

T.A.C. Consumer Public Company Limited  
Report and financial statements  
31 December 2017

## **Independent Auditor's Report**

To the Shareholders of T.A.C. Consumer Public Company Limited

### **Opinion**

I have audited the accompanying financial statements of T.A.C. Consumer Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2017, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of T.A.C. Consumer Public Company Limited as at 31 December 2017, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

#### *Revenue recognition*

Sales of goods are significant accounting transactions as the amounts recognised in each period are material and directly affect profit or loss of the Company. In addition, the Company's sales transactions are made with local and overseas customers and there is a variety of arrangements and conditions, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. As a result, the Company's recognition of revenue from sales regarding sale promotions and discounts are complex. I therefore focused my audit on the revenue recognition of the Company.

I examined the Company's revenue recognition by assessing and testing the Company's internal controls with respect to the revenue cycle by making inquiries of responsible executives, gaining an understating of the controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select sales transactions occurring during the year and near the end of the accounting period to examine the supporting documents and reviewed credit notes that the Company issued after the period-end. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

#### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon. The annual report of the Company is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.



In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

EY Office Limited

Bangkok: 22 February 2018



T.A.C. Consumer Public Company Limited

Statement of financial position

As at 31 December 2017


(Unit: Baht)

	<u>Note</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	88,664,885	153,445,752
Current investments	8	299,043,476	394,056,752
Trade and other receivables	9	361,113,583	222,941,793
Inventories	10	54,521,494	39,316,640
Other current assets		<u>2,990,969</u>	<u>1,280,957</u>
<b>Total current assets</b>		<u>806,334,407</u>	<u>811,041,894</u>
<b>Non-current assets</b>			
Restricted bank deposits	7	27,000,000	27,000,000
Property, plant and equipment	11	103,672,541	88,661,309
Intangible assets	12	2,293,108	3,224,794
Deferred tax assets	19	2,715,953	2,300,948
Other non-current assets		<u>5,695,992</u>	<u>2,005,337</u>
<b>Total non-current assets</b>		<u>141,377,594</u>	<u>123,192,388</u>
<b>Total assets</b>		<u>947,712,001</u>	<u>934,234,282</u>

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

  
**T.A.C. Consumer  
Public Company Limited**  
 บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
 ..... Director  
 Mr. Chatchawe Vatanasuk

  
 ..... Director  
 Mr. Chanit Suwanparin


T.A.C. Consumer Public Company Limited  
Statement of financial position (continued)  
As at 31 December 2017

	<u>Note</u>	<u>2017</u>	<u>2016</u>
(Unit: Baht)			
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Trade and other payables	14	243,149,384	245,300,005
Current portion of liabilities under financial lease agreements	15	2,139,650	1,546,216
Income tax payable		14,950,560	14,958,733
Other current liabilities		4,397,081	3,248,352
<b>Total current liabilities</b>		<u>264,636,675</u>	<u>265,053,306</u>
<b>Non-current liabilities</b>			
Liabilities under financial lease agreements - net of current portion	15	3,977,124	2,331,138
Provision for long-term employee benefits	16	13,917,201	10,781,530
<b>Total non-current liabilities</b>		<u>17,894,325</u>	<u>13,112,668</u>
<b>Total liabilities</b>		<u>282,531,000</u>	<u>278,165,974</u>
<b>Shareholders' equity</b>			
Share capital			
Registered			
608,000,000 ordinary shares of Baht 0.25 each		152,000,000	152,000,000
Issued and fully paid up			
608,000,000 ordinary shares of Baht 0.25 each		152,000,000	152,000,000
Share premium		426,988,701	426,988,701
Retained earnings			
Appropriated - statutory reserve	17	15,200,000	13,436,712
Unappropriated		70,992,300	63,642,895
<b>Total shareholders' equity</b>		<u>665,181,001</u>	<u>656,068,308</u>
<b>Total liabilities and shareholders' equity</b>		<u>947,712,001</u>	<u>934,234,282</u>

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

  
**T.A.C. Consumer Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr. Chatchawe Vatanasuk

  
..... Director  
Mr. Chanit Suwanparin



T.A.C. Consumer Public Company Limited  
Statement of comprehensive income  
For the year ended 31 December 2017

	Note	<u>2017</u>	<u>2016</u>
(Unit: Baht)			
<b>Profit or loss:</b>			
<b>Revenues</b>			
Sales		1,281,698,019	1,177,020,230
Other income		7,787,996	6,921,005
<b>Total revenues</b>		<u>1,289,486,015</u>	<u>1,183,941,235</u>
<b>Expenses</b>	18		
Cost of sales		894,327,755	819,753,649
Selling expenses		190,054,617	166,076,173
Administrative expenses		64,783,229	70,520,222
<b>Total expenses</b>		<u>1,149,165,601</u>	<u>1,056,350,044</u>
<b>Profit before finance cost and income tax expenses</b>		140,320,414	127,591,191
Finance cost		(298,450)	(683,312)
<b>Profit before income tax expenses</b>		140,021,964	126,907,879
Income tax expenses	19	(27,549,441)	(25,077,723)
<b>Profit for the year</b>		<u>112,472,523</u>	<u>101,830,156</u>
<b>Other comprehensive income:</b>			
<b>Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income for the year</b>		<u>112,472,523</u>	<u>101,830,156</u>
<b>Basic earnings per share</b>	20		
Profit		<u>0.18</u>	<u>0.17</u>
Weighted average number of ordinary shares (shares)		<u>608,000,000</u>	<u>608,000,000</u>

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

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr. Chatchawe Vatanasuk

  
..... Director  
Mr. Chanit Suwanparin

T.A.C. Consumer Public Company Limited  
Statement of changes in shareholders' equity  
For the year ended 31 December 2017

(Unit: Baht)

	Note	Issued and paid up share capital	Share premium	Retained earnings		Total
				Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2016</b>		152,000,000	426,988,701	8,345,204	27,701,527	615,035,432
Total comprehensive income for the year		-	-	-	101,830,156	101,830,156
Appropriation of statutory reserve	17	-	-	5,091,508	(5,091,508)	-
Dividend paid	23	-	-	-	(60,797,280)	(60,797,280)
<b>Balance as at 31 December 2016</b>		<u>152,000,000</u>	<u>426,988,701</u>	<u>13,436,712</u>	<u>63,642,895</u>	<u>656,068,308</u>
<b>Balance as at 1 January 2017</b>		152,000,000	426,988,701	13,436,712	63,642,895	656,068,308
Total comprehensive income for the year		-	-	-	112,472,523	112,472,523
Appropriation of statutory reserve	17	-	-	1,763,288	(1,763,288)	-
Dividend paid	23	-	-	-	(103,359,830)	(103,359,830)
<b>Balance as at 31 December 2017</b>		<u>152,000,000</u>	<u>426,988,701</u>	<u>15,200,000</u>	<u>70,992,300</u>	<u>665,181,001</u>

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

**T.A.C. Consumer  
Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr. Chatchawe Vatanasuk

  
..... Director  
Mr. Chanit Suwanparin

T.A.C. Consumer Public Company Limited

Cash flow statement


For the year ended 31 December 2017

	<u>2017</u>	<u>2016</u>
		(Unit: Baht)
<b>Cash flows from operating activities</b>		
Profit before tax	140,021,964	126,907,879
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	17,537,406	12,148,482
Allowance for doubtful accounts (reversal)	397,682	(36,506)
Reduction of inventories to net realisable value (reversal)	(1,690,425)	1,063,206
Gain on sales and change in value of investments in trading securities	(3,408,020)	(3,995,064)
Loss (gain) on disposals of equipment	(500,738)	30,186
Loss on write-off of equipment and intangible assets	1,611	-
Provision for long-term employee benefits	3,135,671	1,914,414
Unrealised gain on exchange	(124,673)	-
Interest income	(2,121,951)	(2,419,283)
Interest expenses	298,450	683,311
Profit from operating activities before changes in operating assets and liabilities	153,546,977	136,296,625
Operating assets decrease (increase):		
Trade and other receivables	(138,325,581)	(42,530,893)
Inventories	(13,514,429)	(12,590,421)
Other current assets	(1,710,012)	4,303,313
Other non-current assets	(3,690,655)	(34,819)
Operating liabilities increase (decrease):		
Trade and other payables	8,286,084	64,781,077
Other current liabilities	1,148,729	(1,441,869)
Cash from operating activities	5,741,113	148,783,013
Cash received from interest income	1,894,701	2,105,916
Cash paid for income tax	(27,972,619)	(17,486,027)
<b>Net cash from (used in) operating activities</b>	<u>(20,336,805)</u>	<u>133,402,902</u>

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

  
 บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
 ..... Director  
 Mr. Chatchawe Vatanasuk

  
 ..... Director  
 Mr. Chanit Suwanparin



T.A.C. Consumer Public Company Limited

Cash flow statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	<u>2017</u>	<u>2016</u>
<b>Cash flows from investing activities</b>		
Decrease (increase) in current investments	98,421,296	(369,001,000)
Acquisitions of plant and equipment	(37,950,793)	(27,552,420)
Increase in intangible assets	(610,000)	(420,654)
Proceeds from disposals of equipment	1,142,944	1,441
<b>Net cash from (used in) investing activities</b>	<u>61,003,447</u>	<u>(396,972,633)</u>
<b>Cash flows from financing activities</b>		
Repayments of liabilities under finance lease agreements	(2,087,679)	(6,658,534)
Dividend paid	(103,359,830)	(60,797,280)
<b>Net cash used in financing activities</b>	<u>(105,447,509)</u>	<u>(67,455,814)</u>
<b>Net decrease in cash and cash equivalents</b>	(64,780,867)	(331,025,545)
Cash and cash equivalents at beginning of year	153,445,752	484,471,297
<b>Cash and cash equivalents at end of year (Note 7)</b>	<u>88,664,885</u>	<u>153,445,752</u>


**Supplemental cash flows information**


Non-cash transactions

Acquisitions of assets under financial lease agreements	4,028,649	1,836,904
Acquisitions of equipment that have not been paid	6,948,296	17,276,969

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

  
**T.A.C. Consumer  
Public Company Limited**  
 บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
 ..... Director  
 Mr. Chatchawe Vatanasuk

  
 ..... Director  
 Mr. Chanit Suwanparin

**T.A.C. Consumer Public Company Limited**  
**Notes to financial statements**  
**For the year ended 31 December 2017**

**1. General information**

T.A.C. Consumer Public Company Limited (“the Company”) was incorporated as a limited company under Thai laws and registered the change of its status to a public limited company under the Public Limited Companies Act on 26 August 2015. The Company operates in Thailand and its principal activity is the manufacture and distribution of beverage, with the registered office address at 9/231-233, 23rd Floor, UM Tower, Ramkhamhaeng Road, Suanluang, Bangkok, and its factory address is at 99/112 Moo 1, Nongmaidaeng, Banbueng, Chonburi.

**2. Basis of preparation**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

**3. New financial reporting standards**

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

During the year, the Company has adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr.Chatchawe Vatanasuk

  
..... Director  
Mr.Chanit Suwanparin

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

During the current year, the Federation of Accounting Professions issued a number of 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 management of the Company believes that the revised financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied.

**4. Significant accounting policies**

**4.1 Revenue recognition**

*Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

*Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

**4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

**4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.





Mr.Chatchawe Vatanasuk

Director



Mr.Chanit Suwanparin

Director



#### 4.4 Inventories

Inventories are valued at the lower of cost (first-in, first-out method) and net realisable value. Cost of finished goods and work in process comprises all production costs and attributable factory overhead.

Raw materials and packing materials are charged to production costs whenever consumed.

The net realisable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

#### 4.5 Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of these investments are recorded in profit or loss.

The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification is recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### 4.6 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building	-	20 years
Building improvement	-	3 - 20 years
Machinery and plant equipment	-	5 - 10 years
Furniture and office equipment		3 - 5 years
Selling tools and equipment		5 years
Motor vehicles		5 years

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)



Director

Mr.Chatchawe Vatanasuk



Director

Mr.Chanit Suwanparin

Depreciation is included in determining income. No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### 4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 4.8 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:


	<u>Useful lives</u>
Computer software	3 and 5 years

#### 4.9 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr.Chatchawe Vatanasuk

  
..... Director  
Mr.Chanit Suwanparin



#### 4.10 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful lives of the leased assets.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### 4.11 Foreign currencies

The financial statements are presented in Baht, which is also the Company's functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### 4.12 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### 4.13 Employee benefits

##### *Short-term employee benefits*

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)



Mr.Chatchawe Vatanasuk

Director



Mr.Chanit Suwanparin

Director



## **Post-employment benefits**

### *Defined contribution plans*

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

### *Defined benefit plans*

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

## **4.14 Provisions**

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **4.15 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)



Director

Mr.Chatchawe Vatanasuk



Director

Mr.Chanit Suwanparin

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### 4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
.....  
Mr.Chatchawe Vatanasuk

Director

  
.....  
Mr.Chanit Suwanparin

Director



## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Reduction of inventories to net realisable value**

In determining the net realisable value of inventories, the management needs to make judgement and estimates of loss that may be incurred from substandard or deteriorated inventories, and the effect from the reduction of the selling price of inventories.

### **Property, plant and equipment and depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Post-employment benefits under defined benefit plans**

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.



  
..... Director  
Mr.Chatchawe Vatanasuk

  
..... Director  
Mr.Chanit Suwanparin



## 6. Related party transactions

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

### Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	2017	2016
Short-term employee benefits	35.3	42.3
Post-employment benefits	3.9	3.1
Total	39.2	45.4

## 7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2017	2016
Cash	20	20
Bank deposits	115,645	180,426
Total	115,665	180,446
Less: Restricted bank deposits	(27,000)	(27,000)
Total cash and cash equivalents	88,665	153,446

As at 31 December 2017, bank deposits in savings and fixed deposit accounts carried interests between 0.13 and 1.00 percent per annum (2016: between 0.13 and 1.50 percent per annum).

Restricted bank deposits are fixed deposits pledged with the bank to secure bank overdrafts as discussed in Note 13.

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr.Chatchawe Vatanasuk

  
..... Director  
Mr.Chanit Suwanparin

## 8. Current investments

8.1 As at 31 December 2017 and 2016, current investments consisted of the following:

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Investments in trading securities - fair value (Note 8.2)	196,464	334,056
Fixed deposits	102,579	60,001
Total current investments	<u>299,043</u>	<u>394,057</u>

As at 31 December 2017, the Company had current investments in 6-month and 12-month fixed deposits totaling Baht 102.6 million, carrying interests between 1.00 and 1.38 percent per annum and due for redemption during January 2018 to March 2018 (2016: Baht 60 million, carrying interests between 1.25 and 1.50 percent per annum).

8.2 Movements in the investments in trading securities for the years ended 31 December 2017 and 2016 are summarised below.

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Net balance at beginning of the year	334,056	21,061
Cash paid for current investments in trading securities during the year - at cost	1,091,000	1,138,000
Sales during the year - at cost		
Proceeds from sales	(1,232,000)	(829,000)
Gain on sales	3,066	2,617
Total	(1,228,934)	(826,383)
Gain on change in value	342	1,378
Net balance at end of the year	<u>196,464</u>	<u>334,056</u>

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)



..... Director  
Mr.Chatchawe Vatanasuk



..... Director  
Mr.Chanit Suwanparin 10

## 9. Trade and other receivables

(Unit: Thousand Baht)

	<u>2017</u>	<u>2016</u>
<b><u>Trade accounts receivable - unrelated parties</u></b>		
Aged on the basis of due dates		
Not yet due	277,246	204,772
Past due		
Up to 3 months	24,047	13,486
3 - 6 months	53,420	43
6 - 12 months	1,765	4
Over 12 months	102	61
Total	356,580	218,366
Less: Allowance for doubtful accounts	(416)	(18)
Total trade accounts receivable - unrelated parties - net	356,164	218,348
<b><u>Other receivables</u></b>		
Other receivables - unrelated parties	1,334	1,226
Less: Allowance for doubtful accounts	(233)	(233)
Total other receivables - unrelated parties - net	1,101	993
Prepaid expenses	3,232	3,211
Interest receivable	617	390
Total other receivables - net	4,950	4,594
Total trade and other receivables - net	361,114	222,942

## 10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	32,907	23,172	(47)	(127)	32,860	23,045
Work in process	43	1,209	-	(1,178)	43	31
Raw and packing materials	21,694	16,750	(76)	(509)	21,618	16,241
Total inventories	54,644	41,131	(123)	(1,814)	54,521	39,317

**T.A.C. Consumer**  
**Public Company Limited**

บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr. Chatchawe Vatanasuk

  
..... Director  
Mr. Chanit Suwanparin



During the current year, the Company reduced cost of inventories by Baht 0.6 million (2016: Baht 2.6 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company reversed the write-down of cost of inventories by Baht 2.3 million (2016: Baht 1.5 million), and reduced the amount of inventories recognised as expenses during the year.

## 11. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and improvement	Machinery and plant equipment	Furniture and office equipment	Selling tools and equipment	Motor vehicles	Assets under installation	Total
<b>Cost</b>								
1 January 2016	10,704	30,297	7,188	8,097	633	15,513	17	72,449
Additions	-	28	2,962	3,140	256	-	40,278	46,664
Transfer in (transfer out)	-	32	17	114	31,540	-	(31,703)	-
Disposals/write-off	-	-	(52)	(86)	-	-	-	(138)
31 December 2016	10,704	30,357	10,115	11,265	32,429	15,513	8,592	118,975
Additions	-	3,761	19	5,206	306	3,600	18,759	31,651
Transfer in (transfer out)	-	-	-	78	13,658	-	(13,736)	-
Disposals/write-off	-	(19)	-	(642)	-	(4,001)	-	(4,662)
31 December 2017	10,704	34,099	10,134	15,907	46,393	15,112	13,615	145,964
<b>Accumulated depreciation</b>								
1 January 2016	-	5,902	2,099	4,539	8	7,261	-	19,809
Depreciation for the year	-	2,384	1,100	1,861	2,164	3,102	-	10,611
Depreciation on disposals/write-off	-	-	(26)	(80)	-	-	-	(106)
31 December 2016	-	8,286	3,173	6,320	2,172	10,363	-	30,314
Depreciation for the year	-	1,803	1,303	2,614	7,595	2,680	-	15,995
Depreciation on disposals/write-off	-	(19)	-	(631)	-	(3,368)	-	(4,018)
31 December 2017	-	10,070	4,476	8,303	9,767	9,675	-	42,291
<b>Net book value</b>								
31 December 2016	10,704	22,071	6,942	4,945	30,257	5,150	8,592	88,661
31 December 2017	10,704	24,029	5,658	7,604	36,626	5,437	13,615	103,673
<b>Depreciation for the year</b>								
2016 (Baht 2.9 million included in cost of sales, and the balance in selling and administrative expenses)								10,611
2017 (Baht 3.0 million included in cost of sales, and the balance in selling and administrative expenses)								15,995

**T.A.C. Consumer**  
**Public Company Limited**

บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)



Director

Mr.Chatchawe Vatanasuk



Director

Mr.Chanit Suwanparin

12

As at 31 December 2017, the Company had machinery, motor vehicles and office equipment acquired under finance lease agreements with net book value amounting to Baht 7.2 million (2016: Baht 6.5 million).

As at 31 December 2017, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 16.1 million (2016: Baht 4.5 million).

The Company has mortgaged land with structures thereon with net book value as at 31 December 2017 amounting to approximately Baht 17.4 million (2016: Baht 17.8 million) as collateral for bank overdrafts and credit facilities granted by a commercial bank as discussed in Note 13.

## 12. Intangible assets

The net book value of intangible assets, which are computer software, as at 31 December 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Cost	6,367	5,785
Less: Accumulated amortisation	<u>(4,074)</u>	<u>(2,560)</u>
Net book value	<u>2,293</u>	<u>3,225</u>

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	3,225	4,341
Acquisitions - at cost	610	421
Amortisation for the year	<u>(1,542)</u>	<u>(1,537)</u>
Net book value at end of year	<u>2,293</u>	<u>3,225</u>

**T.A.C. Consumer**  
Public Company Limited  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr.Chatchawe Vatanasuk

  
..... Director  
Mr.Chanit Suwanparin

### 13. Bank overdrafts

The bank overdrafts are secured by the pledge of the Company's bank deposits and the mortgage of land with structures thereon.

As at 31 December 2017, the Company had bank overdrafts which had not yet been drawn down amounting to Baht 134.8 million (2016: Baht 134.8 million).

### 14. Trade and other payables

(Unit: Thousand Baht)

	<u>2017</u>	<u>2016</u>
Trade payables - unrelated parties	182,417	146,694
Other payables - unrelated parties	36,043	55,184
Accrued expenses	24,689	43,422
Total trade and other payables	<u>243,149</u>	<u>245,300</u>


### 15. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	<u>2017</u>	<u>2016</u>
Liabilities under finance lease agreements	7,077	4,359
Less: Deferred interest expenses	(960)	(482)
Total	6,117	3,877
Less: Current portion	(2,140)	(1,546)
Liabilities under finance lease agreements - net of current portion	<u>3,977</u>	<u>2,331</u>

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

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr. Chatchawe Vatanasuk

  
..... Director  
Mr. Chanit Suwanparin



Future minimum lease payments required under the finance lease agreements were as follows:

	(Unit: Thousand Baht)		
	As at 31 December 2017		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	2,551	4,526	7,077
Deferred interest expenses	(411)	(549)	(960)
Present value of future minimum lease payments	<u>2,140</u>	<u>3,977</u>	<u>6,117</u>

	(Unit: Thousand Baht)		
	As at 31 December 2016		
	Less than		
	1 year	1 - 5 years	Total
Future minimum lease payments	1,790	2,569	4,359
Deferred interest expenses	(244)	(238)	(482)
Present value of future minimum lease payments	<u>1,546</u>	<u>2,331</u>	<u>3,877</u>

#### 16. Provision for long-term employee benefits


Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the Company, was as follows:

	(Unit: Thousand Baht)	
	2017	2016
<b>Provision for long-term employee benefits at beginning of year</b>	10,782	8,867
Included in profit or loss:		
Current service cost	2,743	1,614
Interest cost	392	301
<b>Provision for long-term employee benefits at end of year</b>	<u>13,917</u>	<u>10,782</u>

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)	
	2017	2016
Selling and administrative expenses	3,135	1,915
Total expenses recognised in profit or loss	<u>3,135</u>	<u>1,915</u>

  
..... Director  
Mr. Chatchawe Vatanasuk

  
..... Director  
Mr. Chanit Suwanparin 15

The Company does not expect to pay long-term employee benefits during the next year.

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefits is 15 years (2016: 15 years).

Significant actuarial assumptions are summarised below.

	<u>2017</u>	<u>2016</u>
	(% per annum)	(% per annum)
Discount rate	3.39	3.39
Salary increase rate	7.00	7.00
Staff turnover rate (depending on age of employees)	0 - 56	0 - 56

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below.

	(Unit: Million Baht)	
	As at 31 December 2017	
	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(1.8)	2.1
Salary increase rate	2.3	(1.9)
Staff turnover rate	(1.9)	0.8

	(Unit: Million Baht)	
	As at 31 December 2016	
	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(1.5)	1.7
Salary increase rate	1.8	(1.5)
Staff turnover rate	(1.6)	0.7

**T.A.C. Consumer**  
Public Company Limited  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr.Chatchawe Vatanasuk

  
..... Director  
Mr.Chanit Suwanparin

## 17. 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.

During the year 2017, the Company set aside Baht 1.8 million as statutory reserve (2016: Baht 5.1 million). At present, the statutory reserve has fully been set aside.

## 18. Expenses by nature

Significant expenses classified by nature are as follows:


	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Raw materials and consumables used	171,649	149,380
Purchases of finished goods and changes in inventories of finished goods and work in process	664,739	620,921
Advertising and promotion expenses	116,952	105,195
Salaries and wages and other employee benefits	82,977	89,317
Transportation expenses	45,993	34,387
Depreciation and amortisation	17,537	12,148
Consulting fees	5,606	1,455


## 19. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>		
Current income tax charge	27,964	25,592
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(415)	(514)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>27,549</u>	<u>25,078</u>

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr. Chatchawe Vatanasuk

  
..... Director  
Mr. Chanit Suwanparin



The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2017 and 2016 is shown below.

	(Unit: Thousand Baht)	
	<u>2017</u>	<u>2016</u>
Accounting profit before tax	140,022	126,908
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	28,004	25,382
Effects of:		
Non-deductible expenses	706	872
Additional expense deductions allowed	(1,161)	(1,176)
Total	(455)	(304)
Income tax expenses reported in the statement of comprehensive income	27,549	25,078

The components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	Statements of financial position	
	As at 31 December 2017	As at 31 December 2016
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	130	50
Allowance for diminution in inventory value	25	363
Provision for long-term employee benefits	2,783	2,156
Total	2,938	2,569
<b>Deferred tax liabilities</b>		
Financial leases	(222)	(268)
Total	(222)	(268)
<b>Net deferred tax assets</b>	2,716	2,301

**T.A.C. Consumer**  
Public Company Limited

บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)



..... Director

Mr.Chatchawe Vatanasuk



..... Director

Mr.Chanit Suwanparin

18

## 20. Earnings per share

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

## 21. 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 Managing Director.

The Company is principally engaged in one reportable segment in the manufacture and distribution of beverage. Its operations are carried on only in Thailand, through the distribution channel both in domestic and overseas markets. For the year 2017, domestic sales represented 92 percent of total sales (2016: 91 percent). Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss and assets in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

### *Major customers*

For the year 2017, the Company has revenue from one major customer, with revenue of 90 percent of the Company's revenues (2016: 88 percent).

## 22. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The fund, which is managed by AIA Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 3.2 million (2016: Baht 2.7 million) were recognised as expenses.

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)



..... Director  
Mr.Chatchawe Vatanasuk



..... Director  
Mr.Chanit Suwanparin

## 23. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<u>2016</u>			
Dividends for 2015	Annual General Meeting of the shareholders on 21 April 2016	24.3	0.04
Interim dividends for 2016	Board of Directors' meeting on 11 August 2016	36.5	0.06
Total for 2016		60.8	0.10
<u>2017</u>			
Dividends for 2016	Annual General Meeting of the shareholders on 19 April 2017	48.7	0.08
Interim dividends for 2017	Board of Directors' meeting on 10 August 2017	54.7	0.09
Total for 2017		103.4	0.17

## 24. Commitments

### 24.1 Capital commitments

As at 31 December 2017, the Company had capital commitments relating to the purchases of equipment amounting to approximately Baht 1.3 million (2016: 15.7 million).

### 24.2 Operating lease commitments

The Company has entered into several operating lease and service contracts in respect of the lease of office building and equipment and other services. The terms of the agreements are generally between 1 and 4 years.

Future minimum payments required under these non-cancellable operating lease and service contracts were as follows:

	(Unit: Million Baht)	
	As at 31 December	
	<u>2017</u>	<u>2016</u>
Payable		
In up to 1 year	6.9	4.2
In over 1 year and up to 4 years	10.4	2.4

Payable

In up to 1 year

In over 1 year and up to 4 years

**T.A.C. Consumer**  
**Public Company Limited**

บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

.....  
Mr.Chatchawe Vatanasuk

Director

.....  
Mr.Chanit Suwanparin

Director

20



## 25. Fair value hierarchy

As at 31 December 2017 and 2016, the Company had the assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	As at 31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in trading securities -				
Debt instruments	-	196	-	196

(Unit: Million Baht)

	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investments in trading securities -				
Debt instruments	-	334	-	334

## 26. Financial instruments

### 26.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, trade and other payables and bank overdrafts. The financial risks associated with these financial instruments and how they are managed is described below.

#### **Credit risk**

The Company is exposed to credit risk primarily with respect to trade receivables in the normal course of business. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the majority of sales are made with the credit worthy customers. The maximum exposure to credit risk is limited to the carrying amounts of trade receivables as stated in the statement of financial position.

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr.Chatchawe Vatanasuk

  
..... Director  
Mr.Chanit Suwanparin

### Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and bank overdrafts. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rates, the interest rate risk is expected to be low.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

As at 31 December 2017						
Fixed interest rates		Floating	Non-	Total	Interest rate	
Within 1	1-5	interest	interest			
year	years	rate	bearing		(% per annum)	
(Million Baht)						
<b>Financial assets</b>						
Cash and cash equivalents	-	-	77.1	11.6	88.7	0.13 - 1.00
Current investments	102.6	-	-	196.4	299.0	1.00 - 1.38
Trade and other receivables	-	-	-	361.1	361.1	-
Restricted bank deposits	-	-	27.0	-	27.0	0.65
	<u>102.6</u>	<u>-</u>	<u>104.1</u>	<u>569.1</u>	<u>775.8</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	243.1	243.1	-
Liabilities under financial lease agreements	2.1	4.0	-	-	6.1	3.92 - 10.81
	<u>2.1</u>	<u>4.0</u>	<u>-</u>	<u>243.1</u>	<u>249.2</u>	

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr. Chatchawe Vatanasuk

  
..... Director  
Mr. Chanit Suwanparin

As at 31 December 2016

	Fixed interest rates		Floating	Non-	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	interest rate	interest bearing		
(Million Baht)						
<b>Financial assets</b>						
Cash and cash equivalents	-	-	134.8	18.6	153.4	0.13 - 1.10
Current investments	60.0	-	-	334.0	394.0	1.25 - 1.50
Trade and other receivables	-	-	-	222.9	222.9	-
Restricted bank deposits	-	-	27.0	-	27.0	0.65 - 1.50
	60.0	-	161.8	575.5	797.3	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	245.3	245.3	-
Liabilities under financial lease agreements	1.6	2.3	-	-	3.9	3.92 - 10.62
	1.6	2.3	-	245.3	249.2	

### Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. However, the Company's foreign currency transactions are insignificant. The foreign currency risk is expected to be low.

The balances of financial assets and liabilities denominated in foreign currency are summarised below.

As at 31 December 2017

Foreign currency	Financial	Financial	Exchange rate	
	assets	liabilities	Buying	Selling
	(Thousand)	(Thousand)	(Baht per unit of foreign currency)	
US dollars	215	234	32.5146	32.8472

As at 31 December 2016

Foreign currency	Financial	Financial	Exchange rate	
	assets	liabilities	Buying	Selling
	(Thousand)	(Thousand)	(Baht per unit of foreign currency)	
US dollars	-	557	35.6588	36.0025

**T.A.C. Consumer**  
Public Company Limited

บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr.Chatchawe Vatanasuk

  
..... Director  
Mr.Chanit Suwanparin 23



## 26.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or carrying interest rates closed to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

## 27. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Company's debt-to-equity ratio was 0.4:1 (2016: 0.4:1)

## 28. Events after the reporting period

On 22 February 2018, the meeting of the Board of Directors of the Company No. 1/2018 approved the payment of dividend for 2017 to the Company's shareholders at Baht 0.09 per share or a total dividend of Baht 54.72 million.

The dividend payment will later be proposed for approval in the Annual General Meeting of the Company's shareholders.

## 29. Approval of financial statements

These financial statements were authorised for issue by the board of directors of the Company on 22 February 2018.

**T.A.C. Consumer**  
**Public Company Limited**  
บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

  
..... Director  
Mr.Chatchawe Vatanasuk

  
..... Director  
Mr.Chanit Suwanparin