Moong Pattana International Public Company Limited
Report and interim financial statements
For the three-month and nine-month periods ended
30 September 2016

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Moong Pattana International Public Company Limited

I have reviewed the accompanying statements of financial position in which equity method is applied of Moong Pattana International Public Company Limited as at 30 September 2016, the related statements of comprehensive income for the three-month and nine-month periods ended 30 September 2016, and the related statements of changes in shareholders' equity and cash flow for the nine-month period ended 30 September 2016, as well as the condensed notes to the financial statements. I have also reviewed the separate financial information of Moong Pattana International 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*.

Narong Puntawong
Certified Public Accountant (Thailand) No. 3315

EY Office Limited
Bangkok: 9 November 2016

Moong Pattana International Public Company Limited

Statement of financial position

(Unit: Thousand Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		As at 30 September 2016 (Unaudited but reviewed)	As at 31 December 2015 (Audited)	As at 30 September 2016 (Unaudited but reviewed)	As at 31 December 2015 (Audited)
Assets					
Current assets					
Cash and cash equivalents		27,439	3,799	27,439	3,799
Trade and other receivables	*4*	140,558	137,124	140,558	137,124
Inventories		100,265	94,529	100,265	94,529
Other current assets		9,965	10,112	9,965	10,112
Total current assets		278,227	245,564	278,227	245,564
Non-current assets					
Investment in associated company	*5*	371,706	338,170	58,174	58,174
Other long-term investments	*6*	24,932	24,932	24,932	24,932
Property, plant and equipment	*7*	96,137	76,385	96,137	76,385
Investment properties		22,900	22,900	22,900	22,900
Intangible assets		20,987	23,150	20,987	23,150
Deferred tax assets		4,286	3,704	4,286	3,704
Other non-current assets		6,789	7,363	6,789	7,363
Total non-current assets		547,737	496,604	234,205	216,608
Total assets		825,964	742,168	512,432	462,172

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

Moong Pattana International Public Company Limited

Statement of financial position (continued)

(Unit: Thousand Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		As at 30 September 2016 (Unaudited but reviewed)	As at 31 December 2015 (Audited)	As at 30 September 2016 (Unaudited but reviewed)	As at 31 December 2015 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	*8*	93,000	60,000	93,000	60,000
Trade and other payables	*9*	173,933	159,157	173,933	159,157
Current portion of finance lease liabilities	*10*	3,351	2,726	3,351	2,726
Other current liabilities		3,868	2,351	3,868	2,351
Total current liabilities		274,152	224,234	274,152	224,234
Non-current liabilities					
Finance lease liabilities - net of current portion	*10*	4,235	5,516	4,235	5,516
Deferred tax liability		18	18	18	18
Provision for long-term employee benefits	*11*	5,677	5,260	5,677	5,260
Total non-current liabilities		9,930	10,794	9,930	10,794
Total liabilities		284,082	235,028	284,082	235,028

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

Moong Pattana International Public Company Limited

Statement of financial position (continued)

(Unit: Thousand Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		As at 30 September 2016 (Unaudited but reviewed)	As at 31 December 2015 (Audited)	As at 30 September 2016 (Unaudited but reviewed)	As at 31 December 2015 (Audited)
Shareholders' equity					
Share capital					
Registered	*12*				
213,488,988 ordinary shares of Baht 1 each (31 December 2015: 200,000,000 ordinary shares of Baht 1 each)		213,489	200,000	213,489	200,000
Issued and fully paid up					
145,832,431 ordinary shares of Baht 1 each (31 December 2015: 144,156,724 ordinary shares of Baht 1 each)		145,832	144,157	145,832	144,157
Share subscription received in advance		-	59	-	59
Share premium		34,796	34,796	34,796	34,796
Capital reserve for share-based payment transactions		110	-	110	-
Retained earnings					
Appropriated - statutory reserve	*13*	13,008	13,008	13,008	13,008
Unappropriated		348,136	315,120	34,604	35,124
Total shareholders' equity		541,882	507,140	228,350	227,144
Total liabilities and shareholders' equity		825,964	742,168	512,432	462,172
		-	-	-	-

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

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Directors

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(Unaudited but reviewed)

Moong Pattana International Public Company Limited

Statement of comprehensive income

For the three-month period ended 30 September 2016

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

	Note	Financial statements in which equity method is applied		Separate financial statements	
		2016	2015	2016	2015
Profit or loss:					
Revenues					
Sales of goods		182,089	181,710	182,089	181,710
Other income					
Commission income		2,606	1,930	2,606	1,930
Others		1,093	932	1,093	932
Total revenues		185,788	184,572	185,788	184,572
Expenses					
Cost of sales		85,654	82,563	85,654	82,563
Selling expenses		56,163	57,817	56,163	57,817
Administrative expenses		41,323	34,870	41,323	34,870
Total expenses		183,140	175,250	183,140	175,250
Profit before share of income from investment in associated company, finance cost and income tax expenses		2,648	9,322	2,648	9,322
Share of income from investment in associated company		19,615	23,402	-	-
Profit before finance cost and income tax expenses		22,263	32,724	2,648	9,322
Finance cost		(664)	(648)	(664)	(648)
Profit before income tax expenses		21,599	32,076	1,984	8,674
Income tax expenses	*15*	(695)	(1,809)	(695)	(1,809)
Profit for the period		20,904	30,267	1,289	6,865
Other comprehensive income:					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		20,904	30,267	1,289	6,865
Earnings per share	*16*				
Basic earnings per share		0.1433	0.2100	0.0088	0.0476
Diluted earnings per share		0.1276	0.1855	0.0079	0.0421

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

(Unaudited but reviewed)

Moong Pattana International Public Company Limited

Statement of comprehensive income

For the nine-month period ended 30 September 2016

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

		Financial statements in which equity method is applied		Separate financial statements	
	Note	2016	2015	2016	2015
Profit or loss:					
Revenues					
Sales of goods		511,017	502,203	511,017	502,203
Other income					
Commission income		7,103	5,807	7,103	5,807
Dividend income from associated company	*5*	-	-	18,808	14,106
Dividend income from other companies	*6*	2,701	2,597	2,701	2,597
Others		3,496	2,620	3,496	2,620
Total revenues		524,317	513,227	543,125	527,333
Expenses					
Cost of sales		243,477	232,605	243,477	232,605
Selling expenses		150,712	160,320	150,712	160,320
Administrative expenses		125,686	112,071	125,686	112,071
Total expenses		519,875	504,996	519,875	504,996
Profit before share of income from investment in associated company, finance cost and income tax expenses		4,442	8,231	23,250	22,337
Share of income from investment in associated company		52,344	49,775	-	-
Profit before finance cost and income tax expenses		56,786	58,006	23,250	22,337
Finance cost		(1,895)	(1,969)	(1,895)	(1,969)
Profit before income tax expenses		54,891	56,037	21,355	20,368
Income tax expenses	*15*	(243)	(232)	(243)	(232)
Profit for the period		54,648	55,805	21,112	20,136
Other comprehensive income:					
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		54,648	55,805	21,112	20,136
Earnings per share	*16*				
Basic earnings per share		0.3774	0.4340	0.1458	0.1566
Diluted earnings per share		0.3359	0.4073	0.1298	0.1470

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

(Unaudited but reviewed)

Moong Pattana International Public Company Limited

Cash flows statement

For the nine-month period ended 30 September 2016

(Unit: Thousand Baht)

	Financial statements in which equity method is applied		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	54,891	56,037	21,355	20,368
Adjustments to reconcile profit to net cash				
provided by (paid from) operating activities:				
Depreciation and amortisation	9,207	8,972	9,207	8,972
Reversal of allowance for doubtful accounts	(18)	(29)	(18)	(29)
Allowance for diminution in value of inventories (reversal)	1,736	(352)	1,736	(352)
Unrealised loss on exchange	9	262	9	262
Loss (gain) on sales of assets	(578)	86	(578)	86
Provision for long-term employee benefits	417	905	417	905
Share-based payment transactions	110	-	110	-
Dividend income from investment in associated company	-	-	(18,808)	(14,106)
Dividend income from investment in other companies	(2,701)	(2,597)	(2,701)	(2,597)
Share of income from investment in associated company	(52,344)	(49,775)	-	-
Interest expenses	1,895	1,969	1,895	1,969
Profit from operating activities before changes in				
operating assets and liabilities	12,624	15,478	12,624	15,478
Operating assets decrease (increase)				
Trade and other receivables	(3,416)	(7,190)	(3,416)	(7,190)
Inventories	(7,472)	(18,086)	(7,472)	(18,086)
Other current assets	147	37	147	37
Other non-current assets	16	376	16	376
Operating liabilities increase (decrease)				
Trade and other payables	14,810	11,797	14,810	11,797
Other current liabilities	1,142	(115)	1,142	(115)
Long-term benefits of the employees	-	(4,810)	-	(4,810)
Cash flows from (used in) operating activities	17,851	(2,513)	17,851	(2,513)
Cash paid for interest expenses	(1,938)	(1,974)	(1,938)	(1,974)
Cash paid for corporate income tax	(450)	(318)	(450)	(318)
Net cash flows from (used in) operating activities	15,463	(4,805)	15,463	(4,805)

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

(Unaudited but reviewed)

Moong Pattana International Public Company Limited

Cash flows statement (continued)

For the nine-month period ended 30 September 2016

(Unit: Thousand Baht)

	Financial statements in which equity method is applied		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Dividend received from investment in associated company	18,808	14,106	18,808	14,106
Dividend received from investment in other companies	2,701	2,597	2,701	2,597
Acquisitions of assets	(23,885)	(3,677)	(23,885)	(3,677)
Proceeds on sales of assets	625	785	625	785
Increase in intangible assets	(120)	(280)	(120)	(280)
Net cash flows from (used in) investing activities	(1,871)	13,531	(1,871)	13,531
Cash flows from financing activities				
Net increase in short-term loans from financial institutions	33,000	6,000	33,000	6,000
Repayment of finance lease liabilities	(2,936)	(3,246)	(2,936)	(3,246)
Net increase in share subscription received in advance	1,616	24,157	1,616	24,157
Dividend paid	(21,632)	(36,000)	(21,632)	(36,000)
Net cash flows from (used in) financing activities	10,048	(9,089)	10,048	(9,089)
Net increase (decrease) in cash and cash equivalents	23,640	(363)	23,640	(363)
Cash and cash equivalents at beginning of period	3,799	6,491	3,799	6,491
Cash and cash equivalents at end of period	27,439	6,128	27,439	6,128
	-		-	
Supplemental cash flows information				
Non-cash transaction:				
Motor vehicle under hire purchase agreements	2,280	547	2,280	547

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

(Unaudited but reviewed)

Moong Pattana International Public Company Limited

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2016

(Unit: Thousand Baht)

	Financial statements in which equity method is applied						
	Issued and paid-up share capital	Share subscription received in advance	Share premium	Capital reserve for share-based payment transactions	Retained earnings: Appropriated	Retained earnings: Unappropriated	Total
Balance as at 31 December 2014	120,000	-	34,796	-	12,000	279,022	445,818
Increase share capital (Note 12)	-	24,157	-	-	-	-	24,157
Dividend paid (Note 14)	-	-	-	-	-	(36,000)	(36,000)
Total comprehensive income for the period	-	-	-	-	-	55,805	55,805
Balance as at 30 September 2015	120,000	24,157	34,796	-	12,000	298,827	489,780
Balance as at 31 December 2015	144,157	59	34,796	-	13,008	315,120	507,140
Increase share capital (Note 12)	1,675	(59)	-	-	-	-	1,616
Dividend paid (Note 14)	-	-	-	-	-	(21,632)	(21,632)
Share-based payment transactions	-	-	-	110	-	-	110
Total comprehensive income for the period	-	-	-	-	-	54,648	54,648
Balance as at 30 September 2016	145,832	-	34,796	110	13,008	348,136	541,882

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

(Unaudited but reviewed)

Moong Pattana International Public Company Limited

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2016

(Unit: Thousand Baht)

	Separate financial statements						
	Issued and paid-up share capital	Share subscription received in advance	Share premium	Capital reserve for share-based payment transactions	Retained earnings: Appropriated	Retained earnings: Unappropriated	Total
Balance as at 31 December 2014	120,000	-	34,796	-	12,000	51,908	218,704
Increase share capital (Note 12)	-	24,157	-	-	-	-	24,157
Dividend paid (Note 14)	-	-	-	-	-	(36,000)	(36,000)
Total comprehensive income for the period	-	-	-	-	-	20,136	20,136
Balance as at 30 September 2015	120,000	24,157	34,796	-	12,000	36,044	226,997
Balance as at 31 December 2015	144,157	59	34,796	-	13,008	35,124	227,144
Increase share capital (Note 12)	1,675	(59)	-	-	-	-	1,616
Dividend paid (Note 14)	-	-	-	-	-	(21,632)	(21,632)
Share-based payment transactions	-	-	-	110	-	-	110
Total comprehensive income for the period	-	-	-	-	-	21,112	21,112
Balance as at 30 September 2016	145,832	-	34,796	110	13,008	34,604	228,350

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

Moong Pattana International Public Company Limited
Notes to interim financial statements
For the three-month and nine-month periods ended 30 September 2016

1. General information

1.1 Corporate information

Moong Pattana International Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the distribution of baby and infant products and other products, and its registered address is at No. 2/97-104, 18th-19th Floor, Thosapol Land Building 4, Soi Bangna-Trad 25, Bangna-Trad Road, Bangna, Bangkok and a branch located at No.888/1, Moo 7, Bangpha, Bangplee, Samutprakarn.

1.2 Basis for the preparation of the interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2015) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statement of financial position, 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 translation from the Thai language financial statements.

1.3 New financial reporting standards

During the period, the Company has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

2. 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 2015.

3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September		Pricing policy
	2016	2015	2016	2015	
Transactions with associated company					
Purchases of goods	35	33	82	77	Cost plus margin
Dividend received	-	-	19	14	Announced rate
Transactions with related companies					
Purchases of raw material	33	27	81	69	Cost plus margin
Commission income	2	1	5	4	0.3 percent of net selling price of product sold and 1.5 percent of costs of service rendered
Dividend received	-	-	3	3	Announced rate
Advisory fee	1	0.3	3	0.3	Agreed rate
Transactions with related party					
Rental expenses	1	-	3	-	Agreed rate

The Company has entered into a Contract to Hire Specialist with a local related company (related by shareholders and directors) dated 24 May 2016, under which the Company is committed to pay a service fee totaling Baht 2.4 million.

The balances of the accounts as at 30 September 2016 and 31 December 2015 between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	30 September 2016	31 December 2015
Trade and other receivables - related parties (Note 4)		
Associated company	-	1,674
Related company (related by shareholders or directors)	1,679	1,560
Total trade and other receivables - related parties	1,679	3,234
Trade and other payables - related parties (Note 9)		
Associated company	49,907	47,263
Related companies (related by shareholders or directors)	40,779	25,107
Total trade and other payables - related parties	90,686	72,370

Directors and management's remuneration

During the three-month and nine-month periods ended 30 September 2016 and 2015, the Company had employee benefit expenses of its directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2016	2015	2016	2015
Short-term employee benefits	8,151	6,072	25,733	18,190
Post-employment benefits	111	55	323	417
Total	8,262	6,127	26,056	18,607

4. Trade and other receivables

The balances of trade and other receivables as at 30 September 2016 and 31 December 2015 aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	30 September 2016	31 December 2015
Trade receivables - unrelated parties		
Net yet due	105,314	89,557
Past due		
Not over 3 months	26,348	37,510
3 - 6 months	962	677
6 - 12 months	353	307
Over 12 months	860	1,025
Total	133,837	129,076
Less: Allowance for doubtful accounts	(1,570)	(1,588)
Total trade receivables - net	132,267	127,488
Other receivables		
Receivable - related party	1,679	3,234
Others	6,765	6,555
Total other receivables	8,444	9,789
Less: Allowance for doubtful accounts	(153)	(153)
Total other receivables, net	8,291	9,636
Total trade and other receivables - net	140,558	137,124

5. Investment in associated company

(Unit: Thousand Baht)

Company's name	Nature of business	Paid up share capital		Percentage of shareholding		Investment in associated company under equity method		Investment in associated company under cost method		Dividend received	
		30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	For the nine-month periods ended 30 September 2016	For the nine-month periods ended 30 September 2015
				percent	percent						
Thai Pigeon Company Limited	The manufacture and distribution of baby and infant products	122,000	122,000	47	47	371,706	338,170	58,174	58,174	18,808	14,106
Total						371,706	338,170	58,174	58,174	18,808	14,106

6. Other long-term investments

(Unit: Thousand Baht)

Company's name	Nature of business	Paid up share capital		Percentage of Shareholding		Other long-term investments under cost method		Dividend received	
		30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	For the nine-month periods ended 30 September 2016	For the nine-month periods ended 30 September 2015
				percent	percent				
Yoshino Moong Pattana (Thailand) Company Limited	The manufacture of plastic and plastic coated products	300,000	300,000	6	6	21,332	21,332	2,201	2,097
Pigeon Industries (Thailand) Company Limited	The manufacture and distribution of breast pad and baby wipes products	144,000	144,000	2.5	2.5	3,600	3,600	500	500
Total						24,932	24,932	2,701	2,597

7. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2016 are summarised below:

(Unit: Thousand Baht)

Net book value as at 1 January 2016	76,385
Acquisitions during the period - at cost	26,165
Disposal/Write-off during the period	(48)
Depreciation for the period	(6,365)
Net book value as at 30 September 2016	96,137

8. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate	30 September 2016	31 December 2015
	(percent per annum)		
Promissory notes	2.50 - 2.78	93,000	60,000
Total		93,000	60,000

As at 30 September 2016, the short-term credit facilities of the Company from financial institutions which have not yet been drawn down amounted to Baht 178 million (31 December 2015: Baht 191 million).

9. Trade and other payables

(Unit: Thousand Baht)

	30 September 2016	31 December 2015
Trade payables - related parties	90,686	72,370
Trade payables - unrelated parties	22,906	27,782
Other payables	16,093	10,779
Accrued expenses	44,248	48,226
Total trade and other payables	173,933	159,157

10. Finance lease liabilities

(Unit: Thousand Baht)

	30 September 2016	31 December 2015
Liabilities under finance lease agreements	8,243	9,152
Less: Deferred interest expenses	(657)	(910)
Total	7,586	8,242
Less: Portion due within one year	(3,351)	(2,726)
Liabilities under finance lease agreements - net of current portion	4,235	5,516

The Company has entered into the finance lease agreements for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 3 and 5 years.

Future minimum lease payments required under the non-cancellable finance lease agreements are as follows:

(Unit: Thousand Baht)

	As at 30 September 2016		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	3,734	4,509	8,243
Deferred interest expenses	(383)	(274)	(657)
Present value of future minimum lease payments	3,351	4,235	7,586

(Unit: Thousand Baht)

	As at 31 December 2015		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	3,169	5,983	9,152
Deferred interest expenses	(443)	(467)	(910)
Present value of future minimum lease payments	2,726	5,516	8,242

11. Provision for long-term employee benefits

Presented below is a summary of movements in provision for long-term employee benefits during nine-month period ended 30 September 2016.

	(Unit: Thousand Baht)
Balance as at 1 January 2016	5,260
Add: Recognition during period	417
Balance as at 30 September 2016	5,677

12. Registered capital

The Annual General Meeting of the shareholders held on 30 April 2015 approved a resolution to register an increase in the Company's share capital from Baht 120 million (120 million ordinary shares at a par value of Baht 1 per share) to Baht 200 million (200 million ordinary shares at a par value of Baht 1 per share) by issuing 80 million new ordinary shares with a par value of Baht 1 per share. The Company registered the capital increase on 11 May 2015 with the Ministry of Commerce.

Below are the details.

12.1) The Company is to allocate 24 million of the newly issued ordinary shares to support the exercise of Warrant No.1 (Note 17.1).

12.2) The Company is to allocate 5 million of the newly issued ordinary shares to support the exercise of the ESOP warrants (Note 17.2).

12.3) The Company is to allocate 24 million of the newly issued ordinary shares to existing shareholders in proportion to their existing holdings (rights offering) at a rate of 1 new ordinary share for every 5 existing ordinary shares (fractional shares are to be rounded down), to be offered at Baht 1 per share.

12.4) The Company is to allocate 27 million of the newly issued ordinary shares for sale by private placement, on the condition that investors have no association with the Company. The offering price is not to be lower than 90% of the weighted average price of the Company's shares on the Stock Exchange of Thailand during the preceding period of at least 7 business days and not more than 15 business days before the first date of each private placement.

If any newly issued ordinary shares remain after the Private Placement, the Company can offer them through the Public Offering as it sees fit.

In June 2015, the existing shareholders paid subscriptions totaling Baht 24 million to the Company and the Company allocated 24 million shares (Baht 1 per share) to those shareholders. On 8 July 2015, the Company registered the subscription with the Ministry of Commerce.

In December 2015, the warrant holders exercised the Warrant No. 1 totalling Baht 0.06 million and the Company issue the ordinary share of 0.06 million shares at Baht 1 per share to those warrant holders. On 11 January 2016, the Company registered the subscription of the newly issued share with the Ministry of Commerce.

On 25 April 2016, the Annual General Meeting of the Company's shareholders approved the following matters:

a) A decrease in the Company's share capital from Baht 200 million (200 million ordinary shares with a par value of Baht 1 per share) to Baht 168 million (168 million ordinary shares with a par value of Baht 1 per share) by cancelling the 32 million shares registered but unissued shares with a par value of Baht 1 per share described in notes 12.2 and 12.4.

b) An increase in the Company's share capital from Baht 168 million (168 million ordinary shares with a par value of Baht 1 per share) to Baht 213 million (213 million ordinary shares with a par value of Baht 1 per share) by issuing 45.2 million new ordinary shares with a par value of Baht 1 per share as per following details:

- 2 million shares to support the exercise of the ESOP warrants (Note 17.2).
- 0.2 million shares to support the rights adjustment for Warrant No.1 (Note 17.1).
- 43 million shares to support a capital increase under a general mandate.

On 4 May 2016, the Company registered the capital decrease and capital increase with the Ministry of Commerce.

In June 2016, the warrant holders exercised the Warrant No. 1 totaling Baht 1.62 million and the Company issue the ordinary share of 1.62 million shares at Baht 1 per share to those warrant holders. On 12 July 2016, the Company registered the subscription of the newly issued share with the Ministry of Commerce.

13. 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 income 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.

14. Dividend

On 30 April 2015, the Annual General Meeting of the Company's shareholders has approved the payment of annual dividend in respect of the 2014 income of Baht 0.3 per share, or a total of Baht 36 million, paid to the shareholders on 25 May 2015.

On 25 April 2016, the Annual General Meeting of the Company's shareholders has approved the payment of a dividend of Baht 0.15 per share, totaling Baht 22 million, to the shareholders from the 2015 operating results. The dividend will be paid on 24 May 2016.

15. Income tax

Interim corporate income tax of the Company was calculated on pre-tax income for the period deducting income which is exempt included dividend income and adding back expenses which is disallowable for tax computation purposes included depreciation of vehicle which amount over Baht 1 million, allowance for diminution in value of inventory, allowance for doubtful debt and provision for long-term employee benefits, using the estimated effective tax rate for the year.

Income tax expenses for the three-month and nine-month periods ended 30 September 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	Financial statements in which equity method is applied/ Separate financial statements			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2016	2015	2016	2015
Current income tax:				
Corporate income tax for the period	863	912	825	214
Deferred tax:				
Relating to origination and reversal of temporary differences	(168)	897	(582)	18
Tax expenses reported in the statement of comprehensive income	695	1,809	243	232

16. Earnings per share

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

Diluted 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 plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the period or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

	Financial statements in which equity method is applied					
	Profit for the three-month periods ended 30 September		Weighted average number of ordinary shares		Earnings per share	
	2016 (Thousand Baht)	2015 (Thousand Baht)	2016 (Thousand shares)	2015 (Thousand shares)	2016 (Baht)	2015 (Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	20,904	30,267	145,832	144,157	0.1433	0.2100
Effect of dilutive potential ordinary shares						
Warrant No.1	-	-	17,936	18,984		
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	20,904	30,267	163,768	163,141	0.1276	0.1855

	Financial statements in which equity method is applied					
	Profit for the nine-month periods ended 30 September		Weighted average number of ordinary shares		Earnings per share	
	2016 (Thousand Baht)	2015 (Thousand Baht)	2016 (Thousand shares)	2015 (Thousand shares)	2016 (Baht)	2015 (Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	54,648	55,805	144,791	128,585	0.3774	0.4340
Effect of dilutive potential ordinary shares						
Warrant No.1	-	-	17,910	8,414		
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	54,648	55,805	162,701	136,999	0.3359	0.4073

	Separate financial statements					
	Profit for the three-month periods ended 30 September		Weighted average number of ordinary shares		Earnings per share	
	2016 (Thousand Baht)	2015 (Thousand Baht)	2016 (Thousand shares)	2015 (Thousand shares)	2016 (Baht)	2015 (Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	1,289	6,865	145,832	144,157	0.0088	0.0476
Effect of dilutive potential ordinary shares						
Warrant No.1	-	-	17,936	18,984		
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	1,289	6,865	163,768	163,141	0.0079	0.0421

	Profit for the nine-month periods ended 30 September		Weighted average number of ordinary shares		Earnings per share	
	2016 (Thousand Baht)	2015 (Thousand Baht)	2016 (Thousand shares)	2015 (Thousand shares)	2016 (Baht)	2015 (Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	21,112	20,136	144,791	128,585	0.1458	0.1566
Effect of dilutive potential ordinary shares						
Warrant No.1	-	-	17,910	8,414		
Diluted earnings per share						
Profit attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	21,112	20,136	162,701	136,999	0.1298	0.1470

17. Warrants to purchase new ordinary shares of the Company

17.1 Warrants to purchase new ordinary shares to existing shareholders

On 30 April 2015, the Annual General Meeting of the shareholders approved to issue and offer 24 million units of the Company's ordinary share warrants, (Warrant No.1) free of charge to the existing shareholders in proportion to their existing shareholding (rights offering), at rate of 1 warrant for every 5 existing ordinary shares (with fractional shares to be rounded down). The exercise price is set at Baht 1 per ordinary share (unless it is adjusted) and the exercise period is 3 years from the date the warrants are issued and offered. The warrants can be exercised on the last business day of June and December of each calendar year.

Presented below is a summary of movement in the number of warrants.

	Unit
Number of warrants issued	23,999,984
Exercised during the year 2015	(215,800)
Outstanding as at 31 December 2015	23,784,184
Exercised during the period	(1,606,914)
Outstanding as at 30 September 2016	22,177,270

On 25 April 2016, the Annual General Meeting of the Company's shareholders approved the issuance of ESOP warrants (Note 17.2) and dividend payment (Note 14). As a result of these resolutions, the Company is required to adjust the rights of Warrant No.1 as follows:

	Existing exercise rights		Adjusted exercise rights		Increase in ordinary	
Effect from	Exercise ratio	Exercise price	Exercise ratio	Exercise price	shares for revision	Effective date
	(Ordinary shares per warrant)	(Baht per ordinary share)	(Ordinary shares per warrant)	(Baht per ordinary share)	(Shares)	
Dividend payment	1.00000	1.000	1.00606	1.000	141,547	28 April 2016
Issuance of ESOP warrants[1]	1.00000	1.000	1.00606	1.000	82,738	First date of issue of ESOP warrants

([1] The adjustment exercise ratio and price will be changed once the Company announces the issuance date of the ESOP warrants.)

The adjustment revision is made to protect and maintain the rights and benefits of existing warrant holders (Warrant No. 1).

17.2 Warrants to purchase new ordinary shares of the Company issued to the executive directors and/or employees of the Company and subsidiaries (ESOP)

On 30 April 2015, the Annual General Meeting of the shareholders approved to issue and offer 5 million warrants (Note 12) to purchase the Company's ordinary shares to the Company's Board of Directors, management, and employees (ESOP warrants) at no cost. The exercise price is set at Baht 1 per ordinary share (unless it is adjusted) and the exercise period is 5 years from the date the warrants were issued and offered. There are 5 exercise dates in total, with the first 4 exercise dates on the last business day of December of each calendar year and the final exercise date on the maturity date of the warrants.

On 25 April 2016, the Annual General Meeting of the Company's shareholders approved the revision of the conditions of the warrants. The old warrants (discussed in the preceding paragraph) granting rights to purchase 5 million of the Company's ordinary share were to be cancelled (Note 12) and the Company would then issue and offer 2 million new ordinary share warrants to the Company's directors, management, and employees at no cost. Details of the warrants are summarised below.

Date of grant	5 September 2016
Number granted (Units)	2,000,000
Contractual lives	5 years from the issued date
Exercisable	The first 4 exercise dates on the last business day of December of each calendar year and the final exercise date on the maturity date of the warrants
Exercise price per 1 ordinary share	3.80 Baht (Unless it is adjusted in accordance with the conditions of any right adjustment)
Exercise ratio (warrant to ordinary shares)	1:1

The average estimated fair value of each warrant granted is Baht 0.82132. This was calculated by applying the Black-Scholes-Merton formula. The model inputs were the share price at price determination date of Baht 4.86, exercise price of Baht 3.80, expected volatility of 0.0144%, expected dividend yield of 3.09%, contractual life of five years, and a risk-free interest rate of 1.495 - 1.872%.

As at 30 September 2016, the number of outstanding unexercised warrants was 2 million warrants.

18. Financial instruments

The balances of financial liabilities denominated in foreign currency as at 30 September 2016 and 31 December 2015 are summarised below.

Foreign currency	Financial liabilities		Exchange rate	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.18	0.15	34.88	36.25

As at 30 September 2016, the Company had no outstanding foreign exchange forward contracts and foreign exchange forward contracts outstanding as at 31 December 2015 are summarised below.

As at 31 December 2015			
Foreign currency	Bought amount	Contractual exchange rate bought	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.10	35.79 - 35.91	January 2016

19. 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.

For management purposes, the Company is organised into business units based on its product categories and has the following two reportable segments:

1. Distribution of baby and infant products
2. Distribution of other products

The following tables present revenue and profit information regarding the Company's operating segments for the three-month and nine-month periods ended 30 September 2016 and 2015.

(Unit: Million Baht)

	Financial statements in which equity method is applied for the three-month periods ended 30 September					
	Distribution of baby and infant products		Distribution of other products		Total	
	2016	2015	2016	2015	2016	2015
Revenue						
Revenue from external customers	146	147	36	35	182	182
Total revenues	146	147	36	35	182	182
Segment profit	33	33	8	8	41	41
Unallocated income and expenses:						
Commission income					3	2
Other income					1	1
Administrative expenses					(41)	(35)
Share of income from investment in associated company					19	24
Finance cost					(1)	(1)
Profit before income tax expenses					22	32
Income tax expenses					(1)	(2)
Profit for the period					21	30

(Unit: Million Baht)

	Financial statements in which equity method is applied for the nine-month periods ended 30 September					
	Distribution of baby and infant products		Distribution of other products		Total	
	2016	2015	2016	2015	2016	2015
Revenue						
Revenue from external customers	414	404	97	98	511	502
Total revenues	414	404	97	98	511	502
Segment profit	95	88	22	21	117	109
Unallocated income and expenses:						
Commission income					7	6
Dividend income from other companies					3	3
Other income					3	2
Administrative expenses					(125)	(112)
Share of income from investment in associated company					52	50
Finance cost					(2)	(2)
Profit before income tax expenses					55	56
Income tax expenses					-	-
Profit for the period					55	56

20. Commitments and contingent liabilities

20.1 Capital commitments

As at 31 December 2015, the Company had capital commitments of approximately Baht 19 million relating to renovation of new office space (30 September 2016: nil).

20.2 Operating lease commitments

The Company has entered into several lease agreements in respect of the lease of building, equipment and relating services. The terms of the agreements are generally between 1 and 8 years.

Future minimum lease payments under these non-cancellable operating leases agreements were as follows.

(Unit: Million Baht)

	30 September 2016	31 December 2015
Payable:		
In up to 1 year	9	9
In over 1 and up to 5 years	13	15
Over 5 years	4	5

20.3 Marketing research service agreement commitment

The Company has entered into a marketing research service agreement with a local company in respect of marketing research of the Company's products.

Future minimum service fee payable under this agreement as at 30 September 2016 was approximately Baht 0.3 million (31 December 2015: Baht 1 million).

20.4 Long-term service commitment

The Company has entered into an agreement with an overseas company (which is the major shareholder of the associated company) regarding using the trademark of that company. Under this agreement, the Company is to pay this company royalty fee determined at 3 percent of the sales of that goods.

20.5 Litigation

a) In July 2011, a former employee sued the Company through the Central Labor Court for breach of an employment contract, seeking compensation totaling Baht 8 million. However, the Company countersued the employee for damages totaling Baht 25 million. Subsequently, on 20 March 2013, the Central Labor Court dismissed the lawsuit brought by the employee and dismissed the Company's countersuit. However, on 30 May 2013, the employee appealed the case to the Supreme Court. Currently, the case is being heard by the Court. The management and the legal advisor of the Company believe that the Supreme Court will not accept the appeal because the appeal was made on the basis of the facts rather than a point of law, and on the basis of those facts the lawsuit has already been dismissed by the Central Labor Court.

b) In April 2012, an unconnected company filed a lawsuit against the Company, alleging that the Company had failed to comply with a distributorship agreement, and demanding compensatory damages of Baht 87 million. The Company countersued that company, seeking compensatory damages of Baht 196 million.

   On 14 May 2014, the Court of First Instance ordered the Company pay the plaintiff company damages of Baht 6 million, together with interest of 7.5% per annum from 4 August 2011 until the debt is fully paid.

   On 8 September 2014, the Company appealed the case to the Appeal Court, and on 28 June 2016 and the Appeal Court upheld the judgment of the Court of First Instance. The Appeal Court ordered the Company to pay the plaintiff company damages of Baht 5.6 million, together with interest of 7.5% per annum from 4 August 2011 until the debt is fully paid.

Currently, the Company is in the process of appealing to the Supreme Court. The management and the legal advisor of the Company believe that the Company has the high chance to win the case because the Appeal Court did not bring the useful important critical issues which were raised in the Company's appeal for the consideration of the appeal judgement. This judgement consideration of the Appeal Court was not compiled with the Civil Procedure Code. Therefore, the management and the legal advisor of the Company are confident that the Supreme Court will bring those important critical issues for consideration which are in favour of the Company and order the plaintiff to pay the damage to the Company according to the Company's countersue complaint. Therefore, no provision has been made for the contingent liability in the financial statements.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 9 November 2016.