

Carabao Group Public Company Limited and its subsidiaries
Review report and consolidated interim financial statements
For the three-month and nine-month periods ended
30 September 2019

Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Carabao Group Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Carabao Group Public Company Limited and its subsidiaries as at 30 September 2019, the related consolidated statements of income and comprehensive income for the three-month and nine-month periods then ended, the related consolidated statements of changes in shareholders' equity and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements, and have also reviewed the separate financial information of Carabao Group Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard No. 34 Interim Financial Reporting. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

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

Wichart Lokatekrawee

Certified Public Accountant (Thailand) No. 4451

EY Office Limited

Bangkok: 8 November 2019

Carabao Group Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September	31 December	30 September	31 December
		2019	2018	2019	2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents	4	198,484	137,599	21,684	18,659
Trade and other receivables	3, 5	1,412,525	906,595	1,851	6,740
Short-term loans to related parties	3	-	-	3,341,119	3,995,936
Dividend receivable from related parties	3	-	-	-	479,998
Inventories	6	975,249	887,132	-	-
Other current assets	7	548,617	545,859	14	20
Total current assets		3,134,875	2,477,185	3,364,668	4,501,353
Non-current assets					
Investments in subsidiaries	8	-	-	5,098,180	4,364,853
Investment properties	9	104,284	99,968	-	-
Property, plant and equipment	10	10,891,224	11,090,295	-	-
Goodwill	11	457,724	499,923	-	-
Intangible assets	12	79,701	77,322	4,507	4,895
Deferred tax assets		49,744	63,183	7,270	6,258
Other long-term receivable - related party	3	-	-	26,172	26,172
Other non-current assets		11,542	12,045	-	-
Total non-current assets		11,594,219	11,842,736	5,136,129	4,402,178
Total assets		14,729,094	14,319,921	8,500,797	8,903,531

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

Carabao Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September	31 December	30 September	31 December
		2019	2018	2019	2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	13	638,667	275,000	185,000	-
Trade and other payables	3, 14	1,596,727	1,809,903	123,265	40,354
Current portion of long-term loans from financial institutions	15	321,000	401,250	-	-
Current portion of debentures	16	1,699,094	-	1,699,094	-
Income tax payable		183,762	265,836	2,414	7,462
Other current liabilities		12,445	12,452	-	-
Total current liabilities		4,451,695	2,764,441	2,009,773	47,816
Non-current liabilities					
Long-term loans from financial institutions, net of current portion	15	1,115,500	1,278,700	-	-
Debentures, net of current portion	16	1,088,472	2,785,920	1,088,472	2,785,920
Provision for long-term employee benefits	17	128,325	109,049	64,955	61,543
Deferred tax liabilities		1,341	1,466	-	-
Deposits received for rental	3	15,758	15,636	-	-
Total non-current liabilities		2,349,396	4,190,771	1,153,427	2,847,463
Total liabilities		6,801,091	6,955,212	3,163,200	2,895,279

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

Carabao Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
	(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital				
Registered				
1,000,000,000 ordinary shares of Baht 1 each	1,000,000	1,000,000	1,000,000	1,000,000
Issued and fully paid up				
1,000,000,000 ordinary shares of Baht 1 each	1,000,000	1,000,000	1,000,000	1,000,000
Share premium	3,962,980	3,962,980	3,962,980	3,962,980
Surplus on business combination under common control	323,216	323,216	-	-
Surplus on changes in percentage of shareholding				
in local subsidiary	108,959	108,959	108,959	108,959
Deficit on changes in percentage of shareholding				
in overseas subsidiary	(368,686)	(368,686)	-	-
Retained earnings				
Appropriated - statutory reserve	100,000	100,000	100,000	100,000
Unappropriated	2,743,667	2,140,042	165,658	836,313
Other components of shareholders' equity	(100,050)	(89,678)	-	-
Equity attributable to owners of the Company	7,770,086	7,176,833	5,337,597	6,008,252
Non-controlling interests of the subsidiary	157,917	187,876	-	-
Total shareholders' equity	7,928,003	7,364,709	5,337,597	6,008,252
Total liabilities and shareholders' equity	14,729,094	14,319,921	8,500,797	8,903,531
	-	-	-	-

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

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Directors
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(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries**Statement of income****For the three-month period ended 30 September 2019**

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018
Revenues					
Revenues from contracts with customers	18	3,861,924	3,626,705	-	-
Other income	19	28,278	28,607	92,964	97,177
Total revenues		3,890,202	3,655,312	92,964	97,177
Expenses					
Cost of sales		2,268,159	2,429,901	-	-
Selling and distribution expenses		487,789	691,908	-	-
Administrative expenses		181,021	199,946	52,416	52,888
Other expenses		25,694	19,446	1,226	13,414
Total expenses		2,962,663	3,341,201	53,642	66,302
Profit before finance cost and income tax expenses		927,539	314,111	39,322	30,875
Finance cost		(34,147)	(24,878)	(17,188)	(20,136)
Profit before income tax expenses		893,392	289,233	22,134	10,739
Income tax expenses	20	(167,358)	(84,106)	(4,422)	(2,136)
Profit for the period		726,034	205,127	17,712	8,603
Profit attribution to					
Equity holders of the Company		732,016	255,250	17,712	8,603
Non-controlling interest of the subsidiaries		(5,982)	(50,123)		
		<u>726,034</u>	<u>205,127</u>		
Earnings per share					
21					
Basic earnings per share					
Profit attributable to equity holders of the Company		0.73	0.26	0.02	0.01
Weighted average number of ordinary shares					
(Thousand shares)		1,000,000	1,000,000	1,000,000	1,000,000

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 September 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period	<u>726,034</u>	<u>205,127</u>	<u>17,712</u>	<u>8,603</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currencies	<u>6,413</u>	<u>(14,884)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>6,413</u>	<u>(14,884)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u><u>732,447</u></u>	<u><u>190,243</u></u>	<u><u>17,712</u></u>	<u><u>8,603</u></u>
Total comprehensive income attribution to				
Equity holders of the Company	<u>736,863</u>	<u>241,554</u>	<u><u>17,712</u></u>	<u><u>8,603</u></u>
Non-controlling interest of the subsidiaries	<u>(4,416)</u>	<u>(51,311)</u>		
Total comprehensive income for the period	<u><u>732,447</u></u>	<u><u>190,243</u></u>		

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries**Statement of income**

For the nine-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018
Revenues					
Revenues from contracts with customers	18	10,976,215	10,581,911	-	-
Dividend income from subsidiaries	8	-	-	369,999	203,999
Other income	19	84,172	89,952	282,777	289,094
Total revenues		<u>11,060,387</u>	<u>10,671,863</u>	<u>652,776</u>	<u>493,093</u>
Expenses					
Cost of sales		6,783,255	7,248,294	-	-
Selling and distribution expenses		1,499,284	2,011,665	-	-
Administrative expenses		567,206	587,119	154,714	162,719
Other expenses		33,135	10,225	2,000	11,448
Total expenses		<u>8,882,880</u>	<u>9,857,303</u>	<u>156,714</u>	<u>174,167</u>
Profit before finance cost and income tax expenses		<u>2,177,507</u>	<u>814,560</u>	<u>496,062</u>	<u>318,926</u>
Finance cost		(102,019)	(76,010)	(51,880)	(50,345)
Profit before income tax expenses		<u>2,075,488</u>	<u>738,550</u>	<u>444,182</u>	<u>268,581</u>
Income tax expenses	20	(402,635)	(245,130)	(14,837)	(12,911)
Profit for the period		<u>1,672,853</u>	<u>493,420</u>	<u>429,345</u>	<u>255,670</u>
Profit attribution to					
Equity holders of the Company		1,703,625	645,716	<u>429,345</u>	<u>255,670</u>
Non-controlling interest of the subsidiaries		(30,772)	(152,296)		
		<u>1,672,853</u>	<u>493,420</u>		
Earnings per share					
21					
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>1.70</u>	<u>0.65</u>	<u>0.43</u>	<u>0.26</u>
Weighted average number of ordinary shares					
(Thousand shares)		<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the period	<u>1,672,853</u>	<u>493,420</u>	<u>429,345</u>	<u>255,670</u>
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of financial statements in foreign currencies	<u>(9,559)</u>	<u>(32,232)</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the period	<u>(9,559)</u>	<u>(32,232)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the period	<u>1,663,294</u>	<u>461,188</u>	<u>429,345</u>	<u>255,670</u>
Total comprehensive income attribution to				
Equity holders of the Company	1,693,253	617,397	<u>429,345</u>	<u>255,670</u>
Non-controlling interest of the subsidiaries	<u>(29,959)</u>	<u>(156,209)</u>		
Total comprehensive income for the period	<u>1,663,294</u>	<u>461,188</u>		

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries**Statement of cash flows****For the nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before tax	2,075,488	738,550	444,182	268,581
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Dividend income	-	-	(369,999)	(203,999)
Depreciation and amortisation	399,703	334,426	388	174
Gain on sales of short-term investments				
in trading securities	-	(9)	-	(9)
Allowance for doubtful accounts (reversal)	8,226	(101)	-	-
Reduction cost of inventory to net realisable value	1,765	4,360	-	-
Gain on sales of equipment	(2,240)	(2,912)	-	-
Provision for long-term employee benefits	19,276	14,722	3,412	5,200
Amortisation of transaction cost for debentures issuance	1,646	630	1,646	630
Realised and unrealised loss on exchange	4,483	23,481	1,963	11,477
Interest income	(670)	(670)	(72,182)	(96,776)
Interest expenses	95,800	70,379	50,096	49,530
Profit from operating activities before changes in operating assets and liabilities	2,603,477	1,182,856	59,506	34,808
Operating assets (increase) decrease				
Trade and other receivables	(514,151)	(214,698)	365	1,043
Inventories	(89,527)	(135,602)	-	-
Other current assets	(2,281)	(184,691)	6	(51)
Other non-current assets	503	2,465	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(55,450)	353,829	66,874	35,384
Other current liabilities	(7)	(436)	-	(168)
Deposits received for rental	122	-	-	-
Cash paid for long-term employee benefits	-	(369)	-	-
Cash flows from operating activities	1,942,686	1,003,354	126,751	71,016
Cash received from interest income	670	671	76,720	149,602
Interest paid	(79,793)	(51,622)	(34,059)	(32,133)
Cash paid for corporate income tax	(471,747)	(223,431)	(20,897)	(21,571)
Net cash flows from operating activities	1,391,816	728,972	148,515	166,914

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries**Statement of cash flows (continued)****For the nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Cash received from sale of current investments	-	7,139	-	7,139
Increase in short-term loan to related parties	-	-	(1,612,000)	(3,197,095)
Cash received from repayment of short-term loan to related parties	-	-	2,264,840	2,614,891
Increase in investments in subsidiaries	-	-	(733,327)	(1,064,434)
Increase in investments properties	-	(823)	-	-
Proceeds from sales of equipment	5,983	4,591	-	-
Cash paid for acquisition of property, plant and equipment	(379,977)	(1,814,643)	-	-
Cash paid for acquisition of intangible assets	(8,463)	(9,293)	-	(1,560)
Dividend income from subsidiaries	-	-	849,997	803,997
Net cash flows from (used in) investing activities	(382,457)	(1,813,029)	769,510	(837,062)
Cash flows from financing activities				
Increase in short-term loans from financial institutions	5,595,815	6,210,000	2,190,000	3,355,000
Cash paid for repayment of short-term loans from financial institutions	(5,232,148)	(6,184,000)	(2,005,000)	(3,769,000)
Increase in long-term loans from financial institutions	55,050	910,440	-	-
Cash paid for repayment of long-term loans from financial institutions	(298,500)	(1,837,900)	-	(1,000,000)
Net cash received from issuance of debentures	-	2,784,749	-	2,784,749
Cash received from additional call up for the shares of subsidiary	-	72,696	-	-
Dividend paid	(1,100,000)	(700,000)	(1,100,000)	(700,000)
Net cash from (used in) financing activities	(979,783)	1,255,985	(915,000)	670,749
Increase (decrease) in translation adjustments	31,620	(26,329)	-	-
Net increase in cash and cash equivalents	61,196	145,599	3,025	601
Cash and cash equivalents at beginning of period	137,599	146,767	18,659	15,330
Effect of change in foreign exchange rate on cash at banks	(311)	(416)	-	-
Cash and cash equivalents at end of period	198,484	291,950	21,684	15,931

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Supplemental disclosures of cash flows information				
Non-cash related transactions				
Decrease in short-term loans from non-controlling interests of the subsidiary and interest payable from debt conversion	-	(58,639)	-	-
Decrease in payable for purchasing of plant and equipment	(171,682)	(59,238)	-	-
Increase (decrease) in payable for purchasing of intangible assets	(1,355)	90	-	-
Increase (decrease) in retention payable	(3,792)	4,323	-	-
Transfer property, plant and equipment to investment properties	7,424	-	-	-

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
	Note	Issued and fully paid-up share capital	Share premium	Surplus on combination under common control	Surplus on changes in percentage of shareholding in local subsidiary	Deficit on changes in percentage of shareholding in overseas subsidiary	Retained earnings		Other components of equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
							Appropriated - statutory reserve	Unappropriated				
Balance as at 1 January 2018		1,000,000	3,962,980	323,216	108,959	-	100,000	1,674,589	(55,960)	7,113,784	(108,479)	7,005,305
Profit for the period		-	-	-	-	-	-	645,716	-	645,716	(152,296)	493,420
Other comprehensive income for the period		-	-	-	-	-	-	-	(28,319)	(28,319)	(3,913)	(32,232)
Total comprehensive income for the period		-	-	-	-	-	-	645,716	(28,319)	617,397	(156,209)	461,188
Dividend paid	23	-	-	-	-	-	-	(700,000)	-	(700,000)	-	(700,000)
Effect of additional call up for the shares of subsidiary		-	-	-	-	-	-	-	-	-	72,696	72,696
Effect of change in percentage of shareholding in overseas subsidiary		-	-	-	-	(368,686)	-	-	-	(368,686)	427,325	58,639
Balance as at 30 September 2018		<u>1,000,000</u>	<u>3,962,980</u>	<u>323,216</u>	<u>108,959</u>	<u>(368,686)</u>	<u>100,000</u>	<u>1,620,305</u>	<u>(84,279)</u>	<u>6,662,495</u>	<u>235,333</u>	<u>6,897,828</u>
Balance as at 1 January 2019		1,000,000	3,962,980	323,216	108,959	(368,686)	100,000	2,140,042	(89,678)	7,176,833	187,876	7,364,709
Profit for the period		-	-	-	-	-	-	1,703,625	-	1,703,625	(30,772)	1,672,853
Other comprehensive income for the period		-	-	-	-	-	-	-	(10,372)	(10,372)	813	(9,559)
Total comprehensive income for the period		-	-	-	-	-	-	1,703,625	(10,372)	1,693,253	(29,959)	1,663,294
Dividend paid	23	-	-	-	-	-	-	(1,100,000)	-	(1,100,000)	-	(1,100,000)
Balance as at 30 September 2019		<u>1,000,000</u>	<u>3,962,980</u>	<u>323,216</u>	<u>108,959</u>	<u>(368,686)</u>	<u>100,000</u>	<u>2,743,667</u>	<u>(100,050)</u>	<u>7,770,086</u>	<u>157,917</u>	<u>7,928,003</u>

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

(Unaudited but reviewed)

Carabao Group Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

		Separate financial statements					
				Surplus on			
				changes in			
		Issued and		percentage of	Retained earnings		
		fully paid-up		shareholding	Appropriated -		
		share capital	Share premium	in local subsidiary	statutory reserve	Unappropriated	Total
Note							
	Balance as at 1 January 2018	1,000,000	3,962,980	108,959	100,000	764,110	5,936,049
	Profit for the period	-	-	-	-	255,670	255,670
	Other comprehensive income for the period	-	-	-	-	-	-
	Total comprehensive income for the period	-	-	-	-	255,670	255,670
	Dividend paid	-	-	-	-	(700,000)	(700,000)
23		-	-	-	-	-	-
	Balance as at 30 September 2018	<u>1,000,000</u>	<u>3,962,980</u>	<u>108,959</u>	<u>100,000</u>	<u>319,780</u>	<u>5,491,719</u>
	Balance as at 1 January 2019	1,000,000	3,962,980	108,959	100,000	836,313	6,008,252
	Profit for the period	-	-	-	-	429,345	429,345
	Other comprehensive income for the period	-	-	-	-	-	-
	Total comprehensive income for the period	-	-	-	-	429,345	429,345
	Dividend paid	-	-	-	-	(1,100,000)	(1,100,000)
23		-	-	-	-	-	-
	Balance as at 30 September 2019	<u>1,000,000</u>	<u>3,962,980</u>	<u>108,959</u>	<u>100,000</u>	<u>165,658</u>	<u>5,337,597</u>

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

Carabao Group Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month and nine-month periods ended 30 September 2019

1. General information

1.1 Corporate information

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

1.2 Basis for the preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2016) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

These consolidated interim financial statements include the financial statements of Carabao Group Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018. There have been no changes in the composition of the subsidiaries during the current period.

1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

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

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

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

The Company and its subsidiaries adopted TFRS 15 using the full retrospective method of adoption.

The cumulative effect of the change is described in Note 2.

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

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

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

TFRS 16 Leases

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

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

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

1.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018, except for the change in the accounting policies due to the adoption of TFRS 15, Revenue from Contracts with Customers, as follow:

Revenue recognition

Sale of goods

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

2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standard

As described in Note 1.4 to the financial statements, during the current period, the Company and its subsidiaries have adopted TFRS 15 using the full retrospective method of adoption. The cumulative effect of the change in accounting policy has no impact to the statement of financial position and changes in shareholders' equity.

(Unaudited but reviewed)

The amounts of the adjustments affecting the income statement for the three-month and nine-month periods ended 30 September 2018 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the three-month period ended 30 September 2018	For the nine-month period ended 30 September 2018
	Decrease	Decrease
Income statement		
Revenue from contracts with customers	11,432	33,580
Selling and distribution expenses	11,432	33,580

The nature of the adjustments are from promotion expenses which the subsidiaries have to recognise such promotion expenses consider certain promotion expenses as variable consideration. The subsidiaries have to recognise such promotion expenses as deduction from sales. Previously such promotion expenses were recognised as selling expenses.

3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer Pricing Policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Management income	-	-	70	64	Contract price
Interest income	-	-	23	34	Contract price
Rental and service expenses	-	-	1	1	Contract price
Other income	-	-	-	1	Market price
<u>Transactions with individuals or related parties</u>					
Purchase of goods	318	225	-	-	Market price
Sales of goods	224	136	-	-	Market price
Rental and service expenses	11	-	-	-	Contract price
Promotion expenses	4	5	-	-	Contract price/ Mutually agreed prices
Service income	2	2	-	-	Contract price
Rental income	1	1	-	-	Contract price
Other income	1	2	-	-	Market price/ Mutually agreed prices

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from the consolidated financial statements)					
Dividend income	-	-	370	204	At the declared rate
Management income	-	-	210	191	Contract price
Interest income	-	-	72	97	Contract price
Rental and service expenses	-	-	3	3	Contract price
Other income	-	-	-	2	Market price
<u>Transactions with individuals or related parties</u>					
Purchase of goods	854	605	-	-	Market price
Sales of goods	534	171	-	-	Market price
Rental and service expenses	23	-	-	-	Contract price
Promotion expenses	12	12	-	-	Contract price/ Mutually agreed prices
Service income	6	6	-	-	Contract price
Rental income	4	4	-	-	Contract price
Other expenses	3	3	-	-	Mutually agreed prices
Other income	3	3	-	-	Market price/ Mutually agreed prices

(Unaudited but reviewed)

The balances of the accounts as at 30 September 2019 and 31 December 2018 between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
<u>Trade and other receivables - related parties</u>				
(Note 5)				
Subsidiaries	-	-	319	4,889
Related companies				
(related by shareholders and directors)	346,501	92,532	-	-
Total trade and other receivables - related parties	<u>346,501</u>	<u>92,532</u>	<u>319</u>	<u>4,889</u>
<u>Dividend receivable from related party</u>				
Subsidiary	-	-	-	479,998
Total dividend receivable from related party	<u>-</u>	<u>-</u>	<u>-</u>	<u>479,998</u>
<u>Other long-term receivable - related party</u>				
Subsidiary	-	-	26,172	26,172
Total other long-term receivable - related party	<u>-</u>	<u>-</u>	<u>26,172</u>	<u>26,172</u>
<u>Trade and other payables - related parties</u>				
(Note 14)				
Related companies				
(related by shareholders and directors)	33,061	32,301	-	-
Total trade and other payables - related parties	<u>33,061</u>	<u>32,301</u>	<u>-</u>	<u>-</u>
<u>Deposits received from rental - related parties</u>				
Related companies				
(related by shareholders and directors)	3,230	3,108	-	-
Total deposits received from rental - related parties	<u>3,230</u>	<u>3,108</u>	<u>-</u>	<u>-</u>

As at 30 September 2019 and 31 December 2018, 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)

		Separate financial statements				
	Related by	Balance as at 31 December 2018	Increase during the period	Decrease during the period	Gain (loss) on exchange	Balance as at 30 September 2019
Loans to related parties						
Carabao Tawandang Co., Ltd.	Subsidiary	3,585,000	1,612,000	(1,882,000)	-	3,315,000
Asia Pacific Glass Co., Ltd.	Subsidiary	57,000	-	(57,000)	-	-
Intercarabao Limited	Subsidiary	324,894	-	(325,840)	946	-
Carabao Trading (Hong Kong) Limited	Subsidiary	29,042	-	-	(2,923)	26,119
Total		3,995,936	1,612,000	(2,264,840)	(1,977)	3,341,119

As at 30 September 2019, short-term loans to related parties are in form of promissory notes which charged interest rate at 2.8 percent per annum (31 December 2018: 2.8 percent per annum).

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	39	36	39	36
Post-employment benefits	1	1	1	1
Total	40	37	40	37

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	111	115	111	115
Post-employment benefits	2	3	2	3
Total	113	118	113	118

Guarantee obligation

As at 30 September 2019, the Company has guarantee obligations on credit facilities of the two subsidiaries, as described in Note 24.5.1 to the financial statements and guarantee obligations on long-term loan of a subsidiary, as described in Note 24.5.2 to the financial statements.

4. Cash and cash equivalents

	(Unit: Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Cash	210	220	10	10
Bank deposits	183,274	137,379	21,674	18,649
Call deposit receipts	15,000	-	-	-
Total cash and cash equivalents	<u>198,484</u>	<u>137,599</u>	<u>21,684</u>	<u>18,659</u>

As at 30 September 2019, bank deposits in savings accounts and call deposit receipts carried interest between 0.05 and 1.20 percent per annum (31 December 2018: between 0.01 and 0.63 percent per annum).

5. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	131,676	75,934	-	-
Past due				
Not over 3 months	212,172	12,219	-	-
Total trade receivables - related parties	343,848	88,153	-	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	779,639	590,517	-	-
Past due				
Not over 3 months	155,502	73,096	-	-
3 - 6 months	4,485	23,061	-	-
6 - 12 months	4,135	13,857	-	-
Over 12 months	28,737	4,217	-	-
Total trade receivables - unrelated parties	972,498	704,748	-	-
Less: Allowance for doubtful debts	(14,368)	(7,223)	-	-
Total trade receivables - unrelated parties - net	958,130	697,525	-	-
Total trade receivables - net	1,301,978	785,678	-	-
<u>Other receivables</u>				
Other receivables - related parties	2,364	3,859	32	78
Other receivables - unrelated parties	3,839	4,055	13	-
Accrued income - related parties	289	520	287	4,811
Accrued income - unrelated parties	98	94	-	-
Prepaid expenses	97,431	107,687	1,519	1,851
Advances	5,746	1,778	-	-
Excise tax receivables	168	610	-	-
Others	612	2,314	-	-
Total other receivables	110,547	120,917	1,851	6,740
Total trade and other receivables	1,412,525	906,595	1,851	6,740

6. Reduction of inventory to net realisable value

Movements in reduction of inventory to net realisable value account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 31 December 2018	8,620
Reduction of inventory value during the period	1,765
Written-off due to inventory destruction	(844)
Translation adjustment	(355)
Balance as at 30 September 2019	<u>9,186</u>

7. Other current assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
VAT receivable	530,713	523,636	-	-
Undue input VAT	4,674	9,250	14	20
Supplies for market promotion	6,109	7,300	-	-
Withholding tax deducted at sources	488	11	-	-
Others	6,633	5,662	-	-
Total other current assets	<u>548,617</u>	<u>545,859</u>	<u>14</u>	<u>20</u>

8. Investments in subsidiaries

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

Company's name	Nature of business	Paid-up capital		Percentage of shareholding		Cost method		Dividend received during the nine-month periods ended	
		30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	31 December 2018	30 September 2019	30 September 2018
		(Thousand Baht)	(Thousand Baht)	(Percent)	(Percent)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Local subsidiaries									
Carabao Tawandang Co., Ltd.	Manufacture and distribution of beverage	300,000	300,000	100	100	408,958	408,958	239,999	203,999
Asia Pacific Glass Co., Ltd.	Manufacture and distribution of glass bottles and products	1,299,998	1,299,998	100	100	1,299,998	1,299,998	130,000	-
Tawandang DCM Co., Ltd.	Distribution management	100,000	100,000	100	100	99,998	99,998	-	-
Asia Can Manufacturing Co., Ltd.	Manufacture and distribution of aluminum can	700,000	700,000	74	74	518,000	518,000	-	-
Overseas subsidiaries									
Carabao Holdings (Hong Kong) Limited	Investment	USD 83.6 million	USD 60.5 million	100	100	2,769,468	2,036,141	-	-
Carabao Trading (Hong Kong) Limited	Trading business in overseas	USD 50,000	USD 50,000	100	100	1,758	1,758	-	-
Total						<u>5,098,180</u>	<u>4,364,853</u>	<u>369,999</u>	<u>203,999</u>

8.1 On 7 January 2019, the meeting of the Board of Directors of Carabao Holdings (Hong Kong) Limited (CHHK) (a subsidiary) pass a resolution to increase its registered share capital from USD 60.5 million to USD 78.4 million (increase USD 17.9 million). The Company had already made the payment for share subscription. Such subsidiary registered the share capital increase on 7 January 2019.

On 28 June 2019, the meeting of the Board of Directors of Carabao Holdings (Hong Kong) Limited (CHHK) (a subsidiary) pass a resolution to increase its registered share capital from USD 78.4 million to USD 83.6 million (increase USD 5.2 million). The Company had already made the payment for share subscription. Such subsidiary registered the share capital increase on 28 June 2019.

8.2 On 8 January 2019, the meeting of the Board of Directors of Intercarabao Limited (ICUK) (a subsidiary) pass a resolution to increase its registered share capital from GBP 54.6 million to GBP 74.6 million (increase GBP 20.0 million or EUR 22.3 million). Such subsidiary registered the share capital increase on 8 January 2019.

On 8 January 2019, CVHLUX purchase the additional ordinary shares of ICUK of GBP 20.0 million or EUR 22.3 million and had partially made the payment for such share subscription totaling GBP 13.9 million.

On 26 June 2019, the meeting of the Board of Directors of Intercarabao Limited (ICUK) pass a resolution to additional call up the remaining amount of its registered share capital of GBP 4.1 million. CVHLUX paid for the share subscription on 28 June 2019.

9. Investment properties

Movement of the investment properties account during the nine-month period ended 30 September 2019 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 31 December 2018	99,968
Transfer from property, plant and equipment	7,424
Depreciation for the period	(3,108)
Net book value as at 30 September 2019	<u>104,284</u>

13. Short-term loans from financial institutions

The short-term loans from financial institutions carry interest at a reference fix loan rate of commercial banks. The loans are unsecured loans and no any certain conditions of restrictions stipulated in the agreements.

14. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Trade payables - related parties	19,367	20,165	-	-
Trade payables - unrelated parties	531,742	932,403	-	-
Other payables - related parties	3,138	11,814	-	-
Other payables - unrelated parties	224,018	318,916	39,445	9,585
Accrued expenses - related parties	10,556	322	-	-
Accrued expenses - unrelated parties	569,735	329,382	83,820	30,769
Accrued excise tax	174,120	162,611	-	-
Advance received	64,051	34,290	-	-
Total trade and other payables	1,596,727	1,809,903	123,265	40,354

15. Long-term loans from financial institutions

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	30 September 2019	31 December 2018
Long-term loans	1,436,500	1,679,950
Less: Portion due within one year	(321,000)	(401,250)
Long-term loans - net of current portion	1,115,500	1,278,700

During the nine-month period ended 30 September 2019, movements in long-term loans from financial institutions are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 31 December 2018	1,679,950
Add: Increase during the period	55,050
Less: Paid during the period	(298,500)
Balance as at 30 September 2019	1,436,500

On 2 June 2017, a subsidiary had entered into long-term loan agreement with a financial institution with a given credit facilities of Baht 1,500 million, which the last drawn down period is within the last working day of March 2018. The interest is charged at the Minimum Loan Rate (MLR) reference rate minus fix rate per annum. The loan is repayable in 12 periods by 3-months installments, with the first of these due in June 2019. This long-term loan is secured by the Company (as mentioned in note 24.5.2). The long-term loan agreement contains conditions that require the subsidiary to comply with certain conditions and restrictions stipulated in the agreement, i.e. to maintain the consolidated financial statements' debt to equity ratio at the rate prescribed in the agreement. As at 30 September 2019, such subsidiary had outstanding long-term loan of Baht 30 million (31 December 2018: Baht 280 million).

On 12 July 2017, a subsidiary had entered into long-term loan agreement with a financial institution with a given credit facilities of Baht 1,455 million, which the last drawn down period is within 28 December 2018. The interest charged is at the fixed rate for the first 2 years and the Minimum Loan Rate (MLR) reference rate minus fix rate per annum for the following years. The loan is repayable in 1-month installments over a period of 5 years, with the first of these due in August 2019. This long-term loan is unsecured. The long-term loan agreement contains conditions that require the subsidiary to comply with certain conditions and restrictions stipulated in the agreement, i.e. to maintain the subsidiary's debt to equity ratio at the rate prescribed in the agreement. Subsequently, on 21 January 2019, such subsidiary entered into an amendment to the agreement, extending the last drawn down period from 28 December 2018 to 31 January 2019. As at 30 September 2019, such subsidiary had outstanding long-term loan of Baht 1,407 million (31 December 2018: Baht 1,400 million).

16. Debentures

	Interest rate	Maturity date	(Unit: Thousand Baht)	
			Consolidated/separate	
			financial statements	
	(Percent)		30 September 2019	31 December 2018
No. 1/2018 - Series 1	2.23	15 June 2020	1,700,000	1,700,000
- Series 2	2.42	15 June 2021	720,000	720,000
No. 2/2018	2.42	15 June 2021	370,000	370,000
Total			2,790,000	2,790,000
Less: Deferred transaction costs			(2,434)	(4,080)
Total debentures			2,787,566	2,785,920
Less: Portion due within one year			(1,699,094)	-
Debentures - net of current portion			1,088,472	2,785,920

During the nine-month period ended 30 September 2019, movement in debentures are summarised below.

	(Unit: Thousand Baht)
	Consolidated/ separate financial statements
Balance as at 31 December 2018	2,785,920
Add: Amortisation of transaction costs for debentures issuance during the period	1,646
Balance as at 30 September 2019	<u>2,787,566</u>

These debentures are in the name of specific holders, unsubordinated and unsecured.

These debentures contain a covenant that require the Company to maintain financial ratio, i.e. to maintain the consolidated financial statements' debt to equity ratio at the rate prescribed.

17. Provision for long-term employee benefits

During the nine-month period ended 30 September 2019, movements in the provision for long-term employee benefits, which were employee retirement benefits, are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 31 December 2018	109,049	61,543
Current service cost	9,196	2,754
Interest cost	1,513	447
Past service cost	8,567	211
Balance as at 30 September 2019	<u>128,325</u>	<u>64,955</u>

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 8.6 million (The Company only: Baht 0.2 million) as a result. The Company and its subsidiaries reflected the effect of the change by recognising past service costs as expenses in income statement of this period.

(Unaudited but reviewed)

18. Revenue from contracts with customers

(Unit: Thousand Baht)

For the three-month periods
ended 30 September

	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
		(Restated)
Revenue from sales of energy drinks	3,370,778	3,194,911
Revenue from sales of products under Carabao's trademark	121,966	175,423
Revenue from other products	351,458	233,722
Others	17,722	22,649
Total revenue from contracts with customers - recognised at a point in time	<u>3,861,924</u>	<u>3,626,705</u>

(Unit: Thousand Baht)

For the nine-month periods
ended 30 September

	Consolidated financial statements	
	<u>2019</u>	<u>2018</u>
		(Restated)
Revenue from sales of energy drinks	9,565,158	9,156,302
Revenue from sales of products under Carabao's trademark	410,852	639,503
Revenue from other products	957,081	748,625
Others	43,124	37,481
Total revenue from contracts with customers - recognised at a point in time	<u>10,976,215</u>	<u>10,581,911</u>

19. Other income

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Rental and service income	16,351	17,826	-	-
Scrap sales income	3,027	3,897	-	-
Income from sales and trade-off premium goods	1,096	2,183	-	-
Gain on sales fixed assets	2,468	1,182	-	-
Interest income	55	8	22,816	33,388
Management income	-	-	70,050	63,600
Others	5,281	3,511	98	189
Total others income	28,278	28,607	92,964	97,177

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Rental and service income	52,538	52,330	-	-
Scrap sales income	9,714	11,103	-	-
Income from sales and trade-off premium goods	2,505	5,113	-	-
Gain on sales fixed assets	2,240	2,912	-	-
Interest income	670	670	72,182	96,776
Management income	-	-	210,150	190,800
Others	16,505	17,824	445	1,518
Total others income	84,172	89,952	282,777	289,094

20. Income tax

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

Income tax expenses for the three-month and nine-month periods ended 30 September 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	168,005	91,203	4,750	2,350
Deferred tax:				
Relating to origination and reversal of temporary differences	(647)	(7,097)	(328)	(214)
Income tax expenses reported in the income statements	<u>167,358</u>	<u>84,106</u>	<u>4,422</u>	<u>2,136</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	389,196	256,248	15,849	13,035
Deferred tax:				
Relating to origination and reversal of temporary differences	13,439	(11,118)	(1,012)	(124)
Income tax expenses reported in the income statements	<u>402,635</u>	<u>245,130</u>	<u>14,837</u>	<u>12,911</u>

21. Earnings per share

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

	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the periods attributable to equity holders the Company (Thousand Baht)	732,016	255,250	17,712	8,603
Weighted average number of ordinary shares (Thousand shares)	1,000,000	1,000,000	1,000,000	1,000,000
Earnings per share (Baht/share)	0.73	0.26	0.02	0.01

	For the nine-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit for the periods attributable to equity holders the Company (Thousand Baht)	1,703,625	645,716	429,345	255,670
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)	1.70	0.65	0.43	0.26

22. Segment information

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

The following table presents revenue and profit information regarding the Company and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2019 and 2018.

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements										
For the three-month periods ended 30 September										
	Manufacture and distribution of energy drinks		Manufacture and distribution of products under Carabao's trademark		Distribution of other products		Others		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Revenue										
Revenue from external customers	3,371	3,195	122	176	351	234	18	22	3,862	3,627
Segment gross profit	1,538	1,140	18	24	29	24	9	8	1,594	1,196
Others income									28	29
Selling and distribution expenses									(488)	(692)
Administrative expenses									(181)	(200)
Other expenses									(26)	(19)
Finance cost									(34)	(25)
Profit before income tax expenses									893	289
Income tax expenses									(167)	(84)
Profit for the period									726	205

(Unit: Million Baht)

Consolidated financial statements										
For the nine-month periods ended 30 September										
	Manufacture and distribution of energy drinks		Manufacture and distribution of products under Carabao's trademark		Distribution of other products		Others		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Revenue										
Revenue from external customers	9,565	9,156	411	640	957	749	43	37	10,976	10,582
Segment gross profit	4,038	3,176	54	65	83	80	18	12	4,193	3,333
Others income									84	90
Selling and distribution expenses									(1,499)	(2,012)
Administrative expenses									(567)	(587)
Other expenses									(33)	(10)
Finance cost									(102)	(76)
Profit before income tax expenses									2,076	738
Income tax expenses									(403)	(245)
Profit for the period									1,673	493

Geographic information

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

	(Unit: Million Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
		(Restated)		(Restated)
Revenue from external customers				
Domestic				
Thailand	2,088	2,028	5,800	5,792
Overseas				
CLMV group	1,472	1,355	4,192	3,944
China	171	116	411	520
United Kingdom	12	40	41	103
Others	119	88	532	223
Total	<u>3,862</u>	<u>3,627</u>	<u>10,976</u>	<u>10,582</u>

During the nine-month period ended 30 September 2019, the Company and its subsidiaries had revenue from domestic sales at 53 percent and revenue from overseas sales at 47 percent (2018: revenue from domestic sales at 55 percent and revenue from overseas sales at 45 percent).

Major customers

During the nine-month period ended 30 September 2019, the Company and its subsidiaries had revenue with 2 major customers with revenue of 10 percent or more than of its consolidated revenue (2018: 1 major customer).

23. Dividend

Dividend	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>The Company</u>				
<u>For the year 2019</u>				
Dividend from 2018 income	Annual General Meeting of the Shareholders on 23 April 2019	600	0.6	May 2019
Interim dividend	Board of directors' meeting of the Company on 8 August 2019	500	0.5	September 2019
Total dividend for 2019		1,100		
<u>For the year 2018</u>				
Dividend from 2017 income	Annual General Meeting of the Shareholders on 25 April 2018	500	0.5	May 2018
Interim dividend	Board of directors' meeting of the Company on 10 August 2018	200	0.2	September 2018
Total dividend for 2018		700		
<u>Subsidiaries</u>				
<u>For the year 2019</u>				
Interim dividend	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 10 May 2019	240	80.0	September 2019
Interim dividend	Board of directors' meeting of Asia Pacific Glass Co., Ltd. on 10 May 2019	130	10.0	September 2019
Total dividend for 2019		370		
<u>For the year 2018</u>				
Interim dividend	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 9 May 2018	204	68.0	September 2018
Total dividend for 2018		204		

24. Commitments and contingent liabilities

24.1 Capital commitments

As at 30 September 2019, the subsidiaries had capital commitments, relating to the construction of factory buildings and acquisition of machinery as follows:

	(Unit: Million) Consolidated <u>financial statements</u>
Foreign currencies:	
Thai Baht	23.0
Yen	2.6
Euro	0.1

24.2 Operating lease and service commitments

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

As at 30 September 2019, the 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)	
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
Payable:		
In up to 1 year	130.3	2.8
In over 1 year and up to 5 years	68.7	0.9

24.3 Significant agreements with related parties

24.3.1 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 Co., Ltd. agreed to be a sole distributor of Carabao Tawandang Co., Ltd.'s beverage. The agreement is effective for a period of 10 years, to be expired on 14 October 2022 and renewable every 5 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.

24.3.2 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 stipulated in the agreement. This agreement is effective since the date on the agreement unless cancelled by either party.

24.3.3 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 3 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.

24.3.4 On 25 January 2018, the Company entered into a technical assistance and management agreement with a subsidiary. The agreement is effective since 1 November 2017 unless cancelled by either party. Under the condition of this agreement, the Company receives a monthly service fee of Baht 1.2 million.

On 20 March 2019, the Company entered into a technical assistance and management agreement with other three subsidiaries. The agreements are effective for a period of 3 years between 1 January 2019 and 31 December 2021. Under the condition of this agreement, the Company receives a monthly service fee of Baht 22.2 million. Subsequently, the Company agreed to change the expiration date of the agreement from 31 December 2021 to 31 December 2019.

24.3.5 Carabao Tawandang Co., Ltd. (a subsidiary) entered into a rental and service agreement with the Company, two subsidiaries, and three related companies. The agreement is effective for a period of 3 years. Under conditions of this agreement, Carabao Tawandang Co., Ltd. receives a monthly rental and service income of Baht 1.7 million.

- 24.3.6 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 or unless cancelled by either party. 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.
- 24.3.7 Tawandang DCM Co., Ltd. (a subsidiary) entered into an agency agreement with three related companies whereby the Tawandang DCM Co., Ltd. agreed to be a sole distributor of such three related companies' products. The agreement is effective for a period of 1 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.
- 24.3.8 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 9 years, to be expired on 19 October 2025.
- 24.3.9 On 1 July 2017, Asia Can Manufacturing Co., Ltd. (a subsidiary) entered into license agreement for using the knowhow for manufacturing with an unrelated company in overseas. This agreement is effective since the date on the agreement unless cancelled by either party. Under the condition of this agreement, such subsidiary has already paid for such license fee of Baht 50 million. In addition, such subsidiary is obliged to pay a royalty fee in quarterly basis at a rate specified in the agreement.
- 24.3.10 On 1 September 2017, Asia Pacific Glass Co., Ltd. (a subsidiary) entered into a land lease agreement with Asia Can Manufacturing Co., Ltd. (another subsidiary). The agreement is effective for a period of 30 years, to be expired on 31 August 2047 and renewable. Under the conditions of this agreement, Asia Pacific Glass Co., Ltd. received rental in advance of Baht 50 million.
- 24.3.11 Carabao Tawandang Co., Ltd. (a subsidiary) and Tawandang DCM Co., Ltd., (another subsidiary), entered into car rental agreements for transportation with a related company. The agreements are effective for a period of 5 years. Under the condition of this agreement, the subsidiaries have obliged to pay a fee of Baht 1.5 million per month.

24.4 Sponsorship agreement

24.4.1 On 16 July 2015 and 1 April 2016, Carabao Tawandang Co., Ltd. (a subsidiary) entered into 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, respectively. As at 30 September 2019, such subsidiary is obliged to pay total fee of Baht 5 million to the football clubs under conditions of this agreement.

24.4.2 On 18 November 2015, Carabao Tawandang Co., Ltd. (a subsidiary) and an unrelated company in overseas 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 3 years between 1 May 2016 and 30 June 2019.

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.

On 27 April 2017, such 3 subsidiaries entered into an amendment to the agreement with respect to the marketing right and sponsorship fee. The subsidiaries obtained a special condition to extend the period of the agreement from 3 years to 5 years, expiring on 30 June 2021, with additional fee totaling Pound 3 million. However, the marketing right in year 4 - 5 will be decreased from Principal Partner to be Global Sponsorship.

As at 30 September 2019, Carabao Tawandang Co., Ltd. and 2 overseas subsidiaries are obliged to pay a fee of Pound 1.7 million and Pound 2.9 million, respectively, to the football club under conditions of this agreement.

24.4.3 On 16 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 3 years between 1 June 2016 and 31 May 2019.

24.4.4 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 3 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 3 years between 1 June 2017 and 31 May 2020.

On 30 March 2018, Carabao Venture Holdings (Luxembourg) S.à r.l. has entered into an amendment to the agreement to transfer its rights and obligations under the sponsorship agreement with The Football League Limited to Intercarabao Limited (another subsidiary) and Carabao Tawandang Co., Ltd. (another subsidiary). The agreement is effective on 30 March 2018 onwards.

On 22 May 2019, the subsidiaries have entered into an amendment to the agreement to extend a period under the sponsorship agreement with The Football League Limited over a period of 2 seasons (from 2020/2021 Season to 2021/2022 Season). The subsidiaries are obliged to pay a fee to such company under the terms and conditions specified in this agreement. The agreement is effective from the date on the agreement until 31 May 2022.

24.5 Guarantees

24.5.1 As at 30 September 2019, the Company has guaranteed for credit facilities, in form of letter of credit and forward contract, of Carabao Tawandang Co., Ltd. (a subsidiary) and Asia Pacific Glass Co., Ltd. (another subsidiary) amounting to Baht 1,100 million.

24.5.2 As at 30 September 2019, the Company has guaranteed long-term loan of Carabao Tawandang Co., Ltd. (a subsidiary) with a given credit facility of Baht 1,500 million.

24.5.3 As at 30 September 2019, the subsidiaries have outstanding bank guarantees of approximately Baht 42.2 million issued by banks on behalf of the subsidiaries to guarantee the use of electricity and natural gas, and the submission of excise tax.

25. Financial instruments**Foreign currency risk**

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions and services that are denominated in foreign currencies.

The balances of financial assets and liabilities denominated in foreign currencies as at 30 September 2019 are summarised below.

Foreign currencies	Consolidated		Separate		Average exchange rate	
	financial statements		financial statements		Bought	Sold
	Financial assets	Financial liabilities	Financial assets	Financial liabilities		
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	9.8	1.0	-	-	30.4176	30.7661
Euro	0.6	0.3	0.8	-	33.0624	33.7905
Pound sterling	0.2	-	-	-	37.1635	38.0369
Yen	-	11.0	-	-	0.2796	0.2873
Hong Kong dollar	-	0.5	-	-	3.8620	3.9453
Yuan	-	0.5	-	-	4.2312	4.3551

26. Events after the reporting period

On 3 October 2019, the meeting of the Board of Directors of Intercarabao Limited (ICUK) pass a resolution to additional call up the remaining amount of its registered share capital of GBP 1.9 million. CVHLUX paid for the share subscription on 9 October 2019.

On 9 October 2019, the meeting of the Board of Directors of Carabao Holdings (Hong Kong) Limited (CHHK) (a subsidiary) pass a resolution to increase its registered share capital from USD 83.6 million to USD 85.9 million (increase USD 2.3 million). The Company had already made the payment for share subscription. Such subsidiary registered the share capital increase on 9 October 2019.

27. Approval of financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 8 November 2019.