

Carabao Group Public Company Limited
and its subsidiaries
Report and consolidated financial statements
For the year ended 31 December 2016

Independent Auditor's Report

To the Shareholders of Carabao Group Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Carabao Group Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Carabao Group 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 Carabao Group Public Company Limited and its subsidiaries and of Carabao Group Public Company Limited as at 31 December 2016, their 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 Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

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

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

Revenue recognition

Sales of goods are significant accounting transactions as the amounts recorded are material and directly affect profit or loss of the Group. In addition, the sales transactions of the Group are made with a large number of customers such as overseas customers, traditional trade customers, modern trade customers and cash van customers, pertaining to matters such as sales promotions, discounts and special discounts to boost sales. As a result, the Group's recognition of revenue from sales and recording of sale promotions and discounts are complex. I therefore focused my audit on the revenue recognition of the Group.

I examined the Group's revenue recognition by assessing and testing the Group's IT system and internal controls with respect to the revenue cycle by making enquiries of responsible executives, gaining an understanding 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 Group issued after the period-end. I also performed analytical procedures of disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Business combinations and impairment of goodwill

As discussed in Note 12.5 to the financial statements, Carabao Holdings (Hong Kong) Limited (a subsidiary) entered into a joint-venture agreement with Intercarabao Private Limited, to establish Carabao Venture Holdings (Luxembourg) S.à r.l. and had control over Intercarabao Limited. As at the date of acquisition, the Company recognised and measured the assets acquired and liabilities assumed at their fair value and recognised goodwill from the business combination by applying the acquisition method. I have focused on this business acquisition since it is material to the financial statements as a whole, and management was required to exercise substantial judgment when appraising the fair value of the assets acquired and liabilities assumed. Therefore, there is a risk with respect to the recognition and measurement of the assets acquired and liabilities assumed, including recognised goodwill.

In addition, I have focused my audit on the impairment of goodwill, as disclosed in Note 12.6 to the financial statements, because the assessment of impairment of goodwill is a significant accounting estimate requiring management to exercise a high degree of judgement in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate. There are thus risks with respect to the amount of goodwill.

I reviewed the terms and conditions of the joint-venture agreement and inquired with management as to the nature and objectives of the acquisitions in order to determine whether the acquisitions met the definition of a business combination under Thai Financial Reporting Standard No. 3 (revised 2015) Business Combinations. In addition, I assessed the fair value of assets acquired and liabilities assumed as prepared by management, by considering the methods and significant assumptions used by the management in calculating the fair value of assets and liabilities and goodwill and also reviewed the disclosures related to the business combination in the notes to financial statements.

In addition, I assessed the identification of cash generating units and the financial models selected by management by gaining an understanding of management's decision-making process and assessing whether the decisions made were consistent with how assets are utilised. I also tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from the assets, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of the Group and of the industry, tested the calculation of the realisable values of the assets using the selected financial model and considered the impact of changes in key assumptions on those realisable values, especially changes in the discount rate and long-term revenue growth rates. Moreover, I reviewed the disclosure made with respect to impairment assessment for goodwill.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group 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 Group, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group'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 Group'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 Group'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 Group 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 entities or business activities within the Group to express an opinion on the consolidated financial statements. 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Wichart Lokatekrawee.

Wichart Lokatekrawee
Certified Public Accountant (Thailand) No. 4451

EY Office Limited
Bangkok: 22 February 2017

Carabao Group Public Company Limited and its subsidiaries

Consolidated statement of financial position

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7	745,060,243	1,377,483,940	428,753,984	1,273,766,773
Current investments	8	604,282,308	473,363,474	604,282,308	473,363,474
Trade and other receivables	6, 9	561,575,798	425,028,488	43,378,607	16,276,449
Short-term loans to related parties	6	-	-	3,268,000,000	2,625,000,000
Dividend receivable from related parties	6, 29	-	-	726,996,730	422,997,040
Inventories	10	433,504,355	248,973,951	-	-
Other current assets	11	110,482,301	16,810,729	2,877	39
Total current assets		2,454,905,005	2,541,660,582	5,071,414,506	4,811,403,775
Non-current assets					
Investment in subsidiaries	12	-	-	1,959,012,611	958,954,056
Investment properties	13	103,847,726	107,793,236	-	-
Property, plant and equipment	14	6,626,890,871	4,667,009,577	-	-
Goodwill	12	536,064,842	-	-	-
Intangible assets	15	15,151,465	15,655,233	-	-
Deferred tax assets	24	33,696,130	25,422,686	4,305,686	2,740,137
Other long-term receivable - related party	6	-	-	26,172,146	26,172,146
Other non-current assets	6	7,935,009	3,918,400	-	-
Total non-current assets		7,323,586,043	4,819,799,132	1,989,490,443	987,866,339
Total assets		9,778,491,048	7,361,459,714	7,060,904,949	5,799,270,114

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

Carabao Group Public Company Limited and its subsidiaries

Consolidated statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16	750,000,000	-	750,000,000	-
Trade and other payables	6, 17	1,301,898,328	801,524,803	55,393,471	34,368,596
Income tax payable		183,067,160	98,525,038	1,456,170	1,774,145
Other current liabilities	18	<u>90,174,940</u>	<u>51,316,317</u>	<u>20,455,649</u>	<u>16,157,461</u>
Total current liabilities		<u>2,325,140,428</u>	<u>951,366,158</u>	<u>827,305,290</u>	<u>52,300,202</u>
Non-current liabilities					
Long-term loan from financial institution	19	250,000,000	-	250,000,000	-
Provision for long-term employee benefits	20	89,751,688	65,561,345	47,700,578	39,872,831
Deposits received for rental	6	<u>14,056,105</u>	<u>11,183,978</u>	<u>-</u>	<u>-</u>
Total non-current liabilities		<u>353,807,793</u>	<u>76,745,323</u>	<u>297,700,578</u>	<u>39,872,831</u>
Total liabilities		<u>2,678,948,221</u>	<u>1,028,111,481</u>	<u>1,125,005,868</u>	<u>92,173,033</u>

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

Carabao Group Public Company Limited and its subsidiaries

Consolidated statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and shareholders' equity (continued)					
Shareholders' equity					
Share capital					
Registered					
1,000,000,000 ordinary shares of Baht 1 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued and fully paid up					
1,000,000,000 ordinary shares of Baht 1 each		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Share premium		3,962,980,492	3,962,980,492	3,962,980,492	3,962,980,492
Retained earnings					
Appropriated - statutory reserve	21	100,000,000	94,000,000	100,000,000	94,000,000
Unappropriated		1,377,500,411	844,192,897	763,959,533	541,157,533
Other components of shareholders' equity		<u>432,558,430</u>	<u>432,174,844</u>	<u>108,959,056</u>	<u>108,959,056</u>
Equity attributable to owners of the Company		<u>6,873,039,333</u>	<u>6,333,348,233</u>	<u>5,935,899,081</u>	<u>5,707,097,081</u>
Non-controlling interests of the subsidiary		<u>226,503,494</u>	-	-	-
Total shareholders' equity		<u>7,099,542,827</u>	<u>6,333,348,233</u>	<u>5,935,899,081</u>	<u>5,707,097,081</u>
Total liabilities and shareholders' equity		<u>9,778,491,048</u>	<u>7,361,459,714</u>	<u>7,060,904,949</u>	<u>5,799,270,114</u>
		-	-	-	-

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

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 Directors

Carabao Group Public Company Limited and its subsidiaries

Consolidated income statement

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss					
Revenues					
Sales		9,965,398,044	7,753,016,785	-	-
Dividend income from subsidiaries	6, 12	-	-	1,136,994,530	802,994,440
Other income	22.1	146,748,039	121,300,787	259,924,487	240,470,490
Total revenues		10,112,146,083	7,874,317,572	1,396,919,017	1,043,464,930
Expenses					
Cost of sales		6,388,247,905	4,892,858,950	-	-
Selling expenses		1,484,162,697	1,120,068,124	-	-
Administrative expenses		510,790,665	359,888,201	214,205,043	179,436,923
Other expenses	22.2	42,177,371	35,180,979	2,029,465	-
Total expenses		8,425,378,638	6,407,996,254	216,234,508	179,436,923
Profit before finance cost and income tax expenses		1,686,767,445	1,466,321,318	1,180,684,509	864,028,007
Finance cost		(3,678,598)	(1,639,411)	(771,798)	(69,961)
Profit before income tax expenses		1,683,088,847	1,464,681,907	1,179,912,711	863,958,046
Income tax expenses	24	(278,212,728)	(209,147,633)	(8,932,070)	(12,152,432)
Profit for the year		1,404,876,119	1,255,534,274	1,170,980,641	851,805,614
Profit attribution to					
Equity holders of the Company		1,489,755,815	1,255,534,274	1,170,980,641	851,805,614
Non-controlling interest of the subsidiaries		(84,879,696)	-	-	-
		1,404,876,119	1,255,534,274		
Earnings per share					
26					
Basic earnings per share					
Profit attributable to equity holders of the Company		1.49	1.26	1.17	0.85
Weighted average number of ordinary shares (share)		1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000

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

Carabao Group Public Company Limited and its subsidiaries

Consolidated statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit for the year		<u>1,404,876,119</u>	<u>1,255,534,274</u>	<u>1,170,980,641</u>	<u>851,805,614</u>
Other comprehensive income:					
Exchange differences on transaction of financial statements in foreign currencies		(13,869,979)	-	-	-
Actuarial losses	20	(13,060,376)	(1,008,755)	(2,723,301)	(4,475,730)
Income tax effect	24	2,612,075	201,751	544,660	895,146
Other comprehensive income for the year		<u>(24,318,280)</u>	<u>(807,004)</u>	<u>(2,178,641)</u>	<u>(3,580,584)</u>
Total comprehensive income for the year		<u><u>1,380,557,839</u></u>	<u><u>1,254,727,270</u></u>	<u><u>1,168,802,000</u></u>	<u><u>848,225,030</u></u>
Total comprehensive income attribution to					
Equity holders of the Company		1,479,691,100	1,254,727,270	<u>1,168,802,000</u>	<u>848,225,030</u>
Non-controlling interest of the subsidiaries		<u>(99,133,261)</u>	-		
Total comprehensive income for the year		<u><u>1,380,557,839</u></u>	<u><u>1,254,727,270</u></u>		

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

Carabao Group Public Company Limited and its subsidiaries

Consolidated statement of cash flows

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	1,683,088,847	1,464,681,907	1,179,912,711	863,958,046
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Dividend income from subsidiaries	-	-	(1,136,994,530)	(802,994,440)
Depreciation and amortisation	226,286,301	235,847,901	-	-
Gain on sales of short-term investment in trading securities	(582,061)	(67,994)	(582,061)	(67,994)
Gain on changes in value of short-term investments in trading securities	(3,703,269)	(252,930)	(3,703,269)	(252,930)
Reduction cost of inventory to net realisable value	2,720,286	1,785,009	-	-
Gain on sales of equipment	(15,759,035)	(4,103,815)	-	-
Provision for long-term employee benefits	12,261,967	11,946,093	5,104,446	4,578,933
Loss on early termination of cross currency interest rate swap contracts	-	29,855,557	-	-
Unrealised loss on exchange	15,129,036	5,154,524	341,697	-
Interest income	(27,562,317)	(35,078,149)	(75,593,877)	(120,061,167)
Interest expenses	392,877	-	654,110	-
Profit (loss) from operating activities before changes in operating assets and liabilities	1,892,272,632	1,709,768,103	(30,860,773)	(54,839,552)
Operating assets (increase) decrease				
Trade and other receivables	(125,573,732)	(113,667,415)	1,688,478	99,878,637
Inventories	(150,610,793)	67,230,692	-	-
Other current assets	(75,807,338)	48,471,696	(2,838)	9,011
Other non-current assets	(4,016,609)	(59,632)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	159,293,031	79,572,885	9,386,481	(34,538,787)
Other current liabilities	22,132,414	12,312,773	4,298,188	6,579,046
Other non-current liabilities	2,872,127	-	-	-
Cash paid for long-term employee benefits	(1,132,000)	(307,600)	-	-
Cash flows from (used in) operating activities	1,719,429,732	1,803,321,502	(15,490,464)	17,088,355
Cash received from interest income	34,141,221	32,163,440	46,803,241	111,462,497
Cash paid for interest expenses	(88,798)	-	(88,798)	-
Cash paid for corporate income tax	(199,331,975)	(215,728,297)	(10,270,934)	(12,724,429)
Net cash flows from operating activities	1,554,150,180	1,619,756,645	20,953,045	115,826,423

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

Carabao Group Public Company Limited and its subsidiaries

Consolidated statement of cash flows (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Decrease in restricted bank deposits	-	7,566,916	-	-
Decrease (increase) in current investments	(126,633,504)	427,057,450	(126,633,504)	426,957,450
Increase in short-term loans to related parties	-	-	(3,561,000,000)	(2,253,497,803)
Cash received from repayment of short-term loans to related parties	-	-	2,918,000,000	2,571,497,803
Cash paid for investment in subsidiaries	-	-	(989,410,490)	-
Dividend income from subsidiaries	-	-	832,994,840	969,993,100
Cash received from joint investment of subsidiary	10,997,715	-	-	-
Proceeds from sales of equipment	17,499,716	7,024,963	-	-
Increase in investment properties	(27,965)	(467,291)	-	-
Cash paid for acquisition of plant and equipment	(2,142,387,872)	(199,145,995)	-	-
Cash paid for acquisition of intangible assets	(3,939,226)	(2,462,833)	-	-
Proceeds from deposits for rental	-	369,978	-	-
Net cash flows from (used in) investing activities	(2,244,491,136)	239,943,188	(926,049,154)	1,714,950,550
Cash flows from financing activities				
Increase in short-term loans from financial institutions	750,000,000	-	750,000,000	-
Increase in long-term loan from financial institution	250,000,000	-	250,000,000	-
Cash paid for early termination of cross currency interest rate swap contracts	-	(60,300,000)	-	-
Dividend paid	(939,916,680)	(950,000,000)	(939,916,680)	(950,000,000)
Net cash flows from (used in) financing activities	60,083,320	(1,010,300,000)	60,083,320	(950,000,000)
Decrease in translation adjustments	(2,166,061)	-	-	-
Net increase (decrease) in cash and cash equivalents	(632,423,697)	849,399,833	(845,012,789)	880,776,973
Cash and cash equivalents at beginning of year	1,377,483,940	528,084,107	1,273,766,773	392,989,800
Cash and cash equivalents at end of year	745,060,243	1,377,483,940	428,753,984	1,273,766,773

Supplemental disclosures of cash flows information

Non-cash related transactions

Increase in non-controlling interest of subsidiary from joint investment of subsidiary	(325,636,755)	-	-	-
Increase (decrease) in plant and equipment payable	35,130,996	(79,624,949)	-	-
Dividend paid	83,320	-	83,320	-
Transfer investment properties to property, plant and equipment	-	24,304,200	-	-

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

Carabao Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
	Note	Retained earnings				Other components of equity			Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
		Issued and fully paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Exchange differences on translation of financial statements in foreign currencies	Surplus on business combination under common control				
Balance as at 1 January 2015		1,000,000,000	3,962,980,492	51,000,000	582,465,627	-	323,215,788	108,959,056	432,174,844	6,028,620,963	-	6,028,620,963
Profit for the year		-	-	-	1,255,534,274	-	-	-	-	1,255,534,274	-	1,255,534,274
Other comprehensive income for the year		-	-	-	(807,004)	-	-	-	-	(807,004)	-	(807,004)
Total comprehensive income for the year		-	-	-	1,254,727,270	-	-	-	-	1,254,727,270	-	1,254,727,270
Unappropriated retained earnings transferred												
to statutory reserve	21	-	-	43,000,000	(43,000,000)	-	-	-	-	-	-	-
Dividend paid	29	-	-	-	(950,000,000)	-	-	-	-	(950,000,000)	-	(950,000,000)
Balance as at 31 December 2015		<u>1,000,000,000</u>	<u>3,962,980,492</u>	<u>94,000,000</u>	<u>844,192,897</u>	<u>-</u>	<u>323,215,788</u>	<u>108,959,056</u>	<u>432,174,844</u>	<u>6,333,348,233</u>	<u>-</u>	<u>6,333,348,233</u>
Balance as at 1 January 2016		1,000,000,000	3,962,980,492	94,000,000	844,192,897	-	323,215,788	108,959,056	432,174,844	6,333,348,233	-	6,333,348,233
Profit for the year		-	-	-	1,489,755,815	-	-	-	-	1,489,755,815	(84,879,696)	1,404,876,119
Other comprehensive income for the year		-	-	-	(10,448,301)	383,586	-	-	383,586	(10,064,715)	(14,253,565)	(24,318,280)
Total comprehensive income for the year		-	-	-	1,479,307,514	383,586	-	-	383,586	1,479,691,100	(99,133,261)	1,380,557,839
Unappropriated retained earnings transferred												
to statutory reserve	21	-	-	6,000,000	(6,000,000)	-	-	-	-	-	-	-
Dividend paid	29	-	-	-	(940,000,000)	-	-	-	-	(940,000,000)	-	(940,000,000)
Increase in non-controlling interests of subsidiary from joint investment of subsidiary		-	-	-	-	-	-	-	-	-	325,636,755	325,636,755
Balance as at 31 December 2016		<u>1,000,000,000</u>	<u>3,962,980,492</u>	<u>100,000,000</u>	<u>1,377,500,411</u>	<u>383,586</u>	<u>323,215,788</u>	<u>108,959,056</u>	<u>432,558,430</u>	<u>6,873,039,333</u>	<u>226,503,494</u>	<u>7,099,542,827</u>

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

Carabao Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

		Separate financial statements				Other components	
		Issued and		Retained earnings		of equity	
		fully paid-up	Share premium	Appropriated -	Unappropriated	Surplus on	
		share capital		statutory reserve		changes in	
Note						percentage of	Total
						in a subsidiary	
						shareholding	
	Balance as at 1 January 2015	1,000,000,000	3,962,980,492	51,000,000	685,932,503	108,959,056	5,808,872,051
	Profit for the year	-	-	-	851,805,614	-	851,805,614
	Other comprehensive income for the year	-	-	-	(3,580,584)	-	(3,580,584)
	Total comprehensive income for the year	-	-	-	848,225,030	-	848,225,030
	Appropriated - statutory reserve	21	-	43,000,000	(43,000,000)	-	-
	Dividend paid	29	-	-	(950,000,000)	-	(950,000,000)
	Balance as at 31 December 2015	<u>1,000,000,000</u>	<u>3,962,980,492</u>	<u>94,000,000</u>	<u>541,157,533</u>	<u>108,959,056</u>	<u>5,707,097,081</u>
	Balance as at 1 January 2016	1,000,000,000	3,962,980,492	94,000,000	541,157,533	108,959,056	5,707,097,081
	Profit for the year	-	-	-	1,170,980,641	-	1,170,980,641
	Other comprehensive income for the year	-	-	-	(2,178,641)	-	(2,178,641)
	Total comprehensive income for the year	-	-	-	1,168,802,000	-	1,168,802,000
	Appropriated - statutory reserve	21	-	6,000,000	(6,000,000)	-	-
	Dividend paid	29	-	-	(940,000,000)	-	(940,000,000)
	Balance as at 31 December 2016	<u>1,000,000,000</u>	<u>3,962,980,492</u>	<u>100,000,000</u>	<u>763,959,533</u>	<u>108,959,056</u>	<u>5,935,899,081</u>

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

Carabao Group Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2016

1. General information

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 subsidiaries. The registered office of the Company is at 393 Silom Building 393, 7 - 10 Floor, Silom Road, Silom, Bangrak, Bangkok.

2. Basis of preparation

2.1 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 28 September 2011, 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.

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Carabao Group Public Company Limited (“the Company”) and the following subsidiaries (“the subsidiaries”) as follows:

Company's name	Nature of business	Country	Percentage of shareholding	
			2016	2015
<u>Held by the Company</u>				
Carabao Tawandang Co., Ltd.	Manufacture and distribution of beverage	Thailand	100	100
Asia Pacific Glass Co., Ltd.	Manufacture and distribution bottles and glass products	Thailand	100	100
Tawandang DCM Co., Ltd.	Distribution of management	Thailand	100	100
Carabao Holdings (Hong Kong) Limited	Investment	Hong Kong	100	-
Carabao Trading (Hong Kong) Limited	Trading business in overseas	Hong Kong	100	-

Company's name	Nature of business	Country	Percentage of shareholding	
			2016	2015
<u>Held by the subsidiaries</u>				
Carabao Venture Holdings (Luxembourg) S.à r.l.	Investment	Luxembourg	51	-
Intercarabao Limited	Trading business in overseas	England	51	-

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing at the end of reporting period, and revenues and expenses are translated using monthly average exchange rate. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- h) For the books of account, upon acquisition of additional shares of subsidiaries (repurchase shares from minority interest), the excess of cost of the investment at the acquisition date over the fair value of the net asset has been presented as other components of shareholders' equity in statement of changes in shareholder's equity under “Surplus on changes in percentage of shareholding in a subsidiary”.

2.3 The separate financial statements, which present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance 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 and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

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

Management income

Management income are recognised proportionately over the term of the agreements.

Rental and service income

Rental and service income are recognised proportionately over the term of the rental and service agreements.

Interest income

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

Other income

Other income is recognised on an accrual basis.

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

Finished goods and work in process are valued at the lower of cost (under the first-in, first-out method) and net realisable value, and includes all production costs and attributable factory overheads.

Raw materials, chemicals, spare parts and factory supplies are valued at the lower of cost (under first-in, first-out method) and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of unit trusts is determined from their net asset value.

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

In the event the Company and its subsidiaries reclassify 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 are recorded in profit or loss or recorded as other components of shareholders' equity, depending as the type of investment that is reclassified.

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

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 30 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment/Depreciation

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

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

Land improvement	5 - 20 years
Buildings and building improvement	5 - 50 years
Machinery and equipment	5 - 20 years
Furniture, fixtures and office 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.

4.8 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.

4.9 Intangible assets

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

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

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

	<u>Useful lives</u>
Trademarks	10 years
Patents	10 years
Computer software	3 -5 years

4.10 Business combinations and goodwill

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related cost are accounted for as expenses in the periods in which the costs are incurred and the services are received.

Goodwill is initially recorded at cost, which equal to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is subsequently carried at cost less any accumulated impairment losses with impairment being tested annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.11 Related party transactions

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

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

4.12 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 life of the asset.

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.

4.13 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

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

Gains and losses on exchange are included in determining income.

4.14 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of an asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

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

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

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

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

4.16 Provisions

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

4.17 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 and its subsidiaries recognise 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 and its subsidiaries review and reduce 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 and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.18 Derivatives

Forward exchange contracts

At each reporting date, the subsidiary recognises the changes in fair value of forward exchange rate for the undue foreign exchange forward contracts as revenue or expense in the income statement.

4.19 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 and its subsidiaries apply a quoted market price in an active market to measure their 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 and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise 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 and its subsidiaries determine 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:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

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.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Decreasing in net realisable value of inventories

Determining the decrease in the net realisable value of inventories requires management to exercise judgement in term of estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business less the estimated additional costs to be incurred in preparing the inventory for sale; and provision for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventory.

Property plant and equipment/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.

Goodwill

The initial recognition and measurement of goodwill, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

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 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)

	Consolidated		Separate		Transfer pricing Policy
	financial statements	financial statements	financial statements	financial statements	
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Dividend income	-	-	1,137	803	At the declared rate
Management income	-	-	180	120	Contract price
Interest income	-	-	49	86	Contract price
Rental and services expenses	-	-	3	3	Contract price
<u>Transactions with related parties</u>					
Purchase of goods	115	-	-	-	Market price
Sales of goods	74	25	-	-	Market price
Promotion expenses	15	12	-	-	Contract price/ Mutually agree price
Other expenses	4	4	-	-	Mutually agree price
Service income	5	4	-	-	Contract price
Rental income	4	2	-	-	Contract price
Other income	2	1	-	-	Market price

As at 31 December 2016 and 2015, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade and other receivables - related parties</u> (Note 9)				
Subsidiaries	-	-	43,011	7,872
Related companies (related by shareholders and directors)	13,748	6,627	-	-
Total trade and other receivables - related parties	<u>13,748</u>	<u>6,627</u>	<u>43,011</u>	<u>7,872</u>
<u>Dividend receivable - related parties</u> (Note 29)				
Subsidiaries	-	-	726,997	422,997
Total dividend receivable - related parties	<u>-</u>	<u>-</u>	<u>726,997</u>	<u>422,997</u>
Other long-term receivable - related party				
Subsidiary	-	-	26,172	26,172
<u>Total other long-term receivable - related party</u>	<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)	34	117	-	-
Total other non-current assets - related party	<u>34</u>	<u>117</u>	<u>-</u>	<u>-</u>
<u>Trade and other payables - related parties</u> (Note 17)				
Subsidiaries	-	-	10,990	-
Related companies (related by shareholders, directors and individuals)	14,450	931	-	-
Total trade and other payables - related parties	<u>14,450</u>	<u>931</u>	<u>10,990</u>	<u>-</u>
<u>Deposits received for rental - related parties</u>				
Related companies (related by shareholders and directors)	1,528	1,358	-	-
Total deposits received for rental - related parties	<u>1,528</u>	<u>1,358</u>	<u>-</u>	<u>-</u>

As at 31 December 2016 and 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)

Loan to related party	Related by	Separate financial statements			Balance as at 31 December 2016
		Balance as at 31 December 2015	Increase during the year	Decrease during the year	
Carabao Tawandaeng Co., Ltd.	Subsidiary	2,025,000	3,504,000	(2,311,000)	3,218,000
Asia Pacific Glass Co., Ltd.	Subsidiary	600,000	57,000	(607,000)	50,000
Total		2,625,000	3,561,000	(2,918,000)	3,268,000

Short-term loans to related parties are in form of promissory notes which charged interest rate between 2.1 and 3.5 percent per annum (2015: 2.1 and 3.2 percent per annum) and were repayable on demand.

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	136	151	136	151
Post-employment benefits	5	5	5	5
Total	141	156	141	156

Guarantee obligation

The Company has outstanding guarantee obligations with the two subsidiaries, as described in Note 30.6 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash	200	270	10	10
Bank deposits	744,860	577,214	428,744	473,757
Short-term investment in fixed deposits	-	800,000	-	800,000
Total cash and cash equivalents	<u>745,060</u>	<u>1,377,484</u>	<u>428,754</u>	<u>1,273,767</u>

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interests between 0.01 and 1.4 percent per annum (31 December 2014: 0.4 and 2.0 percent per annum).

8. Current investments

8.1 As at 31 December 2016 and 2015, current investments consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Fixed deposits	-	160,000	-	160,000
Short-term investments in trading securities (Note 8.2)	604,282	214,812	604,282	214,812
Bill of exchange	-	98,551	-	98,551
Total current investment	<u>604,282</u>	<u>473,363</u>	<u>604,282</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.

8.2 As at 31 December 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	600,579	604,282
Add: Gain on change in value	3,703	
Total short-term investments in trading securities	<u>604,282</u>	

Movement of short-term investments in trading securities for the year ended 31 December 2016 and 2015 as summarised below.

	(Unit: Thousand Baht)	
	Consolidated/separate financial statements	
	<u>2016</u>	<u>2015</u>
Net book value as at 31 December 2015	214,812	-
Cash paid for short-term investments in trading securities		
during the year- at cost	585,000	313,000
Sales during the year - at cost		
Proceeds from sales	(199,815)	(98,509)
Gain on sales	582	68
Total	(199,233)	(98,441)
Gain on change in value	3,703	253
Net book value as at 31 December 2016	<u>604,282</u>	<u>214,812</u>

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	13,595	5,730	-	-
Total trade receivables - related parties	13,595	5,730	-	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	411,187	333,856	-	-
Past due				
Not over 3 months	10,216	38,004	-	-
3 - 6 months	65	-	-	-
Over 12 months	310	310	-	-
Total trade receivables - unrelated parties	421,778	372,170	-	-
Less: Allowance for doubtful debts	(310)	(310)	-	-
Total trade receivables - unrelated parties - net	421,468	371,860	-	-
Total trade receivables - net	435,063	377,590	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Other receivables</u>				
Other receivables - related parties	10	95	25	-
Other receivables - unrelated parties	9,450	246	-	-
Accrued income - related parties	143	802	42,986	7,872
Accrued income - unrelated parties	2,808	6,567	140	6,463
Prepaid expenses	68,256	37,103	228	1,941
Prepayment for purchase of goods	31,835	-	-	-
Advances	11,938	1,743	-	-
Others	2,073	882	-	-
Total other receivables	<u>126,513</u>	<u>47,438</u>	<u>43,379</u>	<u>16,276</u>
Total trade and other receivables	<u>561,576</u>	<u>425,028</u>	<u>43,379</u>	<u>16,276</u>

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Finished goods	242,352	114,078	(1,098)	(495)	241,254	113,583
Work in process	1,556	1,664	-	-	1,556	1,664
Raw materials	107,737	62,944	-	-	107,737	62,944
Packing materials	54,401	52,986	(8)	-	54,393	52,986
Spare parts and factory supplies	28,564	17,797	-	-	28,564	17,797
Total	<u>434,610</u>	<u>249,469</u>	<u>(1,106)</u>	<u>(495)</u>	<u>433,504</u>	<u>248,974</u>

During the current year, the subsidiary reduced cost of inventories by Baht 2.7 million (2015: Baht 1.8 million), to reflect the net realisable value. In addition, the subsidiary reversed the write-down of cost of inventories by Baht 2.1 million (2015: Baht 2.6 million). This was included in cost of sales.

11. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
VAT receivable	92,513	-	-	-
Supplies for market promotion	10,050	9,044	-	-
Undue input VAT	5,178	2,980	3	-
Others	2,741	4,787	-	-
Total other current assets	110,482	16,811	3	-

12. Investments in subsidiaries

12.1 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 for the years ended	
		2016 (Thousand Baht)	2015 (Thousand Baht)	2016 (Percent)	2015 (Percent)	2016 (Thousand Baht)	2015 (Thousand Baht)	2016 (Thousand Baht)	2015 (Thousand Baht)
Local subsidiaries									
Carabao Tawandang Co., Ltd.	Manufacture and distribution of beverage	300,000	300,000	100	100	408,958	408,958	884,997	629,998
Asia Pacific Glass Co., Ltd.	Manufacture and distribution of bottles and glass products	1,099,995	450,000	100	100	1,099,993	449,998	162,000	-
Tawandang DCM Co., Ltd.	Distribution management	100,000	100,000	100	100	99,998	99,998	89,998	172,996
Overseas subsidiaries									
Carabao Holdings (Hong Kong) Limited	Investment	USD 10 million	-	100	-	348,306	-	-	-
Carabao Trading (Hong Kong) Limited	Trading business in overseas	USD 50,000	-	100	-	1,758	-	-	-
Total						1,959,013	958,954	1,136,995	802,994

12.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Loss allocated to non-controlling interests during the year	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Percent)	(Percent)				
Carabao Venture Holdings (Luxembourg) S.à r.l. and its subsidiary (Subsidiary of Carabao Holdings (Hong Kong) Limited)	49	-	226.5	-	(84.9)	-

12.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

	(Unit: Million Baht)	
	Carabao Venture Holdings (Luxembourg) S.à r.l. and its subsidiary	
	<u>2016</u>	<u>2015</u>
Current assets	77.6	-
Non-current assets	540.1	-
Current liabilities	142.3	-

Summarised information about profit and loss

	(Unit: Million Baht)	
	Carabao Venture Holdings (Luxembourg) S.à r.l. and its subsidiary	
	For the year ended 31 December	
	<u>2016</u>	<u>2015</u>
Loss	(173.2)	-

12.4 Investments in subsidiary companies which the Company previously held

On 30 November 2016, the Extraordinary Meeting of Shareholders of Asia Pacific Glass Co., Ltd. (a subsidiary) passed a resolution to increase its registered share capital from Baht 450 million (4,500,000 ordinary shares, at Baht 100 per share) to Baht 1,300 million (13,000,000 ordinary shares, at Baht 100 per share). The subsidiary issued new 8,500,000 ordinary shares of Baht 100 each, called up Baht 76.47 each. The Company had already made the payment for share subscription on 6 December 2016. As a result, the issued and paid-up share capital of the subsidiary is Baht 1,100 million (4,500,000 ordinary shares of Baht 100 each, fully paid up and 8,500,000 ordinary shares of Baht 100 per share, paid up Baht 76.47 each). The subsidiary registered such share capital increase with the Ministry of Commerce on 7 December 2016.

12.5 Investments in new subsidiary companies

During the year, the Company invested in the new subsidiary companies as follows:

- 1) The Company established Carabao Holdings (Hong Kong) Limited (CHHK), incorporated in Hong Kong. The subsidiary is principally engaged in investment in overseas companies, with a registered share capital of USD 10 million, comprising 10 million ordinary shares. The Company holds 100 percent interest in this company. The subsidiary has registered its establishment on 5 September 2016. The Company had made a payment of USD 9.7 million for share subscription.
- 2) The Company established Carabao Trading (Hong Kong) Limited, incorporated in Hong Kong. The subsidiary is principally engaged in distribution in overseas, with a registered share capital of USD 50,000, comprising 50,000 ordinary shares. The Company holds 100 percent interest in this company. The subsidiary has registered its establishment on 8 November 2016. As at 31 December 2016, the Company had not yet made a payment for such share subscription.
- 3) CHHK entered into a joint-venture agreement with Intercarabao Private Limited (ICSG), which is incorporated in Singapore and has no relationship with the Company and its subsidiaries, to establish Carabao Venture Holdings (Luxembourg) S.à r.l. (CVHLUX), the Company's new subsidiary company in Luxembourg with shareholding interest of 51 percent and 49 percent, respectively. The subsidiary is principally engaged in investment in overseas companies with a registered share capital of EUR 16.9 million, comprising 16.9 million shares with EUR 1 par value each. CHHK paid for share subscription of approximately EUR 8.6 million by cash and ICSG paid for share subscription of approximately EUR 8.3 million by transferring its investment in share capital of Intercarabao Limited (ICUK), which is incorporated in England and 100 percent interest in which was formerly held by ICSG. On 30 September 2016, CVHLUX completed the registration of its establishment.

As a result, the Company has control over CVHLUX via its indirect holding of 51 percent interest through CHHK.

On 5 October 2016, CVHLUX purchased the additional ordinary shares of ICUK by the amount of GBP 7.3 million, comprising 7.3 million shares with GBP 1 par value each. CVHLUX had made full payment for subscription of the additional shares. In addition, ICUK registered the appointment of new board of directors whose members are mainly in the board of directors of CVHLUX. Thus, the Company has control over the business plans and policies of ICUK through its Boards of Directors and it has classified the investment in ICUK as the investment in subsidiary company since the date it obtained the control.

The Company assessed the fair value of identifiable assets acquired and liabilities assumed at the acquisition date. The assessment was completed in the fourth quarter of 2016 and within the period of twelve months from the acquisition date allowed by Thai Financial Reporting Standard No. 3 (revised 2015) "Business Combinations".

Fair values of the identifiable assets acquired and liabilities assumed from Intercarabao Limited as at the acquisition date were summarised below.

	(Unit: Thousand Baht)
Cash and cash equivalents	336,200
Trade and other receivables	17,371
Inventories	36,640
Other current assets	17,864
Equipment	1,982
Trade and other payables	(305,009)
Other current liabilities	(1,969)
Fair value of net assets	<u>103,079</u>
Cost of acquisition of joint investment in subsidiary	<u>(642,428)</u>
Goodwill as at the acquisition date	539,349
Translation adjustment	<u>(3,284)</u>
Goodwill as at 31 December 2016	<u><u>536,065</u></u>

Net cash inflows from joint investment of Carabao Venture Holdings (Luxembourg) S.à r.l. were presented below.

	(Unit: Thousand Baht)
Cost of acquisition of joint investment in subsidiary	642,428
Less: Cash and equivalents of Intercarabao Limited	(336,200)
Increase in non-controlling interests of subsidiary from joint investment of subsidiary	(325,637)
Translation adjustment	<u>8,411</u>
Net cash received from joint investment of subsidiary	<u>(10,998)</u>

The consolidated income statement for the year ended 31 December 2016 included revenue and profit of Intercarabao Limited as from the acquisition date were Baht 15.8 million and Baht 160.5 million, respectively.

If the business combinations had taken place at the beginning of the period, revenue and loss of Intercarabao Limited would have been included in the consolidated income statement for the year ended 31 December 2016 were Baht 33.7 million and Baht 691.8 million, respectively.

12.6 Goodwill

The company has determined recoverable amounts of its cash generating units (CGUs) based on value in use calculation using cash flow projections from financial budgets approved by the management covering a five-year period.

Key assumptions used in value in use calculations summarise as follows:

	(Unit: Percent per annum)
Terminal growth rate	3.0
Discount rate	17.5

The management has considered the growth rate from policy, business plan, expected overall market growth rate, and discount rate which are the rates before income tax which relate to the specific risk in that operating segment.

The management has considered and believed that no impairment was required for goodwill.

13. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	<u>Office building for rent</u>
As at 31 December 2016:	
Cost	118,985
Less: Accumulated depreciation	<u>(15,137)</u>
Net book value	<u>103,848</u>
As at 31 December 2015:	
Cost	118,957
Less: Accumulated depreciation	<u>(11,164)</u>
Net book value	<u>107,793</u>

A reconciliation of the net book value of investment properties for the years 2016 and 2015 is presented below.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	107,793	135,661
Acquisition during the year - at cost	28	467
Transfers to property, plant and equipment	-	(24,304)
Depreciation for the year	<u>(3,973)</u>	<u>(4,031)</u>
Net book value at end of year	<u>103,848</u>	<u>107,793</u>

The fair value of the office building of the subsidiary as at 31 December 2016 was determined at approximately Baht 181.7 million (2015: Baht 174.9 million) using the income approach. The assumption used in the valuation was based on the subsidiary's data.

14. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	
Cost:							
As at 1 January 2015	2,650,028	773,105	1,710,539	59,917	191,806	13,768	5,399,163
Additions	67	10,929	18,578	13,697	17,850	58,400	119,521
Disposals	-	-	(34,929)	(12,191)	(13,836)	(218)	(61,174)
Transfers	-	16,210	51,605	1,022	-	(68,837)	-
Transfers from investment property	-	25,972	-	-	-	-	25,972
As at 31 December 2015	2,650,095	826,216	1,745,793	62,445	195,820	3,113	5,483,482
Increase from joint investment of subsidiary	-	-	-	418	1,684	-	2,102
Additions	212,687	3,066	27,654	25,862	24,675	1,883,314	2,177,258
Capitalised interest	-	-	-	-	-	261	261
Disposals	-	-	(12,187)	(1,936)	(38,114)	-	(52,237)
Transfers	-	7,548	7,871	432	-	(15,851)	-
Translation adjustment	-	-	-	(2)	(10)	-	(12)
As at 31 December 2016	2,862,782	836,830	1,769,131	87,219	184,055	1,870,837	7,610,854

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Accumulated depreciation:							
As at 1 January 2015	1,234	115,238	384,658	27,353	116,908	-	645,391
Depreciation for the year	2,647	42,809	142,844	10,729	28,637	-	227,666
Accumulated depreciation of disposed assets	-	-	(34,490)	(11,637)	(12,126)	-	(58,253)
Transfers from investment property	-	1,668	-	-	-	-	1,668
As at 31 December 2015	3,881	159,715	493,012	26,445	133,419	-	816,472
Increase from joint investment of subsidiary	-	-	-	85	35	-	120
Depreciation for the year	2,658	45,808	130,513	14,193	24,696	-	217,868
Accumulated depreciation of disposed assets	-	-	(11,156)	(1,212)	(38,128)	-	(50,496)
Translation adjustment	-	-	-	(1)	-	-	(1)
As at 31 December 2016	6,539	205,523	612,369	39,510	120,022	-	983,963
Net book value:							
As at 31 December 2015	2,646,214	666,501	1,252,781	36,000	62,401	3,113	4,667,010
As at 31 December 2016	2,856,243	631,307	1,156,762	47,709	64,033	1,870,837	6,626,891
Depreciation for the year							
2015 (Baht 188.7 million included in manufacturing cost, and the balance in selling and administrative expenses)							227,666
2016 (Baht 117.0 million included in manufacturing cost, and the balance in selling and administrative expenses)							217,868

As at 31 December 2016, certain plant and equipment items of a subsidiary have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 365 million (2015: Baht 234.4 million).

During the year 2016, a subsidiary capitalised interest amounting to Baht 0.3 million to the costs of assets. These borrowing costs arose on loans obtained for specific purpose for the construction of the plant and the acquisition of machinery.

15. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements			
	Trademark	Patents	Computer software	Total
31 December 2016:				
Cost	10,000	10,000	20,901	40,901
Accumulated amortisation	(6,000)	(10,000)	(9,750)	(25,750)
Net book value	4,000	-	11,151	15,151
31 December 2015:				
Cost	10,000	10,000	16,959	36,959
Accumulated amortisation	(5,000)	(10,000)	(6,304)	(21,304)
Net book value	5,000	-	10,655	15,655

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	15,655	17,343
Acquisition during the year	3,939	2,463
Amortisation for the year	(4,445)	(4,151)
Translation adjustment	2	-
Net book value at end of year	<u>15,151</u>	<u>15,655</u>

16. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term loans from financial institutions	750,000	-	750,000	-
Total short-term loans from financial institutions	<u>750,000</u>	<u>-</u>	<u>750,000</u>	<u>-</u>

The short-term loans carry interest at a reference fix loan rate of commercial banks. The loan are unsecured loans and repayable within December 2017.

The above long-term loan agreements are unsecured. Under the terms of the agreements, the Company must comply with certain conditions and restrictions stipulated in the agreements, i.e. to maintain debt to equity ratio at the rate prescribed in the agreements.

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade payables - related parties	12,545	-	-	-
Trade payables - unrelated parties	751,335	562,615	-	-
Other payables - related parties	1,905	798	10,990	-
Other payables - unrelated parties	152,220	56,970	596	672
Accrued expenses - related parties	-	133	-	-
Accrued expenses - unrelated parties	295,835	156,200	43,807	33,697
Advance received	88,058	24,809	-	-
Total trade and other payables	<u>1,301,898</u>	<u>801,525</u>	<u>55,393</u>	<u>34,369</u>

18. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accrued withholding tax	52,157	23,818	19,413	15,078
Liabilities under forward exchange contracts	15,470	713	-	-
VAT payable	5,362	11,266	1,028	562
Social security fund payable	3,840	2,627	15	15
Undue output VAT	362	112	-	-
Others	12,984	12,780	-	502
Total other current liabilities	<u>90,175</u>	<u>51,316</u>	<u>20,456</u>	<u>16,157</u>

19. Long-term loan from financial institution

(Unit: Thousand Baht)

	Consolidated/separate financial statements	
	<u>2016</u>	<u>2015</u>
Long-term loan	250,000	-
Less: Portion due within one year	-	-
Long-term loan - net of current portion	<u>250,000</u>	<u>-</u>

On 26 December 2016, the Company had entered into long-term loan agreement with a financial institution with a given credit facilities of Baht 1,000 million, drawn down of Baht 250 million on which interest is charged at the Minimum Loan Rate (MLR) reference rate minus a margin. The loan is repayable in three-month installments within 4 years, with the first of these due in June 2018.

The above long-term loan agreements are unsecured and no any certain conditions or restrictions stipulated in the agreements.

20. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Provision for long-term employee				
benefits at beginning of year	65,561	52,914	39,873	30,818
Included in profit or loss:				
Current service cost	10,265	9,132	4,119	3,064
Interest cost	1,997	2,814	985	1,515
Included in other comprehensive income:				
Actuarial loss (gain)				
Demographic assumptions changes	6,739	(614)	1,184	1,875
Financial assumptions changes	766	5,941	(806)	2,914
Experience adjustments	5,556	(4,318)	2,346	(313)
Benefits paid during the year	<u>(1,132)</u>	<u>(308)</u>	<u>-</u>	<u>-</u>
Provision for long-term employee				
benefits at end of year	<u>89,752</u>	<u>65,561</u>	<u>47,701</u>	<u>39,873</u>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cost of sales	3,779	5,280	-	-
Selling and administrative expenses	8,483	6,666	5,104	4,579
Total expenses recognised in profit or loss	<u>12,262</u>	<u>11,946</u>	<u>5,104</u>	<u>4,579</u>

The Company and its subsidiaries expect to pay Baht 42 million of long-term employee benefits during the next year (Separate financial statements: Baht 29 million) (2015: Baht 0.3 million, separate financial statements: nil).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 5 - 25 years (Separate financial statements: 5 years) (2015: 5 - 23 years, separate financial statements: 5 years).

Key actuarial assumptions at the valuation date were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	1.8 - 2.7	2.2 - 3.8	1.8	2.2
Future salary increase rate	5.3 - 9.8	5.3 - 11.0	9.8	11.0
Staff turnover rate (depending on age)	0 - 55	0 - 58	0 - 44	0 - 45

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2558 are summarised below:

(Unit: Million Baht)

As at 31 December 2016

	Consolidated financial statements		Separate financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(2.9)	3.1	(0.6)	0.7
Salary increase rate	2.9	(2.7)	0.6	(0.6)
Staff turnover rate	(3.0)	3.2	(0.6)	0.6

(Unit: Million Baht)

31 December 2015

	Consolidated financial statements		Separate financial statements	
	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>	<u>Increase 0.5%</u>	<u>Decrease 0.5%</u>
Discount rate	(1.7)	1.8	(0.6)	0.6
Salary increase rate	1.7	(1.8)	0.5	(0.5)
Staff turnover rate	(1.8)	1.9	(0.5)	0.5

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. In 2016, the Company set aside a statutory reserve totaling of Baht 6 million (2015: Baht 43 million).

At present, the statutory reserve has fully been set aside.

22. Other income/other expenses

22.1 Other income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Management income	-	-	180,000	120,000
Rental and service income	58,679	50,712	-	-
Interest income	27,562	35,078	75,594	120,061
Gain from sales of equipment	15,759	4,104	-	-
Scrap sales income	13,465	11,567	-	-
Income from sales and trade-off premium goods	4,647	2,953	-	-
Others	26,636	16,887	4,330	409
Total other income	<u>146,748</u>	<u>121,301</u>	<u>259,924</u>	<u>240,470</u>

22.2 Other expenses

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Loss on early termination of cross currency interest rate swap contracts	-	29,856	-	-
Loss on exchange	21,576	4,612	2,029	-
Loss on changes in fair value of foreign exchange contracts	20,601	713	-	-
Total other expenses	<u>42,177</u>	<u>35,181</u>	<u>2,029</u>	<u>-</u>

23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Raw materials and packing materials used	5,523,591	4,000,136	-	-
Salaries, wages and other employee benefits	1,025,353	771,037	190,607	163,278
Sales promotion expenses	462,988	357,820	-	-
Travelling expenses	230,484	131,733	2,661	24
Depreciation and amortisation	226,286	235,848	-	-
Freight expenses	214,622	174,128	-	-
Utility service expenses	124,200	121,499	40	10
Advertising expenses	100,001	135,145	-	-
Consumables used	88,715	74,839	-	-
Repair and maintenance expenses	78,687	64,590	-	-
Loss on exchange	21,576	4,612	2,029	-
Loss on changes in fair value of foreign exchange contracts	20,601	713	-	-
Changes in inventories of finished goods	(127,671)	54,084	-	-
Loss on changes in fair value of cross currency interest rate swap contracts	-	29,856	-	-

24. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Current corporate income tax charge	283,874	208,959	9,953	13,068
Deferred tax:				
Relating to origination and reversal of temporary differences	(5,661)	189	(1,021)	(916)
Income tax expense reported in the income statement	<u>278,213</u>	<u>209,148</u>	<u>8,932</u>	<u>12,152</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Deferred tax relating to actuarial loss	2,612	202	545	895

The reconciliation between accounting profit and income tax expense is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounting profit before tax	1,683,089	1,464,682	1,179,913	863,958
Applicable tax rate	16.5%, 20%, 29.2%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	335,438	292,936	235,983	172,792
Effects of:				
Promotional privileges (Note 25)	(92,292)	(84,124)	-	-
Income not subject to tax	-	-	(227,399)	(160,599)
Non-deductible expenses	3,060	2,573	360	20
Additional expense deductions allowed	(3,842)	(921)	(12)	(61)
Unrecognised tax loss as deferred tax assets	35,849	-	-	-
Others	-	(1,316)	-	-
Total	(57,225)	(83,788)	(227,051)	(160,640)
Income tax expenses reported in the income statement	278,213	209,148	8,932	12,152

As at 31 December 2016, the subsidiaries have unused tax losses of 2016 totaling Baht 35.8 million, on which deferred tax assets have not been recognised as the subsidiaries consider that it is not certain whether they are able to make profit in a short period that is sufficient to allow the utilisation of the temporary difference and tax losses.

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax assets				
Provision for trade discounts and promotions	17,395	16,546	-	-
Provision for long-term employee benefits	10,104	7,676	3,761	1,845
Forward contract payable	3,094	143	-	-
Actuarial losses	2,612	202	545	895
Different rate of depreciation	498	695	-	-
Allowance for diminution in value of inventories	221	99	-	-
Allowance for doubtful accounts	62	62	-	-
Total	33,986	25,423	4,306	2,740
Deferred tax liabilities				
Accrued rebate income	290	-	-	-
Total	290	-	-	-
Total deferred tax assets - net	33,696	25,423	4,306	2,740

25. Promotional privileges

Asia Pacific Glass Co., Ltd., a subsidiary, has received promotional privileges under the Investment Promotion Act B.E. 2520 as approved by the Board of Investment. Subject to the imposed conditions, the significant privileges are as follows:

Descriptions	Privileged details	
1. Certificate No.	2326(4)/2556	59-1062-0-00-1-0
2. Certificate date	24 September 2013	18 August 2016
3. Promotional privileges for	Manufacture of glass bottle	Manufacture of glass bottle
4. The significant privileges are:		
4.1 Exemption from corporate income tax on income from the promoted operation.	6 years (expire on 7 August 2020)	3 years (Has not yet started utilising the privileges) (Tax exempted according with investment)
4.2 Exemption from income tax on dividends paid from the promoted operation on which the corporate income tax is exempted throughout the corporate income tax exemption period.	6 years (expire on 7 August 2020)	3 years (Has not yet started utilising the privileges)
4.3 Exemption from import duty on machinery as approved by the board.	Granted	-
4.4 Fifty percent reduction of import duty on machinery as approved by the board.	-	Granted

The subsidiary operating revenues for the years ended 31 December 2016 and 2015 divided between to promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Domestic sales	1,129,532	1,139,984	305,845	148,349	1,435,377	1,288,333

26. Earnings per share

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Profit for the years attributable to equity holders the Company (Thousand Baht)	1,489,756	1,255,534	1,170,981	851,806
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)	1.49	1.26	1.17	0.85

27. 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 bottles and glass products
- (3) Distribution management

No operating segment have been aggregated to form the above reportable operating segments.

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 year, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015.

(Unit: Million Baht)

Consolidated financial statements							
For the year ended 31 December 2016							
	Manufacture and distribution			Total reportable segments	Adjustments and eliminations	Consolidated	
	Beverage	Glass bottle	Distribution management				Other
Revenue from external customers	3,350	-	6,599	16	9,965	-	9,965
Inter-segment revenue	5,617	1,435	-	-	7,052	(7,052)	-
Total revenue	8,967	1,435	6,599	16	17,017	(7,052)	9,965
Segment gross profit	2,442	505	628	3	3,578	(1)	3,577
Other income	122	2	1	1,395	1,520	(1,373)	147
Depreciation and amortization	130	82	15	-	227	(1)	226
Interest expenses	42	6	-	1	49	(49)	-
Income tax expenses	248	5	17	8	278	-	278
Segment total assets	5,601	2,290	914	7,692	16,497	(6,719)	9,778
Additions (deletions) to non-current assets other than deferred tax assets	1,325	595	34	1,540	3,494	(998)	2,496

(Unit: Million Baht)

Consolidated financial statements							
For the year ended 31 December 2015							
	Manufacture and distribution			Total reportable segments	Adjustments and eliminations	Consolidated	
	Beverage	Glass bottle	Distribution management				Other
Revenue from external customers	2,276	-	5,477	-	7,753	-	7,753
Inter-segment revenue	5,039	1,288	-	-	6,327	(6,327)	-
Total revenue	7,315	1,288	5,477	-	14,080	(6,327)	7,753
Segment gross profit	1,951	484	451	-	2,886	(26)	2,860
Other income	54	1	2	1,043	1,100	(979)	121
Depreciation and amortization	148	80	9	-	237	(1)	236
Interest expenses	59	27	-	-	86	(86)	-
Income tax expenses	154	1	42	12	209	-	209
Segment total assets	3,717	1,709	605	5,799	11,830	(4,469)	7,361
Additions (deletions) to non-current assets other than deferred tax assets	(75)	(54)	5	-	(124)	-	(124)

Geographic information

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

(Unit: Million Baht)

	<u>Consolidated financial statements</u>	
	<u>2016</u>	<u>2015</u>
Revenue from external customers		
Domestic		
Thailand	6,604	5,477
Overseas		
Cambodia	2,074	1,547
Afghanistan	481	165
Myanmar	278	223
Yemen	202	167
Vietnam	173	98
Others	153	76
Total	<u>9,965</u>	<u>7,753</u>

In 2016, the Company and its subsidiaries have revenue from domestic sales at 66 percent (2015: 71 percent) and revenue from overseas sales at 34 percent (2015: 29 percent).

As manufacture and distribution beverage and glass bottle and distribution management is the main business segments and the segment information that has been considered based on a quantitative basis is over 90 percent of the total population both operational and geographical areas. As a result, all of the assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

In 2016 and 2015, the Company and its subsidiaries had no major customer with revenue of 10 percent or more than of its consolidated revenue.

28. Provident fund

The Company and its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company and its subsidiaries contribute to the fund monthly at the rate of 2 - 5 percent of basic salary. The fund, which is managed by K Master Pooled fund and Kasikorn Assets Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 by the Company and its subsidiaries amounting to approximately Baht 11.5 million (2015: Baht 9.3 million) were recognised as expenses, the Company only: Baht 3.4 million (2015: Baht 3.0 million).

29. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>The Company</u>				
<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
Interim dividends	Board of directors' meeting of the Company on 7 August 2015	350	0.4	September 2015
Total dividends for 2015		950		
<u>For the year 2016</u>				
Dividends from 2015 income	Annual General Meeting of the shareholders on 26 April 2016	540	0.5	May 2016
Interim dividends	Board of directors' meeting of the Company on 11 August 2016	400	0.4	September 2016
Total dividends for 2016		940		
<u>Subsidiaries</u>				
<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
Interim dividends	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 13 November 2015	330 ⁽¹⁾	110.0	May 2016
Interim dividends	Board of directors' meeting of Tawandang DCM Co., Ltd. on 13 November 2015	93 ⁽¹⁾	93.0	May 2016
Total dividends for 2015		803		

Dividend	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>For the year 2016</u>				
Interim dividends	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 16 May 2016	360	120.0	September 2016
Interim dividends	Board of directors' meeting of Tawandang DCM Co., Ltd. on 16 May 2016	50	50.0	September 2016
Interim dividends	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 14 November 2016	525 ⁽¹⁾	175.0	May 2017
Interim dividends	Board of directors' meeting of Tawandang DCM Co., Ltd. on 14 November 2016	40 ⁽¹⁾	40.0	May 2017
Interim dividends	Board of directors' meeting of Asia Pacific Glass Co., Ltd. on 14 November 2016	<u>162⁽¹⁾</u>	36.0	May 2017
Total dividends for 2016		<u>1,137</u>		

⁽¹⁾As at 31 December 2016 and 2015, the Company had dividend payable of Baht 727 million and Baht 423 million, respectively, which the three subsidiaries will be paid to their shareholders within 31 May 2017 and 2016, respectively.

30. Commitments and contingent liabilities

30.1 Capital commitments

As at 31 December 2016 and 2015, the subsidiaries had capital commitments, relating to the construction of factory buildings and acquisition of machinery as follows:

Foreign currency	Amount	
	<u>2016</u>	<u>2015</u>
Baht	164.3	3.1
Yen	16.1	-
Euro	10.1	-
US dollar	6.4	-
Pound sterling	0.6	-

30.2 Operating lease and service commitments

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

As at 31 December 2016 and 2015, Company and its subsidiaries had future minimum lease payments required under these non-cancellable operating leases and service contracts were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Payable:				
In up to 1 year	108.8	74.5	0.9	3.5
In over 1 year and up to 5 years	228.5	104.5	-	0.9

30.3 Significant agreements with related parties

30.3.1 On 17 July 2012, Carabao Tawandang Co., Ltd., (a subsidiary) and Tawandang DCM Co., Ltd., (another 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.

30.3.2 Carabao Tawandang Co., Ltd. (a subsidiary) and Asia Pacific Glass Co., Ltd., (another 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 deputed in the agreement. This agreement is effective since the date on the agreement unless cancelled by either party.

30.3.3 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.

30.3.4 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 5 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 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 to 31 December 2018.

30.3.5 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 between 1 April 2014 and 31 December 2017, and entered into the said agreement with a related company, which is effective between 1 June 2014 and 31 May 2017. Under conditions of this agreement, the subsidiary receives a monthly rental and service income of Baht 1.2 million.

30.3.6 On 1 February 2016, Carabao Tawandang Co., Ltd. (a subsidiary) and Tawandang DCM Co., Ltd. (another 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.

30.3.7 In 2016, 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.

30.3.8 On 20 October 2016, Carabao Tawandang Co., Ltd. (a subsidiary) and Carabao Venture Holdings (Luxembourg) S.à r.l. (another subsidiary), entered into an agency agreement whereby the Carabao Venture Holdings (Luxembourg) S.à r.l. agreed to be a sole distributor of Carabao Tawandang's products in the countries as specified in the agreement. The agreement is effective for a period of nine years, to be expired on 19 October 2025.

30.4 Sponsorship agreement

30.4.1 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.

30.4.2 On 18 November 2015, Carabao Tawandang Co., Ltd. (a subsidiary) and the unrelated company in oversea entered into a sponsorship agreement with a football club registered in England concerning the marketing right to promote the brands and trademarks 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 31 December 2016, the subsidiary is obliged to pay a fee of Pound 8 million to the football club under conditions of this agreement.

On 10 January 2017, the unrelated company has entered into an agreement to transfer its rights and obligations under the sponsorship agreement to Intercarabao Limited (another subsidiary) and Carabao Venture Holdings (Luxembourg) S.à r.l. (another subsidiary). The agreement is effective on 21 October 2016 onwards.

30.4.3 On 1 June 2016, Intercarabao Limited (a subsidiary) entered into a sponsorship agreement with a football club registered in England concerning the marketing right to promote the brands and trademarks of the subsidiary in a football match. The agreement is effective for a period of three years between 1 June 2016 and 31 May 2019. The subsidiary is obliged to pay a fee to the football club under the terms and conditions specified in this agreement.

30.4.4 On 1 November 2016, Carabao Venture Holdings (Luxembourg) S.à r.l. (a subsidiary) entered into a sponsorship agreement with The Football League Limited which is incorporated in England. Under the condition of this agreement, the subsidiary is entitled to formally use the name and trademark of Carabao Tawandang Co., Ltd. (another subsidiary) to be the title of the football match and to promote the brand and trademark over a period of three seasons (from 2017/2018 Season to 2019/2020 Season). The subsidiary is obliged to pay a fee to such company under the terms and conditions specified in this agreement. The agreement is effective for a period of three years between 1 July 2017 and 30 June 2020.

30.5 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 oversea 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.

30.6 Guarantees

30.6.1 As at 31 December 2016, the Company has guaranteed for credit facilities of Carabao Tawandang Co., Ltd. (a subsidiary) and Asia Pacific Glass Co., Ltd. (another subsidiary) amounting to Baht 1,100 million (2015: nil).

30.6.2 As at 31 December 2016, there were outstanding bank guarantees of approximately Baht 25.2 million (2015: Baht 49 million) issued by banks on behalf of the Company and its subsidiaries to guarantee the use of electricity and natural gas (the Company only: Baht 2.4 million to guarantee electricity use (2015: nil)).

31. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements							
	Level 1		Level 2		Level 3		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Asset measured at fair value								
Held for trade investments								
Debt instruments	-	-	604.3	214.8	-	-	604.3	214.8
Asset for which fair value are disclosed								
Investment properties	-	-	-	-	181.7	174.9	181.7	174.9
Financial liability measured at fair value								
Derivatives								
Forward exchange contracts	-	-	15.5	0.7	-	-	15.5	0.7

(Unit: Million Baht)

	Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Asset measured at fair value								
Held for trade investments								
Debt instruments	-	-	604.3	214.8	-	-	604.3	214.8

32. Financial instruments

32.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade accounts receivable and other receivables, short-term loans to related parties, investment, trade accounts payable and other payables, short-term and long-term loans from financial institutions. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries's is exposed to credit risk primarily with respect to trade accounts receivable, other receivables and short-term loans to related parties. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivables and other receivables and short-term loans to related parties as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries's exposure to interest rate risk relates primarily to its cash at banks, current investments, short-term loans to related parties and short-term and long-term loans from financial institutions. However, most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. 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)

	Consolidated financial statements					Effective interest rate (% per annum)
	As at 31 December 2016					
	Fixed interest rates		Floating interest rate	Interest bearing	Total	
Within 1 year	Over 5 years					
Financial assets						
Cash and cash equivalent	522	-	222	2	746	0.01 - 1.4
Current investments	-	-	-	604	604	-
Trade and other receivables	-	-	-	562	562	-
	<u>522</u>	<u>-</u>	<u>222</u>	<u>1,168</u>	<u>1,912</u>	
Financial liabilities						
Short-term loans from financial institutions	750	-	-	-	750	2.7 - 2.8
Trade and other payables	-	-	-	1,302	1,302	-
Long-term loan from financial institution	-	250	-	-	250	MLR minus a margin
	<u>750</u>	<u>250</u>	<u>-</u>	<u>1,302</u>	<u>2,302</u>	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2015

	Fixed interest rates		Floating interest rate	Interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year					
Financial assets						
Cash and cash equivalent	1,307		68	2	1,377	0.4 - 2.0
Current investments	258		-	215	473	2.1 - 3.1
Trade and other receivables	-		-	425	425	-
	<u>1,565</u>		<u>68</u>	<u>642</u>	<u>2,275</u>	
Financial liabilities						
Trade and other payables	-		-	802	802	-
	<u>-</u>		<u>-</u>	<u>802</u>	<u>802</u>	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2016

	Fixed interest rates		Floating interest rate	Interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	Over 5 years				
Financial assets						
Cash and cash equivalent	420	-	8	1	429	0.4 - 1.4
Current investments	-	-	-	604	604	-
Trade and other receivables	-	-	-	43	43	-
Short-term loans to related parties	3,268	-	-	-	3,268	2.1 - 3.5
Dividend receivable from related parties	-	-	-	727	727	-
Investments in subsidiary	-	-	-	1,959	1,959	-
	<u>3,688</u>	<u>-</u>	<u>8</u>	<u>3,334</u>	<u>7,030</u>	
Financial liabilities						
Short-term loans from financial institutions	750	-	-	-	750	2.7 - 2.8
Trade and other payables	-	-	-	55	55	-
Long-term loan from financial institution	-	250	-	-	250	MLR minus a margin
	<u>750</u>	<u>250</u>	<u>-</u>	<u>55</u>	<u>1,055</u>	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2015					
	Fixed	Floating	Interest	Total	Effective
	interest rates				
	Within 1 year				(% per annum)
Financial assets					
Cash and cash equivalent	1,270	4	-	1,274	0.4 - 2.0
Current investments	258	-	215	473	2.1 - 3.1
Trade and other receivables	-	-	16	16	-
Short-term loans to related parties	2,625	-	-	2,625	2.1
Dividend receivable from related parties	-	-	423	423	-
Investments in subsidiary	-	-	959	959	-
	<u>4,153</u>	<u>4</u>	<u>1,613</u>	<u>5,770</u>	
Financial liabilities					
Trade and other payables	-	-	34	34	-
	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>	

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 31 December 2016 and 2015 are summarised below.

As at 31 December 2016						
Foreign currencies	Consolidated financial statement		Separate financial statements		Average exchange rate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Bought	Sold
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.1	0.2	-	0.3	35.6588	36.0025
Euro	0.3	0.1	-	-	37.3791	38.1362

As at 31 December 2015						
Foreign currencies	Consolidated financial statement		Separate financial statements		Average exchange rate	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Bought	Sold
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	-	0.1	-	-	-	36.2538

32.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close 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.

33. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio were 0.38:1 (2015: 0.16:1) and the Company's was 0.19:1 (2015: 0.02:1).

34. Events after the reporting period

On 22 February 2017, the meeting of the Company's Board of Directors passed a resolution to approve an establishment of subsidiary, joint venture arrangement and respected investments with details set out as follows:

- 1) Approve the investment in new factory project of Carabao Tawandang co., Ltd. (a subsidiary) in order to expand the production capacity of bottle factory, with the project value will not exceed Baht 1,750 million.
- 2) Approve Carabao Holding (Hong Kong) Limited ("CHHK"), a wholly owned subsidiary of the Company, increasing its capital at the principal sum equivalent to the amount of not exceeding THB 622 million for the objective of making investments together with a group of business partners to conduct business operations in the areas of marketing, sales and distribution of energy drinks under Carabao trademark in the Greater China region including Hong Kong, Macau, Taiwan and the People's Republic of China (the "Greater China Investment Project").
- 3) Approve CHHK jointly establishing a subsidiary under jurisdiction of Hong Kong, namely Carabao Venture Holdings (Hong Kong) Limited ("CVHHK") with initial capital equivalent to the amount of not exceeding THB 691 million to engage as an overseas holding company, in which CHHK will invest and hold 90% of its initial capital while Intercarabao Private Limited ("ICSG"), duly incorporated under jurisdiction of Singapore, will invest and hold the remaining portion of 10%.

- 4) Approve CVHHK entering into the joint venture agreements with Dai Beverage Holdings Limited (“DBH”) and Beijing Nongfeng Jirui Network Technology Company Limited (“BNJ”) (collectively referred to as the “DAI Group”) pursuant to the Greater China Investment Project to establish new joint venture companies in various countries namely the British Virgin Islands, Hong Kong and the People’s Republic of China under an investment value collectively equivalent to the amount in total of not exceeding THB 1,402 million. In connection with shareholding structure in such joint venture companies, CVHHK will invest and hold, both directly and indirectly, 45% - 49% while the DAI Group and an unrelated group of Chinese professional management will invest and hold, both directly and indirectly, 46% - 51% and no more than 5%, respectively.

35. Approval of financial statements

These financial statements were authorised for issue by the Company’s Board of Directors on 22 February 2017.