

Carabao Group Public Company Limited and its subsidiaries
Review report and consolidated interim financial statements
For the three-month and six-month periods ended 30 June 2018

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Carabao Group Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Carabao Group Public Company Limited and its subsidiaries as at 30 June 2018, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2018, the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2018, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separate financial information of Carabao Group Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my 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 No. 34 Interim Financial Reporting.

Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

EY Office Limited

Bangkok: 10 August 2018

Carabao Group Public Company Limited and its subsidiaries

Consolidated statement of financial position

As at 30 June 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
		2018	2017	2018	2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	292,390	146,767	12,174	15,330
Current investments	4	-	7,130	-	7,130
Trade and other receivables	2, 5	1,031,275	959,861	19,083	59,160
Short-term loans to related parties	2	-	-	4,114,725	3,769,386
Dividend receivable from related parties	2	-	-	203,999	599,998
Inventories	6	816,349	656,266	-	-
Other current assets	7	544,537	389,174	136	67
Total current assets		2,684,551	2,159,198	4,350,117	4,451,071
Non-current assets					
Investments in subsidiaries	8	-	-	4,320,749	3,300,419
Investment properties	9	101,972	103,163	-	-
Property, plant and equipment	10	10,907,907	9,608,940	-	-
Goodwill	11	528,940	535,467	-	-
Intangible assets	12	69,529	67,007	5,157	3,640
Deferred tax assets		36,791	31,361	5,473	5,563
Other long-term receivable - related party	2	-	-	26,172	26,172
Other non-current assets		12,712	14,783	-	-
Total non-current assets		11,657,851	10,360,721	4,357,551	3,335,794
Total assets		14,342,402	12,519,919	8,707,668	7,786,865

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

Carabao Group Public Company Limited and its subsidiaries

Consolidated statement of financial position (continued)

As at 30 June 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
		2018	2017	2018	2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	13	660,000	845,000	490,000	735,000
Trade and other payables	2, 14	2,270,240	1,897,197	55,250	53,135
Current portion of long-term loans from financial institutions	16	125,000	300,000	-	300,000
Short-term loans from non-controlling interests of the subsidiary	15	-	57,128	-	-
Income tax payable		157,854	94,722	5,765	8,487
Other current liabilities		12,332	12,533	-	168
Total current liabilities		3,225,426	3,206,580	551,015	1,096,790
Non-current liabilities					
Long-term loans from financial institutions, net of current portion	16	1,680,120	2,190,400	-	700,000
Debenture	17	2,416,045	-	2,416,045	-
Provision for long-term employee benefits	18	111,886	102,197	57,492	54,026
Deferred tax liabilities		1,551	152	-	-
Deposits received for rental	2	15,285	15,285	-	-
Total non-current liabilities		4,224,887	2,308,034	2,473,537	754,026
Total liabilities		7,450,313	5,514,614	3,024,552	1,850,816

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

Carabao Group Public Company Limited and its subsidiaries

Consolidated statement of financial position (continued)

As at 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	30 June	31 December	30 June	31 December	
	Note	2018	2017	2018	2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered					
1,000,000,000 ordinary shares of Baht 1 each		<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid up					
1,000,000,000 ordinary shares of Baht 1 each		1,000,000	1,000,000	1,000,000	1,000,000
Share premium		3,962,980	3,962,980	3,962,980	3,962,980
Surplus on business combination under common control		323,216	323,216	-	-
Surplus on changes in percentage of shareholding					
in local subsidiary		108,959	108,959	108,959	108,959
Deficit on changes in percentage of shareholding					
in overseas subsidiary	8.2.3	(368,686)	-	-	-
Retained earnings					
Appropriated - statutory reserve	19	100,000	100,000	100,000	100,000
Unappropriated		1,565,055	1,674,589	511,177	764,110
Other components of shareholders' equity		<u>(70,583)</u>	<u>(55,960)</u>	-	-
Equity attributable to owners of the Company		6,620,941	7,113,784	5,683,116	5,936,049
Non-controlling interests of the subsidiary		<u>271,148</u>	<u>(108,479)</u>	-	-
Total shareholders' equity		<u>6,892,089</u>	<u>7,005,305</u>	<u>5,683,116</u>	<u>5,936,049</u>
Total liabilities and shareholders' equity		<u>14,342,402</u>	<u>12,519,919</u>	<u>8,707,668</u>	<u>7,786,865</u>
		-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Income statement

For the three-month period ended 30 June 2018

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss					
Revenues					
Sales		3,627,768	3,500,932	-	-
Dividend income from subsidiaries	2, 8	-	-	203,999	251,999
Other income	20	29,003	48,733	97,795	99,011
Total revenues		<u>3,656,771</u>	<u>3,549,665</u>	<u>301,794</u>	<u>351,010</u>
Expenses					
Cost of sales		2,471,549	2,375,713	-	-
Selling expenses		715,125	568,497	-	-
Administrative expenses		203,685	168,064	54,514	58,870
Total expenses		<u>3,390,359</u>	<u>3,112,274</u>	<u>54,514</u>	<u>58,870</u>
Profit before finance cost and income tax expenses		266,412	437,391	247,280	292,140
Finance cost		(26,599)	(5,414)	(15,818)	(10,734)
Profit before income tax expenses		239,813	431,977	231,462	281,406
Income tax expenses	21	(81,834)	(104,953)	(5,503)	(5,875)
Profit for the period		<u>157,979</u>	<u>327,024</u>	<u>225,959</u>	<u>275,531</u>
Profit attribution to					
Equity holders of the Company		209,948	425,934	225,959	275,531
Non-controlling interest of the subsidiaries		(51,969)	(98,910)		
		<u>157,979</u>	<u>327,024</u>		
Earnings per share					
	22				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.21	0.43	0.23	0.28
Weighted average number of ordinary shares (Thousand shares)					
		1,000,000	1,000,000	1,000,000	1,000,000

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period	<u>157,979</u>	<u>327,024</u>	<u>225,959</u>	<u>275,531</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currencies	<u>1,415</u>	<u>(4,178)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>1,415</u>	<u>(4,178)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>159,394</u></u>	<u><u>322,846</u></u>	<u><u>225,959</u></u>	<u><u>275,531</u></u>
Total comprehensive income attribution to				
Equity holders of the Company	218,922	418,163	<u>225,959</u>	<u>275,531</u>
Non-controlling interest of the subsidiaries	<u>(59,528)</u>	<u>(95,317)</u>		
Total comprehensive income for the period	<u><u>159,394</u></u>	<u><u>322,846</u></u>		

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Income statement

For the six-month period ended 30 June 2018

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit or loss					
Revenues					
Sales		6,977,354	6,184,328	-	-
Dividend income from subsidiaries	2, 8	-	-	203,999	251,999
Other income	20	70,566	84,451	193,883	190,947
Total revenues		<u>7,047,920</u>	<u>6,268,779</u>	<u>397,882</u>	<u>442,946</u>
Expenses					
Cost of sales		4,818,393	4,180,954	-	-
Selling expenses		1,341,905	1,131,746	-	-
Administrative expenses		387,173	337,823	109,831	110,808
Total expenses		<u>6,547,471</u>	<u>5,650,523</u>	<u>109,831</u>	<u>110,808</u>
Profit before finance cost and income tax expenses		500,449	618,256	288,051	332,138
Finance cost		(51,132)	(10,258)	(30,209)	(18,163)
Profit before income tax expenses		449,317	607,998	257,842	313,975
Income tax expenses	21	(161,024)	(157,957)	(10,775)	(12,383)
Profit for the period		<u>288,293</u>	<u>450,041</u>	<u>247,067</u>	<u>301,592</u>
Profit attribution to					
Equity holders of the Company		390,466	647,370	247,067	301,592
Non-controlling interest of the subsidiaries		(102,173)	(197,329)		
		<u>288,293</u>	<u>450,041</u>		
Earnings per share	22				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.39	0.65	0.25	0.30
Weighted average number of ordinary shares (Thousand shares)		1,000,000	1,000,000	1,000,000	1,000,000

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the period	<u>288,293</u>	<u>450,041</u>	<u>247,067</u>	<u>301,592</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currencies	<u>(17,348)</u>	<u>(23,305)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(17,348)</u>	<u>(23,305)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>270,945</u></u>	<u><u>426,736</u></u>	<u><u>247,067</u></u>	<u><u>301,592</u></u>
Total comprehensive income attribution to				
Equity holders of the Company	375,843	617,465	<u>247,067</u>	<u>301,592</u>
Non-controlling interest of the subsidiaries	<u>(104,898)</u>	<u>(190,729)</u>		
Total comprehensive income for the period	<u><u>270,945</u></u>	<u><u>426,736</u></u>		

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries**Statement of cash flows****For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit before tax	449,317	607,998	257,842	313,975
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Dividend income	-	-	(203,999)	(251,999)
Depreciation and amortisation	215,397	112,609	43	-
Gain on sales of short-term investments in trading securities	(9)	(2,697)	(9)	(2,697)
Gain on changes in value of short-term investments in trading securities	-	(14)	-	(14)
Reversal of allowance for doubtful accounts	(102)	-	-	-
Increase in reduction cost of inventory to net realisable value	3,769	455	-	-
Gain on sales of equipment	(1,730)	(678)	-	-
Provision for long-term employee benefits	9,815	7,762	3,466	2,613
Amortisation of transaction cost for debentures issuance	76	-	76	-
Realised and unrealised gain on exchange	(6,013)	(2,121)	(1,963)	(922)
Interest income	(662)	(1,977)	(63,388)	(64,920)
Interest expenses	47,528	7,074	30,026	18,072
Profit from operating activities before changes in operating assets and liabilities	717,386	728,411	22,094	14,108
Operating assets (increase) decrease				
Trade and other receivables	(74,340)	(753,509)	2,194	(1,076)
Inventories	(164,411)	(282,947)	-	-
Other current assets	(151,171)	(92,018)	(69)	(381)
Other non-current assets	2,007	190	-	-
Operating liabilities increase (decrease)				
Trade and other payables	455,743	525,335	109	111
Other current liabilities	(201)	(52,708)	(168)	(16,270)
Other non-current liabilities	-	735	-	-
Cash paid for long-term employee benefits	(126)	(98)	-	-
Cash flows from (used in) operating activities	784,887	73,391	24,160	(3,508)
Cash received from interest income	663	2,072	101,296	54,283
Interest paid	(45,330)	(6,690)	(28,800)	(17,707)
Cash paid for corporate income tax	(106,115)	(192,896)	(13,407)	(5,580)
Net cash flows from (used in) operating activities	634,105	(124,123)	83,249	27,488

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries**Statement of cash flows (continued)****For the six-month period ended 30 June 2018**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Increase in current investments	-	(1,042,000)	-	(1,042,000)
Cash received from sale of current investments	7,139	1,230,000	7,139	1,230,000
Increase in short-term loans to related parties	-	-	(1,717,500)	(2,501,545)
Cash received from repayment of short-term loans to related parties	-	-	1,374,099	1,597,125
Increase in investments in subsidiaries	-	-	(1,020,330)	(749,066)
Increase in investments properties	(823)	-	-	-
Proceeds from sales of equipment	3,383	1,483	-	-
Cash paid for acquisition of property, plant and equipment	(1,593,616)	(860,604)	-	-
Cash paid for acquisition of intangible assets	(4,349)	(3,416)	(780)	(1,820)
Dividend income from subsidiaries	-	-	599,998	726,997
Net cash flows used in investing activities	(1,588,266)	(674,537)	(757,374)	(740,309)
Cash flows from financing activities				
Increase in short-term loans from financial institutions	4,124,000	500,000	2,189,000	500,000
Cash paid for repayment of short-term loans from financial institutions	(4,309,000)	(250,000)	(2,434,000)	(250,000)
Increase in short-term loan from non-controlling interests of the subsidiary	-	21,356	-	-
Increase in long-term loans from financial institutions	832,620	895,000	-	750,000
Cash paid for repayment of long-term loans from financial institutions	(1,517,900)	-	(1,000,000)	-
Net cash received from issuance of debentures	2,415,969	-	2,415,969	-
Cash received from additional call up for the shares of subsidiary	57,200	-	-	-
Dividend paid	(500,000)	(600,000)	(500,000)	(600,000)
Net cash from financing activities	1,102,889	566,356	670,969	400,000
Decrease in translation adjustments	(2,883)	(25,245)	-	-
Net increase (decrease) in cash and cash equivalents	145,845	(257,549)	(3,156)	(312,821)
Cash and cash equivalents at beginning of period	146,767	745,060	15,330	428,754
Effect of change in foreign exchange rate on cash at banks	(222)	371	-	-
Cash and cash equivalents at end of period	292,390	487,882	12,174	115,933

Supplemental disclosures of cash flows information

Non-cash related transactions

Dividend receivable	-	-	203,999	251,999
Increase in non-controlling interest of the subsidiaries from joint investments	-	(69,566)	-	-
Decrease in short-term loans from non-controlling interests of the subsidiary and interest payable from debt conversion	(58,639)	-	-	-
Increase (decrease) in payable for purchasing of plant and equipment	(84,672)	150,961	-	-
Increase in payable for purchasing of intangible assets	677	-	780	-
Increase in retention payable	2,683	-	-	-

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

Consolidated financial statements

Equity attributable to owners of the Company

	Note	Equity attributable to owners of the Company						Other components of equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
		Issued and fully paid-up share capital	Share premium	Surplus on business combination under common control	Surplus on changes in percentage of shareholding in local subsidiary	Deficit on changes in percentage of shareholding in overseas subsidiary	Retained earnings	Exchange differences on translation of financial statements in foreign currencies	Appropriated - statutory reserve			
Balance as at 1 January 2017		1,000,000	3,962,980	323,216	108,959	-	100,000	1,377,500	384	6,873,039	226,504	7,099,543
Profit (loss) for the period		-	-	-	-	-	-	647,370	-	647,370	(197,329)	450,041
Other comprehensive income for the period		-	-	-	-	-	-	-	(29,905)	(29,905)	6,600	(23,305)
Total comprehensive income for the period		-	-	-	-	-	-	647,370	(29,905)	617,465	(190,729)	426,736
Dividend paid	24	-	-	-	-	-	-	(600,000)	-	(600,000)	-	(600,000)
Increase in non-controlling interests of subsidiaries												
from joint investments	8.2.1	-	-	-	-	-	-	-	-	-	69,566	69,566
Balance as at 30 June 2017		<u>1,000,000</u>	<u>3,962,980</u>	<u>323,216</u>	<u>108,959</u>	<u>-</u>	<u>100,000</u>	<u>1,424,870</u>	<u>(29,521)</u>	<u>6,890,504</u>	<u>105,341</u>	<u>6,995,845</u>
Balance as at 1 January 2018		1,000,000	3,962,980	323,216	108,959	-	100,000	1,674,589	(55,960)	7,113,784	(108,479)	7,005,305
Profit (loss) for the period		-	-	-	-	-	-	390,466	-	390,466	(102,173)	288,293
Other comprehensive income for the period		-	-	-	-	-	-	-	(14,623)	(14,623)	(2,725)	(17,348)
Total comprehensive income for the period		-	-	-	-	-	-	390,466	(14,623)	375,843	(104,898)	270,945
Dividend paid	24	-	-	-	-	-	-	(500,000)	-	(500,000)	-	(500,000)
Effect of additional call up for the shares												
of subsidiary	8.2.5	-	-	-	-	-	-	-	-	-	57,200	57,200
Effect of change in percentage of												
shareholding in overseas subsidiary	8.2.3	-	-	-	-	(368,686)	-	-	-	(368,686)	427,325	58,639
Balance as at 30 June 2018		<u>1,000,000</u>	<u>3,962,980</u>	<u>323,216</u>	<u>108,959</u>	<u>(368,686)</u>	<u>100,000</u>	<u>1,565,055</u>	<u>(70,583)</u>	<u>6,620,941</u>	<u>271,148</u>	<u>6,892,089</u>

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

		Separate financial statements					
		Issued and fully paid-up share capital	Share premium	Surplus on changes in percentage of shareholding in local subsidiary	Retained earnings		Total
Note					Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2017		1,000,000	3,962,980	108,959	100,000	763,960	5,935,899
Profit for the period		-	-	-	-	301,592	301,592
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	301,592	301,592
Dividend paid	24	-	-	-	-	(600,000)	(600,000)
Balance as at 30 June 2017		<u>1,000,000</u>	<u>3,962,980</u>	<u>108,959</u>	<u>100,000</u>	<u>465,552</u>	<u>5,637,491</u>
Balance as at 1 January 2018		1,000,000	3,962,980	108,959	100,000	764,110	5,936,049
Profit for the period		-	-	-	-	247,067	247,067
Other comprehensive income for the period		-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	247,067	247,067
Dividend paid	24	-	-	-	-	(500,000)	(500,000)
Balance as at 30 June 2018		<u>1,000,000</u>	<u>3,962,980</u>	<u>108,959</u>	<u>100,000</u>	<u>511,177</u>	<u>5,683,116</u>

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

Carabao Group Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month and six-month periods ended 30 June 2018

1. General information

1.1 Corporate information

Carabao Group Public Company Limited (“the Company”) is incorporated as a limited company on 28 August 2013 and domiciled in Thailand, and registered the change of its status to a public limited company under The Public Limited companies Act on 8 July 2014. The Company is principally engaged in the investment in subsidiaries. The registered office of the Company is at 393 Silom Building 393, 7 - 10 Floor, Silom Road, Silom, Bangrak, Bangkok.

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

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

1.3 Basis of consolidation

These consolidated interim financial statements include the financial statements of Carabao Group Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017. There have been change in the composition of its subsidiary from change in percentage of shareholding in overseas subsidiary during the period as discussed in Note 8 to the interim financial statements.

1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarized below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. 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 recognized 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.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

2. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in 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 30 June				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Dividend income	-	-	204	252	At the declared rate
Management income	-	-	63	60	Contract price
Interest income	-	-	33	34	Contract price
Rental and service expenses	-	-	1	1	Contract price
<u>Transactions with individuals or related parties</u>					
Purchase of goods	179	138	-	-	Market price
Sales of goods	20	13	-	-	Market price
Promotion expenses	4	3	-	-	Contract price/ Mutually agreed prices
Service income	2	2	-	-	Contract price
Rental income	1	1	-	-	Contract price
Other expenses	2	1	-	-	Mutually agreed prices

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer Pricing Policy
	Consolidated financial statements		Separate financial statements		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Dividend income	-	-	204	252	At the declared rate
Management income	-	-	127	120	Contract price
Interest income	-	-	63	63	Contract price
Rental and service expenses	-	-	2	2	Contract price
Other income	-	-	1	-	Market price
<u>Transactions with individuals or related parties</u>					
Purchase of goods	380	189	-	-	Market price
Sales of goods	35	34	-	-	Market price
Promotion expenses	7	7	-	-	Contract price/ Mutually agreed prices
Service income	4	3	-	-	Contract price
Rental income	3	2	-	-	Contract price
Other expenses	3	2	-	-	Mutually agreed prices
Other income	1	1	-	-	Market price

(Unaudited but reviewed)

The balances of the accounts as at 30 June 2018 and 31 December 2017 between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<u>Trade and other receivables - related parties</u>				
(Note 5)				
Subsidiaries	-	-	17,522	58,005
Related companies				
(related by shareholders and directors)	23,955	17,213	-	-
Total trade and other receivables - related parties	<u>23,955</u>	<u>17,213</u>	<u>17,522</u>	<u>58,005</u>
<u>Dividend receivable from related parties</u>				
Subsidiaries	-	-	203,999	599,998
Total dividend receivable from related parties	<u>-</u>	<u>-</u>	<u>203,999</u>	<u>599,998</u>
<u>Other long-term receivable - related party</u>				
Subsidiary	-	-	26,172	26,172
Total other long-term receivable - related party	<u>-</u>	<u>-</u>	<u>26,172</u>	<u>26,172</u>
<u>Trade and other payables - related parties</u>				
(Note 14)				
Related companies				
(related by shareholders and directors)	34,306	17,400	-	-
Total trade and other payables - related parties	<u>34,306</u>	<u>17,400</u>	<u>-</u>	<u>-</u>
<u>Deposits received from rental - related parties</u>				
Related companies				
(related by shareholders and directors)	2,757	2,757	-	-
Total deposits received from rental - related parties	<u>2,757</u>	<u>2,757</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

As at 30 June 2018 and 31 December 2017, the balance of short-term loans between the Company and those related parties and the movement are as follows.

Short-term loans to related parties

(Unit: Thousand Baht)

Loans to related parties	Related by	Separate financial statements				Balance as at 30 June 2018
		Balance as at 31 December 2017	Increase during the period	Decrease during the period	Gain (loss) on exchange	
Carabao Tawandang Co., Ltd.	Subsidiary	3,435,000	1,599,500	(1,221,500)	-	3,813,000
Asia Pacific Glass Co., Ltd.	Subsidiary	179,000	118,000	(5,000)	-	292,000
Intercarabao Limited	Subsidiary	108,800	-	(111,200)	2,400	-
Carabao Trading (Hong Kong) Limited	Subsidiary	46,586	-	(36,399)	(462)	9,725
		<u>3,769,386</u>	<u>1,717,500</u>	<u>(1,374,099)</u>	<u>1,938</u>	<u>4,114,725</u>

As at 30 June 2018, short-term loans to related parties are in form of promissory notes which charged interest rate at 3.5 percent per annum (31 December 2017: 3.5 - 5.0 percent per annum).

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	40	39	40	39
Post-employment benefits	1	1	1	1
Total	<u>41</u>	<u>40</u>	<u>41</u>	<u>40</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	79	76	79	76
Post-employment benefits	2	2	2	2
Total	<u>81</u>	<u>78</u>	<u>81</u>	<u>78</u>

Guarantee obligation

As at 30 June 2018, the Company has guarantee obligations on credit facilities of the two subsidiaries, as described in Note 25.5.1 to the financial statements and guarantee obligations on loan of a subsidiary, as described in Note 25.5.2 to the financial statements.

3. Cash and cash equivalents

As at 30 June 2018 and 31 December 2017, cash and cash equivalents consist of the following:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
Cash	220	200	10	10
Bank deposits	292,170	146,567	12,164	15,320
Total cash and cash equivalents	292,390	146,767	12,174	15,330

As at 30 June 2018, bank deposits in savings account and fixed deposits carried interest between 0.01 and 0.63 percent per annum (31 December 2017: between 0.01 and 0.38 percent per annum).

4. Current investments

Movement in the current investments account, which were investments in trading securities, during the six-month period ended 30 June 2018 are summarised below.

(Unit: Thousand Baht)

	Consolidated/ separate financial statements
Net book value as at 31 December 2017	7,130
Sales during the period	
Proceeds from sales	(7,139)
Gain on sales	9
Total	(7,130)
Net book value as at 30 June 2018	-

5. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	11,499	12,475	-	-
Past due				
Not over 3 months	603	-	-	-
3 - 6 months	2,791	-	-	-
Total trade receivables - related parties	14,893	12,475	-	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	703,393	615,512	-	-
Past due				
Not over 3 months	34,698	99,845	-	-
3 - 6 months	5,586	28,958	-	-
6 - 12 months	20,117	-	-	-
Total trade receivables - unrelated parties	763,794	744,315	-	-
Less: Allowance for doubtful debts	(1,242)	(1,394)	-	-
Total trade receivables - unrelated parties - net	762,552	742,921	-	-
Total trade receivables - net	777,445	755,396	-	-
<u>Other receivables</u>				
Other receivables - related parties	8,866	4,526	176	2,776
Other receivables - unrelated parties	6,523	7,398	-	-
Accrued income - related parties	196	212	17,346	55,229
Accrued income - unrelated parties	93	128	-	1
Prepaid expenses	230,200	178,449	1,561	1,154
Advances	6,418	1,308	-	-
Excise tax receivables	1,000	12,079	-	-
Others	534	365	-	-
Total other receivables	253,830	204,465	19,083	59,160
Total trade and other receivables	1,031,275	959,861	19,083	59,160

6. Reduction of inventory to net realisable value

Movements in reduction of inventory to net realisable value account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial
	statements
Balance as at 31 December 2017	1,298
Increase in reduction of inventory value during the period	3,769
Balance as at 30 June 2018	5,067

7. Other current assets

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2018	2017	2018	2017
VAT receivable	523,036	354,322	-	-
Undue input vat	6,542	22,323	136	67
Supplies for market promotion	6,915	9,141	-	-
Others	8,044	3,388	-	-
Total other current assets	544,537	389,174	136	67

8. Investments in subsidiaries

8.1 Investments in subsidiaries presented in the separate financial statements are as follows.

Company's name	Nature of business	Paid-up capital		Percentage of shareholding		Cost method		Dividend received during the six-month periods ended	
		30 June	31 December	30 June	31 December	30 June	31 December	30 June	30 June
		2018	2017	2018	2017	2018	2017	2018	2017
		(Thousand Baht)	(Thousand Baht)	(Percent)	(Percent)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
<u>Local subsidiaries</u>									
Carabao Tawandang Co., Ltd.	Manufacture and distribution of beverage	300,000	300,000	100	100	408,958	408,958	203,999	251,999
Asia Pacific Glass Co., Ltd.	Manufacture and distribution of glass bottles and products	1,299,998	1,299,998	100	100	1,299,998	1,299,998	-	-
Tawandang DCM Co., Ltd.	Distribution management	100,000	100,000	100	100	99,998	99,998	-	-
Asia Can Manufacturing Co., Ltd.	Manufacture and distribution of aluminum can	640,400	420,400	74	74	473,896	311,096	-	-
<u>Overseas subsidiaries</u>									
Carabao Holdings (Hong Kong) Limited	Investment	USD 60.5 million	USD 34 million	100	100	2,036,141	1,178,611	-	-
Carabao Trading (Hong Kong) Limited	Trading business in overseas	USD 50,000	USD 50,000	100	100	1,758	1,758	-	-
Total						4,320,749	3,300,419	203,999	251,999

8.2 Investment in subsidiary companies which the Company previously held

8.2.1 On 22 February 2017, the meeting of the Company's Board of Directors passed a resolution to approve CHHK in joining ICSG to establish a new subsidiary in Hong Kong, namely Carabao Venture Holdings (Hong Kong) Limited (CVHHK) with shareholding interest of 90 percent and 10 percent, respectively. The subsidiary is principally engaged in investment in overseas companies with a registered capital equivalent to the amount of not exceeding USD 19.7 million, comprising 19.7 million shares. On 2 March 2017, CVHHK completed the registration of its establishment. As a result, the Company has control over CVHHK via its indirect holding of 90 percent interest through CHHK.

On 6 October 2017, CVHHK has submitted for deregistration with government office of Hong Kong. Such deregistration has already completed on 15 February 2018.

8.2.2 On 5 January 2018, the meeting of the Board of Directors of Carabao Holdings (Hong Kong) Limited (CHHK) (a subsidiary) pass a resolution to increase its registered share capital from USD 34.0 million to USD 60.5 million (increase USD 26.5 million or EUR 22.0 million). The Company had already made the payment for share subscription. Such subsidiary registered the share capital increase on 5 January 2018.

8.2.3 On 8 January 2018, the meeting of the Board of Directors of Carabao Venture Holdings (Luxembourg) S.à r.l. (CVHLUX) (a subsidiary) pass a resolution to increase its registered share capital from EUR 16.9 million to EUR 62.3 million (increase EUR 45.4 million or GBP 40.3 million) in order to support the operation of Intercarabao Limited (ICUK) (another subsidiary) through the process as follows:

- 1) Issue and offer new ordinary shares to existing shareholders in proportion to their holdings in the amount not exceeding EUR 22.0 million or GBP 19.5 million. However, Intercarabao Private Limited (ICSG), another shareholder of CVHLUX, has notified of its intention not to purchase new ordinary shares of CVHLUX in proportion to its holding in full. On 8 January 2018, CHHK purchase the additional ordinary shares of CVHLUX of EUR 22.0 million or GBP 19.5 million and had already made the payment for such share subscription in full amount.
- 2) Convert debt from loans from Carabao Holdings (Hong Kong) Limited (CHHK) and Intercarabao Private Limited (ICSG) into equity in the amount of EUR 23.4 million or GBP 20.8 million.

Such subsidiary registered the share capital increase on 8 January 2018.

A result of such increase in share capital, CHHK's holding proportion in CVHLUX increased from 51 percent to 84.3 percent, whereby the effect to the consolidated statements of financial position as at 31 December 2017 are summarised below.

(Unit: Thousand Baht)

	<u>Increase (decrease)</u>
Short-term loans from non-controlling interests of the subsidiary	(58,639)
Deficit on changes in percentage of shareholding in overseas subsidiary	(368,686)
Non-controlling interests of the subsidiary	427,325

8.2.4 On 12 January 2018, the meeting of the Board of Directors of Intercarabao Limited (ICUK) (a subsidiary) pass a resolution to increase its registered share capital from GBP 14.5 million to GBP 34.0 million (increase GBP 19.5 million or EUR 22.0 million). Such subsidiary registered the share capital increase on 12 January 2018.

On 12 January 2018, CVHLUX purchase the additional ordinary shares of ICUK of GBP 19.5 million or EUR 22.0 million and had already made the payment for such share subscription totaling GBP 19.2 million as detail as follows:

- GBP 12.5 million on 12 January 2018
- GBP 3.0 million on 25 April 2018
- GBP 3.7 million on 12 June 2018

For the remaining of GBP 0.3 million, CVHLUX settle such remaining amount with payable that ICUK convert debt to equity as described in Note 27.1.

8.2.5 During the current period, Asia Can Manufacturing Co., Ltd. (a subsidiary) additional call up for the ordinary shares which were not fully paid up of 6,990,000 shares. Such subsidiary has already received such additional call up totaling Baht 220 million as detail as follows:

- Baht 120 million on 12 January 2018
- Baht 100 million on 18 May 2018

For the remaining of Baht 59.6 million, the additional call up will be made on 10 August 2018.

8.3 Unestablished subsidiary company

On 11 August 2017, the meeting of the Company's Board of Directors passed a resolution to approve an establishment of a subsidiary in Thailand for engaging in the logistic business with a registered capital not exceeding Baht 100 million.

Subsequently, on 21 February 2018, the meeting of the Company's Board of Directors pass a resolution to approve the withdrawal of such establishment of a subsidiary in Thailand for engaging in the logistic business, because the Company's Board of Directors considered that it is not suitable with the group's business at present.

9. Investment properties

Movement of the investment properties account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 31 December 2017	103,163
Acquisitions during the period - at cost	823
Depreciation for the period	(2,014)
Net book value as at 30 June 2018	<u>101,972</u>

10. Property, plant and equipment

Movement in the property, plant and equipment account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 31 December 2017	9,608,940
Acquisition during the period - at cost	1,495,329
Capitalised interest	16,298
Disposal during the period - net book value at disposal date	(1,653)
Depreciation for the period	(210,894)
Translation adjustment	(113)
Net book value as at 30 June 2018	<u>10,907,907</u>

11. Goodwill

Movement in the goodwill account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 31 December 2017	535,467
Less: Translation adjustment	(6,527)
Net book value as at 30 June 2018	<u>528,940</u>

12. Intangible assets

Movement of the intangible assets account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 31 December 2017	67,007	3,640
Acquisition during the period - at cost	5,026	1,560
Amortisation for the period	(2,489)	(43)
Translation adjustment	(15)	-
Net book value as at 30 June 2018	<u>69,529</u>	<u>5,157</u>

13. Short-term loans from financial institutions

The short-term loans from financial institutions carry interest at a reference fix loan rate of commercial banks. The loans are unsecured loans and no any certain conditions of restrictions stipulated in the agreements.

14. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Trade payables - related parties	28,780	16,762	-	-
Trade payables - unrelated parties	1,216,722	987,902	-	-
Other payables - related parties	526	638	-	-
Other payables - unrelated parties	375,726	457,896	5,878	20,381
Accrued expenses - related parties	5,000	-	-	-
Accrued expenses - unrelated parties	422,248	261,445	49,372	32,754
Accrued excise tax	128,721	127,627	-	-
Advance received	92,517	44,927	-	-
Total trade and other payables	<u>2,270,240</u>	<u>1,897,197</u>	<u>55,250</u>	<u>53,135</u>

15. Short-term loans from non-controlling interests of the subsidiary

These short-term loans were loans which Carabao Venture Holdings (Luxembourg) S.à r.l. (CVHLUX) (a subsidiary) borrowed from Intercarabao Private Limited (ICSG), non-controlling interests of such subsidiary. As at 31 December 2017, the outstanding balance of these loans were GBP 1.3 million (or equivalent to Baht 57.1 million), carries interest at fix rate and is due at call.

Subsequently, on 8 January 2018, CVHLUX converted all of such loans and interest payable of GBP 1.3 million (or equivalent to Baht 58.6 million) to equity, as mentioned in Note 8.2.3 to the financial statements.

16. Long-term loans from financial institutions

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Long-term loans	1,805,120	2,490,400	-	1,000,000
Less: Portion due within one year	(125,000)	(300,000)	-	(300,000)
Long-term loans - net of current portion	<u>1,680,120</u>	<u>2,190,400</u>	<u>-</u>	<u>700,000</u>

During the six-month period ended 30 June 2018, movements in long-term loans from financial institutions are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2017	2,490,400	1,000,000
Add: Increase during the period	832,620	-
Less: Repayment during the period	<u>(1,517,900)</u>	<u>(1,000,000)</u>
Balance as at 30 June 2018	<u><u>1,805,120</u></u>	<u><u>-</u></u>

On 26 December 2016, the Company had entered into long-term loan agreement with a financial institution with a given credit facilities of Baht 1,000 million, fully drawn down on which interest is charged at the Minimum Loan Rate (MLR) reference rate minus fix rate per annum. The loan is repayable in 10 periods by three-month installments, with the first of these due in June 2018. This long-term loan is unsecured and no any certain conditions or restrictions stipulated in the agreements.

During the current period, the Company made repayment for such long-term loan in full amount.

On 2 June 2017, a subsidiary had entered into long-term loan agreement with a financial institution with a given credit facilities of Baht 1,500 million, which the last drawn down period is within the last working day of March 2018. The interest is charged at the Minimum Loan Rate (MLR) reference rate minus fix rate per annum. The loan is repayable in 12 periods by three-month installments, with the first of these due in June 2019. This long-term loan is secured by the Company (as mentioned in note 25.5.2). The long-term loan agreement contains conditions that require the subsidiary to comply with certain conditions and restrictions stipulated in the agreement, i.e. to maintain the consolidated financial statements' debt to equity ratio at the rate prescribed in the agreement. As at 30 June 2018, such subsidiary had outstanding long-term loan of Baht 600 million (31 December 2017: Baht 1,078 million).

On 12 July 2017, a subsidiary had entered into long-term loan agreement with a financial institution with a given credit facilities of Baht 1,455 million, which the last drawn down period is within 28 December 2018. The interest charged is at the fixed rate for the first 2 years and the Minimum Loan Rate (MLR) reference rate minus fix rate per annum for the following years. The loan is repayable in one-month installments over a period of 5 years, with the first of these due in August 2019. This long-term loan is unsecured. The long-term loan agreement contains conditions that require the subsidiary to comply with certain conditions and restrictions stipulated in the agreement, i.e. to maintain the subsidiary's debt to equity ratio at the rate prescribed in the agreement. As at 30 June 2018, such subsidiary had outstanding long-term loan of Baht 1,205 million (31 December 2017: Baht 412 million).

17. Debentures

On 25 April 2018, the Annual General Meeting of the shareholders of the Company approved the issuance and offering of debentures in principal amount not exceeding Baht 5,000 million or in foreign currencies in equivalent value, depending on the market conditions at the time of issuance and offering of each debentures.

On 15 June 2018, the Company issued debentures No. 1/2561 which are 2 series of name-registered, unsubordinated, unsecured and no debenture holder representative debentures, as detailed below.

- The debenture series 1 for the total number of 1,700,000 units, at the price of Baht 1,000 per unit, totaling Baht 1,700 million. The debenture is 2-year tenor, due on 15 June 2020, at the coupon rate of 2.23 percent per annum. Interest is repayable every 6 months.
- The debenture series 2 for the total number of 720,000 units, at the price of Baht 1,000 per unit, totaling Baht 720 million. The debenture is 3-year tenor, due on 15 June 2021, at the coupon rate of 2.42 percent per annum. Interest is repayable every 6 months.

Such debentures contain a covenant that require the Company to maintain financial ratio, i.e. to maintain the consolidated financial statements' debt to equity ratio at the rate prescribed.

During the six-month period ended 30 June 2018, movement in debentures are summarised below.

	(Unit: Thousand Baht)
	Consolidated/ separate financial statements
Balance as at 31 December 2017	-
Add: Debentures issuance during the period	2,420,000
Less: Transaction cost for debentures issuance during the period	(4,031)
Net cash received from debentures issuance during the period	2,415,969
Add: Amortisation of transaction costs for debentures issuance during the period	76
Balance as at 30 June 2018	2,416,045

18. Provision for long-term employee benefits

During the six-month period ended 30 June 2018, movements in the provision for long-term employee benefits, which were employee retirement benefits, are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2017	102,197	54,026
Current service cost	8,332	2,907
Interest cost	1,483	559
Benefits paid during the period	(126)	-
Balance as at 30 June 2018	111,886	57,492

19. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. The statutory reserve has fully been set aside.

20. Other income

(Unit: Thousand Baht)

For the three-month periods ended 30 June

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Rental and service income	17,252	15,811	-	-
Gain on exchange	-	21,377	18	2,711
Scrap sales income	3,145	3,821	-	-
Income from sales and trade-off premium goods	358	2,074	-	-
Gain on sales of fixed assets	735	-	-	-
Interest income	658	877	33,533	35,194
Management income	-	-	63,600	60,000
Others	6,855	4,773	644	1,106
Total other income	29,003	48,733	97,795	99,011

(Unit: Thousand Baht)

For the six-month periods ended 30 June

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Rental and service income	34,504	31,547	-	-
Gain on exchange	9,221	21,377	1,966	3,289
Scrap sales income	7,206	7,142	-	-
Income from sales and trade-off premium goods	2,930	7,259	-	-
Gain on sales of fixed assets	1,730	678	-	-
Interest income	662	1,977	63,388	64,920
Management income	-	-	127,200	120,000
Others	14,313	14,471	1,329	2,738
Total other income	70,566	84,451	193,883	190,947

21. Income tax

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

Income tax expenses for the three-month and six-month periods ended 30 June 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	86,831	111,600	5,059	6,255
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,997)	(6,647)	444	(380)
Income tax expenses reported in the income statements	81,834	104,953	5,503	5,875
	(Unit: Thousand Baht)			
	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current income tax:				
Interim corporate income tax charge	165,045	151,528	10,685	12,906
Deferred tax:				
Relating to origination and reversal of temporary differences	(4,021)	6,429	90	(523)
Income tax expenses reported in the income statements	161,024	157,957	10,775	12,383

22. Earnings per share

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

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit for the periods attributable to equity holders the Company (Thousand Baht)	209,948	425,934	225,959	275,531
Weighted average number of ordinary shares (Thousand shares)	1,000,000	1,000,000	1,000,000	1,000,000
Earnings per share (Baht/share)	0.21	0.43	0.23	0.28

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Profit for the periods attributable to equity holders the Company (Thousand Baht)	390,466	647,370	247,067	301,592
Weighted average number of ordinary shares (Thousand shares)	1,000,000	1,000,000	1,000,000	1,000,000
Earnings per share (Baht/share)	0.39	0.65	0.25	0.30

23. Segment information

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

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services. During the current period, the Company and its subsidiaries have changed the organisation of their reportable segments from 2017 to the following:

- (1) Manufacture and distribution of energy drinks
- (2) Manufacture and distribution of products under Carabao's trademark
- (3) Distribution of other products

(Unaudited but reviewed)

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

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

The following table presents revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2018 and 2017.

(Unit: Million Baht)

	Consolidated financial statements				
	For the three-month period ended 30 June 2018				
	Manufacture and distribution of energy drinks	Manufacture and distribution of products under Carabao's trademark	Distribution of other products	Others	Total
Revenue					
Revenue from external customers	3,150	230	246	2	3,628
Segment gross profit	1,107	22	27	-	1,156
Others income					29
Selling expenses					(715)
Administrative expenses					(204)
Finance cost					(26)
Profit before income tax expenses					240
Income tax expenses					(82)
Profit for the period					158

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements					
For the six-month period ended 30 June 2018					
	Manufacture and distribution of energy drinks	Manufacture and distribution of products under Carabao's trademark	Distribution of other products	Others	Total
Revenue					
Revenue from external customers	5,981	466	515	15	6,977
Segment gross profit	2,056	44	56	3	2,159
Others income					70
Selling expenses					(1,342)
Administrative expenses					(387)
Finance cost					(51)
Profit before income tax expenses					449
Income tax expenses					(161)
Profit for the period					288

(Unit: Million Baht)

Consolidated financial statements					
For the three-month period ended 30 June 2017					
	Manufacture and distribution of energy drinks	Manufacture and distribution of products under Carabao's trademark	Distribution of other products	Others	Total
Revenue					
Revenue from external customers	3,066	213	208	14	3,501
Segment gross profit	1,074	26	24	1	1,125
Others income					48
Selling expenses					(568)
Administrative expenses					(168)
Finance cost					(5)
Profit before income tax expenses					432
Income tax expenses					(105)
Profit for the period					327

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements					
For the six-month period ended 30 June 2017					
	Manufacture and distribution of energy drinks	Manufacture and distribution of products under Carabao's trademark	Distribution of other products	Others	Total
Revenue					
Revenue from external customers	5,362	431	371	20	6,184
Segment gross profit	1,900	56	45	2	2,003
Others income					85
Selling expenses					(1,132)
Administrative expenses					(338)
Finance cost					(10)
Profit before income tax expenses					608
Income tax expenses					(158)
Profit for the period					450

Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Million Baht)			
	For the three-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenue from external customers				
Domestic				
Thailand	1,988	1,912	3,786	3,708
Overseas				
Cambodia	963	558	1,995	1,146
China	195	568	404	612
Myanmar	180	123	342	228
Vietnam	163	135	237	140
United Kingdom	20	59	63	71
Others	119	146	150	279
Total	<u>3,628</u>	<u>3,501</u>	<u>6,977</u>	<u>6,184</u>

During the six-month period ended 30 June 2018, the Company and its subsidiaries had revenue from domestic sales at 54 percent and revenue from overseas sales at 46 percent (30 June 2017: revenue from domestic sales at 60 percent and revenue from overseas sales at 40 percent).

Major customers

During the six-month period ended 30 June 2018, the Company and its subsidiaries had revenue with 1 major customer with revenue of 10 percent or more than of its consolidated revenue (30 June 2017: 2 major customer).

24. Dividend

Dividend	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>The Company</u>				
<u>For the year 2018</u>				
Dividend from 2017 income	Annual General Meeting of the Shareholders on 25 April 2018	500	0.5	May 2018
Total dividend for 2018		500		
<u>For the year 2017</u>				
Dividend from 2016 income	Annual General Meeting of the Shareholders on 25 April 2017	600	0.6	May 2017
Total dividend for 2017		600		
<u>Subsidiaries</u>				
<u>For the year 2018</u>				
Interim dividend	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 9 May 2018	204 ⁽¹⁾	68.0	September 2018
Total dividend for 2018		204		
<u>For the year 2017</u>				
Interim dividend	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 12 May 2017	252	84.0	September 2017
Total dividend for 2017		252		

⁽¹⁾As at 30 June 2018, the Company had outstanding dividend receivable in separate financial statements of Baht 204 million which the subsidiary will pay to shareholders within September 2018.

25. Commitments and contingent liabilities

25.1 Capital commitments

As at 30 June 2018, the subsidiaries had capital commitments, relating to the construction of factory buildings, acquisition of machinery and development of intangible assets as follows:

	(Unit: Million)
	Consolidated financial statements
	<hr/>
Foreign currencies:	
Thai Baht	117.4
US dollar	4.1
Euro	0.9

25.2 Operating lease and service commitments

The Company and its subsidiaries entered into several lease agreements in respect of the lease of office space, motor vehicles, equipment and services agreements. The terms of the agreements are generally between 1 year and 5 years.

As at 30 June 2018, the Company and its subsidiaries had future minimum lease payments required under these non-cancellable operating leases and service contracts were as follows.

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
	<hr/>	<hr/>
Payable:		
In up to 1 year	138.0	4.6
In over 1 year and up to 5 years	154.4	5.0

25.3 Significant agreements with related parties

25.3.1 On 17 July 2012, Carabao Tawandang Co., Ltd., (a subsidiary) and Tawandang DCM Co., Ltd., (another subsidiary), entered into an agency agreement whereby the Tawandang DCM agreed to be a sole distributor of Carabao Tawandang Beverage. The agreement is effective for a period of ten years, to be expired on 14 October 2022 and renewable every five years. Under the conditions of this agreement, Carabao Tawandang Co., Ltd. is obliged to support Tawandang DCM Co., Ltd., with regard to its advertising and promotional expenses incurred according to the terms and conditions of the agreement.

25.3.2 Carabao Tawandang Co., Ltd. (a subsidiary) and Asia Pacific Glass Co., Ltd., (another subsidiary), entered into a sale and purchase agreement for 150 ml amber glass bottle and 250 ml clear glass bottle in accordance with quantity and design as depurated in the agreement. This agreement is effective since the date on the agreement unless cancelled by either party.

25.3.3 On 20 November 2013, Carabao Tawandang Co., Ltd., (a subsidiary) entered into a public relation and brand image agreement with a related company. Under the condition of this agreement, the subsidiary has obliged to pay a fee of Baht 10 million per annum. The agreement is effective for a period of three years between 1 January 2014 and 31 December 2016.

On 1 July 2014, the subsidiary entered into a supplemental agreement to modify the period of the agreement from 3 years to 5 years, whereby the rate of public relation and brand image fee remains unchanged. In addition, the subsidiary agrees to automatically extend the agreement for another 5 years after the expiration on 31 December 2018 and also agrees to pay for the fee of Baht 12 million per year. This agreement is effective on 1 July 2014 onwards.

25.3.4 On 6 January 2014, the Company entered into a technical assistance and management agreement with three subsidiaries. The agreement is effective for a period of 5 years between 1 January 2014 and 31 December 2018. Under the condition of this agreement, the Company receives a monthly service fee of Baht 10 million.

On 17 February 2016, the Company and its subsidiaries entered into an amendment to the agreement, changing the service fee from Baht 10 million per month to Baht 15 million per month. The agreement is effective on 1 January 2016 to 31 December 2018.

On 23 January 2017, the Company and its subsidiaries entered into an amendment to the agreement, changing the service fee from Baht 15 million per month to Baht 20 million per month. The agreement is effective on 1 January 2017 and 31 December 2018.

On 25 January 2018, the Company entered into a technical assistance and management agreement with another subsidiary. The agreement is effective since 1 November 2017 unless cancelled by either party. Under the condition of this agreement, the Company receives a monthly service fee of Baht 1.2 million.

25.3.5 Carabao Tawandang Co., Ltd. (a subsidiary) entered into a rental and service agreement with the Company, two subsidiaries, and two related companies. The agreement is effective for a period of 3 years. Under conditions of this agreement, Carabao Tawandang Co., Ltd. receives a monthly rental and service income of Baht 1.6 million.

- 25.3.6 On 1 February 2016, Carabao Tawandang Co., Ltd. (a subsidiary) and Tawandang DCM Co., Ltd. (another subsidiary), entered into a trademark license agreement for using trademark of Carabao Tawandang Co., Ltd. for certain product. The agreement is effective for a period of 2 years between 1 February 2016 and 31 January 2018 or unless cancelled by either party. Under the conditions of this agreement, Tawandang DCM Co., Ltd. is obliged to pay trademark license fees as specified in the agreement and Carabao Tawandang Co., Ltd. is obliged to support the marketing expenses incurred according to such trademark.
- 25.3.7 Tawandang DCM Co., Ltd. (a subsidiary) entered into an agency agreement with three related companies whereby the Tawandang DCM Co., Ltd. agreed to be a sole distributor of such three related companies' products. The agreement is effective for a period of one year, and renewable every year. Under the conditions of this agreement, such two related companies are obliged to support Tawandang DCM Co., Ltd., with regard to its advertising and promotional expenses incurred according to the terms and conditions of the agreement.
- 25.3.8 On 20 October 2016, Carabao Tawandang Co., Ltd. (a subsidiary) and Carabao Venture Holdings (Luxembourg) S.à r.l. (another subsidiary), entered into an agency agreement whereby the Carabao Venture Holdings (Luxembourg) S.à r.l. agreed to be a sole distributor of Carabao Tawandang's products in the countries as specified in the agreement. The agreement is effective for a period of 9 years, to be expired on 19 October 2025.
- 25.3.9 On 1 July 2017, Asia Can Manufacturing Co., Ltd. (a subsidiary) entered into license agreement for using the knowhow for manufacturing with an unrelated company in overseas. This agreement is effective since the date on the agreement unless cancelled by either party. Under the condition of this agreement, such subsidiary has already paid for such license fee of Baht 50 million. In addition, such subsidiary is obliged to pay a royalty fee in quarterly basis at a rate specified in the agreement.
- 25.3.10 On 1 September 2017, Asia Pacific Glass Co., Ltd. (a subsidiary) entered into a land lease agreement with Asia Pacific Can Co., Ltd. (another subsidiary). The agreement is effective for a period of 30 years, to be expired on 31 August 2047 and renewable. Under the conditions of this agreement, Asia Pacific Glass Co., Ltd. received rental in advance of Baht 50 million.

25.4 Sponsorship agreement

25.4.1 On 16 July 2015 and 1 April 2016, Carabao Tawandang Co., Ltd. (a subsidiary) entered into a sponsorship agreements with two local football clubs concerning the marketing right regarding benefits and public relations as stipulated in the agreements. The agreements are effective from the date on the agreement until 31 December 2019 and 31 December 2020. Under conditions of this agreements, the subsidiary is obliged to pay total fee of Baht 6 million per annum.

25.4.2 On 18 November 2015, Carabao Tawandang Co., Ltd. (a subsidiary) and an unrelated company in overseas entered into a sponsorship agreement with a football club registered in England concerning the marketing right to promote the brands and trademarks of the subsidiary in a football match. The agreement is effective for a period of 3 years between 1 May 2016 and 30 June 2019.

On 10 January 2017, the unrelated company has entered into an agreement to transfer its rights and obligations under the sponsorship agreement to Intercarabao Limited (another subsidiary) and Carabao Venture Holdings (Luxembourg) S.à r.l. (another subsidiary). The agreement is effective on 21 October 2016 onwards.

On 27 April 2017, such 3 subsidiaries entered into an amendment to the agreement with respect to the marketing right and sponsorship fee. The subsidiaries obtained a special condition to extend the period of the agreement from 3 years to 5 years, expiring on 30 June 2021, with additional fee totaling Pound 3 million. However, the marketing right in year 4 - 5 will be decreased from Principal Partner to be Global Sponsorship.

As at 30 June 2018, Carabao Tawandang Co., Ltd. and 2 overseas subsidiaries are obliged to pay a fee of Pound 3.6 million and Pound 8.4 million, respectively, to the football club under conditions of this agreement.

25.4.3 On 16 June 2016, Intercarabao Limited (a subsidiary) entered into a sponsorship agreement with a football club registered in England concerning the marketing right to promote the brands and trademarks of the subsidiary in a football match. The agreement is effective for a period of 3 years between 1 June 2016 and 31 May 2019. The subsidiary is obliged to pay a fee to the football club under the terms and conditions specified in this agreement.

25.4.4 On 1 November 2016, Carabao Venture Holdings (Luxembourg) S.à r.l. (a subsidiary) entered into a sponsorship agreement with The Football League Limited which is incorporated in England. Under the condition of this agreement, the subsidiary is entitled to formally use the name and trademark of Carabao Tawandang Co., Ltd. (another subsidiary) to be the title of the football match and to promote the brand and trademark over a period of 3 seasons (from 2017/2018 Season to 2019/2020 Season). The subsidiary is obliged to pay a fee to such company under the terms and conditions specified in this agreement. The agreement is effective for a period of 3 years between 1 June 2017 and 31 May 2020.

On 30 March 2018, Carabao Venture Holdings (Luxembourg) S.à r.l. has entered into an amendment to the agreement to transfer its rights and obligations under the sponsorship agreement with The Football League Limited to Intercarabao Limited (another subsidiary) and Carabao Tawandang Co., Ltd. (another subsidiary). The agreement is effective on 30 March 2018 onwards.

25.5 Guarantees

25.5.1 As at 30 June 2018, the Company has guaranteed for credit facilities, in form of letter of credit and forward contract, of Carabao Tawandang Co., Ltd. (a subsidiary) and Asia Pacific Glass Co., Ltd. (another subsidiary) amounting to Baht 1,100 million.

25.5.2 As at 30 June 2018, the Company has guaranteed loan of Carabao Tawandang Co., Ltd. (a subsidiary) with a given credit facility of Baht 1,500 million.

25.5.3 As at 30 June 2018, the subsidiaries have outstanding bank guarantees of approximately Baht 57 million issued by banks on behalf of the subsidiaries to guarantee the use of electricity and natural gas, and the submission of excise tax.

26. Financial instruments

Foreign currency risk

The Company and its subsidiaries's exposure to foreign currency risk arises mainly from trading transactions and services that are denominated in foreign currencies. However, as at 30 June 2018 the Company and its subsidiary had no forward exchange contract for hedging.

The balances of financial assets and liabilities denominated in foreign currencies as at 30 June 2018 are summarised below.

Foreign currencies	Consolidated financial statements		Separate financial statements		Average exchange rate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Bought	Sold
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Pound sterling	0.4	-	-	-	42.9961	43.9045
Euro	0.6	5.2	0.3	-	38.1371	38.8481
US dollar	1.4	-	-	-	33.0065	33.3278
Japan Yen	-	10.9	-	-	29.6145	30.3658
Yuan	39.3	-	-	-	4.9437	5.0590

27. Events after the reporting period

27.1 On 2 July 2018, the meeting of the Board of Directors of Intercarabao Limited (ICUK) (a subsidiary) pass a resolution to increase its register share capital from GBP 34.0 million to GBP 54.6 million (increase GBP 20.6 million) through convert debt from loans, interest payable, other payable of Carabao Venture Holdings (Luxembourg) S.à r.l. (CVHLUX) (another subsidiary) totaling GBP 20.9 million net with unpaid share capital of GBP 0.3 million of such subsidiary, as described in Note 8.2.4, to equity in the amount of GBP 20.6 million

27.2 On 6 July 2018, the Company issued debentures No. 2/2561 which are name-registered, unsubordinated, unsecured and debenture holder representative debentures for total number of 370,000 units, at the price of Baht 1,000 per unit, totalling Baht 370 million. The debenture is 2 year 11 month 9 day tenor, due on 15 June 2021, at the coupon rate of 2.42 percent per annum. Interest is repayable every 6 months.

Such debentures contain a covenant that require the Company to maintain financial ratio, i.e. to maintain the consolidated financial statements' debt to equity ratio at the rate prescribed.

28. Approval of financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 10 August 2018.