		Other comprehensive income			Total shareholders' equity
			Appropriated - statutory reserve	Unappropriated	Gain (loss) on change in value of available-for-sales investments	Gain (loss) on change in value of available-for-sales investments	Gain (loss) on change in value of available-for-sales investments	Gain (loss) on change in value of available-for-sales investments	Gain (loss) on change in value of available-for-sales investments	Gain (loss) on change in value of available-for-sales investments
Balance as at 1 January 2018	149,931	724,763	20,000	1,590,906	645,465	645,465	645,465	645,465	645,465	3,131,065
Profit for the period	-	-	-	85,673	-	-	-	-	-	85,673
Other comprehensive income for the period	-	-	-	-	(40,352)	(40,352)	(40,352)	(40,352)	(40,352)	(40,352)
Total comprehensive income for the period	-	-	-	85,673	(40,352)	(40,352)	(40,352)	(40,352)	(40,352)	45,321
Dividend paid (Note 19)	-	-	-	(179,917)	-	-	-	-	-	(179,917)
Balance as at 30 June 2018	149,931	724,763	20,000	1,496,662	605,113	605,113	605,113	605,113	605,113	2,996,469
Balance as at 1 January 2019	149,931	724,763	20,000	1,788,681	518,423	518,423	518,423	518,423	518,423	3,201,798
Profit for the period	-	-	-	96,441	-	-	-	-	-	96,441
Other comprehensive income for the period	-	-	-	25,085	(19,934)	(19,934)	(19,934)	(19,934)	(19,934)	5,151
Total comprehensive income for the period	-	-	-	121,526	(19,934)	(19,934)	(19,934)	(19,934)	(19,934)	101,592
Dividend paid (Note 19)	-	-	-	(188,913)	-	-	-	-	-	(188,913)
Balance as at 30 June 2019	149,931	724,763	20,000	1,721,294	498,489	498,489	498,489	498,489	498,489	3,114,477

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

(Unaudited but reviewed)

S & J International Enterprises Public Company Limited and its subsidiaries

Statement of cash flows

For the six-month period ended 30 June 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit before tax	70,520	110,119	98,664	86,342
Adjustments to reconcile net profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	112,593	113,436	58,675	69,427
Allowance for doubtful debts	261	-	-	-
Reduction of cost of inventories to net realisable value	16,740	2,838	15,539	369
Loss on destruction of inventories	-	13,986	-	13,986
Gain on sales/write off of equipment	(1,923)	(883)	(982)	(73)
Provision for long-term employee benefits	11,520	15,553	8,297	12,558
Share of profit from investments in associates	(20,667)	(28,825)	-	-
Dividend received from subsidiary	-	-	(12,253)	(10,707)
Dividend received from associates	-	-	(31,500)	(31,500)
Dividend received from related companies	(1,769)	(2,269)	(1,769)	(2,269)
Dividend received from available-for-sale investments and other companies	(22,504)	(28,237)	(22,504)	(28,237)
Unrealised exchange gain	(139)	(2,600)	(434)	(2,796)
Loss on diminution of investment in related companies and other companies	38	130	-	34
Allowance for impairment loss on long-term loans to other company	15,286	-	15,286	-
Interest income	(899)	(166)	(788)	(164)
Interest expenses	1,738	2,790	507	1,762
Profit from operating activities before changes				
in operating assets and liabilities	180,795	195,872	126,738	108,732
Operating assets (increase) decrease				
Trade and other receivables	11,618	109,006	(6,476)	93,548
Inventories	(190,102)	(109,270)	(167,007)	(143,597)
Other current assets	(28,865)	18,192	(12,614)	21,334
Other non-current assets	16,848	1,579	768	(166)
Operating liabilities increase (decrease)				
Trade and other payables	68,429	66,068	54,962	42,715
Other current liabilities	786	481	460	378
Provision for long-term employee benefits	(3,366)	(1,330)	(3,260)	(1,209)
Other non-current liabilities	16	91	9	91
Cash flows from (used in) operating activities	56,159	280,689	(6,420)	121,826
Cash paid for interest expenses	(1,586)	(2,633)	(440)	(1,590)
Cash paid for corporate income tax	(46,025)	(22,122)	(43,341)	(20,996)
Net cash flows from (used in) operating activities	8,548	255,934	(50,201)	99,240

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

(Unaudited but reviewed)

S & J International Enterprises Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the six-month period ended 30 June 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Interest received	726	150	607	165
Proceeds from capital decrease of investments in related company	-	1,602	-	1,602
Cash paid for investments in associates	(2,642)	-	(2,642)	-
Acquisitions of property, plant and equipment	(144,997)	(125,465)	(20,324)	(13,580)
Proceeds from sales of equipment	2,819	939	1,052	87
Increase in intangible assets	(2,455)	(916)	(239)	(888)
Increase in investment properties	(172)	-	(172)	-
Dividend received from subsidiaries	-	-	12,253	10,707
Dividend received from associated	31,500	31,500	31,500	31,500
Dividend received from related companies	1,769	2,269	1,769	2,269
Dividend received from available-for-sale investments and other companies	22,504	28,237	22,504	28,237
Net cash flows from (used in) investing activities	(90,948)	(61,684)	46,308	60,099
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	342,266	(711)	240,518	32,718
Dividend paid	(188,913)	(179,917)	(188,913)	(179,917)
Dividend paid by subsidiary to non-controlling interests	(9,000)	(7,200)	-	-
Net cash flows from (used in) financing activities	144,353	(187,828)	51,605	(147,199)
Decrease in translation adjustments	(8,307)	(973)	-	-
Net increase in cash and cash equivalents	53,646	5,449	47,712	12,140
Cash and cash equivalents at beginning of the period	53,015	42,136	8,375	5,290
Cash and cash equivalents at end of the period	106,661	47,585	56,087	17,430
Supplementary disclosures of cash flows information				
Non-cash items				
Accounts payable - purchase of equipment	8,688	5,214	5,162	4,109
Accounts payable - purchase of intangible assets	1,726	-	-	-
Loss from the remeasuring of investments in available-for-sale securities	(24,918)	(50,440)	(24,918)	(50,440)
Transferred convertible debentures of common stocks	-	(19,456)	-	(19,456)

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

S & J International Enterprises Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and six-month periods ended 30 June 2019

1. General information

1.1 Corporate information

S & J International Enterprises 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 all type of cosmetics and business of investment. The registered office of the Company is at 600/4 Moo 11, Sukapiban Road 8, Nhongkharm, Sriracha, Chonburi with 4 branches as follows:

Branch No.1 2 Naradhiwas Rajanakarindra Road, Tungwatdon, Sathorn, Bangkok

Branch No.2 19/43 Moo 7, Bangna-Trad Road Km. 17, Bangchlong, Bangplee, Samutprakan

Branch No.3 789/159 Moo 1, Sai Nongkho-Laemchabang Road, Nongkham, Sriracha, Chonburi

Branch No.4 600/23-24 Moo 11, Sukapiban Road 8, Nhongkham, Sriracha, Chonburi

(Registered branch on 23 July 2019)

1.2 Basis for the preparation of interim financial statements

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

The 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. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

These consolidated financial statements included the financial statements of S & J International Enterprises Public Company Limited ("the Company") and its subsidiaries ("the subsidiaries") and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018. There have been no changes in the composition of its subsidiaries during the period.

1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related interpretations.

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

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.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

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 subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

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

1.5 Significant accounting policies

The 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 2018, except for the change in the accounting policies due to the adoption of TFRS 15, Revenue from Contracts with Customers, as follow:

Revenue recognition

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting returns, discounts, allowances and price promotions to customers.

2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and its subsidiaries and those related parties.

(Unit: million Baht)

	For the three-month periods ended 30 June				For the six-month periods ended 30 June			
	Consolidated		Separate		Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements	financial statements	financial statements	financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018
<u>Transaction with subsidiaries</u>								
(Eliminated from the consolidated financial statements)								
Sales of goods	-	-	42	5	-	-	62	9
Other income	-	-	3	2	-	-	5	4
Purchases of goods and service	-	-	155	122	-	-	264	221
Other expenses	-	-	2	2	-	-	4	3
Rental income	-	-	-	-	-	-	1	-
<u>Transactions with associates</u>								
Sales of goods	6	3	1	1	10	7	1	2
Other income	-	1	-	1	-	1	-	1
Rental income	8	8	8	8	16	15	16	15

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
<u>Other receivables</u>				
Subsidiaries	-	-	2,608	6,143
Associates	57	1,238	57	1,237
Related companies	111	1,145	111	1,145
Total other receivables - related parties	168	2,383	2,776	8,525
Total trade and other receivables - related parties	187,234	201,302	192,797	178,158
<u>Short-term loans to subsidiary</u>				
Subsidiary	-	-	4,000	4,000
Total Short-term loans to subsidiary	-	-	4,000	4,000
<u>Other non-current assets - related parties</u>				
Related companies	6,329	5,036	4,971	4,492
Total other non-current assets - related parties	6,329	5,036	4,971	4,492
<u>Trade and other payables - related parties (Note 14)</u>				
<u>Trade payables</u>				
Subsidiaries	-	-	75,266	68,482
Related companies	2,228	17,554	2,228	12,522
Total trade payables - related parties	2,228	17,554	77,494	81,004
<u>Other payables</u>				
Subsidiaries	-	-	1,023	760
Related companies	11,042	3,883	6,041	3,742
Total other payables - related parties	11,042	3,883	7,064	4,502
Total trade and other payables - related parties	13,270	21,437	84,558	85,506

Short-term loans to subsidiary

During the six-month period ended 30 June 2019, movements of short-term loans to subsidiary were as follows.

(Unit: Thousand Baht)

	Separate financial statements			Balance as at 30 June 2019
	Balance as at 1 January 2019	Increase during the period	Decrease during the period	
<u>Short-term loans to subsidiary</u>				
Subsidiary	4,000	-	-	4,000
Total	4,000	-	-	4,000

The above short-term loans are promissory notes carrying interest at the rate of 3.0 percent per annum (31 December 2018: 3.0 percent per annum). The loans are due at call and unsecured.

Directors and management's benefits

The Company and its subsidiaries had employee benefit expenses to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Short-term employee benefits	25,368	21,611	25,012	21,214
Total	25,368	21,611	25,012	21,214

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2019	2018	2019	2018
Short-term employee benefits	36,029	31,694	34,990	30,709
Total	36,029	31,694	34,990	30,709

3. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	(Audited)		(Audited)	
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	161,531	179,168	179,664	165,832
Past due				
Up to 3 months	22,613	17,916	8,627	2,361
3 - 6 months	1,144	449	439	83
6 - 12 months	1,286	683	826	665
Over 12 months	492	703	465	692
Total trade accounts receivable - related parties	187,066	198,919	190,021	169,633
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	463,491	522,344	372,679	420,827
Past due				
Up to 3 months	177,184	142,140	109,247	98,853
3 - 6 months	18,808	17,114	10,068	12,213
6 - 12 months	26,962	7,197	23,191	5,173
Over 12 months	15,494	15,165	12,275	12,684
Total	701,939	703,960	527,460	549,750
Less: Allowance for doubtful debts	(12,535)	(12,274)	(11,995)	(11,995)
Trade accounts receivable - unrelated parties, net	689,404	691,686	515,465	537,755
Total trade accounts receivable - net	876,470	890,605	705,486	707,388
<u>Other receivables</u>				
Other receivables - related parties	168	2,383	2,776	8,525
Other receivables - unrelated parties	3,114	4,093	3,114	3,793
Advance payment for inventories	25,870	29,087	17,379	23,524
Prepaid expenses	15,168	6,501	16,202	1,407
Total other receivables	44,320	42,064	39,471	37,249
Total trade and other receivables - net	920,790	932,669	744,957	744,637

4. Reduce cost to net realisable value of inventories

Movement in the reduce cost to net realisable value of inventories account during the six-month period ended 30 June 2019 is summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	18,780	11,369
Reduction in cost of inventories to net realisable value	16,740	15,539
Balance as at 30 June 2019	<u>35,520</u>	<u>26,908</u>

5. Available-for-sale investments

	(Unit: Thousand Baht)			
	Consolidated financial statement/		Separate financial statements	
	30 June 2019		31 December 2018	
	Cost	Fair value	Cost	Fair value
		(Audited)	(Audited)	
Available-for-sale investments				
Marketable equity securities				
Related companies	323,922	957,595	323,922	978,432
Other companies	26,797	16,235	26,797	20,316
	350,719	<u>973,830</u>	350,719	<u>998,748</u>
Add: Surplus on change in value of available-for-sale investments	<u>623,111</u>		<u>648,029</u>	
Total Available-for-sale investments	<u>973,830</u>		<u>998,748</u>	

6. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

Company's name	Paid-up capital		Shareholding percentage		Cost		(Unit: Thousand Baht) Dividend received for the six-month periods ended
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	
			%	%		(Audited)	
E F Co., Ltd.	Baht 4.0 million	Baht 4.0 million	100	100	4,005	4,005	480
Top Trend Manufacturing Co., Ltd.	Baht 120.0 million	Baht 120.0 million	50	50	124,825	124,825	9,000
Wildlives (Thailand) Co., Ltd.	Baht 1.0 million	Baht 1.0 million	100	100	1,000	1,000	-
4WD Vision Co., Ltd.	Baht 10.0 million	Baht 10.0 million	100	100	10,000	10,000	500
SAAS Co., Ltd.	Baht 10.0 million	Baht 10.0 million	100	100	10,000	10,000	-
S&J International (UK) Limited	GBP 0.1 million	GBP 0.1 million	100	100	5,073	5,073	1,013
Total					154,903	154,903	12,253
							10,707

7. Investments in associates

No.	Company's name	Nature of business	Paid-up capital		Percentage of investment	
			30 June 2019	31 December 2018	30 June 2019	31 December 2018
1.	Yamahatsu (Thailand) Co., Ltd.	Hair products	Baht 20 million	Baht 20 million	30	30
2.	Operational Energy Group Limited	Servicing to operate the power plant	Baht 30 million	Baht 30 million	30	30
3.	Atika Beauty Manufacturing Sdn. Bhd.	Manufacturing and distribute cosmetic products	RM 6 million	RM 5 million	35	35
4.	Osoth Interlaboratories Co., Ltd.	Medicine	Baht 600 million	Baht 600 million	33	33
Total investment in associates						

No.	Company's name	Consolidated financial statements						Separate financial statements	
		Carrying amount based on equity method		Share of profit (loss) from investments in associates during the six-month periods ended		Share of other comprehensive income from investments in associates during the six-month periods ended		Dividend received for the six-month periods ended	
		30 June 2019	31 December 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
1.	Yamahatsu (Thailand) Co., Ltd.	28,094	21,754	6,340	6,821	-	6,000	-	-
2.	Operational Energy Group Limited	50,645	62,085	20,060	24,028	-	13,151	31,500	31,500
3.	Atika Beauty Manufacturing Sdn. Bhd.	10,023	8,342	(956)	(1,587)	(5)	17,916	15,274	-
4.	Osoth Interlaboratories Co., Ltd.	182,114	186,891	(4,777)	(437)	-	201,994	201,994	-
Total		270,876	279,072	20,667	28,825	(5)	239,061	236,419	31,500
Less: Provision for impairment loss						(22,800)		(22,800)	
Total investment in associates						216,261		213,619	

(Unit: Thousand Baht)

During the second quarter of year 2019, Atika Beauty Manufacturing Sdn. Bhd. (Associate) increased its registered share capital from RM 5.0 million (5.0 million ordinary shares with a par value of RM 1.0 each) to RM 6.0 million (6.0 million ordinary shares with a par value of RM 1.0 each), through the issuance of 1.0 million ordinary shares with a par value of RM 1.0 each. The Company paid in capital of Baht 2.6 million as proportionate shareholding in the associate in June 2019.

8. Other Investments in related companies

Details of significant other investments in related companies are as follows.

No.	Company's name	Paid-up capital		Percentage of investment		Cost of investments						Dividend received for the	
		30 June		31 December		30 June		31 December		30 June		30 June	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
				(%)	(%)	Consolidated financial statements		Separate financial statements		Audited			
						30 June	31 December	30 June	31 December	30 June	31 December	30 June	30 June
						2019	2018	2019	2018	2019	2018	2019	2018
						(Audited)		(Audited)					
1.	Thai Lotte Co., Ltd.	3,013,000	3,013,000	0.27	0.27	8,000	8,000	8,000	8,000	-	-	-	-
2.	United Utility Co., Ltd.	350,000	350,000	5.71	5.71	20,599	20,599	20,599	20,599	600	600	-	-
3.	Treasure Hill Co., Ltd.	200,000	200,000	3.00*	3.00*	6,000	6,000	4,000	4,000	-	-	-	-
4.	T-Way Co., Ltd.	160,000	160,000	16.00*	16.00*	25,607	25,607	19,207	19,207	-	-	-	-
5.	K. Commercial & Construction Co., Ltd.	50,000	50,000	2.20	2.20	3,278	3,278	3,278	3,278	-	-	-	-
6.	Pan Land Co., Ltd.	300,000	300,000	1.00	1.00	3,000	3,000	3,000	3,000	-	-	-	-
7.	American Food Co., Ltd.	140,000	140,000	3.00	3.00	4,200	4,200	4,200	4,200	-	-	-	-
8.	Saha Sehwa Co., Ltd.	103,000	103,000	3.48	3.48	3,587	3,587	3,587	3,587	179	179	179	179
9.	Others					14,126	14,126	14,126	14,126	990	990	2,090	2,090
	Total					88,397	88,397	79,997	79,997	1,769	1,769	2,269	2,269
	Less: Allowance for diminution in value of investments					(23,216)	(23,178)	(18,362)	(18,362)				
	Total other investments in related companies - net					65,181	65,219	61,635	61,635				

*The Company and its subsidiaries invested in Treasure Hill Co., Ltd., accounting for 3% interest in such company (the Company only: 2%) and invested in T-Way Co., Ltd., accounting for 16% interest in such company (the Company only: 12%).

(Unaudited but reviewed)

As at 30 June 2019 and 31 December 2018, other investment in related companies consisted of investment in 13 companies with cost of investment of Baht 14 million or 16 percent of total other investments in related companies in consolidated financial statements and consisted of investment in 13 companies with cost of investment of Baht 14 million or 18 percent of total other investments in related companies in separate financial statements.

9. Long-term loans to other company

Movements in long-term loans to other company account during the six-month period ended 30 June 2019 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
Net book value as at 1 January 2019	16,142	
Less: Unrealised exchange loss	(856)	
Allowance for doubtful debts	(15,286)	
Net book value as at 30 June 2019	-	

In March 2017, the Company has entered into loan agreement with ELLA CORA, INC., which established under the Law of the United States of America, in the amount of USD 0.5 million as a secured convertible promissory note for a period of 3 years with interest rate equal to the greater of 3% p.a. or the Applicable Federal Rate and no repayment of principal or interest until the maturity date. The loan is secured by a security interest in all of the assets of that company. After maturity date, the loan shall be extended not exceeding for a period of 2 years and the loan and its interest shall be converted to voting preferred shares of that borrower company under the conditions as specified in the promissory note.

10. Investment properties

Movements in investment properties account during the six-month period ended 30 June 2019 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2019	91,441	91,321
Acquisition during period - at cost	172	172
Depreciation for the period	(1,980)	(1,980)
Net book value as at 30 June 2019	89,633	89,513

(Unaudited but reviewed)

11. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2019 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2019	1,570,763	998,247
Acquisitions during period - at cost	153,685	25,486
Disposal/write-off during period - net book value at disposal/write-off date	(896)	(70)
Depreciation for the period	(107,058)	(53,733)
Net book value as at 30 June 2019	1,616,494	969,930

12. Intangible assets

Movements of the intangible assets account during the six-month period ended 30 June 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2019	34,696	33,266
Acquisition during period - at cost	4,181	239
Amortisation for the period	(3,234)	(2,962)
Net book value as at 30 June 2019	35,643	30,543

13. Bank overdrafts and short-term loans from financial institutions

	Interest rate		(Unit: Thousand Baht)			
			Consolidated financial statements		Separate financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	(percent per annum)	(percent per annum)	(Audited)		(Audited)	
Promissory notes	1.78 - 2.82	1.85 - 2.82	472,652	137,104	300,300	60,000
Bank overdrafts	7.13 - 7.37	6.87 - 7.13	8,357	1,639	218	-
Total bank overdrafts and short-term loans from financial institutions			481,009	138,743	300,518	60,000

(Unaudited but reviewed)

14. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
		(Audited)		(Audited)
Trade payables - related parties	2,228	17,554	77,494	81,004
Trade payables - unrelated parties	388,306	310,082	311,382	250,412
Other payables - related parties	11,042	3,883	7,064	4,502
Other payables - unrelated parties	63,285	47,161	35,791	25,232
Accrued expenses	132,455	140,886	99,091	109,077
Payable from acquisition of assets	10,414	9,479	5,162	7,831
Accrued interest expenses	316	158	86	17
Total trade and other payables	608,046	529,203	536,070	478,075

15. Provision for long-term employee benefits

Movements in the provision for long-term employee benefits for the six-month period ended 30 June 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2019	185,844	154,524
Increase during the period	11,520	8,297
Benefit paid during the period	(3,366)	(3,260)
Actuarial gain	(32,272)	(31,356)
Balance as at 30 June 2019	161,726	128,205

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liability of Baht 3.2 million (the Company only: Baht 2.0 million). The Company and its subsidiaries reflected the effect of the change by recognising past service costs as expenses in the income statement of current period.

16. 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 six-month periods ended 30 June 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current income tax:				
Interim corporate income tax charge	11,013	5,598	9,978	3,422
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,863)	(1,791)	(4,179)	(1,238)
Income tax expenses reported in the income statements	<u>6,150</u>	<u>3,807</u>	<u>5,799</u>	<u>2,184</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current income tax:				
Interim corporate income tax charge	11,254	7,738	10,042	3,422
Deferred tax:				
Relating to origination and reversal of temporary differences	(8,651)	(3,948)	(7,819)	(2,753)
Income tax expenses reported in the income statements	<u>2,603</u>	<u>3,790</u>	<u>2,223</u>	<u>669</u>

(Unaudited but reviewed)

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2019 and 2018 are as follows:

(Unit: Thousand Baht)

For the three-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax relating to				
Loss on changes in value of				
available-for-sale investments	3,175	7,097	3,175	7,097
Actuarial gain	(6,454)	-	(6,271)	-
Total	3,279	7,097	3,096	7,097

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Deferred tax relating to				
Loss on changes in value of				
available-for-sale investments	4,984	7,097	4,984	10,088
Actuarial gain	(6,454)	-	(6,271)	-
Total	(1,470)	7,097	(1,287)	10,088

17. Earnings per share

Basic earnings per share is calculated by dividing profit 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.

18. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2019 and 2018.

	For the three-month periods end 30 June												(Unit: Million Baht)				
	Cosmetics			Packaging			Others			Total reportable segments				Adjustments and eliminations		Consolidated financial statements	
	2019	2018		2019	2018		2019	2018		2019	2018			2019	2018	2019	2018
Sales	923	830		226	294		174	106		1,323	1,230		(223)	(146)	1,100	1,084	
Other income	60	99		4	4		4	-		68	103		(18)	(45)	50	58	
Total revenue	983	929		230	298		178	106		1,391	1,333		(241)	(191)	1,150	1,142	
Cost of sales	(644)	(607)		(185)	(233)		(146)	(87)		(975)	(927)		217	144	(758)	(783)	
Selling and distribution expenses	(25)	(24)		(6)	(6)		(7)	(4)		(38)	(34)		-	-	(38)	(34)	
Administrative expenses	(213)	(175)		(22)	(19)		(14)	(10)		(249)	(204)		4	2	(245)	(202)	
Depreciation and amortisation	(30)	(35)		(25)	(18)		(3)	(3)		(58)	(56)		-	-	(58)	(56)	
Total expenses	(912)	(841)		(238)	(276)		(170)	(104)		(1,320)	(1,221)		221	146	(1,099)	(1,075)	
Profit before share of profit from investments in associates, finance costs and income tax income (expenses)	71	88		(8)	22		8	2		71	112		(20)	(45)	51	67	
Share of profit from investments in associates	-	-		-	-		-	-		-	-		6	4	6	4	
Finance cost	(1)	(1)		(1)	-		-	-		(2)	(1)		1	-	(1)	(1)	
Income tax income (expenses)	(6)	(3)		1	-		(1)	(1)		(6)	(4)		-	-	(6)	(4)	
Profit for the period	64	84		(8)	22		7	1		63	107		(13)	(41)	50	66	

For the six-month periods end 30 June

(Unit: Million Baht)

	Cosmetics		Packaging		Others		Total reportable segments			Adjustments and eliminations			Consolidated financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Sales	1,693	1,617	462	568	282	190	2,437	2,375	(366)	(259)	2,071	2,116	2,071	2,116
Other income	116	119	8	7	5	1	129	127	(52)	(47)	77	80	77	80
Total revenue	1,809	1,736	470	575	287	191	2,566	2,502	(418)	(306)	2,148	2,196	2,148	2,196
Cost of sales	(1,213)	(1,200)	(374)	(452)	(238)	(155)	(1,825)	(1,807)	359	257	(1,466)	(1,550)	(1,466)	(1,550)
Selling and distribution expenses	(47)	(43)	(11)	(10)	(11)	(8)	(69)	(61)	-	-	(69)	(61)	(69)	(61)
Administrative expenses	(391)	(335)	(40)	(37)	(28)	(22)	(459)	(394)	11	6	(448)	(388)	(448)	(388)
Depreciation and amortisation	(59)	(70)	(51)	(40)	(3)	(3)	(113)	(113)	-	-	(113)	(113)	(113)	(113)
Total expenses	(1,710)	(1,648)	(476)	(539)	(280)	(188)	(2,466)	(2,375)	370	263	(2,096)	(2,112)	(2,096)	(2,112)
Profit before share of profit from investments in associates, finance costs and income tax expenses	99	88	(6)	36	7	3	100	127	(48)	(43)	52	84	52	84
Share of profit from investments in associates	-	-	-	-	-	-	-	-	21	29	21	29	21	29
Finance cost	(1)	(2)	(1)	(1)	-	-	(2)	(3)	-	-	(2)	(3)	(2)	(3)
Income tax expenses	(2)	(1)	-	(2)	(1)	(1)	(3)	(4)	-	-	(3)	(4)	(3)	(4)
Profit for the period	96	85	(7)	33	6	2	95	120	(27)	(14)	68	106	68	106

19. Dividend

Dividend	Approved by	Total dividend	Dividend per share
		(Million Baht)	(Baht)
Final dividends for 2017	Annual General Meeting of the shareholders on 24 April 2018	180	1.2
Final dividends for 2018	Annual General Meeting of the shareholders on 23 April 2019	189	1.3

20. Commitments and contingent liabilities**20.1 Capital commitments**

As at 30 June 2019, the Company and its subsidiaries have capital commitments of approximately Baht 41 million (The Company only: Baht 10 million), relating to construct factory and purchase machine.

20.2 Operating lease and service commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of building, equipment, car rental and other service agreements. The terms of the agreements are generally 1 year to 5 years. Operating lease agreements are non-cancellable.

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
		(Audited)		(Audited)
Payable within:				
In up to 1 year	49	41	38	28
In over 1 and up to 5 years	21	20	17	17
Total	70	61	55	45

20.3 Guarantees

The Company and its subsidiaries have outstanding bank guarantees as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
	(Audited)		(Audited)	
Bank guarantee for:				
Electricity use guarantees	14.9	14.9	6.5	6.5
Tax refund guarantees	3.7	4.5	3.7	4.5
Other guarantees	6.9	7.3	6.9	7.3

The guarantees in respect of certain performance bonds as required in the normal course of business.

21. Financial instruments

21.1 Assets/liabilities in foreign currency

As at 30 June 2019 and 31 December 2018, the significant outstanding balances of the Company and its subsidiaries' financial assets and liabilities denominated in foreign currencies are as follows:

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	30 June	31 December	30 June	31 December	30 June	31 December
	2019	2018	2019	2018	2019	2018
	(Audited)		(Audited)		(Audited)	
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
The Company						
USD	6.09	7.98	1.38	1.59	30.74	32.45
GBP	1.03	0.49	0.54	0.37	38.98	41.07
JPY	193.02	5.32	10.10	25.80	28.55	29.31
Euro	-	0.02	0.63	0.52	34.95	37.13
The subsidiaries						
USD	0.10	0.10	0.02	0.07	30.74	32.45
GBP	-	0.46	-	-	38.98	41.07
Euro	-	-	-	0.02	34.95	37.13
CNY	-	-	0.58	0.67	4.47	4.72
CHF	-	-	0.18	-	31.50	32.92

21.2 Forward exchange contracts

The Company and its subsidiaries seek to reduce the risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

Foreign exchange contracts outstanding are as summarised below.

Foreign currency	Forward amounts		Maturity date		Contractual exchange rate	
	30 June	31 December	30 June	31 December	30 June	31 December
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)			(Baht per 1 foreign currency unit)	
<u>Sold amount</u>						
USD	3	2	November 2019	June 2019 - December 2019	31.7635 - 31.8550	32.1148 - 32.2001
JPY	188	215	October 2019 - February 2020	March 2019 - December 2019	0.2872 - 0.2954	0.2922 - 0.3000

22. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 14 August 2019.