

T.A.C. Consumer Public Company Limited
Review report and interim financial statements
For the three-month period ended 31 March 2018





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



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Independent Auditor's Report on Review of Interim Financial Information

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

I have reviewed the accompanying statement of financial position of T.A.C. Consumer Public Company Limited as at 31 March 2018, the related statements of comprehensive income, changes in shareholders' equity and cash flows for the three-month period then ended, as well as the condensed notes to the financial statements. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of review

I conducted my review in accordance with Thai Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 Interim Financial Reporting.

Kamontip Lertwitworatep
Certified Public Accountant (Thailand) No. 4377

EY Office Limited
Bangkok: 10 May 2018

T.A.C. Consumer Public Company Limited

Statement of financial position

As at 31 March 2018

(Unit: Thousand Baht)

	Note	31 March 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
Assets			
Current assets			
Cash and cash equivalents	3	80,317	88,665
Current investments	4	359,224	299,043
Trade and other receivables	5	284,985	361,114
Inventories		56,540	54,521
Other current assets		1,954	2,991
Total current assets		783,020	806,334
Non-current assets			
Restricted bank deposits	3	27,000	27,000
Property, plant and equipment	6	102,046	103,673
Intangible assets		2,057	2,293
Deferred tax assets	10	2,888	2,716
Other non-current assets		5,074	5,696
Total non-current assets		139,065	141,378
Total assets		922,085	947,712

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

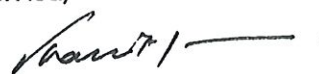
T.A.C. Consumer
Public Company Limited

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 March 2018

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2018</u> (Unaudited but reviewed)	<u>31 December 2017</u> (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	8	199,036	243,149
Current portion of liabilities under financial lease agreements		2,361	2,140
Income tax payable		18,650	14,951
Other current liabilities		2,709	4,397
Total current liabilities		<u>222,756</u>	<u>264,637</u>
Non-current liabilities			
Liabilities under financial lease agreements - net of current portion		3,820	3,977
Provision for long-term employee benefits		14,804	13,917
Total non-current liabilities		<u>18,624</u>	<u>17,894</u>
Total liabilities		<u>241,380</u>	<u>282,531</u>
Shareholders' equity			
Share capital	9		
Registered			
608,000,000 ordinary shares of Baht 0.25 each		152,000	152,000
Issued and fully paid up			
608,000,000 ordinary shares of Baht 0.25 each		152,000	152,000
Share premium		426,989	426,989
Retained earnings			
Appropriated - statutory reserve		15,200	15,200
Unappropriated		86,516	70,992
Total shareholders' equity		<u>680,705</u>	<u>665,181</u>
Total liabilities and shareholders' equity		<u>922,085</u>	<u>947,712</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

(Unaudited but reviewed)

T.A.C. Consumer Public Company Limited

Statement of comprehensive income

For the three-month period ended 31 March 2018

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

	Note	2018	2017
Profit or loss:			
Revenues			
Sales and service income		282,024	283,300
Other income		1,261	3,777
Total revenues		<u>283,285</u>	<u>287,077</u>
Expenses			
Cost of sales and services		209,847	192,786
Selling expenses		38,501	48,644
Administrative expenses		15,511	13,150
Total expenses		<u>263,859</u>	<u>254,580</u>
Profit before finance cost and income tax expenses		19,426	32,497
Finance cost		(139)	(72)
Profit before income tax expenses		19,287	32,425
Income tax expenses	10	(3,763)	(6,600)
Profit for the period		<u>15,524</u>	<u>25,825</u>
Other comprehensive income			
Other comprehensive income for the period		<u>-</u>	<u>-</u>
Total comprehensive income for the period		<u>15,524</u>	<u>25,825</u>
Basic earnings per share	11		
Profit (Baht)		<u>0.03</u>	<u>0.04</u>
Weighted average number of ordinary shares (Thousand shares)		<u>608,000</u>	<u>608,000</u>

T.A.C. Consumer
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บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)

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

.....Director
Mr. Chatchawe Vatanasuk

.....Director
Mr. Chanit Suwanparin

(Unaudited but reviewed)

T.A.C. Consumer Public Company Limited

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2018

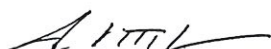
(Unit: Thousand Baht)

	Issued and paid up share capital	Share premium	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2017	152,000	426,989	13,437	63,642	656,068
Total comprehensive income for the period	-	-	-	25,825	25,825
Balance as at 31 March 2017	<u>152,000</u>	<u>426,989</u>	<u>13,437</u>	<u>89,467</u>	<u>681,893</u>
Balance as at 1 January 2018	152,000	426,989	15,200	70,992	665,181
Total comprehensive income for the period	-	-	-	15,524	15,524
Balance as at 31 March 2018	<u>152,000</u>	<u>426,989</u>	<u>15,200</u>	<u>86,516</u>	<u>680,705</u>

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T.A.C. Consumer
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.....Director

Mr. Chatchawe Vatanasuk



.....Director

Mr. Chanit Suwanparin

(Unaudited but reviewed)

T.A.C. Consumer Public Company Limited

Cash flow statement

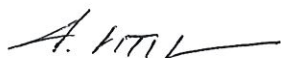
For the three-month period ended 31 March 2018

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Profit before tax	19,287	32,425
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	4,680	4,010
Reversal of allowance for doubtful accounts	(36)	-
Gain on sales and change in value of investments in trading securities	(456)	(1,307)
Gain on disposals of equipment	-	(13)
Provision for long-term employee benefits	887	784
Interest income	(666)	(521)
Interest expenses	139	72
Profit from operating activities before changes in operating assets and liabilities	23,835	35,450
Operating assets decrease (increase):		
Trade and other receivables	75,946	716
Inventories	(2,019)	(7,478)
Other current assets	1,037	(1,445)
Other non-current assets	622	219
Operating liabilities increase (decrease):		
Trade and other payables	(37,165)	(38,155)
Other current liabilities	(1,688)	1,588
Cash from (used in) operating activities	60,568	(9,105)
Cash received from interest income	885	324
Cash paid for income tax	(236)	(100)
Net cash from (used in) operating activities	<u>61,217</u>	<u>(8,881)</u>

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

**T.A.C. Consumer
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.....Director

Mr. Chatchawe Vatanasuk



.....Director

Mr. Chanit Suwanparin

(Unaudited but reviewed)

T.A.C. Consumer Public Company Limited

Cash flow statement (continued)

For the three-month period ended 31 March 2018

(Unit: Thousand Baht)

	<u>2018</u>	<u>2017</u>
Cash flows from investing activities		
Increase in current investments	(59,725)	(80,928)
Acquisitions of equipment	(8,917)	(17,688)
Proceeds from disposals of equipment	-	18
Increase in intangible assets	(184)	-
Net cash used in investing activities	<u>(68,826)</u>	<u>(98,598)</u>
Cash flows from financing activities		
Repayments of liabilities under finance lease agreements	(739)	(458)
Net cash used in financing activities	<u>(739)</u>	<u>(458)</u>
Net decrease in cash and cash equivalents	(8,348)	(107,937)
Cash and cash equivalents at beginning of period	88,665	153,446
Cash and cash equivalents at end of period (Note 3)	<u>80,317</u>	<u>45,509</u>

Supplemental cash flows information

Non-cash transactions

Acquisitions of assets under financial lease agreements	664	-
Acquisitions of equipment that have not been paid	-	119

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

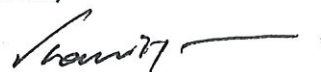
T.A.C. Consumer
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บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)



.....Director

Mr. Chatchawe Vatanasuk



.....Director

Mr. Chanit Suwanparin

T.A.C. Consumer Public Company Limited
Notes to interim financial statements
For the three-month period ended 31 March 2018

1. General information

1.1 Company 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 beverages, 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.

1.2 Basis for the preparation of interim financial statements

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

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

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

T.A.C. Consumer
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บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)



.....Director
Mr.Chatchawe Vatanasuk



.....Director
Mr.Chanit Suwanparin

1.3 New financial reporting standards

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

During the period, the Company has 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's 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 summarised 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 recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

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

1.4 Significant accounting policies

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

T.A.C. Consumer
Public Company Limited

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



Mr.Chatchawe Vatanasuk

.....Director



Mr.Chanit Suwanparin

.....Director

2. Related party transactions

Directors and management's benefits

During the three-month periods ended 31 March 2018 and 2017, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

For the three-month periods
ended 31 March

	<u>2018</u>	<u>2017</u>
Short-term employee benefits	8,905	7,240
Post-employment benefits	1,073	960
Total	9,978	8,200

3. Cash and cash equivalents

(Unit: Thousand Baht)

	31 March <u>2018</u>	31 December <u>2017</u>
Cash	20	20
Bank deposits	107,297	115,645
Total	107,317	115,665
Less: Restricted bank deposits	(27,000)	(27,000)
Total cash and cash equivalents	80,317	88,665

As at 31 March 2018, bank deposits in savings accounts and fixed deposits carried interests between 0.13 and 1.00 percent per annum (31 December 2017: between 0.13 and 1.00 percent per annum).

Restricted bank deposits are deposits pledged with the bank to secure bank overdrafts and credit facilities as discussed in Note 7.

T.A.C. Consumer
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.....Director
Mr.Chatchawe Vatanasuk



.....Director
Mr.Chanit Suwanparin

4. Current investments

4.1 As at 31 March 2018 and 31 December 2017, current investments consisted of the following:

	(Unit: Thousand Baht)	
	31 March 2018	31 December 2017
Investments in trading securities - fair value (Note 4.2)	255,920	196,464
Fixed deposits	103,304	102,579
Total current investments	359,224	299,043

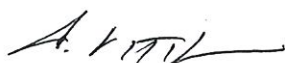
As at 31 March 2018, the Company had current investments in 6-month and 12-month fixed deposits totaling Baht 103.3 million, carrying interests between 1.00 and 1.38 percent per annum and due for redemption during July 2018 to March 2019 (31 December 2017: Baht 102.6 million, carrying interests between 1.00 and 1.38 percent per annum).

4.2 Movements in the current investments in trading securities during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)
Balance as at 31 December 2017	196,464
Cash paid for current investments in trading securities during the period - at cost	333,000
Sales during the period - at cost	
Proceeds from sales	(274,000)
Gain on sales	174
Total	(273,826)
Gain on change in value	282
Balance as at 31 March 2018	255,920

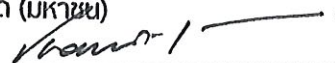
T.A.C. Consumer
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บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)



Mr.Chatchawe Vatanasuk

Director



Mr.Chanit Suwanparin

Director

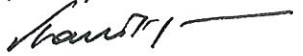
5. Trade and other receivables

	(Unit: Thousand Baht)	
	31 March 2018	31 December 2017
<u>Trade accounts receivable - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	204,156	277,246
Past due		
Up to 3 months	13,467	24,047
3 - 6 months	10,940	53,420
6 - 12 months	49,083	1,765
Over 12 months	-	102
Total	277,646	356,580
Less: Allowance for doubtful accounts	(394)	(416)
Total trade accounts receivable - unrelated parties - net	277,252	356,164
<u>Other receivables</u>		
Other receivables - unrelated parties	1,673	1,334
Less: Allowance for doubtful accounts	(219)	(233)
Total other receivables - unrelated parties - net	1,454	1,101
Prepaid expenses	5,881	3,232
Interest receivable	398	617
Total other receivables - net	7,733	4,950
Total trade and other receivables - net	284,985	361,114

T.A.C. Consumer
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บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)


.....Director
Mr.Chatchawe Vatanasuk


.....Director
Mr.Chanit Suwanparin

6. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)
Net book value as at 31 December 2017	103,673
Acquisitions during the period - at cost	2,633
Depreciation for the period	(4,260)
Net book value as at 31 March 2018	<u>102,046</u>

The Company has mortgaged its land with structures thereon with the net book value as at 31 March 2018 of approximately Baht 17.3 million (31 December 2017: Baht 17.4 million) as collateral for bank overdrafts and credit facilities granted by a commercial bank as discussed in Note 7.

7. Bank overdrafts

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

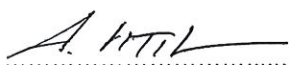
As at 31 March 2018, the Company had bank overdrafts which had not yet been drawn down amounting to Baht 134.8 million (31 December 2017: Baht 134.8 million).

8. Trade and other payables

	(Unit: Thousand Baht)	
	31 March	31 December
	2018	2017
Trade payables - unrelated parties	164,297	182,417
Other payables - unrelated parties	28,084	36,043
Accrued expenses	6,655	24,689
Total trade and other payables	<u>199,036</u>	<u>243,149</u>

T.A.C. Consumer
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บริษัท ที.เอ.ซี. คอนซูเมอร์ จำกัด (มหาชน)



Mr.Chatchawe Vatanasuk

Director



Mr.Chanit Suwanparin

Director

9. Share capital

On 15 March 2018, the Meeting of the Board of Directors of the Company No. 2/2561 passed a resolution to approve the share repurchase project (Treasury Stock) with the maximum amount of Baht 15.2 million for 3 million shares repurchased at par value of Baht 0.25 per share, representing 0.49% of the total paid-up share capital. The repurchase period is from 2 April 2018 to 1 October 2018.

10. Income tax

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

Income tax expenses for the three-month periods ended 31 March 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Current income tax:		
Current income tax charge	3,935	6,772
Deferred tax:		
Relating to origination of temporary differences	(172)	(172)
Income tax expenses reported in the statement of comprehensive income	<u>3,763</u>	<u>6,600</u>

11. Earnings per share

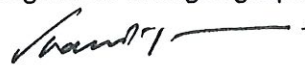
Basic earnings per share is calculated by dividing profit for the period (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

12. Segment information

The Company is organised into business units based on its products and services. During the current period, the Company expanded its business to the sales of license of cartoon characters. At present, the Company is engaged in two operating segments, which are the manufacture and distribution of beverages and the sales of license of cartoon characters. Its operations are carried on only in geographical area of Thailand. However, at present the operation of the sales of license of cartoon characters is insignificant. 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 segments and geographical area.



.....Director
Mr.Chatchawe Vatanasuk



.....Director
Mr.Chanit Suwanparin

13. Commitments

13.1 Operating lease commitments

The Company has entered into several operating lease agreements in respect of the lease of office building space and equipment and other related service contracts. 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)	
	31 March 2018	31 December 2017
Payable		
In up to 1 year	7.3	6.9
In over 1 year and up to 4 years	8.9	10.4

13.2 Merchandise sub-license commitments

On 19 October 2017, the Company entered into a merchandise sub-license agreement with an overseas company. Under the terms of the agreement, the Company is granted the privilege to sell licenses of the characters. The Company agrees to pay royalty fee at the percentage of gross license fee receipts as specified in the agreement. The agreement is for a period of 5 years, from 1 January 2018 to 31 December 2022.

14. Fair value hierarchy

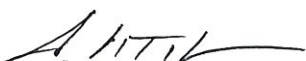
As of 31 March 2018, the Company had the following assets that were measured at fair value.

	(Unit: Thousand Baht)
	<u>Level 2</u>
Financial assets measured at fair value	
Investments in trading securities - Debt instruments	255,920

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

T.A.C. Consumer
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.....Director
Mr.Chatchawe Vatanasuk



.....Director
Mr.Chanit Suwanparin

15. Events after the reporting period

15.1 On 19 April 2018, the Annual General Meeting of the Company's shareholders passed the resolution to approve dividend payment in respect of the profit for the year 2017 to the Company's shareholders at Baht 0.09 per share, totaling Baht 54.72 million, which will be paid to the shareholders within 15 May 2018. Such dividend will be recorded in the second quarter of 2018.

15.2 On 26 April 2018, the Meeting of the Board of Directors of the Company No. 3/2561 passed a resolution to approve in principle for the Company to have a joint investment with NPPG (Thailand) Public Company Limited to establish a limited company in Thailand to engage in packing and distribution of beverages. It is expected that the joint venture will have its initial registered share capital of Baht 50 million. The Company will hold 51% of the registered share capital of the joint venture company. The joint venture company is expected to be established within the second quarter of 2018.

16. Approval of interim financial statements

These interim financial statements were authorised for issue by the board of directors of the Company on 10 May 2018.

T.A.C. Consumer
Public Company Limited

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



.....Director
Mr.Chatchawe Vatanasuk



.....Director
Mr.Chanit Suwanparin