

President Bakery Public Company Limited
Review report and interim financial statements
For the three-month period ended
31 March 2019

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of President Bakery Public Company Limited

I have reviewed the accompanying statement of financial position, in which the equity method is applied, of President Bakery Public Company Limited as at 31 March 2019, the related statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the financial statements.

I have also reviewed the separate financial information of President Bakery 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.

Siriwan Nitdamrong

Certified Public Accountant (Thailand) No. 5906

EY Office Limited

Bangkok: 13 May 2019

President Bakery Public Company Limited

Statements of financial position

As at 31 March 2019

(Unit: Thousand Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		769,487	458,542	769,487	458,542
Short-term investments	2	2,130,391	1,938,793	2,130,391	1,938,793
Trade and other receivables	3, 4	854,062	946,643	854,062	946,643
Inventories		187,217	183,378	187,217	183,378
Other current assets		46,062	34,983	46,062	34,983
Total current assets		3,987,219	3,562,339	3,987,219	3,562,339
Non-current assets					
Restricted bank deposit	15.5	53,399	53,399	53,399	53,399
Investment in joint venture	5	25,438	29,357	5,850	5,850
Long-term investments	6	553,417	645,416	553,417	645,416
Other long-term investments	7	79,500	79,500	79,500	79,500
Property, plant and equipment	8	4,189,806	4,286,933	4,189,806	4,286,933
Advance payments for purchase of assets		1,014	3,352	1,014	3,352
Intangible assets		11,627	11,837	11,627	11,837
Leasehold rights		577	617	577	617
Deferred tax assets		10,385	13,111	10,385	13,111
Other non-current assets		4,462	4,412	4,462	4,412
Total non-current assets		4,929,625	5,127,934	4,910,037	5,104,427
Total assets		8,916,844	8,690,273	8,897,256	8,666,766

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

President Bakery Public Company Limited
Statements of financial position (continued)
As at 31 March 2019

(Unit: Thousand Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		31 March 2019	31 December 2018	31 March 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	4, 9	625,590	693,835	625,590	693,835
Current portion of liabilities under finance lease agreements	4, 10	39,718	41,745	39,718	41,745
Corporate income tax payable		129,766	91,215	129,766	91,215
Accrued expenses		144,269	225,711	144,269	225,711
Other current liabilities		5,571	5,833	5,571	5,833
Total current liabilities		944,914	1,058,339	944,914	1,058,339
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion	4, 10	3,670	11,274	3,670	11,274
Long-term loans from directors	4	68,055	71,392	68,055	71,392
Long-term loans from employees		43,986	39,547	43,986	39,547
Provision for long-term employee benefits	11	86,594	85,080	86,594	85,080
Other non-current liabilities		3,581	3,497	3,581	3,497
Total non-current liabilities		205,886	210,790	205,886	210,790
Total liabilities		1,150,800	1,269,129	1,150,800	1,269,129

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

President Bakery Public Company Limited
Statements of financial position (continued)
As at 31 March 2019

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied		Separate financial statements	
	31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	31 March 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered				
450,000,000 ordinary shares of Baht 1 each	450,000	450,000	450,000	450,000
Issued and fully paid-up				
450,000,000 ordinary shares of Baht 1 each	450,000	450,000	450,000	450,000
Share premium	674,380	674,380	674,380	674,380
Retained earnings				
Appropriated - statutory reserve	45,000	45,000	45,000	45,000
Unappropriated	6,595,161	6,256,349	6,575,573	6,232,842
Other components of shareholders' equity	1,503	(4,585)	1,503	(4,585)
Total shareholders' equity	7,766,044	7,421,144	7,746,456	7,397,637
Total liabilities and shareholders' equity	8,916,844	8,690,273	8,897,256	8,666,766
	-	-	-	-

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

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Directors
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(Unaudited but reviewed)

President Bakery Public Company Limited
Statements of comprehensive income
For the three-month period ended 31 March 2019

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

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales		1,802,160	1,772,617	1,802,160	1,772,617
Other income		20,369	21,739	25,575	26,419
Total revenues		<u>1,822,529</u>	<u>1,794,356</u>	<u>1,827,735</u>	<u>1,799,036</u>
Expenses					
Cost of sales		1,005,124	1,030,265	1,005,124	1,030,265
Selling and distribution expenses		326,469	328,715	326,469	328,715
Administrative expenses		111,728	77,836	111,728	77,836
Total expenses		<u>1,443,321</u>	<u>1,436,816</u>	<u>1,443,321</u>	<u>1,436,816</u>
Profit before share of profit from investment in joint venture, finance cost and income tax expenses					
Share of profit from investment in joint venture	5.2	1,287	1,223	-	-
Profit before finance cost and income tax expenses					
Finance cost		(1,737)	(2,037)	(1,737)	(2,037)
Profit before income tax expenses		378,758	356,726	382,677	360,183
Income tax expenses	12	(39,946)	(37,375)	(39,946)	(37,375)
Profit for the period		<u>338,812</u>	<u>319,351</u>	<u>342,731</u>	<u>322,808</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale investments - net of income tax		6,088	(4,775)	6,088	(4,775)
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		6,088	(4,775)	6,088	(4,775)
Other comprehensive income for the period		<u>6,088</u>	<u>(4,775)</u>	<u>6,088</u>	<u>(4,775)</u>
Total comprehensive income for the period		<u>344,900</u>	<u>314,576</u>	<u>348,819</u>	<u>318,033</u>
Earnings per share					
Basic earnings per share (Baht)	14	0.75	0.71	0.76	0.72

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

(Unaudited but reviewed)

President Bakery Public Company Limited

Statements of changes in shareholders' equity

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Financial statements in which the equity method is applied							
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			
			Appropriated - statutory reserve	Unappropriated	Other comprehensive		Total other components of shareholders' equity	Total
					income			
				Changes in value of available-for-sale investments				
Balance as at 1 January 2018	450,000	674,380	45,000	5,517,995	20,280	20,280	6,707,655	
Profit for the period	-	-	-	319,351	-	-	319,351	
Other comprehensive income for the period	-	-	-	-	(4,775)	(4,775)	(4,775)	
Total comprehensive income for the period	-	-	-	319,351	(4,775)	(4,775)	314,576	
Balance as at 31 March 2018	<u>450,000</u>	<u>674,380</u>	<u>45,000</u>	<u>5,837,346</u>	<u>15,505</u>	<u>15,505</u>	<u>7,022,231</u>	
Balance as at 1 January 2019	450,000	674,380	45,000	6,256,349	(4,585)	(4,585)	7,421,144	
Profit for the period	-	-	-	338,812	-	-	338,812	
Other comprehensive income for the period	-	-	-	-	6,088	6,088	6,088	
Total comprehensive income for the period	-	-	-	338,812	6,088	6,088	344,900	
Balance as at 31 March 2019	<u>450,000</u>	<u>674,380</u>	<u>45,000</u>	<u>6,595,161</u>	<u>1,503</u>	<u>1,503</u>	<u>7,766,044</u>	

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

(Unaudited but reviewed)

President Bakery Public Company Limited

Statements of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Separate financial statements						
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity		Total
			Appropriated - statutory reserve	Unappropriated	Other comprehensive	Total other components of shareholders' equity	
					income		
Balance as at 1 January 2018	450,000	674,380	45,000	5,495,013	20,280	20,280	6,684,673
Profit for the period	-	-	-	322,808	-	-	322,808
Other comprehensive income for the period	-	-	-	-	(4,775)	(4,775)	(4,775)
Total comprehensive income for the period	-	-	-	322,808	(4,775)	(4,775)	318,033
Balance as at 31 March 2018	<u>450,000</u>	<u>674,380</u>	<u>45,000</u>	<u>5,817,821</u>	<u>15,505</u>	<u>15,505</u>	<u>7,002,706</u>
Balance as at 1 January 2019	450,000	674,380	45,000	6,232,842	(4,585)	(4,585)	7,397,637
Profit for the period	-	-	-	342,731	-	-	342,731
Other comprehensive income for the period	-	-	-	-	6,088	6,088	6,088
Total comprehensive income for the period	-	-	-	342,731	6,088	6,088	348,819
Balance as at 31 March 2019	<u>450,000</u>	<u>674,380</u>	<u>45,000</u>	<u>6,575,573</u>	<u>1,503</u>	<u>1,503</u>	<u>7,746,456</u>

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

(Unaudited but reviewed)

President Bakery Public Company Limited

Statements of cash flows

For the three-month period ended 31 March 2019

(Unit: Thousand Baht)

	Financial statements in which		Separate financial statements	
	the equity method is applied			
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from operating activities				
Profit before tax	378,758	356,726	382,677	360,183
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	138,174	144,589	138,174	144,589
Gain from disposals of property, plant and equipment	(1,496)	(2,006)	(1,496)	(2,006)
Reversal of provision for litigation	(12,587)	-	(12,587)	-
Share of profit from investment in joint venture	(1,287)	(1,223)	-	-
Gain on sales of short-term investments	(7)	(40)	(7)	(40)
Gain on sales of long-term investments	(434)	(3,440)	(434)	(3,440)
Unrealised (gain) loss on exchange	223	(241)	223	(241)
Provision for long-term employee benefits	2,177	2,267	2,177	2,267
Interest income	(13,329)	(9,512)	(13,329)	(9,512)
Dividend income from investments	(526)	(831)	(526)	(831)
Dividend income from joint venture	-	-	(5,206)	(4,680)
Interest expenses	1,169	1,541	1,169	1,541
Profit from operating activities before changes in operating assets and liabilities	490,835	487,830	490,835	487,830
Decrease (increase) in operating assets				
Trade and other receivables	95,679	78,396	95,679	78,396
Inventories	(3,839)	13,508	(3,839)	13,508
Other current assets	(7,460)	(7,686)	(7,460)	(7,686)
Other non-current assets	(50)	47	(50)	47
Increase (decrease) in operating liabilities				
Trade and other payables	(83,757)	(77,168)	(83,757)	(77,168)
Other current liabilities	(66,956)	(78,108)	(66,956)	(78,108)
Provision for long-term employee benefits	(663)	(28)	(663)	(28)
Other non-current liabilities	84	41	84	41
Cash from operating activities	423,873	416,832	423,873	416,832
Cash paid for income tax	(192)	(136)	(192)	(136)
Net cash from operating activities	423,681	416,696	423,681	416,696

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

(Unaudited but reviewed)

President Bakery Public Company Limited**Statements of cash flows (continued)****For the three-month period ended 31 March 2019**

(Unit: Thousand Baht)

	Financial statements in which			
	the equity method is applied		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Cash flows from investing activities				
Cash paid for short-term investments	(1,292,693)	(561,096)	(1,292,693)	(561,096)
Cash paid for long-term investments	(318,000)	(206,562)	(318,000)	(206,562)
Cash received from sales of short-term investments	1,165,723	117,507	1,165,723	117,507
Cash received from sales of long-term investments	359,508	163,831	359,508	163,831
Acquisitions of property, plant and equipment	(34,264)	(39,606)	(34,264)	(39,606)
Proceeds from disposals of property, plant and equipment	1,511	2,096	1,511	2,096
Decrease in advance payments for purchase of assets	2,338	2,253	2,338	2,253
Increase in intangible assets	(318)	(513)	(318)	(513)
Interest income	12,946	8,017	12,946	8,017
Dividend income from investments	211	86	211	86
Dividend income from joint venture	-	4,680	-	4,680
Net cash used in investing activities	<u>(103,038)</u>	<u>(509,307)</u>	<u>(103,038)</u>	<u>(509,307)</u>
Cash flows from financing activities				
Decrease in liabilities under finance lease agreements	(9,631)	(14,358)	(9,631)	(14,358)
Decrease in long-term loans from directors	(3,337)	(27,806)	(3,337)	(27,806)
Increase (decrease) in long-term loans from employees	4,439	(657)	4,439	(657)
Cash paid for interest expenses	(1,169)	(1,541)	(1,169)	(1,541)
Net cash used in financing activities	<u>(9,698)</u>	<u>(44,362)</u>	<u>(9,698)</u>	<u>(44,362)</u>
Net increase (decrease) in cash and cash equivalents	310,945	(136,973)	310,945	(136,973)
Cash and cash equivalents at beginning of period	458,542	685,080	458,542	685,080
Cash and cash equivalents at end of period	<u>769,487</u>	<u>548,107</u>	<u>769,487</u>	<u>548,107</u>

Supplementary disclosures of cash flows information

Non-cash related transactions

Purchases of vehicles under financial lease agreements

-	473	-	473
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Other payables for purchases of machinery and equipment, construction and retention

25,246	17,603	25,246	17,603
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Dividend receivable

5,206	-	5,206	-
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The accompanying notes are an integral part of the financial statements.

President Bakery Public Company Limited
Notes to interim financial statements
For the three-month periods ended 31 March 2019

1. General information

1.1 Corporate information

President Bakery Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is Thai President Foods Public Company Limited, which is a public company incorporated in Thailand and its indirect major shareholder is Saha Pathana Inter-Holding Public Company Limited, which is a public company incorporated in Thailand. The Company is principally engaged in the manufacture and sales of bakery products and its registered address is at No. 121/84-85, 29th Floor, RS Tower, Ratchadapisek Road, Dindaeng, Bangkok.

1.2 Basis for preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, 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

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

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

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

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

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

Financial reporting standards related to financial instruments

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

Financial Reporting Standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting Standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

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

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

TFRS 16 Leases

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

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

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

1.4 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018, except for the change in the accounting policies due to the adoption of TFRS 15, *Revenue from Contracts with Customers*, as follows:

Revenue recognition

Sale of goods

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

When a contract provided a customer with a right to return the goods within a specified period, the Company recognise the amount ultimately expected they will have to return to customers as a refund liability and recognise the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

(Unaudited but reviewed)

2. Short-term investments

As at 31 March 2019 and 31 December 2018, short-term investments consisted of the following:

(Unit: Thousand Baht)

	31 March 2019	31 December 2018
Special savings account 6 months	160,000	155,000
Fixed deposits	351,853	351,853
Deposit receipt and government bond	1,110,000	1,170,000
Short-term investments in private fund (Note 6)	508,538	261,940
Total	<u>2,130,391</u>	<u>1,938,793</u>

As at 31 March 2019, savings deposits, fixed deposits, deposit receipt, government bond and corporate bond carried interests between 0.55 and 4.38 percent per annum (31 December 2018: 0.55 and 4.28 percent per annum).

3. Trade and other receivables

(Unit: Thousand Baht)

	31 March 2019	31 December 2018
<u>Trade receivables - related party</u>		
Aged on the basis of due dates		
Not yet due	282	341
Total trade receivables - related party	<u>282</u>	<u>341</u>
<u>Trade receivables - unrelated parties</u>		
Not yet due	501,513	546,666
Past due		
Up to 3 months	348,471	383,526
3 - 6 months	-	6
6 - 12 months	3	-
Total trade receivables - unrelated parties	<u>849,987</u>	<u>930,198</u>
Total trade receivables	<u>850,269</u>	<u>930,539</u>
<u>Other receivables</u>		
Other receivables - related party	62	49
Other receivables - unrelated parties	3,731	16,055
Total other receivables	<u>3,793</u>	<u>16,104</u>
Total trade and other receivables	<u>854,062</u>	<u>946,643</u>

(Unaudited but reviewed)

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 related parties.

(Unit: Million Baht)

	For the three-month periods ended 31 March		Pricing and lending policy
	<u>2019</u>	<u>2018</u>	
Transactions with related companies			
Purchase of goods	111.3	119.8	Agreed price which approximates the market price by reference to purchase volume
Interest expenses under finance lease agreements	0.2	0.4	At the agreed rate in the agreement which approximates the market rate
Transactions with joint venture			
Sales of goods	0.8	0.6	Agreed price which approximates the market price
Service income	0.7	0.7	Agreed rate which approximates the market rate
Dividend income	5.2	4.7	At the declared rate
Transactions with related persons			
Interest expenses	0.5	0.4	Interest at the rate of 2.75% per annum (2018: 2.75% per annum)

(Unaudited but reviewed)

The balances of the accounts as at 31 March 2019 and 31 December 2018 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)	
	31 March 2019	31 December 2018
Trade and other receivables - related party (Note 3)		
Joint venture (related by the Company holding interest in that company and by common shareholders and common directors)	344	390
Total trade and other receivables - related party	<u>344</u>	<u>390</u>
Trade and other payables - related parties (Note 9)		
Related companies (related by having holding interest in the Company and/or by common shareholders and common directors)	114,820	142,940
Connected companies (related by connected directors)	1,302	1,323
Total trade and other payables - related parties	<u>116,122</u>	<u>144,263</u>
Liabilities under finance lease agreements - related party (Note 10)		
Related company (related by having holding interest in the Company and by common shareholders and common directors)		
Liabilities under finance lease agreements	15,603	20,450
Less: Deferred interest expenses	(182)	(324)
Net	15,421	20,126
Less: Portion due within one year	(15,421)	(20,126)
Liabilities under finance lease agreements - related party - net	<u>-</u>	<u>-</u>
Long-term loans from directors	<u>68,055</u>	<u>71,392</u>

During the three-month period ended 31 March 2019, movements of long-term loans from directors (including interest payable) were as follows:

	(Unit: Thousand Baht)			
	Balance as at 31 December 2018	During the period		Balance as at 31 March 2019
		Increase	Decrease	
Long-term loans from directors	<u>71,392</u>	<u>3,931</u>	<u>(7,268)</u>	<u>68,055</u>

(Unaudited but reviewed)

Directors' and management's remuneration

During the three-month periods ended 31 March 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Million Baht)

For the three-month
periods ended 31 March

	<u>2019</u>	<u>2018</u>
Short-term employee benefits	13.4	13.0
Post-employment benefits and other long-term benefits	0.4	0.3
Total	<u>13.8</u>	<u>13.3</u>

5. Investment in joint venture

5.1 Details of investment in joint venture

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other companies. Details of this investment are as follows:

Joint venture	Nature of business	Paid-up capital	Shareholding percentage		Financial statements in which the equity method is applied		Separate financial statements	
			31 March 2019	31 December 2018	31 March 2019	31 December 2018	31 March 2019	31 December 2018
		Million Baht	Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
President Green House Foods Co., Ltd.	Operating the Japanese restaurant	15	39	39	25,438	29,357	5,850	5,850
Total investment in joint venture					<u>25,438</u>	<u>29,357</u>	<u>5,850</u>	<u>5,850</u>

In May 2008, the Company, together with a foreign company and a local company, jointly established President Green House Foods Company Limited to operate a Japanese restaurant. The Company had invested in 585,000 ordinary shares of this company at par value Baht 10 per share, amounting to Baht 5.85 million, or equivalent to 39% interest, and has treated this investment as investment in joint venture.

(Unaudited but reviewed)

5.2 Share of comprehensive income and dividend received

During the periods, the Company recognised its share of comprehensive income from investment in the joint venture in the financial statements in which the equity method is applied and recognised dividend income in the separate financial statements in which the cost method is applied as follows:

(Unit: Thousand Baht)

Joint venture	Financial statements in which the equity method is applied		Separate financial statements	
	Share of profit from investment in the joint venture during the three-month periods ended 31 March		Dividend received during the three-month periods ended 31 March	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
President Green House Foods Company Limited	1,287	1,223	5,206	4,680
Total	<u>1,287</u>	<u>1,223</u>	<u>5,206</u>	<u>4,680</u>

6. Investments in private funds

Movements in the short-term and long-term investments during the three-month period ended 31 March 2019 are summarised below.

(Unit: Thousand Baht)

	Short-term investments	Long-term investments	Total
Balance as at 31 December 2018	261,940	645,416	907,356
Purchase during the period - at cost			
Cash paid for investments	715,632	318,000	1,033,632
Payable for investments	-	9,254	9,254
Total	715,632	327,254	1,042,886
Sales during the period - at cost			
Proceeds from sales	(533,661)	(359,508)	(893,169)
Receivable from sales	-	(3,098)	(3,098)
Gain on sales	7	434	441
Total	(533,654)	(362,172)	(895,826)
Transfer in (out)	64,534	(64,534)	-
Discount (surplus) on securities	104	(175)	(71)
Gain (loss) on change in value of investments	(18)	7,628	7,610
Balance as at 31 March 2019	<u>508,538</u>	<u>553,417</u>	<u>1,061,955</u>

(Unaudited but reviewed)

The Company had set up private funds for investments which are managed by four asset management companies. The investments include fixed deposits at financial institution, common stocks of companies listed on the Stock Exchange of Thailand, Bank of Thailand bonds and corporate bonds. Investments in debt and equity instruments are classified as available-for-sale investments.

As at 31 March 2019, the Company had assessed the fair value of such investments by referring to the value quoted by those four asset management companies in which the fair value had increased by Baht 7.6 million (2018: decreased by Baht 6.0 million). The change in the fair value of such securities is shown as other comprehensive income in the statement of comprehensive income.

7. Other long-term investments

Company's name	Nature of business	Paid up capital		Shareholding percentage		Investment value (cost)	
		31 March 2019 Million Baht	31 December 2018 Million Baht	31 March 2019 Percent	31 December 2018 Percent	31 March 2019 Thousand Baht	31 December 2018 Thousand Baht
President Flour Mills Co., Ltd.	Production and distribution of flour	600	600	10.0	10.0	60,000	60,000
American Food Co., Ltd.	Production and distribution of ice-cream	140	140	9.0	9.0	12,600	12,600
Sahachol Foods Supplies Co., Ltd.	Foods exporter and manufacturer	325	325	2.2	2.2	6,900	6,900
Treasure Hill Co., Ltd.	Golf course service	200	200	1.0	1.0	2,000	2,000
Total						81,500	81,500
Less: Allowance for impairment of investments						(2,000)	(2,000)
Other long-term investments - net						79,500	79,500

(Unaudited but reviewed)

8. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2019 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 31 December 2018	4,286,933
Acquisitions during the period - at cost	40,494
Disposals during the period - net book value at disposal date	(15)
Depreciation for the period	(137,606)
Net book value as at 31 March 2019	<u>4,189,806</u>

9. Trade and other payables

	(Unit: Thousand Baht)	
	31 March 2019	31 December 2018
Trade payables - related parties	115,910	144,233
Trade payables - unrelated parties	358,308	411,941
Other payables - related party	212	30
Other payables - unrelated parties	128,808	121,315
Other payables for purchases of machinery and equipment	22,352	16,316
Total trade and other payables	<u>625,590</u>	<u>693,835</u>

10. Liabilities under finance lease agreements

	(Unit: Thousand Baht)		
	31 March 2019		
	Related party	Unrelated parties	Total
Liabilities under finance lease agreements	15,603	28,552	44,155
Less: Deferred interest expenses	(182)	(585)	(767)
Net	15,421	27,967	43,388
Less: Portion due within one year	(15,421)	(24,297)	(39,718)
Liabilities under finance lease agreements - net of current portion	<u>-</u>	<u>3,670</u>	<u>3,670</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

31 December 2018

	Related party	Unrelated parties	Total
Liabilities under finance lease agreements	20,450	33,739	54,189
Less: Deferred interest expenses	(324)	(846)	(1,170)
Net	20,126	32,893	53,019
Less: Portion due within one year	(20,126)	(21,619)	(41,745)
Liabilities under finance lease agreements - net of current portion	-	11,274	11,274

11. Provision for long-term employee benefits

Movements in provision for long-term employee benefits during the three-month period ended 31 March 2019 are shown as follows:

(Unit: Thousand Baht)

	Employee retirement benefits	Other long-term employee benefits	Total
Provision for long-term employee benefits as at 31 December 2018	78,746	6,334	85,080
Current service cost	1,306	244	1,550
Interest cost	598	29	627
Benefits paid during the period	(663)	-	(663)
Provision for long-term employee benefits as at 31 March 2019	79,987	6,607	86,594

Long-term employee benefit expenses included in the profit or loss for the three-month period ended 31 March 2019 amounted to Baht 2.2 million (2018: Baht 2.3 million).

(Unaudited but reviewed)

12. Income tax

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

Income tax expenses for the three-month periods ended 31 March 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and separate financial statements	
	For the three-month periods ended 31 March	
	<u>2019</u>	<u>2018</u>
Current income tax:		
Interim corporate income tax charge	38,742	37,626
Deferred tax:		
Relating to origination and reversal of temporary differences	1,204	(251)
Income tax expenses reported in profit or loss	<u>39,946</u>	<u>37,375</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2019 and 2018 are as follows:

	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied and separate financial statements	
	For the three-month periods ended 31 March	
	<u>2019</u>	<u>2018</u>
Deferred tax relating to change in value of available-for-sale investments	<u>1,522</u>	<u>(1,193)</u>

13. Operating segment information

The one main reportable operating segment of the Company is manufacture and sales of bakery products in which revenue is recognised at a point in time and the single geographical area of its operations is Thailand. The distribution channels are through wholesale, retail and export. The wholesales for the three-month periods ended 31 March 2019 amounted to approximately Baht 1,634.8 million or 89.7% of total revenues (2018: Baht 1,607.8 million or 89.6% of total revenues), which were from a main customer, representing about 48.3% of total revenues (2018: 45.3% of total revenues). Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

14. 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.

	For the three-month periods ended 31 March			
	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period (Thousand Baht)	338,812	319,351	342,731	322,808
Weighted average number of ordinary shares (Thousand shares)	450,000	450,000	450,000	450,000
Basic earnings per share (Baht)	0.75	0.71	0.76	0.72

15. Commitments and contingent liabilities

15.1 Capital commitments

As at 31 March 2019, the Company had capital commitments in respect of procurement agreements for production equipment of approximately Baht 2.2 million and USD 0.03 million, totaling approximately Baht 3.3 million.

15.2 Operating lease commitments

The Company and the joint venture have entered into several lease agreements in respect of the lease of land, office building space and related services. The terms of the agreements are generally between 1 and 5 years.

As at 31 March 2019, future minimum lease and related service payments under these non-cancellable operating lease contracts were as follows:

	(Unit: Million Baht)	
	<u>The Company</u>	<u>Joint venture</u>
<u>Payable within:</u>		
Less than 1 year	13.5	14.2
1 to 5 years	9.7	12.0

15.3 Long-term service commitments

The joint venture entered into license and technical assistance agreements with an overseas related company for the use of a trademark and the receipt of information related to operation and management of restaurants. Under the conditions of the license agreement, the joint venture is to pay an annual license fee as stipulated in the agreement. The license fees for the three-month periods ended 31 March 2019 amounted to approximately Baht 0.6 million (2018: Baht 0.6 million).

15.4 Long-term purchase commitments

The Company has commitments under natural gas purchase agreement for periods of 3 - 7 years. Under the agreement, the Company is committed to purchase natural gas at a minimum quantity at the price stipulated in the agreement.

No.	Period	Expired date	Average minimum quantity purchase
	(Years)		(Million BTU)
1	3	30 November 2020	72,007 per annum
2	5	31 December 2023	301 per day
3	7	30 November 2020	23,385 per annum

15.5 Guarantees

As at 31 March 2019, there were outstanding bank guarantees of approximately Baht 28.6 million issued by the banks on behalf of the Company in respect of certain performance bonds as required in the normal course of the Company's business. These included letters of guarantee amounting to Baht 25.6 million to guarantee electricity use, and Baht 3.0 million to guarantee contractual performance under the natural gas purchase agreement.

Moreover, the Company pledged a fixed deposit of Baht 36.3 million with the Revenue Department as a guarantee for a retroactive tax assessment made against the Company. Currently, the case is in the process of being appealed to the Central Tax Court. In addition, fixed deposit of Baht 17.1 million has been pledged as a guarantee during the consideration of a lawsuit brought against the Company by the Department of Empowerment of Persons with Disabilities, seeking to have the Company pay contributions to the Fund for Empowerment of Persons with Disabilities. The fixed deposit of Baht 17.1 million is currently in the process of withdrawal.

15.6 Litigation

- a) In 2011, the Company was sued for compensation totaling approximately Baht 30 million in connection with traffic accidents.

Currently, settlements have been negotiated for some of the cases, with compensation being paid by the Company and the insurance company and some cases are under the consideration of the Supreme Court. As at 31 March 2019, total claims had therefore decreased to Baht 3.3 million.

The Company's management has performed an assessment and believes that it will not suffer any material losses from the legal case; therefore, no provision for contingent liabilities is set aside.

- b) In 2016, the Company was sued by the Department of Empowerment of Persons with Disabilities seeking to have the Company pay to the fund for Empowerment of Persons with Disabilities. On 20 March 2019, the Company paid the debt according to the lawsuit, including interest in total amount of Baht 25.3 million.

16. Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from material and machinery purchasing transactions that are denominated in foreign currencies.

The balances of financial liabilities denominated in foreign currencies as at 31 March 2019 are summarised below.

(Unaudited but reviewed)

Foreign currency	Amount	Exchange rates as at 31 March 2019
	(Million)	(Baht per foreign currency unit)
Japanese Yen	12.70	0.2907
US dollar	1.19	31.9785

17. Fair value of financial instruments

As at 31 March 2019, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

Financial statements in which the equity
method is applied and separate financial
statements

	Level 1	Level 2	Total
Financial assets measured at fair value			
Available-for-sale investments			
Equity instruments	50,566	-	50,566
Debt instruments	-	1,092,992	1,092,992

Valuation techniques and inputs to Level 2 valuation

The fair value of investments in debt instruments has been determined by using the yield curve as announced by the Thai Bond Market Association or by other relevant bodies.

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

18. Events after the reporting period

18.1 Amendments to the law relating to the legal severance pay rates

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 1.9 million as a result. The Company will reflect the effect of the change by recognising past service costs as expenses in the profit or loss of the period in which the law is effective, which is the second quarter of 2019.

(Unaudited but reviewed)

18.2 Dividend payment

On 26 April 2019, the Annual General Meeting of the Company's shareholders passed a resolution to approve the payment of dividend on the profit for the year ended 31 December 2018 to the shareholders at Baht 1.60 per share. The Company had paid interim dividend for the six-month period ended 30 June 2018 at Baht 0.75 per share, and the final dividend remains at Baht 0.85 per share or equivalent to Baht 382.5 million. The Company will pay such dividend on 24 May 2019.

19. Reclassification

The Company reclassified the following amounts in the statements of comprehensive income for the three-month period ended 31 March 2018 to conform with the current period's classification. The reclassifications had no effect to previously reported profit or shareholders' equity.

(Unit: Thousand Baht)

Financial statements in which the
equity method is applied and
separate financial statements

	As reclassified	As previously reported
Selling and distribution expenses	328,715	251,172
Administrative expenses	77,836	155,379

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors 13 May 2019.