

Carabao Group Public Company Limited
and its subsidiaries
Review report and consolidated interim financial statements
For the three-month and six-month periods ended 30 June 2016

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Carabao Group Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Carabao Group Public Company Limited and its subsidiaries as at 30 June 2016, the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2016, the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2016, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separate financial information of Carabao Group Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting.

Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

EY Office Limited

Bangkok: 11 August 2016

Carabao Group Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2016

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	3	1,751,419	1,377,484	1,624,227	1,273,767
Current investments	4	200,963	473,363	200,963	473,363
Trade and other receivables	2, 5	553,359	425,028	30,996	16,277
Short-term loans to related parties	2	-	-	2,440,000	2,625,000
Dividend receivable from related parties	2	-	-	409,998	422,997
Inventories	6	362,344	248,974	-	-
Other current assets	7	22,405	16,811	9	-
Total current assets		<u>2,890,490</u>	<u>2,541,660</u>	<u>4,706,193</u>	<u>4,811,404</u>
Non-current assets					
Investment in subsidiaries	8	-	-	958,954	958,954
Investment properties	9	105,817	107,793	-	-
Property, plant and equipment	10	4,833,795	4,667,010	-	-
Intangible assets	11	14,334	15,655	-	-
Deferred tax assets		20,554	25,423	3,250	2,740
Other long-term receivable - related party	2	-	-	26,172	26,172
Other non-current assets		5,572	3,918	-	-
Total non-current assets		<u>4,980,072</u>	<u>4,819,799</u>	<u>988,376</u>	<u>987,866</u>
Total assets		<u>7,870,562</u>	<u>7,361,459</u>	<u>5,694,569</u>	<u>5,799,270</u>

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

Carabao Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2016

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
		30 June	31 December	30 June	31 December
	Note	2016	2015	2016	2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Trade and other payables	2, 12	1,049,261	801,525	50,029	34,369
Income tax payable		124,986	98,525	2,608	1,774
Other current liabilities	13	40,401	51,316	3,764	16,157
Total current liabilities		1,214,648	951,366	56,401	52,300
Non-current liabilities					
Provision for long-term employee benefits	14	70,539	65,561	42,425	39,873
Other non-current liabilities		23,271	11,184	-	-
Total non-current liabilities		93,810	76,745	42,425	39,873
Total liabilities		1,308,458	1,028,111	98,826	92,173
Shareholders' equity					
Share capital					
Registered					
1,000,000,000 ordinary shares of Baht 1 each		1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid up					
1,000,000,000 ordinary shares of Baht 1 each		1,000,000	1,000,000	1,000,000	1,000,000
Share premium		3,962,980	3,962,980	3,962,980	3,962,980
Retained earnings					
Appropriated - statutory reserve	15	94,000	94,000	94,000	94,000
Unappropriated		1,072,949	844,193	429,804	541,158
Other components of shareholders' equity					
Surplus on business combination					
under common control		323,216	323,216	-	-
Surplus on change in percentage of					
shareholding in a subsidiary		108,959	108,959	108,959	108,959
Total shareholders' equity		6,562,104	6,333,348	5,595,743	5,707,097
Total liabilities and shareholders' equity		7,870,562	7,361,459	5,694,569	5,799,270

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

Directors

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries**Income statement****For the three-month period ended 30 June 2016**

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit or loss					
Revenues					
Sales		2,315,784	2,011,130	-	-
Dividend income from subsidiaries	2, 8	-	-	409,998	379,997
Other income	16	34,727	19,349	66,429	61,859
Total revenues		<u>2,350,511</u>	<u>2,030,479</u>	<u>476,427</u>	<u>441,856</u>
Expenses					
Cost of sales		1,454,031	1,265,660	-	-
Selling expenses		318,675	253,902	-	-
Administrative expenses		116,294	92,259	57,527	42,149
Total expenses		<u>1,889,000</u>	<u>1,611,821</u>	<u>57,527</u>	<u>42,149</u>
Profit before finance cost and income tax expenses		<u>461,511</u>	<u>418,658</u>	<u>418,900</u>	<u>399,707</u>
Finance cost		(752)	(407)	(27)	(35)
Profit before income tax expenses		<u>460,759</u>	<u>418,251</u>	<u>418,873</u>	<u>399,672</u>
Income tax expenses	17	(68,051)	(63,042)	(2,095)	(3,927)
Profit for the period		<u>392,708</u>	<u>355,209</u>	<u>416,778</u>	<u>395,745</u>
Profit attribution to					
Equity holders of the Company		<u>392,708</u>	<u>355,209</u>	<u>416,778</u>	<u>395,745</u>
Earnings per share	18				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.39</u>	<u>0.36</u>	<u>0.42</u>	<u>0.40</u>
Weighted average number of ordinary shares (share)		<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2016

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit for the period	<u>392,708</u>	<u>355,209</u>	<u>416,778</u>	<u>395,745</u>
Other comprehensive income				
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>392,708</u></u>	<u><u>355,209</u></u>	<u><u>416,778</u></u>	<u><u>395,745</u></u>
Total comprehensive income attribution to				
Equity holders of the Company	<u><u>392,708</u></u>	<u><u>355,209</u></u>	<u><u>416,778</u></u>	<u><u>395,745</u></u>

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries**Income statement****For the six-month period ended 30 June 2016**

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

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit or loss					
Revenues					
Sales		4,417,834	3,731,678	-	-
Dividend income from subsidiaries	2, 8	-	-	409,998	379,997
Other income	16	68,462	60,112	133,049	124,559
Total revenues		<u>4,486,296</u>	<u>3,791,790</u>	<u>543,047</u>	<u>504,556</u>
Expenses					
Cost of sales		2,771,746	2,355,666	-	-
Selling expenses		581,109	472,370	-	-
Administrative expenses		227,046	176,620	109,310	84,866
Total expenses		<u>3,579,901</u>	<u>3,004,656</u>	<u>109,310</u>	<u>84,866</u>
Profit before finance cost and income tax expenses		<u>906,395</u>	<u>787,134</u>	<u>433,737</u>	<u>419,690</u>
Finance cost		(1,408)	(629)	(32)	(39)
Profit before income tax expenses		<u>904,987</u>	<u>786,505</u>	<u>433,705</u>	<u>419,651</u>
Income tax expenses	17	(136,231)	(118,766)	(5,059)	(7,923)
Profit for the period		<u>768,756</u>	<u>667,739</u>	<u>428,646</u>	<u>411,728</u>
Profit attribution to					
Equity holders of the Company		<u>768,756</u>	<u>667,739</u>	<u>428,646</u>	<u>411,728</u>
Earnings per share	18				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.77</u>	<u>0.67</u>	<u>0.43</u>	<u>0.41</u>
Weighted average number of ordinary shares (share)		<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2016

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit for the period	<u>768,756</u>	<u>667,739</u>	<u>428,646</u>	<u>411,728</u>
Other comprehensive income				
Other comprehensive income for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>768,756</u></u>	<u><u>667,739</u></u>	<u><u>428,646</u></u>	<u><u>411,728</u></u>
Total comprehensive income attribution to				
Equity holders of the Company	<u><u>768,756</u></u>	<u><u>667,739</u></u>	<u><u>428,646</u></u>	<u><u>411,728</u></u>

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries**Statement of cash flows****For the six-month period ended 30 June 2016**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from operating activities				
Profit before tax	904,987	786,505	433,705	419,651
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities				
Dividend income	-	-	(409,998)	(379,997)
Depreciation and amortisation	114,160	115,440	-	-
Gain on sales of short-term investments in trading securities	(582)	-	(582)	-
Gain on changes in value of short-term investments in				
trading securities	(384)	-	(384)	-
Increase in reduction cost of inventory to net realisable value	399	232	-	-
Gain on sales of equipment	(1,575)	(1,716)	-	-
Provision for long-term employee benefits	6,131	5,973	2,552	2,289
Loss on changes in fair value of cross currency				
interest swap contract	-	6,406	-	-
Unrealised loss (gain) on exchange	7,104	(576)	-	-
Interest income	(17,893)	(19,328)	(42,074)	(64,530)
Profit (loss) from operating activities before				
changes in operating assets and liabilities	1,012,347	892,936	(16,781)	(22,587)
Operating assets (increase) decrease				
Trade and other receivables	(129,535)	(201,090)	(134)	90,804
Inventories	(113,769)	(3,267)	-	-
Other current assets	(5,594)	41,538	(9)	(19)
Other non-current assets	(1,654)	330	-	-
Operating liabilities increase (decrease)				
Trade and other payables	226,037	70,731	15,660	(33,454)
Other current liabilities	(18,872)	(15,057)	(12,393)	(6,063)
Other non-current liabilities	12,865	-	-	-
Cash paid for long-term employee benefits	(1,153)	-	-	-
Cash flows from (used in) operating activities	980,672	786,121	(13,657)	28,681
Cash received from interest income	19,095	10,444	27,489	31,812
Cash paid for corporate income tax	(104,901)	(111,159)	(4,735)	(6,099)
Net cash flows from operating activities	894,866	685,406	9,097	54,394

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries**Statement of cash flows (continued)****For the six-month period ended 30 June 2016**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash flows from investing activities				
Decrease in restrict bank deposit	-	7,567	-	-
Proceeds from sales of equipment	1,656	2,905	-	-
Increase in investment properties	-	(467)	-	-
Cash paid for acquisition of equipment	(255,123)	(106,860)	-	-
Cash paid for acquisition of intangible assets	(830)	(2,324)	-	-
Decrease in current investments	273,366	140,100	273,366	140,000
Increase in short-term loans to related parties	-	-	(1,202,000)	(1,188,000)
Cash received from repayment of short-term loans to related parties	-	-	1,387,000	1,158,000
Dividend income from subsidiaries	-	-	422,997	589,996
Net cash flows from investing activities	<u>19,069</u>	<u>40,921</u>	<u>881,363</u>	<u>699,996</u>
Cash flows from financing activities				
Dividend paid	<u>(540,000)</u>	<u>(600,000)</u>	<u>(540,000)</u>	<u>(600,000)</u>
Net cash flows used in financing activities	<u>(540,000)</u>	<u>(600,000)</u>	<u>(540,000)</u>	<u>(600,000)</u>
Net increase in cash and cash equivalents	373,935	126,327	350,460	154,390
Cash and cash equivalents at beginning of period	<u>1,377,484</u>	<u>528,084</u>	<u>1,273,767</u>	<u>392,990</u>
Cash and cash equivalents at end of period	<u>1,751,419</u>	<u>654,411</u>	<u>1,624,227</u>	<u>547,380</u>
Supplemental disclosures of cash flows information				
Non-cash related transactions				
Dividend receivable	-	-	409,998	379,997
Increase (decrease) in plant and equipment payable	21,776	(31,119)	-	-
Transfer investment properties to property, plant and equipment	-	24,305	-	-

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the six-month period ended 30 June 2016

(Unit: Thousand Baht)

Consolidated financial statements								
	Note	Issued and fully paid-up share capital	Share premium	Retained earnings		Other components of equity		
				Appropriated - statutory reserve	Unappropriated	Surplus on business combination under common control	Surplus on changes in percentage of shareholding in a subsidiary	Total other components of shareholders' equity
								Total shareholders' equity
Balance as at 1 January 2015		1,000,000	3,962,980	51,000	582,466	323,216	108,959	6,028,621
Profit for the period		-	-	-	667,739	-	-	667,739
Other comprehensive income for the period		-	-	-	-	-	-	-
Total comprehensive income for the period	20	-	-	-	667,739	-	-	667,739
Dividend paid		-	-	-	(600,000)	-	-	(600,000)
Balance as at 30 June 2015		<u>1,000,000</u>	<u>3,962,980</u>	<u>51,000</u>	<u>650,205</u>	<u>323,216</u>	<u>108,959</u>	<u>6,096,360</u>
Balance as at 1 January 2016		1,000,000	3,962,980	94,000	844,193	323,216	108,959	6,333,348
Profit for the period		-	-	-	768,756	-	-	768,756
Other comprehensive income for the period		-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	768,756	-	-	768,756
Dividend paid	20	-	-	-	(540,000)	-	-	(540,000)
Balance as at 30 June 2016		<u>1,000,000</u>	<u>3,962,980</u>	<u>94,000</u>	<u>1,072,949</u>	<u>323,216</u>	<u>108,959</u>	<u>6,562,104</u>

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2016

(Unit: Thousand Baht)

Separate financial statements						
					Other components of equity	
		Issued and fully paid-up share capital	Share premium	Retained earnings	Surplus on changes in percentage of shareholding in a subsidiary	Total
	Note			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2015		1,000,000	3,962,980	51,000	685,933	108,959
Profit for the period		-	-	-	411,728	-
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income for the period		-	-	-	411,728	-
Dividend paid	20	-	-	-	(600,000)	-
Balance as at 30 June 2015		1,000,000	3,962,980	51,000	497,661	108,959
Balance as at 1 January 2016		1,000,000	3,962,980	94,000	541,158	108,959
Profit for the period		-	-	-	428,646	-
Other comprehensive income for the period		-	-	-	-	-
Total comprehensive income for the period		-	-	-	428,646	-
Dividend paid	20	-	-	-	(540,000)	-
Balance as at 30 June 2016		1,000,000	3,962,980	94,000	429,804	108,959

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

Carabao Group Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the three-month and six-month periods ended 30 June 2016

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2015) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

These consolidated interim financial statements include the financial statements of Carabao Group Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2015 with no structural changes related to subsidiaries during the current period.

1.4 New financial reporting standards

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

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015.

2. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 June				
	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Dividend income	-	-	410	380	At the declared rate
Management income	-	-	45	30	Contract price
Interest income	-	-	13	23	Contract price
Rental expenses	-	-	1	1	Contract price
<u>Transactions with individuals or related parties</u>					
Sales of goods	11	4	-	-	Market price
Purchase of goods	18	-	-	-	Contract price
Promotion expenses	3	3	-	-	Contract price/ Mutually agreed prices
Service income	2	1	-	-	Contract price
Other expenses	-	1	-	-	Mutually agreed prices
Rental income	1	-	-	-	Contract price
Other income	1	-	-	-	Market price

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				
	Consolidated financial		Separate financial		
	statements		statements		Transfer Pricing Policy
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Dividend income	-	-	410	380	At the declared rate
Management income	-	-	90	60	Contract price
Interest income	-	-	25	46	Contract price
Rental expenses	-	-	2	2	Contract price
<u>Transactions with individuals or related parties</u>					
Sales of goods	32	11	-	-	Market price
Purchase of goods	18	-	-	-	Contract price
Promotion expenses	7	6	-	-	Contract price/ Mutually agreed prices
Service income	3	2	-	-	Contract price
Other expenses	2	2	-	-	Mutually agreed prices
Rental income	2	1	-	-	Contract price
Other income	1	-	-	-	Market price

The balances of the accounts as at 30 June 2016 and 31 December 2015 between the Company and those related companies are as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
<u>Trade and other receivables - related parties</u>				
(Note 5)				
Subsidiaries	-	-	23,653	7,872
Related companies				
(related by shareholders and directors)	4,265	6,627	-	-
Total trade and other receivables - related parties	<u>4,265</u>	<u>6,627</u>	<u>23,653</u>	<u>7,872</u>
<u>Other long-term receivable - related party</u>				
Subsidiary	-	-	26,172	26,172
Total other long-term receivable - related party	<u>-</u>	<u>-</u>	<u>26,172</u>	<u>26,172</u>
<u>Other non-current assets - related party</u>				
Related company				
(related by shareholders and directors)	75	117	-	-
Total other non-current assets - related party	<u>75</u>	<u>117</u>	<u>-</u>	<u>-</u>
<u>Dividend receivable from related parties</u>				
Subsidiaries	-	-	409,998	422,997
Total dividend receivable - related parties	<u>-</u>	<u>-</u>	<u>409,998</u>	<u>422,997</u>
<u>Trade and other payables - related parties</u>				
(Note 12)				
Related companies				
(related by shareholders, directors and individuals)	13,509	931	-	-
Total trade and other payables - related parties	<u>13,509</u>	<u>931</u>	<u>-</u>	<u>-</u>
<u>Deposits received from rental - related parties</u>				
Related companies				
(related by shareholders and directors)	1,528	1,358	-	-
Total deposits received from rental - related parties	<u>1,528</u>	<u>1,358</u>	<u>-</u>	<u>-</u>

As at 30 June 2016 and 31 December 2015, the balance of short-term loans between the Company and those related parties and the movement are as follows.

Short-term loans to related parties

(Unit: Thousand Baht)

Loans to related parties	Related by	Separate financial statements			
		Balance as at 31 December 2015	Increase during the period	Decrease during the period	Balance as at 30 June 2016
Carabao Tawandaeng Co., Ltd.	Subsidiary	2,025,000	1,195,000	(1,100,000)	2,120,000
Asia Pacific Glass Co., Ltd.	Subsidiary	600,000	7,000	(287,000)	320,000
		<u>2,625,000</u>	<u>1,202,000</u>	<u>(1,387,000)</u>	<u>2,440,000</u>

Short-term loans to related parties are in from of promissory notes which charged interest rate at 2.1 percent per annum (31 December 2015: 2.1 - 3.2 percent per annum).

Directors and management's benefits

During the three-month and six-month periods ended 30 June 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	45	38	45	38
Post-employment benefits	2	1	2	1
Total	<u>47</u>	<u>39</u>	<u>47</u>	<u>39</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	88	73	88	73
Post-employment benefits	3	2	3	2
Total	<u>91</u>	<u>75</u>	<u>91</u>	<u>75</u>

3. Cash and cash equivalents

As at 30 June 2016 and 31 December 2015, cash and cash equivalents consist of the followings.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Cash	200	270	10	10
Bank deposits	514,591	577,214	387,589	473,757
Short-term investment in fixed deposits	1,136,733	800,000	1,136,733	800,000
Short-term investment in bill of exchange	99,895	-	99,895	-
Total cash and cash equivalents	<u>1,751,419</u>	<u>1,377,484</u>	<u>1,624,227</u>	<u>1,273,767</u>

As at 30 June 2016, bank deposits in savings account, fixed deposits and bill of exchange carried interest between 0.4 and 2.6 percent per annum (31 December 2015: between 0.4 and 2.0 percent per annum) and due for redemption within July 2016 and August 2016.

4. Current investments

4.1 As at 30 June 2016 and 31 December 2015, current investments consisted of the following:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Fixed deposits	-	160,000	-	160,000
Short-term investments in trading securities (Note 4.2)	200,963	214,812	200,963	214,812
Bill of exchange	-	98,551	-	98,551
Total current investment	<u>200,963</u>	<u>473,363</u>	<u>200,963</u>	<u>473,363</u>

As at 31 December 2015, fixed deposits and bill of exchange carried interests between 2.1 and 3.1 percent per annum.

(Unaudited but reviewed)

4.2 As at 30 June 2016, short-term investments in trading securities are summarised below.

(Unit: Thousand Baht)		
Consolidated/separate financial statements		
	Cost	Fair value
Open-ended fund in debt instruments of a financial institution	200,579	200,963
Add: Gain on change in value	384	
Total short-term investments in trading securities	200,963	

Movement of short-term investments in trading securities for the six-month period ended 30 June 2016 as summarised below.

(Unit: Thousand Baht)	
Consolidated/ separate financial statements	
Net book value as at 31 December 2015	214,812
Cash paid for short-term investments in trading securities during the period - at cost	185,000
Sales during the period - at cost	
Proceeds from sales	(199,815)
Gain on sales	582
Total	(199,233)
Gain on change in value	384
Net book value as at 30 June 2016	200,963

5. Trade and other receivables

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	30 June 2016	31 December 2015
<u>Trade receivables - related parties</u>		
Aged on the basis of due dates		
Not yet due	3,774	5,730
Past due		
Not over 3 months	303	-
Total trade receivables - related parties	4,077	5,730
<u>Trade receivables - unrelated parties</u>		
Aged on the basis of due dates		
Not yet due	361,555	333,856
Past due		
Not over 3 months	3,128	38,004
Over 12 months	310	310
Total trade receivables - unrelated parties	364,993	372,170
Less: Allowance for doubtful debts	(310)	(310)
Total trade receivables - unrelated parties - net	364,683	371,860
Total trade receivables - net	368,760	377,590
<u>Other receivables</u>		
Other receivables - related parties	25	95
Other receivables - unrelated parties	351	246
Accrued income - related parties	163	802
Accrued income - unrelated parties	7,983	6,567
Prepaid expenses	167,741	37,103
Advances	6,467	1,743
Others	1,869	882
Total other receivables	184,599	47,438
Total trade and other receivables	553,359	425,028

6. Reduction of inventory to net realisable value

Movements in reduction of inventory to net realisable value account during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 31 December 2015	495
Add: Increase in reduction of inventory value during the period	399
Balance as at 30 June 2016	894

7. Other current assets

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	30 June 2016	31 December 2015
Supplies for market promotion	8,678	9,044
Undue input vat	8,106	2,980
Advance for purchase of goods	2,952	16
Others	2,669	4,771
Total other current assets	22,405	16,811

8. Investments in subsidiaries

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

Company's name	Nature of business	Paid-up capital		Percentage of shareholding		Cost method		Dividend received during the six-month periods ended	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015	30 June 2016	30 June 2015
		(Thousand Baht)	(Thousand Baht)	(Percent)	(Percent)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Carabao Tawandang Co., Ltd.	Manufacture and distribution of beverage	300,000	300,000	100	100	408,958	408,958	359,999	299,999
Asia Pacific Glass Co., Ltd.	Manufacture and distribution of glass bottles and products	450,000	450,000	100	100	449,998	449,998	-	-
Tawandang DCM Co., Ltd.	Distribution management	100,000	100,000	100	100	99,998	99,998	49,999	79,998
Total						958,954	958,954	409,998	379,997

9. Investment properties

Movement of the investment properties account during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial
	statements
Net book value as at 31 December 2015	107,793
Depreciation for the period	(1,976)
Net book value as at 30 June 2016	<u>105,817</u>

10. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial
	statements
Net book value as at 31 December 2015	4,667,010
Acquisition during the period - at cost	276,899
Disposal during the period - net book value at disposal date	(81)
Depreciation for the period	(110,033)
Net book value as at 30 June 2016	<u>4,833,795</u>

11. Intangible assets

Movement of the intangible assets account during the six-month period ended 30 June 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated
	financial
	statements
Net book value as at 31 December 2015	15,655
Acquisition during the period - at cost	830
Amortisation for the period	(2,151)
Net book value as at 30 June 2016	<u>14,334</u>

12. Trade and other payables

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	30 June 2016	31 December 2015
Trade payables - related parties	8,109	-
Trade payables - unrelated parties	668,897	562,615
Other payables - related parties	187	798
Other payables - unrelated parties	58,671	56,970
Accrued expenses - related parties	5,213	133
Accrued expenses - unrelated parties	186,192	156,200
Advance received	121,992	24,809
Total trade and other payables	1,049,261	801,525

13. Other current liabilities

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	30 June 2016	31 December 2015
Liabilities under forward exchange contracts	8,670	713
Value added tax payable	7,942	11,266
Accrued withholding tax	6,970	23,818
Social security fund payable	3,042	2,627
Undue output VAT	194	112
Others	13,583	12,780
Total other current liabilities	40,401	51,316

14. Provision for long-term employee benefits

Movements in the provision for long-term employee benefits account for the six-month period ended 30 June 2016 were summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance at beginning of period	65,561	39,873
Current service cost	5,133	2,059
Interest cost	998	493
Benefits paid during the period	(1,153)	-
Balance at end of period	70,539	42,425

15. 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.

16. Other income

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Rental and service income	13,912	12,154	-	-
Interest income	8,894	9,627	21,041	31,830
Scrap sales income	3,101	2,274	-	-
Gain (loss) on exchange	1,990	(2,317)	-	-
Gain (loss) on sales fixed assets	1,575	(109)	-	-
Income from sales and trade-off premium goods	1,028	834	-	-
Loss on changes in fair value of cross currency interest swap contracts	-	(7,168)	-	-
Management income	-	-	45,000	30,000
Others	4,227	4,054	388	29
Total other income	34,727	19,349	66,429	61,859

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Rental and service income	27,485	24,307	-	-
Interest income	17,893	19,328	42,074	64,530
Scrap sales income	5,681	4,712	-	-
Gain on exchange	4,583	-	-	-
Income from sales and trade-off premium goods	2,054	2,158	-	-
Gain on sales fixed assets	1,575	1,716	-	-
Management income	-	-	90,000	60,000
Others	9,191	7,891	975	29
Total other income	68,462	60,112	133,049	124,559

17. Income tax

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

Income tax expenses for the three-month and six-month periods ended 30 June 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)				
For the three-month periods ended 30 June				
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current income tax:				
Interim corporate income tax charge	69,903	69,094	2,350	4,156
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,852)	(6,052)	(255)	(229)
Income tax expenses reported in the income statements	68,051	63,042	2,095	3,927

(Unit: Thousand Baht)				
For the six-month periods ended 30 June				
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current income tax:				
Interim corporate income tax charge	131,362	114,810	5,569	8,381
Deferred tax:				
Relating to origination and reversal of temporary differences	4,869	3,956	(510)	(458)
Income tax expenses reported in the income statements	136,231	118,766	5,059	7,923

18. Earnings per share

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

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit for the periods attributable to equity holders the Company (Thousand Baht)	392,708	355,209	416,778	395,745
Weighted average number of ordinary shares (Thousand shares)	1,000,000	1,000,000	1,000,000	1,000,000
Earnings per share (Baht/share)	0.39	0.36	0.42	0.40

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Profit for the periods attributable to equity holders the Company (Thousand Baht)	768,756	667,739	428,646	411,728
Weighted average number of ordinary shares (Thousand shares)	1,000,000	1,000,000	1,000,000	1,000,000
Earnings per share (Baht/share)	0.77	0.67	0.43	0.41

19. Segment information

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

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services. The operations are carried on in domestic and overseas, involve three principal segments as follows.

- (1) Manufacture and distribution of beverage
- (2) Manufacture and distribution of glass bottles and products
- (3) Distribution management

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

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

The Company and its subsidiaries are organised into business units based on their products. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following table presents revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2016 and 2015:

(Unit: Million Baht)

	Consolidated financial statements					
	For the three-month period ended 30 June 2016					
	Manufacture and distribution		Distribution management	Total reportable segments	Adjustments and eliminations	Consolidated
	Beverage	Glass bottle				
Revenue						
Revenue from external customers	771	-	1,545	2,316	-	2,316
Inter-segment revenue	1,358	356	-	1,714	(1,714)	-
Total revenue	2,129	356	1,545	4,030	(1,714)	2,316
Results						
Segment gross profit	589	132	141	862	-	862
Other income						35
Selling expenses						(319)
Administrative expenses						(116)
Finance cost						(1)
Profit before income tax expenses						461
Income tax expenses						(68)
Profit for the period						393

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements						
For the six-month period ended 30 June 2016						
	Manufacture and distribution			Total reportable segments	Adjustments and eliminations	Consolidated
	Beverage	Glass bottle	Distribution management			
Revenue						
Revenue from external customers	1,488	-	2,930	4,418	-	4,418
Inter-segment revenue	2,607	675	-	3,282	(3,282)	-
Total	4,095	675	2,930	7,700	(3,282)	4,418
Result						
Segment gross profit	1,130	252	266	1,648	(2)	1,646
Other income						69
Selling expenses						(581)
Administrative expenses						(227)
Finance cost						(2)
Profit before income tax expenses						905
Income tax expenses						(136)
Profit for the period						769

(Unit: Million Baht)

Consolidated financial statements						
For the three-month period ended 30 June 2015						
	Manufacture and distribution			Total reportable segments	Adjustments and eliminations	Consolidated
	Beverage	Glass bottle	Distribution management			
Revenue						
Revenue from external customers	619	-	1,392	2,011	-	2,011
Inter-segment revenue	1,277	308	-	1,585	(1,585)	-
Total	1,896	308	1,392	3,596	(1,585)	2,011
Result						
Segment gross profit	516	116	113	745	-	745
Other income						19
Selling expenses						(254)
Administrative expenses						(92)
Profit before income tax expenses						418
Income tax expenses						(63)
Profit for the period						355

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements					
	For the six-month period ended 30 June 2015					
	Manufacture and distribution			Total	Adjustments	
	Glass	Distribution		reportable	and	
	Beverage	bottle	management	segments	eliminations	Consolidated
Revenue						
Revenue from external customers	1,142	-	2,590	3,732	-	3,732
Inter-segment revenue	2,382	584	-	2,966	(2,966)	-
Total	3,524	584	2,590	6,698	(2,966)	3,732
Result						
Segment gross profit	953	213	210	1,376	-	1,376
Other income						60
Selling expenses						(472)
Administrative expenses						(177)
Profit before income tax expenses						787
Income tax expenses						(119)
Profit for the period						668

Geographic information

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

	(Unit: Million Baht)			
	For the three-month		For the six-month	
	periods ended 30 June		periods ended 30 June	
	2016	2015	2016	2015
Revenue from external customers				
Domestic				
Thailand	1,547	1,392	2,933	2,590
Overseas				
Cambodia	484	365	982	690
Afghanistan	93	81	187	121
Myanmar	72	84	131	157
Yemen	41	29	63	66
Vietnam	27	34	47	56
Others	52	26	75	52
Total	2,316	2,011	4,418	3,732

During the six-month period ended 30 June 2016, the Company and its subsidiaries had revenue from domestic sales at 66 percent and revenue from overseas sales at 34 percent (30 June 2015: revenue from domestic sales at 69 percent and revenue from overseas sales at 31 percent).

The Company and its subsidiaries operate in Thailand only. As a result, all of the assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

During the six-month period ended 30 June 2016, the Company and its subsidiaries have revenue with 1 major customer with revenue of 10 percent or more than of its consolidated revenue (30 June 2015: no major customer).

20. Dividend

Dividend	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>The Company</u>				
<u>For the year 2016</u>				
Dividends from 2015 income	Board of directors' meeting of the Company on 26 April 2016	540	0.5	May 2016
Total dividend for 2016		540		
<u>For the year 2015</u>				
Dividends from 2014 income	Annual General Meeting of the shareholders on 28 April 2015	600	0.6	June 2015
Total dividend for 2015		600		
<u>Subsidiaries</u>				
<u>For the year 2016</u>				
Interim dividends	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 16 May 2016	360 ⁽¹⁾	120.0	September 2016
Interim dividends	Board of directors' meeting of Tawandang DCM Co., Ltd. on 16 May 2016	50 ⁽¹⁾	50.0	September 2016
Total dividend for 2016		410		
<u>For the year 2015</u>				
Interim dividends	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 15 May 2015	300	100.0	September 2015
Interim dividends	Board of directors' meeting of Tawandang DCM Co., Ltd. on 15 May 2015	80	80.0	September 2015
Total dividend for 2015		380		

⁽¹⁾As at 30 June 2016, the Company had outstanding dividend receivable in separate financial statements of Baht 410 million which two subsidiaries will pay to their shareholders within September 2016.

21. Commitments and contingent liabilities

21.1 Capital commitments

As at 30 June 2016, the subsidiaries had capital commitments of approximately Baht 5.7 million and Euro 4.1 million (31 December 2015: Baht 3.1 million), relating to the construction of factory buildings and acquisition of machinery.

21.2 Operating lease and service commitments

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

As at 30 June 2016, future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	As at 30 June 2016	As at 30 June 2016
Payable:		
In up to 1 year	140.7	2.6
In over 1 and up to 5 years	258.8	-
Up to 5 years	0.2	-

21.3 Significant agreements with related parties

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

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

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

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

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

On 30 May 2014, the Company entered into an amendment to the agreement, changing the service fee from Baht 10 million per month to Baht 25 million per month. The amended agreement is effective from 1 April 2014 to 31 December 2014.

On 12 December 2014, the Company and its subsidiaries entered into an amendment to the agreement, changing the service fee from Baht 25 million per month to Baht 40 million per month. The amended agreement is effective from 1 October 2014 to 31 December 2014. Subsequent to the end of such period, the service agreement dated 6 January 2014 shall be enforced.

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

21.3.5 On 1 March 2014, Carabao Tawandang Co., Ltd. (a subsidiary) entered into a rental and service agreement with the Company and two subsidiaries, which is effective from 1 April 2014 to 31 December 2017, and entered into the said agreement with a related company, which is effective from 1 June 2014 to 31 May 2017. Under conditions of this agreement, Carabao Tawandang Co., Ltd. receives a monthly rental and service income of Baht 1 million.

21.3.6 On 1 February 2016, Carabao Tawandang Co., Ltd. (a subsidiary) and Tawandang DCM Co., Ltd. (a subsidiary), entered into a trademark license agreement for using trademark of Carabao Tawandang Co., Ltd. for certain product. The agreement is effective for a period of 2 years between 1 February 2016 and 31 January 2018. Under the conditions of this agreement, Tawandang DCM Co., Ltd. is obliged to pay trademark license fees as specified in the agreement and Carabao Tawandang Co., Ltd. is obliged to support the marketing expenses incurred according to such trademark.

21.3.7 During the period, Tawandang DCM Co., Ltd. (a subsidiary) entered into an agency agreement with two related companies whereby the Tawandang DCM Co., Ltd. agreed to be a sole distributor of such two related companies' products. The agreement is effective for a period of one year, and renewable every year. Under the conditions of this agreement, such two related companies are obliged to support Tawandang DCM Co., Ltd., with regard to its advertising and promotional expenses incurred according to the terms and conditions of the agreement.

21.4 Sponsorship agreement

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

21.4.2 On 18 November 2015, Carabao Tawandang Co., Ltd. (a subsidiary) entered into a sponsorship agreement with a football club registered in England concerning the marketing right to promote the trademarks and logos of the subsidiary in a football match. The agreement is effective for a period of three years between 1 May 2016 and 30 June 2019. As at 30 June 2016, the subsidiary is obliged to pay a fee of Pound 8 million to the football club under conditions of this agreement.

21.5 Advisory services agreement

On 1 May 2016, Carabao Tawandang Co., Ltd. (a subsidiary) entered into a strategic advisory service agreement with a company whereby the latter is to provide advice to the subsidiary on partnerships, investments, and business operations in an overseas country. The agreement is effective from the date on the agreement unless cancelled by either party. Under the conditions of this agreement, the subsidiary is obliged to pay service fees of USD 25,000 per month. In addition, the subsidiary is obliged to pay for the success fees when the service provision meets the terms and conditions of the agreement and is agreed by the subsidiary at the rate between USD 100,000 and USD 1,000,000 based on the successful level.

21.6 Guarantees

As at 30 June 2016, the subsidiaries had outstanding bank guarantees of approximately Baht 49 million (31 December 2015: Baht 49 million) issued by banks on behalf of the subsidiaries to guarantee the use of electricity and natural gas.

22. Financial instruments

22.1 Foreign currency risk

The subsidiaries's exposure to foreign currency risk arises mainly from trading transactions and services that are denominated in foreign currencies. A subsidiary seeks to reduce the risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 30 June 2016 are summarised below.

Foreign currencies	Consolidated financial statements			
	Financial	Financial	Average exchange rate	
	assets	liabilities	Bought	Sold
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Euro	-	0.1	38.6841	39.4353
Pound sterling	-	0.3	46.7600	47.6690

22.2 Fair value of financial instruments

The Company and its subsidiaries use the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company and its subsidiaries endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels 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

As of 30 June 2016, the Company and its subsidiaries had the following liability that was measured at fair value using different level of input as follow.

	(Unit: Thousand) Consolidated financial Statements
	<u>Level 2</u>
Financial liability measured at fair value	
Forward exchange contracts	8,670

Valuation techniques and inputs to Level 2 valuation

A) Fair value of forward exchange contracts has been calculated at the rate set by the financial institutions as if the contract was terminated on the reporting date.

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

23. Events after the reporting period

On 11 August 2016, the meeting of the Company's Board of Directors passed a resolution to establish new subsidiaries, joint venture and investment in new projects as follows.

- 1) To approve the establishment of two new subsidiaries as follows.
 - 1.1) To establish a subsidiary in Hong Kong ("CBG Trading HK") with registered share capital will not exceed Baht 2 million, in which the Company holds 100 percent interest. The subsidiary is principally engaged in distribution in overseas.
 - 1.2) To establish another subsidiary in Hong Kong ("CBG HK") with registered share capital will not exceed Baht 341.1 million, in which the Company holds 100 percent interest. The subsidiary is principally engaged in investment in overseas company.
- 2) To approve the execution of a joint-venture agreement between CBG HK and Intercarabao Private Limited ("ICSG"), incorporated in Singapore, to establish a new joint-venture company in Luxembourg ("CBGLUX"), in which the Company holds 51 percent interest. The registered share capital of CBGLUX will be approximately Baht 664.5 million, in which CBG HK will pay for share subscription in approximately Baht 338.9 million by cash and ICSG will pay for share subscription in approximately Baht 325.6 million by transferring its investment in share capital of Intercarabao Limited ("ICUK"), which ICSG formerly held 100 percent interest.

As a result, the Company has control over CBGLUX (51 percent interest) via its indirect holding through CBG HK and indirect control over ICUK through CBGLUX (51 percent interest).

- 3) To approve CBGLUX to purchase the increase share capital of ICUK of approximately Baht 333.8 million at the par value. As a result, the registered share capital of ICUK will be approximately Baht 659.4 million and CBGLUX still has 100 percent shareholding interest in ICUK.
- 4) To approve investment in new factory project of Carabao Tawandang Co., Ltd. (a subsidiary) in order to expand the production capacity of the canning factory, with the project value will not exceed Baht 1,377 million. In addition, the board also approve the investment in the amber glass bottle factory of Asia Pacific Glass Co., Ltd. (a subsidiary) in order to expand its production capacity (furnace 2), with the project value will not exceed Baht 1,343 million.

24. Approval of financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 11 August 2016.