

MOONG PATTANA INTERNATIONAL PUBLIC COMPANY LIMITED
AUDITOR'S REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2020
(UNAUDITED/REVIEWED ONLY)

AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To The Shareholders of MOONG PATTANA INTERNATIONAL PUBLIC COMPANY LIMITED

I have reviewed the statements of financial position in which equity method is applied and separate statements of financial position of MOONG PATTANA INTERNATIONAL PUBLIC COMPANY LIMITED as at 30 September 2020, the related statements of comprehensive income in which the equity method is applied and separate statements of comprehensive income for the three-month and nine-month periods ended 30 September 2020 and statements of changes in shareholders' equity in which the equity method is applied and separate statements of changes in shareholders' equity, and statements of cash flows in which the equity method is applied and separate statements of cash flows for the nine-month periods then ended and the interim notes to financial statements. The Company's management is responsible for the preparation and presentation of this interim financial information, in all material respects, in accordance with Thai Accounting Standard No.34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my reviews.

Scope of Review

I conducted my review in accordance with Thai Standard on Review Engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 on this reviewed interim financial information.

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 No.34 Interim Financial Reporting.

Other matters

The statements of financial position in which equity method is applied and separate statements of financial position of MOONG PATTANA INTERNATIONAL PUBLIC COMPANY as at 31 December 2019 presented for comparison were audited by other auditor who expressed unqualified opinion in the report dated on 25 February 2020. The related statements of comprehensive income in which equity method is applied and separate statements of comprehensive income for the three-month and nine-month period then ended 30 September 2019, statements of changes shareholders' equity in which equity method is applied and separate statements of changes shareholders' equity and statements of cash flows in which equity method is applied and separate statements of cash flows for the nine-month period then ended presented for comparison were reviewed by other auditor who concluded in the report dated on 13 November 2019 that nothing causes to believe that such interim financial statements is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 "Interim Financial Reporting".

D I A International Audit Co., Ltd.

(Mr. Joompoth Priratanakorn)

C.P.A. (Thailand)

Registration No. 7645

10 November 2020

Moong Pattana International Public Company Limited

Statement of financial position

As at 30 September 2020

(Unit: Thousand Baht)

	<u>Note</u>	Financial statements			
		in which the equity method is applied		Separate financial statements	
		As at	As at	As at	As at
		<u>30 September 2020</u>	<u>31 December 2019</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		52,562	26,644	52,562	26,644
Current investment		-	37,316	-	37,316
Trade and other current receivables	5	185,576	215,990	185,576	215,990
Inventories	6	105,934	90,356	105,934	90,356
Other current assets		7,548	3,846	7,548	3,846
Total current assets		351,620	374,152	351,620	374,152
Non-current assets					
Investment in associated company	7	547,261	530,756	58,174	58,174
Other long-term investments	8	24,932	24,932	24,932	24,932
Building and equipment	9	15,906	30,411	15,906	30,411
Investment properties		27,700	27,700	27,700	27,700
Right-of-use assets	10	25,460	-	25,460	-
Intangible assets		11,663	12,887	11,663	12,887
Deferred tax assets		3,677	4,747	3,677	4,747
Other non-current assets		601	4,350	601	4,350
Total non-current assets		657,200	635,783	168,113	163,201
Total assets		1,008,820	1,009,935	519,733	537,353

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

Moong Pattana International Public Company Limited

Statement of financial position (continued)

As at 30 September 2020

(Unit: Thousand Baht)

	<u>Note</u>	Financial statements			
		in which the equity method is applied		Separate financial statements	
		As at	As at	As at	As at
		<u>30 September 2020</u>	<u>31 December 2019</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and current payables	11	200,348	205,133	200,348	205,133
Current portion of finance lease liabilities	12	9,892	2,608	9,892	2,608
Other current liabilities		2,252	3,088	2,252	3,088
Total current liabilities		212,492	210,829	212,492	210,829
Non-current liabilities					
Lease liabilities - net of current portion	12	10,397	5,515	10,397	5,515
Deferred tax liability		18	18	18	18
Non - current provisions for employee benefit	13	5,944	12,661	5,944	12,661
Other non-current liabilities		1,640	1,644	1,640	1,644
Total non-current liabilities		17,999	19,838	17,999	19,838
Total liabilities		230,491	230,667	230,491	230,667

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

Moong Pattana International Public Company Limited

Statement of financial position (continued)

As at 30 September 2020

(Unit: Thousand Baht)

	<u>Note</u>	Financial statements			
		in which the equity method is applied		Separate financial statements	
		As at	As at	As at	As at
		<u>30 September 2020</u>	<u>31 December 2019</u>	<u>30 September 2020</u>	<u>31 December 2019</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Shareholders' equity					
Share capital					
Registered	15				
222,650,523 ordinary shares of Baht 1 each					
(31 December 2019: 222,650,523 ordinary shares of Baht 1 each)		222,651	222,651	222,651	222,651
Issued and fully paid up					
168,639,633 ordinary shares of Baht 1 each					
(31 December 2019: 168,639,633 ordinary shares of Baht 1 each)		168,640	168,640	168,640	168,640
Share premium		36,549	36,549	36,549	36,549
Surplus on share-based payment transactions		871	743	871	743
Retained earnings					
Appropriated - legal reserve		22,265	17,025	22,265	17,025
Unappropriated		550,004	556,311	60,917	83,729
Total shareholders' equity		778,329	779,268	289,242	306,686
Total liabilities and shareholders' equity		1,008,820	1,009,935	519,733	537,353

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

Moong Pattana International Public Company Limited

Statement of comprehensive income

For the three-month period ended 30 September 2020

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

	Note	Financial statements		Separate financial statements	
		in which equity method is applied			
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Sales of goods		205,648	168,048	205,648	168,048
Commission income		2,757	3,609	2,757	3,609
Others		876	1,135	876	1,135
Total revenues		209,281	172,792	209,281	172,792
Expenses					
Cost of sales		125,197	97,822	125,197	97,822
Selling and distribution expenses		44,569	45,839	44,569	45,839
Administrative expenses		33,545	36,621	33,545	36,621
Total expenses		203,311	180,282	203,311	180,282
Profit (loss) before share of income from investment in associated company, finance cost and income tax expenses					
income tax expenses		5,970	(7,490)	5,970	(7,490)
Share of income from investment in associated company	7	4,889	13,974	-	-
Profit (loss) before finance cost and income tax expenses		10,859	6,484	5,970	(7,490)
Finance cost		(164)	(101)	(164)	(101)
Profit (loss) before income tax expenses		10,695	6,383	5,806	(7,591)
Tax income (expenses)	14	(1,124)	1,512	(1,124)	1,512
Profit (loss) for the period		9,571	7,895	4,682	(6,079)
Other comprehensive income:					
Other comprehensive income for the period		-	(514)	-	(514)
Total comprehensive income for the period		9,571	7,381	4,682	(6,593)
Earnings per share	17				
Basic earnings per share		0.06	0.05	0.03	(0.04)
Diluted earnings per share		0.06	0.05	0.03	(0.04)

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

Moong Pattana International Public Company Limited

Statement of comprehensive income

For the nine-month period ended 30 September 2020

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

	Note	Financial statements		Separate financial statements	
		in which equity method is applied			
		2020	2019	2020	2019
Profit or loss:					
Revenues					
Sales of goods		576,035	536,104	576,035	536,104
Commission income		8,944	9,952	8,944	9,952
Dividend income from associated company	7	-	-	18,808	23,509
Dividend income from other companies	8	4,312	4,600	4,312	4,600
Gain on sales of investment properties		-	49,987	-	49,987
Others		3,013	5,559	3,013	5,559
Total revenues		592,304	606,202	611,112	629,711
Expenses					
Cost of sales		353,234	301,960	353,234	301,960
Selling and distribution expenses		123,902	146,382	123,902	146,382
Administrative expenses		106,338	128,288	106,338	128,288
Total expenses		583,474	576,630	583,474	576,630
Profit before share of income from investment in associated company, finance cost and income tax expenses					
		8,830	29,572	27,638	53,081
Share of income from investment in associated company	7	35,313	38,832	-	-
Profit before finance cost and income tax expenses		44,143	68,404	27,638	53,081
Finance cost		(543)	(269)	(543)	(269)
Profit before income tax expenses		43,600	68,135	27,095	52,812
Income tax expenses	14	(1,070)	(5,356)	(1,070)	(5,356)
Profit for the period		42,530	62,779	26,025	47,456
Other comprehensive income:					
Other comprehensive income for the period		-	(514)	-	(514)
Total comprehensive income for the period		42,530	62,265	26,025	46,942
Earnings per share	17				
Basic earnings per share		0.25	0.37	0.15	0.28
Diluted earnings per share		0.25	0.37	0.15	0.28

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 three-month period ended 30 September 2020

(Unit: Thousand Baht)

Financial statements in which equity method is applied							
Note	Issued and paid up share capital	Share subscription received in advance	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Total
					Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2018	168,433	207	36,549	561	17,025	514,113	736,888
Increase share capital	207	(207)	-	-	-	-	-
Dividend paid	16	-	-	-	-	(43,846)	(43,846)
Share-based payment transactions	-	-	-	137	-	-	137
Total comprehensive income for the period (Restated)	-	-	-	-	-	62,265	62,265
Balance as at 30 June 2019	168,640	-	36,549	698	17,025	532,532	755,444
Balance as at 1 January 2020 (Before Adjustment)	168,640	-	36,549	743	17,025	556,311	779,268
Cumulative effect of change in accounting policy (Note 2)	-	-	-	-	-	249	249
Balance as at 1 January 2020 - as restated	168,640	-	36,549	743	17,025	556,560	779,517
Dividend paid	16	-	-	-	-	(43,846)	(43,846)
Share-based payment transactions	-	-	-	86	-	-	86
Total comprehensive income for the period	-	-	-	-	-	42,530	42,530
Legal reserve	-	-	-	-	5,240	(5,240)	-
Balance as at 30 June 2020	168,640	-	36,549	829	22,265	550,004	778,287

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 2020

(Unit: Thousand Baht)

Separate financial statements							
Note	Issued and paid up share capital	Share subscription received in advance	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Total
					Appropriated - statutory reserve	Unappropriated	
Balance as at 31 December 2018	168,433	207	36,549	561	17,025	68,740	291,515
Increase share capital	207	(207)	-	-	-	-	-
Dividend paid	16	-	-	-	-	(43,846)	(43,846)
Share-based payment transactions	-	-	-	137	-	-	137
Total comprehensive income for the period (Restated)	-	-	-	-	-	46,942	46,942
Balance as at 30 September 2019	168,640	-	36,549	698	17,025	71,836	294,748
Balance as at 1 January 2020	168,640	-	36,549	743	17,025	83,729	306,686
Cumulative effect of change in accounting policy (Note 2)	-	-	-	-	-	249	249
Balance as at 1 January 2020 - as restated	168,640	-	36,549	743	17,025	83,978	306,935
Dividend paid	16	-	-	-	-	(43,846)	(43,846)
Share-based payment transactions	-	-	-	128	-	-	128
Total comprehensive income for the period	-	-	-	-	-	26,025	26,025
Legal reserve	-	-	-	-	5,240	(5,240)	-
Balance as at 30 September 2020	168,640	-	36,549	871	22,265	60,917	289,242

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

Moong Pattana International Public Company Limited**Cash flows statement****For the nine-month period ended 30 September 2020**

(Unit: Thousand Baht)

	Financial statements		Separate financial statements	
	in which equity method is applied			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from operating activities				
Profit before tax	43,600	68,135	27,095	52,812
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	14,377	10,154	14,377	10,154
(Reversal) Allowance for doubtful accounts	(906)	908	(906)	908
Allowance for diminution in value of inventories	786	581	786	581
Unrealised loss (gain) on exchange	(1,935)	(3)	(1,935)	(3)
Gain on sales of fixed assets	(374)	(2,076)	(374)	(2,076)
Unrealised gain on changes in value of current investment	-	(187)	-	(187)
Gain on sales of investment properties	-	(49,987)	-	(49,987)
Provision for long-term employee benefits	800	2,989	800	2,989
Share-based payment transactions	128	137	128	137
Gain on sales of current investment	(126)	-	(126)	-
Dividend received from investment in associated company	-	-	(18,808)	(23,509)
Dividend received from investment in other companies	(4,312)	(4,600)	(4,312)	(4,600)
Share of income from investment in associated company	(35,313)	(38,832)	-	-
Interest expenses	543	269	543	269
Profit (loss) from operating activities before changes in operating assets and liabilities	17,268	(12,512)	17,268	(12,512)
Operating assets decrease (increase)				
Trade and other current receivables	31,753	41,455	31,753	41,455
Inventories	(16,364)	(43,302)	(16,364)	(43,302)
Other current assets	(3,702)	(2,282)	(3,702)	(2,282)
Other non-current assets	29	(15)	29	(15)
Operating liabilities increase (decrease)				
Trade and current payables	(2,850)	20,702	(2,850)	20,702
Other current liabilities	252	(14,474)	252	(14,474)
Other non current liabilities	(3)	-	(3)	-
Non - current provisions for employee benefit	(7,517)	(693)	(7,517)	(693)
Cash flows from (used in) operating activities	18,866	(11,121)	18,866	(11,121)
Cash paid for interest expenses	(543)	(269)	(543)	(269)
Cash paid for income tax	(1,088)	(2,948)	(1,088)	(2,948)
Net cash flows from (used in) operating activities	17,235	(14,338)	17,235	(14,338)

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

Moong Pattana International Public Company Limited**Cash flows statement (continued)****For the nine-month period ended 30 September 2020**

(Unit: Thousand Baht)

	Financial statements		Separate financial statements	
	in which equity method is applied			
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Cash flows from investing activities				
Cash received from sale current investment	64,442	-	64,442	-
Cash paid for current investment	(27,000)	-	(27,000)	-
Increase in current investment	-	(50,000)	-	(50,000)
Dividend received from investment in associated company	18,808	23,509	18,808	23,509
Dividend received from investment in other companies	4,312	4,600	4,312	4,600
Proceeds on sales of fixed assets	1,145	2,103	1,145	2,103
Proceeds on sales of investment properties	-	78,000	-	78,000
Acquisition of fixed assets	(35)	(874)	(35)	(874)
Loss from write off assets	11	-	11	-
Increase in intangible assets	(1,292)	(1,185)	(1,292)	(1,185)
Net cash flows from investing activities	60,391	56,153	60,391	56,153
Cash flows from financing activities				
Repayment of lease liabilities	(7,862)	(2,811)	(7,862)	(2,811)
Dividend paid	(43,846)	(43,846)	(43,846)	(43,846)
Net cash flows used in financing activities	(51,708)	(46,657)	(51,708)	(46,657)
Net increase in cash and cash equivalents	25,918	(4,842)	25,918	(4,842)
Cash and cash equivalents at beginning of period	26,644	16,152	26,644	16,152
Cash and cash equivalents at end of period	52,562	11,310	52,562	11,310

Supplemental cash flows information

Non-cash transaction:

Purchase of motor vehicle under lease agreements	-	3,581	-	3,581
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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 2020

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, Bangnacomplex Office Tower, Soi Bangna-Trad 25, Bangnanuea, Bangna, Bangkok and a branch located at 444/11, 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 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, 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 New financial reporting standards that became effective in the current period

During the period, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2020. 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 financial statements. However, the new standard involves 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
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TFRS 9	Financial Instruments
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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
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TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
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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.

The Company adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2 to the interim financial statements.

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 Company adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2 to the interim financial statements.

Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”

The Federation of Accounting Professions announced Accounting Treatment Guidance on “Temporary relief measures on accounting alternatives in response to the impact of the COVID-19 situation”. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company has elected to apply the following temporary relief measures on accounting alternatives:

Not to account for any reduction in lease payments by lessors (if any) as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

1.4 Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2020) which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards: Major changing and revising are as the follows;

- Revising the reference to the Conceptual Framework for Financial Reporting
- Definition of business
- Definition of materiality and
- Reforming Interest rate Benchmark

At present, the Management of the Company has assessed the impacts to the financial statements of the year when such standard are adopted.

2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 1.3 to the interim financial statements, during the current period, the Company has adopted a set financial reporting standard related to financial instruments. The Company has elected to adjust the cumulative effect of initially applying the new standards related to impairment to retained earnings as at 1 January 2020.

(Unaudited but reviewed)

For adoption of TFRS 16, The cumulative effect of initially applying this standard is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated. The Company has elected to apply this standard to the leases previously classified as operating leases by recognition right-of-use assets as lease-by-lease basis. The carrying amount of the right-of-use assets at if the Standard had been applied since the commence date; but discounted using the lessee's incremental borrowing rate as at 1 January 2020.:

The impacts on the beginning balance of retained earnings of 2020 from change in accounting policy due to the adoption of this standard are presented as follows:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied/			
	Separate financial statements			
		The impacts of TFRS		
	31 December	Group of		1 January
	2019	financial	TFRS 16	2020
		instruments		
Statement of financial position				
Assets				
Current assets				
Trade and current receivables	215,990	(433)		215,557
Non-current assets				
Buildings and equipment	30,411		(9,695)	20,716
Right-of-use assets	-		33,937	33,937
Liabilities and shareholders' equity				
Current liabilities				
Current portion of lease liabilities	2,608		7,438	10,046
Non-current liabilities				
Lease liabilities - net of current portion	5,515		12,514	18,029
Shareholders' equity				
<i>Financial statements in which the equity method is applied</i>				
<i>Retained earnings – unappropriated</i>	83,729	433	(184)	83,978
<i>Separate financial statements</i>				
<i>Retained earnings – unappropriated</i>	556,311	433	(184)	556,560

Leases

Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied	Separate financial statements
Operating lease commitments as at 31 December 2019	21,532	21,532
Less: Short-term leases and leases of low-value assets	(799)	(799)
Less: Deferred interest expenses	(781)	(781)
Increase in lease liabilities due to TFRS 16 adoption	19,952	19,952
Liabilities under finance lease agreements as at 31 December 2019	8,123	8,123
Lease liabilities as at 1 January 2020	28,075	28,075
Comprise of:		
Current lease liabilities	10,046	10,046
Non-current lease liabilities	18,029	18,029
	28,075	28,075

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied	Separate financial statements
Vehicle	20,838	20,838
Office buildings	9,377	9,377
Leasehold rights	3,722	3,722
Total right-of-use assets	33,937	33,937

3. Significant accounting policies

The interim financial information is prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies related to financial instruments and leases.

Financial instruments

Classification and measurement

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial liabilities are classified and measured at amortised cost.

Derivatives are classified and measured at fair value through profit or loss.

Impairment of financial assets

The Company recognises an allowance for expected credit losses on its financial assets measured at amortised cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Company accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables or contract assets that do not contain a significant financing component, the Company applies a simplified approach to determine the lifetime expected credit losses.

Leases

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Company is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

Short-term leases and Leases of low-value assets

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

4. 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		For the nine-month periods		
	ended 30 September		ended 30 September		Pricing policy
	2020	2019	2020	2019	
<u>Transactions with associated company</u>					
Purchases of goods	28	40	92	124	Cost plus margin
<u>Transactions with related companies</u>					
Purchases of raw material	23	28	74	83	Cost plus margin
Commission income	2	2	7	7	0.3 percent of net sale price of goods sold and 1.5 percent of costs of service rendered
Advisory fee	1	1	3	3	Agreed rate
<u>Transactions with related party</u>					
Rental expense	1	1	3	4	Agreed rate

(Unaudited but reviewed)

The balances of the accounts as at 30 September 2020 and 31 December 2019 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	30 September 2020	31 December 2019
current receivables - related parties (Note 5)		
Associated company	-	3,899
Related companies (related by common directors)	2,055	3,383
Total current receivables - related parties	2,055	7,282
Trade payables - related parties (Note 10)		
Associated company	37,277	47,719
Related companies (related by common directors)	32,874	20,350
Total trade payables - related parties	70,151	68,069

Directors and management's remuneration

During the three-month and nine-month periods ended 30 September 2020 and 2019, the Company had employee benefit expenses of its directors and management as below.

	(Unit: Thousand Baht)			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Short-term employee benefits	9,147	8,773	23,627	26,209
Post-employment benefits	109	117	334	352
Total	9,256	8,890	23,961	26,561

5. Trade and current receivables

The balances of Trade and current receivables as at 30 September 2020 and 31 December 2019 aged on the basis of due dates, are summarised below.

	(Unit: Thousand Baht)	
	30 September 2020	31 December 2019
Trade receivables - Non parties		
Net yet due	125,702	154,279
Past due		
Not over 3 months	53,498	51,235
3 - 6 months	1,010	613
6 - 12 months	(479)	456
Over 12 months	355	258
Total	180,086	206,841
Less: Allowance for doubtful accounts	(269)	(893)
Total trade receivables – net	179,817	205,948
current receivables		
current receivables - related parties (Note 4)	2,055	7,282
Others	3,704	3,042
Total	5,759	10,324
Less: Allowance for doubtful accounts	-	(282)
Total current receivables – net	5,759	10,042
Total trade and current receivables - net	185,576	215,990

(Unaudited but reviewed)

6. Inventories

	(Unit: Thousand Baht)	
	30 September	31 December
	2020	2019
Finished goods	84,292	68,999
Work in process	18,380	12,271
Packing materials	6,625	5,514
Goods in transit	524	1,673
Total	109,821	93,457
<i>Less</i> allowance for decline in value	(3,887)	(3,101)
Total Inventories	105,934	90,356

**Cost of inventories recorded as expenses an included in
cost of sales for the nine-month period**

Cost of sales	334,473	416,195
Decrease in value to net realizable value	786	1,053
	335,259	417,248

7. Investment in associated company**7.1 Detail of associate:**

(Unit: Thousand Baht)									
Company's name	Nature of Business	Paid up share		Percentage of		Investment in associated		Investment in associated	
		Capital		shareholding		company under equity method		company under cost method	
		30 September	31 December	30 September	31 December	30 September	31 December	30 September	31 December
		2020	2019	2020	2019	2020	2019	2020	2019
				(%)	(%)				
Thai Pigeon Company Limited	The manufacture and distribution of baby an infant products	122,000	122,000	47	47	547,261	530,756	58,174	58,174
Total						547,261	530,756	58,174	58,174

7.2 Share of comprehensive income and dividend received

During the periods, the Company has recognised its share of profit from investment in associate company in the financial statements in which the equity method is applied and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

Company's name	For the three-month periods ended 30 September					
	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profit from		Share of other comprehensive		Dividend received	
	investment in associate		income from investment in			
	2020	2019	2020	2019	2020	2019
Thai Pigeon Company Limited	4,889	13,974	-	-	-	-

(Unit: Thousand Baht)

Company's name	For the nine-month periods ended 30 September					
	Financial statements in which the equity method is applied				Separate financial statements	
	Share of profit from		Share of other comprehensive		Dividend received	
	investment in associate		income from investment in			
	2020	2019	2020	2019	2020	2019
Thai Pigeon Company Limited	35,313	38,832	-	-	18,808	23,509

8. 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	31 December	30 September	31 December	30 September	31 December	For the nine-month periods ended 30 September	
		2020	2019	2020	2019	2020	2019	2020	2019
				(%)	(%)				
Yoshino Moong Pattana (Thailand) Company Limited	The manufacture of plastic and plastic coated products	300,000	300,000	6	6	21,332	21,332	3,312	3,600
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	1,000	1,000
Total						24,932	24,932	4,312	4,600

9. Plant and equipment

Movements of the plant and equipment account during the nine-month period ended 30 September 2020 are summarised below:

	(Unit: Thousand Baht)
Net book value as at 31 December 2019	30,411
Transfer to right-of-use assets	(9,695)
Net book value as at 1 January 2020	20,716
Acquisitions during the period - at cost	35
Disposal during the period - at cost	(1,186)
Accumulated depreciation on disposal	1,186
Write off during the period-at cost	(6,511)
Accumulated depreciation on write off	5,746
Depreciation for the period	(4,080)
Net book value as at 30 September 2020	15,906

10. Right-of-use assets

Movements of the right-of-use assets/leasehold rights account during the nine-month period ended 30 September 2020 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 31 December 2019	-
Adjustments of right-of-use assets due to TFRS 16 initial adoption	33,937
Net book value as at 1 January 2020	33,937
Acquisitions - at cost	-
Write off during the period-at cost	(1,567)
Accumulated depreciation on write off	1,202
Depreciation for the period	(8,112)
Net book value as at 30 September 2020	25,460

(Unaudited but reviewed)

11. Trade and current payables

	(Unit: Thousand Baht)	
	30 September 2020	31 December 2019
Trade payables - related parties (Note 4)	70,151	68,069
Trade payables - unrelated parties	50,733	51,620
current payables	22,741	26,688
Accrued expenses	56,723	58,756
Total trade and current payables	200,348	205,133

12. Lease liabilities

	(Unit: Thousand Baht)	
	30 September 2020	31 December 2019
Liabilities under lease agreements	21,104	8,728
Less: Deferred interest expenses	(815)	(605)
Total	20,289	8,123
Less: Portion due within one year	(9,892)	(2,608)
Liabilities under lease agreements - net of current portion	10,397	5,515

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

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

	(Unit: Thousand Baht)		
	As at 30 September 2020		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	10,368	10,736	21,104
Deferred interest expenses	(476)	(399)	(815)
Present value of future minimum lease payments	9,892	10,397	20,289

(Unaudited but reviewed)

(Unit: Thousand Baht)

	As at 31 December 2019		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	2,917	5,811	8,728
Deferred interest expenses	(309)	(296)	(605)
Present value of future minimum lease payments	<u>2,608</u>	<u>5,515</u>	<u>8,123</u>

13. Non – current provisions employee benefit

Presented below is a summary of movements in non – current provisions employee benefit the nine-month period ended 30 September 2020.

(Unit: Thousand Baht)

	Employee retirement benefits	Other long-term employee benefits	Total
Balance as at 1 January 2020	11,933	728	12,661
Add: Recognition during period	726	74	800
Less: Payment during period	<u>(7,403)</u>	<u>(114)</u>	<u>(7,517)</u>
Balance as at 30 September 2020	<u>5,256</u>	<u>688</u>	<u>5,944</u>

14. Income tax

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

Income tax expenses for the three-month and nine-month periods ended 30 September 2020 and 2019 are made up as follows:

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied			
	/ Separate financial statements			
	For the three-month periods		For the nine-month periods	
	ended 30 September		ended 30 September	
	2020	2019	2020	2019
Current income tax:				
Corporate income tax for the period	-	(1,513)	-	6,006
Adjustment in respect of income tax expense of previous year	-	-	-	182
Deferred tax:				
Relating to origination and reversal of temporary differences	1,124	1	1,070	(832)
Tax expenses (income) reported in the statement of comprehensive income	1,124	(1,512)	1,070	5,356

15. Share capital

On 27 April 2020, the Annual General Meeting of the Company's shareholders for 2020 passed resolutions as follows:

- 1) A decrease in the Company's registered share capital from Baht 222.65 million (222.65 million ordinary shares of Baht 1 each) to Baht 170.06 million (170.06 million ordinary shares of Baht 1 each) by cancelling 52.59 million ordinary shares registered but unissued shares with the par value of Baht 1 per share which were reserved for the Warrants No.2.
- 2) An increase in the Company's registered share capital from Baht 170.06 million (170.06 million ordinary shares of Baht 1 each) to Baht 222.65 million (222.65 million ordinary shares of Baht 1 each) by issuing 52.59 million new ordinary shares at a par value of Baht 1 each by consider to allocation as follows:
 - 2.1) Allocate 50.59 million of newly issued ordinary shares to support the capital increase under a general mandate in proportion to their existing shareholding (Right Offering).
 - 2.2) Allocate 2 million of newly issued ordinary shares to support the exercise of the ESOP#2.

The Company registered the capital decrease and increase with the Ministry of Commerce on 7 May 2020 and 8 May 2020, respectively.

16. Dividend

On 22 April 2019, the Annual General Meeting of the Company's shareholders has approved the payment of a dividend of Baht 0.26 per share, totaling Baht 44 million, to the shareholders from the 2018 operating results. The dividend was paid on 17 May 2019.

On 27 April 2020, the Annual General Meeting of the Company's shareholders has approved the payment of a dividend of Baht 0.26 per share, totaling Baht 44 million, to the shareholders from the 2019 operating results. The dividend was paid on 22 May 2020.

17. 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 (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.

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-		Weighted average		Earnings	
	month					
	periods ended 30		number of ordinary		per share	
	September		shares			
	2020	2019	2020	2019	2020	2019
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit for the period	9,571	7,895	168,640	168,640	0.06	0.05
Effect of dilutive potential ordinary shares						
Employee stock ownership plan	-	-	(12)	116		
Diluted earnings per share						
Profit attributable to ordinary shareholders						
assuming the conversion of warrants to ordinary shares	9,571	7,895	168,627	168,756	0.06	0.05

(Unaudited but reviewed)

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	
	2020	2019	2020	2019	2020	2019
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit for the period	42,530	62,779	168,640	168,640	0.25	0.37
Effect of dilutive potential ordinary shares						
Employee stock ownership plan		-	(18)	140		
Diluted earnings per share						
Profit attributable to ordinary shareholders						
assuming the conversion of warrants to ordinary shares	<u>42,530</u>	<u>62,779</u>	<u>168,622</u>	<u>168,780</u>	0.25	0.37
Separate financial statements						
	Profit for the three-month periods ended 30 September		Weighted average number of ordinary shares		Earnings per share	
	2020	2019	2020	2019	2020	2019
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share						
Profit (loss) for the period	4,682	(6,079)	168,640	168,640	0.03	(0.04)
Effect of dilutive potential ordinary shares						
Employee stock ownership plan	-	-	(12)	116		
Diluted earnings per share						
Profit (loss) attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>4,682</u>	<u>(6,079)</u>	<u>168,628</u>	<u>168,756</u>	0.03	(0.04)

(Unaudited but reviewed)

Separate financial statements					
Profit for the nine-month periods ended 30 September		Weighted average number of ordinary shares		Earnings per share	
2020	2019	2020	2019	2020	2019
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Profit for the period	26,025	47,456	168,640	168,640	0.15 0.28
Effect of dilutive potential ordinary shares					
Employee stock ownership plan	-	-	(14)	140	
Diluted earnings per share					
Profit (loss) attributable to ordinary shareholders assuming the conversion of warrants to ordinary shares	26,025	47,456	168,626	168,780	0.15 0.28

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.

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 2020 and 2019.

(Unaudited but reviewed)

(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	
	2020	2019	2020	2019	2020	2019
Revenue						
Revenue from external customers	136	130	70	38	206	168
Total revenues	<u>136</u>	<u>130</u>	<u>70</u>	<u>38</u>	<u>206</u>	<u>168</u>
Segment profit	<u>28</u>	<u>18</u>	<u>8</u>	<u>6</u>	36	24
Unallocated income and expenses:						
Commission income					3	4
Gain on sales of investment properties					-	-
Other income					1	1
Administrative expenses					(34)	(36)
Share of income from investment in associated company					5	13
Finance cost					-	-
Profit before income tax expenses					<u>11</u>	<u>6</u>
Tax income (expenses)					<u>(1)</u>	<u>2</u>
Profit for the period					<u>10</u>	<u>8</u>

(Unaudited but reviewed)

(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	
	2020	2019	2020	2019	2020	2019
Revenue						
Revenue from external customers	362	422	214	114	576	536
Total revenues	362	422	214	114	576	536
Segment profit	75	68	24	19	99	87
Unallocated income and expenses:						
Commission income					9	10
Dividend income from other companies					4	5
Gain on sales of investment properties					-	50
Other income					3	5
Administrative expenses					(106)	(128)
Share of income from investment in associated company					35	39
Finance cost					(1)	-
Profit before income tax expenses					43	68
Income tax expenses					(1)	(5)
Profit for the period					42	63

19. Commitments and contingent liabilities**19.1 Lease commitments**

The Company has entered into several lease agreements in respect of the lease of building, equipment and relating services in underlying asset that have low value. The terms of the agreements are generally between 1 and 5 years.

Future minimum lease payments under these non-cancellable operating leases agreements and underlying asset that have low value were as follows.

	(Unit: Million Baht)	
	30 September 2020	31 December 2019
Payable:		
less than 1 year	3	12
In over 1 and up to 5 years	6	20

19.2 Hire a specialist commitment

The Company has entered into an agreement to hire a specialist with a local related company (related by shareholders and directors).

As at 30 September 2020, the Company has future commitments to pay an advisory fee within one year under this agreement totaling of Baht 3 million (31 December 2019: Baht 2 million).

19.3 Marketing research service agreements commitment

The Company has entered into agreements with two local companies in respect of marketing research of the Company's products. The terms of the agreements are generally between 2 and 5 years.

Future service fee payable under these agreements as at 30 September 2020 was approximately Baht 6 million (31 December 2019: Baht 7 million).

19.4 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. The royalty fees under this agreement for nine-month period ended 30 September 2020 amounting to approximately Baht 18 million (for nine-month period ended 30 September 2019: Baht 21 million) were recognised as expenses.

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 November 2020.