

T.A.C. Consumer Public Company Limited
Report and financial statements
31 December 2019

Independent Auditor's Report

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

Opinion

I have audited the accompanying separate financial statements of T.A.C. Consumer Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2019, 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 statements of comprehensive income, changes in shareholders' equity and cash flows in which the equity method is applied 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 2019, 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: 20 February 2020

T.A.C. Consumer Public Company Limited

Statement of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Financial statements		
		in which the equity method		
		is applied	Separate financial statements	
		2018	2019	2018
Assets				
Current assets				
Cash and cash equivalents	7	79,996,941	16,094,791	79,996,941
Current investments	8	392,024,421	540,583,646	392,024,421
Trade and other receivables	9	317,793,618	311,971,659	317,793,618
Inventories	10	63,399,125	39,631,255	63,399,125
Other current assets		3,710,081	2,378,362	3,710,081
Total current assets		856,924,186	910,659,713	856,924,186
Non-current assets				
Investment in joint venture	11	3,219,316	-	6,125,000
Property, plant and equipment	12	89,831,805	104,311,438	89,831,805
Intangible assets	13	758,723	261,620	758,723
Deferred tax assets	21	3,101,384	9,292,864	3,101,384
Other non-current assets		7,677,128	4,250,818	7,677,128
Total non-current assets		104,588,356	118,116,740	107,494,040
Total assets		961,512,542	1,028,776,453	964,418,226

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
 Mrs. Chirapan Khotcharit Choosang


T.A.C. Consumer Public Company Limited
Statement of financial position (continued)
As at 31 December 2019


(Unit: Baht)

	Note	Financial statements		
		in which the equity method		
		is applied	Separate financial statements	
		2018	2019	2018
Liabilities and shareholders' equity				
Current liabilities				
Trade and other payables	15	256,064,964	266,546,691	256,064,964
Advance received from customers		13,554,053	7,406,416	13,554,053
Current portion of liabilities under financial lease agreements	16	2,147,198	1,317,702	2,147,198
Income tax payable		12,366,304	26,480,887	12,366,304
Other current liabilities		4,206,298	8,449,661	4,206,298
Total current liabilities		288,338,817	310,201,357	288,338,817
Non-current liabilities				
Liabilities under financial lease agreements - net of current portion	16	2,773,250	1,533,670	2,773,250
Provision for long-term employee benefits	17	13,262,952	18,575,050	13,262,952
Total non-current liabilities		16,036,202	20,108,720	16,036,202
Total liabilities		304,375,019	330,310,077	304,375,019
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	104,277,675	65,854,506
Total shareholders' equity		657,137,523	698,466,376	660,043,207
Total liabilities and shareholders' equity		961,512,542	1,028,776,453	964,418,226

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
 Mrs. Chirapan Khotcharit Choosang


T.A.C. Consumer Public Company Limited
Statement of comprehensive income
For the year ended 31 December 2019

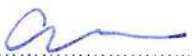
(Unit: Baht)

	Note	Financial statements in which the equity method is applied		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales and service income		1,520,276,775	1,289,594,347	1,520,276,775	1,289,594,347
Gain on disposal of investment in joint venture	11	75,751	-	-	-
Other income		9,606,649	5,989,988	9,606,649	5,989,988
Total revenues		<u>1,529,959,175</u>	<u>1,295,584,335</u>	<u>1,529,883,424</u>	<u>1,295,584,335</u>
Expenses					
Cost of sales and services	20	1,053,373,191	918,768,542	1,053,373,191	918,768,542
Selling and distribution expenses		193,207,454	215,609,023	193,207,454	215,609,023
Administrative expenses		72,623,672	65,090,534	72,623,672	65,090,534
Loss on exchange rate		4,177,893	594,682	4,177,893	594,682
Loss on disposal of investment in joint venture	11	-	-	5,219,615	-
Total expenses		<u>1,323,382,210</u>	<u>1,200,062,781</u>	<u>1,328,601,825</u>	<u>1,200,062,781</u>
Profit before share of loss from investment in joint venture, finance cost and income tax expenses					
		206,576,965	95,521,554	201,281,599	95,521,554
Share of loss from investment in joint venture	11	(2,389,682)	(2,905,684)	-	-
Profit before finance cost and income tax expenses		<u>204,187,283</u>	<u>92,615,870</u>	<u>201,281,599</u>	<u>95,521,554</u>
Finance cost		(352,438)	(483,786)	(352,438)	(483,786)
Profit before income tax expenses		<u>203,834,845</u>	<u>92,132,084</u>	<u>200,929,161</u>	<u>95,037,768</u>
Income tax expenses	21	(41,744,188)	(23,738,258)	(41,744,188)	(23,738,258)
Profit for the year		<u>162,090,657</u>	<u>68,393,826</u>	<u>159,184,973</u>	<u>71,299,510</u>
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss)	17	(6,553,474)	3,252,801	(6,553,474)	3,252,801
Less: Income tax effect	21	1,310,695	(650,560)	1,310,695	(650,560)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(5,242,779)	2,602,241	(5,242,779)	2,602,241
Other comprehensive income for the year		<u>(5,242,779)</u>	<u>2,602,241</u>	<u>(5,242,779)</u>	<u>2,602,241</u>
Total comprehensive income for the year		<u>156,847,878</u>	<u>70,996,067</u>	<u>153,942,194</u>	<u>73,901,751</u>
Basic earnings per share					
Profit for the year	22	0.27	0.11	0.26	0.12
Weighted average number of ordinary shares (shares)		608,000,000	608,000,000	608,000,000	608,000,000

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

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


..... Director
Mr. Chatchawe Vatanasuk


..... Director
Mrs. Chirapan Khotcharit Choosang

T.A.C. Consumer Public Company Limited
Statement of changes in shareholders' equity
For the year ended 31 December 2019

(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	<u>152,000,000</u>	<u>426,988,701</u>	<u>15,200,000</u>	<u>62,948,822</u>	<u>657,137,523</u>
Balance as at 1 January 2019	152,000,000	426,988,701	15,200,000	62,948,822	657,137,523
Profit for the year	-	-	-	162,090,657	162,090,657
Other comprehensive income for the year	-	-	-	(5,242,779)	(5,242,779)
Total comprehensive income for the year	-	-	-	156,847,878	156,847,878
Dividend paid (Note 25)	-	-	-	(115,519,025)	(115,519,025)
Balance as at 31 December 2019	<u>152,000,000</u>	<u>426,988,701</u>	<u>15,200,000</u>	<u>104,277,675</u>	<u>698,466,376</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
Mrs. Chirapan Khotcharit Choosang

T.A.C. Consumer Public Company Limited
Statement of changes in shareholders' equity
For the year ended 31 December 2019


(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 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>
Balance as at 1 January 2019	152,000,000	426,988,701	15,200,000	65,854,506	660,043,207
Profit for the year	-	-	-	159,184,973	159,184,973
Other comprehensive income for the year	-	-	-	(5,242,779)	(5,242,779)
Total comprehensive income for the year	-	-	-	153,942,194	153,942,194
Dividend paid (Note 25)	-	-	-	(115,519,025)	(115,519,025)
Balance as at 31 December 2019	<u>152,000,000</u>	<u>426,988,701</u>	<u>15,200,000</u>	<u>104,277,675</u>	<u>698,466,376</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
Mrs. Chirapan Khotcharit Choosang

T.A.C. Consumer Public Company Limited

Cash flow statement


For the year ended 31 December 2019

(Unit: Baht)

	Financial statements		Separate financial statements	
	in which the equity method is applied			
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	203,834,845	92,132,084	200,929,161	95,037,768
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	18,542,170	19,067,370	18,542,170	19,067,370
Bad debts and doubtful debts	525,290	23,384,104	525,290	23,384,104
Reduction of inventories to net realisable value	17,403,437	2,691,782	17,403,437	2,691,782
(Gain) loss on disposal of investment in joint venture	(75,751)	-	5,219,615	-
Share of loss from investment in joint venture	2,389,682	2,905,684	-	-
Gain on sales and change in value of investments in trading securities	(4,301,073)	(2,988,142)	(4,301,073)	(2,988,142)
Loss on write-off of non-refundable deposit	1,089,869	-	1,089,869	-
Loss (gain) on disposals of equipment	(1,838,240)	32,349	(1,838,240)	32,349
Loss on write-off of equipment	54,111	199,508	54,111	199,508
Provision for long-term employee benefits	4,782,252	2,912,668	4,782,252	2,912,668
Unrealised loss on exchange	4,213,597	806,713	4,213,597	806,713
Interest income	(2,518,191)	(1,976,426)	(2,518,191)	(1,976,426)
Interest expenses	374,810	483,785	374,810	483,785
Profit from operating activities before changes in operating assets and liabilities	244,476,808	139,651,479	244,476,808	139,651,479
Operating assets decrease (increase):				
Trade and other receivables	5,341,325	19,991,429	5,341,325	19,991,429
Inventories	6,364,433	(11,569,413)	6,364,433	(11,569,413)
Other current assets	241,850	(719,112)	241,850	(719,112)
Other non-current assets	3,426,310	(1,981,136)	3,426,310	(1,981,136)
Operating liabilities increase (decrease):				
Trade and other payables	10,481,727	19,971,909	10,481,727	19,971,909
Advance received from customers	(6,147,637)	13,554,053	(6,147,637)	13,554,053
Other current liabilities	4,243,363	(190,783)	4,243,363	(190,783)
Cash from operating activities	268,428,179	178,708,426	268,428,179	178,708,426
Cash paid for long-term employee benefits	(6,023,628)	(314,117)	(6,023,628)	(314,117)
Cash received from interest income	2,459,975	1,917,777	2,459,975	1,917,777
Cash paid for income tax	(32,510,390)	(27,358,505)	(32,510,390)	(27,358,505)
Net cash from operating activities	232,354,136	152,953,581	232,354,136	152,953,581

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

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


.....Director
Mr. Chatchawe Vatanasuk


.....Director
Mrs. Chirapan Khotcharit Choosang

T.A.C. Consumer Public Company Limited

Cash flow statement (continued)

For the year ended 31 December 2019

(Unit: Baht)

	Financial statements			
	in which the equity method is applied		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Decrease in restricted bank deposits	-	27,000,000	-	27,000,000
Increase in current investments	(148,458,189)	(90,904,467)	(148,458,189)	(90,904,467)
Increase in investment in joint venture	-	(6,125,000)	-	(6,125,000)
Proceeds from disposals of investment in joint venture	905,385	-	905,385	-
Acquisitions of plant and equipment	(32,866,736)	(9,499,668)	(32,866,736)	(9,499,668)
Proceeds from disposals of equipment	2,676,402	40,090	2,676,402	40,090
Increase in intangible assets	(47,464)	(183,340)	(47,464)	(183,340)
Net cash used in investing activities	(177,790,602)	(79,672,385)	(177,790,602)	(79,672,385)
Cash flows from financing activities				
Repayments of liabilities under finance lease agreements	(2,946,659)	(2,909,595)	(2,946,659)	(2,909,595)
Dividend paid	(115,519,025)	(79,039,545)	(115,519,025)	(79,039,545)
Net cash used in financing activities	(118,465,684)	(81,949,140)	(118,465,684)	(81,949,140)
Net decrease in cash and cash equivalents	(63,902,150)	(8,667,944)	(63,902,150)	(8,667,944)
Cash and cash equivalents at beginning of year	79,996,941	88,664,885	79,996,941	88,664,885
Cash and cash equivalents at end of year (Note 7)	16,094,791	79,996,941	16,094,791	79,996,941
Supplemental cash flows information				
Non-cash transactions				
Acquisitions of assets under financial lease agreements	502,773	1,229,484	502,773	1,229,484

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

Mrs. Chirapan Khotcharit Choosang

T.A.C. Consumer Public Company Limited

Notes to financial statements

For the year ended 31 December 2019

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, Nongmairdaeng, Banbueng, Chonburi.

2. Basis of preparation

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

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

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

3. New financial reporting standards

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

During the year, the Company has adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 use of the standards. The adoption of these financial reporting standards and interpretations does not have any significant impact on the Company's financial statements. However, the new standard involves changes to key principles, which are summarised below.

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


..... Director
Mr. Chatchawe Vatanasuk


..... Director
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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.

This standard does not have any significant impact on the Company's financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.




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Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments 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
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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 expects that the following would be the effects when adopting financial reporting standards related to financial instruments.

- Recognition of credit loss - The Company shall recognise an allowance for expected credit losses for financial assets without triggered by loss events subsequent to origination. The Company will apply a simplified approach in calculating a loss allowance based on a lifetime expected credit loss for trade receivables.

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

TFRS 16 Leases

IFRS 16 supersedes TAS 17 Leases together with related interpretations. The standard set out the principles of the recognition, measurement, presentation and disclosure of leases and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

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Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify all leases as either operating or finance leases using similar principles to those under TAS 17.

The Company expects to use the modified retrospective method of adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

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

4. Significant accounting policies

4.1 Revenue recognition

a) Sales of goods

Revenue from sales of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting goods returns, discounts and allowances.

When a contract provided a customer with a right to return the goods within a specified period, the Company recognises the amount ultimately expected they will have to return to customers as a refund liability and recognises the right to recover the goods expected to be returned by customers as a right of return asset in the statement of financial position. The right of return asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

b) License fee

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

The obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer is presented under the caption of "Advance received from customers" in the statement of financial position, which is recognised as revenue when the Company performs under the contract.

c) Interest income

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

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Director



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Director

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.

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.



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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.

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.

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

	<u>Useful lives</u>
Computer software	2 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.

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.

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4.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

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

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.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognises restructuring-related costs.

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.


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4.15 Income tax

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

Current tax

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

Deferred tax

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

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.

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

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

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.

Allowance for goods returns

In determining an allowance for goods returns, the management needs to make judgement and estimates of goods returns when a contract provides a customer with a right to return the goods, which is based on past goods returns history and the market condition.

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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.

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 2019 and 2018, the Company had employee benefit expenses payable to its directors and management as below.

	(Unit: Million Baht)	
	2019	2018
Short-term employee benefits	58.1	41.1
Post-employment benefits	4.2	3.7
Total	62.3	44.8

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7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Cash	20	20
Bank deposits	15,946	79,763
Cash in private fund	129	214
Total cash and cash equivalents	<u>16,095</u>	<u>79,997</u>

As at 31 December 2019, bank deposits in savings and fixed deposit accounts carried interests between 0.04 and 0.50 percent per annum (2018: between 0.13 and 1.00 percent per annum).

8. Current investments

8.1 As at 31 December 2019 and 2018, current investments consisted of the following:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Investments in trading securities (Note 8.2)	319,508	228,400
Current investments in private fund (Note 8.3)	54,708	59,810
Fixed deposits	166,368	103,814
Total current investments	<u>540,584</u>	<u>392,024</u>

As at 31 December 2019, the Company had current investments in 6-month and 12-month fixed deposits totaling Baht 166.4 million, carrying interests between 1.00 and 1.75 percent per annum and due for redemption during January 2020 to May 2020 (2018: Baht 103.8 million, carrying interests between 1.00 and 1.38 percent per annum).

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- 8.2 Movements in the investments in trading securities for the years ended 31 December 2019 and 2018 are summarised below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Balance as at 31 December 2018 - fair value	228,400	196,464
Cash paid for investments in trading securities during the year - at cost	1,742,000	1,273,000
Sales during the year - at cost		
Proceeds from sales	(1,656,095)	(1,243,000)
Gain on sales	3,742	1,501
Total	(1,652,353)	(1,241,499)
Gain on change in value	1,461	435
Balance as at 31 December 2019 - fair value	<u>319,508</u>	<u>228,400</u>

- 8.3 Movements in the current investments in private fund for the year ended 31 December 2019 and 2018 are summarised below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Balance as at 31 December 2018 - fair value	59,810	-
Cash paid for current investments in private fund during the year - at cost	-	59,670
Gain (loss) on change in value of investments	(902)	1,052
Unrealised loss on exchange	(4,200)	(912)
Balance as at 31 December 2019 - fair value	<u>54,708</u>	<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 2019, 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 decreased by Baht 0.9 million (2018: 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.

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9. Trade and other receivables

(Unit: Thousand Baht)

	<u>2019</u>	<u>2018</u>
<u>Trade accounts receivable - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	295,378	282,617
Past due		
Up to 3 months	5,834	9,304
3 - 6 months	-	4,214
6 - 12 months	284	-
Over 12 months	1	44
Total	<u>301,497</u>	<u>296,179</u>
Less: Allowance for doubtful accounts	(200)	-
Total trade accounts receivable - unrelated parties - net	<u>301,297</u>	<u>296,179</u>
<u>Other receivables</u>		
Other receivables - unrelated parties	1,292	1,606
Less: Allowance for doubtful accounts	(544)	(219)
Total other receivables - unrelated parties - net	748	1,387
Prepaid expenses	9,310	19,669
Interest receivable	617	559
Total other receivables - net	<u>10,675</u>	<u>21,615</u>
Total trade and other receivables - net	<u>311,972</u>	<u>317,794</u>

For the year 2018, 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Finished goods	39,282	40,728	(10,828)	(1,630)	28,454	39,098
Work in process	125	152	-	-	125	152
Raw and packing materials	20,442	15,583	(9,390)	(1,185)	11,052	14,398
Goods in transit	9,751	9,751	-	-	-	9,751
Total inventories	<u>59,849</u>	<u>66,214</u>	<u>(20,218)</u>	<u>(2,815)</u>	<u>39,631</u>	<u>63,399</u>

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During the current year, the Company reduced cost of inventories by Baht 18.5 million (2018: Baht 2.8 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 1.1 million (2018: Baht 0.1 million), and reduced the amount of inventories recognised as expenses during the year.

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	Investment				
		Shareholding percentage		Financial statements in which the equity method is applied	Separate financial statements in which cost method is applied	
		31 December 2019	31 December 2018	31 December 2018	31 December 2019	31 December 2018
		Percent	Percent			
Siam Gateway Company Limited	Distribution and packing services through export channels	-	49	3,219	-	6,125
Total				3,219	-	6,125

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 "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.


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As the business operation of Siam Gateway Company Limited was not as initially planned, the Company therefore considered recording an allowance for impairment loss on investment of Baht 5.3 million in the second quarter of 2019.

On 5 August 2019, the Extraordinary General Meeting of shareholders of Siam Gateway Company Limited passed a resolution to approve the change in its shareholding structure, whereby NPPG (Thailand) Public Company Limited is to purchase all ordinary shares from other shareholders at the net book value of the shareholders' equity as at 30 June 2019 of Baht 1.8 million, or Baht 0.18 per share.

On 13 August 2019, the Meeting of the Board of Directors of the Company passed a resolution to approve the disposal of 4,899,998 ordinary shares that the Company holds in Siam Gateway Company Limited to NPPG (Thailand) Public Company Limited, at a total price of Baht 0.9 million. The transfer of shares was completed on 20 September 2019 and the payment was made in November 2019. The Company therefore reversed an allowance for impairment loss on investment of Baht 5.3 million previously recorded in the second quarter and recognised loss on disposal of investment in joint venture of Baht 5.2 million in the separate financial statements and gain on disposal of investment in joint venture of Baht 0.1 million in the financial statements in which the equity method is applied in the current year.

11.2 Share of loss from investment in joint venture

During the year ended 31 December 2019 and 2018, the Company recognised its share of loss from investment in joint venture in the financial statements in which the equity method is applied as follows:

Joint venture	(Unit: Thousand Baht)	
	Financial statements in which the equity method is applied	
	For the years ended 31 December	
	2019	2018
Siam Gateway Company Limited	(2,390)	(2,905)
Total	(2,390)	(2,905)

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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 2018	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
Additions	14,874	6,986	3,582	1,421	-	5,689	817	33,369
Transfer in (transfer out)	-	158	285	130	205	-	(778)	-
Disposals/write-off	-	-	(143)	(612)	-	(10,995)	(54)	(11,804)
31 December 2019	25,578	38,252	14,097	18,634	48,424	9,786	12,257	167,028
Accumulated depreciation								
1 January 2018	-	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
Depreciation for the year	-	2,453	1,334	2,777	9,674	1,760	-	17,998
Depreciation on								
disposals/write-off	-	-	(143)	(254)	-	(10,515)	-	(10,912)
31 December 2019	-	11,090	6,935	13,646	28,822	2,224	-	62,717
Net book value								
31 December 2018	10,704	22,471	4,629	6,572	29,071	4,113	12,272	89,832
31 December 2019	25,578	27,162	7,162	4,988	19,602	7,562	12,257	104,311
Depreciation for the year								
2018 (Baht 3.0 million included in cost of sales, and the balance in selling and administrative expenses)								17,350
2019 (Baht 3.2 million included in cost of sales, and the balance in selling and administrative expenses)								17,998

As at 31 December 2019, the Company had machinery, motor vehicles and office equipment acquired under finance lease agreements with net book value amounting to Baht 3.6 million (2018: Baht 5.9 million).

As at 31 December 2019, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 16.9 million (2018: Baht 17.4 million).

The Company has mortgaged land with structures thereon with net book value as at 31 December 2019 amounting to approximately Baht 16.5 million (2018: Baht 17.0 million) as collateral for bank overdrafts and credit facilities granted by a commercial bank as discussed in Note 14.


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13. Intangible assets

The net book value of intangible assets, which are computer software, as at 31 December 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Cost	6,597	6,550
Less: Accumulated amortisation	<u>(6,335)</u>	<u>(5,791)</u>
Net book value	<u>262</u>	<u>759</u>

A reconciliation of the net book value of intangible assets for the years 2019 and 2018 is presented below.

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Net book value at beginning of year	759	2,293
Acquisitions - at cost	47	183
Amortisation for the year	<u>(544)</u>	<u>(1,717)</u>
Net book value at end of year	<u>262</u>	<u>759</u>

14. Bank overdrafts

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

As at 31 December 2019, the Company had bank overdrafts which had not yet been drawn down amounting to Baht 119.8 million (2018: Baht 119.8 million).

15. Trade and other payables

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Trade payables - unrelated parties	183,308	186,730
Other payables - unrelated parties	23,777	24,258
Accrued expenses	<u>59,462</u>	<u>45,077</u>
Total trade and other payables	<u>266,547</u>	<u>256,065</u>

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16. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Liabilities under finance lease agreements	3,136	5,525
Less: Deferred interest expenses	(284)	(605)
Total	<u>2,852</u>	<u>4,920</u>
Less: Current portion	<u>(1,318)</u>	<u>(2,147)</u>
Liabilities under finance lease agreements - net of current portion	<u><u>1,534</u></u>	<u><u>2,773</u></u>

The Company has entered into the finance lease agreements with leasing companies for rental of 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 2019</u>		
	Less than		
	<u>1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
Future minimum lease payments	1,490	1,646	3,136
Deferred interest expenses	(172)	(112)	(284)
Present value of future minimum lease payments	<u>1,318</u>	<u>1,534</u>	<u>2,852</u>

	(Unit: Thousand Baht)		
	<u>As at 31 December 2018</u>		
	Less than		
	<u>1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
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>

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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>2019</u>	<u>2018</u>
Defined benefit obligation as at 31 December 2018	13,263	13,917
Included in profit or loss:		
Current service cost	3,634	2,692
Interest cost	304	221
Past service costs	845	-
Included in other comprehensive income:		
Actuarial (gain) loss arising from:		
Demographic assumptions changes	1,899	(3,481)
Financial assumption changes	1,473	(2,048)
Experience adjustments	3,181	2,276
Benefit paid during the year	(6,024)	(314)
Defined benefit obligation as at 31 December 2019	<u>18,575</u>	<u>13,263</u>


On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company has additional long-term employee benefit liabilities of Baht 0.8 million as a result. The Company reflected the effect of the change by recognising past service costs as expenses in profit or loss in the statement of comprehensive income in the current year.

The Company expects to pay Baht 2.0 million of long-term employee benefits during the next year (2018: Baht 5.9 million).

As at 31 December 2019, the weighted average duration of the liabilities for long-term employee benefits is 11 years (2018: 7 years).

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Significant actuarial assumptions are summarised below.

	<u>2019</u>	<u>2018</u>
	(% per annum)	(% per annum)
Discount rate	1.61	2.07
Salary increase rate	5.00	2.00 - 4.00
Staff turnover rate (depending on age of employees)	3 - 34	0 - 45

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below.

	(Unit: Million Baht)	
	<u>As at 31 December 2019</u>	
	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(1.5)	1.6
Salary increase rate	1.4	(1.3)
Staff turnover rate	(1.5)	1.8

	(Unit: Million Baht)	
	<u>As at 31 December 2018</u>	
	<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

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.


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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. 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>2019</u>	<u>2018</u>
Purchases of finished goods and changes in inventories of finished goods and work in process	800,694	703,613
Raw materials and consumables used	149,601	137,022
Advertising and promotion expenses	103,823	119,113
Salaries and wages and other employee benefits	113,452	92,259
Transportation expenses	36,606	39,486
Depreciation and amortisation	18,542	19,067
Consulting fees	1,355	1,285

21. Income tax

21.1 Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Current income tax:		
Current income tax charge	46,625	24,774
Deferred tax:		
Relating to origination and reversal of temporary differences	(4,881)	(1,036)
Income tax expenses reported in the statement of comprehensive income	<u>41,744</u>	<u>23,738</u>

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The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:


	(Unit: Thousand Baht)	
	<u>2019</u>	<u>2018</u>
Deferred tax relating to actuarial gain (loss)	<u>(1,311)</u>	<u>651</u>

21.2 The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2019 and 2018 is shown below.

	(Unit: Thousand Baht)			
	Financial statements in which the equity method is applied		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Accounting profit before tax	<u>203,835</u>	<u>92,132</u>	<u>200,929</u>	<u>95,038</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	40,767	18,426	40,186	19,008
Effects of:				
Non-deductible expenses	2,245	6,400	2,826	5,818
Additional expense deductions allowed	(1,268)	(1,088)	(1,268)	(1,088)
Total	<u>977</u>	<u>5,312</u>	<u>1,558</u>	<u>4,730</u>
Income tax expenses reported in the statement of comprehensive income	<u>41,744</u>	<u>23,738</u>	<u>41,744</u>	<u>23,738</u>
Effective income tax rate	<u>20.5%</u>	<u>25.8%</u>	<u>20.8%</u>	<u>25.0%</u>

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

(Unit: Thousand Baht)

Statements of financial position

	As at 31 December 2019	As at 31 December 2018
Deferred tax assets		
Allowance for doubtful accounts	149	44
Allowance for diminution in inventory value	4,044	563
Accrued expenses	1,560	-
Allowance for goods returns	144	-
Provision for long-term employee benefits	3,715	2,715
Total	9,612	3,322
Deferred tax liabilities		
Right of return assets	(120)	-
Financial leases	(199)	(221)
Total	(319)	(221)
Deferred tax assets - net	9,293	3,101

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. For the year 2019, the operation of the sales of license of cartoon characters represented 3 percent of total sales (2018: 1 percent of total sales). The Company's distribution channel includes both in domestic and overseas markets. For the year 2019, domestic sales represented 97 percent of total sales (2018: 98 percent of total sales).



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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 2019, the Company had revenue from one major customer, with revenue of 96 percent of the Company's revenues (2018: 96 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 2019 amounting to approximately Baht 3.0 million (2018: Baht 3.2 million) were recognised as expenses.

25. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
<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
<u>2019</u>			
Dividends for 2018	Annual General Meeting of the shareholders on 23 April 2019	54.7	0.09
Interim dividends for 2019	Board of Directors' meeting on 13 August 2019	60.8	0.10
Total for 2019		115.5	0.19


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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 3 years.

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


	(Unit: Million Baht)	
	As at 31 December	
	<u>2019</u>	<u>2018</u>
Payable		
In up to 1 year	4.9	6.7
In over 1 year and up to 3 years	2.9	4.4


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.

On 1 September 2019, the Company entered into a merchandise sub-license agreement with a creator and copyright holder in Thailand. 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 2 years, from 1 September 2019 to 31 August 2021.

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27. Fair value hierarchy

As at 31 December 2019 and 2018, the Company had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)	
	2019	2018
	Level 2	Level 2
Assets measured at fair value		
Investments in trading securities - Debt instruments	319	228
Current investments in private fund	55	60

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.

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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 2019						
	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	-	-	10.3	5.8	16.1	0.04 - 0.50
Current investments	166.4	-	-	374.2	540.6	1.00 - 1.75
Trade and other receivables	-	-	-	312.0	312.0	-
	<u>166.4</u>	<u>-</u>	<u>10.3</u>	<u>692.0</u>	<u>868.7</u>	
Financial liabilities						
Trade and other payables	-	-	-	266.5	266.5	-
Liabilities under financial lease agreements	1.3	1.5	-	-	2.8	3.96 - 11.12
	<u>1.3</u>	<u>1.5</u>	<u>-</u>	<u>266.5</u>	<u>269.3</u>	

(Unit: Million Baht)

As at 31 December 2018						
	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	-	-	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>	
Financial liabilities						
Trade and other payables	-	-	-	256.1	256.1	-
Liabilities under financial lease agreements	2.1	2.8	-	-	4.9	3.92 - 10.81
	<u>2.1</u>	<u>2.8</u>	<u>-</u>	<u>256.1</u>	<u>261.0</u>	

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Director



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Director

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.

The balances of financial assets denominated in foreign currencies as at 31 December 2019 and 2018 are summarised below.

Foreign currency	Financial assets		Average exchange rate	
	2019 (Million)	2018 (Million)	2019 (Baht per foreign currency unit)	2018
US dollar	2	2	30.1540	32.4498

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 2019, the Company's debt-to-equity ratio was 0.5:1 (2018: 0.5:1)

30. Events after the reporting period

On 20 February 2020, the meeting of the Board of Directors of the Company No. 1/2020 approved the payment of final dividend for 2019 to the Company's shareholders at Baht 0.14 per share or a total dividend of Baht 85.12 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 20 February 2020.

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