

T.A.C. Consumer Public Company Limited
Report and financial statements
31 December 2018



EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
G.P.O.Box 1047, Bangkok 10501, Thailand
Tel: +66 2264 9090
Fax: +66 2264 0789-90
ey.com

บริษัท อัยการอิสระ จำกัด
ชั้น 33 อาคารเลคไรจาดา
193/136-137 ถนนรัชดาภิเษก
คลองเตย กรุงเทพฯ 10110
ตู้ ป.ณ. 1047 กรุงเทพฯ 10501
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0789-90
ey.com

Independent Auditor's Report

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

Opinion

I have audited the accompanying financial statements in which the equity method is applied of T.A.C. Consumer Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2018, 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, and have also audited the separate financial statements of T.A.C. Consumer Public Company Limited for the same period.

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 2018, 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 are significant accounting transactions as the volume of transactions and 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the group to express an opinion on the financial statements, in which the equity method is applied. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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 2019

T.A.C. Consumer Public Company Limited

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Financial statements			
	Note	in which the equity		
		method is applied	Separate financial statements	
	2018	2018	2017	
Assets				
Current assets				
Cash and cash equivalents	7	79,996,941	79,996,941	88,664,885
Current investments	8	392,024,421	392,024,421	299,043,476
Trade and other receivables	9	317,793,618	317,793,618	361,113,583
Inventories	10	63,399,125	63,399,125	54,521,494
Other current assets		3,710,081	3,710,081	2,990,969
Total current assets		856,924,186	856,924,186	806,334,407
Non-current assets				
Restricted bank deposits	7	-	-	27,000,000
Investment in joint venture	11	3,219,316	6,125,000	-
Property, plant and equipment	12	89,831,805	89,831,805	103,672,541
Intangible assets	13	758,723	758,723	2,293,108
Deferred tax assets	21	3,101,384	3,101,384	2,715,953
Other non-current assets		7,677,128	7,677,128	5,695,992
Total non-current assets		104,588,356	107,494,040	141,377,594
Total assets		961,512,542	964,418,226	947,712,001

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 2018


(Unit: Baht)

	Note	Financial statements		
		in which the equity		
		method is applied	Separate financial statements	
		2018	2018	2017
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	15	269,619,017	269,619,017	243,149,384
Current portion of liabilities under financial lease agreements	16	2,147,198	2,147,198	2,139,650
Income tax payable		12,366,304	12,366,304	14,950,560
Other current liabilities		4,206,298	4,206,298	4,397,081
Total current liabilities		288,338,817	288,338,817	264,636,675
Non-current liabilities				
Liabilities under financial lease agreements - net of current portion	16	2,773,250	2,773,250	3,977,124
Provision for long-term employee benefits	17	13,262,952	13,262,952	13,917,201
Total non-current liabilities		16,036,202	16,036,202	17,894,325
Total liabilities		304,375,019	304,375,019	282,531,000
Shareholders' equity				
Share capital				
Registered				
608,000,000 ordinary shares of Baht 0.25 each		152,000,000	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	152,000,000
Share premium		426,988,701	426,988,701	426,988,701
Retained earnings				
Appropriated - statutory reserve	19	15,200,000	15,200,000	15,200,000
Unappropriated		62,948,822	65,854,506	70,992,300
Total shareholders' equity		657,137,523	660,043,207	665,181,001
Total liabilities and shareholders' equity		961,512,542	964,418,226	947,712,001

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 2018

(Unit: Baht)

	Note	Financial statements		
		in which the equity		
		method is applied	Separate financial statements	
		2018	2018	2017
Profit or loss:				
Revenues				
Sales		1,289,594,347	1,289,594,347	1,281,698,019
Other income		5,989,988	5,989,988	7,787,996
Total revenues		<u>1,295,584,335</u>	<u>1,295,584,335</u>	<u>1,289,486,015</u>
Expenses	20			
Cost of sales		918,768,542	918,768,542	894,327,755
Selling and distribution expenses		215,609,023	215,609,023	190,054,617
Administrative expenses		65,685,216	65,685,216	64,783,229
Total expenses		<u>1,200,062,781</u>	<u>1,200,062,781</u>	<u>1,149,165,601</u>
Profit before share of loss from investment in joint venture, finance cost and income tax expenses		95,521,554	95,521,554	140,320,414
Share of loss from investment in joint venture	11	(2,905,684)	-	-
Profit before finance cost and income tax expenses		92,615,870	95,521,554	140,320,414
Finance cost		(483,786)	(483,786)	(298,450)
Profit before income tax expenses		92,132,084	95,037,768	140,021,964
Income tax expenses	21	(23,738,258)	(23,738,258)	(27,549,441)
Profit for the year		<u>68,393,826</u>	<u>71,299,510</u>	<u>112,472,523</u>
Other comprehensive income:				
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>				
Actuarial gain	17	3,252,801	3,252,801	-
Less: Income tax effect	21	(650,560)	(650,560)	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		2,602,241	2,602,241	-
Other comprehensive income for the year		<u>2,602,241</u>	<u>2,602,241</u>	<u>-</u>
Total comprehensive income for the year		<u>70,996,067</u>	<u>73,901,751</u>	<u>112,472,523</u>
Basic earnings per share				
Profit		0.11	0.12	0.18
Weighted average number of ordinary shares (shares)		608,000,000	608,000,000	608,000,000

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

..... Director

Mr. Chatchawe Vatanasuk

..... Director

Mr. Chanit Suwanparin

22
T.A.C. Consumer
Public Company Limited

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

T.A.C. Consumer Public Company Limited
Statement of changes in shareholders' equity
For the year ended 31 December 2018


(Unit: Baht)

	Financial statements in which the equity method is applied				
	Issued and paid up share capital	Share premium	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2018	152,000,000	426,988,701	15,200,000	70,992,300	665,181,001
Profit for the year	-	-	-	68,393,826	68,393,826
Other comprehensive income for the year	-	-	-	2,602,241	2,602,241
Total comprehensive income for the year	-	-	-	70,996,067	70,996,067
Dividend paid (Note 25)	-	-	-	(79,039,545)	(79,039,545)
Balance as at 31 December 2018	152,000,000	426,988,701	15,200,000	62,948,822	657,137,523

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 2018

(Unit: Baht)


	Separate financial statements				
	Issued and paid up share capital	Share premium	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2017	152,000,000	426,988,701	13,436,712	63,642,895	656,068,308
Profit for the year	-	-	-	112,472,523	112,472,523
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	112,472,523	112,472,523
Appropriation of statutory reserve (Note 19)	-	-	1,763,288	(1,763,288)	-
Dividend paid (Note 25)	-	-	-	(103,359,830)	(103,359,830)
Balance as at 31 December 2017	<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>
Balance as at 1 January 2018	152,000,000	426,988,701	15,200,000	70,992,300	665,181,001
Profit for the year	-	-	-	71,299,510	71,299,510
Other comprehensive income for the year	-	-	-	2,602,241	2,602,241
Total comprehensive income for the year	-	-	-	73,901,751	73,901,751
Dividend paid (Note 25)	-	-	-	(79,039,545)	(79,039,545)
Balance as at 31 December 2018	<u>152,000,000</u>	<u>426,988,701</u>	<u>15,200,000</u>	<u>65,854,506</u>	<u>660,043,207</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 2018

(Unit: Baht)

	Financial statements		
	in which the equity		
	method is applied	Separate financial statements	
	2018	2018	2017
Cash flows from operating activities			
Profit before tax	92,132,084	95,037,768	140,021,964
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	19,067,370	19,067,370	17,537,406
Bad debts and doubtful debts	23,384,104	23,384,104	397,682
Reduction of inventories to net realisable value (reversal)	2,691,782	2,691,782	(1,690,425)
Share of loss from investment in joint venture	2,905,684	-	-
Gain on sales and change in value of investments in trading securities	(2,988,142)	(2,988,142)	(3,408,020)
Loss (gain) on disposals of equipment	32,349	32,349	(500,738)
Loss on write-off of equipment and intangible assets	199,508	199,508	1,611
Provision for long-term employee benefits	2,912,668	2,912,668	3,135,671
Unrealised gain on exchange	806,713	806,713	(124,673)
Interest income	(1,976,426)	(1,976,426)	(2,121,951)
Interest expenses	483,786	483,786	298,450
Profit from operating activities before changes in operating assets and liabilities	139,651,480	139,651,480	153,546,977
Operating assets decrease (increase):			
Trade and other receivables	19,991,429	19,991,429	(138,325,581)
Inventories	(11,569,413)	(11,569,413)	(13,514,429)
Other current assets	(719,112)	(719,112)	(1,710,012)
Other non-current assets	(1,981,136)	(1,981,136)	(3,690,655)
Operating liabilities increase (decrease):			
Trade and other payables	33,525,961	33,525,961	8,286,084
Other current liabilities	(190,783)	(190,783)	1,148,729
Cash from operating activities	178,708,426	178,708,426	5,741,113
Cash paid for long-term employee benefits	(314,117)	(314,117)	-
Cash received from interest income	1,917,777	1,917,777	1,894,701
Cash paid for income tax	(27,358,505)	(27,358,505)	(27,972,619)
Net cash from (used in) operating activities	152,953,581	152,953,581	(20,336,805)

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 (continued)
For the year ended 31 December 2018

(Unit: Baht)


	Financial statements		
	in which the equity		
	method is applied	Separate financial statements	
	2018	2018	2017
Cash flows from investing activities			
Decrease in restricted bank deposits	27,000,000	27,000,000	-
Decrease (increase) in current investments	(90,904,467)	(90,904,467)	98,421,296
Increase in investment in joint venture	(6,125,000)	(6,125,000)	-
Acquisitions of plant and equipment	(9,499,668)	(9,499,668)	(37,950,793)
Proceeds from disposals of equipment	40,090	40,090	1,142,944
Increase in intangible assets	(183,340)	(183,340)	(610,000)
Net cash from (used in) investing activities	(79,672,385)	(79,672,385)	61,003,447
Cash flows from financing activities			
Repayments of liabilities under finance lease agreements	(2,909,595)	(2,909,595)	(2,087,679)
Dividend paid	(79,039,545)	(79,039,545)	(103,359,830)
Net cash used in financing activities	(81,949,140)	(81,949,140)	(105,447,509)
Net decrease in cash and cash equivalents	(8,667,944)	(8,667,944)	(64,780,867)
Cash and cash equivalents at beginning of year	88,664,885	88,664,885	153,445,752
Cash and cash equivalents at end of year (Note 7)	79,996,941	79,996,941	88,664,885
Supplemental cash flows information			
Non-cash transactions			
Acquisitions of assets under financial lease agreements	1,229,484	1,229,484	4,028,649
Payables for acquisitions of equipment	-	-	6,948,296

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 2018

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 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 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)



Mr.Chatchawe Vatanasuk

Director



Mr.Chanit Suwanparin

Director

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company believes that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

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

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

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

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

T.A.C. Consumer
Public Company Limited

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


..... Director
Mr.Chatchawe Vatanasuk


..... Director
Mr.Chanit Suwanparin

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
--------	-------------------------------------

Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

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

T.A.C. Consumer
Public Company Limited

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


..... Director
Mr.Chatchawe Vatanasuk


..... Director
Mr.Chanit Suwanparin

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.

License fee

Revenue from license of cartoon character is recognised systematically over the contract period.

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.

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.

T.A.C. Consumer
Public Company Limited

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


..... Director
Mr.Chatchawe Vatanasuk


..... Director
Mr.Chanit Suwanparin

4.5 Investments

- a) Investment in joint venture is accounted for in the financial statements in which the equity method is applied using the equity method.
- b) Investment in joint venture is accounted for in the separate financial statements using the cost method.
- c) 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

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

T.A.C. Consumer
Public Company Limited

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



Mr.Chatchawe Vatanasuk

Director



Mr.Chanit Suwanparin

Director

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.

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


..... Director
Mr.Chatchawe Vatanasuk


..... Director
Mr.Chanit Suwanparin

4.13 Employee benefits

Short-term employee benefits

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

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.

T.A.C. Consumer
Public Company Limited

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


..... Director
Mr.Chatchawe Vatanasuk


..... Director
Mr.Chanit Suwanparin

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.

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

T.A.C. Consumer
Public Company Limited

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


..... Director
Mr.Chatchawe Vatanasuk


..... Director
Mr.Chanit Suwanparin

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.

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.

T.A.C. Consumer
Public Company Limited

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


..... 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 2018 and 2017, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	<u>2018</u>	<u>2017</u>
Short-term employee benefits	41.1	35.3
Post-employment benefits	3.7	3.9
Total	<u>44.8</u>	<u>39.2</u>

7. Cash and cash equivalents


	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Cash	20	20
Bank deposits	79,763	115,645
Cash in private fund	214	-
Total	<u>79,997</u>	<u>115,665</u>
Less: Restricted bank deposits	-	(27,000)
Total cash and cash equivalents	<u>79,997</u>	<u>88,665</u>

As at 31 December 2018, bank deposits in savings and fixed deposit accounts carried interests between 0.13 and 1.00 percent per annum (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. In September 2018, the Company closed part of its bank overdrafts and credit facilities and released the pledge of its bank deposits.

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 2018 and 2017, current investments consisted of the following:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Investments in trading securities (Note 8.2)	228,400	196,464
Current investments in private fund (Note 8.3)	59,810	-
Fixed deposits	103,814	102,579
Total current investments	<u>392,024</u>	<u>299,043</u>

As at 31 December 2018, the Company had current investments in 6-month and 12-month fixed deposits totaling Baht 103.8 million, carrying interests between 1.00 and 1.38 percent per annum and due for redemption during January 2019 to March 2019 (2017: Baht 102.6 million, carrying interests between 1.00 and 1.38 percent per annum).

8.2 Movements in the investments in trading securities for the years ended 31 December 2018 and 2017 are summarised below.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Balance at beginning of year - fair value	196,464	334,056
Cash paid for investments in trading securities during the year - at cost	1,273,000	1,091,000
Sales during the year - at cost		
Proceeds from sales	(1,243,000)	(1,232,000)
Gain on sales	1,501	3,066
Total	(1,241,499)	(1,228,934)
Gain on change in value	435	342
Balance at end of year - fair value	<u>228,400</u>	<u>196,464</u>

T.A.C. Consumer
Public Company Limited

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


..... Director
Mr.Chatchawe Vatanasuk


..... Director
Mr.Chanit Suwanparin

- 8.3 Movements in the current investments in private fund for the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)
	<u>2018</u>
Balance at beginning of year - fair value	-
Cash paid for current investments in private fund	
during the period - at cost	59,670
Gain on change in value of investments	1,052
Unrealised loss on exchange	(912)
Balance at the end of year - fair value	<u>59,810</u>

The Company had set up a private fund, which is managed by an asset management company, for its investments, which include convertible bonds and trust securities of foreign companies or corporates. These investments are classified as trading securities.

As at 31 December 2018, the Company had assessed the fair value of such investments by referring to the value quoted by the asset management company in which the fair value increased by Baht 1.1 million. The change in the fair value of such securities is included in profit or loss in the statement of comprehensive income.

9. Trade and other receivables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
<u>Trade accounts receivable - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	282,617	277,246
Past due		
Up to 3 months	9,304	24,047
3 - 6 months	4,214	53,420
6 - 12 months	-	1,765
Over 12 months	44	102
Total	<u>296,179</u>	<u>356,580</u>
Less: Allowance for doubtful accounts	-	(416)
Total trade accounts receivable - unrelated parties - net	<u>296,179</u>	<u>356,164</u>

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

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

.....
Mr.Chatchawe Vatanasuk Director

.....
Mr.Chanit Suwanparin Director

(Unit: Thousand Baht)

	<u>2018</u>	<u>2017</u>
<u>Other receivables</u>		
Other receivables - unrelated parties	1,606	1,334
Less: Allowance for doubtful accounts	(219)	(233)
Total other receivables - unrelated parties - net	1,387	1,101
Prepaid expenses	19,669	3,232
Interest receivable	559	617
Total other receivables - net	21,615	4,950
Total trade and other receivables - net	317,794	361,114

During the current year, certain trade accounts receivable, amounting to approximately Baht 23.8 million, were written off as bad debts.

10. Inventories

(Unit: Thousand Baht)

	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	40,728	32,907	(1,630)	(47)	39,098	32,860
Work in process	152	43	-	-	152	43
Raw and packing materials	15,583	21,694	(1,185)	(76)	14,398	21,618
Goods in transit	9,751	-	-	-	9,751	-
Total inventories	66,214	54,644	(2,815)	(123)	63,399	54,521

During the current year, the Company reduced cost of inventories by Baht 2.8 million (2017: Baht 0.6 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 0.1 million (2017: Baht 2.3 million), and reduced the amount of inventories recognised as expenses during the year.

T.A.C. Consumer
Public Company Limited

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



Director

Mr.Chatchawe Vatanasuk



Director

Mr.Chanit Suwanparin

11. Investment in joint venture

11.1 Details of investment in joint venture

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


(Unit: Thousand Baht)

Joint venture	Nature of business	Shareholding percentage		Investment			
				Financial statements in which the equity method is applied		Separate financial statements in which the cost method is applied	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017	31 December 2018	31 December 2017
		(%)	(%)				
Siam Gateway Company Limited	Distribution and packing services through export channels	49	-	3,219	-	6,125	-
Total				3,219	-	6,125	-

T.A.C. Consumer
Public Company Limited

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


..... Director
Mr.Chatchawe Vatanasuk


..... Director
Mr.Chanit Suwanparin

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 venture with NPPG (Thailand) Public Company Limited to establish a limited company "Siam Gateway Company Limited" in Thailand to engage in packing and distribution of beverages, with an initial registered share capital of Baht 50 million. On 30 May 2018, Siam Gateway Company Limited registered its establishment with the Ministry of Commerce and called up share capital at 25 percent of the registered share capital or equivalent to Baht 12.5 million. The Company paid for its investment of Baht 6.4 million or equivalent to 51 percent of the paid-up share capital.

On 7 August 2018, the Meeting of the Board of Directors of Siam Gateway Company Limited passed a resolution to change the shareholding structure, in which the Company reduced its shareholding from 51 percent to 49 percent of the registered share capital, and NPPG (Thailand) Public Company Limited holds 49 percent, with 2 percent being held by an individual. On 18 October 2018, Siam Gateway Company Limited registered with the Ministry of Commerce for the change of its shareholding structure.

11.2 Share of loss from investment in joint venture

During the year ended 31 December 2018, the Company recognised its share of loss from investment in joint venture of Baht 2.9 million in the financial statements in which the equity method is applied.

11.3 Summarised financial information about joint venture

Summarised information about financial position


	(Unit: Thousand Baht)
	<u>2018</u>
Siam Gateway Company Limited	
Cash and cash equivalents	5,913
Other current assets	120
Non-current assets	1,218
Current liabilities	(409)
Non-current liabilities	(117)
Net assets	<u><u>6,725</u></u>
Carrying amounts of joint venture based on equity method	<u><u>3,219</u></u>

Summarised information about comprehensive income

	(Unit: Thousand Baht)
	<u>2018</u>
Siam Gateway Company Limited	
Other income	4
Administrative expenses	(5,779)
Loss	(5,775)
Total comprehensive income	(5,775)


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


 Director
 Mr. Chatchawe Vatanasuk


 Director
 Mr. Chanit Suwanparin

12. Property, plant and equipment

(Unit: Thousand Baht)

	Land	Buildings and building improvement	Machinery and plant equipment	Furniture and office equipment	Selling tools and equipment	Motor vehicles	Assets under installation	Total
Cost								
1 January 2017	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
Additions	-	-	239	1,714	-	-	1,827	3,780
Transfer in (transfer out)	-	747	-	398	1,826	-	(2,971)	-
Disposals/write-off	-	(3,738)	-	(324)	-	(20)	(199)	(4,081)
31 December 2018	10,704	31,108	10,373	17,695	48,219	15,092	12,272	145,463
Accumulated depreciation								
1 January 2017	-	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
Depreciation for the year	-	2,305	1,268	3,079	9,381	1,317	-	17,350
Depreciation on disposals/write-off	-	(3,738)	-	(259)	-	(13)	-	(4,010)
31 December 2018	-	8,637	5,744	11,123	19,148	10,979	-	55,631
Net book value								
31 December 2017	10,704	24,029	5,658	7,604	36,626	5,437	13,615	103,673
31 December 2018	10,704	22,471	4,629	6,572	29,071	4,113	12,272	89,832
Depreciation for the year								
2017 (Baht 3.0 million included in cost of sales, and the balance in selling and administrative expenses)								15,995
2018 (Baht 3.0 million included in cost of sales, and the balance in selling and administrative expenses)								17,350

As at 31 December 2018, the Company had machinery, motor vehicles and office equipment acquired under finance lease agreements with net book value amounting to Baht 5.9 million (2017: Baht 7.2 million).

As at 31 December 2018, 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 17.4 million (2017: Baht 16.1 million).

Public Company Limited

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


Director
Mr. Chatchawe Vatanasuk


Director
Mr. Chanit Suwanparin

The Company has mortgaged land with structures thereon with net book value as at 31 December 2018 amounting to approximately Baht 17 million (2017: Baht 17.4 million) as collateral for bank overdrafts and credit facilities granted by a commercial bank as discussed in Note 14.

13. Intangible assets

The net book value of intangible assets, which are computer software, as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Cost	6,550	6,367
Less: Accumulated amortisation	<u>(5,791)</u>	<u>(4,074)</u>
Net book value	<u>759</u>	<u>2,293</u>

A reconciliation of the net book value of intangible assets for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	2,293	3,225
Acquisitions - at cost	183	610
Amortisation for the year	<u>(1,717)</u>	<u>(1,542)</u>
Net book value at end of year	<u>759</u>	<u>2,293</u>

14. Bank overdrafts

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

As at 31 December 2018, the Company had bank overdrafts which had not yet been drawn down amounting to Baht 119.8 million (2017: Baht 134.8 million).

15. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Trade payables - unrelated parties	186,730	182,417
Other payables - unrelated parties	37,812	36,043
Accrued expenses	<u>45,077</u>	<u>24,689</u>
Total trade and other payables	<u>269,619</u>	<u>243,149</u>

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



..... Director
Mr.Chatchawe Vatanasuk



..... Director
Mr.Chanit Suwanparin

16. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Liabilities under finance lease agreements	5,525	7,077
Less: Deferred interest expenses	(605)	(960)
Total	<u>4,920</u>	<u>6,117</u>
Less: Current portion	(2,147)	(2,140)
Liabilities under finance lease agreements - net of current portion	<u>2,773</u>	<u>3,977</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.


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

	(Unit: Thousand Baht)		
	<u>As at 31 December 2018</u>		
	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	2,469	3,056	5,525
Deferred interest expenses	(322)	(283)	(605)
Present value of future minimum lease payments	<u>2,147</u>	<u>2,773</u>	<u>4,920</u>

	(Unit: Thousand Baht)		
	<u>As at 31 December 2017</u>		
	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>

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


..... Director
Mr. Chatchawe Vatanasuk


..... Director
Mr. Chanit Suwanparin

17. 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)	
	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits at beginning of year	13,917	10,782
Included in profit or loss:		
Current service cost	2,692	2,743
Interest cost	221	392
Included in other comprehensive income:		
Actuarial (gain) loss arising from:		
Demographic assumptions changes	(3,481)	-
Financial assumption changes	(2,048)	-
Experience adjustments	2,276	-
Benefit paid during the year	(314)	-
Provision for long-term employee benefits at end of year	<u>13,263</u>	<u>13,917</u>

The Company expect to pay Baht 5.9 million of long-term employee benefits during the next year (2017: Nil).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefits is 7 years (2017: 15 years).

Significant actuarial assumptions are summarised below.

	<u>2018</u>	<u>2017</u>
	(% per annum)	(% per annum)
Discount rate	2.07	3.39
Salary increase rate	2.00 - 4.00	7.00
Staff turnover rate (depending on age of employees)	0 - 45	0 - 56

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


..... Director
Mr.Chatchawe Vatanasuk


..... Director
Mr.Chanit Suwanparin

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below.

(Unit: Million Baht)

	As at 31 December 2018	
	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(0.7)	0.8
Salary increase rate	0.7	(0.7)
Staff turnover rate	(0.7)	0.4

(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

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 0.8 million. The Company will reflect the effect of the change by recognising past services costs as expenses in profit or loss of the period in which the law is effective.

18. 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 percent of the total issued share capital. The repurchase period is from 2 April 2018 to 1 October 2018. During this period, no shares were repurchased by the Company.

T.A.C. Consumer
Public Company Limited

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



Mr.Chatchawe Vatanasuk

Director



Mr.Chanit Suwanparin

Director

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.

In 2017, the Company set aside Baht 1.8 million as statutory reserve. At present, the statutory reserve has fully been set aside.

20. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Raw materials and consumables used	137,022	171,649
Purchases of finished goods and changes in inventories of finished goods and work in process	703,613	664,739
Advertising and promotion expenses	119,113	116,952
Salaries and wages and other employee benefits	92,259	82,977
Transportation expenses	39,486	45,993
Depreciation and amortisation	19,067	17,537
Consulting fees	1,285	5,606


21. Income tax

21.1 Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Current income tax:		
Current income tax charge	24,774	27,964
Deferred tax:		
Relating to origination and reversal of temporary differences	(1,036)	(415)
Income tax expenses reported in the statement of comprehensive income	<u>23,738</u>	<u>27,549</u>

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


..... Director
Mr.Chatchawe Vatanasuk


..... Director
Mr.Chanit Suwanparin

The amounts of income tax relating to each component of other comprehensive income for the year ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)	
	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial gain	<u>651</u>	<u>-</u>


21.2 The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2018 and 2017 is shown below.

	(Unit: Thousand Baht)		
	Financial statements in which the equity method is applied	Separate financial statements	
	<u>2018</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	<u>92,132</u>	<u>95,038</u>	<u>140,022</u>
Applicable tax rate	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	18,426	19,008	28,004
Effects of:			
Non-deductible expenses	6,400	5,818	706
Additional expense deductions allowed	(1,088)	(1,088)	(1,161)
Total	<u>5,312</u>	<u>4,730</u>	<u>(455)</u>
Income tax expenses reported in the statement of comprehensive income	<u>23,738</u>	<u>23,738</u>	<u>27,549</u>

T.A.C. Consumer
Public Company Limited

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


..... Director
Mr. Chatchawe Vatanasuk


..... Director
Mr. Chanit Suwanparin

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

(Unit: Thousand Baht)

	Statements of financial position	
	As at	As at
	31 December 2018	31 December 2017
Deferred tax assets		
Allowance for doubtful accounts	44	130
Allowance for diminution in inventory value	563	25
Provision for long-term employee benefits	2,715	2,783
Total	3,322	2,938
Deferred tax liabilities		
Financial leases	(221)	(222)
Total	(221)	(222)
Deferred tax assets - net	3,101	2,716

22. 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.

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 Managing Director.

The Company organised into business units based on its products and services. During the current year, the Company expended 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 beverage 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. The Company's distribution channel includes both in domestic and overseas markets. For the year 2018, domestic sales represented 98 percent of total sales (2017: 92 percent of total sales).

T.A.C. Consumer
Public Company Limited

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


Mr.Chatchawe Vatanasuk

Director


Mr.Chanit Suwanparin

Director

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.

Major customers

For the year 2018, the Company had revenue from one major customer, with revenue of 96 percent of the Company's revenues (2017: 90 percent).

24. 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 2018 amounting to approximately Baht 3.2 million (2017: Baht 3.2 million) were recognised as expenses.

25. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<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
<u>2018</u>			
Dividends for 2017	Annual General Meeting of the shareholders on 19 April 2018	54.7	0.09
Interim dividends for 2018	Board of Directors' meeting on 9 August 2018	24.3	0.04
Total for 2018		79.0	0.13

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


..... Director
Mr.Chatchawe Vatanasuk


..... Director
Mr.Chanit Suwanparin

26. Commitments

26.1 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>2018</u>	<u>2017</u>
Payable		
In up to 1 year	6.7	6.9
In over 1 year and up to 4 years	4.4	10.4

26.2 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.


27. Fair value hierarchy

As at 31 December 2018 and 2017, the Company had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)	
	<u>2018</u>	<u>2017</u>
	Level 2	Level 2
Assets measured at fair value		
Investments in trading securities - Debt instruments	228	196
Current investments in private fund	60	-

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


..... Director
Mr.Chatchawe Vatanasuk


..... Director
Mr.Chanit Suwanparin

28. Financial instruments

28.1 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. 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.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks and liabilities under finance lease agreements. 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.

(Unit: Million Baht)

	As at 31 December 2018					Effective interest rate (% per annum)
	Fixed interest rates Within 1 year	Fixed interest rates 1-5 years	Floating interest rate	Non-interest bearing	Total	
Financial assets						
Cash and cash equivalents	-	-	74.5	5.5	80.0	0.13 - 1.00
Current investments	103.8	-	-	288.2	392.0	1.00 - 1.38
Trade and other receivables	-	-	-	317.8	317.8	-
	<u>103.8</u>	<u>-</u>	<u>74.5</u>	<u>611.5</u>	<u>789.8</u>	

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

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


..... Director
Mr.Chatchawe Vatanasuk


..... Director
Mr.Chanit Suwanparin

(Unit: Million Baht)

As at 31 December 2018

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
Financial liabilities						
Trade and other payables	-	-	-	269.6	269.6	-
Liabilities under financial lease agreements	2.1	2.8	-	-	4.9	3.92 - 10.81
	2.1	2.8	-	269.6	274.5	

(Unit: Million Baht)

As at 31 December 2017

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years				
Financial assets						
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
	102.6	-	104.1	569.1	775.8	
Financial liabilities						
Trade and other payables	-	-	-	243.1	243.1	-
Liabilities under financial lease agreements	2.1	4.0	-	-	6.1	3.92 - 10.81
	2.1	4.0	-	243.1	249.2	

Foreign currency risk

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

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


..... Director
Mr. Chatchawe Vatanasuk


..... Director
Mr. Chanit Suwanparin

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

As at 31 December 2018				
Foreign currency	Financial assets (Thousand)	Financial liabilities (Thousand)	Exchange rate	
			Buying	Selling
(Baht per unit of foreign currency)				
US dollars	1,825	-	32.2848	32.6148

As at 31 December 2017				
Foreign currency	Financial assets (Thousand)	Financial liabilities (Thousand)	Exchange rate	
			Buying	Selling
(Baht per unit of foreign currency)				
US dollars	215	234	32.5146	32.8472

28.2 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.

29. 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.

The Company manages its capital position with reference to its debt-to-equity ratio. As at 31 December 2018, the Company's debt-to-equity ratio was 0.5:1 (2017: 0.4:1)

30. Events after the reporting period

On 22 February 2019, the meeting of the Board of Directors of the Company No. 1/2019 approved the payment of final dividend for 2018 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.

31. Approval of financial statements

These financial statements were authorised for issue by the board of directors of the Company on 22 February 2019.


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


 Director
 Mr.Chatchawe Vatanasuk


 Director
 Mr.Chanit Suwanparin