

INTER PHARMA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

**REVIEW REPORT AND INTERIM FINANCIAL INFORMATION
FOR THE THREE-MONTH ENDED MARCH 31, 2020**

INDEPENDENT AUDITOR’S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To The Shareholders and Board of Directors of
Inter Pharma Public Company Limited

I have reviewed the accompanying statement of financial position of Inter Pharma Public Company Limited and its subsidiaries as at March 31, 2020 and the related consolidated statement of comprehensive income, changes in shareholders’ equity and cash flows for the three-month period then ended and the condensed notes to financial statements and have reviewed the separate financial information of Inter Pharma Public Company Limited as well. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standards No. 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 Standards No. 34 “Interim Financial Reporting”.

(Mr. Thanawut Piboonsawat)
Certified Public Accountant
Registration No. 6699

Dharmniti Auditing Company Limited
Bangkok, Thailand
May 11, 2020

"REVIEWED"

AS AT MARCH 31, 2020

Baht

	Note	Consolidated financial statements		Separate financial statements	
		As at March	As at December	As at March	As at December
		31, 2020	31, 2019	31, 2020	31, 2019
Current assets					
Cash and cash equivalents		357,096,868.43	342,647,121.71	338,629,923.30	334,948,451.00
Temporary investment		-	189,775.86	-	189,775.86
Trade and other current receivables	6				
Related parties	5	2,226,730.13	1,956,070.35	29,256,108.56	21,491,937.64
Other companies		117,853,591.18	109,577,704.39	67,385,543.19	65,727,850.21
		<u>120,080,321.31</u>	<u>111,533,774.74</u>	<u>96,641,651.75</u>	<u>87,219,787.85</u>
Current portion of long-term loan to employees	8	60,000.00	60,000.00	60,000.00	60,000.00
Short-term to subsidiaries	5	-	-	14,200,000.00	11,800,000.00
Inventories	7	45,843,752.82	50,259,446.68	22,038,390.41	23,994,052.70
Other current financial assets		193,163.09	-	193,163.09	-
Other current assets		492,557.01	363,527.81	372,736.34	258,687.76
Total current assets		<u>523,766,662.66</u>	<u>505,053,646.80</u>	<u>472,135,864.89</u>	<u>458,470,755.18</u>
Non-current assets					
Restricted deposits at financial institutions		1,312,014.00	1,312,014.00	907,856.00	907,856.00
Investment in associate	9	4,562,038.04	4,614,810.37	4,562,038.04	4,839,729.18
Investment in subsidiaries	10	-	-	5,149,700.00	5,149,700.00
Long-term loan to employees	8	100,000.00	115,000.00	100,000.00	115,000.00
Leaseholds improvement and equipment	11	9,375,735.82	9,665,749.50	8,788,707.13	9,022,493.78
Right-of-use assets	12	4,551,092.26	-	3,319,553.30	-
Intangible assets	13	1,859,831.32	1,277,634.67	1,798,754.34	1,209,200.67
Deferred tax assets		3,283,594.10	3,259,860.53	2,255,627.48	2,129,203.27
Other non-current assets		540,647.40	578,976.16	466,647.40	538,976.16
Total non-current assets		<u>25,584,952.94</u>	<u>20,824,045.23</u>	<u>27,348,883.69</u>	<u>23,912,159.06</u>
TOTAL ASSETS		549,351,615.60	525,877,692.03	499,484,748.58	482,382,914.24

Notes to the interim financial statements form an integral part of these interim financial statements.

"UNAUDITED"

"REVIEWED"

3

INTER PHARMA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONT.)
AS AT MARCH 31, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY

		Baht			
		Consolidated financial statements		Separate financial statements	
		As at March	As at December	As at March	As at December
		31, 2020	31, 2019	31, 2020	31, 2019
			(Reclassified		(Reclassified
			Note 22)		Note 22)
	Note				
Current liabilities					
Trade and other current payables	14				
Related parties	5	5,250,016.40	6,860,638.64	-	1,205,353.30
Other companies		33,763,527.50	33,713,384.42	21,112,960.63	21,410,829.17
		39,013,543.90	40,574,023.06	21,112,960.63	22,616,182.47
Current portion of lease liabilities	16	852,023.35	-	487,680.77	-
Short-term from other person	15	6,000,000.00	6,000,000.00	-	-
Short-term from related parties	5	4,800,000.00	3,200,000.00	-	-
Corporate income tax payable		9,387,038.45	5,351,762.79	6,247,821.86	2,942,541.41
Other current liabilities		1,156,579.43	1,103,356.90	696,402.63	658,615.14
Total current liabilities		61,209,185.13	56,229,142.75	28,544,865.89	26,217,339.02
Non-current liabilities					
Lease liabilities	16	3,744,827.57	-	2,865,052.69	-
Non-current provisions for employee benefit		4,373,865.00	3,905,742.00	3,736,073.00	3,345,958.00
Total non-current liabilities		8,118,692.57	3,905,742.00	6,601,125.69	3,345,958.00
TOTAL LIABILITIES		69,327,877.70	60,134,884.75	35,145,991.58	29,563,297.02

"UNAUDITED"

"REVIEWED"

Notes to the interim financial statements form an integral part of these interim financial statements.

INTER PHARMA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION (CONT.)
AS AT MARCH 31, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

		Baht			
		Consolidated financial statements		Separate financial statements	
		As at March	As at December	As at March	As at December
Note		31, 2020	31, 2019	31, 2020	31, 2019
Shareholders' equity					
Share capital					
Authorized share capital					
206,000,000 ordinary shares of Baht 0.50 each		103,000,000.00	103,000,000.00	103,000,000.00	103,000,000.00
Issued and paid-up share capital					
206,000,000 ordinary shares of Baht 0.50 each		103,000,000.00	103,000,000.00	103,000,000.00	103,000,000.00
Premium on share capital		286,711,312.80	286,711,312.80	286,711,312.80	286,711,312.80
Surplus on share-based payment transactions		18,272,800.00	18,272,800.00	18,272,800.00	18,272,800.00
Difference from the reorganization of the Group					
under common control		3,703,227.92	3,703,227.92	-	-
Retained earnings					
Appropriated					
Legal reserve		6,320,108.00	6,320,108.00	6,320,108.00	6,320,108.00
Unappropriated		51,282,681.72	37,701,750.47	50,034,536.20	38,515,396.42
Total equity attributable to owners of the parent		469,290,130.44	455,709,199.19	464,338,757.00	452,819,617.22
Non-controlling interest		10,733,607.46	10,033,608.09	-	-
Total shareholders' equity		480,023,737.90	465,742,807.28	464,338,757.00	452,819,617.22
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		549,351,615.60	525,877,692.03	499,484,748.58	482,382,914.24

Notes to the interim financial statements form an integral part of these interim financial statements.

"UNAUDITED"**"REVIEWED"**

5

INTER PHARMA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

		Baht			
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
			(Reclassified Note 22)		(Reclassified Note 22)
	Note				
Revenues					
Revenue from sales	5, 17	97,127,160.78	84,931,544.14	63,492,443.06	73,671,881.88
Other incomes	5	1,666,378.12	472,126.61	2,073,400.61	1,734,118.06
Total revenues		98,793,538.90	85,403,670.75	65,565,843.67	75,405,999.94
Expenses					
Cost of sales	5, 17	35,755,282.08	38,437,029.91	22,904,666.55	37,025,659.76
Distribution costs	5	29,988,866.40	32,120,672.32	15,946,060.79	23,723,466.92
Administrative expenses	5	13,869,501.94	12,795,593.69	11,783,502.11	10,738,872.20
Total expenses		79,613,650.42	83,353,295.92	50,634,229.45	71,487,998.88
Profit from operating activities		19,179,888.48	2,050,374.83	14,931,614.22	3,918,001.06
Finance costs	5	219,863.84	98,886.02	88,456.11	7,647.00
Share of loss of associates	9	(52,772.33)	(67,546.04)	-	-
Profit before income tax expense		18,907,252.31	1,883,942.77	14,843,158.11	3,910,354.06
Income tax expense	18	4,178,556.81	683,568.61	3,233,470.22	988,945.23
Profit for the period		14,728,695.50	1,200,374.16	11,609,687.89	2,921,408.83
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		14,728,695.50	1,200,374.16	11,609,687.89	2,921,408.83
Profit (loss) attributable to					
Owners of the parent		13,867,948.58	1,651,499.27	11,609,687.89	2,921,408.83
Non-controlling interests		860,746.92	(451,125.11)	-	-
		14,728,695.50	1,200,374.16	11,609,687.89	2,921,408.83
Total comprehensive income (expenses) attributable to					
Owners of the parent		13,867,948.58	1,651,499.27	11,609,687.89	2,921,408.83
Non-controlling interests		860,746.92	(451,125.11)	-	-
		14,728,695.50	1,200,374.16	11,609,687.89	2,921,408.83
Earnings per share					
Basic earnings per share					
Attributable to owners of the parent	19	0.07	0.01	0.06	0.02

Notes to the interim financial statements form an integral part of these interim financial statements.

"UNAUDITED"

"REVIEWED"

6

INTER PHARMA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

		Baht								
		Consolidated financial statements								
	Note	Issued and	Premium on	Surplus on share-based	Difference from	Retained earnings		Total equity	Non-controlling	Total
		paid-up share capital	share capital	payment transactions	the reorganization of the group	Appropriated legal reserve	Unappropriated	attributable to owners of the parent	interest	shareholders' equity
Beginning balance as at January 1, 2019		65,000,000.00	-	18,272,800.00	3,703,227.92	3,600,000.00	9,970,758.91	100,546,786.83	6,442,918.58	106,989,705.41
Comprehensive income (expenses) for the period		-	-	-	-	-	1,651,499.27	1,651,499.27	(451,125.11)	1,200,374.16
Ending balance as at March 31, 2019		65,000,000.00	-	18,272,800.00	3,703,227.92	3,600,000.00	11,622,258.18	102,198,286.10	5,991,793.47	108,190,079.57
Beginning balance as at January 1, 2020		103,000,000.00	286,711,312.80	18,272,800.00	3,703,227.92	6,320,108.00	37,701,750.47	455,709,199.19	10,033,608.09	465,742,807.28
The effect of changes in accounting policies	4	-	-	-	-	-	(287,017.33)	(287,017.33)	(160,747.55)	(447,764.88)
Beginning balance as at January 1, 2020, as restated		103,000,000.00	286,711,312.80	18,272,800.00	3,703,227.92	6,320,108.00	37,414,733.14	455,422,181.86	9,872,860.54	465,295,042.40
Comprehensive income for the period		-	-	-	-	-	13,867,948.58	13,867,948.58	860,746.92	14,728,695.50
Ending balance as at March 31, 2020		103,000,000.00	286,711,312.80	18,272,800.00	3,703,227.92	6,320,108.00	51,282,681.72	469,290,130.44	10,733,607.46	480,023,737.90

Notes to the interim financial statements form an integral part of these interim financial statements.

"UNAUDITED"

"REVIEWED"

INTER PHARMA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

		Baht					
		Separate financial statements					
		issued and	Premium on	Surplus on	Retained earnings		Total
		paid-up	share capital	share-based payment	Appropriated	Unappropriated	Shareholders'
Note		share capital		transactions	legal reserve		equity
Beginning balance as at January 1, 2019		65,000,000.00	-	18,272,800.00	3,600,000.00	13,169,281.45	100,042,081.45
Comprehensive income for the period		-	-	-	-	2,921,408.83	2,921,408.83
Ending balance as at March 31, 2019		65,000,000.00	-	18,272,800.00	3,600,000.00	16,090,690.28	102,963,490.28
Beginning balance as at January 1, 2020		103,000,000.00	286,711,312.80	18,272,800.00	6,320,108.00	38,515,396.42	452,819,617.22
The effect of changes in accounting policies	4	-	-	-	-	(90,548.11)	(90,548.11)
Beginning balance as at January 1, 2020, as restated		103,000,000.00	286,711,312.80	18,272,800.00	6,320,108.00	38,424,848.31	452,729,069.11
Comprehensive income for the period		-	-	-	-	11,609,687.89	11,609,687.89
Ending balance as at March 31, 2020		103,000,000.00	286,711,312.80	18,272,800.00	6,320,108.00	50,034,536.20	464,338,757.00

Notes to the interim financial statements form an integral part of these interim financial statements.

"UNAUDITED"

"REVIEWED"

8

INTER PHARMA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
		(Reclassified Note 22)		(Reclassified Note 22)
<u>Cash flows from operating activities</u>				
Profit for the period	14,728,695.50	1,200,374.16	11,609,687.89	2,921,408.83
Reconciliations of profit for the period to net cash provided by (used in) operating activities:				
Increase (decrease) in allowance for doubtful accounts	56,437.83	397,506.26	(13,556.80)	16,748.51
Increase (decrease) in allowance for diminution in value of inventories	353,670.88	374,234.51	80,623.80	145,669.08
Provision of goods return	(55,586.70)	510,996.11	12,957.74	480,443.99
Loss on disposal of equipment	447.98	-	-	-
Depreciation	661,537.62	425,628.92	487,423.36	388,095.13
Amortization	112,803.35	45,608.18	105,446.33	40,929.95
Unrealized loss on exchange rate	-	2,520.39	-	2,520.39
Interest income	(493,563.16)	(41,118.46)	(622,986.73)	(40,082.84)
Employee benefit expense	467,029.00	184,135.00	391,875.00	157,310.00
Interest expense	219,863.84	98,886.02	88,456.11	7,647.00
Loss on impairment of investment in associate	-	-	277,691.14	-
Share of loss from investment in associate	52,772.33	67,546.04	-	-
Income tax expense	4,178,556.81	683,568.61	3,233,470.22	988,945.23
Profit from operating activities before changes in operating assets and liabilities	20,282,665.28	3,949,885.74	15,651,088.06	5,109,635.27
(Increase) decrease in operating assets				
Trade and other current receivables	(8,672,548.78)	(7,288,642.63)	(8,946,200.92)	(11,097,363.45)
Inventories	4,062,022.98	(3,772,191.69)	1,875,038.49	1,682,607.68
Other current assets	(127,918.38)	24,541.86	(114,048.58)	80,133.33
Other non-current assets	38,328.76	(373,698.63)	72,328.76	(373,698.63)
Increase (decrease) in operating liabilities				
Trade and other current payables	(1,600,991.78)	(10,223,782.00)	(1,503,221.84)	(10,264,820.00)
Other current liabilities	93,193.23	(505,724.81)	9,213.75	(513,062.80)
Cash received (paid) from operations	14,074,751.31	(18,189,612.16)	7,044,197.72	(15,376,568.60)
Income tax expense paid	(56,184.32)	(59,619.98)	(31,976.95)	(30,032.64)
Net cash provided by (used in) operating activities	14,018,566.99	(18,249,232.14)	7,012,220.77	(15,406,601.24)

Notes to the interim financial statements form an integral part of these interim financial statements.

"UNAUDITED"

"REVIEWED"

9

INTER PHARMA PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONT.)

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2020

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>Cash flows from investing activities</u>				
(Increase) decrease in temporary investment	(3,387.23)	(3,353.38)	(3,387.23)	(3,353.38)
(Increase) decrease in short-term loan to subsidiary	-	-	(2,400,000.00)	(2,000,000.00)
(Increase) decrease in long-term loan to employees	15,000.00	45,000.00	15,000.00	45,000.00
Cash payments for purchase of leaseholds improvement and equipment	(124,500.00)	(84,558.50)	(105,000.00)	(84,558.50)
Cash payments for purchase of intangible assets	(695,000.00)	(850,000.00)	(695,000.00)	(850,000.00)
Interest income received	3,421.44	3,501.22	47,695.41	3,501.22
Net cash provided by (used in) investing activities	(804,465.79)	(889,410.66)	(3,140,691.82)	(2,889,410.66)
<u>Cash flows from financing activities</u>				
Cash receipts from short-term loan from other person	-	6,000,000.00	-	-
Cash payments for short-term loan from related parties	1,600,000.00	(10,000,000.00)	-	-
Cash payments for lease liabilities	(201,713.26)	-	(115,456.55)	-
Interest expense paid	(162,641.22)	(78,246.57)	(74,600.11)	-
Net cash provided by (used in) financing activities	1,235,645.52	(4,078,246.57)	(190,056.66)	-
Net increase (decrease) in cash and cash equivalents	14,449,746.72	(23,216,889.37)	3,681,472.29	(18,296,011.90)
Cash and cash equivalents - beginning of period	342,647,121.71	32,449,857.24	334,948,451.01	22,340,007.94
Cash and cash equivalents - ending of period	357,096,868.43	9,232,967.87	338,629,923.30	4,043,996.04

Notes to the interim financial statements form an integral part of these interim financial statements.

INTER PHARMA PUBLIC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES
NOTES TO THE INTERIM FINANCIAL STATEMENTS
MARCH 31, 2020

1. GENERAL INFORMATION

(a) Legal status and address of the Company

The Company had registered to be a limited company with the Ministry of Commerce on April 20, 2006. According to the Extraordinary Shareholders' Meeting No.1/2019 held on May 7, 2019, the shareholders had a resolution to change the Company's status to a public limited company. The change of Company's status to be the public company limited was registered with the Ministry of Commerce on May 15, 2019 and registered with the Market for Alternative Investment (MAI) on November 5, 2019.

The address of its registered office is as follows:

Head office is located at 140/9 ITF Tower 9th Floor, Silom Road, Suriyawongse, Bangrak, Bangkok Thailand.

Branch offices are located at

- (1) 160/636-637 ITF - Silom Palace 26th Floor, Silom Road, Suriyawongse, Bangrak, Bangkok Thailand.
- (2) 140/10 ITF Tower 9th Floor, Silom Road, Suriyawongse, Bangrak, Bangkok Thailand.
- (3) 99/19 Moo. 3 Bangna-Trad Road. Km.23 Tumbol Bang Sao Thong, Amphoe Bang Sao Thong, Samut Prakan Thailand.
- (4) 99/20 Moo. 3 Bangna-Trad Road. Km.23 Tumbol Bang Sao Thong, Amphoe Bang Sao Thong, Samut Prakan Thailand.
- (5) 99/2 Moo. 3 Bangna-Trad Road. Km.23 Tumbol Bang Sao Thong, Amphoe Bang Sao Thong, Samut Prakan Thailand.

(b) Nature of the Company's operations

The Company operates the main business on import and distribute dietary supplement product for humans and animals.

From September 1, 2018 onward, the Company and its subsidiaries has entered into an agreement to appoint a company as their distributor to handle the distribution. (Note 20.4).

2. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

2.1 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 “Interim Financial Reporting”, and the requirements of the Securities and Exchange Commission (SEC). 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 situations and not intended to re-emphasis on the information previously reported. The interim financial statements should therefore, be read in conjunction with the financial statements for the year ended December 31, 2019.

The interim financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

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 financial statements in Thai language version.

2.2 Basis for the preparation of consolidated financial statements

2.2.1 These consolidated financial statements were prepared to reflect the financial position, financial performance and cash flows in accordance with the economic contents by the reorganization of the Group under common control. The consolidated financial statements were prepared by including the financial statements of Inter Pharma Public Company Limited and its subsidiaries as follows;

Company name	Type of business	Percentage of holding of share capital		Country of Incorporation
		As at March	As at December	
		31, 2020	31, 2019	
Direct shareholding				
Inter Vetta Co.,Ltd.	Distribute pet food and dietary supplement for companion animal and livestock	55.00	55.00	Thailand
Inter Petrina Co.,Ltd.	Selling pet food	60.00	60.00	Thailand

2.2.2 The assets and liabilities of each transaction and financial performance of the subsidiaries mentioned above are included with the Company as if this business combination has taken place before the reorganization day of the Group under common control. Gain or loss occurring before the reorganization of the Group under common control is presented under shareholder’s equity of the subsidiaries before reorganization the Group under common control in the consolidate statement of comprehensive income.

- 2.2.3 The Company recognizes the difference between acquisition cost of the reorganization of the Group under common control which is lower than the attributable net book value of such companies in shareholder’s equity under the caption “Difference from the reorganization of the Group under common control” in the consolidated statement of financial position.
- 2.2.4 Significant accounting policies of the subsidiaries of the similar transactions use the same accounting policies as the parent company.
- 2.2.5 Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- 2.2.6 Non-controlling interest represent the interest in the subsidiaries that are not held by the Company and presented as a separate item from shareholder’s equity of the parent company.
- 2.2.7 The difference between net consideration paid or received from the change in shareholding proportion in the Company’s subsidiaries and equity of the non-controlling interest of the subsidiaries at the net book value of the subsidiary as at the change date is presented in the consolidated statement of changes in shareholder’s equity under the caption “Change in the interest in the subsidiary that do not result in a loss of control.”

2.3 Financial reporting standards that became effective in the current year

During the period, the Company and its subsidiaries have adopted the revised and new financial reporting standards, interpretations and the accounting guidance, which are effective for fiscal years beginning on or after January 1, 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. Except, the new standard involves changes to key principles, as summarized below.

Financial reporting standards related to financial instruments:

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

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TAS 32	Financial Instruments: Presentation
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 amortized 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.

TFRS 16 Leases

TFRS 16 Leases 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 recognize 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.

January 1, 2020, the Company and its subsidiaries have adopted TFRSs related to financial instruments and TFRS 16 in its financial statements by applying modified retrospective approach. The impact from the first-time adoption has been disclosed in Note 4 to the interim financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in preparing the interim financial statements are the same accounting policies used in the preparation of the annual financial statements for the year ended December 31, 2019, except for the change in accounting policies according to the Company and its subsidiaries have adopted TFRS 9, Financial Instruments and group of financial reporting standards relate to financial instruments and TFRS 16 Leases which are effective on 1 January 2020, as follows:

3.1 Trade receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at its present value.

Trade and other receivables are stated at the amount expected to be collectible, The Company and its subsidiaries apply the TFRS 9 simplified approach to measuring expected credit losses which uses a simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company and its subsidiaries have identified the GDP, the unemployment rate and the consumer price index of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The impairment losses are recognised in profit or loss within administrative expenses.

3.2 Financial assets and financial liabilities

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. The impact from adoption of TFRS - Financial instruments standards are as follows:

(1) Classification and measurement of financial assets

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

Financial assets that are equity instruments are measured at fair value through profit or loss or through other comprehensive income.

Financial liabilities are classified and measured at amortized cost.

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

(2) Impairment of financial assets

The Company and its subsidiaries recognized an allowance for expected credit losses on its financial assets measured at amortized cost, without requiring a credit-impaired event to have occurred prior to the recognition. The Company and its subsidiaries 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 that do not contain a significant financing component, the Company and its subsidiaries applies a simplified approach to determine the lifetime expected credit losses.

3.3 Leases

At inception of a contract, the Company and its subsidiaries assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets-as a lessee

Right-of-use assets are recognized at the commencement date of the lease. Right-of-use assets are stated at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of the lease term and the estimated useful lives for each of right-of-use assets.

Lease liabilities

At the commencement date of the lease, lease liabilities are 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 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

Leased that have a lease term of 12 months or less from the commencement date and not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit and loss on a straight-line basis over the lease term

4. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS

As described in Note 2.3 to the interim financial statements, during the current year, the Company and its subsidiaries have adopted TFRS 9 and TFRS 16 using the modified retrospective method of adoption. The cumulative effect of the changes in accounting policies such financial reporting standards is recognized. Therefore, the comparative information was not restated.

The changes in accounting policies due to the adoption of above financial reporting standards, are summarized below.

	Baht			
	Consolidated			
	As at December 31, 2019	TFRS 9	TFRS 16	As at January 1, 2020
Statement of financial position				
Current assets				
Temporary investment	189,775.86	(189,775.86)	-	-
Trade and other receivables	111,533,774.74	(559,706.10)	-	110,974,068.64
Other current financial assets	-	189,775.86	-	189,775.86
Non-current assets				
Right-of-use assets	-	-	4,798,564.18	4,798,564.18
Deferred tax assets	3,259,860.53	111,941.22	-	3,371,801.75
Current liabilities				
Current portion of lease liabilities	-	-	833,757.34	833,757.34
Non-current liabilities				
Lease liabilities	-	-	3,964,806.84	3,964,806.84
Shareholders' equity				
Unappropriated retained earnings	37,701,750.47	(287,017.33)	-	37,414,733.14
Non-controlling interest	10,033,608.09	(160,747.55)	-	9,872,860.54

	Baht			
	Separate financial statements			
	As at December 31, 2019	TFRS 9	TFRS 16	As at January 1, 2020
Statement of financial position				
Current assets				
Temporary investment	189,775.86	(189,775.86)	-	-
Trade and other receivables	87,219,787.85	(113,185.14)	-	87,106,602.71
Other current financial assets	-	189,775.86	-	189,775.86
Non-current assets				
Right-of-use assets	-	-	3,468,190.01	3,468,190.01
Deferred tax assets	2,129,203.27	22,637.03	-	2,151,840.30
Current liabilities				
Current portion of lease liabilities	-	-	477,225.68	477,225.68
Non-current liabilities				
Lease liabilities	-	-	2,990,964.33	2,990,964.33
Shareholders' equity				
Unappropriated retained earnings	38,515,396.42	(90,548.11)	-	38,424,848.31

4.1 Financial instruments

The total impact on the retained earnings as at January 1, 2020 is as follows:

	Baht	
	Consolidated financial statements	Separate financial statements
Unappropriated retained earnings as at December 31, 2019	37,701,750.47	38,515,396.42
Increase in loss allowance for trade and other receivables	(447,764.88)	(90,548.11)
Unappropriated retained earnings as at January 1, 2020 from adoption of TFRS # 9	<u>37,253,985.59</u>	<u>38,424,848.31</u>

Classification and measurement

On January 1, 2020 (the date of initial application), the Company and its subsidiaries's management has assessed which business models applied to the financial assets and liabilities held by the Company and its subsidiaries and has classified the financial assets and liabilities as amortized cost.

Impairment of financial assets

Trade receivables

The loss allowance for trade receivables as at December 31, 2019 is reconciled to the opening loss allowance for trade receivables as at January 1, 2020 as follow:

	Baht	
	Consolidated financial statements	Separate financial statements
<u>Loss allowance for trade receivables</u>		
As at December 31, 2019	5,253,153.45	4,878,500.03
Amounts restated through opening unappropriated retained earnings	559,706.10	113,185.14
Opening loss allowance as at January 1, 2020	<u>5,812,859.55</u>	<u>4,991,685.17</u>

4.2 Leases

Upon initial application of TFRS 16 the Company and its subsidiaries recognized lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using incremental borrowing rate at January 1, 2020. For leases previously classified as finance leases, the Company and its subsidiaries recognized 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.

	Baht	
	Consolidated	Separate
	financial statements	financial statements
Operating lease commitments disclosed as at December 31, 2019	8,649,960.66	7,546,960.66
<u>Add</u> : Termination options reasonably certain to be exercised	3,876,631.00	2,676,631.00
<u>Less</u> : Contracts reassessed as service agreements	(6,486,326.26)	(5,788,936.26)
	6,040,265.40	4,434,655.40
<u>Less</u> : Deferred interest expenses	(1,241,701.22)	(966,465.39)
Additional lease liabilities from TFRS 16 adoption	4,798,564.18	3,468,190.01
Finance lease liabilities as at December 31, 2019	-	-
Lease liabilities recognised as at January 1, 2020	<u>4,798,564.18</u>	<u>3,468,190.01</u>
Of which are:		
Current lease liabilities	833,757.34	477,225.68
Non-current lease liabilities	3,964,806.84	2,990,964.33
	<u>4,798,564.18</u>	<u>3,468,190.01</u>

The recognized right-of-use assets relate to the following types of assets:

	Baht	
	Consolidated	Separate
	financial statements	financial statements
As at January 1, 2020		
Building and building improvements	4,476,788.34	3,468,190.01
Vehicles	321,775.84	-
Total right-of-use assets	<u>4,798,564.18</u>	<u>3,468,190.01</u>

5. RELATED PARTIES TRANSACTION

The Company and its subsidiaries have certain transaction with its related parties, such transactions comply with commercial terms and based on the agreed upon between the Company and its subsidiaries and related parties as an ordinary course of business.

The nature of relationship with related parties were summarized as follows:

Related parties	Relationship
<u>Subsidiaries companies</u>	
Inter Vetta Co.,Ltd.	Shareholder and common shareholders and directors
Inter Petrina Co.,Ltd.	Shareholder and common shareholders and directors
<u>Associate company</u>	
Inter Stemma Co.,Ltd.	Shareholder and common shareholders and directors
<u>Related company</u>	
Inno-biocosmed Co.,Ltd.	Common directors and independent director being director of a company which is a major shareholder of Inno-biocosmed Co.,Ltd.
Brandanything Co., Ltd.	Independent director being director (The such director resigned from the Company since August 14, 2019)
M-nature Plus Co., Ltd.	Shareholder in the subsidiary
Asian Pets Care Corporation Co., Ltd. (Formaly, Asian Group Services Co., Ltd.)	Shareholder in the subsidiary
Asian Alliance International Co., Ltd.	Same shareholder with the shareholder of the subsidiary
A related company	Same shareholder with the shareholder of the subsidiary
<u>Related person</u>	
Key management personnel	Persons having authority and responsibility for management
Shareholder	Shareholder of the Company and subsidiaries

The pricing policy for transaction with related parties as follows:

Transactions	Pricing policies
- Revenue from sale	Mutual agreement
- Interest income	Mutual agreement
- Other income	Mutual agreement
- Purchase of goods	Mutual agreement
- Rental fee	Mutual agreement
- Interest expense	Mutual agreement
- Purchase of asset	Mutual agreement
- Compensation to management	According to be approved by director and/or shareholders
- Dividend paid	As declared

Balances of the account with the related parties as at March 31, 2020 and December 31, 2019 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at March	As at December	As at March	As at December
	31, 2020	31, 2019	31, 2020	31, 2019
<u>Assets</u>				
Trade and other account receivable				
Subsidiaries				
Inter Vetta Co.,Ltd.	-	-	28,730,128.27	21,167,648.56
Inter Petrina Co.,Ltd.	-	-	525,980.29	324,289.08
Related company				
Asian Pets Care Corporation Co., Ltd	1,561,566.08	1,815,886.00	-	-
A related company	665,164.05	140,184.35	-	-
	<u>2,226,730.13</u>	<u>1,956,070.35</u>	<u>29,256,108.56</u>	<u>21,491,937.64</u>
Short-term loan				
Subsidiaries				
Inter Vetta Co.,Ltd.	-	-	7,000,000.00	7,000,000.00
Inter Petrina Co.,Ltd.	-	-	7,200,000.00	4,800,000.00
	<u>-</u>	<u>-</u>	<u>14,200,000.00</u>	<u>11,800,000.00</u>

Movement of short-term to subsidiaries were as follows :

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at March	As at December	As at March	As at December
	31, 2020	31, 2019	31, 2020	31, 2019
	(For the three-month)	(For the year)	(For the three-month)	(For the year)
Beginning balance of the period	-	-	11,800,000.00	2,400,000.00
Additional during the period	-	-	2,400,000.00	9,400,000.00
Deduction during the period	-	-	-	-
Ending balance at end of period	<u>-</u>	<u>-</u>	<u>14,200,000.00</u>	<u>11,800,000.00</u>

Short-term loan to subsidiaries are presented in the form of promissory note, maturity at call and within 1 year with the interest at the rate of 4.00% per annum .

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at March	As at December	As at March	As at December
	31, 2020	31, 2019	31, 2020	31, 2019
Liabilities				
Trade and other payables				
Related company				
Asian Alliance International Co., Ltd.	4,961,820.00	3,762,213.60	-	-
Asian Pets Care Corporation Co., Ltd	194,551.88	153,983.57	-	-
Related person				
Directors	93,644.52	2,944,441.47	-	1,205,353.30
	<u>5,250,016.40</u>	<u>6,860,638.64</u>	<u>-</u>	<u>1,205,353.30</u>
Short-term loan				
Related company				
Asian Pets Care Corporation Co., Ltd	4,800,000.00	3,200,000.00	-	-
	<u>4,800,000.00</u>	<u>3,200,000.00</u>	<u>-</u>	<u>-</u>

Movement of short-term from related parties were as follows

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at March	As at December	As at March	As at December
	31, 2020	31, 2019	31, 2020	31, 2019
	(For the three-month)	(For the year)	(For the three-month)	(For the year)
Beginning balance of the period	3,200,000.00	11,600,000.00	-	-
Additional during the period	1,600,000.00	11,600,000.00	-	(10,000,000.00)
Deduction during the period	-	(20,000,000.00)	-	(10,000,000.00)
Ending balance at end of period	<u>4,800,000.00</u>	<u>3,200,000.00</u>	<u>-</u>	<u>-</u>

Short-term loan from related parties are presented in the form of promissory note, maturity at call and within 1 year with the interest at the rate of 4.00% per annum.

Transactions during the year with related parties three-month period ended March 31, 2020 and 2019 as follows:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Revenue from sale				
Subsidiary				
Inter Vetta Co.,Ltd.	-	-	14,091,447.24	18,829,993.86
Related company	1,251,364.52	1,568,900.06	-	-
	<u>1,251,364.52</u>	<u>1,568,900.06</u>	<u>14,091,447.24</u>	<u>18,829,993.86</u>
Other income				
Subsidiaries				
Inter Vetta Co.,Ltd.	-	-	1,135,517.49	1,126,829.74
Inter Petrina Co.,Ltd.	-	-	192,477.46	155,296.22
Related company				
Asian Pets Care Corporation Co., Ltd	23,395.68	-	-	-
	<u>23,395.68</u>	<u>-</u>	<u>1,327,994.95</u>	<u>1,282,125.96</u>
Purchase of goods and cost of purchase				
Related company				
Asian Alliance International Co.,Ltd.	4,961,820.00	3,062,112.00	-	-
Inno-biocosmed Co.,Ltd.	-	300,000.00	-	300,000.00
	<u>4,961,820.00</u>	<u>3,362,112.00</u>	<u>-</u>	<u>300,000.00</u>
Distribution cost				
Related company				
Brandanything Co., Ltd.	-	300,000.00	-	150,000.00
Administration expense				
Rental fee				
Related person				
Director	-	80,000.00	-	-
Interest expenses				
Related company				
Asian Pets Care Corporation Co., Ltd	40,568.31	15,780.83	-	-
Related person				
Director	-	39,232.88	-	-
	<u>40,568.31</u>	<u>55,013.71</u>	<u>-</u>	<u>-</u>
Management's benefits *				
Short-term employee benefit	4,392,900.00	3,307,459.00	4,392,900.00	2,782,459.00
Post-retirement benefits	252,148.00	80,572.00	252,148.00	80,572.00
	<u>4,645,048.00</u>	<u>3,388,031.00</u>	<u>4,645,048.00</u>	<u>2,863,031.00</u>

6. TRADE AND OTHER CURRENT RECEIVABLES

Trade and other current receivables consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019
Trade receivable (Note 6.1)				
- Trade receivables - subsidiaries	-	-	27,537,010.78	19,999,874.59
- End customer receivable through distributor*	92,498,471.04	90,764,531.79	53,607,195.67	60,202,590.02
- Other end customer receivable	4,524,119.62	4,568,982.32	4,356,915.03	4,356,915.03
	97,022,590.66	95,333,514.11	85,501,121.48	84,559,379.64
Other current receivable (Note 6.2)	28,927,028.03	21,453,414.08	16,118,658.64	7,538,908.24
<u>Less</u> Allowance for doubtful accounts	<u>(5,869,297.38)</u>	<u>(5,253,153.45)</u>	<u>(4,978,128.37)</u>	<u>(4,878,500.03)</u>
Net	<u>120,080,321.31</u>	<u>111,533,774.74</u>	<u>96,641,651.75</u>	<u>87,219,787.85</u>

* End customer receivable through the distributor is presented with the balance before deducting service discount for distribution that the Company and subsidiary have to pay to the distributor when the goods are sold to retail customer via the distributor.

6.1 Trade receivables

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019
Not over due	82,527,801.23	81,936,949.56	57,612,006.41	60,815,963.17
Over due				
1 day to 30 days	5,762,285.47	4,886,805.50	7,401,537.99	7,242,845.05
31 days to 60 days	1,536,441.00	1,124,891.44	2,368,786.75	9,555,447.13
61 days to 90 days	354,900.04	1,154,462.93	1,146,699.53	1,513,524.09
91 days to 180 days	1,223,127.21	659,996.08	12,103,715.77	563,225.17
More than 180 days	5,618,035.71	5,570,408.60	4,868,375.03	4,868,375.03
Total	<u>97,022,590.66</u>	<u>95,333,514.11</u>	<u>85,501,121.48</u>	<u>84,559,379.64</u>

The aging of the end customer receivable sold through distributor has the following criteria:

- (1) In case of the Company, the aging is held by the credit term granted by the Company to the distributor as specified in the distributor agreement as the distributor is responsible for the risk in terms of the credit term of end customer receivable by starting the aging count from the month-end that the Company sells to its end customer through the distributor.
- (2) In case of a subsidiary, the aging is held by the credit term granted by the distributor to the end customer receivable as the subsidiary is responsible for the risk of credit term of the end customer receivable. But, the distributor will be responsible only for debt collection by starting the aging count from the day that the subsidiary sells to its end customer through the distributor.

6.2 Other current receiveable

Other current receivables consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at March	As at December	As at March	As at December
	31, 2020	31, 2019	31, 2020	31, 2019
Accrued service income	-	-	1,452,123.75	1,311,285.00
Prepaid expenses	10,382,411.31	5,660,947.92	9,310,055.01	4,794,066.30
Deposit for inventories	4,263,276.14	1,169,243.70	4,263,276.14	1,169,243.70
Advance payment	218,750.00	132,887.96	10,000.00	55,000.00
Other receivable - distributor	11,637,262.66 *	12,590,746.06 *	-	-
Others	2,425,327.92	1,899,588.44	1,083,203.74	209,313.24
Total	28,927,028.03	21,453,414.08	16,118,658.64	7,538,908.24

* Other receivable-distributor is the accounts receivable from the distributor collecting payment from trade accounts receivable but not yet submitted payment to the subsidiary. The distributor will submit the payment received to the subsidiary within the credit term granted by the subsidiary to the distributor as specified in the distributor agreement.

7. INVENTORIES

Inventories consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at March	As at December	As at March	As at December
	31, 2020	31, 2019	31, 2020	31, 2019
Finished goods	47,778,248.49	52,318,597.91	23,349,614.83	25,702,979.76
Packaging	90,968.79	-	90,968.79	-
Goods in transit	527,158.76	139,801.11	527,158.76	139,801.11
Less: Allowance for diminution in value of inventories	(2,552,623.22)	(2,198,952.34)	(1,929,351.97)	(1,848,728.17)
Net	45,843,752.82	50,259,446.68	22,038,390.41	23,994,052.70

8. LONG-TERM LOAN TO EMPLOYEES

Long-term loan to employees consisted of:

	Baht	
	Consolidated financial statements /	
	Separate financial statements	
	As at March 31, 2020	As at December 31, 2019
Long-term loan to employees	160,000.00	175,000.00
<u>Less</u> Current portion due within one year	(60,000.00)	(60,000.00)
Long-term loan to employees - net	<u>100,000.00</u>	<u>115,000.00</u>

Long-term loan to employees is a loan in the total amount of Baht 300,000.00 prepared in agreement and due for payment of the monthly principal at Baht 5,000.00 to be paid on the day that the employees receives wages from the Company with interest at the rate of 2.00% per annum.

9. INVESTMENT IN ASSOCIATE

Investments in associate consisted of:

Associate's name	Nature of business	Percentage of ownership (%)		Thousand Baht					
				Issued and fully paid-up share capital		Consolidated financial statements		Separate financial statements	
						At equity method		At cost method	
		As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019
Inter Stemma Co.,Ltd.	Stemcell safekeeping service	25.00	25.00	25,000	25,000	4,562	4,615	6,250	6,250
<u>Less</u> Allowance for impairment of investments						-	-	(1,688)	(1,410)
						<u>4,562</u>	<u>4,615</u>	<u>4,562</u>	<u>4,840</u>

Change in investment in associate by the equity method for for the three-month period ended March 31, 2020 and 2019 were as follows:

	Baht	
	Consolidated financial statements	
	2020	2019
Net book value as at the beginning of the period	4,614,810.37	4,839,729.18
Share of loss in investment in associate	(52,772.33)	(67,546.04)
Net book value at the end of the period	<u>4,562,038.04</u>	<u>4,772,183.14</u>

10. INVESTMENT IN SUBSIDIARIES

Investment in subsidiaries consisted of:

		Thousand Baht							
Subsidiaries' name	Nature of business	Percentage of ownership		Issued and fully paid-up share capital		Consolidated financial statements		Separate financial statements	
		(%)				At equity method		At cost method	
		As at	As at	As at	As at	As at	As at	As at	As at
		March	December	March	December	March	December	March	December
		31, 2020	31, 2019	31, 2020	31, 2019	31, 2020	31, 2019	31, 2020	31, 2019
Inter Vetta Co.,Ltd.	Distribute pet food and dietary supplement for companion animal and live stocks	55	55	5,000	5,000	16,682	15,480	2,750	2,750
Inter Petrina Co.,Ltd.	Selling pet food	60	60	4,000	4,000	(4,372)	(3,946)	2,400	2,400
						12,310	11,534	5,150	5,150

11. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

Movements of the leasehold improvements and equipment for the three-month period ended March 31, 2020 were as follows:

	Baht	
	Consolidated Financial statements	Separate financial statements
At cost		
Balance as at December 31, 2019	14,014,168.56	13,013,976.95
Acquisitions during the period	124,500.00	105,000.00
Disposals and write-off during the period	(42,204.77)	-
Balance as at March 31, 2020	14,096,463.79	13,118,976.95
Accumulated depreciation		
Balance as at December 31, 2019	(4,348,419.06)	(3,991,483.17)
Depreciation during the period	(414,065.70)	(338,786.65)
Disposals and write-off during the period	41,756.79	-
Balance as at March 31, 2020	(4,720,727.97)	(4,330,269.82)
Net book value		
Balance as at December 31, 2019	9,665,749.50	9,022,493.78
Balance as at March 31, 2020	9,375,735.82	8,788,707.13

As at March 31, 2020 and December 31, 2019, the Company and the subsidiaries had equipment, which were fully depreciated but they are still in use with gross carrying amount of Baht 1.38 million and Baht 1.02 million (for the Company: Baht 1.35 million and Baht 0.96 million), respectively.

12. RIGHT-OF-USE ASSETS

Movements of the right-of-use assets account during the three-month period ended March 31, 2020 are summarized below.

	Thousand Baht	
	Consolidated financial statements	Separate financial statements
Net book value as at January 1, 2020	-	-
Adjustments of right-of-use assets due to TFRS16 adoption	4,798,564.18	3,468,190.01
Depreciation for the period	(247,471.92)	(148,636.71)
Net book value as at March 31, 2020	<u>4,551,092.26</u>	<u>3,319,553.30</u>

13. INTANGIBLE ASSETS

Movements of intangible assets, for three-month period ended March 31, 2020 were as follows:

	Baht	
	Consolidated financial statements	Separate financial statements
At cost		
Balance as at December 31, 2019	1,854,465.00	1,612,460.00
Acquisitions during the period	695,000.00	695,000.00
Balance as at March 31, 2020	<u>2,549,465.00</u>	<u>2,307,460.00</u>
Accumulated depreciation		
Balance as at December 31, 2019	(576,830.33)	(403,259.33)
Amortization during the period	(112,803.35)	(105,446.33)
Balance as at March 31, 2020	<u>(689,633.68)</u>	<u>(508,705.66)</u>
Net book value		
Balance as at December 31, 2019	<u>1,277,634.67</u>	<u>1,209,200.67</u>
Balance as at March 31, 2020	<u>1,859,831.32</u>	<u>1,798,754.34</u>

As at March 31, 2020 and December 31, 2019, the subsidiary had intangible assets, which were fully amortized but they are still in use with gross carrying amount of Baht 0.15 million and Baht 0.15 million, respectively.

14. TRADE AND OTHER CURRENT PAYABLES

Trade and other current payables consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at March	As at December	As at March	As at December
	31, 2020	31, 2019	31, 2020	31, 2019
		(Reclassified Note 22)		(Reclassified Note 22)
Trade payables	13,333,696.05	17,144,118.64	4,362,627.00	9,421,604.54
Notes payable	9,700.00	25,150.00	-	-
Other current payables	25,670,147.85	23,404,754.42	16,750,333.63	13,194,577.93
Total	<u>39,013,543.90</u>	<u>40,574,023.06</u>	<u>21,112,960.63</u>	<u>22,616,182.47</u>

Other current payables

other current payables consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at March 31,	As at December	As at March	As at December
	2020	31, 2019	31, 2020	31, 2019
		(Reclassified Note 22)		(Reclassified Note 22)
Accrued expenses	6,518,427.60	7,686,455.02	3,531,489.84	3,697,395.68
Distributor account payable	14,460,554.34	12,029,668.53	9,235,059.74	6,532,132.23
Others	4,691,165.91	3,688,630.87	3,983,784.05	2,965,050.02
Total	<u>25,670,147.85</u>	<u>23,404,754.42</u>	<u>16,750,333.63</u>	<u>13,194,577.93</u>

15. SHORT-TERM LOAN FROM OTHER PERSON

A subsidiary has short-term loan from other person are presented in the form of promissory note, maturity at call with the interest of 4.00% per annum .

16. LEASE LIABILITIES

The carrying amounts of lease liabilities and the movement for the three-month period ended March 31, 2020 are presented below.

	Baht	
	Consolidated financial statements	Separate financial statements
As at December 31, 2019	-	-
Effects of the adoption of TFRS16	4,798,564.18	3,468,190.01
As at January 1, 2020	4,798,564.18	3,468,190.01
Payments	(201,713.26)	(115,456.55)
As at March 31, 2020	4,596,850.92	3,352,733.46
Less: current portion	(852,023.35)	(487,680.77)
Lease liabilities - net of current portion	3,744,827.57	2,865,052.69

The following are the amounts recognized in profit or loss:

	Baht	
	Consolidated financial statements	Separate financial statements
Depreciation of right-of-use assets	247,471.92	148,636.71
Interest expense on lease liabilities	102,913.39	74,600.11
Total	350,385.31	223,236.82

17. OPERATING SEGMENT

The Company and its subsidiaries operate in 2 main reports by products operating segments in a main geographical area in Thailand as follows:

Type of operating segment	Nature of operating segment
- Human healthcare	Healthcare product, anti-aging and human beauty product such as medical supplies, nutrition therapy, cosmetics, supplementary food, probiotic and prebiotic product, health food product, general food product, and medical equipment, etc.
- Animal healthcare	Pet healthcare and livestock product such as medical supplies, nutrition therapy, vaccine, supplementary food, probiotic & prebiotic product, animal health food product, premium grade animal food, general formula animal food, and medical equipment related to pet and livestock care product, etc.

The operating segment’s performance is regularly reviewed by the chief operating decision maker who is the Executive Directors in order to make decisions about the allocation of resources to the segment and assess its performance. The Company and its subsidiaries assess the performance of the operating segment by using the operating profit or loss as the same basis to assess operating profit or loss in the financial statements.

Details of financial information by segment operations for the three-month period ended March 31, 2020 and 2019 were as follows:

	Thousand Baht					
	Consolidated financial statements					
	For the three-month period ended March 31,					
	Human healthcare		Animal healthcare		Total	
	2020	2019	2020	2019	2020	2019
		(reclassified Note 22)		(reclassified Note 22)		(reclassified Note 22)
Revenue from sales	50,714	55,981	46,413	28,950	97,127	84,931
Cost of sales	(12,208)	(24,014)	(23,547)	(14,423)	(35,755)	(38,437)
Gross profit	38,506	31,967	22,866	14,527	61,372	46,494
Distribution costs					29,989	32,120
Administrative expenses					13,869	12,796
Operating profit					17,514	1,578
Other income					1,666	472
Finance cost					220	99
Share of loss of associates					(53)	(67)
Income tax expenses					4,178	684
Profit for the period					14,729	1,200

Major customer

The Groups has no sales revenue from any one of retail customer through distributor more than 10 percent of sales revenue of the company group. Thus, information has not been disclosed on the major customer.

18. INCOME TAX EXPENSE

Major components of income tax expense for the three-month period ended March 31, 2020 and 2019 consisted of:

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Income tax expense shown in profit or loss:				
Current tax expense:				
Income tax expense for the period	4,090,349.16	1,619,588.13	3,337,257.40	1,150,508.95
Deferred tax expense (income):				
Changes in temporary differences relating to the original recognition and reversal	88,207.65	(936,019.52)	(103,787.18)	(161,563.72)
Total	<u>4,178,556.81</u>	<u>683,568.61</u>	<u>3,233,470.22</u>	<u>988,945.23</u>

19. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the parent company for the period by the weighted average number of ordinary shares which are issued during the period and held by outside party issue during the period.

	Consolidated financial statements		Separate financial statements	
	For the three-month period ended		For the three-month period ended	
	March 31,		March 31,	
	2020	2019	2020	2019
Profit for the period of the parent company (Baht)	13,867,948.58	1,651,499.27	11,609,687.89	2,921,408.83
Weighted average number of ordinary shares (shares)	206,000,000	130,000,000	206,000,000	130,000,000
Basic earnings per share (Baht per share)	0.07	0.01	0.06	0.02

20. COMMITMENTS

20.1 Commitment on operating lease and services agreements

As at March 31, 2020 and December 31, 2019, the Company and its subsidiaries had commitments on operating lease and service agreements which have minimum future rental payments under the lease and service agreements as follow:

	Baht			
	Consolidated financial statements		Separate financial statements	
	As at March 31, 2020	As at December 31, 2019	As at March 31, 2020	As at December 31, 2019
Within 1 year	5,628,389.76	6,098,013.06	4,336,389.76	5,114,013.06
Over 1 year but less than 5 years	1,173,144.90	2,551,947.60	1,173,144.90	2,432,947.60
Total	<u>6,801,534.66</u>	<u>8,649,960.66</u>	<u>5,509,534.66</u>	<u>7,546,960.66</u>

As at March 31, 2020, the Company and its subsidiaries had no obligations under lease agreements and related service agreements as a result of the adoption of the TFRS 16 as at January 1, 2020. The Company and its subsidiaries recognized the lease liabilities previously classified as operating lease at the present value of the remaining lease payments, discounted incremental borrowing rate, as described in Note 4 to the interim financial statements.

20.2 Commitment on purchase of goods and service agreements

As at March 31, 2020, the Company and its subsidiaries had commitments on purchase of goods and service agreements in the amount of Baht 43.90 million (for the Company: Baht 32.62 million).

20.3 Obligations related to capital expenditures

On November 20, 2019, the Company entered into an agreement to prepare software system for data collection in accounting systems and data for management purposes with a company. The project value under agreement amounted of Baht 1.85 million (excluding VAT). As at March 31, 2020, the outstanding obligations under agreement amounting to Baht 1.16 million.

20.4 Commitment on distribution agreements

As at March 31, 2020, the Company and its subsidiary have commitment under the distributor with a local company. Such distributor agreement is effective from September 1, 2018 ending August 31, 2023. The Company and its subsidiary have commitment to pay service fees for distribution to such company at a percentage of sale as specified in the agreement.

On February 6, 2020, the agreement has been extended until end at August 31, 2026.

21. CONTINGENT LIABILITIES

As at March 31, 2020 and December 31, 2019, the Company and its subsidiaries had contingent liabilities from letter of guarantee issued by several commercial banks to guarantee of product selling and other amounting to Baht 1.31 million and Baht 1.31 million (for the Company: Baht 0.91 million and Baht 0.91 million), respectively. This is guaranteed by the fixed deposit of such bank in the amount of Baht 1.31 million and Baht 1.31 million (for the Company: Baht 0.91 million and Baht 0.91 million), respectively.

22. RECLASSIFICATION

Certain reclassification in the statement of financial position as at December 31, 2019 and the statement of comprehensive income for the three-month period ended March 31, 2019, that have already been issued have been reclassified to be consistent with the current period’s classification with no effect on profit or shareholders’ equity. Reclassification includes the following:

	Baht		
	Consolidated financial statements		
	As previously reported	Reclassified increase (decrease)	As reclassified
<u>Statements of financial position as at December 31, 2019</u>			
Trade and other current payables	38,254,157.90	2,319,865.16	40,574,023.06
Other current liabilities	3,423,222.06	(2,319,865.16)	1,103,356.90
<u>Statements of comprehensive income</u>			
<u>for the three-month period ended March 31, 2019</u>			
Revenue from sales	81,286,330.83	3,645,213.31	84,931,544.14
Distribution cost	28,475,459.01	3,645,213.31	32,120,672.32
<u>Statements of cash flows</u>			
<u>for the three-month period ended March 31, 2019</u>			
(Increase) decrease in operating assets			
Trade and other current receivables	(6,880,701.56)	(407,941.07)	(7,288,642.63)
Increase (decrease) in operating liabilities			
Trade and other current payables	(10,631,723.07)	407,941.07	(10,223,782.00)
	Baht		
	Separated financial statements		
	As previously reported	Reclassified increase (decrease)	As reclassified
<u>Statements of financial position as at December 31, 2019</u>			
Trade and other current payables	20,684,151.50	1,932,030.97	22,616,182.47
Other current liabilities	2,590,646.11	(1,932,030.97)	658,615.14
<u>Statements of comprehensive income</u>			
<u>for the three-month period ended March 31, 2019</u>			
Revenue from sales	71,523,131.27	2,148,750.61	73,671,881.88
Distribution cost	21,574,716.31	2,148,750.61	23,723,466.92
<u>Statements of cash flows</u>			
<u>for the three-month period ended March 31, 2019</u>			
(Increase) decrease in operating assets			
Trade and other current receivables	(11,079,428.90)	(17,934.55)	(11,097,363.45)
Increase (decrease) in operating liabilities			
Trade and other current payables	(10,282,754.55)	17,934.55	(10,264,820.00)

23. CORONAVIRUS DISEASE 2019 PANDEMIC

Since January 2020, the Coronavirus disease 2019 (COVID-19) pandemic is continuing to evolve. The spread of COVID-19 caused, resulting in an economic slowdown and adversely impacting most businesses and industries as a whole. The situation may affect the results of operations of the Company and its subsidiaries, and recognition and measurement of assets and liabilities in the financial statements. The management assesses the financial impact in respect of valuation of assets, provisions and contingent liabilities, and has used judgment in estimates in that situation.

24. EVENT AFTER THE REPORTING PERIOD

According to the Annual General Shareholders' Meeting 2020 held on April 1, 2020, it had the resolution to pay the dividend from the net profit for the year 2019 after deducting legal reserve to the shareholders at Baht 0.185 per share totaling Baht 38.11 million and to appropriate the profit as legal reserve for Baht 2.10 million. The Company sets the name list of shareholders who are entitled to receive the dividend as appeared on the shareholders' registration book as at April 9, 2020 and is scheduled to pay the dividend within 30 days from the resolution of the Annual General Shareholders' Meeting.

25. APPROVAL OF THE INTERIM FINANCIAL STATEMENTS

These interim financial statements were authorised for issue by the Company's board of directors on May 11, 2020.