



สินค้าระดับโลก แบรนด์ระดับโลก

ANNUAL REPORT 2018
CARABAO GROUP PUBLIC COMPANY LIMITED



A.P.G.
ASIA PACIFIC GLASS

ASA CARMANUFACTURING CO., LTD.
บริษัท อาเซีย แคร์มัฟเตอร์ จำกัด

A.C.M.

ASA CARMANUFACTURING CO., LTD.
บริษัท อาเซีย แคร์มัฟเตอร์ จำกัด



VISION

WORLD CLASS PRODUCT, WORLD CLASS BRAND

MISSION

1. People: Develop our people with good attitude, willingness to learn, innovation, accountability
2. Work System: Execute with concise and international standard work system
3. Organization & Management: Operate with clear objective and understandable responsibility, proper organization structure, and project-based approach
4. Technology: Embed technology and innovation in our processes through production, management, sustainability development
5. Product: Produce quality and well-known world class product
6. Brand: Be wealthy and modern world class brand
7. Corporate Image: Be known as world class organization with good governance and social responsibility

LONG-TERM GOALS

1. Within 2020, the company aims to be number one in the domestic market with a 35% market share.
2. Drive sales to reach the top three in the international market (targeted countries).
3. Expand the market to all continents and differentiate itself from competitors with innovation in production, marketing and administration.



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Message From Chairman

In 2018, Thai economy grew by 4.1 percent, which was the highest rate in six-year period. This was the result of the private consumption and investment as the main mechanism that drove the economic growth. Operating result of our conglomerate for the accounting year ending on 31st December 2018 constantly increased for both domestic and international businesses, with the total sales revenue of 14,463 million baht. This amount showed an increase of 1,558 million baht or 12.1 percent compared to the previous year. Meanwhile, the net profit of shareholders' equity was 1,159 million baht.

Even though the domestic market of energy drinks constantly declined in 2016-2017, it rebounded to show expansion at 0.2 percent in 2018. The outlook for 2019 expects that Thai economy will grow approximately 3.5-4.5 percent. This is a good sign for Carabao in increasing the domestic sales next year.

For the international market, Carabao Group (CBG) are determined to build the brand "Carabao" to be recognized worldwide by maintaining communication through the Football Platform. Organizing the EFL football tournament under the name of "Carabao Cup" with worldwide live broadcast and supporting the Chelsea Football Club have a positive impact on Carabao's brand recognition, and increase the opportunity to expand the market through new trading partners in foreign countries.

CBG has continuously followed the strategic plan with strong determination to bring the organization to the international level with the vision: "World class Product, World class Brand". To reach the goal in manufacturing products to meet international standards for both domestic and international distribution, the company has invested in integrated production base in Bangpakong District, Chachoengsao Province. The production base consists of the glass bottles manufacturing factory (APG) and aluminum cans manufacturing factory (ACM), which supply materials to the energy drinks manufacturing factory (CBD). In this regard, the company sets up the production system by using modern technology and machinery together with the management controlled by the computer system in every process. All of our factories are considered as one of the most modern factories in this region. At the same time, the company also takes into account the sustainable development of the organization. Therefore, the company focuses on developing quality of personnel within the organization and improves the organization to support the competition in the international market.

In the name of the board of directors, we would like to thank the supporters and shareholders for your support and trust, and our executives and staffs for your devotion in performing your duty with carefulness and adherence to the morality in accordance with the ethics and corporate governance. Lastly, may happiness and success be with you and your family always.

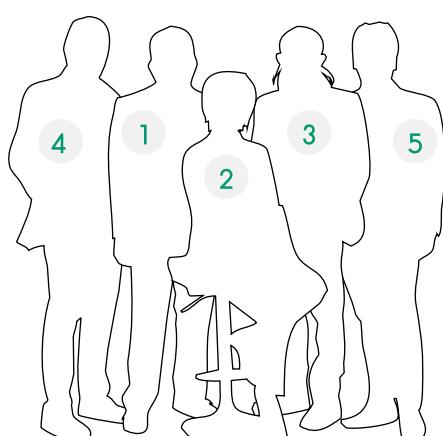


MR. SATHIEN SETTHASIT

Chairman of the Board of Director

CARABAO GROUP PUBLIC COMPANY LIMITED

Director of the Company



1 MR. SATHIEN SETTHASIT

Chairman of the Board of Director

2 MISS NUTCHAMAI THANOMBOONCHAROEN

Vice Chairman of the Board of Director

3 MR. YUENYONG OPAKUL

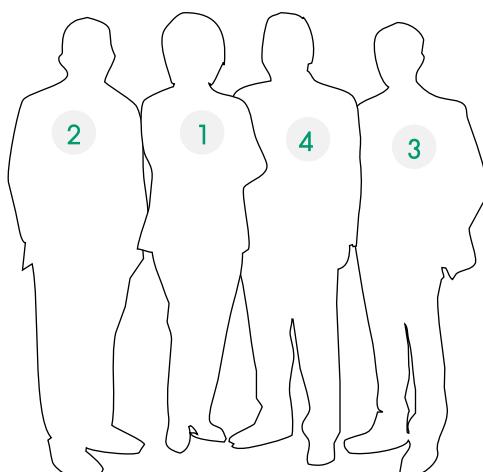
Director of the company

4 MR. KAMOLDIST SMUTHKOCHORN

Director of the company

5 MR. ROMTHAM SETTHASIT

Director of the company



1 MRS. SAOWANEE KAMOLBUTR

Chairman of Audit Committee (Independent Director)

2 MR. SANCHAI JULLAMON

Member of Audit Committee (Independent Director)

3 MR. KANIT PATSAMAN

Member of Audit Committee (Independent Director)

4 GENERAL SIRIPONGS VONGSKUNTI

Member of Audit Committee (Independent Director)

Director of the Company



1. MR. SATHIEN SETTHASIT

Chairman of the Board of Director
Chairman of Nomination and Remuneration Committee
Chairman of Executive Committee



2. MISS NUTCHAMAI THANOMBOONCHAROEN

Vice Chairman of the Board of Director
Member of Nomination and Remuneration Committee
Vice Chairman of Executive Committee
Vice Chairman of Risk Management Committee



3. MR. YUENYONG OPAKUL

Director of the company

Director of the Company



4. MR. KAMOLDIST SMUTHKOCHEORN

Director of the company
Member of Risk Management Committee
Member of Executive Committee

5. MR. ROMTHAM SETTHASIT

Director of the company





6. MRS. SAOWANEE KAMOLBUTR

Chairman of Audit Committee (Independent Director)
Vice Chairman of Nomination and Remuneration Committee
Member of Risk Management Committee
Director of the company



7. MR. SANCHAI JULLAMON

Member of Audit Committee (Independent Director)
Member of Nomination and Remuneration Committee
Director of the company

Director of the Company



8. MR. KANIT PATSAMAN

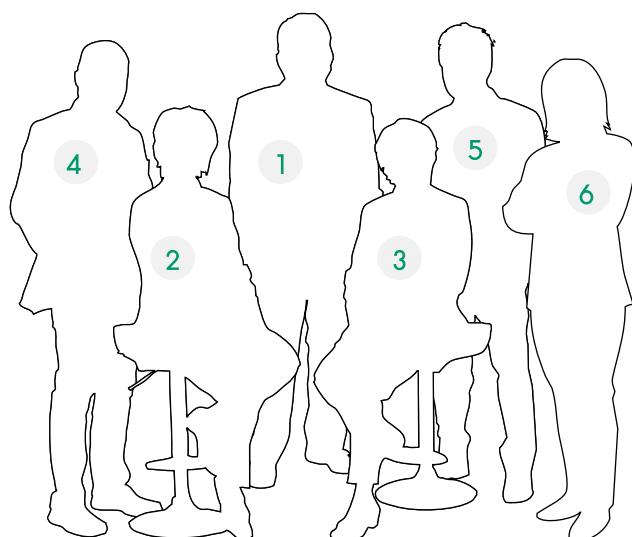
Member of Audit Committee (Independent Director)
Member of Nomination and Remuneration Committee
Member of Risk Management Committee
Director of the company



9. GENERAL SIRIPONGS VONGSKUNTI

Director of the company (Independent Director)

Executive Committee



1 MR. SATHIEN SETTHASIT

Chairman of the Executive Committee

2 MISS NUTCHAMAI THANOMBOONCHAROEN

Vice Chairman of Executive Committee

3 MRS. WONGDAO THANOMBOONCHAROEN

Member of Executive Committee

4 MR. KAMOLDIST SMUTHKOCHORN

Member of Executive Committee

5 MR. PONGSARN KLONGWATTANAKITH

Member of Executive Committee

6 MISS TIENTHAM SETTHASIT

Member of Executive Committee

Audit Committee



1. MRS. SAOWANEE KAMOLBUTR

Chairman of Audit Committee (Independent Director)



2. MR. SANCHAI JULLAMON

Member of Audit Committee (Independent Director)



3. MR. KANIT PATSAMAN

Member of Audit Committee (Independent Director)

Risk Management Committee

1. MRS. SAOWANEE KAMOLBUTR

Chairman of Risk Management Committee

3. MR. KANIT PATSAMAN

Member of Risk Management Committee

2. MISS NUTCHAMAI THANOMBOONCHAROEN

Vice Chairman of Risk Management Committee

4. MR. KAMOLDIST SMUTHKOCHEORN

Member of Risk Management Committee

6. MR. PONGSARN KLONGWATTANAKITH

Member of Risk Management Committee

7. MR. ANUPONG PONGSUWANNA

Member of Risk Management Committee

5. MISS TIENTHAM SETTHASIT

Member of Risk Management Committee

Management

1. MR. SATHIEN SETTHASIT

Chief Executive Officer

4. MR. KAMOLDIST SMUTHKOCHEORN

Deputy Managing Director

2. MISS NUTCHAMAI THANOMBOONCHAROEN

Managing Director

5. MR. ROMTHAM SETTHASIT

Deputy Managing Director

3. MR. YUENYONG OPAKUL

Senior Deputy Managing Director

6. MR. PONGSARN KLONGWATTANAKITH

Chief Financial Official



Thai economic
growth rate

▲ 4.1



Thai energy drink
market growth rate

▲ 0.2



Market share of
domestic energy drink

23.2%



Sales contribution
from overseas

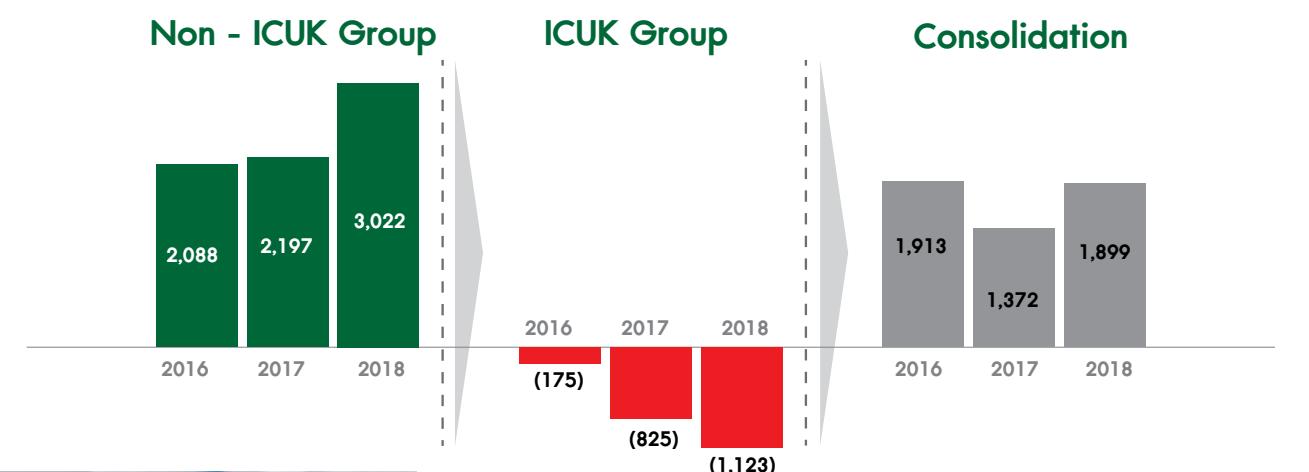
45%



Financial Highlights

In 2018, sales revenue was THB 14,463 million increased by THB 1,558 million or 12.1 percent thanks to the success in growing the business size both domestically and overseas. The Group's net profits was THB 960 million rose by THB 160 million of 19.9 percent, of which the net profits to shareholder's was THB 1,159 million decreased by THB 87 million or 7.0 percent due to the higher operating loss of ICUK and higher investment shareholdings in ICUK.

EBITDA (THB million)



Thai economic in 2018 ended with a growth rate at 4.1 percent thanks to the growth in private consumption and investments that has been accelerated quarter by quarter making the whole year growth rate at 4.6 percent and 3.8 percent, respectively, representing the new high over the past 6 years. The economy, in 2019, is participated to grow in the range of 3.5-4.5 percent driven by several factors not only improving households spending thanks to higher salary base, better employment rate but the momentum of private investments also continues its positive trend and the government also accelerates the disbursement in infrastructure spending, according to the Office of the National Economic and Social Development Council (NESDB).

Domestic energy drink market in 2018, on the other hand, showed an insignificant growth of 0.2 percent according to the marker survey data of The Nielsen Company (Thailand) Limited. This was driven by a part of energy drink segments which appeared to grow faster than the overall segment in total. This small group segment differentiated themselves by adding some certain ingredients, fruit flavor and herbs for example, that is in the trend among the health-conscious particularly young generation consumers.

Comparison of growth rate (%)	2015	2016	2017	2018
Thai economy	2.9	3.2	4.0	4.1
Private consumption	2.2	3.1	3.0	4.6
Thai energy drink market	1.0	(3.1)	(2.7)	0.2

Having been involved in a challenging and competitive market, the Group is aware of the pressure from direct competitors with similar product specifications and target groups as well as indirect entrepreneurs which offer alternative drinks in higher price per volume and target at different consumer groups as compared to the energy drink under Carabao Dang brand. The Group, in 2018, decided to launch the carbonated, canned energy drink in green apple flavor for the first time in Thailand coupled with the support of local broadcast of World Cup football in final round to expand target groups to the new generations and to freshen the brand image. On top of this, the Group plans to developed and launched further new products under Carabao trademark to build factors that will bring in sustaining growth upon its domestic business.

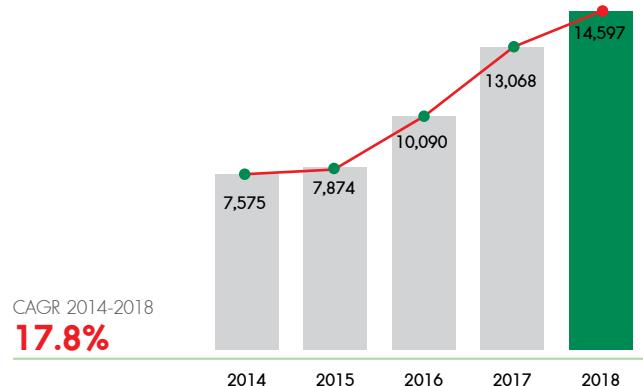
The strategy for domestic business aims to integrate operations of the sales activities in the value chains towards end consumers. This refers to a thorough and collaborated plans for managing sales support systems, online and offline media implementation, field marketing activities to approach targeted consumers, distribution network development plans at levels of wholesalers and retailers, and over 1,500 persons sales force of both on-ground marketing and cash vans teams which currently covers all prime trade areas. Meanwhile, overseas business is operated under aggressive business plan which are mutually discussed with trade partners and being supported for the marketing activities and promotions which are further required to build brand awareness and create product experience of products under Carabao brand, after having been connecting its brand image to football platform via the sponsorship of international football clubs and a match, to extend the consumer base as well as systematically expand distribution networks in not only in existing export markets but also potential countries in the future. **These sales and marketing policies are set forth to turn the point of sales into a network of collaborated distribution to maximize mutual benefits in the long-term.**

The Group's branded products under own manufacturing for both domestic and overseas markets particularly energy drinks showed an improvement in gross profit margin quarter by quarter throughout the year. This was led by a reduction in key raw material and packaging items as well as the modernized manufacturing facilities located in the single site that covers whole productions' value chain ranging from upstream activities i.e. production plants of amber-glass bottles and aluminum can to the finished goods manufacturing process via the bottling and filling plants. The Group, consequently, rely less on sourcing the glass bottles and aluminum cans from third parties and is enabled to better manage cost reduction to achieve economies of scales. All these new manufacturing facilities are completed and started their commercial operations in 2018.

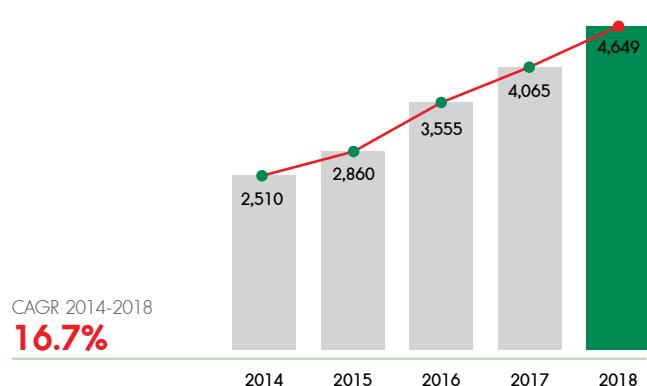
ICUK was able to gradually expand its penetration to cover more point of sales and developed and launched new product as a part of product differentiation strategy to extend the consumer base. This reflected in the monthly average volume sold in UK market that increased to 0.9 million cans from 0.6 million cans. Being a small scale entrepreneur, ICUK has still been under pressure of the high competition. The Group set policy for ICUK to manage its operations to achieve competitive returns on sales as aligning to the industry. In other words, ICUK will put effort in generating income from sales to large grocery chain stores, as the channel has higher average net selling prices as compared to other types of channel, and implementing spending control schemes to eliminate inefficient expenses. The Group foresees that these strategies will improve the ICUK's performance in 2019 as well as in the long run.

Financial Highlights

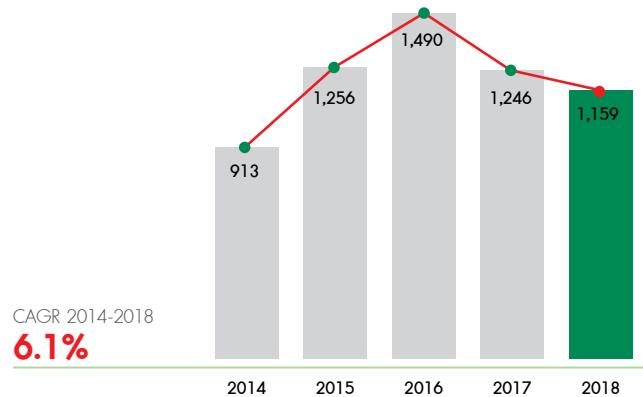
Total revenues (THB mn)



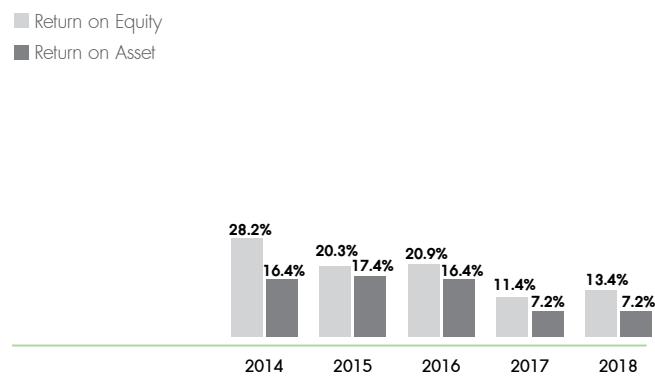
Gross profits (THB mn)



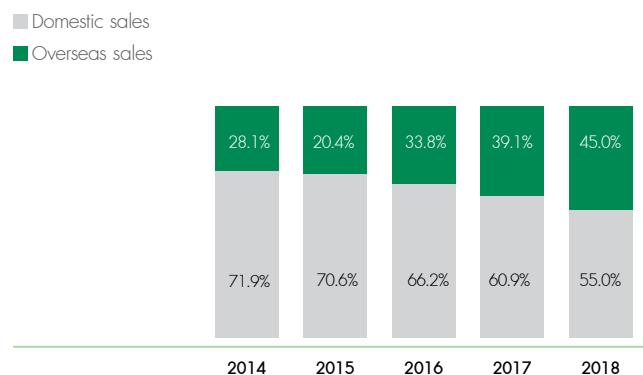
Net profit to shareholders (THB mn)



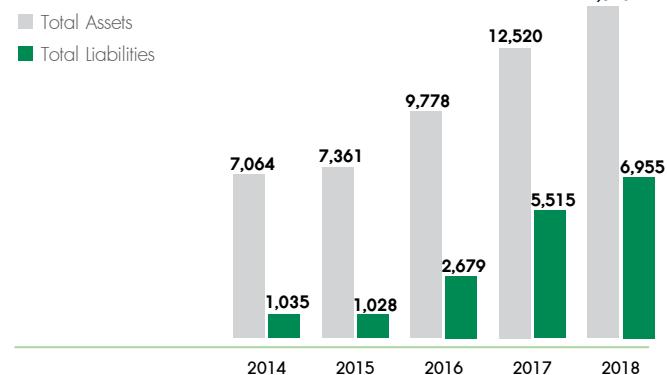
Return on Equity and Return on Asset %



Sales contribution %



Total Assets and Total Liabilities (THB mn)



General Information

Issuer

Carabao Group Public Company Limited (“the Group” or “CBG”)

Type of business	Engage as a holding company of domestic and overseas subsidiaries that (i) operate vertically integrated business activities of manufacturing, marketing, selling and distributing energy drinks under Carabao Dang and Carabao trademarks, electrolyte drinks under Carabao Sport trademark, and other beverages under the Group's trademark including drinking water, 3-in-1 coffee and ready-to-drink (RTD) coffee, and (ii) act as a distributor for consumer products of 3 rd parties in both food and non-food categories
Principle place of business	393, 393 Silom Building, 7 th - 10 th floor, Silom Road, Silom, Bangrak, Bangkok 10500 Thailand
Company registration number	0107557000268
Website	www.carabaogroup.com
Telephone	02-636-6111
Fax	02-636-7951
Securities Class	Ordinary Share
Registered capital (Baht)	1,000,000,000 at par value of Baht 1.00 per share, as of 31 December 2018

The Group's subsidiaries as of December 31, 2018

1. Carabao Tawandang Co., Ltd (“CBD”)

Type of business	Principally engage in manufacturing, marketing, and selling energy drinks under Carabao Dang and Carabao trademarks, electrolyte drinks under Carabao Sport trademark, and other beverages the Group plans to product and sell in the future
Principle place of business	393, 393 Silom Building, 7 th - 10 th floor, Silom Road, Silom, Bangrak, Bangkok 10500 Thailand
Company registration number	0105544081165
Securities Class	Ordinary Share
Registered capital (Baht)	300,000,000, as of 31 December 2018
Number of shares (Shares)	3,000,000
CBG's shareholding (Shares)	2,999,990
Shareholding percentage	99.99%

2. Tawandang DCM Co., Ltd. (“DCM”)

Type of business	Principally engage in managing domestic distribution of the Group's products, including branded products by our own manufacture, branded products by 3 rd party manufacture, and 3 rd -party products for distribution through both traditional trade systems, via multi-tiered agent and our cash vans, and modern trade channels
Principle place of business	393, 393 Silom Building, 7 th - 10 th floor, Silom Road, Silom, Bangrak, Bangkok 10500 Thailand
Company registration number	0105555092457
Securities Class	Ordinary Share
Registered capital (Baht)	100,000,000, as of 31 December 2018
Number of shares (Shares)	1,000,000
CBG's shareholding (Shares)	999,980
Shareholding percentage	99.99%

3. Asia Pacific Glass Co., Ltd. (“APG”)

Type of business	Principally engage in manufacturing and procuring glass bottles as packaging materials for energy drinks and other beverages
Principle place of business	393, 393 Silom Building, 7 th - 10 th floor, Silom Road, Silom, Bangrak, Bangkok 10500 Thailand
Company registration number	0105548125787
Securities Class	Ordinary Share
Registered capital (Baht)	1,300,000,000 as of 31 December 2018
Number of shares (Shares)	13,000,000
CBG's shareholding (Shares)	12,999,980
Shareholding percentage	99.99%

4. Asia Can Manufacturing Co., Ltd. (“ACM”)

Type of business	Principally engage in manufacturing and procuring aluminum cans as packaging material for energy drinks and other beverages
Principle place of business	393, 393 Silom Building, 7 th - 10 th floor, Silom Road, Silom, Bangrak, Bangkok 10500 Thailand
Company registration number	0105560097232
Securities Class	Ordinary Share
Registered capital (Baht)	700,000,000 as of 31 December 2018
Number of shares (Shares)	7,000,000
CBG's shareholding (Shares)	5,180,000
Shareholding percentage	74.00%
Other information	renamed from Asia Pacific Can Co., Ltd in December 2017

5. INTERCARABAO LIMITED (“ICUK”)

Type of business	Principally engage in marketing, sales and distribution of energy drinks under Carabao trademark in the United Kingdom and other countries outside Asia
Principle place of business	Aquis House, Level 1, 49-51 Blagrave Street, Reading, Berkshire, RG1 1PL, United Kingdom
Company registration number	09557445
Securities Class	Ordinary Share
Registered capital	GBP 54,600,000, as of 31 December 2018
Shareholding percentage	100% held by CVHLUX
Other information	Registered capital increased to GBP 74,600,000 shares in January 2019 with reference to resolutions of the Group’s Director Meeting No.5/2018 on 20 December 2018

6. CARABAO HOLDINGS (HONG KONG) LIMITED (“CHHK”)

Type of business	Principally engage as an overseas holding company for the Group
Principle place of business	LEVEL 54, HOPEWELL CENTRE, 183 QUEEN'S ROAD EAST, HONG KONG
Company registration number	2423613
Securities Class	Ordinary Share
Registered capital	USD 60,486,643 as of 31 December 2018
Shareholding percentage	100% held by the Company
Other information	Registered capital increased to USD 78,374,443 in January 2019 with reference to resolutions of the Group’s Director Meeting No.5/2018 on 20 December 2018

7. CARABAO VENTURE HOLDINGS (LUXEMBOURG) LIMITED S.À.R.L. (“CVHLUX”)

Type of business	Principally engage as an overseas holding company which is a joint-venture between CHHK, Intercarabao Private Limited (“ICSG”) an unrelated Singaporean business partner, and Northend Investment Limited (“NIHK”) a holding company of which ultimate shareholder is Mr. Sathien Setthasit, with 84.31%, 6.05% and 9.64% shareholding, respectively, in the registered and paid capital as of 31 December 2018
Principle place of business	68-70 Boulevard de la Petrusse, L-2320 Luxembourg, Grand Duchy of Luxembourg
Company registration number	B20952
Securities Class	Ordinary Share
Registered capital	EUR 62,308,565 as of 31 December 2018
Shareholding percentage	84.31% held by CHHK
Other information	CHHK’s stake holding in CVHLUX increased to 84.3% from 51.0% since January 2018 with reference to the Change of overseas subsidiaries’ capital structure transaction

8. CARABAO TRADING (HONG KONG) LIMITED (“CTHK”)

Type of business	Principally engage as an international trading company
Principle place of business	LEVEL 54, HOPEWELL CENTRE, 183 QUEEN'S ROAD EAST, HONG KONG
Company registration number	2448031
Securities Class	Ordinary Share
Registered capital	USD 50,000
Shareholding percentage	100% held by the Company

Securities Registration

Thailand Securities Depository Co., Ltd.

62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110 Thailand

Phone: +66 2009 9999

Auditor

EY OFFICE COMPANY LIMITED

33rd floor, Lake Rajada Office Complex

193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Thailand

Phone: +66 2264 9090

Lawyer

Baker & McKenzie Ltd.

990 Abdulrahim Place Rama IV Road, Bangkok 10500 Thailand

Phone: +66 2636 2000

Bond Registrar and Bond Holders’ Representative

Bangkok Bank Public Company Limited

333 Silom Road, Silom, Bangrak, Bangkok 10500 Thailand

Phone: +66 2230 1478 (Bond Registrar)

Phone: +66 2230 1894 (Bond Holders’ Representative)

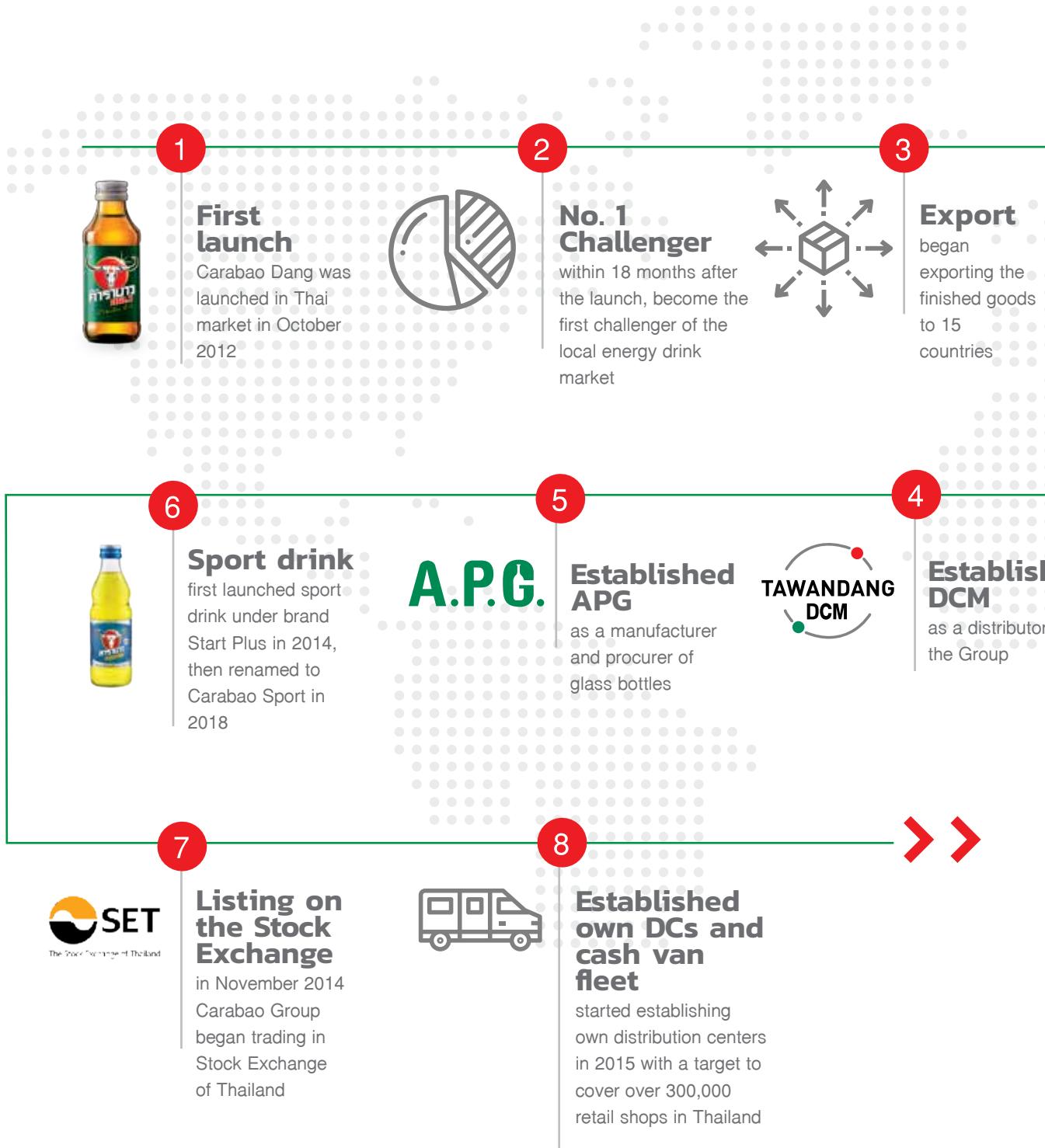
Investor Relations

Ms Menisa Aramroongroj

393, 393 Silom Building, 7th - 10th floor, Silom Road, Silom, Bangrak, Bangkok 10500 Thailand

Phone: +66 2636 6111 ext. 882

E-mail: IR@carabaogroup.com



9

**CBG invested in ICUK**

carbonated Carabao energy drinks were firstly marketed in the UK in 2016

10

**CHELSEA OFFICIAL PARTNER**

become a principal partner sponsor of Chelsea Football Club in 2016

13

A.C.M.**Established ACM**

as a manufacturer of aluminum cans under a joint venture agreement with SHOWA DENKO Group in March 2017

12

**Carabao Drinking Water**

first launched in 2016

11

**Carabao Coffee**

first launch of Carabao instant coffee and ready-to-drink coffee in 2016

14

**CARABAO CUP**

signed sponsorship of the EFL Cup in June 2017; the league has been named CARABAO CUP

**CHINA**

officially launched Carabao energy drink in China market in 2017

15

**CARABAO CAN**

first launched CARABAO GREEN APPLE (CAN) in Thailand in June 2018



2002

First commercial production of energy drink under Carabao Dang brand at Bangbo district, Samutprakan province with installed capacity of 275 million bottles per year



2013

Expanded production capacity from 548 million bottles to 850 million bottles per year

2012

Establishment of DCM



2014

First commercial operation of APG to produce amber-glass bottles with installed capacity of 650 million bottles per year

2014

Launched sport drink under Start Plus brand in domestic market

Received Best Equity Deal of The Year in Southeast Asia award from the 8th Annual Alpha Southeast Asia Deal and Solution Awards 2014



2015

Established own distribution centers and cash van fleet

2015

Initially signed a contract as one of the three principal partners of Chelsea Football Club for three seasons starting from the 2016/2017 match



2016

Established 30 distribution centers and 337 cash vans by year end



2016

CVHLUX signed a sponsorship agreement for the English Football League (EFL) for three seasons starting from the league in 2017/2018.



2017

Entered into a joint venture agreement with SHOWA DENKO Group to establish a manufacturing plant to produce aluminum cans with installed capacity at 1,000 million cans per year



CARABAO GROUP

2018

First time issued and offered debentures at the issue rating of "A-" with "Stable" outlook by Tris Rating Company Limited



2018

Granted Superior Taste Awards in 2018 by International Taste & Quality Institute (iTQi) for the carbonated energy drink under Carabao brand in original, green apple, and green apple sugar free flavours.



2018

Launched the carbonated Carabao energy drink in green apple flavour as part of strategy to complement and freshen up the image of Carabao brand domestically.

NEW FACTORY = NEW POSSIBILITIES



CBD

Manufacturing, marketing and selling of energy drinks and other beverages



APG

Manufacturing and procuring of glass bottles



ACM

Manufacturing and procuring of aluminum cans

Major developments of the Group

2002

- Establishment of CBD by a joint investment between Mr. Sathien Setthasit, Ms. Nutchamai Thanombooncharoen and Mr. Yuenyong Opakul (Add Carabao) to conduct business in manufacturing, marketing, and selling energy drinks.
- The manufacturing plant of energy drinks at Bangbo district, Samutprakan started its commercial operation with the installed capacity of 275 million bottles per year and launched the energy drink domestically under the brand "Carabao Dang".

2012

- Establishment of DCM to manage the sales of CBD's products.
- Establishment of APG to conduct business in manufacturing and procuring glass bottles as packaging.

2013

- CBD expanded its installed capacity to 850 million bottles per year.
- Located at Bangpakong district, Chachoengsao, APG's factory to produce glass bottles started its commercial operation with the installed capacity of 310 tonnes of glass per day or equivalent to the amber-glass bottles of "Carabao Dang" brand at 650 million bottle per year
- Established CBG as a holding company and restructured to incorporate the 3 subsidiaries under the Group's holdings.

2014

- CBD launched sports drinks in Thailand under the brand "Start Plus"
- CBG turned public and renamed to "Carabao Group Public Company Limited".
- On 21 November, the Group listed on Stock Exchange of Thailand (SET) for the first time under the ticker "CBG" by offering 250 million shares for sales at the IPO price of 28 Baht per share for the issue size of 7 billion Baht.
- Received Best Equity Deal of The Year in Southeast Asia award from the 8th Annual Alpha Southeast Asia Deal and Solution Awards 2014

2015

- CBG was incorporated into the calculation of MSCI GLOBAL SMALL CAP INDEXES and SET50 index by Morgan Stanley Capital International (MSCI) and the Stock Exchange of Thailand (SET), respectively, for the first time.
- Entered into a contract as one of the three principal partners of Chelsea Football Club (CFC), together with sports brand like Adidas and tire brand Yokohama, for 3 seasons starting from the 2016/2017 to 2018/2019 seasons which lifted the Carabao trademark to be recognized worldwide aligning to the Group's strategy to increase overseas sales revenue.
- DCM established its own distribution centers and cash van fleet, which by the end of 2015, 9 distribution centers were opened in prime trade provinces.

2016

- CBD initiated the capacity expansion project for a new factory and investment in machines of 2 new canning lines at Bangpakong district, Chachoengsao in pursuant to the Executive Committee's meeting on 11 August 2016
- APG initiated the capacity expansion project for a new factory equipped with new production line of glass bottles manufacturing in pursuant to the Executive Committee's meeting on 11 August 2016.

- CBG and ICSG made a joint venture to invest in shares of ICUK, a company principally engaged in marketing, selling and distribution of energy drink under the brand Carabao for the market in the United Kingdom and other countries outside Asia, with the percentage holdings both directly and indirectly at 51.0% and 49% respectively, according to the results of the Executive Committee's meeting on 11 August 2016. The Group invested indirectly through the two newly established subsidiaries, namely CHHK and CVHLUX.
- CVHLUX signed as a sponsor of the English Football League (EFL) cup in England for 3 seasons starting from 2017/2018 to 2019/2020 as a part of marketing strategy aimed to inherit the success connection of the product in both quality and image to a leading international football competition and team.
- 30 distribution centers established with 337 cash vans in total at the end of 2016.

2017

- CBD initiated the project for a new bottling factory and invested in machines of 2 new bottling lines at Bangpakong district, Chachoengsao in pursuant to the Executive Committee's meeting on 22 April 2017.
- signed a joint venture contract with DAI GROUP according to the approval of the Group's board meeting on 22 April 2017 to establish joint venture companies overseas. The aim was to conduct business in marketing, selling, and distributing energy drinks and other drinks under the brand Carabao and/or any other brands developed or acquired by the joint venture company for the market in Greater China including Hong Kong, Macao, Taiwan, and China with the ratio of stock holding at 47% and 48% respectively. The other 5% shareholdings in the joint venture belonged to Chinese executive officers who were knowledgeable, talented, and experienced in management, marketing, sales, and distribution for energy drinks under the product brand that had been leading the Chinese market for more than 20 years ("The Investment Project for Conducting Business in Greater China"). Business plans and budget estimates of the project had been lifted up substantially from policy of focused marketing in selective cities to an aggressive marketing strategy which had target groups all over China or mass marketing which required a substantial amount of capital for the budget in marketing and promoting. The company believed that the enhanced business plans can increase the business success rate by increasing sales at high growth rate and decent yield on investment in the long term. In case of the Group's decision in investing in the project, the Group will run the risk of realizing loss as proportionated to the stakeholdings in the joint venture which may substantially affect the performance and financial position of the Group as a whole during the first 4-5 years of operating under the project.
- Hence, the Group's board meeting on 25 April 2017 approved the pulling out from investing in the project, at the same time the major shareholders of the Group namely Mr. Sathien Setthasit and Ms. Nutchamai Thanombooncharoen and Mr. Yuenyong Opakul and those involved (called together as "the major shareholders") notified that they wished to establish a new company to invest by holding stocks in project in the Group's place ("HOLDING SPV"). The major shareholders will hold no less than half of the stocks from the registered capital of HOLDING SPV. Meanwhile, the Group still hold the financial benefits from the projects, which could be summarized as
 - CBD gained the benefits of manufacturing and exporting energy drinks under the brand Carabao to the joint venture for marketing, sales, and distribution to consumers in Greater China under the contract signed by CBD and the joint venture indicating specified scope of duties and rights of the joint venture in being the sole distributor of the energy drinks under the brand Carabao in Greater China.
 - The Group might consider to invest in the joint venture in the future as the Group has the rights to buy all of the stocks in HOLING SPV ("stocks involved") under the terms and conditions stated in the Rights to Purchase Agreement including but not exclusive to (1) exercising the rights to purchase stocks at any time if the Group deems the performance of the joint venture to be appropriate. The Group may consider several factors involved such as the ability to achieve annual budgeting targets, the sales volume growth, and earnings before interests, income tax, depreciation, and amortization (EBITDA) as well as business plans and competitive landscape of the time in the future and (2) the pricing for stocks involved based on the basis of fair value to be assessed by independent financial advisors in the list of authorized persons by the Securities and Exchange Commission (SEC). These involvements shall be treated as other regular business transactions under the price and conditions as entrepreneurs in the same manners offered to regular people, in other words, on an arm's length basis. Furthermore, the Group did not need to run the risk of consolidating the performance of the joint venture.

- signed a joint venture contract with SHOWA DENKO Group according to the approval of the Group's board meeting on 29 March 2017 to establish Asia Pacific Can Company ("APC") aiming to conduct business involving manufacturing of aluminum cans used as packaging in Bangpakong district, Chachoengsao with an installed capacities of around 1 billion cans per year with the shareholding percentage of 74% and 26% respectively in July 2017. Later in December 2017, the company's name was renamed to Asia Can Manufacturing Company Limited ("ACM").
- In April 2017, the Group signed an amendment contract regarding the rights and sponsorship fees for Chelsea Football Club and got special conditions for adjusting the period of being a partner from 3 years ending on 30 June 2019 to 5 years ending on 30 June 2021. The Goup will pay an additional sponsorship fees for the amount of 3.0 million Great Britain Pounds for the whole duration of the newly adjusted contract. However, the right to advertising and use of trademarks involved will be reduced from Principal Partner when the first 3 years are finished to Global Partner in the 4th and 5th year respectively.
- CBD invested in machines with 2 new canning lines according to the approval of the Group's Executive Committee meeting on 18 July 2017.
- On 14 November 2017, the Group's board meeting approved to restructure the capital structure of the Group's overseas subsidiaries resulting in change in shareholdings in ICUK by the Group, indirectly held through CVHLUX, and ICSG from 51.0% and 49.00% to 84.31% and 15.69%, respectively, in January 2018. After that, NIHK purchased and received shares held by ICSG in CVHLUX in total of 6 million shares resulting in NIHK and ICSG have the proportion of shareholdings after the transaction at 9.6% and 6.1% of the registered and paid capital respectively.
- Received a corporate credit rating by Tris Rating Company Limited at "A-" with "Stable" outlook.
- The canning capacity expansion projects of CBD gradually started its commercial operations within July 2017, while the incremental capacity of glass-bottle furnace of APG started to commercialize in December 2017.
- The distribution centers and cash vans were completely established in total of 31 centers and 333 vans at the end of 2017.

2018

- Renamed the trademark of sports drink from Start Plus to Carabao Sport according to the marketing strategy as a One Brand Strategy
- Being granted Superior Taste Award 2018 for carbonated energy drinks under the brand Carabao for Original, Green Apple and Green Apple Sugar Free by International Taste & Quality Institute or iTQi
- launched the carbonated energy drink with Green Apple flavored under the brand Carabao in Thailand
- CBG was incorporated into the calculation of SET CLMV Exposure by the Stock Exchange of Thailand (SET) for the first time.
- issued and offered senior, unsecured debentures in total size of 2,790 million Baht with the issued rating at "A-" with "Stable" outlook by Tris Rating Company Limited
 - Debentures issued no.1/2018 in total value of 2,420 million Baht consisted of Tranche No.1 with the issue size of 1,700 million Baht due in 2020 and Tranche No.2 with the issue size of 720 million Baht due in 2021.
 - Debentures issued no.2/2018 with size of 370 million Baht due in 2021
- All capacity expansion and investment projects started the commercial operations ranging from the new canning and bottling facilities of CBD in April 2018, to the newly invested aluminum can production plant of ACM in November 2018.



RISK FACTORS

WORLD CLASS PRODUCT | WORLD CLASS BRAND

Risk factors

Risk factors of the Group include the following

1. The risk of conducting business as a holding company

The company is conducting business as a holding company which means it generates income mainly from holding stocks in its subsidiaries and has no business of its own that can generate significant income. Hence, the company's revenue relies on the subsidiaries' performance and their ability to distribute the dividend. Consequently, potential risks are the risk of conducting business along with the ability to pay out the dividend of its subsidiaries. Currently, the income from these subsidiaries accounts for 100 percent of the company. Consequently, performance of our subsidiaries is of paramount importance to our overall profit. The Group has policy to pay dividend to shareholders at the rate of no less than 40 percent of the net profit after income tax from separate financial statements of the subsidiaries and after the allocation of legal reserves according to the law. The dividend rate depends on operating performance, financial position, liquidity, investment requirements, additional investments, business expansion, conditions and limitations as listed in the loan agreements and other factors involved in the management as the board members and/or shareholders of the subsidiaries deem appropriate. In any case, the payment of the dividend will not exceed the accumulated profit as appears in the separate financial statements of the subsidiaries and will follow the laws involved.

Moreover, the dividend paid by the company to its shareholders will be paid out of its net profit as appears in its non-consolidated financial statements which depends on the ability to pay out dividend by its subsidiaries. Due to the fact that the dividend from subsidiaries accounts for almost all the income in the company's separate financial statements, in case of subsidiaries' failure to pay out their dividends due to the lack of profit or other business reasons such as the need to set-asides funds for company expansion or to pay off a loan, will materially affect the Group's business, performance and financial position.

Currently, the Group's dividend payout policy is at the rate of not less than 40 percent of the net profit after income tax from the consolidated financial statements. However, the dividend rate depends on investment plans, conditions, and limitations as listed in the loan agreements or other contracts that may apply (if any), financial status, performance, and other relevant factors. The Group's board of directors will occasionally revise and amend the paying policy to match the Group's business growth plan in the future, the need for investment and circulation funds, and others factors as deemed appropriate. But the payout of dividend will not exceed the accumulated profit as appeared in the company's separate financial statements and will follow the laws that applied namely the Public Company Act including any conditions such as actual cash flow, profit, financial condition, and the Group's needs in capital along with other factors the board of directors may see as involved. However, the company cannot guarantee if it will generate a profit each year or whether the board of directors will pay out dividend even when the company can generate profit. According to the Public Company Act, if the company still has accumulated loss it cannot pay out dividend even if it has total profit in that year.

2. The risk of the competition in the business of energy and other beverages.

Energy drinks and other beverages are products in highly competitive market both from existing players and newcomers that might enter into the competition. The high level of competition in energy drinks business in Thailand prevents newcomers from drastically changing the price of the drinks. Currently, bottled energy drinks of 150 milliliters are commonly sold in Thailand at 10 Baht. Therefore, in order to maintain or improve market share for energy drinks product entrepreneurs including CBD will have to perform marketing activities and spend budgets on advertising the products regularly and continuously. Entrepreneurs who are our important competitors might have financial and manufacturing capability and have been succeeding in marketing activities more than CBD have. This fierce competition might cause CBD either unable to maintain or increase its market share, experience fluctuation in price of key raw materials and packaging items which varying to their supply and demand, higher production costs in manufacturing process resulting from the rise in depreciation and amortization expenses from new capacities which started to commercialize in the second half of 2017, as well as have a fluctuation in marketing spending according to the marketing activities and strategy in each period. All of which might negatively affect the business, performance, and the financial position of the Group significantly.

3. The risk of launching new products to the market.

CBD places the importance of launching in new products into the market. Each launch would require relatively high investments e.g. in product development, manufacturing, marketing, including advertisements, and promoting for the product to create awareness and to get positive responses from consumers in order to generate satisfying sale income for the product. CBD might run a risk if the new product receives negative responses or is disfavored by consumers especially with these competitive circumstances in the business. If CBD does not succeed in launching new products into the market, it might negatively affect the business, performance, and financial position of the Group significantly.

4. The risk for depending on Mr. Yuenyong Opakul (Add Carabao) as the presenter and Brand Ambassador and for relying on the image of the Carabao band of the Group.

Currently, CBD has an agreement to engage Mr. Yuenyong Opakul as the presenter and brand ambassador to promote and enhance the image of the brand and the product "Carabao Dang" that are solely distributed in the country by CBD. The contract for promotion will last 5 years and will automatically renew for another 5 years. The fees for the first 5 years are at 10 million Baht and for the next 5 years are at 12 million Baht. The Group may propose to adjust this compensation to conform to the market price.

Thus, CBD relies on the image and fame of Mr. Yuenyong Opakul to perform its marketing activities. For this reason, should there be any significant change in the image and fame of Mr. Yuenyong Opakul, the brand image and the product "Carabao Dang" could be materially affected and CBD, consequently, could lose its target group. This might negatively affect the business, performance, and financial position of the Group significantly.

Furthermore, Carabao Dang is a brand that is connected to the band Carabao. Hence, CBD will need to rely on the image and fame of the band Carabao. For this reason, if the image and fame of the Carabao band change negatively significantly, it might affect the brand and the product "Carabao Dang" and causes CBD to lose its target group and might negatively affect the business, performance, and financial status of the Group significantly.

The company stresses the importance in marketing strategies, promoting through mass advertising media, and activities curtailed for specific audiences especially the formation of the Bao Dang Lady team which is a big on-ground or field marketing team aiming to continuously bond relationship with distributors and customers in each area nationwide. Furthermore, marketing and promotional strategies start to form connections from the product in terms of quality and image to football and a world leading football team that is Chelsea Football Club (CFC) and English Football League (EFL) since the end of 2015. These connections generate awareness and a symbolic marketing position that is unique and significant to our international marketing awareness. Therefore, the Group believes that Mr. Yuenyong Opakul and Carabao band are still significant to our current promoting and image enhancement. But the level of reliance is a downturn and is limited to domestic consumers. Whilst both the sales of new products under the Group's corporate brand that was launched since late 2016 and the sales of the Group's energy drinks to international market generate significant growth in revenue for the Group. In which case causes the contribution from the sales of "Carabao Dang" locally and the reliance on the Carabao band that is limited to national level decreases by comparison.

5. The risk from CBD relying on importers, distributors, and/or local vendors to distribute its products outside Thailand

In conducting the export business, CBD requires importers, distributors, and/or local vendors in each country wherein CBD conducts business. For this instance, CBD holds no policy to sign long-term contracts with said importers, distributors, and/or local vendors. Even if CBD might have long lasting business relations with these importers, distributors, and/or local vendors. This business conduct is deemed regular in the industry wherein CBD conducts its business.

For that reason, CBD cannot guarantee that any current importers, distributors, and/or local vendors of CBD will maintain business relations with CBD in the future. Furthermore, CBD also cannot guarantee that any current importers, distributors, and/or local vendors for CBD will make the sales target that CBD has intended. In the case of any importers, distributors, and/or local vendors that decides to cease business relations with CBD or cannot make the sales target, CBD might receive negative impact from the delay that CBD has to negotiate sales deals with other importers, distributors, and/or local vendors that might have problem conducting business or selling products abroad. Furthermore, CBD cannot guarantee that CBD's importers, distributors, and/or local vendors abroad can follow the rules and regulations of the civil service that involve conducting business overseas thoroughly and in case if CBD cannot make any deals with new importers, distributors, and/or local vendors in due time or cannot find new importers, distributors, and/or local vendors which could negatively affect the business, business opportunities, performance, and financial status of the Group significantly.

6. The risks of fluctuation in raw material prices and shortage in raw materials.

(1) Sugar

Sugar is a commodity product whose price fluctuates according to the market's demand and supply and government's policy. The Group cannot guarantee if it can pass the burden of higher costs through its customers which might negatively affect the business, performance, and the Group financial position significantly. Furthermore, the price of sugar for domestic consumption, which previously was under the price control regime, is now floated since the first quarter of 2018. This causes the fluctuation in sugar price depending on the global prices and related factors ranging from favorable weather of the crop cultivation in key production countries, import and export policy especially of developed countries, and movement of the Brazilian real (BRL) currency for Brazil is the world's biggest exporter of sugar, and the price of fossil fuel as sugar cane and molasses could be used to produce Ethanol as an alternative energy to fuel cars.

(2) Glass cullet

Glass cullet is the main raw material in the production of amber-glass bottles of APG. APG has entered into a short-term contract lasting approximately one year to source glass cullet from suppliers and also plans to place orders with at least two to three suppliers. Short-term contracts to purchase glass cullet is common market practice. However, APG cannot guarantee that suppliers can provide sufficient glass cullet for APG or at an affordable price. In which case, APG might have higher production costs for amber-glass bottles for APG has to adjust the manufacturing formula to use other materials that cost more than the glass cullet such as increases the usage of quartz and soda ash, for example. All of which might negatively affect the business, performance, and the Group financial position significantly.

(3) Aluminum Coil

Aluminum coil is the main raw material in the production of aluminum cans of ACM. ACM has entered into a short-term contract with a large, qualified aluminum processing plant with global standard to source aluminum coil under the certain price and quantity. However, the Group also plans to source from more suppliers in the future. Furthermore, aluminum coil is a commodity of which price fluctuations are according to the reference price in the London Metal Exchange, which is vary to the demand and supply of the market. In some case, ACM might have higher production costs for aluminum cans which might negatively affect the business, performance, and the Group financial position significantly.

(4) Natural gas

Natural gas is one of the main energy costs in manufacturing process. The Group as an industrial user has entered into a long-term contract with PTT Public Company Limited ("PTT"). The price structure includes (1) the gas price that fluctuates with respect to the price of fuel oil in Singapore, the Thai Baht to US Dollar exchange rate, the amount of natural gas used per day and others, and (2) Demand Charge which is a fixed cost, depending on the amount of natural gas used as agreed on the contract. Thus, there is a risk as the price of natural gas may rise in accordance with the price fluctuation, the reference exchange rate, and the amount of natural gas used per day and, consequently, affected the production cost of the Group's beverages. Furthermore, in the case that natural gas is not enough for demands in production plan could result in a material reverse effect on the Group's business operation, performance, and financial position.

7. The risk of changing policies, rules, and regulations involving the Group's business.

The business of manufacturing, marketing, and sale of Carabao Dang by CBD is governed by certain statutes and regulations of related agencies which are the Food Act of 1979 (as amended) and the announcements and rules of the Ministry of Public Health. These statutes imposed limitations of label advertisements and marketing of energy drinks such as the limitations on advertising of these drinks' properties, promotional activities, requirements for manufacturers to state on the label suggested dosage per day. Furthermore, the manufacturing business of energy drinks by CBD is under the regulations and rules of environmental laws such as the Factory Act of 1992 and the Environmental Quality Promotion and Preservation Act of 1992. These regulations and requirement are considered important factors in CBD's decisions regarding policies on manufacturing, marketing, and promoting. Hence, if the government's offices are to strengthen the policies, rules, or regulations that supervise energy drink business, it might affect the policy and marketing strategies of CBD and if CBD cannot change those accordingly, it might cause CBD heavier burdens in following the changed rules which might negatively affect the business, performance, and the Group financial position significantly.

8. The risk caused by CBD failing to register or renew Product Registration in countries where CBD sells.

In selling products both domestically and internationally CBD needs to register a Product Registration with the department responsible for that country. If CBD fails to register or renew a Product Registration, it might cause CBD the inability to sell products in that respective country and might negatively affect business competition, performance, financial status, and business opportunity of the Group significantly.

9. The risk involving safety in consumption and trustworthiness of products from the Group.

(1) The risk of manufacturing the products.

CBD is exposed to certain risks in manufacturing, packaging, and selling of products. The risk might be caused by (1) low quality products (2) faulty products (3) contaminated products or (4) mistakes or shortcomings in labelling the products, causing damage to the consumers and demanding CBD to take responsibility for the damages caused by CBD's products by making CBD pay a fine or withdrawing CBD's products from the market including government agencies involved might demand CBD to pause or cease business operations which might negatively impact business, business opportunities, performance, and the financial position of the Group significantly.

(2) The risk of consuming the products.

Even when CBD controls the warnings on the labels to be correct and complete according to the announcement of the Ministry of Public Health (No. 194) 2000 on labels and the announcement of the Ministry of Public Health (No. 182) 1998 re: Nutritional label, for example, for Carabao Dang, CBD stated "Do not consume more than 2 bottles per day. Over consuming will cause rapid heart palpitation and insomnia. Pregnant women and children should not consume. Patients should consult their doctors prior to consumption." on the labels. But CBD remains exposed to the risk of CBD's products causing harms to the consumers' well-being if the consumers fail to comply with the warning on labels. This may cause the injured consumers to claim CBD to take responsibility for their medical fees or withdrawing CBD's products from the market including government agencies involved might demand CBD to pause or cease business operations which might negatively impact business, performance, and financial position of the Group significantly.

Furthermore, if there were to be accusations about CBD's products being harmful, even if untrue, might affect the demand for the products under the brand of Carabao to decrease. In addition to this, these products might have to be withdrawn from the market. The withdrawal of any products without considering the lawfulness might negatively affect the reputation of the Group including its business, performance, and financial position of the Group significantly.

10. The risk from relying on personnel, especially important, high rankings executive officers

The Group's business conduct requires knowledge, ability, expertise, and experience of the personnel's especially high ranking executives. If the Group cannot retain these important officers or cannot find suitable candidates that is equally qualified as a replacement, it might negatively affect business, performance, and financial position of the Group significantly.

11. The financial risk from currency exchange rates.

The fluctuation of currency exchange rate is one of the factors that might affect financial status and performance due to the company's especially high ranking executives/subsidiaries conducting business both domestically and internationally and these subsidiaries have regular income-expense involving other currency which is not the currency of their country of origin and the rapid growth of overseas business in the past period.

For the accounting period ending on 31st December 2018, CBD overseas sales was at 6,392 million Baht. In this amount were transactions involving the Thai Baht and other currencies at the ratio of 80:20 with the most important foreign currency being US dollars, whilst ICUK had total sale income from both the UK and other countries outside Asia markets of 84 million Baht. Changes in currency exchange rate might affect the income from the overseas sale of the Group as a whole to decrease. Hence, the Group manages the risk by negotiating sale conditions and pricing to be the main currency of the country and prioritizes pre-payment for products. There is also the application of the derivatives on a case-by-case basis depending on the suitability of the time period by not aiming to make profits but to maintain the stability of performing transactions involving foreign currencies to the rate that is manageable.

12. The risk from the Group operations being halted

The Group use manufacturing factories and warehouses in conducting the business of manufacturing, marketing, and selling the energy drinks and other beverages. In the events of natural disasters such as storm, fire, earthquake or other serious situations that have not been anticipated by the Group such as electrical disruptions, shortage of water supply, terrorists attacks or warfare might significantly affect the capability of manufacturing products and operating business by the Group which might adversely impact on the business, performance, and financial position of the Group materially.

13. The risk of major shareholders controlling the votes in shareholders' general meetings.

On 28th December 2018, the party of Mr. Sathien Setthasit, the party of Ms. Nutchamai Thanombooncharoen, and the party of Mr. Yuenyong Opakul hold the Groupny shares at 34.4 percent, 22.8 percent, and 14.2 percent of the Groupber of sellable respectively.

Furthermore, Mr. Sathien Setthasit and Ms. Nutchamai Thanombooncharoen also hold the executive officer and authorized director positions of the Group as well. Resulting in the major control over the management of the Group and almost all of the votes in shareholders' meeting including the rights to appoint directors or matters that required the consensus of the meetings. Other than that, the shareholding percentage of the party of Mr. Sathien Setthasit or the party of Ms. Nutchamai Thanombooncharoen would be sufficient to constitute a veto against important resolutions in shareholders meetings, pursuant to the law or the Group's Articles of Association which sets to require at least three-fourths approval of the votes from those who attend and are entitled to vote at the general meeting of shareholders.

14. The risk from performance and financial position of the Group might be affected by the fluctuation of the interest rate

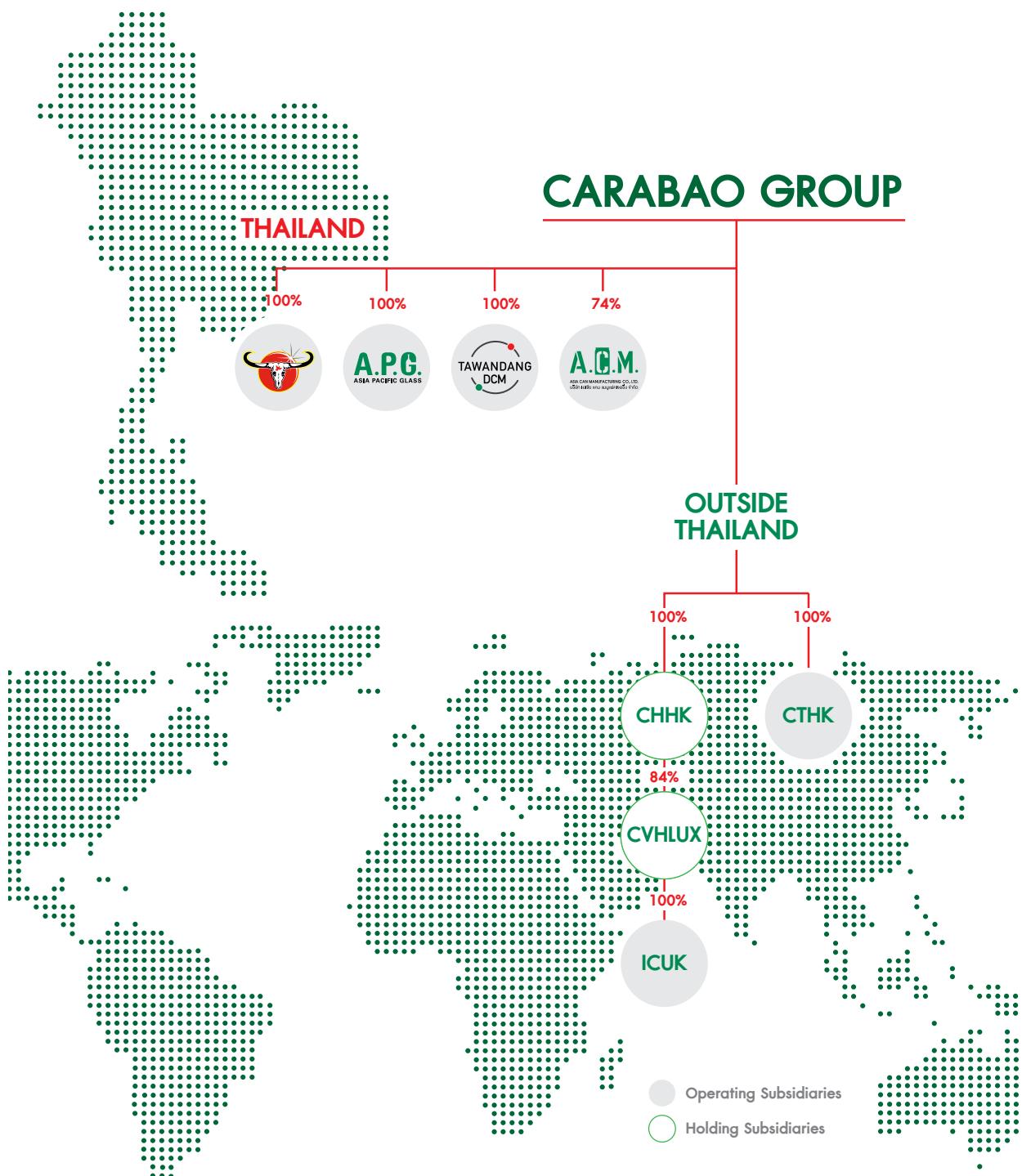
As appears in the most recent total financial statement ending on 31st December 2018 the Group had an interest-bearing debt of 4,741 million Baht which represented a ratio of interest-bearing debt to shareholdersncial stat at 0.6 times, increased from 0.5 times in the corresponding period last year. The increase of interest rates in the future may cause the Group to have higher finance costs and might negatively affect the Group's business, performance, and financial position significantly. Having realized the effects from such financial risk, the Group decided to issue and offer debentures of 2,790 million Baht, consisting of the amount of 1,700 million Baht due within two years and the rest of 1,090 million Baht due within 3 years, to manage the Group's capital structure , with consideration on liquidity management, the balance of source and use of capital, financing costs and related expenses, including the return rates on shareholders of the Group utmost.



NATURE OF BUSINESS
WORLD CLASS PRODUCT | WORLD CLASS BRAND

Nature of Business Operations and Product Descriptions

The group engages as a holding company under which a number of subsidiaries is owned directly and indirectly under the following shareholding structure



1. Nature of Business Operations

The Group engages in manufacturing, marketing, selling and distributing energy drinks and other beverages in a vertically integrated manner starting from upstream productions of key packaging materials i.e. glass bottle and aluminum can down the chain to bottling and canning of finished products as well as distribution channel management both domestically and internationally under the World-class Product World-class Brand vision.

1.1. Glass Bottle Productions and Sourcing

APG engages in production and sourcing of glass bottles as packaging materials used for energy drinks and other beverages. Installed production capacities under APG could accommodate approximately 640, up from 310 tons of molten glass per day. Such extra portion of capacities came into commercial run from December 2017 onwards.

The installed production capacities are mainly used to make amber glass bottles as packaging materials used for energy drinks of the Group whereas clear glass bottles for sport drinks are procured from local suppliers. Any excess capacities shall be utilized to make and sell glass bottles to outside parties for the purpose of efficiencies and cost management program to the best interest of the Group overall.

1.2. Aluminum Can Productions

ACM established as a joint venture engages in production of aluminum cans as packaging materials used for energy drinks and other beverages. The factory is landed on a 31-rai plot which is sufficiently large to install up to 2 production lines. Currently, ACM has commenced a single line of productions capable of approximately 1,000 million cans per year from November 2018 onwards.

1.3. Productions, Marketing, Selling and Distributions of Products under the Group's Trademarks

CBD engages in productions, marketing, selling and distributing energy drinks, sport drinks and other beverages that the Group may be of interest to commercially endeavor in the future for both domestic and overseas markets. Installed production capacities under CBD could accommodate approximately 1,560 million cans and 1,800 million bottles per year, up from 1,250 million cans and 1,080 million bottles per year, respectively. Such extra portion of capacities were pushed forward to commercial run gradually from July 2017 to April 2018. CBD has relocated production facilities and all related commercial activities from Bangbor Samutprakarn province, where there is a considerable level of limitation in terms of size and future expansion to the current site situated in Bangpakong, Chachoengsao province, where glass bottle factory and aluminum factory are situated since August 2018.

CBD currently manages to produce energy drinks in various formats not only from packaging materials perspective but also the content mixed so as to satisfy different preferences of consumer behaviors in the countries where our products are present. Consumers in The Thai market and other Asian countries mainly prefer energy drinks in bottle and can format, respectively, with non carbonated taste. Further to our core energy drink products, CBD also utilizes its own capabilities for production of sport drinks. Meanwhile, water, Coffee 3 in 1 and Coffee RTD are all produced by local manufacturers under terms and conditions of the contracts. Such branded products are managed as one portfolio according to our group business plans, respective demands among other economic and competitive setting factors.

Energy drinks under our Carabao brand are the single largest contributor to revenue from overseas sales. CBD manages from the Thai operation base to produce and export finished products to our business partners, who are responsible for marketing, selling and distributing our products to consumer group in their designated countries (Distributorship).

Upstream integration into packaging material productions reduces the risks associated with reliance on third party suppliers. Machines, equipments and supporting systems with advanced technologies, coupled with adjacent location under the industrial cluster concept, potentially serve us as the basis for better managing production costs and economies of scale throughout the early stage of value creation chain from packaging materials i.e. glass bottle and aluminum can to finished products.

1.4. Distribution Channel Management for Domestic Markets

DCM engages in managing distribution channels in Thailand, covering our branded product portfolio including the products we produce on our own account i.e. energy drinks and sport drinks (Branded products by our own manufacturer) and those we outsource respective productions to third party suppliers i.e. water, coffee 3 in 1 and coffee RTD (Branded products by 3rd party manufacturer) and other products we may be of interest to commercially endeavor in the future. Additionally, DCM is also in charge of distributing products for third parties in both food and non food categories (3rd party products for distribution). Key distribution channels under DCM management span a.) traditional trade channel, through both the Multi tiered agent system and our own distribution centers and cash vans as well as b.) modern trade channel.

Distribution centers and cash vans help witness our substantial progress made towards increasing level of direct access to retailers. DCM has succeeded in development of customer relationship management whereby database has been well established over time and in turn allows DCM to properly identify and group the subject retailers for more comprehensive analysis of turnover related information such as size, pattern of purchase order and payment for the individual products. The info derived is of valuable use to the benefits of building and strengthening our own retail network and deploying our marketing and sales plans in an effective result-based fashion. At the present, DCM operates 31 distribution centers and 326 cash vans to reach approximately 180,000 identified retailers nationwide.

Marketing and sales policies laid down for the Thai markets have evolved in response to the dynamics. They are recently reshaped to focus on seamless collaborations between on- and off-line advertising, below the line marketing activities and retail network building in each province, using our own pool of over 1,500 headcounts grounded all over the major commercial zones in Thailand.

1.5 Marketing, Selling and Distributions of Products under the Group's Trademarks for the United Kingdom Markets and the Countries outside Asia

ICUK as a joint venture held indirectly through our overseas subsidiaries namely CHHK and CVHLUX engages in marketing, selling and distributions of energy drinks under our trademarks in the UK markets and certain countries outside Asia. Finished products are manufactured by a third party under terms and conditions of the contract. IKUK has successfully managed to list our energy drink products live on shelves of the increasing number of grocery chain stores and other format of modern trade channels from 2017 to date.

The Group puts marketing and sales policies into actions more effectively. With that being said, business plans are created in joint effort with our business partners, and we also provide them with marketing support and sales tools to the extent necessary to not only substantiate product experiences but also make a chief use of our global marketing platform i.e. sponsor to Chelsea Football Club Limited (CFC) and English Football League (EFL) to the advantage of promoting recognition of our strength in market positioning. As a result, a growing network of distributions could be built and our products have enormous potential in the countries we are present today and may plan to pursue for growth prospect in the future.



2. Nature or Products of Services of the Group

The Group offers 2 types of products or services as follows; (1) Branded Products under own brand, (2) The 3rd Party Products for distribution. Branded products under the Group's brand include the products from both its own manufacture and outsourcing the production to the 3rd party manufacture that the Group outsourced the production to 3rd parties. The revenue structure could be summarized as follows;

Sales Breakdown	2016		2017		2018	
	THB million	% Sales	THB million	% Sales	THB million	% Sales
Domestic Markets						
The Group's Branded Products						
Branded Products by Own Manufacture						
Energy drink	5,993	60.3	6,034	46.8	6,083	42.1
Sport drink	148	1.5	49	0.4	15	0.1
Total	6,141	61.8	6,083	47.1	6,098	42.2
Branded Products by 3rd Party Manufacture						
Carabao drinking water	102	1.0	96	0.7	71	0.5
Instant 3-in-1 coffee	56	0.6	123	1.0	95	0.7
Reday-to-drink coffee	80	0.8	718	5.6	645	4.5
Total	238	2.4	936	7.3	811	5.6
Total Branded Products of the Group	6,379	64.1	7,020	54.4	6,908	47.8
3rd Party Products for Distribution						
General consumers' products	197	2.0	529	4.1	420	2.9
Alcohol beverages	-	-	274	2.1	599	4.1
Total 3rd Party Products for Distribution	197	2.0	803	6.2	1,020	7.0
Total Domestic Markets	6,576	66.1	7,822	60.6	7,928	54.8
Overseas Markets						
Under Management of CBD						
Bottled Carabao	123	1.2	188	1.5	178	1.2
Canned Carabao, Non-Carbonated	3,048	30.7	4,628	35.9	6,163	42.6
Others	169	1.7	6	0.0	51	0.4
Total	3,340	33.6	4,821	37.4	6,392	44.2
Under Management of ICUK						
Canned Carabao, Carbonated	16	0.2	202	1.6	84	0.6
Total Overseas Sales	3,356	33.8	5,024	38.9	6,476	44.8
Others						
Total Others Sales	12	0.1	58	0.5	59	0.4
Total Sales Revenue	9,943	100.0	12,904	100.0	14,463	100.0



1. Energy drinks in a 150ml bottled format
under the brand of Carabao Dang and Carabao



2. Non-carbonated energy drinks in a 250ml canned format
under the brand of Carabao



3. Carbonated energy drinks in a 330ml canned format
under the brand of Carabao



4. Sport drinks in a 250ml bottled format
under the brand of Carabao Sport (renamed from Start Plus in 2018)



5. Drinking water in PET bottles sized 600 ml and 1,500 ml
under the brand of Carabao



6. Carabao instant 3-in-1 coffee powder in 19 g. per stick
under the brand of Carabao



7. Carabao ready-to-drink coffee in canned 180 ml
under the brand of Carabao



8. 3rd party products for distribution

In addition to the products under the Group's trademarks, the Group also offer distribution services for 3rd-party products including both food and non-food categories.

3. Nature of Business Marketing and Competition

(1) Target Consumers

Target consumers for our products are summarized as follows;

Product	Characteristics of Target Consumers
Energy Drink	<ul style="list-style-type: none"> For domestic market, target markets for the Group are working people at any age who need energy and refreshness during the day ranging from the basic-to-middle incomes. For overseas markets, target consumers are vary according to the consumers' preferences in each country.
Electrolyte Drink	<ul style="list-style-type: none"> The electrolyte drink was launched in 2014 under the brand Start Plus then renamed to Carabao sport in 2018 to capture mass markets and ensure consumers of the product quality under the Carabao brand. At present, markets for Carabao Sport are domestic customers
Drinking Water	<ul style="list-style-type: none"> Domestic consumers of drinking water are un-segmented mass consumer who have preference towards branded drinking water under qualified and standard production. At present, market of Carabao drinking water is domestic customer.
Coffee	<ul style="list-style-type: none"> The Group set forth the same target groups as domestic energy drink among the basic-to-middle incomes. At present, the coffee products are market and distributed within Thailand

(2) Marketing and Sales Promotion Policies

For the domestic market, the Group conducts marketing with target group with objectives to pull demand for the products of the Group under the concept world class product world class brand to imprint the image of modernity, world-class beverage innovation through several of media channels. The marketing is conducted in form of above the line (marketing through mass-media channels that reach wide ranges of consumers) and below the line (marketing that reaches specific target group) and digital marketing. Details are as follows:

(a) Above the Line Marketing (Marketing through mass media)

The Group communicates the vision of world class product world class brand through advertisement via different channels that reach wide ranges of consumers, for example, television, radio and billboard.



(b) Below the Line Marketing (Marketing that reaches specific target groups)

The Group conducts field marketing activities through the Bao Dang Girls Team, a significant and instrumental strategy of the Group, in charge throughout Thailand. The Bao Dang Girls have been trained not only to hold games activities, give reward and inform the product specification but also to familiarize, understand, and bond relationship with end consumers. Currently, there are over 600 Bao Dang Girls in 87 teams working in the assigned strategic areas under the given strategy of which the knowledge has been accumulated over the past 16 years. Recently, the Group also applied the use of technology to improve the working process, for instance, Operation App ("OA") on the tablet is used to record the visits by scanning QR code, indicate the strategic location to hold marketing activities, measure the efficiency of the marketing activations, as well as to monitor the work flows under precised management of big data.



(c) Digital Marketing

To imprint the image of World Class Brand, World Class Product as stated in the mission, the Group applies digital marketing in presentation, advertising as well as promotional activities to communicate with end consumers, particularly the new generations, via social medias i.e. website, Facebook, Youtube, and Line Official Account.



For overseas markets, the Group seeks for sales representatives with expertise and experience in managing consumer products and capability to extend distribution coverage nationwide in the market. In this regard, the marketing strategy and promotional activities are adapted to suit the preferences of consumer in each country.

The Group and trading partners focus on conducting marketing activities to create demand for the Group's products. For instance, the Group aid the trade partner in Cambodia by sharing the Group's insights in how to promote a successful marketing activities in Thailand. Such activities include sponsorship of a boxing competition, Carabao concert tour, providing product samples as well as broadcasting of such activities on televisions to indirectly promote products of the Group.

For the UK market, the Group positioned products differently by connecting the product quality and brand image to football as a medium to capture the target consumers. The marketing activities include advertisements on print ads, social media and so on, as well as Carabao logo on t-shirts of football players and on products to raise brand awareness of Carabao brand.

The Group has entered into sponsorship arrangements with certain football clubs and league as follows;

(1) **Reading Football Club (RFC):** Carabao has sponsored the club for 3 seasons from 2016/2017 to 2018/2019. Carabao logo will appear not only on the players' t-shirts and training kits but also all media in the field

(2) **Chelsea Football Club (CFC):** Carabao has sponsored the club for 5 seasons from 2016/2017 to 2020/2021, of which the first 3-season as a Principal Partner from 2016/2017 to 2018/2019 where the Carabao logo will appear on the players' t-shirts and training kits including all media in the stadium, for example seat head and LED screen around the stadium, while the latter 2-season as a Global Partner from 2019/2020 to 2020/2021 which the Carabao logo will be shown on the LED screen for 5 minutes. Nevertheless, the Group still get benefit from the use of CFC's symbols and players on products sold worldwide in either partnership status.

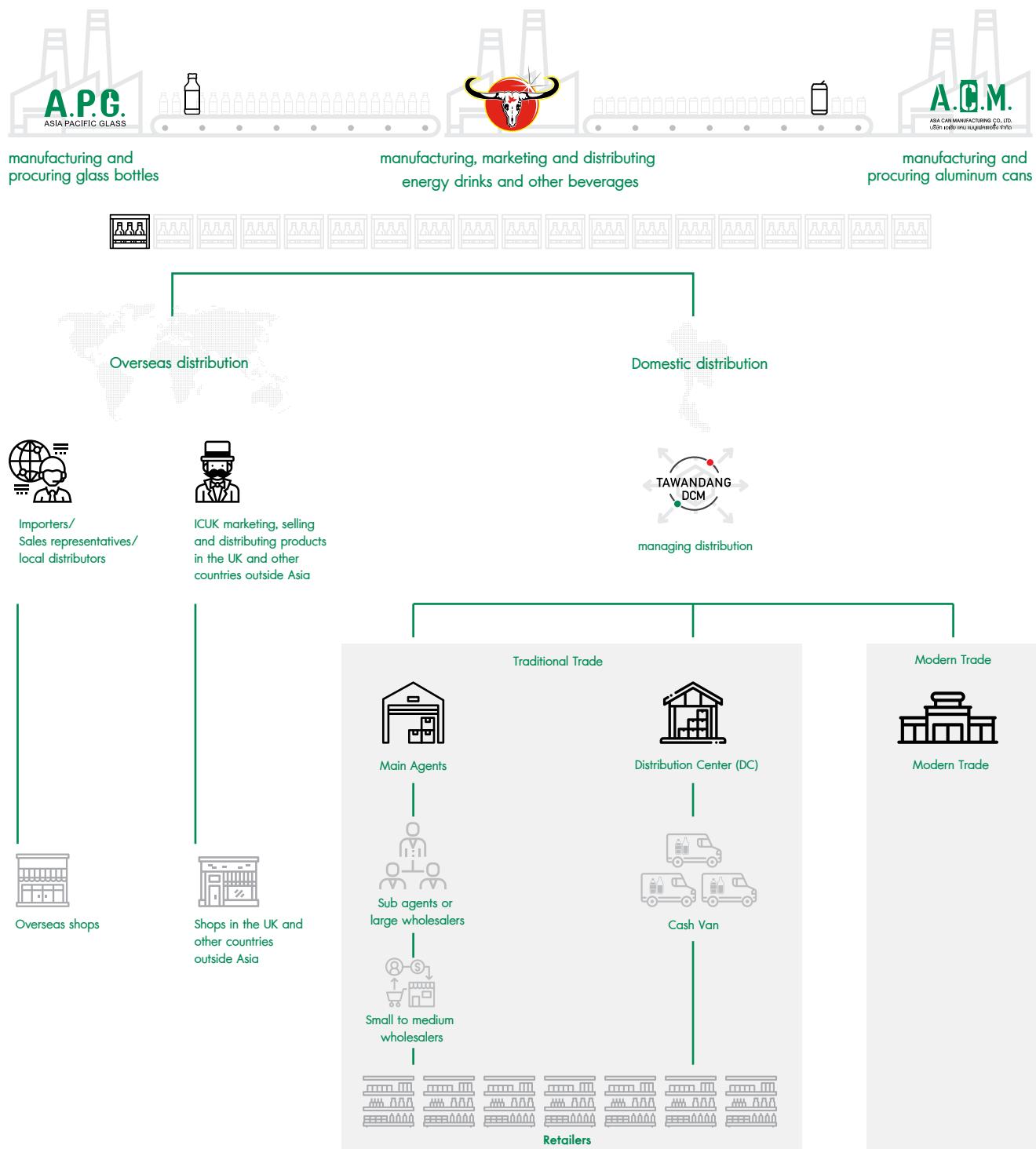


(3) **English Football League (EFL):** Carabao is the official sponsor of the EFL for 3 seasons from 2017/2018 to 2019/2020. The league is one of the largest competitions in the England consisting of over 90 football clubs and the league cup become known as Carabao Cup. Carabao logo will be shown on the players' jerseys including all media in the field during the contract.



(c) Distribution Channels

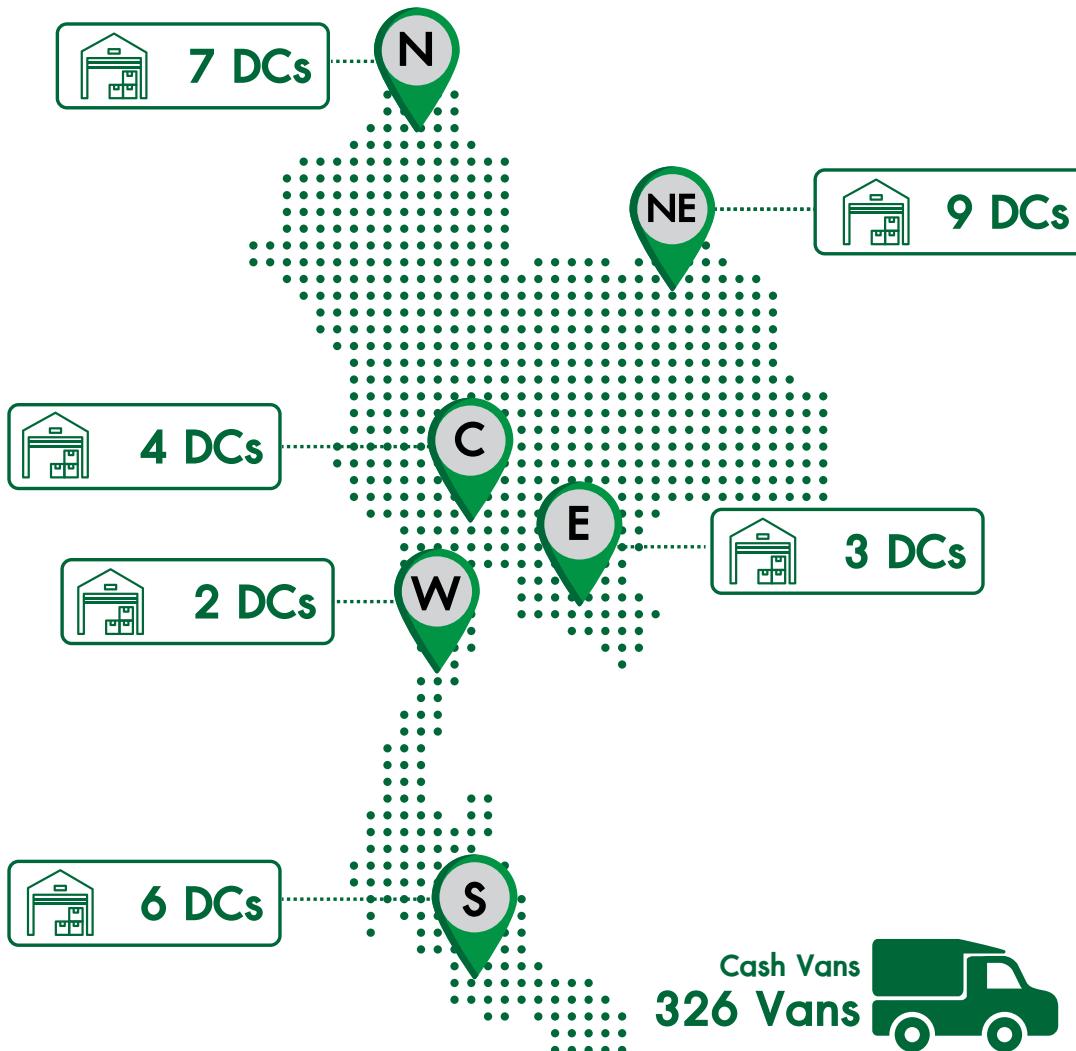
The Group's distribution channels for domestic and internation business are as follows:



Domestic Market

Products of the Groups are sold and distributed to traditional trades via multi-tired agents and cash vans as well as to modern trades

- Traditional trade is the major channels that the Group distributes products through a network of agents that are managed by the Group. In other words, the Group searches for and appoints an agent who possess capability in expanding distribution coverage and warehousing at a province level, and then, colaborately with the agent, looks for sub-agents at a district level to distribute products to the wholesales and finally to local retailers nationwide thoroughly. The Group put an emphasize on developing a network of retailers supported by over 1,500 personnel under the operation of both on-ground marketing and cash vans covering all prime trade areas. In addition, the Group developed cash van strategy, an internalized distribution fleet, to distribute products directly to retailers with distribution centers in 31 locations and cash van of 326 vans covering approximately 180,000 retail shops.
- Modern trade including convenience stores, supermarkets and hypermarkets places an order directly with the Group and the Group distributes products directly to their branches.



International Market

CBD, as a manufacturer, distributes its products as finished goods to trading partners in overseas who are importers, agents or local distributors as a distributorship model, to further distribute products to end consumers in their countries under the terms, conditions, and pricing differently in each country according to the negotiation between CBD and its trade partners in the terms to maximize mutual benefits between the Group as an owner of Carabao brand and trading partners as an important partnership.

ICUK operates marketing, selling and distributing energy drinks products of the Group in the United Kingdom and other countries outside Asia. For the UK market, ICUK distributes products to the retailers directly.



4. Overview of the Energy Drink Markets

4.1. Domestic Market

According to market survey data of Nielsen, energy drink market in Thailand posted a decline at the average rate of - 2.9 percent in volume during the year 2015 to 2017, whereas the market in 2018 turned to show a slight positive growth of 0.2 percent as compared to the previous year. The energy drinks are distributed via two main distribution channels; traditional trades, the largest portion, contributed to 72 percent of the total sales volume in 2018 while the rest 28 percent was from modern trades. The Group ranked number 2 in the market with 23.2 percent market share in 2018.

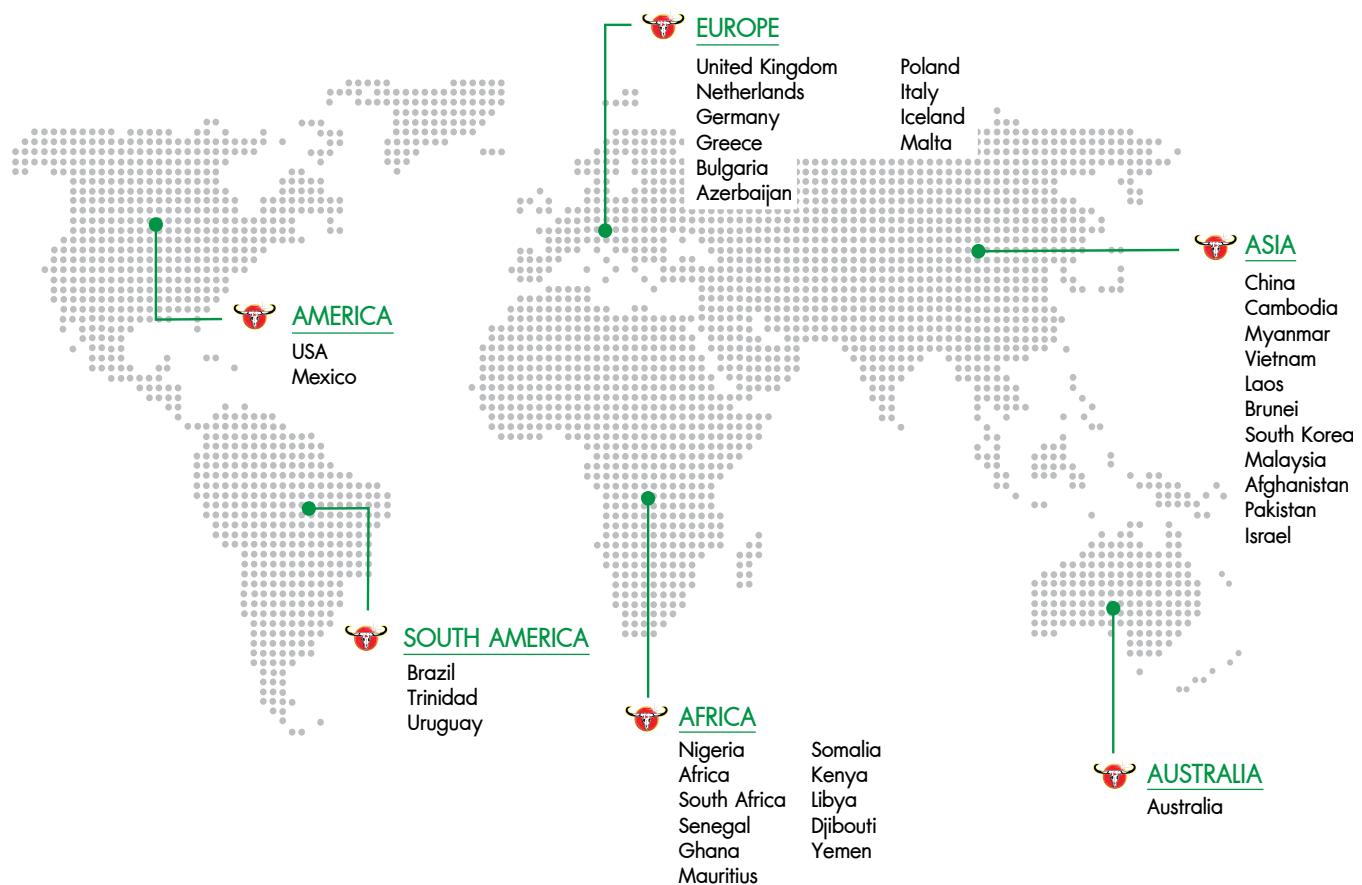
The characteristic of energy drinks in Thailand are clearly different, the lower-to-middle incomes in the age range of 26-45 years old who prefer non-carbonated energy drinks and slightly sweeter as compared to energy drinks consumed in other countries. The survey also signals Thai consumer behaviours which prefer energy drinks in glass bottle to cans. Consequently, the Group believes that foreign entrepreneurs have less chance to compete in the local market as most of their products are packed in cans and carbonated. Evidently, the main competitive landscape of energy drink market in Thailand are dominated by Thai companies who have deeper understandings in the characteristics of Thai consumers.

The Group is considered to be the late-comer in Thai energy drink market when compared to other local market-dominated players. The Group is the youngest company who entered into the production and marketing of energy drinks in Thailand in 2002. Nevertheless, the Group's trademark or brand received a warm welcome from the market rapidly and overwhelmingly that brings the Group out as one of the leading brands in Thailand with market share ranked the second and the leading player of energy drink in Central region.

4.2. International Market

Energy drink in global market, except for South East Asia region, is perceived as a premium product as representing in the higher selling price per millilitres as compared to other beverages in soft drink categories. Majority of consumers are young generations ranging from the high-schools to the postgrads and males over females.

The world's top five energy drink market share are the United States, China, Japan, the United Kingdom and Brazil. Consequently, several energy drink players are interested in entering China energy drink market due to its growing population size and high growth rate of the local energy drink industry. Additionally, many companies place an importance in product varieties in taste or flavours, specific ingredients added, and ranges of sweetness offered as the consumers become more health conscious and governments in several countries put the tax schemes on sugary drinks in effective in order to reduce the consumption of sweet and so the illness related to the consumption of sugary drinks in high level as could be seen in Thailand, England, France, Portuguese, South Africa and several states in the United States.



5. Procurement of Product or Service

(1) Manufacturing Factory and Production Capacity

The Group had been invested in new capacities as a vertically integrated manufacturing company ranging from upstream capacity i.e. amber-glass bottle and aluminum can manufacturing plants to bottling and canning of the beverage as finished goods, which located in a single site in Bangpakong District, Chachoengsao Province. All of the new production capacities began commercial operations within 31 December 2018.

The bottling and canning manufacturing factory which produce finished goods under the operation of CBD has the installed capacity and utilization rates for the fiscal year ended 31 December from 2016 to 2018 as follows;

	For the fiscal year ended 31 December		
	2016	2017	2018
Bottling factory			
Weighted average installed capacities (million bottles)	1,080	1,080	1,800
Actual production volume (million bottles)	845	869	864
Utilisation rate (percentage)	78	80	48
Canning factory			
Weighted average installed capacities (million cans)	350	1,250	1,560
Actual production volume (million cans)	357	555	844
Utilisation rate (percentage)	102	44	54

Remarks The maximum production capacity is calculated based on maximum capable speed of machinery for 21 hours per days and 300 days per year and weighted average by the time of which each production line are in commercial productionBottling factory excludes 2 production lines for sport drinks, in total 100 million bottles per year

(2) Raw Material Procurement

The Group's policy is to procure its main raw materials from at least 2 to 3 suppliers, as the Group prefers not to rely too heavily on one particular supplier and to increase bargaining power for the Group. The Group plans to purchase raw materials in accordance with the annual sale and production plan. The central procurement department has a duty to contact raw material suppliers in order to purchase raw materials for production. Generally, the Group enters into short-term agreements with the suppliers with a term of approximately 12 months. The Group visits each supplier on a yearly basis in order to inspect the major raw material suppliers' production process and to ensure the raw materials received meet the Group's quality standards.

Raw materials used in production of the Group's energy drink and sport drink

Key raw materials used in the production process are as follows;

(1) White refined sugar

White refined sugar is the main ingredient for manufacturing, the Group plans to purchase the white refined sugar from domestic supplier as annual production plan and enters into short-term agreements for a term of approximately 1 year. The agreement specifies amount purchased and the initial price in Thai Baht. The price may change if the authority increases or reduces price of sugar. The Group has long-standing and good relationships with sugar suppliers and has not experienced a shortage of such raw material in the past.

(2) Glass bottles

Glass bottles are the main raw materials, including its 150 ml amber glass bottles for bottled Carabao Dang and its 250 ml clear glass bottles for Start Plus. The Group has its own of amber glass bottles factory but ordered clear glass bottles from a third party as annual purchase planning. The clear glass bottles are purchased from 3 domestic suppliers under short-term agreements, which specifies the amount purchased and the fixed price in Thai Baht.

The amber glass bottle manufacturing factory was operating under the name of APG, raw materials planning and mostly capacity is enough for demand and accordance with annual production plan of CBD in currently. APG order raw material through the central procurement department and reserves the main raw materials for production for a period of 7 to 10 days .In a while clear glass bottles for Start Plus is procured from all domestic partners. The main raw materials used for manufacturing glass bottles, as follows:

- **Glass cullet**

Glass cullet is the main raw material for manufacturing amber glass bottles. Normally, the Group purchases glass cullet from local cullet sorting plant, which gather used glass packages, and then ground them to cullet, remove contaminants, and deliver the cullet to glass bottle manufacturers. APG purchases glass cullet from glass cullet suppliers by entering into short-term agreements with a term of 1 year.

- **Glass sand**

Glass sand is the second main raw material for manufacturing glass bottles after glass cullet. After being melted, glass sand turns into the main structure of glass. APG purchases most of its glass sand from glass sand suppliers in Rayong, by using purchase orders which stipulate purchase price and order quantity in advance for a period of approximately 6 months.

- **Soda ash**

Soda ash is the main raw material for manufacturing amber glass bottles. It is used to reduce the temperature in the glass melting process. Soda ash is mostly found in Kenya and China. APG purchases soda ash from various importers using purchase order which is in line with normal market practice.

- **Natural gas**

Natural gas is the main fuel used for manufacturing APG's amber glass. APG has entered into a natural gas supply agreement with PTT Public Company Limited ("PTT").

- **Other raw materials**

Other raw materials in the manufacture of an amber glass bottles include limestone, feldspar, sodium sulfate, charcoal powder, selenium, rust, and other raw materials. Generally, APG purchases these raw materials from local suppliers. The procurement department has a policy to purchase each raw material from 2 to 3 suppliers in order to avoid relying too heavily on one particular supplier and to increase bargaining power in terms of the price and quality of the raw materials.

The proportion of raw materials for manufacturing amber glass bottles may be adjusted and one material may replace another as appropriate, depending on the ability to procure each type of raw material at a particular time.

(3) Aluminum Cans

Aluminum Cans is main raw materials include aluminum cans 250 ml size and 330 ml size for energy drink. The Group prepares an annual purchase plan for aluminum cans based on the annual production plan. It purchases the cans from 2 to 3 suppliers. Purchasing orders specifying a fixed price and the number of cans for 1 year in advance.

The aluminum cans manufacturing factory was operating under the name of ACM, raw materials planning and all capacity it was used for produce aluminum cans 250 ml size and accordance with annual production plan of CBD. ACM order raw material through the central procurement department and reserves the main raw materials for production period of 7 to 10 days. For excessing of production capacity of aluminum cans 250 ml size and demand of aluminum cans 330 ml size of CBD will be ordered direct from local supplier. The main raw materials for manufacturing aluminum cans, as follows:

- **Aluminum coil (plated)**

Aluminum coil is main raw materials use for produce aluminum cans. ACM purchase aluminum coil from standard local company.

- **Natural gas**

Natural gas is the fuel used for manufacturing of ACM. ACM has entered into a natural gas supply agreement long-term with PTT Public Company Limited ("PTT").

- **Other raw materials**

Other raw materials in the manufacture aluminum cans include coatings inside cans, canned Ink. The company chooses to use substances that are environmentally friendly. ACM purchase orders specifying a fixed price and the number for 1 year in advance.

(4) Other raw materials

Other raw materials used for manufacture of Carabao Dang include taurine, caffeine, inositol, nicotinamide, dexpanthenol, vitamin B6, and vitamin B12. Other raw materials used for manufacture of Start Plus include sodium chloride, potassium chloride, and zinc gluconate. The Group generally prepares an annual raw material purchase plan with their raw material suppliers based on the annual production plan for basic using demand of CBD. After the production department prepares a monthly production plan, the procurement department purchases raw materials on a monthly basis. Other raw materials are purchased from raw material suppliers using purchase orders which specify a fixed price and quantity.

6. Beverage's Production Process

(A) Beverage's Production Process (Bottle and Can)

There are 5 main steps to produce beverage

Step 1 Preparation of raw material

Main raw material includes sugar, taurine, caffeine, inositol, nicotinamide, dexpanthenol, vitamin B6 and B12 which passed quality check procedure. Ingredient required in large amount such as sugar is stored in sugar silo (closed system). All raw materials are transferred to weighting, measuring system through automated system. Raw materials in powder form are weighted precisely with load cell while solutions are weighted by flow meter which passed checking and calibration regularly before use. The quantity used in each recipe are described in computer system⁵

Step 2 Automation Mixing System

Water used in production process is RO water (Processed through Reverse Osmosis). Next is transferred to mixing tank where sugar and other raw materials transferred from weighting system mixed together (order of mixing). Each recipe is described in computer system to ensure the same standard in every mixture. Next is the quality check where taste and quality requirement is tested. Once the drink passed quality check, it will be transferred to filtering process and then transferred to filling in closed system

Step 3 Preparation of packaging

Bottles or cans for Carabao Dang drink are transferred through conveyor belt by depalletizer and through empty bottle/can inspection for quality control. Then, the containers are transferred through conveyor to automated washing machine with hot water 80 Celsius. After washing the cans or bottles are transferred through conveyor to filling machine

Step 4 Bottling or canning

Bottles or cans after step 3 will be transferred to automated filling machine to fill the drink from mixing in step 2 and bottle or can is closed with the cap with capper or seamer. The procedure is conducted in clean room class 100,000 in accordance with Good Manufacturing Procedures (GMP). After filling procedures, Carabao Dang drinks are transferred on conveyor through full bottle/can inspection, then to lot printing on the bottles or cans.

Step 5 Packaging

Carabao Dang in bottle or can are transferred on conveyor to film packing machine and box packing. The factory contains machinery that can pack by wrap around and half tray. Carabao drinks packed in paper boxes will enter lot printing machine. Final stage is arranging products on pallets using palletizers to store in ready - made product warehouse

Beverage's Production Process

Preparation of Raw Material



1

Preparation of Packaging



3

Automation Mixing System



2

Packaging



5

Bottling or Canning



(B) Glass Bottle Production Process

Step 1 Preparation of raw material

The Main Material is Cullet, Sand, Soda Ash, Lime Stone and Feld spar. There are some minor ingredients to put in the batch to help melting and make color of the glass, such as, Iron oxide, Sodium Sulphate, Carbon dust, etc.

Each ingredient is weighed automatically by hopper scale and mixed together by Mixer and convey to Furnace hopper.

Step 2 Melting

Then the batch mixture is fed to Melting Furnace by batch charger. Furnace heats mixture by Natural gas and Electricity at the temperature 1550-1600C until it melts. While the mixture is melting, it releases Gas which is CO₂ and SO₂ gradually till the melting is completed with very less bubble in molten glass. The molten glass is transferred to Forming process via Working and Foreheart. At this stage the molten glass temperature is controlled suitably for forming process.

Step 3 Forming

At the end of Forehearth, the molten glass is flown to bottle forming machine via Orifice Ring and is cut into Gob by shear blade. The falling gob has specific shape and weight depend on the type of glass bottle produced. After that the gobs fall into blank mold via series of delivered chute. At blank mold, it forms the finish end, thread and Parison. Parison is a hallow and partially formed container which after that it is transferred to Blow side and fully formed at blow mold. Then fully formed glasses bottle are taken out to cool down above the conveyor and convey to next step.

Step 4 Annealing

At Annealing Lehr, the temperature of bottle is controlled and gradually reduced from 570C to room temperature to release the internal stress and make the bottle stronger. In this process, there is cold end coating by spraying solution to the surface of bottle to prevent scratch and also make glass bottle stronger.

Step 5 Inspection

100% bottle are examined by inspection machine. Each machine detects different area and defect. There is side wall inspection machine, Finish and bottle inspection machine and check inspection machine

Step 6 Palletizing and Packing

Glass bottle are palletized, packed and transferred to storage warehouse

Glass Bottle Production Process

Preparation of Raw Material



1

Forming



2

Melting



3

Inspection



4

Annealing



5

Palletizing and Packing



6



(C) Aluminum Can's Production Process

Step 1 Preparation of Raw Material

Our production starts with high quality aluminum coils. The aluminum coil is flipped 90 degree by the down ender, set into a coil releasing shaft and vertically fed into the cup press. From thin aluminum coil, the cup press cuts and folds the coil, forming into a cup with one single press. The cup is formed to a precisely designed dimensions for the next forming step.

Step 2 Cup Forming

The aluminum cup is elongated by a punching die, with bottom die on the other end, forming a can body and bottom profiles. After this process, the cup is transformed and now look like a commercial aluminum can. Next to the body forming, the cutting shear of the trimmer evenly cut out the top part of the cans to the same height. The forming process is now completed. Before printing, cans are washed in the washer, cleaning out lubrication oil and contamination. The outer surface of cans are pre-treated to be ready for printing.

Step 3 Printing and Coating

Our highspeed decorators are equipped with 8 printing heads and capable to cope with high quality printing and sophisticated art work. The can bottom is lightly coated by a lacquer. This coating enables cans to glide on conveyances when being filled at filling lines of our customers. The inner surface of can is fully coated by an epoxy resin. This thin film prevents the corrosion of the aluminum can. It also preserves the taste and flavor of the beverage inside.

Step 4 Neck & Flanger

The last process is to form a neck and a flange. The machine gradually bends the top part of the can inside to form a neck, then folds it outside to form a flange.

Step 5 Inspection

Before packaging, all cans are inspected by ICT camera. Cans with defects, wrong printing art work or physical contamination are rejected and sorted out automatically.

Step 6 Palletizing

The qualified cans are stacked up on the pallet by an automatic palletizing machine. After stacked, the pallet is covered by shrink film to ensure hygiene and sanitation. The complete pallet is then moved to storage area and ready to deliver to the customer.

Aluminum Can's Production Process

Preparation of Raw Material



1

Printing and Coating



3

Cup Forming



2

Inspection



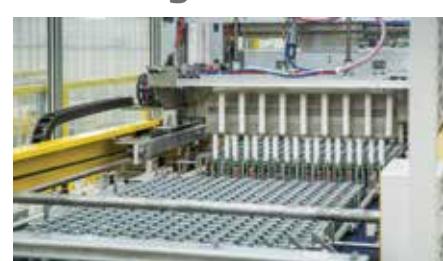
5

Necker & Flanger



4

Palletizing



6



Quality Management of Beverage Manufacturing



Quality Management of Beverage Manufacturing

Energy drink products under the trademark “Carabao Dang”, all bottles have been produced according to the production process that has been accepted to the highest international standards. In addition, the Group’s production facilities at Bang Pakong District Chachoengsao has been designed and built according to global international standards. CBD has management and quality control in each production process. Which has been certified by both HACCP and ISO 22000 and include GMP (Good Manufacturing Practice) certified by Food and Drug Administration and international standards (CODEX). so CBD were certified the production process and quality control with many standard as follows;

(1) GMP and HACCP (Hazard Analysis and Critical Control Point) is the certification of the beverage production process from Food and Drug Administration and international standards (CODEX) by Bureau Veritas Certification (Thailand) Limited which is a production quality management system and food safety by controlling the production process of food that is free from harmful microorganisms, chemicals and various foreign matter.

(2) Halal: This certification, given by the Central Islamic Council of Thailand, is to certify that the production process complies with Islamic principles.

(3) ISO 22000:2005 (E): This certification, given by Bureau Veritas Certification (Thailand) Limited, is a food safety management certification which meets international standards.

(4) ISO 14000 and ISO 45001:2018 Is a certified environmental management system for safety and occupational health

Quality Management of Glass bottle Manufacturing

Apart from having 100% bottle defect check by various inspection machine, we also have Quality control officer to re-check quality of product. We also have Quality Assurance Process to randomly check the finished bottle before delivery to customer. Additionally, we have laboratory and modern equipment to have physical test of bottle strength and dimension, such as internal pressure tester, Internal pressure ramp tester, etc. to make sure all the product we send is satisfied to our customer.

Lastly, we are proud to guarantee our quality by having certification of ISO 9001 version 2015.

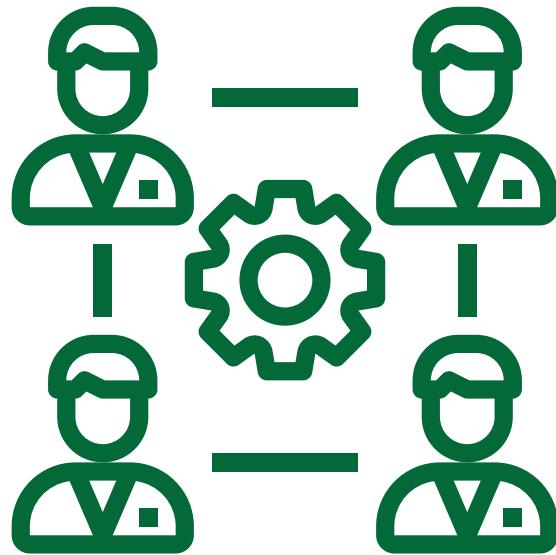
7. Environmental Impact

Drink production of CBD, bottle manufacturing of APG, and aluminum can production of ACM are under enforcement of the law, regulations and environmental requirement applied to national, provincial and local level. Environmental laws, regulations and requirement applied to producer of beverage and manufacturers of the packaging materials include the provisions of control of air pollutant emission, water pollutants, prevention and wastewater treatment and exhaust including management and disposal of hazardous substance and waste. However, volume of exhaust, wastewater and other waste from production processes of the Group’s beverages and the packing materials are in standard ranges and in compliance with all relevant environmental law, regulations and requirement.

The Group believes that, at present, all of the Group’s manufacturing facilities have complied with the environmental law, regulations and requirement applied to national, provincial and local levels and, thus, have never been prosecuted for any lawsuit in regard to non-compliance to environmental law. Nevertheless, the Group might be affected from the unanticipated environmental situation or new enforcement of law, regulations and requirement or amendment in the future.

8. Ongoing project

-None-



INFORMATION ON THESEcurities AND SHAREHOLDERS

WORLD CLASS PRODUCT | WORLD CLASS BRAND

Information on the Securities and Shareholders

1. Capital

As of 31 December 2018, the registered capital and paid-up capital of the company is Baht 1,000 million (Par value baht 1). Total of shares are traded in Stock Exchange of Thailand.

2. Shareholder

2.1 The shareholding and percentage of Top 10 of shareholders as of December 28, 2018 are as follows;

No.	Shareholders' name	Number of share	Shareholding Percentage
1	Sathientham Holding Co.,Ltd.	250,064,500	25.01%
2	Ms. Nutchamai Thanombooncharoen	210,000,000	21.00%
3	Mr. Yuenyong Opakul	70,480,000	7.05%
4	Mr. Sathien Setthasit	48,474,100	4.85%
5	Mr. Pracha Dumrongsuttipong	40,504,000	4.05%
6	Mrs. Linjong Opakul	26,145,800	2.61%
7	UBS AG SINGAPORE BRANCH	25,161,400	2.52%
8	Mrs. Jarunee Shinwongsworakul	21,521,200	2.15%
9	NORTHEND INVESTMENT LIMITED	20,000,000	2.00%
10	Mrs. Wongdao Thanombooncharoen	18,152,700	1.82%

2.2 Holding companies that are the Group's major shareholders and have significant impact for company's policies and operations are as follows:

2.2.1 The shareholding structure of Sathientham Holding Co., Ltd. is as follows: Mr. Sathien Setthasit holds shares at 55.0 percent, Mrs. Dararat Setthasit holds shares at 15.0, Mr. Veeratham Setthasit holds shares at 10.0 percent, Mr. Romtham Setthasit holds shares at 10.0 percent, and Miss Tientham Setthasit holds shares at 10.0 percent of the total paid-up capital of Sathientham Holding Co., Ltd.

2.2.2 A shareholder of Northend Investment Ltd. is Autumn Gold Capital Ltd. (incorporated under the law of the British Virgin Islands). A shareholder of Autumn Gold Capital Ltd. is Allshores Corporation Pte. Ltd. (incorporated under the law of Singapore), which operates business of providing service of processing and liaising in order to incorporate companies under various countries' law with Mr. Sathien Setthasit as a beneficiary.

Note: * UBS AG SINGAPORE BRANCH was appointed to serve as a custodian for and on behalf of Northend Investment Limited..

2.3 Summary of Directors and Managements' Shareholding Year 2018

Director / Management	Relation	Number of Shares (Beginning)	Increase / (Decrease) During Year	Number of Shares (Ending)
1. Sathien's Group				
1.1 Mr. Sathien Setthasit		48,154,100	320,000	48,474,100
1.2 Sathientham Holding Co., Ltd.		250,064,500	-	250,064,500
1.3 Northend Investment Limited		45,161,400	-	45,161,400 ¹
2. Nutchamai's Group				
2.1 Ms. Nutchamai Thanombooncharoen		210,000,000	-	210,000,000
2.2 Mrs. Wongdao Thanombooncharoen	Ms. Nutchamai's Sister	18,152,700	-	18,152,700
3. Yuenyong's Group				

Director / Management	Relation	Number of Shares (Beginning)	Increase / (Decrease) During Year	Number of Shares (Ending)
3.1 Mr. Yuenyong Opakul		70,480,000	-	70,480,000
3.2 Mrs. Linjong Opakul	Mr. Yuenyong's Wife	26,145,800	-	26,145,800

Remark : ¹ UBS AG SINGAPORE BRANCH is appointed to serve as a custodian for and on behalf of Northend Investment Limited.

3. The Subsidiaries

At present, the shareholding structure of the Group's subsidiaries could be summarized as follows

3.1 Carabao Tawandang Company Limited (CBD)

Name of Major Shareholder	Number of Shares	Shareholding Percentage
1. The Company	2,999,990	99.9
2. Mr. Sathien Setthasit	5	0.0
3. Mr. Veeratham Setthasit	5	0.0
Total	3,000,000	100.0

3.2 Tawandang DCM Company Limited (DCM)

Name of Major Shareholder	Number of Shares	Shareholding Percentage
1. The Company	999,980	99.9
2. Mr. Sathien Setthasit	10	0.0
3. Miss Nutchamai Thanombooncharoen	10	0.0
Total	1,000,000	100.0

3.3 Asia Pacific Glass Company Limited (APG)

Name of Major Shareholder	Number of Shares	Shareholding Percentage
1. The Company	12,999,980	99.9
2. Mr. Sathien Setthasit	10	0.0
3. Miss Nutchamai Thanombooncharoen	10	0.0
Total	13,000,000	100.0

3.4 CARABAO HOLDINGS (HONG KONG) LIMITED ("CHHK")

Name of Major Shareholder	Number of Shares	Shareholding Percentage
1. The Company	60,486,643	100.0
Total	60,486,643	100.0

3.5 CARABAO VENTURE HOLDINGS (LUXEMBOURG) LIMITED S.R.L. ("CVHLUX")

Name of Major Shareholder	Number of Shares	Shareholding Percentage
1. CHHK	52,526,120	84.3
2. Northend Investment Limited	5,981,622	9.6
3. INTERCARABAO PRIVATE LIMITED	3,800,823	6.1
Total	62,308,565	100.0

3.6 INTERCARABAO LIMITED ("ICUK")

Name of Major Shareholder	Number of Shares	Shareholding Percentage
1. CVHLUX	54,600,000	100.0
Total	54,600,000	100.0

3.7 CARABAO TRADING (HONG KONG) LIMITED ("CTHK")

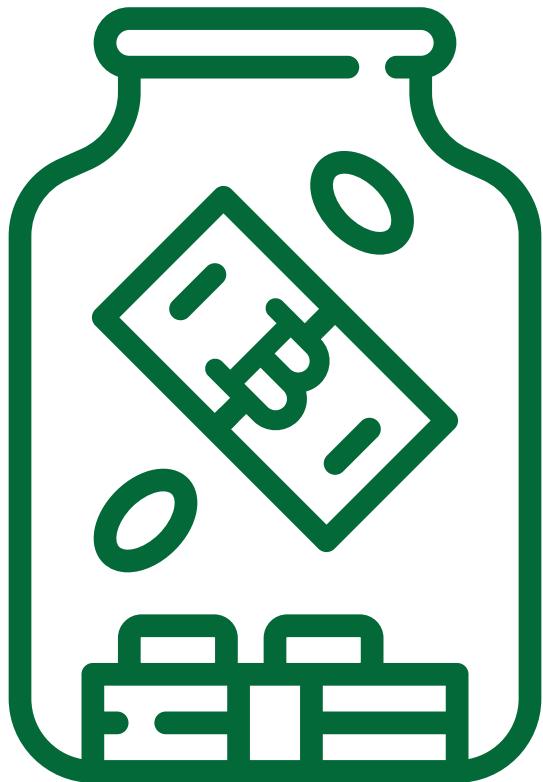
Name of Major Shareholder	Number of Shares	Shareholding Percentage
1. The Company	50,000	100.0
Total	50,000	100.0

3.8 Asia Can Manufacturing Company Limited (ACM)

Name of Major Shareholder	Number of Shares	Shareholding Percentage
1. The Company	5,180,000	74.0
2. SHOWA DENKO Group	1,820,000	26.0
Total	7,000,000	100.0

4. Shareholders Agreement

- None. -



DIVIDEND POLICY

WORLD CLASS PRODUCT | WORLD CLASS BRAND

Dividend Policy

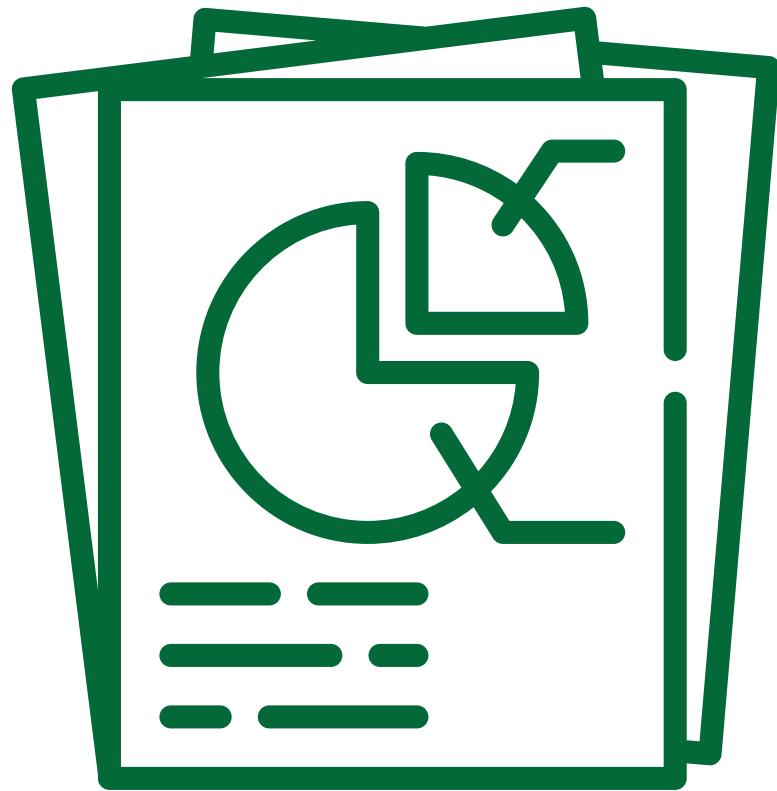
1. Dividend Policy of the Company

The Company has a policy to pay dividends at the rate of not less than 40.0 percent of net profit after income tax under the consolidated financial statements and the allotment of a legal reserve. The rate of dividend payment is subject to the investment plan, the conditions and restrictions as specified in the loan agreements, or other relevant agreements (if any), the financial condition and operating results as well as other relevant factors of the Company and its subsidiaries. The Board of Directors may reconsider and amend the dividend policy from time to time to be consistent with the Company's and its subsidiaries' future business growth plans, investment capital and working capital requirements, and other factors as considered appropriate. However, the dividend payment must not be in excess of the retained earnings under the Company's separate financial statements, and must be in accordance with the relevant law.

The Company is a holding company and its main assets are investments in its subsidiaries. Therefore, the Company's ability to pay dividends is dependent upon the operating results of and dividend payment of its subsidiaries.

2. Dividend Policy of the Subsidiaries

The subsidiaries of the Company have a policy to pay dividend to shareholders at the rate of not less than 40.0 percent of net profit after income tax under the separate financial statements of the subsidiaries and the allotment of a legal reserve. The rate of dividend payment is subject to their operating results, financial conditions, liquidity, investment requirements, additional investments, business expansion, conditions and restrictions provided under loan agreements and other factors relating to their management as their Board of Directors and/or shareholders may consider appropriate. The dividend payment shall be in accordance with the Company's policy. However, the dividend payment must not be in excess of the retained earnings under the subsidiaries' separate financial statements, and must be in accordance with the relevant law.



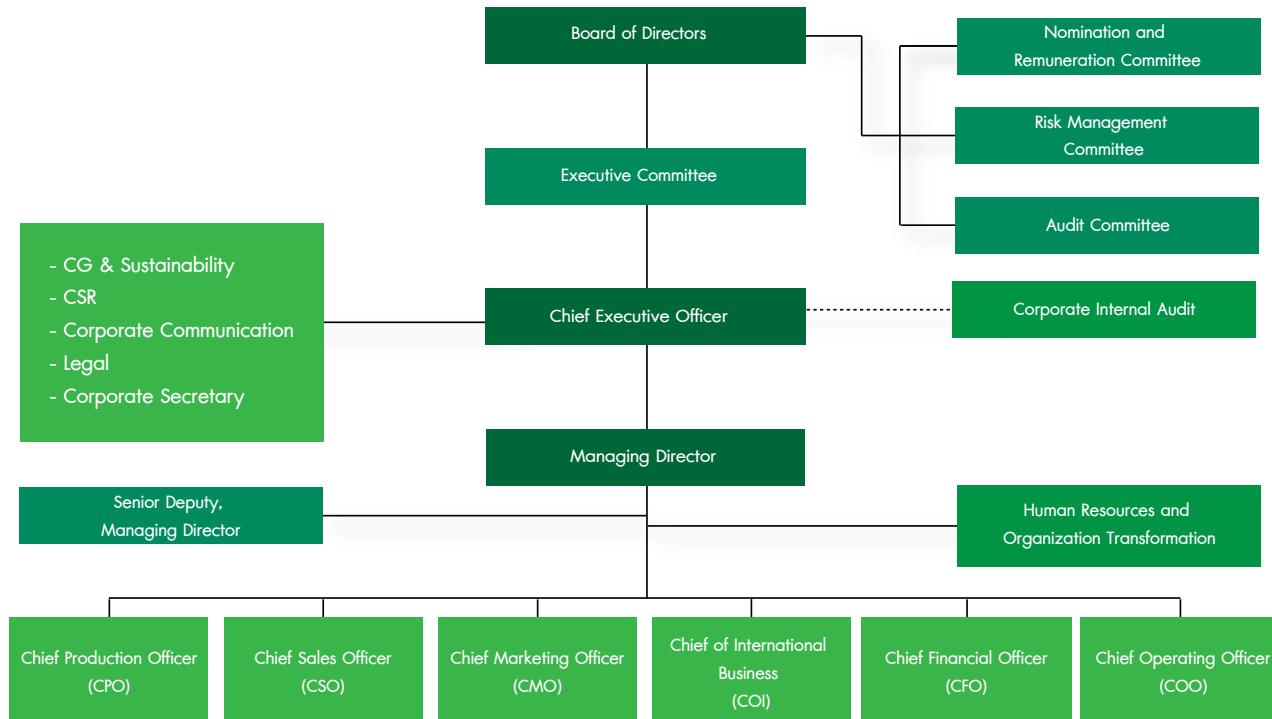
MANAGEMENT STRUCTURE

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Management Structure

1. Management Structure of the Company

1.1 Organization Structure



1.2 Board of Directors

Board of Directors of the Company

The Board of Directors of the Company comprises of 9 directors as follows:

Name	Position
1. Mr. Sathien Setthasit	Chairman of the Board of Directors / Chairman of Executive Committee / Chairman of Nomination and Remuneration Committee
2. Miss Nutchamai Thanombooncharoen	Vice-Chairman of the Board of Directors / Vice-Chairman of Executive Committee / Vice-Chairman of Risk Management Committee / Member of Nomination and Remuneration Committee
3. Mr. Yuenyong Opakul	Director
4. Mr. Kamoldist Smuthkochorn	Director / Member of Executive Committee / Member of Risk Management Committee
5. Mr. Romtham Setthasit	Director / Member of Executive Committee / Member of Risk Management Committee
6. Mrs. Saowanee Kamolbutr	Director / Chairman of Audit Committee / Chairman of Risk Management Committee / Vice-Chairman of Nomination and Remuneration Committee / Independent Director
7. Mr. Kanit Patsaman	Director / Member of Audit Committee / Member of Nomination and Remuneration Committee / Member of Risk Management Committee / Independent Director
8. Mr. Sanchai Jullamon	Director / Member of Audit Committee / Member of Nomination and Remuneration Committee / Independent Director
9. GEN. Siripong Wongskhanti	Director / Independent Director

Remark: Miss Raewadee Rassameesangpetch acts as the secretary to the Board of Directors.

(1) Authorized Director

The Company's authorized directors to sign to bind the Company are Mr. Sathien Setthasit, or Mr. Yuenyong Opakul, or Miss Nutchamai Thanombooncharoen, or Mr. Kamoldist Smuthkochorn. Any two out of four of such authorized directors jointly sign with the Company's seal affixed in order to bind the Company, except for certification of documents or copies of documents, which shall require the signature of any one of these four authorized directors with the Company's seal affixed.

(2) Board of Directors meetings

Name of Director	Board of Director	Audit Committee	Numeration and Remuneration Committee	Risk Management Committee
1. Mr. Sathien Setthasit	✓		✓	
2. Miss Nutchamai Thanombooncharoen	✓		✓	✓
3. Mr. Yuenyong Opakul	✓			
4. Mr. Kamoldist Smuthkochorn	✓			✓
5. Mr. Romtham Setthasit	✓			✓
6. Mrs. Saowanee Kamolbutr	✓	✓	✓	✓
7. Mr. Kanit Patsaman	✓	✓	✓	✓
8. Mr. Sanchai Jullamon	✓	✓	✓	
9. GEN. Siripong Wongskhanti	✓			
10. Mr. Pongsarn Klongwattanakith (CFO)				✓
11. Mr. Anupong Pongsuwana				✓
12. Miss Tientham Setthasit				✓

Name of Director	Board of Director		Audit Committee		Numeration and Remuneration Committee		Risk Management Committee		Annual General Shareholders' Meeting	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
1. Mr. Sathien Setthasit	8/8	4/5			2/2	2/3			1/1	1/1
2. Miss Nutchamai Thanombooncharoen	8/8	5/5			2/2	3/3	4/4	4/4	1/1	1/1
3. Mr. Yuenyong Opakul	8/8	4/5							1/1	1/1
4. Mr. Kamoldist Smuthkochorn	7/8	4/5					4/4	3/4	-	1/1
5. Mr. Romtham Setthasit	7/8	4/5					-	1/3	1/1	1/1
6. Mrs. Saowanee Kamolbutr	7/8	5/5	7/7	5/5	2/2	3/3	4/4	4/4	1/1	1/1
7. Mr. Kanit Patsaman	8/8	5/5	7/7	5/5	2/2	3/3	4/4	4/4	1/1	1/1
8. Mr. Sanchai Jullamon	8/8	4/5	7/7	4/5	2/2	3/3			1/1	1/1
9. GEN. Siripong Wongskhanti	6/8	5/5							1/1	1/1
10. Mr. Paiboon Kujareevanich ¹							4/4	-	-	-
11. Mr. Pongsarn Klongwattanakith							4/4	4/4	1/1	1/1
12. Mr. Anupong Pongsuwana							4/4	4/4	1/1	1/1
13. Mr. Anat Julintorn ²									1/1	
14. Miss Tientham Setthasit ³									0/1	

Remark: ⁵ Mr. Paiboon Kujareevanich resigned from member of Executive Committee and member of the Risk Management Committee on January 1, 2018

² Mr. Anat Julintorn were appointed to be member of Executive Committee and member of the Risk Management Committee by resolution of the Board of Directors No. 4/2018 on August 10,2018.

³ Miss Tientham Setthasit were appointed to be member of Executive Committee and member of the Risk Management Committee by resolution of the Board of Directors No. 4/2018 on August 10,2018.

Detail of the board of directors

Mr. Sathien Setthasit

Current Position

Chairman of the Board of Directors
 Chairman of the Executive Committee
 Chairman of the Nomination and Remuneration Committee
 Chief Executive Officer

Educational Qualifications/Training

B.A. (Political Science), Sukhothai Thammathirat Open University
 Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

Work Experience

2014 - Present	Chairman of the Board of Directors Chairman of the Executive Committee Chairman of the Nomination and Remuneration Committee Chief Executive Officer Carabao Group Public Company Limited
2014 - Present	Chairman of the Board of Directors Asia Pacific Glass Co., Ltd.
2012 - Present	Chairman of the Board of Directors Tawandang DCM Co., Ltd.
2013 - Present	Chairman of the Board of Directors Carabao Group Public Company Limited
2002 - Present	Chairman of the Board of Directors Carabao Tawandang Co., Ltd.
2018 - Present	Member of the Board of Directors of Tawandang Logistics Co., Ltd./ TD Tawandang Co., Ltd./ Express Med Co., Ltd.

Miss Nutchamai Thanombooncharoen

Current Position

Vice Chairman of the Board of Directors
 Vice Chairman of the Executive Committee
 Member of the Nomination and Remuneration Committee
 Vice Chairman of the Risk Management Committee

Educational Qualifications/Training

- B.A. (Social Sciences), Silpakorn University
- M.A. (Commerce and Accountancy), Thammasat University
- Director Certification Program (DCP), Thai Institute of Directors (IOD)
- Financial Statements for Directors (FSD) , Thai Institute of Directors (IOD)
- Risk Management Committee Program (RMP) , Thai Institute of Directors (IOD)
- Transformative HR System, Panyapiwat Institute of Management (PIM)
- Top Management Program, Capital Market Academy (CMA)
- Top Executive Program in Commerce and Trade (TEPCot)

Work Experience

2014 - Present	Vice Chairman of the Board of Directors / Vice Chairman of the Executive Committee / Vice Chairman of the Risk Management Committee / Member of the Nomination and Remuneration Committee and Managing Director Carabao Group Public Company Limited
2017 - Present	Member of the Board of Directors / Member of the Executive Committee of Tawandang F&B Co.,Ltd.
2015 - Present	Member of the Board of Directors and Member of the Executive Committee of Tawandang Brewery 1999 Co.,Ltd.

Miss Nutchamai Thanombooncharoen

2014 - Present	Vice Chairman of the Board of Directors Asia Pacific Glass Co., Ltd.
2013 - Present	Vice Chairman of the Board of Directors Carabao Group Public Company Limited
2013 - Present	Managing Director Carabao Tawandang Co., Ltd.
2012 - Present	Managing Director Tawandang DCM Co., Ltd.
2002 - Present	Member of the Board of Directors Carabao Tawandang Co., Ltd.
2002 - 2013	Deputy Managing Director Carabao Tawandang Co., Ltd.
1999 - Present	Member of the Board of Directors and Member of the Executive Committee Tawandang Brewery Co., Ltd.
2005 - Present	Member of the Board of Directors and Member of the Executive Committee Tawandang German Brewery Co., Ltd.

Mr. Yuenyong Opakul

Current Position

Member of the Board of Directors

Senior Assistant Managing Director

Educational Qualifications/Training

- Honorary Doctorate (Liberal Arts), Bangkok Thonburi University
- Honorary Doctorate (Thai Popular Music), Ramkhamhaeng University
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

Work Experience

2014 - Present	Senior Deputy Managing Director Carabao Group Public Company Limited
2014 - Present	Member of the Board of Directors Asia Pacific Glass Co., Ltd.
2014 - Present	Member of the Board of Directors Tawandang DCM Co., Ltd.
2013 - Present	Member of the Board of Directors Carabao Group Public Company Limited
2002 - Present	Member of the Board of Directors / Senior Deputy Managing Director Carabao Tawandang Co., Ltd.

Mr. Kamoldist Smuthkochorn

Current Position

Member of the Board of Directors

Member of the Executive Committee

Member of the Risk Management Committee

Assistant Managing Director - Marketing

Educational Qualifications/Training

Bachelor of Technology (Hons.), Computing Studies, University of Bradford

Work Experience

2015 - Present	Member of the Board of Directors Carabao Group Public Company Limited
2015 - Present	Member of the Board of Directors Carabao Tawandang Co., Ltd.
2015 - Present	Member of the Board of Directors Asia Pacific Glass Co., Ltd.
2015 - Present	Member of the Board of Directors Tawandang DCM Co., Ltd.
2014 - Present	Member of the Executive Committee / Member of the Risk Management Committee and Deputy Managing Director - Marketing Carabao Group Public Company Limited
2014 - Present	Deputy Managing Director-Marketing Tawandang DCM Co., Ltd.
2014 - Present	Deputy Managing Director- Marketing Tawandang DCM Co., Ltd.
2002 - 2013	Director of Marketing Carabao Tawandang Co., Ltd.

Mr. Romtham Setthasit

Current Position

Member of the Board of Directors
 Member of the Executive Committee
 Member of the Risk Management Committee
 Assistant Managing Director - International Business

Educational Qualifications/Training

- Bachelor of Marketing, University of Wollongong, NSW, Australia
- Master of International Business, University of Queensland, QLD, Australia

Work Experience

2017 - Present	Member of the Board of Directors / Member of Executive Committee / Member of Risk Management Committee Carabao Group Public Company Limited
2016	Director of CEO's Office, Carabao Group Public Company Limited
2014 - 2015	Department Director, CJ Express Group Company Limited
2012 - 2013	Department Director, Tawandang Singapore Company Limited

Mrs. Saowanee Kamolbutr

Current Position

Independent Director
 Member of the Board of Directors
 Chairman of the Audit Committee
 Vice Chairman of the Nomination and Remuneration Committee
 Chairman of the Risk Management Committee

Educational Qualifications/Training

- Bachelor of Arts in Political Science (Public Administration), Thammasat University
- Master of Arts in Political Science (Public Administration) (M.Pol.Sc.), Thammasat University
- National Defense College (NDC 2015)
- Certificate (Class 7), Top Management Program, Capital Market Academy (CMA)
- Senior Executive Program (Kellogg - Sasin)
- The Management Development Program, Wharton School
- Director Certification Program (DCP), Institute of Directors (IOD), Class 69
- Advance Audit Committee Program (ACP), Institute of Directors (IOD)
- Role of the Compensation Committee (RCC), Institute of Directors (IOD)
- Role of the Chairman Program (RCP), Institute of Directors (IOD)
- Financial Institutions Governance Program (FGP), Institute of Directors (IOD)
- Advanced Security Management Program Alumni (ASMA.) Class No.4, The Association National Defense College of Thailand under the Royal Patronage of His Majesty the King

Work Experience

2017 - Present	Independent Director / Member of Audit Committee Pacific Pipe Public Company Limited
2016 - Present	Independent Director / Member of Audit Committee : Glow Energy Public Company Limited
2016 - Present	Independent Director / Member of Audit Committee / Chairman of Good Corporate Governance Committee / Member of Risk Management Committee : FN Factory Outlet Public Company Limited

Mrs. Saowanee Kamolbutr

2014 - Present	Honorary Director, Rajapark Institute
2014 - Present	Director, Small and Medium Enterprise Development Bank of Thailand (SME Bank)
2014 - Present	Advisor, The Committee on Economics, Monetary Affairs and Finance, The Committee of the National Legislative Assembly
2014 - Present	Independent Director, Chairman of the Audit Committee and Vice Chairman of the Nomination and Remuneration Committee Carabao Group Public Company Limited
2012 - Present	Independent Director and Chairman of the Audit Committee T.K.S. Technology Public Company Limited
2012 - 2013	Chairman of the Executive Director, Retail Business Unit, Thai Yarnyon Company Limited
2009 - 2013	Chairman of the Board of Directors, TMB Bank Public Company Limited
2009 - 2013	Director, Don Muang Tollway Public Company Limited
2009 - 2012	Deputy Permanent Secretary, Ministry of Finance

Mr. Sanchai Jullamon**Current Position**

Independent Director
Member of the Board of Director
Member of the Audit Committee
Member of the Nomination and Remuneration Committee

Educational Qualifications/Training

- B.A. (Law), Ramkamhaeng University
- M.A. (Law), Ramkamhaeng University
- Diplomas, Politics, Democratic Governance for Senior Executives, Class no. 19, King Prajadhipok's Institute
- The Executive Course of the Supreme Administrative Court, Class no. 18, Office of the Judiciary
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

Work Experience

2016 - Present	Member of Audit Committee, Member of Nomination and Remuneration Independent Director Carabao Group Public Company Limited
2014 - 2016	Independent Director Carabao Group Public Company Limited
2013 - Present	Legal Consultant Thai Food Group Public Company Limited
Present	Legal Consultant B and W Cases Company Limited (Double A Group)
Present	Vice President of volunteer lawyers for government service
2013 - Present	Lawyer, Legal Consultant and Independent Lawyer
2012 - 2013	Director of the Zoological Park Organization under the Royal Patronage of His Majesty the King Ministry of Natural Resources and Environment

Mr. Kanit Patsaman**Current Position**

Independent Director
 Member of the Board of Directors
 Member of the Audit Committee
 Member of the Nomination and Remuneration Committee
 Member of the Risk Management Committee

Educational Qualifications/Training

- Bachelor of Economics, Ramkamhaeng University
- MBA, National Institute of Development Administration
- Director Certification Program (DCP), Thai Institute of Directors (IOD)
- Audit Committee Program (ACP) Thai Institute of Director (IOD)
- Corporate Governance for Board of Directors and Top Management of State Enterprise and Public Organization by King Prajadhipok's Institute
- Driving Company Success with IT Governance (ITG) 5/2017

Work Experience

2017 - present	Member of the Board of Directors , Chairman of Audit Committee and Member of Risk Management Praram 9 Hospital
2016 - present	Member of the Board of Directors / Member of Audit Committee, Member of Nomination and Remuneration, Member of Risk Management Committee, Carabao Group Public Company Limited
2014 - 2016	Member of the Board of Directors, Carabao Group Public Company Limited
2013 - 2014	Member of the Board of Directors, Bank for Agriculture and Agricultural Co-operatives
2013	Member of the Board of Directors, Thai Credit Guarantee Corporation
2012 - 2014	Member of the Board of Directors, National Housing Authority
2005 - 2013	Advisor to Liquidation directors and authorized representative of liquidation directors, Thai Asset Management Corporation

GENERAL Siripong Wongskhunti**Current Position**

Independent Director
 Member of the Board of Director

Educational Qualifications/Training

- Bachelor of Science, Chulachomklao Royal Military Academy (Class 31)
- Master of Arts, Thammasat University
- Director Accreditation Program (DAP), Thai Institute of Directors (IOD)

Work Experience

Present	Director - General The War Veterans Organization of Thailand Under Royal Patronage of His Majesty The King
2016	Independent Director, Carabao Group Public Company Limited
2015 - Present	Director - General, Defense Energy Department, Defense Industry and Energy Centre
2013	Deputy Director - General, Defense Energy Department, Defense Industry and Energy Centre
2013	Expert, Office of the Permanent Secretary of Defence
2010	Deputy Commandant, Army Intelligence School, Directorate of Intelligence

1.3 Sub - Committee

The Company has 3 sub-committee such as Audit Committee, Nomination and Remuneration Committee and Risk Management Committee

Audit Committee compose of 3 Independent Directors

Name of Director	Position
1. Mrs. Saowanee Kamolbutr	Chairman of the Audit Committee
2. Mr. Sanchai Jullamon	Member of the Audit Committee
3. Mr. Kanit Patsaman	Member of the Audit Committee

Nomination and Remuneration Committee compose of 5 Directors

Name of Director	Position
1. Mr. Sathien Setthasit	Chairman of the Nomination Remuneration Committee
2. Mrs. Saowanee Kamolbutr	Vice Chairman of the Nomination Remuneration Committee
3. Ms. Nutchamai Thanombooncharoen	Member of the Nomination Remuneration Committee
4. Mr. Kanit Patsaman	Member of the Nomination Remuneration Committee
5. Mr. Sanchai Jullamon	Member of the Nomination Remuneration Committee

Risk Management Committee compose of 7 Directors

Name of Director	Position
1. Mrs. Saowanee Kamolbutr	Chairman of the Risk Management Committee
2. Miss Nutchamai Thanombooncharoen	Vice Chairman of the Risk Management Committee
3. Mr. Kamoldist Smuthkochorn	Member of the Risk Management Committee
4. Mr. Kanit Patsaman	Member of the Risk Management Committee
5. Mr. Pongsarn Klongwathanakith	Member of the Risk Management Committee
6. Mr. Anupong Pongsawan	Member of the Risk Management Committee
7. Mr. Romtham Setthasit (Resigned)	Member of the Risk Management Committee
8. Mr. Anat Jurintorn (New appointed - resigned 2018)	Member of the Risk Management Committee
9. Miss Tientham Setthasit (New appointed)	Member of the Risk Management Committee

1.4. Executives

Executive Management of the Company consists 6 executives as follows:

Name	Position
1. Mr. Sathien Setthasit	Chief Executive Officer
2. Miss Nutchamai Thanombooncharoen	Managing Director
3. Mr. Yuenyong Opakul	Senior Deputy Managing Director
4. Mr. Kamoldist Smuthkochorn	Deputy Managing Director, Production

Name	Position
5. Mr. Romtham Setthasit	Deputy Managing Director, International Business
6. Mr. Pongsarn Klongwathanakith	Chief Financial Officer

1.5. Company Secretary

Board of Directors Meeting No. 5/2015, held on August 7, 2015, was approved the appointment of Mr. Waranchai Jensiriwanich as the Company secretary, in order to comply with section 89/15 of the Securities and Exchange Act. The duties and responsibilities of the Company secretary are as follows:

(1) to prepare and keep the following documents:

- a) directors register;
- (b) notices of Board of Directors meetings, minutes of Board of Directors meetings, annual reports of the Company, and preparing supporting details and documents for Board of Directors meetings; and
- (c) notices of shareholders meetings, minutes of shareholders meeting, and preparing supporting details and documents for shareholders meetings;

(2) to keep reports on the interests as reported by the directors and executives;

(3) to perform other acts as prescribed by the Capital Market Supervisory Board; and

(4) to send copies of reports on the interests under section 89/14, as prepared by the directors and executives, to the chairman of the Board of Directors and the chairman of the Audit Committee within seven business days from the receipt thereof by the Company.

The Company Secretary must perform the aforementioned duties in a responsible, careful, and honest manner, and comply with the laws, the Company's objectives and Articles of Associations, and the resolutions of the Board of Directors and shareholders meetings.

1.6. Remuneration of the directors and executives

(1) Remuneration of the directors

(a) Monetary remuneration

Monetary remuneration of the company consist that salary, meeting allowance and bonus.

Refer to resolution of Annual General Meeting Year 2018, held on April 25, 2018 was approved monetary remuneration for non-executive directors not more than THB 5.0 million per year the details as follows:

	Salary	Meeting allowance
Chairman of the Board of Directors or chairman of committee	THB 45,000 / person / month	THB 20,000 / person / time
Director	THB 30,000 / person / month	THB 20,000 / person / time

In considering bonus payments to non-executive directors, it is at the discretion of the Chairman of the Board of Director, but not more than the amount approved by the shareholders.

For the Year 2018, the Company has director remuneration expenses as follows.

Name	Position	Monetary remuneration	Bonus
1. 1. Mr. Sathien Setthasit	Chairman of the Board of Director / Chief Executive Officer	None	None
2. Miss Nutchamai Thanombooncharoen	Vice Chairman of the Board of Director / Managing Director	None	None
3. Mr. Yuenyong Opakul	Director / Senior Deputy Managing Director	None	None
4. Mr. Kamoldist Smuthkochorn	Director / Deputy Managing Director	None	None
5. Mr. Romtham Setthasit	Director / Deputy Managing Director	None	None
6. Mrs. Saowanee Kamolbutr	Director / Chairman of Audit Committee / Chairman of Risk Management Committee / Vice Chairman of Nomination and Remuneration Committee / Independent Director Committee / independent director	900,000	350,000
7. Mr. Kanit Patsaman	Director / Member of Audit Committee / Member of Nomination and Remuneration Committee / Member of Risk Management Committee Independent Director	720,000	150,000
8. Mr. Sanchai Jullamon	Director / Member of Audit Committee / Member of Nomination and Remuneration Committee / Independent Director	600,000	150,000
9. LT.GEN Siripong Wongskhanti	Director / Independent Director	480,000	100,000
Total		2,700,000	750,000

(b) Non-monetary remuneration

None

(2) Remuneration of the executives

(a) Monetary remuneration

Type of Remuneration	For the fiscal year ended 31 December 2017		For the fiscal year ended 31 December 2018	
	No. of Executives	Value (Baht)	No. of Executives	Value (Baht)
Salary and bonus	6	135,700,112	7	116,477,000
Provident fund and social security contributions	6	3,952,803	7	3,611,610
Total		139,652,915		120,088,610

The Nomination and Remuneration Committee consider the bonus payout criteria and salary adjustment for top executives.

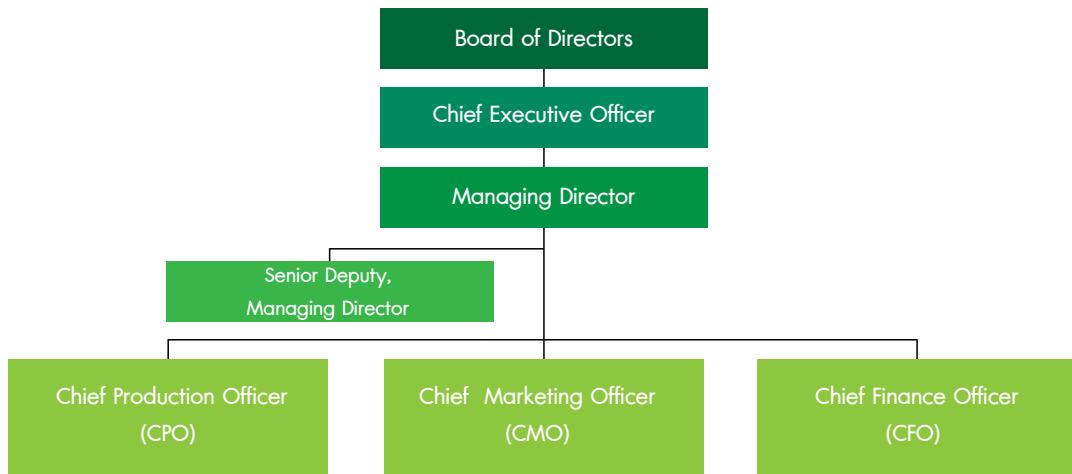
(b) Non-monetary remuneration

None.

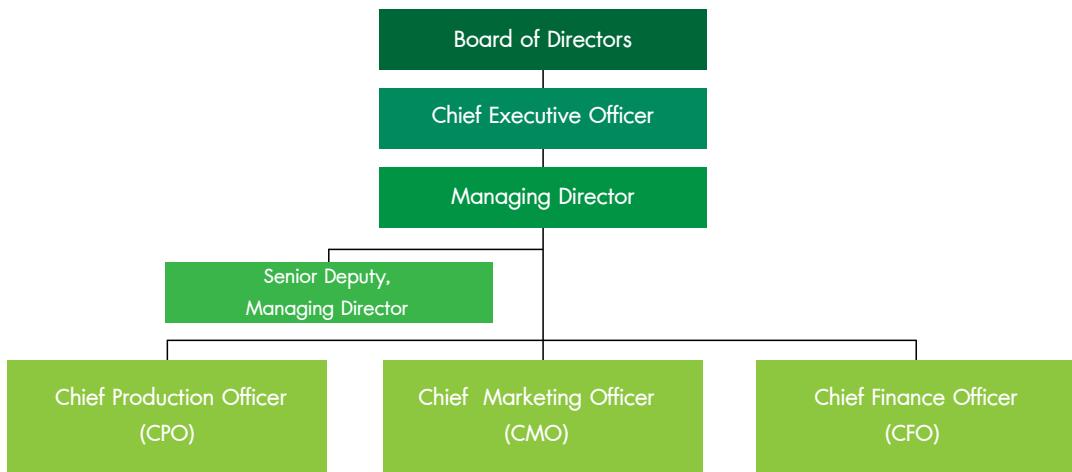
Management Structures of the Subsidiaries

2.1 Organization Structure of the Subsidiaries

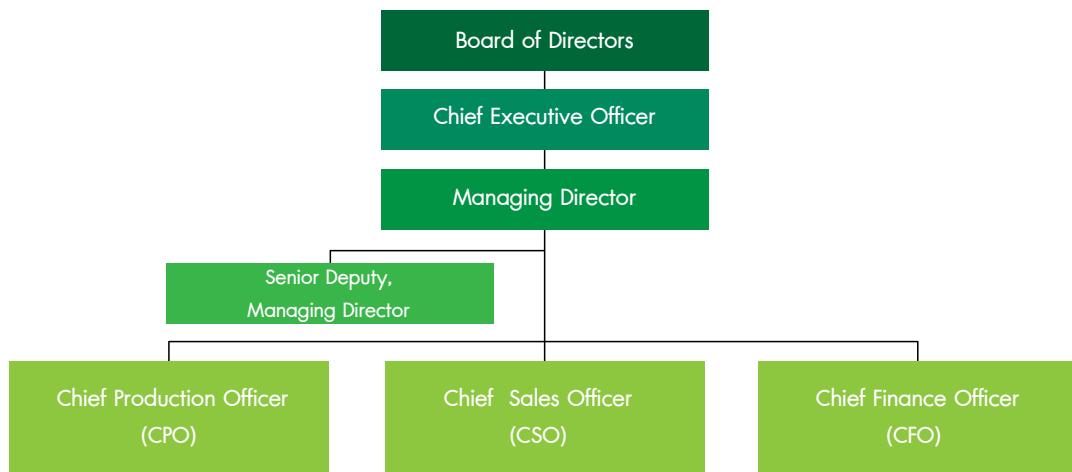
(1) Carabao Tawandang Company Limited ("CBD")



(2) Asia Pacific Glass Company Limited ("APG")



(3) Tawandang DCM Company Limited ("DCM")



2.2 Board of Directors of the Subsidiaries

(1) Boards of Directors of CBD, APG, and DCM

As of 31 December 2018, the Boards of Directors of the 3 subsidiaries, viz. CBD, APG and DCM, consist of five directors as follows:

Name	Position
1. Mr. Sathien Setthasit	Chairman of the Board of Directors
2. Miss Nutchamai Thanombooncharoen	Vice Chairman of the Board of Directors
3. Mr. Yuenyong Opakul	Director
4. Mrs. Wongdao Thanombooncharoen	Director
5. Mr. Kamoldist Smuthkochorn	Director
6. Mr. Pongsarn Klongwathanakith	Director

(2) Authorized director of the subsidiaries

The authorized directors of the three subsidiaries, i.e. CBD, APG, and DCM are any two directors, who shall jointly sign with the seal affixed in order to bind such three subsidiaries, except for certification of documents and/or copies of documents, which shall require the signature of any one director with each subsidiary's seal affixed.

2.3 Management of the subsidiaries

As of 31 December 2018, the management of the four subsidiaries, i.e. CBD, APG ,DCM and ACM, consists of eight executives as follows:

Name	Position	Company			
		CBD	APG	DCM	ACM
1. Mr. Sathien Setthasit	Chief Executive Director	✓	✓	✓	-
2. Miss Nutchamai Thanombooncharoen	Managing director	✓	✓	✓	✓
3. Mr. Yuenyong Opakul	Senior Deputy Managing Director	✓	-	-	-
4. Mr. Kamoldist Smuthkochorn	Deputy Managing Director, Production	✓	✓	-	✓
5. Mr. Pongsarn Klongwathanakith	Chief Financial Officer	✓	✓	✓	✓

Personnel of the Group

3.1 Number of personnel and remuneration

For the fiscal year ended 31 December 2017 and 2018 the Group had a total number of employees (excluding management) of 2,910 persons and 2,750 persons, respectively.

Company	Number of Employer year 2017	Number of Employer year 2018
CBG	9	16
CBD	1,539	1,251
DCM	1,051	1,067

Company	Number of Employer year 2017	Number of Employer year 2018
APG	311	278
ACM	-	138
Total	2,910	2,750

Summary of employees' remuneration.

Type of Remuneration	For the fiscal year ended 31 December 2017		For the fiscal year ended 31 December 2018	
	No. of Employee	Value (Baht)	No. of Employee	Value (Baht)
Salary and bonus	2,910	809,497,767	2,750	1,094,917,474
Provident fund and social security contributions	2,910	32,854,625	2,750	48,522,617
Total	842,352,392			1,143,440,091

3.2 Dispute on laboring issues

During the past 3 years ended 31 December 2018, the Group was not a party to any legal dispute on laboring issues that may have materially affected their business operation.

3.3 Human Resources Management Policy

In order to achieve efficiency and effectiveness of the operation of human resources management, which is considered as an important and valuable resource for the company's sustainable growth, and compliance with business direction and goals of the company, the company has established the human resources management policy to be used as a principle and guidance for managing human resources and promoting engagement of employees at all levels in building business success and constant growth of the organization. The policy is divided into the following areas of human resources management:

1. Employment and Assignment of Employees

The company has a policy to manage its manpower to fit the organization structure by improving the procedure to recruit and select employees with attributes, abilities and faculties that suit each position in order to achieve the organization's visions, goals and missions. In the event that a vacancy is available, the company will give priority to its current employees to be assigned to the position. When the internal recruitment isn't successful, then the company will perform recruitment and hire persons outside the company instead.

2. Chain of Command and Job Allocation Structure

The company has set the organization structure with a concise chain of command and job allocation. Specific duties and scope of responsibility are clearly allocated to each department and position, in accordance with the type or sort of the company's business. The allocation will be constantly reviewed to be suitable and in line with the situation of the company.

3. Operating Results Management

The company has a policy to manage the operation results to be effective by determining an indicator (KPI) which consists of goals of the company, goals of the department and personal goals that are explicit and compatible. There will also be a connection between the operating results and reward consideration to motivate and reward the employees that achieve the expected goals.

4. Work Environment

The company aims to encourage the work environment that meets the diversity workforce and intends to make the employees work happily and safely, and has a good quality of work life. In this regard, the company has set the workplace, utensils, and uniform to be suitable for each sort of work. The company also provides its employees with a variety of facilities, such as, parking lots, first aid rooms, restrooms, etc.

5. Employee Welfare

The company has a policy to manage the reward system and other welfare suitably and fairly, and to be competitive in the labour market of the same sort of business. Besides being compliant with laws, the company also adds more welfare for its employees, such as, life insurance, accident and health insurance, provident fund, marriage allowance, funeral allowance, and employee loan fund, etc.

6. Human Resources Development

The company gives precedence to the human resources development, considering each employee as a valuable asset that can be improved by time. In this way, the human resources development is a long-term action. It is not only a training session, but also a design and development of activities or any other action that provide the employees with learning to enhance their knowledge, skills and attitude, which can be used to improve their working. The learning does not emphasize only the specific knowledge on their current scope of responsibility, but also including the enrichment of ability that can serve the changing needs of other jobs and prepare for the changing demands of the market and clients. This is considered as an improvement of the human resources development to become a learning organization that can make the company achieve its goals and grow sustainably. The Company has set up personnel development structure in 5 groups as follows.

(1) Orientation Program

Orientation Program is allocated for new employees to pass on information about management structure of the Company, business, products and services of the Company Group, nature of work and other necessary information including requirement, regulations, policies rules and bylaws of the Company of which employees must comply with strictly to achieve correct and safe operation. This program supports employees of the affiliated companies to know and to create good relationship among employees, to support readiness among new employees to adjust themselves to the organization in order to start working in the Company with positive attitude toward their chief and colleagues. As a result, all employees will develop positive attitude toward organization.

(2) Core Competency Training Program

Core Competency Training Program is a program developed to improve core competency among employees to contribute to support, development and create business growth for the Company, including to be a code of practice which will lead to promoting corporate culture where the final goal is to cultivate the same characteristics and required behavior among all employees.

(3) Business Competency Development Program

Business Competency Development Program is developed to educate employees on knowledge, understanding about concept, pattern and business operation tool to build skill and required abilities for development and operation in their work line under business competition environment, to achieve targets of each operation line and to move forward in same direction as a whole.

(4) Managerial Competency Development Program

Managerial Competency Development Program is a program developed to pass on knowledge, enhance management skill of which executive staff should possess in order to manage their work, and to lead subordinates toward corporate goals efficiently, for example, planning, strategic thinking and leadership etc.

(5) Functional Competency Development Program

Functional Competency Development Program is a program developed to pass on knowledge, skill and technical ability on specific fields which require expertise and time for learning and practicing. These abilities will affect the success of work assigned from supervisor, for example, communication skills, ability to control and maintain equipment and machinery or knowledge in various occupations. Personnel Development Groups are divided by nature of business, based on structure of development program which consists of 4 group namely Sales Team, Baodang Girls, Factory Employees and Supporting

Employees. Details are as follows.

(1) Sales Team

The Group has a training system to provide its Sales Team with knowledge in the management of agents, extensive distribution of products, and sales management techniques.

(2) Bao Dang Girls Team

The Bao Dang Girls Team is in charge of communications, sales promotion activities, and introduction of the Group's new products to target groups for testing. To ensure the achievement of these objectives, the Group provide to its team with the development of various skills, such as hosting, acting, attracting consumers, and communicating skills.

(3) Factory Team

In developing the Factory Team, the Group emphasizes on production, product quality, cost reduction, increase in productivity, and work process, to be consistent with the main objectives of the factory, i.e. increase in productivity, cost reduction, and management of the quality systems, such as GMP system, HACCP system, and ISO 22000 system. Employees are also provided with training on techniques and development of other soft skills.

(4) Supporting Team

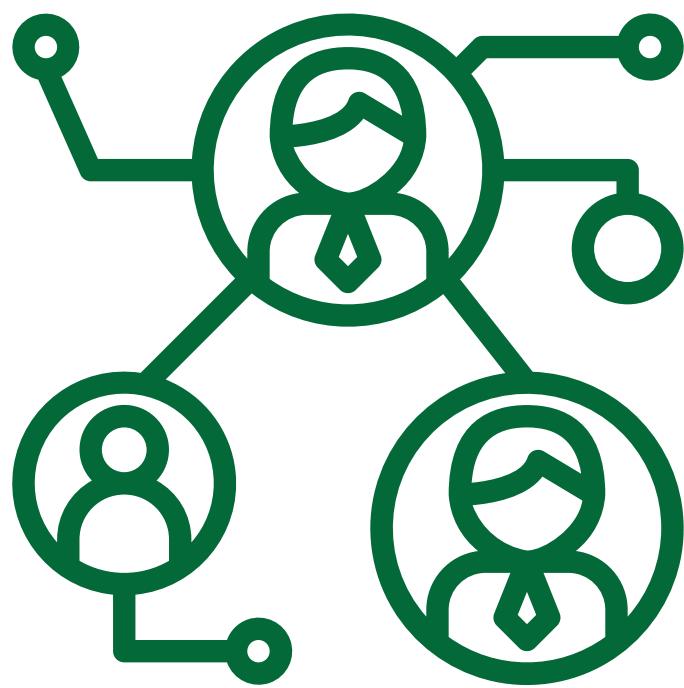
Development of the Supporting Team is significant for business operations in order to achieve the organization's goals. The Group provides development to their Supporting Team as if they were business partners. Supporting Team is provided with development of knowledge and abilities from its actual work, in-house training, the advice of experienced persons in each field, and training by third-party organizations.

Moreover, the company has set an obligatory course for all employees, which is the safe driving awareness creating course. And also has established a project to promote safe driving under the project named "Bao Dang Safe Driving, Caring For All" in order to encourage the employees of the organization to be aware of the traffic rules and raise awareness on safe driving and caring for other companions on the road. This awareness creating does not apply only with the driving during working time, but also serves as a way to express our concern on the driving of our employees during their private time when coming to work or going back home, including on how they live their daily lives caring for others on the same road.

Apart from the abovementioned course set by the company, the human resources department will perform surveys and analyze the necessity of training sessions, and using training course suggestions that the C-level employees consider suitable for enhancing knowledge of their subordinates to build the annual training plan. This is to make the training courses serve the needs and maximize the benefit of employee development.

The detail of employees' training in year 2018

Company	Training Course (No. of Course)			No. of attendant and			Training Cost (THB)			
	Plan	Actual	Per- cent- age	Atten- dant	Hours	Average per person	Budget	Actual	Remaining	%
CBG	7	9	129%	12	114	10	64,740	74,973	-10,233	-16%
CBD (HO)	142	103	73%	781	5,333	7	2,487,530	2,095,055	392,475	16%
DCM	68	48	71%	2,486	12,801	5	353,400	619,701	-266,301	-75%
APG (HO)	9	8	89%	11	73	7	52,200	25,713	26,487	51%
CBD (Factory)	68	112	165%	2,248	18,006	8	741,243	728,052	13,191	2%
APG (Factory)	62	60	97%	714	5,655	8	914,400	487,613	426,787	47%
ACM	-	31	-	626	4,061	6	-	285,408	-285,408	-
Grand total	356	371	104%	6,878	46,043	7	4,613,513	4,316,515	296,998	6%



CORPORATE GOVERNANCE POLICIES

WORLD CLASS PRODUCT | WORLD CLASS BRAND

Corporate Governance Policies

Carabao Group Public Company Limited, together with its subsidiary companies, has been adhering to and abiding by corporate governance principles to operate under the synergy of its board, executives, and employees in compliance with its own corporate governance policies, which have been in effect since 2014, for the purpose of building investor confidence and of maintaining the sustainability of its business value.

In 2017, our board members considered changing its corporate governance policies in order to render them apt to our business circumstances and performance, with some improvements made as to the policies concerning corporate governance in correspondence with the corporate governance principles stated by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) and the instructions by the Thai Institute of Directors. Both the executives and employees were notified of this amendment requiring their compliance.

Our company's corporate governance policies are composed of 5 sections as follows:

1. The Rights of Shareholders
2. The Equitable Treatment of Shareholders
3. The Role of Shareholders
4. Disclosure and Transparency
5. Board Responsibilities

Section 1 The Rights of Shareholders

Our company is well aware that its shareholders are entitled to the rights to the ownership of our company and its governance through its appointed board of directors. Therefore, it gives precedence to the rights of all its shareholders-majority or minority shareholders and foreign or institutional investors alike. Besides, it has no explicit intentions of depriving its shareholders of their fundamental rights and is willing to facilitate their convenience of exercising their rights apropos of the matters they are entitled to.

The Protection of Shareholders' Rights

Our company is well aware of its responsibilities and gives precedence to granting and defending the rights of its shareholders, and ensures that they gain and exercise their fundamental rights entitled to them by law and our company's regulations in a proper, equal, and just fashion and in accord with our company's rules and regulations as well as those of the SET and the SEC or other important related laws. The fundamental rights of shareholders comprises: buying, selling, and transferring stocks; receiving dividends; being kept well informed of company's information and news; attending shareholders' meetings in which they use their voting rights to appoint and remove board of directors and determine their remuneration; appointing auditors and determining their remuneration; and examining matters that might affect our company such as dividend allocation, the imposition or amendment of regulations or memoranda, fund reduction or augmentation, and approval for other special causes.

In addition, with respect for and in defense of the rights of its shareholders, our company has no policy which precludes its shareholders from communicating among them. It also has no policy on agreement-making between the shareholders that can have a significant impact on our company or other shareholders.

Shareholders' Meeting

Our shareholders' meeting is a consequential means by which shareholders can exercise their rights as shareholders. Hence, our company comes up with the guidelines on how it hosts its shareholders' meeting as stipulated by the SET in order to facilitate shareholders, as follows.

Our company hosts its annual ordinary shareholders' meeting within four months after the last day of its fiscal year or within the duration required by law or related regulations. Other shareholders' meetings are extraordinary shareholders' meetings, which will be convened as appropriate. When holding each meeting, our company stages several procedures to facilitate it and encourage shareholders as well as institutional investors to attend it and exercise their voting rights. It prioritizes the appropriateness and convenience of date, time, and rendezvous for shareholders to attend the meeting and gives them an opportunity to propose the meeting agenda in advance

according to the rules and conditions and procedures stated by our company under related regulations and law; it also promulgates the details, rules, channels, time, and results to shareholders via our company website as well as the SET website.

Our company created meeting invitations explicitly stating the agenda, objectives, causes, and board of directors' opinions and recommendations, together with related information concerning each meeting agenda in both Thai and English, published on our company website, and sent them to shareholders prior to the meeting within no less time than required by law so that they would have enough information and time to make an effective decision on each agenda. For those who have questions, they can raise the questions to be answered in the meeting beforehand via the channels stated by our company, or they can inquire about, recommend, and comment on the agenda at the meeting.

Our company attached herewith the proxies in the form required by law, with explanations as to the procedures and documents that the shareholders must prepare to attend the meeting and give proxies in case they could not attend the meeting so they could delegate someone else or appoint any independent director as stipulated in the proxies to attend the meeting and vote on their behalf.

Our company will be responsible to supply all meeting attendees with adequate and effective personnel, registration, and devices to facilitate them and check their documents.

Our company encourages all board of directors, managing directors, subcommittee chairman and members, and senior executives to attend the meeting in order to give explanation, answer questions, and hear attendees' comments and recommendations.

Our company will apprise shareholders of the regulations and procedures for attending the meeting and giving proxies and explain to shareholders the regulations and procedures for giving their votes prior to considering the agenda. It will also supply them with ballots and invite a third party or the representatives of minority shareholders to observe and examine the vote-counting process to ensure accuracy and transparency.

Our company confers on all shareholders equal rights to make comments and ask questions relevant to the agenda and matters being proposed during the meeting as deemed appropriate.

Our company will notify the meeting consensus through the SET news channel within the duration and under the rules it or any related organization stipulates. Our company will also record and create accurate and complete meeting minutes and send them to the SET and related organizations before publishing them on our company website, available in both Thai and English, within the duration stipulated by law or related regulations so that shareholders can access to check them. These meeting minutes will be organized systematically so they can be rechecked and used as reference.

Section 2 The Equitable Treatment of Shareholders

Our company gives precedence to treating all shareholders-majority or minority shareholders, institutional and foreign investors-equally and justly; therefore, it pursues a policy to defend their rights and make sure they are treated equally and justly, as explained below.

Our company offers shareholders an opportunity to propose an additional meeting agenda and/or nominate fully qualified and suitable persons to be considered being elected as board of directors before the ordinary shareholders' meeting takes place, according to our company's rules, conditions and procedures. It also divulges the details, regulations, conditions, and procedures including channels, time, and results to shareholders through its website as well as on the SET website.

Our company created bilingual meeting invitations with information documents and sent them together with the details of the meeting agenda to all shareholders besides publishing them online via our website prior to the date of the actual meeting within the duration required by law or regulations.

Our company offered proxies which enable shareholders to specify how voting should be carried out, attached along with the invitations, so that non-attendees could assign someone else to attend the meeting and vote on their behalf. These documents provide shareholders with explicit documents or evidence as well as how to give proxies to someone else so that they could prepare correct documents and that their appointees have no trouble attending the meeting. The regulations, procedures, and conditions as to giving proxies are based on the law, without imposing any other procedure that might cause complications to shareholders in giving proxies. Besides, shareholders can give proxies to any independent director named in the proxies to preserve their rights.

Our company requires that all corporate board of directors and executives divulge information apropos of their stakes and any relevant party as required by company regulations and law so that the board of directors can consider corporate transactions, which might cause dissension of interest, before making a decision for company's sake. The board of directors and executives involved in stake transactions will not partake in them.

Our company imposes some measures clearly informing board of directors and executives of the role and responsibility to hold the property in the companies of their own, their spouse or their family members who have not come of age. It has also apprised the SEC of the change of hand of property as required by law (article 59, punishable as stated in the property act) and requested board of directors and executives to reveal their property ownership in its annual almanac.

Our company also imposes some measures on using inside information and has clearly notified board of directors, executives and employees not to capitalize on confidential inside information, which has never been divulged to the public, for the benefit of themselves or other parties. This includes buying and selling company assets by board of directors, executives and employees from the division well acquainted with inside information. Furthermore, our company also imposes some penalty in case there was an infringement of using corporate inside information in company regulations; such punishment ranges from verbal admonition to dismissal from work.

Our company imposes procedures for interdivisional transactions by considering the actual costs or with reference to market costs and by considering the benefits to company. It also emphasizes strict compliance with the regulations and procedures for revealing information that related to listed companies.

Moreover, our company clearly advises that the law, rules and regulations of the SET and the SEC be strictly complied with so that all shareholders are assured that they are treated and exercise their rights equally and justly.

Section 3 The Roles of Shareholders

Our company gives precedence to the rights of stakeholders from all parties, inside or outside, since it is well aware that all the stakeholders must be given best care as their rights are protected by law. It is therefore advisable that there be cooperation between company and its stakeholders in order to maintain business sustainability. In the system of our organization, there are several parties: stockholders or investors, employees, customers, trade partners, creditors, adjacent community, the public, the government, and other parties such as our rivals.

Our company is cognizant that our satisfactory performance results from cooperation among all of the above-mentioned parties involved; therefore, it has a policy to effectuate the synergy between the company and these parties in order to bring about reciprocal benefits and to ensure that all are protected and treated well, with their rights being given priority as explained below.

Shareholders

On behalf of the shareholders, our company aims at operating its business for the highest benefit to them, on the basis of honesty and with adherence to fair and equal treatment to all as witnessed by its regular updates of complete and accurate information together with its discreet administration and decision-making to effectively achieve its short- and long-term goals while building its own sustainable business.

Employees

Our company plans on managing human resources in accordance with and in support of its policies, business achievements, and strategies. It maintains that its employees be treated equally and fairly, with regards to human rights and personal freedom, both directly and indirectly. It also places importance on its employees' quality of life, security, welfare, and workplace environment by constantly improving its standards related to these.

Our company pursues a policy to consider remuneration based mainly on their competency and effectiveness and places much importance on improving their potential by offering employees various training sessions, held both in and out of company, so as to ameliorate their knowledge and proficiency.

Our company also opens channels for employees to send their complaints or information that might be injurious to its image or employees and finds ways to deal with these complaints and protect its employees.

Our company set up its Safety, Occupation Health and Environment (SHE) at its two factories, with the aim of upgrading welfare and security and of reducing accidents in workplace

Carabao Tawandang Co. Ltd., Beverage Production Manufactory

	2015 (Bang Bo)	2016 (Bang Bo)	2017 (Bang Bo)	2018 (Bang Prakong)
Employee number	530	690	632	451
Accident number	17	16	10	8
Leave due to accidents	8	6	4	3

Asia Pacific Glass Co. Ltd. a glass-bottle Production manufactory

	2015	2016	2017	2018
Employee number	180	215	288	271
Accident number	17	10	15	12
Leave due to accidents	1	-	2	1

Customers

Our company aims of constantly improving product and service quality to most satisfy consumers. It does not only takes care of and is responsible for its customers by maintaining the quality and standard of its products, but it also carries out its business by the rules and law and in accord with business ethics so that quality products of decent standard and reasonable price are guaranteed. In addition to this, it set up a division to deal with consumer complaints and find solutions to the requests to investigate and quickly mend their problems to their satisfaction.

Trade Partners

Our company realizes how important it is to look for and select its trade partners, considering their portfolio, price, reliability, and record free from corruption and human right violation. As far as its business operation is concerned, it treats its trading partners with transparency and equality, on the basis of justice and mutual benefit.

To prevent its trading partners and employees involved from fraudulence, our company has its procedure and criteria for selecting its partners apart from setting up a procurement committee to ensure that its partners follow its policies and establishing a procedure for dealing with fraudulent trade partners and employees.

Creditors

Our company has a policy to treat creditors in a fair and equal manner and vows to strictly and legitimately abide by the conditions and terms of agreement made in the contract made between it and its creditors.

Rivals

Our company plays by universal rules and treats business rivals with transparency, which is beneficial to consumers, and operates with honesty without concealing terms of agreements, trying to expose rivals' confidential information or maligning their reputation using any illegal means.

Community

Our company realizes that being a part of the society means helping one another. To reciprocate the society, especially those in the vicinity of the locations of the company, factories, outlets, outlets, and the national society as a whole, our company is planning to create jobs and opportunities to communities and satisfy their needs by setting up a division to put into practice constant and sustainable community development.

Environment

Our company is aware that it is essential to instill into people the value of love for nature and make them conscious of using natural resources to fullest efficiency and how important it is to manage the environment in every way so that the society and businesses can capitalize on it perpetually. This notion can be promoted from within the company to the community to the society.

Our company uses every means it has such as bulletin boards and electronic media to communicate this message to employees, campaigning to follow policies concerning using resources wisely such as turning off electric lights and air conditioners before leaving a meeting room. Besides, its executives always stresses the importance of not wasting resources and set an example to the employees.

Public and Related Organizations

Our company strictly complies with the law, regulations, and decrees regarding workforce treatment, taxation and accountancy, workplace safety, and the environment, imposed by the government on corporate operation.

To put the above policy into effect, our company adheres to the SET regulations as follows.

(1) Our company implements a clear policy on how to treat its stakeholders, which covers various principles of good business operation for a listed company in 2012 imposed by the SET.

(2) Our company has adopted the procedure for and channel of receiving and dealing with complaints by stakeholders via its official website.

Section 4 Disclosure and Transparency

The Company is committed to disclosing accurate, complete, and transparent information, both in terms of financial reports and general information as well as essential information that impacts the price of the Company's shares, so that all relevant persons equally acknowledge such information through the channels and media as followed.

1. Apart from disclosure of information both in terms of financial reports and general information in accordance with the rules specified through the channels of the SET and the SEC, the Company takes into account the necessity of keeping confidential corporate information, business strategies, or information that might put a business at a disadvantage and inability to compete if disclosed. These reports include the annual registration statement (Form 56-1), and the annual report (56-20), the Company will disclose the financial information alongside the auditor's information in the annual report. The board of directors recognizes its responsibility in providing accurate, complete, true, and reasonable financial statements which are prepared in accordance with generally accepted accounting standards. The Company regularly applies appropriate accounting policies and carefully exercises its discretion. The Company also provides adequate information in the notes to the financial statements.

2. Our company has an investor relations unit to contact, coordinate with, and provides institutional investors, shareholders, and analysts involved with information without discrimination. We open a channel to contact our investor relations staff on our website and set up a unit responsible for propagating the accuracy and consequential information about our activities, performances, and projects to the public.

3. Our company has the policy to expose information, both financial and nonfinancial, via the channel offered by the SET at an appropriate time. Shareholders, investors and the public are already acquainted with the channel, which is easily accessible and allows for equal access to our information, available in both Thai and English. Moreover, our company also offers this vital information on our website and keep it updated constantly so that investors and those who are interested in have immediate and equal access to it.

4. The Company is aware of the conflict of interest, which might result from using corporate inside information for personal purposes; therefore, it proposes that the board of directors and executives inform their shares as well as the transactions between companies, which might cause a conflict of interest, in which case the Company will confer on the assets scrutiny committee the responsibility intervene. If the assets scrutiny committee have no expertise on settling the dispute, they may employ a specialist to help them. The company suggests avoiding any transaction that might cause dispute between the Company and the employees.

To prevent conflicts of interest, the Company has an explicit policy to prevent matters related to such conflicts of interest by barring stakeholders from doing transactions that might cause disagreement and disqualifying them from the right to vote or take part in such transactions.

Section 5 Board Responsibilities

Board director play a pivotal role in directing corporate management towards the target and direction of utmost utility to shareholders and stakeholders and assigning board of directors' structure, qualifications, and scope of responsibility deemed appropriate and favorable to corporate efficiency. Those appointed as board of directors should be knowledgeable, competent, experienced, visionary, honest and able to dedicate their time to working for the company to their fullest potential and to make an independent decision.

Board of directors set up a subcommittee to study, scrutinize, screen, and work in support of board of directors to achieve greater efficiency; therefore, they specify committee and subcommittee members' structure, scope of work, and responsibilities as followed.

Structure of Board of Directors

1. Company board must comprise of at least 5 persons or as required by law and/or company's regulations.
2. More than half of the board of directors must possess a permanent home in Thailand.
3. There must be at least 1 independent director out of every 3 board of directors, but no less than three persons, or as required by law or the SET regulations.
4. The board of directors select one person as chief executive officer and may appoint one or more persons as vice chief executive officer as they deem appropriate.

Qualifications of Board of Directors

Qualified board of directors must be competent and knowledgeable or have diversified work experience, which would be favorable to running the company. A fully qualified board of directors must not possess qualities prohibited by the public company limited law and/or lack confidence in running a company, which, by the rights of law, the SET decree, and other corresponding regulations, is co-owned by the public.

Qualifications of Independent Directors

Independent directors must not be dependent on the majority shareholders and executives and must possess qualifications specified by the SET and SEC regulations, decree, and other corresponding laws. (Details as to this are in the title "Recruiting and Appointing Board of Directors and Chief Executive.)

Recruiting Board of Directors

Board of directors assign the members of the nomination and remuneration committee in exchange for recruiting the board of directors by selecting a person with decent qualifications required for the position based on his or her competency, knowledge, ability, and work experience. They may also take into account his or her age, gender, skills, profession, and specialization. These people will recruit the person with the expertise and proficiency required to boost the efficacy of the team of board of directors

When the members of the nomination and remuneration committee have chosen the nominee, they nominate the qualified person and his or her brief background for consideration in the board of directors' or shareholders' meeting depending on the case. Appointing a member of the board of directors by the shareholders concurs with the regulations and procedures required by the company and relevant law.

Role and Responsibilities of the Board of Directors

The board of directors are responsible to the shareholders, hence they must perform their duty with discretion and honesty by using their knowledge, ability, and experience for the sake of running the company in accord with the law, the company's regulations, and the consensus reached at the board and shareholders' meetings. They also have to reveal accurate, transparent, and complete information to shareholders and stakeholders as appropriate.

The board of directors also have the duty to ensure the smooth running of business by giving instructions and approval, having vision and target, or even finding strategies to perform their duty and allocate resources as appropriate and apt to current circumstances. They have to be able to adapt to changes and competition so as to effectuate satisfactory performance in the long run. The board of directors also has the responsibility to direct and administer in correspondence with the policies and plans they aim to achieve with regards to the benefits to all parties involved, and try to reduce the negative effects on the environment both for now and in the future.

Thus, the company committee has determined the goal based on the sustainability. The goal and purpose is to be made in accord to create the value for the company who holds the responsibility and for the society as a whole. They could be achieved by using innovation and technology adequately and safely.

The company committee will administrate the money report, account report, intra-qualification, risk management and intra-administration to be adequate, proper and reliable. This is to ensure the accuracy of the performance, legally correct, equal treatment for all stockholders, sustain the profit of stockholders and any person involved and the information clarification as accurate, adequate and swift. Thus, it is forbidden for the committee members to own a business or become a stockholder or committee for a similar business or to compete with the company's network. This is also forbidden for the committee or an individual who has a conflict, profit-related or conflict with the company or sub-company (as the laws regard and as declared by Securities and Exchange Commission and The Securities Exchange of Thailand). The aforementioned person are not allowed to vote in that subject.

Any operation or legally business permit must be permitted by the stockholders' decision. The company committee must follow the rules and conditions strictly.

The company committee has the authority to set the individual board of director or in groups.

The company committee has the authority to appoint the board of director and/or administrators to administrate single or group of operation for the company committee. The administration must be under the regulation of the company committee and must be controlled adequately. The company committee also has the authority to set up the sub-committee to support their administration and it is their job to regulate the authorization of this sub-committee.

The company committee has the authority to appoint any individual member to be the board of administration in order to operate the order of the company committee. The company committee has the right to change, adjust the power of the board of administration. Thus, this aforementioned appointment must not come in a form of passing the authority to whom may have allowed the operation which himself, conflict-related individual and related issue (as the laws regard and as declared by Securities and Exchange Commission and The Securities Exchange of Thailand) with the company network. This is an exception for the operation which was made under the policy and permitted by the company committee. The person involved in the operation is not allowed to vote.

Furthermore, the company committee requires each member to be board of director of not more than 5 registered companies. The board of directors must not work for any other companies except for cooperated companies, sub-companies or network companies.

Tasks and responsibilities for board of director

These following issues are under the responsibilities of board of director

1. Being responsible as the leader of the Company's Board of Directors in supervising and monitoring the Company's management to achieve the objectives set forth by the policies.
2. Acting as the Chairman of the Board of Directors' Meeting and the shareholders' meeting
3. Giving the casting vote in the case that the Board of Directors' Meeting has given the equal votes.
4. Controlling the shareholders' meeting in accordance with the Company's regulations and the determined agenda as well as giving the casting vote in case of having the equal votes.
5. Performing any other duties as prescribed by law.

Board of Directors' Meeting

1. The meetings are scheduled by the Board of Directors on a quarterly basis and the additional meetings will possibly be scheduled as needed. The meeting is scheduled in advance for the whole year round.
2. At the Board of Directors' Meeting, the President of the Board of Directors or the person assigned by the President will send the invitation letter together with the meeting documents completely and sufficiently to each director at least 5 days in advance prior to the meeting date. Unless there is an urgent need to protect the rights and benefits of the Company, the meeting arrangement will be announced by other means and the meeting date may be arranged earlier than that.
3. In each Board of Directors' Meeting, the directors are required to attend the meeting for not less than half of the total number of directors to be the quorum.
4. The President of the Board of Directors chairs the Board of Directors' Meeting. In the case that the President of the Board does not present at the meeting or cannot perform the duty, the Vice President will chair. If there is no Vice President or the Vice President cannot perform the duty, the directors are supposed to choose one director attending the meeting to chair over the meeting.
5. The Company's Board of Directors determines the Company's Secretary to be responsible for recording the Minutes of the meeting in writing. And after having been certified by the Board of Directors, the Minutes will be kept and available for the directors and relevant persons to check at any time.

In the year 2018, the Company's Board of Directors and every sub-committee member attended the meetings for not less than 75% of the number of meetings being held.

Balance of Non-Executive Directors

The Company has set the policy to restructure the Company's Board of Directors for the independent directors, executive directors, and non-executive directors appropriately for the performance of the Company's Board of Directors to be properly monitored and counterbalanced. Moreover, the Company also has the policy to encourage the non-executive directors to hold the meeting as appropriate without the attendance of the management team or the executives in order to give the opportunities for the non-executive directors to discuss on various issues related to the business operation or any other matters as deemed appropriate.

In the meeting, the non-executive directors will choose one director to be the Chairman of the meeting.

Term of Company's directors

At each Annual General Meeting of Shareholders, the directors who are in the longest position shall retire from office for one third of the total number of directors. If the number of directors cannot be divided into three parts, the nearest number to one third will be used instead. However, the names of the outgoing directors following such term may be proposed to the shareholders' meeting for consideration to be re-appointment in the position again except for the independent directors who should not have consecutive terms of office for over 3 or 9 years unless any independent director is suitable to stay in the office longer.

The Board of Directors may consider the independence, suitability, efficiency in the operational performance, and explain the reasons together with the performance of duties to the shareholders for consideration to elect the independent directors who hold the position of independent director for more than 3 consecutive terms or 9 years to be the independent directors of the Company further.

Apart from the termination following the term, the Company's directors shall vacate the office due to reasons as prescribed by laws or the Company's regulations. And in the case that the position is vacant due to other reasons apart from the termination following the term, the Board of Directors will choose the qualified persons without the prohibited characteristics by law to become the directors except for the term of the director is less than 2 months. The newly appointed directors will hold the office only for the remaining term.

Such appointment of directors must be approved by the Board of Directors with the votes of not less than three quarters of the remaining directors.

Assessment of the Company's Board of Directors

The Company has the policy to the Board of Directors to do the self-assessment at least once a year to be utilized in developing and improving the performance of the Company's Board of Directors. According to the principles of Good Corporate Governance for the listed companies, the Board of Directors and the sub-committee of the listed companies are recommended to do the self-assessment at least once a year for the Board of directors to jointly consider the work and improve. The assessment on the performance of various committees in the year 2018 can be divided as follows:

1. Assess the performance of the Board of Directors.
2. Assess the performance of the Audit Committee.
3. Assess the performance of the Nomination and Remuneration Committee
4. Assess the performance of the Risk Management Committee.

The Company uses the self-assessment form designed by the Stock Exchange of Thailand as the guidelines for listed companies to use in self-assessment as follows.

Type 1 "Self-assessment form of each committee" to assess the operation of the committee as a whole.

Type 2 "Self-assessment of sub-committee" to assess the operation of the subcommittee as a whole.

The scores can be given in several ways and it should be standardized for the whole committee to be able to compare the results of each assessment or compare the results of each year, for example:

- 0 = strongly disagree or no action is taken on that.
- 1 = disagree or some action is taken on that.
- 2 = agree or the action is taken on that sufficiently.
- 3 = quite agree or the action is taken on that well.
- 4 = strongly agree or the action is taken on that excellently.

In addition, in 2018, the Board of Directors Determine individual self-assessment between the 9 directors of the company. The evaluation form, the Stock Exchange of Thailand is designed which results of the evaluation of the work of the directors was in a good level with a score of more than 80 percent

Determination of remuneration of the Company's Board of Directors

The Company's Board of Directors provides the system in considering and determining the remuneration of the Company's Board of Directors under the proper process and can be auditable which will build the confidence to the shareholders. The Company's Board of Directors assigns the Nomination and Remuneration Committee to consider the remuneration to the Company's Board of Directors and the subcommittees in all forms including the salary, meeting allowance, director's remuneration, as well as other forms of remuneration (if any) to be proposed to the Company's Board of Directors for reviewing the appropriateness before proposing to the shareholder's meeting to consider approving further. The director's remuneration will be determined in all forms. The Nomination and Remuneration Committee will consider and refer from the companies in the industry and business having the similar sizes. The remuneration must be suitable and correspondent with the missions, duties, performance, and responsibilities as assigned as well as being able to motivate the qualified and competent directors to become the Company's Board of Directors in order to perform the duties to achieve the objectives, goals, and direction set forth by the Company.

Orientation

The Company's Board of Directors defines the orientation for all new directors in order that the new directors can know the roles, duties, responsibilities of the Company's Board of Directors, policies, and codes of practices in the supervision of the Company's operation as well as creating the knowledge and understanding in the business, products, business plan, and operations of the Company including the visits on various operational units of the Company to be prepared for the operational performance of the Company's Board of Directors.

Development of Directors

The Company has the policies to promote and encourage all Company's Board of Directors to attend the beneficial seminar and study in various training programs held by Thai Institute of Directors Association or IOD and SEC including the independent organizations or various agencies to enhance the knowledge and benefit the performance to be more efficient.

The Company encouraged the directors to attend the training s and the seminars on various programs considered by the directors to be appropriate for the development of knowledge and competence of the directors in order to benefit the Company's management such as new rules and regulations of directors implemented last year.

Succession Plan

The Company prepares and monitors the progress of the comprehensive succession plan on the top executive position in order to ensure that the Company has the executives with knowledge, competence, and experiences that can be inherited important position in the future. The succession plan is reviewed and reported as appropriate. This is to promote and prepare the executives to be responsible for the succession of important jobs or positions of the Company.

The Company has prepared the succession plan with 6 steps as follows:

1. Determine key positions to prepare the succession plan.
2. Determine the qualifications and attributes in various areas of the successors to be used in the consideration and selection including the revision of the roles and duties.
3. Cooperate with the representatives from the assessment team and consider selecting the successors from those who have the suitable qualifications and attributes as specified in the plan.
4. Propose to the executives for approving, assigning the important jobs and the name list of the successors of positions
5. Prepare individual development plan for the selected person and implement the development as planned such as holding the training, assignment for special projects, etc.
6. Monitor the results of development, review the progress of development on the successors including the status and important job changes.

Company's secretary

The Company has appointed the Company's secretary in accordance with the law and the principles of good corporate governance with the scope of power, duties, and responsibilities as follows:

1. Have the authority to contact and sign the documents notified to the Stock Exchange of Thailand.
2. Have duties and responsibilities as required by the laws on the securities and the Stock Exchange of Thailand, SEC, and relevant regulatory agencies.

Subcommittee

The Company has appointed the Subcommittee to assist in the supervision of the Company's operation, namely, the Executive Committee, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, with the compositions, qualifications, meeting, office term, and scope of responsibilities of each subcommittee as prescribed by the Board of Directors set forth in the charter or the order for the appointment of such subcommittee.

The meetings for subcommittees are scheduled in advance and can be additionally arranged as needed. There are also the recorded Minutes of meeting in writing and the Minutes are also kept systematically.

Moreover, the Board of Directors requires the disclosure of details of the composition, structure, roles, duties and responsibilities, operations, meeting attendance, amount of remuneration of the Board of Directors and the subcommittee as well as the Company's authorized signatory directors in the annual report as well.

Communication and promotion of conformity to the corporate governance policy and business ethics of the Company

The Company's Board of Directors is aware of the importance of disseminating, promoting, and encouraging the awareness, understanding, and cooperation of all people in the organization to abide by and conform to the policy of good corporate governance and business ethics of the Company strictly in order to achieve the objectives and purposes in developing and elevating the level of corporate governance.

The Company's Board of Directors, therefore, sets the policy for the communication to the employees for knowing the good corporate governance and business ethics of the Company continually as well as arranging the activities to promote the knowledge and understanding on the processes in monitoring and conforming to the policies and business ethics of the Company in order to be used for improving and developing the conformity to the principles as the same approach or target for the whole organization.

Controlling and internal audit systems

The Company's Board of Directors has provide the internal audit system covering all aspects for the Company's operation to follow the target, regulations, and relevant rules. There is also the mechanism provided for balancing that is sufficiently efficient for protecting and regulating the capital of the shareholders and the Company's assets. The hierarchy of approval, the responsibilities of the executives and the employees, the operational regulations are defined in writing. The internal audit agency is set to audit the performance of all agencies to be correct and precise in order to prevent the corruption and to be in accordance with the rules and regulations set forth.

There is also the Audit Committee to be responsible for the Company's operation and management for the Company to have the efficient internal audit system and the reliable system of financial report by considering the operational performance directly reported by the internal audit agency of the Company to be prepared as the report of the Audit Committee to report to the Company's Board of Directors every quarter and in the annual report.

The Company has promoted and encouraged the internal audit agency to be independent in their practice for the audit and balance completely by reporting to the Audit Committee to ensure that the Company's operations follow the guidelines strictly and efficiently. In each Audit Committee meeting, the Head of Internal Audit Unit will report the results of significant audit to the Audit Committee. Moreover, the Audit Committee will send the reports, comments and recommendations to the management team to know what should be improved. It is also the unit to support the performance of Audit Committee on the complaints and whistle blowing both from the personnel and the outsiders of the Company.

Risk management

As the Company's Board of Directors is aware of the importance in the management of risks possibly occurring to the Company, the Risk Management Committee is set consisting of the committee and the executives covering all important agencies of the Company to be responsible in assessing and managing the risks for the whole organization including the risks on the corruption and fraud.

The Risk Management Committee will discuss together to assess the main risk factors, the secondary risk factors, and the non-significant risk factors as well as providing the guidelines and approaches for the solution of management or alleviating the negative effects from various types of risk factors. The progress of operation is monitored properly and continuously including preparing the report of the Risk Management Committee to report to the Company's Board of Directors quarterly as well as reporting in the annual report.



NOMINATION AND APPOINTMENT OF DIRECTORS AND TOP-LEVEL EXECUTIVES

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Nomination and Appointment of Directors and Top-Level Executives

(1) Board of directors

The composition, nomination, appointment, removal or retirement of directors of the Company are specified in the charter of the board of directors approved by Board of Directors Meeting No. 2/2016 held on 13 May 2016. The charter specifies the qualifications of the Company's directors, which can be summarized as follows:

(a) The Company's directors need not hold shares in the Company. A director must possess knowledge, ability, experience beneficial to the operation of the Company's business, honesty, integrity, morality in operating the business, and sufficient time to dedicate his or her knowledge and ability, and must be able to fully perform their duties for the Company. Furthermore, a director must possess all qualifications required and must not possess any prohibited characteristics under the law governing public limited companies and the law governing securities and exchange. A director must not possess any trait that reflects lack of suitability to be trusted with managing a business of which the public hold the shares, as specified by the SEC. A director must be listed in the database of directors and executives of securities issuing companies under Notification of the Capital Market Supervisory Board Re: Rules for Listing Names of Persons on Database of Directors and Executives of Securities Issuing Companies.

(b) The board of directors shall consist of no fewer than five directors and at least one half of the total number of directors shall be domiciled in Thailand.

(c) There shall be at least three independent directors and the number of independent directors shall constitute at least one-third of the Company's board of directors. Independent directors must be independent from the control of major shareholders and shall not have any financial or operational relation or interest. Independent directors shall also possess all qualifications under the rules prescribing qualifications of independent directors prescribed in Notification of the Capital Market Supervisory Board No. TorJor. 28/2551 Re: Application and Approval for New Shares ("Notification TorJor. 28/2551") as amended.

(d) The board of directors shall include no fewer than three audit directors. The audit directors must possess all qualifications required under Notification TorJor. 28/2551, and shall have the authority, duty and responsibility in accordance with the scope specified by the SET.

(e) The board of directors may elect one director to be the chairman of the board of directors. If the board of directors deems it appropriate, they may appoint one or more directors as vice chairman.

(2) Independent directors

The nomination and remuneration committee will consider the qualifications of the persons appointed as independent directors by considering the qualifications and prohibited characteristics prescribed in the PLCA, the SEC Act, notifications of the Capital Market Supervisory Board, and other relevant notifications, regulations and/or rules. Furthermore, the board of directors will consider selecting persons with qualifications, experience and suitability to be the Company's independent directors and propose them to the shareholders meeting for consideration and appointment as Company's directors. It is the Company's policy to ensure that the number of independent directors shall constitute at least one-third of the Company's board of directors and not fewer than three members. The board of directors has specified the qualifications of an independent director, as follows:

(a) an independent director must not hold shares exceeding one percent of the total shares with voting rights of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company. Such percentage shall include shares held by related persons of such independent director;

(b) an independent director shall not be or have been an executive director, employee, staff and consultant who receives a regular salary or a controlling person of the Company, the parent company, the subsidiaries, the associate companies, the same-level subsidiaries, major shareholders, or controlling persons of the Company, unless the director has not held such position for at least two years before the date of submission of the application to the Office of the SEC;

(c) an independent director shall not be related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of a child of another director, executive, major shareholder, controlling person to be nominated as an executive director or controlling person of the Company or the subsidiaries;

(d) an independent director shall not have or have had a business relationship with the Company, the parent company, the subsidiaries, the associate companies, major shareholders or controlling persons of the Company in the manner that may prevent free judgment, and shall not be or have been a significant shareholder or controlling person of a person related to the business of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, unless such relationship ended at least two years before the date of submission of the application to the Office of the SEC;

(e) an independent director shall not be or have been an auditor of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, and shall not be a significant shareholder, controlling person of or a partner in the auditing office in which the auditor of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or

controlling persons of the Company works, unless the director has not held such position for at least two years before the date of submission of the application to the Office of the SEC;

(f) an independent director shall not be or have been a provider of any professional service, including legal advisory or financial advisory service receiving more than Baht two million of service charges per year from the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, and shall not be a significant shareholder, controlling person or a partner of the service provider, unless the director has not held such position for at least two years before the date of submission of the application to the Office of the SEC;

(g) an independent director shall not be a director appointed as the agent of the directors of the Company, major shareholders, or shareholders related to a major shareholder;

(h) an independent director shall not operate a business of the same nature with and in competition with the business of the Company or the subsidiaries and shall not be a significant partner in a partnership, or be an executive director, employee, staff and consultant who receives a regular salary, or hold shares exceeding one percent of the total shares with voting rights, of another company operating a business of the same nature with and in competition with the business of the Company or the subsidiaries.

(i) an independent director shall not possess any other characteristics that prevent them from freely giving an opinion regarding the Company's operation.

(3) Audit committee

The components and nomination, appointment, removal, or retirement of audit directors are specified in the charter of the audit committee approved by Board of Directors Meeting No. 2/2014, held on 10 March 2014.

(a) The board of directors selects and appoints the Company's audit committee, which shall consist of at least three members. An audit director shall be an independent director of the Company who possesses the qualifications required under the law governing securities and exchange and the notifications, regulations and/or rules of the SET.

(b) At least one member of the audit committee shall possess knowledge and experience in verifying the accuracy of the financial statements, and such qualifications shall be set out in the certificate and biography of audit committee members to be submitted to the SET and in the filing forms, Form 56-1 and Form 56-2.

(c) Upon expiration of the term of an audit committee member or if an audit committee member vacates the office before the term expires, causing the number of members to be lower than three, the board of directors will appoint replacement members within three months from the date on which the number of members becomes lower than three for continuity in the performance of the audit committee.

(d) The Company's head of audit shall be the secretary of the audit committee.

(e) The term of each member of the audit committee is three years.

(4) Executive committee

The components and nomination, appointment, removal, or retirement of executive directors are specified in the charter of the executive committee approved by Board of Directors Meeting No. 3/2014, held on 22 April 2014, which can be summarized as follows:

(a) The executive committee consists of at least three members.

(b) The board of directors will appoint one member as the chairman of the executive committee. If the board of directors deems it appropriate, they may appoint one or more members as vice chairman of the executive committee.

(5) Risk management committee

Board of Directors Meeting No. 3/2014, held on 22 April 2014, passed a resolution appointing a risk management committee, consisting of directors and/or executives who possess appropriate qualifications, in order to determine policies related to risk management covering the whole organization, ensure that the company implements risk management systems or processes to control risks and minimize impact on the Company's business. The main duties of the risk management committee include identification of risks related to the operation of the business of the Company, determination of preventive measures, and monitoring compliance with such measures. The purpose of the charter is to ensure that the risk management committee members understand their roles, duties, and responsibilities and use the charter as a guideline for their performance.

The risk management committee is appointed by the board of directors. The term of office is three years from the date of appointment. A retiring member of risk management committee is eligible for reappointment.

(6) Nomination and remuneration committee

Board of Directors Meeting No. 4/2016, held on 11 November 2016, passed a resolution appointing a nomination and remuneration committee consisting of directors and executives who possess appropriate qualifications, in order to determine policies related to nomination of persons to be directors and top-level executives, and screening of persons with appropriate qualifications and proposing the same to the board of directors or shareholders meeting for appointment. The nomination and remuneration committee also plays an important role in considering criteria in

determining appropriate remuneration of directors and top-level executives that reflect the performance of directors and top-level executives, based on the goals specified.

The nomination and remuneration committee consists of no fewer than three directors and executives. The board of directors will appoint one member as the chairman of the nomination and remuneration committee. The term of the nomination and remuneration committee, appointed by the board of directors, is three years from the date of appointment. A retiring member of nomination and remuneration committee is eligible for reappointment.

Governance of Operation of Subsidiaries and Associate Companies

The Company is a holding company with no significant business of its own. Therefore, in order for the Company to govern and be responsible for the operation of the subsidiaries as though they are a part of the Company and in order to maintain the interest of the Company's investment, Board of Directors Meeting No. 3/2014, held on 22 April 2014, passed a resolution approving the policy on control of and mechanism for governing the business in which the Company invests in order to determine the mechanism for governing subsidiaries and the measures for monitoring the operation of the subsidiaries to ensure compliance with the rules prescribed in Notification TorJor. 28/2551. Furthermore, the Extraordinary General Meeting of Shareholders No. 3/2014, held on 1 October 2014, passed a resolution approving the amendment of the Articles of Association of The Company and the subsidiaries to be in compliance with the rules prescribed in Notification TorJor. 28/2551.

The details of governing the operation of the subsidiaries and associate companies in accordance with the policy on control of and mechanism for governing the business in which the Company invests are as follows.

1 Exercise of voting rights by the Company's representative in the shareholders meetings of the subsidiaries and associate companies

The Company has determined the guidelines on exercise of voting rights by the Company's representative in the shareholders meetings of the subsidiaries with respect to certification of minutes of ordinary and/or extraordinary general meetings of shareholders, certification of annual financial statements, election of directors and determination of remuneration, appointment of auditors and determination of remuneration, allocation of profit, approval of other matters, and consideration of other matters not specified in advance in the agenda in order to comply with the guidelines on good corporate governance and to maintain the best interests of the Company, the subsidiaries and other shareholders as a whole.

2 Structure of management of subsidiaries

The Company has determined the structure of management of subsidiaries in order to control the management and be responsible for the operation of the subsidiaries as though they are a part of the Company. The Company also implements measures for monitoring management of the subsidiaries in order to maintain the interest of the Company's investment, as follows.

(1) Nomination of directors of subsidiaries

The Company will nominate persons approved by the board of directors meeting as directors of the subsidiaries in a number reflecting the shareholding proportion of the Company in the respective subsidiary. The nominated director shall have the required qualifications, role, duty, and responsibility, and shall not possess untrustworthy characteristics as prescribed in the notifications of the SEC concerning determination of untrustworthy characteristics of directors and executives of a company.

(2) Determination of scope of duty and responsibility of directors and executives of subsidiaries

The directors appointed by the resolution of the board of directors meeting as a director of subsidiaries shall observe the scope of duty and responsibility specified in the Articles of Association of the subsidiaries specified by a resolution passed by the Extraordinary General Meeting of Shareholders of the Company No. 3/2014, held on 1 October 2014. The objective of the Articles of Association is to ensure that the boards of directors of the Company and the subsidiaries understand their roles, duties, and responsibilities toward the shareholders of the Company and the subsidiaries, and that they will perform their duties efficiently and effectively with transparency. More importantly, the board of directors of the subsidiaries must perform their duties in accordance with the policy on control of and mechanism for governing the business in which the Company invests, and the policy of corporate governance specified by the Company.

The Company shall ensure that the subsidiaries have internal control system, risk management system, fraud prevention system which are appropriate, efficient and adequate, ensuring that the operations of the subsidiaries are in compliance with the Company's policy, the Articles of Association of the subsidiaries, Chapter 5: "the management for the compliance with the controlling policy and corporate governance mechanism of the company in which the Company invests", as well as, law and notifications regarding good corporate governance of listed companies, including relevant notifications, regulations and rules of the Capital Market Supervisory Board, the Office of the SEC and the SET. The Company shall also procure a clear arrangement to demonstrate that the subsidiaries have a sufficient system for disclosing significant transactions in accordance with prescribed rules with continuity and accountability, allowing directors and executives of the Company to have access to the information of the subsidiaries for the purpose of effectively monitoring operating results and financial conditions, related party transactions between the subsidiaries and directors

and executives of subsidiaries and significant transactions of the subsidiaries. In addition, the Company shall have mechanism for auditing the said system of the subsidiaries by ensuring that the internal audit team and independent directors of the Company have direct access to such information and also the result of the system audit is reported to directors and executives of the Company, ensuring that the subsidiaries constantly comply with the system.

(3) Disclosure of data of directors and executives of the subsidiaries

(a) A director and executive of a subsidiary must disclose and submit data on their interest and involvement in any transaction that can be expected to create a conflict of interest with the Company and a subsidiary to the board of directors of the subsidiary or the person assigned by the board of directors of the subsidiary within the period specified by the subsidiary. The board of directors of the subsidiary has the duty to notify the board of directors of the Company of the matter within the period specified by the Company so that such data can be used to support any consideration or approval. The board of directors will consider the matter, taking into account the best interest of the subsidiary and the Company. The directors and executives of the subsidiary shall not be involved in the approval of any matter in which they have an interest or conflict of interest.

(b) A director and executive of a subsidiary, including persons related to the director and executive, have the duty to notify the board of directors of the subsidiary of their relationship and transaction with the subsidiary in a manner that may cause a conflict of interest, and shall avoid making any transaction that may create a conflict of interest with such subsidiary. The board of directors of the subsidiary has the duty to notify the Company of such matter.

The following actions, which cause a director, executive, or person related to the director or executive to gain other financial interests apart from those normally receivable by them, or cause damage to the subsidiary shall be assumed as actions that materially conflict with the interest of the subsidiary:

- a transaction made between the subsidiary and a director, executive, or related person not in accordance with the rules concerning related party transactions;
- use of data of the Company and the subsidiary which such person has obtained, unless such data has been disclosed to the public; or
- use of property or a business opportunity of the Company and the subsidiaries in a manner that violates the rules or general practices prescribed by the Capital Market Supervisory Board.

(4) Disclosure of information of subsidiaries

(a) It is the duty of a subsidiary to disclose accurate and complete information on its financial status and operating results, transactions made between the subsidiary and a connected person, acquisition or disposal of assets, or other important transactions of the subsidiary, and to apply the rules concerning disclosure and transactions of a nature similar to the rules of the Company.

(b) A subsidiary must report its business operation plan, business expansion, investment in large projects, and joint investment with other business operators to the Company through a monthly performance report. The Company is entitled to invite the subsidiary to provide an explanation or submit supporting documents for consideration, and the subsidiary shall strictly comply with such request immediately. If the Company finds any significant issue, the company may request that the subsidiary provide an explanation and/or submit documents for consideration by the Company.

(5) Use of inside information of subsidiaries

No director, executive, staff, employee, or designated persons of the subsidiaries, including spouse or minor child of the aforementioned persons shall use the inside information of the Company and the subsidiaries, whether obtained in accordance with their duty or otherwise, in a manner that significantly affects or may affect the Company and/or the subsidiaries for their own or others' interest whether directly or indirectly, or whether any benefit is gained from such use.

(6) Transactions made by the directors, executives, or persons related to subsidiaries

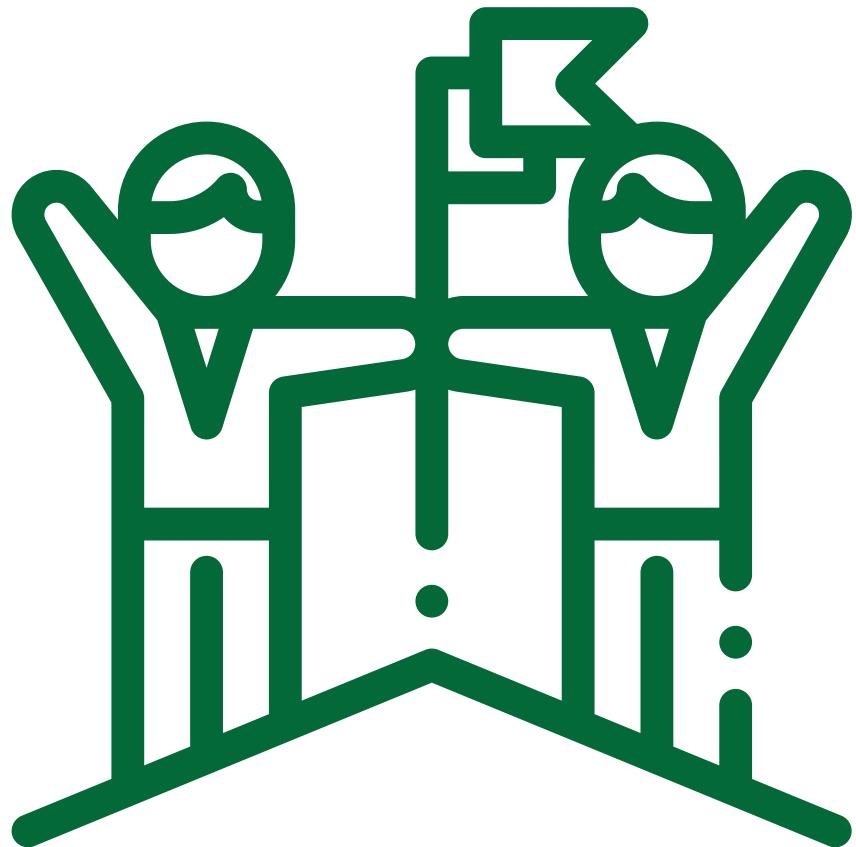
The director, executive, or related person of a subsidiary may enter a transaction only when such transaction has been approved by the Company's board of directors or shareholders meeting, depending on the size of the transaction, calculated based on the rules prescribed in the related party transaction notification, unless such transaction is a commercial agreement of a nature which a reasonable person would enter with a general party under similar circumstances without any influence as a director, executive, or related person, as the case may be. The commercial terms of such transactions must be approved by the board of directors or in accordance with the criteria previously approved by the board of directors.

3 Financial control of subsidiaries

(1) A subsidiary has the duty to submit monthly operating results and reviewed quarterly financial statements, as well as data supporting the preparation of such financial statements of the subsidiary and associate company to the Company, and agrees that the Company may use such data for preparation of financial statements or annual or quarterly reports of the Company's operating results, as the case may be.

(2) A subsidiary has the duty to prepare estimates of operating results and a summary of comparison of operating results with the actual operation plan on a quarterly basis, monitor the operating results to ensure compliance with the plan, and notify the Company of the same.

(3) A subsidiary has the duty to report significant financial issues to the Company upon discovery or request by the Company to investigate and report such issues.



SUSTAINABLE DEVELOPMENT REPORT

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Sustainable Development Report

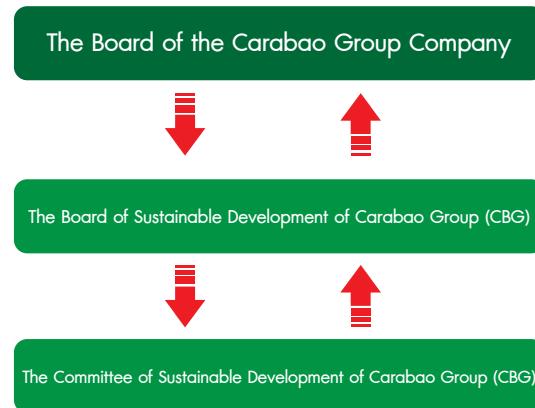
Carabao Group conducts business with the aim of delivering value back to society as well as implementing social projects to covey and build the foundation of good life values to the sustainable public development.

Sustainability Policy

The Company is committed to operating under its vision mission, commitments, strategies and policies for its growth, prosperity, and sustainability. Taking into account the impact on all stakeholders and social and environmental responsibility.

Sustainable Management Structure

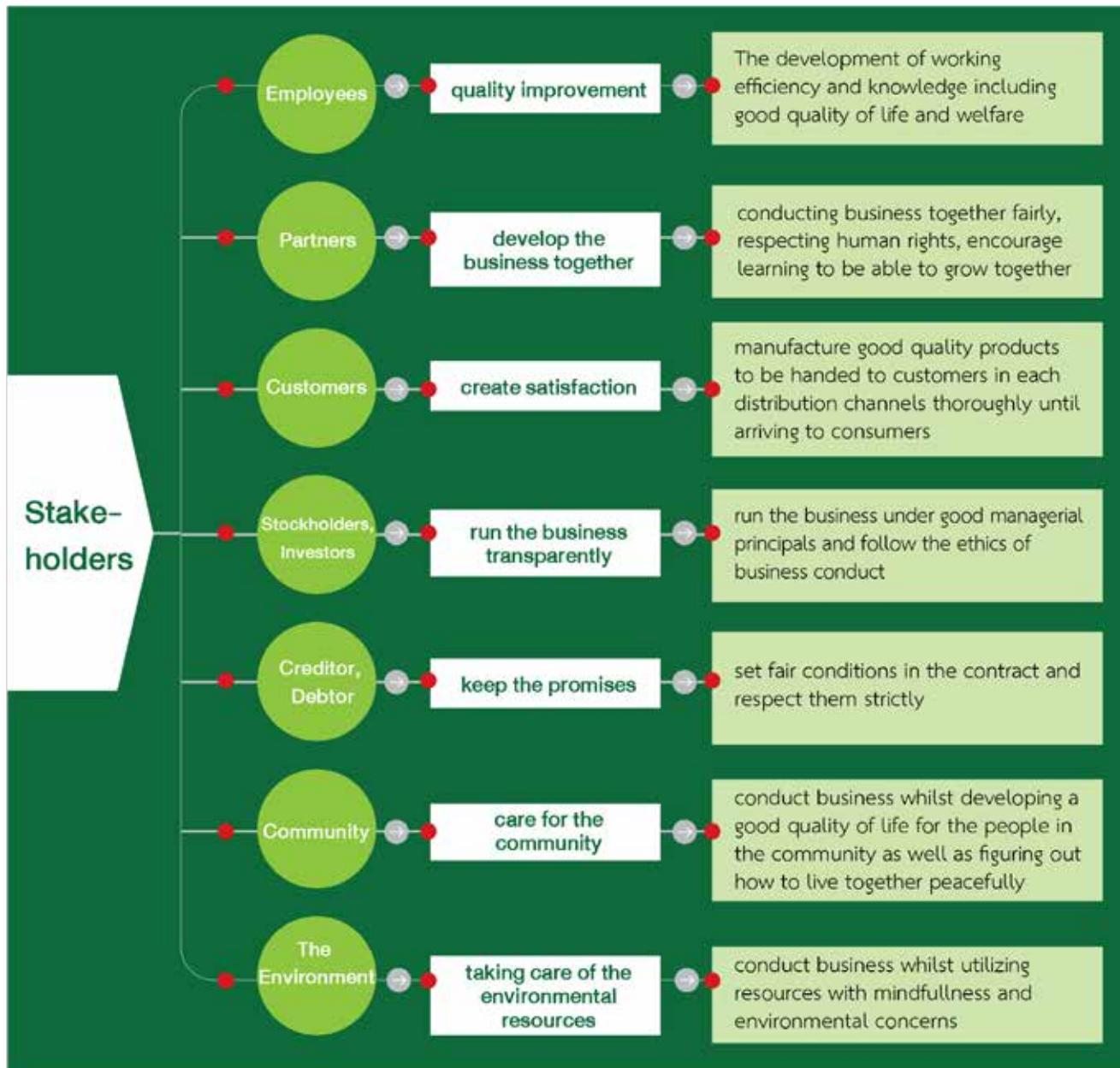
The Board of the Group appointed the Board of Sustainable Development as representatives from several business fields to play roles in shaping sustainable development strategies and policies, evaluating the outcome and setting up the scope and report on sustainable development by appointed the Committee to study and implements projects under the sustainability strategy of the Group.



Stakeholders of the Company

Stakeholders	Issues that interested or anticipated
1. Employees	Career opportunities and welfare
2. Supplier	Fair business
3. Customer	Great quality products at affordable prices
4. Shareholders/Investor	Business Performance, Growth and Transparency
5. Debtor	Reliable
6. Community	Community Development to grow with the business.
7. Environment	Solving problems that may arise from the operation of the company

Responding to Stakeholders



The Management and Development of Human Resources for Sustainability

To strengthen the competitiveness of the Group, flexibility to changes is essential under the dynamic business environments and the vision of "World Class Brand, World Class Product". The Group pays excellent attention to the development of personnel at all levels to fully utilize the corporate values as it says "Enlightened, Real Actions, Accurately and Precisely". We also recruit talented people with a wide range of skills to put the organization under the professional as well as sustainable-conscious leaderships.

2019 Human Resource Organization Transformation Office Performance Organization Transformation Project

The top management had set the first priority in communicating the company vision and values through the operating team called “Triangle Organization Transformation Office” responsible for educating all departments the OKRs (Objective and Key Results) concepts which enable everyone to work in the same direction in order to accelerate the company reform. The benefits of adopting OKRs in Carabao are;

1. Developing new management innovations by improving the existing work practice.
2. Generating better ideas by modernizing the best practice to keep up with the change from inside or outside of the company.
3. Designing creative processes of solving the repeatable problems.
4. Giving more opportunities for employees to present their work performances

Results of Developing OKRs Management Leader

Carabao is focusing on creating new leaders to the next position, the team has arranged a work plan according to the assigned OKRs project to develop management personnel by arranging a workshop with the support of the top management as a main speaker to share his experience in improving necessary communication skills to the management level.



Organized a workshop with deputy director level and above to acknowledge the organizational goals in order to set the Objectives and Key Results of each department and turn the policy into practice



Results of Cascading Goal, Turning KPI into Practice, and Connecting Individual Assessment System

- In 2017, 100 percent of all departments had been trained to be able to operate the assigned project. Meanwhile, 80 percent were meet the deadline and came up with the learning results from the projects and able to develop a strategic plan for 2018 as well as review the Vision, Mission, and Core Values compatibly with the 2017 Employee Core Competency
- In 2018 all departments had completed presenting their OKRs that linked with the company's vision and mission one month before the end of each quarter, 100 percent of quarterly results from all departments were presented in the monthly executive board meeting.

“Understand Thoroughly, Do Earnestly, Be Accurate, Be Precise” (Roo Jaeng, Tum Jing, Took Tong, Man Yum) Project

All employees are encouraged to share their experiences how they understand the company values by giving a platform to express their understandings or incidents of “Understand Thoroughly, Do Earnestly, Be Accurate, Be Precise” There are total of 68 work pieces submitted from 66 employees

Recruitment Scheme

To be a company that provides opportunities for all people, Carabao has developed recruitment scheme accessible to everyone through various channels such as Career Opportunities Column in Carabao’s website, also set up a booth in community malls to recruit more local people



Carabao Seed Incubation Project

In term of personnel development, Carabao is focusing on increasing employee's work efficiency and capability in order to incubate all employees to be able to grow with the company's vision "World Class Product, World Class Brand"

- Focusing on developing good attitude, ready to learn, creative, responsible staffs and embodying company's core values « Understand thoroughly, do earnestly, be accurate, be precise »
- Following up and providing an assessment of personnel development for all positions

Launch New Hire Buddy Program



The Examination for Promotion

Carabao Girls, the employees who perform marketing, have passed the examination and have been promoted as follows;

Last Position	New Position	Total
Head (Level 1)	Head (Level 2)	4
Deputy Head (Level 2)	Head (Level 1)	11
Deputy Head (Level 1)	Deputy Head (Level 2)	40
Officer	Deputy Head (Level 1)	70
Total		125

Summary Results of Personnel Training in 2018

Company	No. of Training Course			Details of Attendance		
	Plan	Actual	Percentage	No. of Attendant	Actual training hours	Average training hour per person
CBG	7	9	129%	12	114	10
CBD (HO)	142	103	73%	781	5,333	7
DCM	68	48	71%	2,486	12,801	5
APG (HO)	9	8	89%	11	73	7
CBD (factory)	68	112	165%	2,248	18,006	8
APG (factory)	62	60	97%	714	5,655	8
ACM	-	31	-	626	4,061	6
Total	356	371	104%	6,878	46,043	7

Baodang Safe Driving Project, Safety for Everyone



According to the support of Stock Exchange of Thailand that provided the Sustainable Development Guideline to the listed company in stock exchange market since 2013. Carabao has realized that it is important to develop all dimensions of company's stakeholders starting from all employees which are our main key force to drive the sustainable business. As the board of directors of the Company is concerned about the safety of employees, we have launched "Staffs Safe Driving" program to ensure that the accidents caused from staffs will be decreased. Meanwhile, we realized that, Tawandang DCM Co., Ltd., the affiliated company who provide the distribution services, are using various types of vehicles in transportation. Hence, we do aware of a safe and responsible driving of our staffs as they all are in charge of a road transport safety. This program then designed to prevent any loss caused from accidents that could happen to all employees, fellow-traveler, the outsider who use the road, and nearby communities.

"Baodang Safe Driving" project are launched on April 4, 2016 by Ms. Natchmai Thanombooncharoen, Managing Director of Carabao Group PCL, representing the board of directors to announce the program at the factories, headquarter, and all distribution centers throughout the country. The activity is also include of arranging a contest to attract more interest from members such as giving rewards to the winner of slogan competition submitted by employees. The winning slogan was "Don't ruin your life, drive carefully, concern everyone's safely, your family is waiting,

Steps of project operating are as follow,

1. Arrange Defensive Driving Course to raise awareness of safe driving to all employees and arrange training continuously for both existing and new staffs.
2. Test employees who drive the company vehicle to ensure that they have sufficient driving skills in order to prevent any accident.
3. Set the criteria of vehicle care manual and maintenance measure so that all vehicles are maintained in good condition and safe to use.
4. Provide an appropriate system to monitor vehicle use of employees. Carabao has invested more than 2 million baht in NOSTRA System which will detect the car speed and alarm to the head office once the driver exceed the speed limit. The system also allow us to map the shops address all over the country, this also help us to collect all store data for the future business development.

In addition, the accident protection device such as parking censor, rear view cameras, and front view digital video recorders are added in the vehicles to ensure that the driver have enough equipment for safe driving. We have also followed up the result from the safe driving training course, meanwhile, all speed limit data are tracked and reported regularly.



The Outstanding Achievements in Personnel Development in 2018

Arranging Organizational Knowledge Training and Defensive Driving Course for Cash Van Unit all over The Country

Since we founded the company in 2002, our company has always realized the importance of creating social and community benefits. One of our project, "Tumbon Khong Nhoo" (the sub-district belongs to us) has been held to promote and support Thai village children to bind to the conservation of natural environment and natural resources in their urban areas by submitting their writing in Essay Competition for Elementary School.



In 2014, "Bao Young Blood" project are held inspiring from the concept of "Music Creates the Value of Life". This project aims to give opportunity for young student to present their musical talent through Carabao song in their own way so that they could spend their free time usefully from developing their musical skills.



“Tumbon Khong Nhoo” (the sub-district belongs to us) Project

This project has founded since 2004 until now with the objective of raising awareness and engaging all Thai children to learn how to conserve nature and environment around their area by giving an opportunity to students in elementary school to write an essay to Uncle Aed Carabao. In the late year 2016, we have changed the project name to “Good Products in Your Sub-District” to promote product awareness to public by telling the story of famous goods or local products that create more values in their sub-district. This project also promotes using correct Thai language through writing an essay as well as create life value and strengthen unity within the sub-district. And the most important thing is that this project will help to spark idea and inspiration to Thai children in conserving natural environment and natural resources around their own sub-district.

The Committee will choose the best essay of the month so that the essay's owner would receive a 5,000 baht scholarship with a certificate, also 10,000 baht will be given to the sub-district to support nature and environmental conservation activities. The winning essay will be published through various channel such as online, radio, and television media with the 2- minute-long spot broadcasting on television program every week in order to promote the essay to the public.

In the past years, our company has given a scholarship up to 870,000 baht consisted of 280,000 baht for student scholarships and 580,000 for sub-district development.



“Music Creates the Value of Life” Project

Carabao Foundation and Carabao Group Company Limited (Public) founded the project “Music creates the value of life” to operate activities that create positive impact to society. Since 2014, we have cooperated with Work Point TV station to set up the music band contest via TV program name “Bao Young Blood, Music Creates the Value of Life”.

This program has been operated till season 4 in 2017 and 2018, the winning band received a scholarship in amount of 1 million baht and a trophy from Carabao Foundation as well as being invited to perform in a charity concert name “Music Creates the Value of Life with Carabao Brand”. All revenues from the concerts went to senior artists who need support



“Sports” Social Responsibility

As Carabao concern for the sustainable social development , after we has signed a sponsorship agreement with the Football Association of England as a sponsor of “EFL Cup”, subsequently rename to “Carabao Cup”, and signed a partnership contract with Chelsea Football Club in order to achieve maximum efficiency. We have attempted to raise the standard of Thailand football to be able to compete in international league. The Sustainable Development Committee are formed to specify strategies and policies and communicate within the working group to educate employees for better understanding and align everyone in the same direction.

Carabao - Chelsea Coach the Coaches Project

In 2018, our company has continuously worked with Chelsea Football Clubs for 2 years to teach the sport teacher working in schools and institutions across the country to improve football techniques including of nutrition care and athletic health care system to become a quality coach with fundamental principles of training.

“Carabao Coach the Coaches” year 2 were developed in collaboration with Chelsea Football Team led by Lawrence Griffin from International Development Center Bangkok by bringing experienced coaches from Chelsea football Club in England who have training experience for youth football player over 21 years in 31 countries or 6 continents around the world. The training program are including of sharing their expertise in training, skill improvement, and techniques to Thai teachers. In the same time, nurture Thai coaches in an environment conclusive to the philosophy of the Chelsea football club. The training program held on 19 November to 1 December 2018 at Develop Golf Club & Resort in Chonburi, there are total of 6 batches or 360 participants from the leading institutions nationwide completed the course both in theoretical learning and practical training which are eligible to develop the youth athletes in their association.

The theory class and practical session of this course are designed for Thai coaches to understand their role and responsibility as a good coach and perform their task efficiently as well as create insights for coaching guidelines including of coaching methodology, adaptive training for each individual's learning, preparation before a game, recovery training session after a match, The course content also contained of communication and analytical skill , recognizing and managing emotions, team management, nutrition for athletes and training techniques. And most importantly, this year we have also organized an extra course, the total amount of 20 Thai coaches selected from every 2 classes (120 attendants/ 2 class) will join in a workshop held by "Coach Joon, Anurak, Srikerd", former head coach of Thailand national under-19 football team. This extra training aims to develop the curriculum or bible of football teaching skill and techniques that enable coaches to extend their knowledge and giving practical advice to their students.

Participant in this year are divided into three categories:

1. Coach for students aged 7-10 years
2. Coach for student aged 11-14 years
3. Coach for student aged 15-18 years

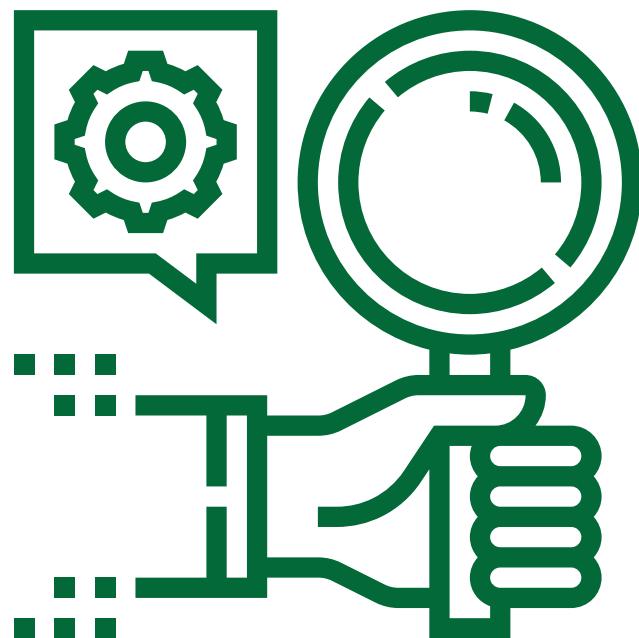


Carabao Grassroots Football Project

After the success of Carabao Coach the Coaches program, in 2018 Carabao Group held the "Carabao Grassroots Football" project aiming to promote social impact on football and make the dream of Thailand youth football player come true by giving support to local youth football activities that lack of training equipment.

In this program our company have also collaborated with Chelsea football coaches to operate a football clinic to share their experiences and inspire the children to become professional football player, at the same time provide the needed training equipment to local area. From last year, we have already supported several schools in different provinces across the country. Recently, students and teachers from Wat Phimphava School and Wat Theparachawittayakan in Chachoengsao were given an opportunity to attend a youth special event with Lawrence Griffin from Chelsea.





INTERNAL CONTROL AND RISK MANAGEMENT

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Internal Control & Risk Management

Carabao Group Public Company Limited has placed much importance on internal-control system on a continued basis to ensure that the internal control of the Company is satisfied for the business. The internal-control division has the duty to audit operations systems used by each unit of the Company and reports directly the Audit Committee. It aims to ensure that the operations of the Company are effective and efficient; that the Company's resources are used efficiently for maximum benefits; that the Company's assets are well protected and maintained; and that any risk of mistake is minimized and damages are prevented. The audits are also carried out to supervise the Company's operations, to ensure that financial statements are accurate, reliable, and prepared in a timely manner, as well as to ensure compliance with policies, rules, regulations and laws so as to prevent any damage from being done to the Company. In addition, the Board of Directors performs the internal control assessment of the Company every year based on the guidelines from the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) referring to COSO framework (The Committee of Sponsoring Organizations of the Tread Way Commission) which comprised of five components and 17 principles. There is no significant defect found to the Company's internal control.

1. Organization and Environment

The Company's organizational structure is properly designed to support the good internal control. Also, the Company's business goals and key performance indicators (KPIs) are clearly defined to ensure the efficiency to work and the alignment of the Company's target. The authority delegation manuals and the operation manuals for all functions are clearly defined and written. The Company's targets are communicated through all divisions and functions. Efforts also have been made to encourage the environment for good operations so as to promote good attitudes, honesty and ethics among staff at all levels in the Company. In addition, the Company has continued to reinforce the good corporate governance principles to all executives and employees to ensure the work transparency and the fairness to all stakeholders.

2. Risk Management

The Company has continue to place much importance on the risk management which may affect its business and prevent from achieving its goals. The Board of Directors had the resolution to setup the Risk Management Committee comprising of the managements from various functions responsible for defining, measuring and monitoring the risks regularly and report to the Board of Directors. The risk management detail is described in the "Risk Factors" topic.

3. Control Measures

The Company has adequate and proper control measures. It has formulated policies and guidelines in a way that clearly prescribes the scope of duties, authority and power to approve and delegation of duties. Control measures also include manuals that offer work guideline at every stage, as well as audits of financial statements and reports on the Company's nonfinancial operating results to ensure compliance with rules and regulations. All the accounting transactions are recorded accurately and completely. The accounting information and documents are retained systematically and legally. Each function especially the key function has the checks and balances systems to ensure the accuracy such as the financial transactions, sales, procurement, assets etc. The information systems are also implemented to improve the work efficiency.

4. Information System and Communications

The Company recognizes the important of the information systems and communications, therefore the information systems are continuously improved to ensure the accuracy, up to date and effectiveness. The systems have stored information and kept documents in an efficient manner to ensure the data accuracy and adequacy for the management and stakeholders to utilize it. In addition, the Company's Investor Relations Unit is in place to coordinate with investors ensuring that they can get information on the Company's operations and investments promptly and conveniently through highly accessible channels such as Company's website, e-mail, call center, etc. The whistle-blowing or complaints from outside also are reported via these channels.

5. Monitoring System

The Company has monitored and evaluated its internal control system on a continued basis. Assigned by the Board of Directors, the Audit Committee is responsible for monitoring and assessing the Company's internal control system driven by the internal audit department based on the annual internal-audit plans approved by the Audit Committee to ensure that flaw detected has been properly notified and improved instantly and reported to the Audit Committee and executives quarterly and annually. In addition, the Audit Committee has invited the Company's auditor to its meeting to review and acknowledge the results of financial-statement audits and internal-control issues which no significant issues found.



REPORT OF THE AUDIT COMMITTEE

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Report of the Audit Committee

The Audit Committee of Carabao Group Public Company Limited as appointed by the Board of Directors consists of three independent directors, namely, Mrs. Saowanee Kamolbutr, Chairman of the Audit Committee, Mr. Kanit Patsaman and Mr. Sanchai Jullamon, Audit Committee members. The Audit Committee members are considered by the Company to be qualified, knowledgeable and experienced persons. Their qualifications fully comply with the requirements of the Company's Charter of Audit Committee.

The Audit Committee had performed its task upon roles and responsibilities entrusted by the Board of Directors with its expertise and independence to access all information as stated in the Stock Exchange of Thailand's requirements. The Audit Committee also provides advice in related matters through sound collaboration with the management, internal auditor and the Company's auditor.

In 2018, the Committee held a total of 5 meetings. The Committee's significant activities are summarized below:

1. Review the accuracy of the Company's financial reports, and the adequacy of information disclosure

1.1 The Audit Committee reviewed the Company's Annual Financial Report and its Quarterly Reports before proposing them to the Board of Directors for approval. In doing so, the Committee ensured that facts and figures, and details contained in the financial reports, as well as significant information on transactions between the Company, its subsidiaries and other affiliates, or transactions with tendency to cause conflict of interests were accurately prepared and reliably disclosed.

1.2 In this connection, the statutory auditors were invited to the meeting of the Audit Committee to discuss and clarify on significant issues relating to the financial statements prepared by the Company's Management in compliance with Thai Accounting Standards and Thai Financial Reporting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions. The Audit Committee could then verify whether sufficient significant information was disclosed as required by the aforementioned standards, interpretations, guidelines and principles.

1.3 Furthermore, a joint meeting was held between the Audit Committee and the statutory auditors in compliance with the Practice Guidance issued by the Stock Exchange of Thailand, allowing both parties to discuss any issue of interests to the two sides without participation of the Management.

2. Evaluation of the services of the statutory auditors

The Audit Committee carried out the evaluation of the quality of services of EY Office Limited, the statutory auditors, and the worthiness of their remuneration, taking into consideration the following factors - professionalism, efficiency, and independence. The Audit Committee was of the view that EY Office Limited, the statutory auditors, had given satisfactory services accordingly, providing the Company with useful advices and recommendations, which were helpful for the Company's Annual Financial Report and internal control improvements.

3. Related party transactions

The Audit Committee reviewed the appropriateness of related transactions or transactions that may cause conflict of interest. The review showed that the related transactions by the Company in 2018 were done based on normal business practice, reasonable, and in the best interest of the Company's business. These related transactions were transparent, with related information disclosed fully and accurately.

4. Monitor of the Company's operations

The Audit Committee played its part in monitoring the Company's operations through the internal audit performance to ensure that laws and regulations relating to the Good Corporate Governance and the Code of Best Practice of the Securities Exchange Commission and the Stock Exchange of Thailand are carried out appropriately and consistently. The Committee has continuously followed the guidelines for strengthening of good corporate governance of the Company.

5. Approval of the scope of work and the annual audit plan of the Company's internal audit.

The Audit Committee approved the scope of work and the annual audit plan of the Company's internal audit for the year 2018. Additionally, the performances of the internal audit were regularly monitored, with the Company's risk management and internal controls being taken into consideration. Advices were consistently given to the Company's internal audit on various matters for the efficiency of their performances and the improvement of the internal audit systems.

6. Review the adequacy and suitability of the internal control systems

The Audit Committee regularly reviewed the adequacy and suitability of the Company's internal control systems. In this regard, reports presented by the internal audit, were carefully considered and followed up to ensure that rectification and/or improvements on controls and preventive measures were conducted by the management in a proper and timely manner, especially the significant issues encountered by the internal audit department during their routine inspection.

7. Roles of the Audit Committee

7.1 The Audit Committee performed its duties independently from the Board of Executive Directors and the Management with strong emphasis on internal controls to ensure that good governance and adequate internal controls were appropriately applied. Significant issues based on the issues reported by the internal audit were regularly presented to the Board of Directors for policy guidelines on the improvements or corrections in some sectors.

7.2 To ensure that the Committee's roles are carried out efficiently and at the same time the Company's good corporate governance is being properly practiced, self-assessment on the Audit Committee's performances are undertaken by the Committee's individual member taking the guidelines issued by the Stock Exchange of Thailand as the basis. The assessment results are highly satisfactory.

In the view of the Audit Committee, the Company's good corporate governance is transparently, adequately and reliably carried out. The Company's overall internal control systems are adequate. Discrepancies in the control systems or transactions that might cause conflict of interests and may significantly affect the Company's operations have not been noted. Besides, the Company constantly refined its operation for a better quality which is an important part to push the Company sustainably and stably grow.



Mrs. Saowanee Kamolbutr

Chairman of the Audit Committee

Report of the Nomination and Remuneration Committee

The Board of Directors is considering appointing a Recruitment and Remuneration Determination Committee that consists of a certain number of members who have appropriate qualifications and that consists of a certain number of independent members who will determine policies with respect to the recruitment of persons who will become directors and/or top executives and who will screen persons who have appropriate qualifications before submitting their names to the Board of Directors or the shareholders' meetings. The Recruitment and Remuneration Determination Committee also has an important role in considering criteria for the determination of remunerations of directors and top executives in order to ensure that their remuneration is appropriate and reflects directors and executives' abilities to perform their duties in accordance with the relevant targets.

The Nomination and Remuneration Committee of the company consists of 5 directors.

1. Mr. Sathien Setthasit	Chairman of the Nomination and Remuneration Committee
2. Mrs. Saowanee Kamolbutr	Vice chairman of the Nomination and Remuneration Committee
3. Miss Nutchamai Thanombooncharoen	Member of the Nomination and Remuneration Committee
4. Mr. Kanit Patsaman	Member of the Nomination and Remuneration Committee
5. Mr. Sanchai Jullamon	Member of the Nomination and Remuneration Committee

Duties and Responsibilities

Recruitment

- To consider the structure, size and elements of the Company's Board of Directors in a manner that such structure, size and elements are appropriate for the organization, the business and the environment.
- To determine processes and criteria for recruitment and the qualifications of persons that should be nominated to be directors and executives from the level of assistants to managing directors and upwards.
- To consider selecting and screening persons who have appropriate qualifications to become directors and executives from the level of deputy managing directors and upwards and to submit this matter to the Company's Board of Directors and/or shareholders' meetings for consideration and approval.

Remuneration Determination

- To determine policies and to consider the criteria for determining remunerations, both monetary and non-monetary, of directors and executives from the level of assistants to managing directors and upwards in a manner that such remunerations are appropriate and fair, and to submit this matter to the Board of Directors' meetings and/or shareholders' meetings for consideration and approval.
- To perform any other acts, as assigned by the Board of Directors, in connection with recruitment and the consideration of remunerations of directors and top executives.

In the year 2018, the Nomination and Remuneration Committee held a meeting to consider important agenda 3 times.

Mr. Sathien Setthasit
Chairman of the Nomination and Remuneration Committee

Report of the Risk Management Committee

The Risk Management Committee was established by the Board of Directors resolution with duties to promote the set-up of an enterprise-wide risk management system for the Company and to embed as organizational culture. This is to provide reasonable assurance among all stakeholders that the Company strategic operations are geared towards effective and efficient achievement of corporate goals and objectives. The Committee is comprised of 7 members who are the Board of Directors and top executives with relevant knowledge, competence and experience that are beneficial to the company risk management.

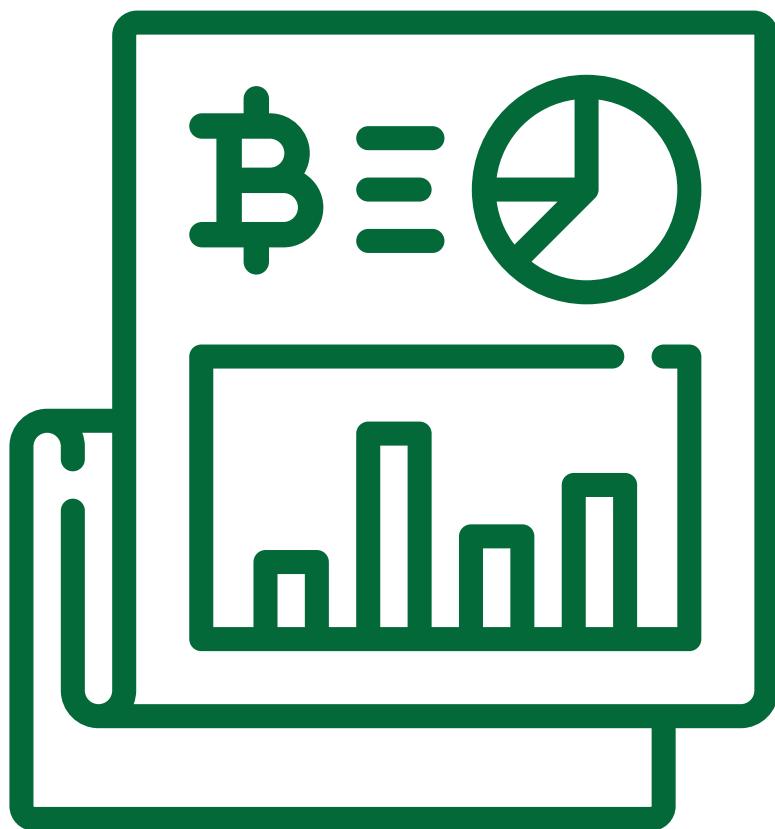
The Committee performs its duties as designated by the Board of Directors and within the purview of power and responsibility defined in the Risk Management Committee Charter. In 2018, the Committee held 4 meetings with the following results:

1. Acknowledged the significant corporate risks for 2018 and considered the risk management guidelines.
2. Monitored of risk management activities.
3. Reported regularly to the Board of Directors on the significant risks and their responses.
4. Reviewed the significant risks and developed efficient risk management system.

According to the issues and tasks mentioned above, the Risk Management Committee has considered that the corporate risk factors have been identified covering the core businesses and the risk management methods have been carried out adequately, appropriately and efficiently. In addition, these methods comply with the good corporate governance and internal control principles, as well as laws, rules and regulations so as to ensure that the company continues with stable and sustainable growth.



Mrs. Saowanee Kamolbutr
Chairman of the Risk Management Committee



RELATED PARTY TRANSACTIONS

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Related Party Transactions

1. Person Who May Have Conflict of Interest

1.1 Mongol Co., Ltd.

Nature of Business	Engaging in the businesses of manufacturing and selling audio tapes, CDs and VCDs, and composing music
Nature of Relationship with the Company	<ul style="list-style-type: none"> • One joint director, Mr. Yuenyong Opakul • Two joint shareholders, i.e. Mr. Yuenyong Opakul and Mrs. Linjong Opakul who hold 50% and 20% of shares, respectively, in Mongol Co., Ltd.

1.2 Tawandang Brewery Co., Ltd.

Nature of Business	Engaging in the business of (1) producing and selling beer; and (2) selling food and beverages
Nature of Relationship with the Company	<ul style="list-style-type: none"> • One joint director, Miss Nutchamai Thanombooncharoen • Two joint shareholders, i.e. Mr. Sathien Setthasit and Miss Nutchamai Thanombooncharoen who hold 30% and 15% of shares, respectively, in Tawandang Brewery Co., Ltd.

1.3 Tawandang German Brewery Co., Ltd.

Nature of Business	Engaging in the business of (1) producing and selling beer; and (2) selling food and beverages
Nature of Relationship with the Company	<ul style="list-style-type: none"> • One joint director Miss Nutchamai Thanombooncharoen • Two joint shareholders, i.e. Mr. Sathien Setthasit and Miss Nutchamai Thanombooncharoen who hold 40% and 40% of shares, respectively, in Tawandang German Brewery Co., Ltd.

1.4 Tawandang German Brewery 1999 Co., Ltd.

Nature of Business	Engaging in the business of (1) producing and selling beer; and (2) selling food and beverages
Nature of Relationship with the Company	<ul style="list-style-type: none"> • One joint directors Miss Nutchamai Thanombooncharoen • Two joint shareholders, i.e. Mr. Sathien Setthasit and Miss Nutchamai Thanombooncharoen who hold 40% and 20% of shares, respectively, in Tawandang German Brewery 1999 Co., Ltd.

1.5 C.J. Express Group Co., Ltd.

Nature of Business	Engaging in the business of wholesale stores and convenience stores
Nature of Relationship with the Company	<ul style="list-style-type: none"> • One joint director, Mr. Sathien Setthasit • Four joint shareholders, i.e. Mr. Sathien Setthasit, Miss Nutchamai Thanombooncharoen, Mr. Yuenyong Opakul and Mrs. Wongdao Thanombooncharoen who hold 35%, 20%, 12% and 12% of shares, respectively, in C.J. Express Group Co., Ltd.

1.6 Sahamitr Products Co., Ltd.

Nature of Business	Trading
Nature of Relationship with the Company	<ul style="list-style-type: none"> • Two directors of the company related to the company such as Miss Nutchanok Vongswat (Miss Nutchamai Thanombooncharoen's Daughter) and Miss Phoogkwan Smuthkochorn (Mr. Kamoldist Smuthkochorn's Daughter) who hold 50% and 50% of shares, respectively, in Sahamitr Products Co., Ltd.

1.7 Coco Foods Co., Ltd.

Nature of Business	Trading
Nature of Relationship with the Company	<ul style="list-style-type: none"> • Two directors of the company related to the company such as Miss Kwansuda Treethammakul (Mr. Sathien Setthasit's Daughter in laws) and Miss Kornthong Wilai (Mr. Sathien Setthasit's Daughter in laws) who hold 50% and 50% of shares, respectively, in Coco Foods Co., Ltd.

1.8 Sahamit Sugar Co., Ltd.

Nature of Business

Engaging in the business of wholesale alcoholic beverage business and import alcoholic beverages.

Nature of Relationship with the Company

- One joint director, Miss Nutchamai Thanombooncharoen
- One joint shareholder, Miss Nutchamai Thanombooncharoen who hold 10%, in Sahamit Sugar Co., Ltd.

1.9 Tawandang 1999 Co., Ltd.

Nature of Business

Engaging in the business of producing and selling alcoholic beverages.

Nature of Relationship with the Company

- One joint director, Mr. Romtham Setthasit
- One joint shareholder, Mr. Sathien Setthasit who hold 74% in Tawandang 1999 Co., Ltd.

1.10 Tawandang F&B Co.,Ltd.

Nature of Business

Engaging in the business of (1) producing and selling beer; and (2) selling food and beverages

Nature of Relationship with the Company

- One joint director, Miss Nutchamai Thanombooncharoen
- Two joint shareholders, i.e. Mr. Sathien Setthasit and Miss Nutchamai Thanombooncharoen who hold 45% and 10% of shares, respectively, in Tawandang F&B Company Limited.

1.11 Baan Tawandang Co.,Ltd.

Nature of Business

Restaurant and the stage show restaurant

Nature of Relationship with the Company

- No joint director
- One joint shareholder, Mr. Sathien Setthasit who hold 90% of shares in Ban Tawandang Limited.

1.12 Tawandang Logistics Co.,Ltd.

Nature of Business

Transportation

Nature of Relationship with the Company

- One joint director, Mr. Sathien Setthasit
- One joint shareholder, Mr. Sathien Setthasit who hold 0% (a share) of shares in Tawandang Logistics limited.

1.13 Express Med Co.,Ltd.

Nature of Business

Engaging in the business of selling drug, medicine, pharmaceutical products, chemical products, medical instruments, fertilizer and pesticide

Nature of Relationship with the Company

- One joint director, Mr. Sathien Setthasit
- One joint shareholder, i.e. Mr. Sathien Setthasit who hold 60% of shares, respectively, in Express Med Company Limited.

1.14 Hunan Double Energy Beverage Co., Ltd.

Nature of Business

Engaging in the business of retail and wholesale

Nature of Relationship with the Company

- One joint director, Mr. Sathien Setthasit
- Champion China Holding Limited hold 49% of shares in Hunan Double Energy Beverage Co., Ltd which hold 100% of shares by Raththam Holding Limited. Four joint shareholders, i.e. Mr. Sathien Setthasit, Miss Nutchamai Thanombooncharoen, Mr. Yuenyong Opakul, Mrs. Wongdao Thanombooncharoen and Mr. Romtham Setthasit who hold 51%, 25%, 15%, 5% and 4% of shares, respectively, in Hunan Double Energy Beverage Co., Ltd.

1.15 Guangzhou Carabao Beverage Co.,Ltd.

Nature of Business

Engaging in the business of retail and wholesale

Nature of Relationship with the Company

- One joint director, Mr. Sathien Setthasit
- Hunan Double Energy Beverage Co., Ltd hold 100% of shares in GUANGZHOU CARABAO BEVERAGE CO., LTD.

2. Related Party Transactions

Below is a summary of the related party transactions between the Group and persons who may have conflicts of interest during the fiscal year ended 31 December 2017 and 2018.

2.1 Mongol Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Advertising expense		
CBD entered into an agreement with Mongol Co., Ltd. to engage Mr. Yuenyong Opakul to be a presenter of Carabao Dang energy drink.	10,000,000	11,000,000
Other payable	-	10,400,000

Necessity and Reasonableness

- On 1 January 2014, CBD entered an agreement with Mongol Co., Ltd. to engage Mr. Yuenyong Opakul to be a presenter of Carabao Dang energy drink (the same conditions as the agreement which the Company previously made with Mongol Co., Ltd.).
- On 1 July 2014, CBD amended the conditions of the agreement and entered a long-term agreement with Mongol Co., Ltd. Below is a summary of its conditions.
 - CBD engages Mongol Co., Ltd. to hire Mr. Yuenyong Opakul to be a presenter of Carabao Dang energy drink as well as other beverages and products of CBD. The term of the agreement is five years, from 1 January 2014 to 31 December 2018. The remuneration is Baht 10.0 million per annum, whereby the payment will be made on 31 December of every year.
 - Such agreement will be automatically renewed for another five years, from 1 January 2019 to 31 December 2023, with remuneration of Baht 12.0 million per annum. CBD has the right adjust the remuneration as suitable and consistent with the market price, as well as to terminate the agreement if the image of Mr. Yuenyong Opakul fails to meet the intent of the agreement.
- CBD engages Mongol Co., Ltd to compose music for public relations total of Baht 1.0 million, based on the market price and commercial term.

Audit Committee's Opinion

This transaction supported the Company's normal course of business operations and on an arm's-length basis.

2.2 Tawandang Brewery Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Income from sale of products		
DCM supplied products to Tawandang Brewery Co., Ltd. for sale in its restaurant.	172,479	418,122
Trade receivable	36,864	40,215
Sales promotion expenses		
CBD paid sales promotion expenses to Tawandang Brewery Co., Ltd.	-	195,865
Other expenses		
CBD and DCM paid for food and beverages, gift cards and entertaining its business partners, to Tawandang Brewery Co., Ltd.	355,723	834,186
Other payable	99,170	458,423

Necessity and Reasonableness

- DCM supplied products to Tawandang Brewery Co., Ltd. for sale in its restaurant in Thailand, based on the market price and commercial term.
- CBD organized sales promotion events and organized activities for employees of the Group at Tawandang Brewhouse, with a discount of 20% for food and beverages, with prices and commercial terms as normally offered to other special customers.
- CBD and DCM entertained its business partners and purchased food and beverage gift cards from Tawandang Brewhouse as New Year presents for its business partners, with prices and commercial terms as normally offered to other special customers.

Audit Committee's Opinion

These transactions were done on an arm's-length basis. A 20% discount was normally offered to other special customers of Tawandang Brewery Co., Ltd.

2.3 Tawandang German Brewery Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Income from sale of products		
DCM supplied products to Tawandang German Brewery Co., Ltd. for sale in its restaurant.	203,643	508,668
Trade receivable	64,143	65,617
Other expenses		
CBD paid the cost of its employees' New Year party and entertaining its business partners, to Tawandang German Brewery Co., Ltd.	3,858,116	1,813,181
Other payable	39,025	40,137

Necessity and Reasonableness

- DCM supplied products to Tawandang German Brewery Co., Ltd. for sale in its restaurant in Thailand, based on the market price and commercial term.
- CBD organized its employees' and executives' New Year party, and entertained its business partners, at Tawandang German Brewhouse, with a discount of 20% on food and beverages with prices and commercial terms as normally offered to other special customers.

Audit Committee's Opinion

These transactions were done on an arm's-length basis. A 20% discount was normally offered to other special customers of Tawandang German Brewery Co., Ltd.

2.4 Tawandang German Brewery 1999 Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Income from sale of products		
DCM supplied products to Tawandang German Brewery 1999 Co., Ltd. for sale in its restaurant.	154,408	364,878
Trade receivable	56,971	45,242
Other expenses		
CBD and DCM paid for a meal to Tawandang German Brewery 1999 Co. Ltd. in entertaining its business partners	85,756	510,440
Other payable	-	4,471

Necessity and Reasonableness

- DCM supplied products to Tawandang German Brewery 1999 Co., Ltd. for sale in its restaurant in Thailand, based on the market price and commercial term.
- CBD and DCM organized its business partners, at Tawandang German Brewhouse 1999, with a discount of 20% on food and beverages with prices and commercial terms as normally offered to other special customers.

Audit Committee's Opinion

This transaction was done on an arm's-length basis. A 20% discount was normally offered to a special customers of Tawandang German Brewery (1999) Co., Ltd.

2.5 C.J. Express Group Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Income from sale of products		
DCM supplied products to C.J. Express Group Co., Ltd. for sale in its convenience stores.	78,879,473	68,937,612
Trade receivable		
C.J. Express Group Co., Ltd. was DCM's trade receivable on account of DCM's income from sales of products.	12,316,995	12,861,807
Sales promotion expenses		
DCM paid sales promotion expenses to C.J. Express Group Co., Ltd.	3,595,091	3,274,318
Other payable		
C.J. Express Group Co., Ltd. was DCM's other payable on account of DCM's sales promotion expense.	500,162	259,955
Office rent and service		
CBD leased office space on the 4th to 6th floor of the 393 Silom Building and 2th to 4th floor of 4th floor Building including the right to use the car park to C.J. Express Group Co., Ltd.	12,985,863	15,442,510
Other receivable		
C.J. Express Group Co., Ltd. was CBD's other receivable on account of CBD's office rental and service.	194,117	213,138
Other payable		
C.J. Express Group Co., Ltd. was CBD's other payable on account of CBD's office rental deposit.	2,664,778	3,015,873
Other expenses		
CBD paid office supplies expenses, seminar expenses, and entertaining its business partners to C.J. Express Group Co., Ltd.	179,941	143,589

Necessity and Reasonableness

- DCM supplied product to C.J. Express Group Co., Ltd. for sale in its convenience stores in Thailand, based on the market price and commercial term.
- DCM paid sales promotion expenses to C.J. Express Group Co., Ltd. for organizing a sales promotion campaign and preparing public relations leaflets, based on the market price and commercial term.
- C.J. Express Group Co., Ltd. leased office space on 4th to 6th floor of the 393 Silom Building and 2th to 4th floor of the 4th Building with a total space of 3,516.6 square meters in the building owned by CBD to be used as its office including the right to use the car park at the rental rate with service fee included of Baht 350-495 per square meter whereby such rental rate and conditions are based on the same rates and conditions as offered on the market. Rental and service fee of the other buildings in the nearby area are between Baht 350-500 per square meter.
- CBD charged to C.J. Express Group Co., Ltd for office supplies expenses, seminar expenses, and entertaining its business partners, based on the market price and commercial term.

Audit Committee's Opinion

These transactions were done on an arm's-length basis of normal business transaction of DCM. The leased office space was also done an arm's-length basis with fair market price.

2.6 Sahamitr Products Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Purchase of products		
DCM is a distributor of Sahamitr Products Co., Ltd.	180,138,354	237,738,681
Trade payable		
Sahamitr Product Co., Ltd. is a trade payable of DCM regarding the purchasing of goods.	14,977,201	19,883,860
Sales promotion expenses		
DCM paid sales promotion expenses to Sahamitr Product Co., Ltd.	-	125,100
Other receivable		
Sahamitr products Co., Ltd. is an other receivable of DCM regarding the amount due from sales promotion expenses.	366,677	267,670
Other income		
CBG reimbursed an expense relating to training and seminar from Sahamitr products Co., Ltd.	17,000	-

Necessity and Reasonableness

- DCM as a distributor of Sahamitr's products Co., Ltd., distributes their products through multiple channels, based on the market price and commercial term.

2.7 Coco Foods Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Purchase of products		
DCM is a distributor of Coco Foods Co., Ltd.	45,653,709	-
Trade payable		
Coco Foods Co., Ltd. is a trade payable of DCM regarding the purchasing of goods.	1,375,190	-
Others receivable		
Coco Foods Co., Ltd. is other receivable of DCM regarding the amount due from sales promotion expenses.	167,054	-

Necessity and Reasonableness

- DCM as a distributor of Coco Foods Co., Ltd., distributes their products through multiple channels, based on the market price and commercial term.
- During the year 2018, DCM terminated such distributor agreement with Coco Foods Co., Ltd, DCM also entered distributor agreement to be a distributor of Sahamitr's products Co., Ltd. Both entities are related parties of the Group.

Audit Committee's Opinion

These transactions were done on an arm's-length basis of normal business transaction of DCM.

2.8 Sahamit Sugar Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Purchase of products		
DCM is a distributor of Sahamit Sugar Co., Ltd.	301,078,381	625,928,457
Trade payable		
Sahamit Sugar Co., Ltd. is a trade payable of DCM regarding the purchasing of goods.	409,232	-
Other receivable		
Sahamit Sugar Co., Ltd. is an other receivable of DCM regarding the amount due from sales promotion expenses including advance for purchase goods.	2,682,953	3,231,710

Necessity and Reasonableness

- DCM as a distributor of Sahamit Sugar Co., Ltd., distributes their products through multiple channels, based on the market price and commercial term.

Audit Committee's Opinion

These transactions were done on an arm's-length basis of normal business transaction of DCM.

2.9 Tawandang 1999 Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Income from sale of products		
APG supplied bottles for packaging materials to Tawandang 1999 Co., Ltd.	-	38,526,788
Trade receivable		
Tawandang 1999 Co., Ltd. was APG's trade receivable on account of APG's income from sales of products.	-	5,104,972
Office rent and service		
CBD leased office space on the 1th floor of the Siri Building including the right to use the car park to Tawandang 1999 Co., Ltd. to use as its office.	659,760	637,207
Other income		
DCM sold recycled bottle to Tawandang 1999 Co., Ltd.	-	118,081

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Other receivable		
Tawandang 1999 Co., Ltd. was CBD's other receivable on account of CBD's office rental and service and other receivable on account of DCM's from sales of recycled bottle.	1,308,171	670,578
Other payable		
Tawandang 1999 Co., Ltd. was CBD's other payable on account of CBD's office rental deposit.	92,400	92,400

Necessity and Reasonableness

- Tawandang 1999 Co., Ltd. leased office space on 1th floor of the Siri Building with a total space of 132 square meters in the building owned by CBD to be used as its office including the right to use the car park at the rental rate with service fee included of Baht 350 per square meter whereby such rental rate and conditions are based on the same rates and conditions as offered on the market. Rental and service fee of the other buildings in the nearby area are between Baht 350-500 per square meter.
- DCM sold recycled bottle to Tawandang 1999 Co., Ltd. with margin of the 3%
- APG supplied bottles for packaging materials to Tawandang 1999 Co., Ltd., based on the market price and commercial term.

Audit Committee's Opinion

These transactions were done on an arm's-length basis of normal business transaction of DCM. The leased office space was also done an arm's-length basis with fair market price.

2.10 Tawandang F&B Co.,Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Income from sale of products		
DCM supplied products to Tawandang F&B Company Limited for sale in its restaurant.	-	94,826
Trade receivable		
	-	11,732
Other expenses		
DCM paid for a meal to Tawandang F&B Company Limited in entertaining its business partners.	-	21,538

Necessity and Reasonableness

- DCM supplied products to Tawandang F&B Company Limited for sale in its restaurant in Thailand, based on the market price and commercial term.
- DCM organized its business partners, at Tawandang F&B Company Limited, with a discount of 20% on food and beverages with prices and commercial terms as normally offered to other special customers.

Audit Committee's Opinion

These transactions were done on an arm's-length basis. A 20% discount was normally offered to other special customers of Tawandang F&B Company Limited.

2.11 Ban Tawandang Co.,Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Income from sale of products		
DCM supplied products to Ban Tawandang Limited for sale in its restaurant	-	167,562
Trade receivable	-	21,783

Necessity and Reasonableness

- DCM supplied products to Ban Tawandang Limited for sale in its restaurant in Thailand, based on the market price and commercial term.

Audit Committee's Opinion

This transaction supported the Company's normal course of business operations and on an arm's-length basis.

2.12 Tawandang Logistics Co.,Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Gain on sold of fixed assets		
CBD and DCM sold vehicles to Tawandang Logistics limited.	-	2,536,033
Rental and service expense		
CBD and DCM paid for car rental expense relating to transportation including repair and maintenance services expense, to Tawandang Logistics limited.	-	3,823,984
Other payable		
Tawandang Logistics limited was CBD's other payable and DCM's other payable on account of its office rental and service expense.	-	973,620

Necessity and Reasonableness

- During the year 2018, CBD and DCM entered into car rental agreements for transportation with Tawandang Logistics limited. The agreements are effective for a period of 5 years. Such rental rate and conditions are based on the same rates and conditions as offered on the market.
- CBD and DCM sold vehicles which have been fully depreciated and not in use to Tawandang Logistics limited, based on the market price and commercial term.

Audit Committee's Opinion

The car leased was done an arm's-length basis with fair market price

2.13 Express Med Co.,Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Purchase of products		
DCM is a distributor of Express Med Company Limited.	-	262,430

Trade payable

Express Med Company Limited is a trade payable of DCM regarding the purchasing of goods.

- 280,800

Necessity and Reasonableness

- DCM as a distributor of Express Med Company Limited, distributes their products through multiple channels, based on the market price and commercial term.

Audit Committee's Opinion

These transactions were done on an arm's-length basis of normal business transaction of DCM.

2.14 Guangzhou Carabao Beverage Co., Ltd

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Income from sale of products		
CBD supplied products to GUANGZHOU CARABAO BEVERAGE CO., LTD for sale through multiple channels in China.	-	120,941,192

Trade receivable

- 24,050,497

Necessity and Reasonableness

- CBD supplied products to GUANGZHOU CARABAO BEVERAGE CO., LTD for sale through multiple channels in China, based on the market price and commercial term.

Audit Committee's Opinion

- These transactions were done on an arm's-length basis of normal business transaction of CBD.

2.15 Hunan Double Energy Beverage Co., Ltd.

Nature of Transaction	Transaction Value (Baht)	
	For the year ended 31 December 2017	For the year ended 31 December 2018
Income from sale of products		
CBD supplied products to Hunan Double Energy Beverage Co., Ltd for sale through multiple channels in China	-	46,427,494

Trade receivable

- 45,951,312

Necessity and Reasonableness

- CBD supplied products to Hunan Double Energy Beverage Co., Ltd for sale through multiple channels in China, based on the market price and commercial term.

Audit Committee's Opinion

These transactions were done on an arm's-length basis of normal business transaction of CBD.

3. Guarantees and Mortgages

3.1 As at 31 December 2018, CBG has guaranteed for credit facilities, in form of letter of credit and forward contract, of CBD and APG amounting to Baht 1,100 million (2017: Baht 1,100 million).

3.2 As at 31 December 2018, CBG has guaranteed loan of CBD with a given credit facility of Baht 1,500 million (2017: 1,500 million).

4. Necessity and Reasonableness of the Related Party Transactions

Audit Committee Meeting No. 1/2018, held on 21 February 2018 and No. 1/2019, held on 18 February 2019 considered the Company's related party transactions for the fiscal year ended 31 December 2017 and 2018 as well as information obtained from the Company's management, reviewed the information in the notes to financial statements audited by the Company's auditor, and was of the view that these related party transactions for the fiscal year ended 31 December 2017 and 2018 were for the Company's normal course of business operations and on an arm's-length basis.

5. Related Party Transaction Approval Measures or Process

Board of Directors Meeting No. 4/2014, held on 29 May 2014, has considered and approved the related party transaction approval policy and process in order to ensure that related party transactions between the Group and persons or juristic persons who may have conflict of interest are transparent and in the interest of the Company. Below is a summary of such policy and process.

The Group's related or connected transactions must be in accordance with the rules under the Securities and Exchange Act, Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 re: Rules on Connected Transactions, and Notification of the Board of Governors of the Exchange re: Disclosure of Information and other Acts of a Listed Company Concerning Connected Transactions, including the relevant rules of the Office of the SEC and/or the SET. These transactions are also subject to compulsory disclosure in the notes to financial statements audited by the Company's auditor and the annual registration statement (form 56-1).

If the law provides that the Company must obtain approval from its board meeting or shareholders meeting before entering a related party transaction, the Company must cause its Audit Committee to audit and give an opinion on such transaction. The Audit Committee's opinion will be submitted to the Company's board meeting or shareholders meeting, as the case may be, in order to ensure that the proposed transaction is in the best interest of the Company.

If there are related party transactions between the Group and persons who may have interest or conflict of interest, either for the time being or in the future, the Audit Committee will provide an opinion on the necessity of these transactions and the reasonableness of their prices, based on various conditions according to the nature of normal business operation in the industry and a comparison with third-party or market prices. If the Audit Committee has no expertise on any related party transaction that may take place, the Company may ask an independent specialist or the Company's auditor to provide an opinion on such related party transaction to support decision-making by the Board of Directors, the Audit Committee, or shareholders, as the case may be. Directors who have an interest in such transactions may not vote thereon. Related party transactions must also be disclosed in the notes to financial statements audited or reviewed by the Company's auditor.

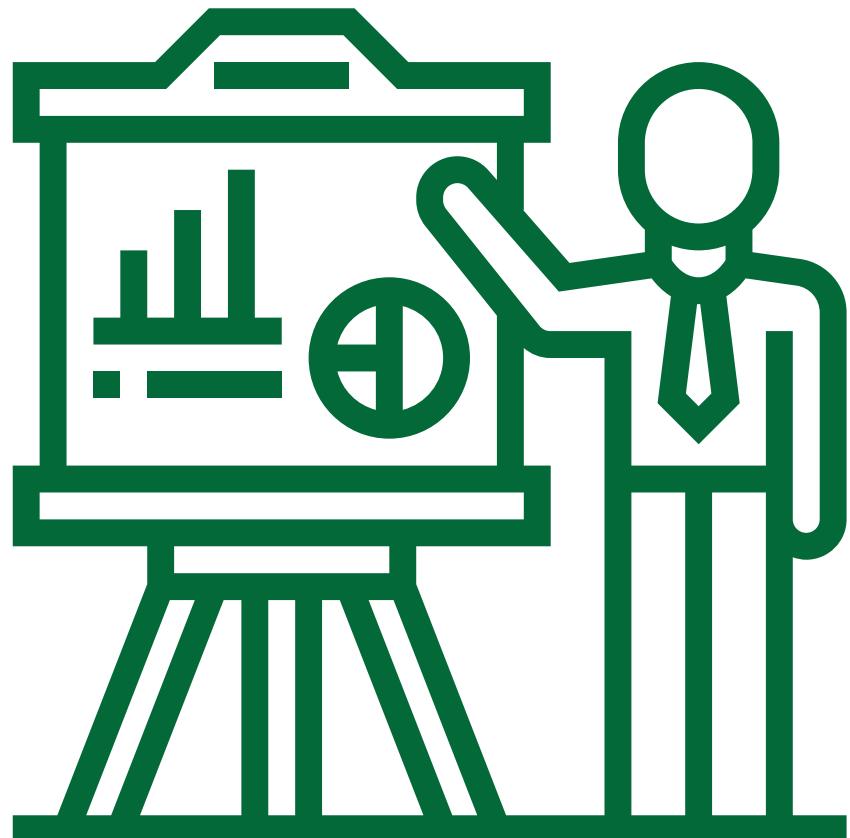
In principle, management may approve these transactions if they are on an arm's-length basis and free of their influence in their capacity as directors, executives or related persons, provided that the Company must prepare a summary report on these transactions and make a report to the next board meeting.

6. POLICY ON OR LIKELIHOOD OF FUTURE RELATED PARTY TRANSACTIONS

After the public offering of shares in the Company, connected transactions or transactions between the Group and persons who may have interest or conflict of interest, either for the time being or in the future, must be in accordance with the applicable rules of the SET or the SEC.

If the Company wishes to enter any connected or related party transactions between the Group and persons who may have interest or conflict of interest either for the time being or in the future, the Company must strictly adhere to the foregoing policy and process. The Audit Committee will provide guidelines for the consideration of these transactions, based on their necessity for the Company's operation, the prices of comparable transactions made with third parties (if any), and the significance of the transaction sizes.

If the Company will enter a related party transaction, the Company will cause its Audit Committee to provide an opinion on the reasonableness of such transaction. If the Audit Committee has no expertise on the transaction, the Company will seek an opinion from a knowledgeable person or specialist, such as an independent auditor or valuer. The opinion of the Audit Committee or such knowledgeable person or specialist will be used to support decision-making by the Board of Directors or shareholders, as the case may be, so as to ensure that such transaction is not a manipulation or transfer of benefits by the Company or its shareholders, but is in the best interest of all shareholders.



FINANCIAL POSITION AND FINANCIAL PERFORMANCE

WORLD CLASS PRODUCT | WORLD CLASS BRAND

Financial Position and Financial Performance

1. Financial Statement

Summary of the auditor's report

The independent auditor's report for consolidated financial statement of year ended 2018 audited by Wichart Lokatekrawee, CPA, from EY Office Limited, expressed an unqualified audit opinion that the financial statements for the year ended 2018, financial position of the same period of consolidated Carabao Group Public Company Limited and its subsidiaries and for non-consolidated Carabao Group Public Company Limited, present fairly, in all material respects, and in accordance to the Thai Financial Reporting Standards.

2. The auditor's fee

- Audit fee

The Company and subsidiaries paid audit fee THB 3,730,000 in 2018

- Non-Audit Fee

Other fees are THB 380,000

3. Financial highlight

Consolidated statement of financial position

Unit: Thousand Baht	For the year ended 31 December		
	2018	2017	2016
Assets			
Current assets			
Cash and cash equivalents	137,599	146,767	745,060
Current investments	-	7,130	604,282
Trade and other receivables	906,595	959,861	561,576
Inventories	887,132	656,266	433,504
Other current assets	545,859	389,174	110,482
Total current assets	2,477,185	2,159,198	2,454,905
Non-current assets			
Investment properties	99,968	103,163	103,848
Property, plant and equipment	11,090,295	9,608,940	6,626,891
Goodwill	499,923	535,467	536,065
Intangible assets	77,322	67,007	15,151
Deferred tax assets	63,183	31,361	33,696
Other non-current assets	12,045	14,783	7,935
Total non-current assets	11,842,736	10,360,720	7,323,586
Total assets	14,319,921	12,519,919	9,778,491

Unit: Thousand Baht	For the year ended 31 December		
	2018	2017	2016
Current liabilities			
Short-term loans from financial institutions	275,000	845,000	750,000
Trade and other payables	1,809,904	1,897,197	1,365,040
Current portion of long-term loans from financial institutions	401,250	300,000	-
Short-term loans from non-controlling interests of the subsidiary	-	57,128	-
Income tax payable	265,836	94,722	183,067
Other current liabilities	12,452	12,532	27,034
Total current liabilities	2,764,441	3,206,580	2,325,140
Non-current liabilities			
Long-term loans from financial institutions, net of current portion	1,278,700	2,190,400	250,000
Debentures	2,785,920	-	-
Provision for long-term employee benefits	109,049	102,197	89,752
Deferred tax liabilities	1,466	152	-
Deposits received for rental	15,636	15,285	14,056
Total non-current liabilities	4,190,771	2,308,034	353,808
Total liabilities	6,955,212	5,514,614	2,678,948
Shareholders' equity			
Share capital			
Registered	1,000,000	1,000,000	1,000,000
Issued and fully paid up	1,000,000	1,000,000	1,000,000
Share premium	3,962,980	3,962,980	3,962,980
Surplus on business combination under common control	323,216	323,216	323,216
Surplus on changes in percentage of shareholding in local subsidiaries	108,959	108,959	108,959
Surplus on changes in percentage of shareholding in overseas subsidiaries	(368,686)	-	-
Retained earnings, Appropriated - statutory reserve	100,000	100,000	100,000
Retained earnings, Unappropriated	2,140,042	1,674,589	1,377,500
Other components of shareholders' equity	(89,678)	(55,960)	384
Equity attributable to owners of the company	7,176,832	7,113,784	6,873,039
Non-controlling interests of the subsidiary	187,877	(108,479)	226,503
Total shareholders' equity	7,364,709	7,005,305	7,099,543
Total liabilities and shareholders' equity	14,319,921	12,519,919	9,778,491

Consolidated Income Statement

Unit: Thousand Baht	For the year ended 31 December		
	2018	2017	2016
Revenues			
Sales	14,462,539	12,904,242	9,943,351
Other income	134,894	163,531	146,748
Total revenues	14,597,433	13,067,773	10,090,099
Expenses			
Cost of sales	9,813,215	8,839,651	6,388,248
Selling and distribution expenses	2,560,513	2,378,535	1,462,115
Administrative expenses	772,181	740,670	510,791
Other expenses	16,083	-	42,177
Total expenses	13,161,991	11,958,856	8,403,331
Profit before finance cost and income tax expenses	1,435,442	1,108,917	1,686,767
Finance cost	(106,851)	(47,702)	(3,679)
Profit before income tax expenses	1,328,591	1,061,215	1,683,089
Income tax expenses	(368,276)	(260,557)	(278,213)
Profit for the year	960,315	800,659	1,404,876
Profit attribution to Equity holders of the company	1,158,572	1,245,812	1,489,756
Non-controlling interest of the subsidiaries	(198,257)	(445,153)	(84,880)
Profit for the year	960,315	800,659	1,404,876
Basic earnings per share			
Profit attributable to equity holders of the company	1.16	1.25	1.49
Weighted average number of ordinary shares (share)	1,000,000	1,000,000	1,000,000

Consolidated statement of cash flows

Unit: Thousand Baht	For the year ended 31 December		
	2018	2017	2016
Net cash flows from operating activities	1,290,209	285,991	1,554,150
Net cash flows used in investing activities	(2,044,619)	(2,430,820)	(2,255,489)
Net cash flows from (used in) financing activities	776,996	1,551,171	71,081
Net decrease in cash and cash equivalents	(8,674)	(598,728)	(632,424)

Key Financial Ratios

	For the year ended 31 December			
	Unit	2018	2017	2016
Liquidity Ratio				
Current ratio	Time	0.9	0.7	1.1
Quick ratio	Time	0.4	0.3	0.8
Cash flow liquidity ratio	Time	0.4	0.1	0.9
Account receivables turnover ratio	Time	18.8	21.7	24.5
Days sales outstanding	Days	19.2	16.6	14.7
Inventory turnover ratio	Time	26.7	31.2	36.0
Days sales of inventory	Days	13.5	11.5	10.0
Account payables turnover ratio	Time	10.0	10.0	9.6
Days payables outstanding	Days	35.9	36.0	37.4
Cash cycle	Days	(3.3)	(7.9)	(12.7)
Profitability Ratio				
Gross profits	%	32.1	31.5	35.8
Operating profits	%	9.1	7.3	15.9
Other profits	%	0.8	1.3	1.0
Cash to earning	%	98.0	30.3	98.2
Net profits	%	6.6	6.1	13.9
Efficiency Ratio				
Return on equities	%	13.4	11.4	20.9
Return on equities,				
Equity holders of the Company	%	16.2	17.8	22.6
Return on assets	%	7.2	7.2	16.4
Return on fixed assets	%	13.3	12.6	28.2
Assets turnover	Time	1.1	1.2	1.2
Financial Policy Ratio				
Debts to equity	Time	0.9	0.8	0.4
Interest bearing debt to equity	Time	0.6	0.5	0.1
Interest coverage ratio	Time	15.1	14.0	467.4
Debt service coverage ratio	Time	2.4	1.2	2.5
Net debt to earnings before interest, taxes,				
deprecations and amortizations (EBITDA)	Time	3.6	3.9	0.7
B/E, P/N size to interest bearing debt ratio	Time	0.1	0.2	0.3
Interest bearing debt matured in 1 year to total interest bearing debt ratio	Time	0.1	0.4	0.8

	For the year ended 31 December			
	Unit	2018	2017	2016
Loans from financial institutions to total debt	Time	0.3	0.6	0.4
Net interest bearing debt to equity	Time	0.6	0.5	(0.0)
Debt service coverage ratio (Cash basis)	Time	1.0	0.3	0.7
Dividend payout ratio	%	69.1	68.2	67.1

4. Management Discussion and Analysis for the fiscal year ended 31 December 2018

Consolidated financial performance of the Group for the year ended 31 December 2018 in comparison with the corresponding period last year

1. Revenue from sales

The Group made total sales revenue of THB 14,463 million, an increase of THB 1,558 million or 12.1 percent, classified into domestic and foreign businesses at a ratio of approximately 55:45, respectively. Out of the amount, sales revenue from energy drinks alone were THB 12,557 million, raised by THB 1,499 million or 13.6 percent, contributed by domestic and foreign markets at a ratio of approximately 48:52, respectively.

Revenue from sales by product group Unit : THB million	For the period ending 31 Dec.		Change	
	2017	2018	Amount	Percent
Branded products by our own manufacture ^{1/}	6,083	6,098	15	0.2
Branded products by 3 rd party's manufacture ^{2/}	936	811	(126)	(13.4)
3 rd party's products for distribution	803	1,020	217	27.0
Total domestic product group	7,822	7,928	105	1.3
Total overseas product group	5,024	6,476	1,453	28.9
Others	58	59	0	0.6
Total	12,904	14,463	1,558	12.1

Note: 1/ Energy Drinks and Sport Drinks

2/ Drinking Water, 3-in-1 Coffee and RTD Coffee

Domestic sales revenue was THB 7,928 million, increased by THB 105 million or 1.3 percent, mainly due to an increase in revenue from 3rd party products for distribution of THB 217 million or 27.0 percent led by more products variety in both food and non-food products, which compensated the sales of branded products by 3rd party's manufacture which decreased by THB 126 million or 13.4 percent while sales of branded products that the Group produce under its own trademark, slightly increased by THB 15 million or 0.2 percent.

Despite the fact that, domestic energy drink market has a contraction rate of 1.1 percent in the first nine months, the market returned to recover at 3.9 percent in 4Q18. As a result, throughout the year, the growth rate was at 0.2 percent, according to the final sales to consumer volume data by Nielsen. The Group's recent strategy to focus on harmonization between sales promotion, advertising media systems - both online and offline- and development of the store network both wholesales and retail levels through the use of over 1,500 sales force including cash vans that covers important commercial areas nationwide, together with more favorable market conditions; as a result, the energy drink business under the Carabao Dang trademark, the largest contribution to the Group's sales of production under its own trademark, had a growth rate of 7.4 percent in the fourth quarter of 2018, and throughout the year is consistent with the overall picture of the beverage market in the countries mentioned above.

The Group launched the Carabao flavored green apple in the form of carbonated cans in Thailand for the first time in June 2018. Not only the new energy drink expanded the customer base to new group of customers but is a positive factor to enhance the image of the Carabao trademark in the country to look modern aligning to the vision "World Class Product, World Class Brand". In addition, the Group has changed the trademark of sports drinks from Start Plus to Carabao Sport, which was launched in May 2018.

Foreign sales revenue was THB 6,476 million, an increase of THB 1,453 million or 28.9 percent. This amount has income from foreign sales under the Group's subsidiary, Carabao Tawandang Co., Ltd. ("CBD") THB 6,392 million, an increase of THB 1,571 million or 32.6 percent, consisting of export sales to CLMV countries, totaling THB 5,498 million, Afghanistan and Yemen, totaling THB 202 million, China THB 590 million and other countries THB 100 million, for energy drinks.

The CLMV countries are the original export market which is a large international business base and demonstrates the outstanding growth potential continuously. In the year 2018, the Group has revenue from export sales to CLMV countries increased by THB 2,205 million or 66.9 percent, mainly supported by Cambodia and Myanmar which increased by THB 1,949 million or 78.3 percent and increased by THB 256 million or 60.8 percent, respectively. Apart from this, the Group gives emphasize on extending the success of Carabao energy drinks in other countries as well as growing the international business size by expanding into new export markets, for example, including Australia and Djibouti in 2018. The Group had revenues from exports to other countries, totaling THB 100 million, an increase of THB 73 million as compared to the corresponding period last year.

In addition to the revenue from foreign sales under the operations of CBD as mentioned above, the Group still has income from foreign sales under the operation of Intercarabao Limited ("ICUK") THB 84 million, decreased by THB 118 million or 58.4 percent. The ICUK sales figure in 2018 reflected an accounting reclassification from selling expenses to net sales in a total of THB 52 million. In other words, the pre-adjusted ICUK sales figure in 2018 was equal to THB 136 million.

ICUK remains the focus on "Grocery chain store" channel which has large customer base and contributes higher net selling price as compared to other types of channel. The Group believes that management's policy to get competitive rate of return aligning to the industry's, skills specialized in developing business with such high-growth potential sales channel as Grocery Chain Store, in parallel with the strict cost control measures given by the Group will attribute to success of ICUK going forwards.

2. Gross profits and gross profits margin

Gross profit was THB 4,649 million, increased by THB 584 million or 14.4 percent, representing a gross profit margin of 32.1 percent, an increase from 31.5 percent gross margin a year ago. The gross profit included gross profit from sales under the operation of CBD of THB 2,230 million, an increase of THB 645 million or 40.7 percent, representing a gross profit margin of 34.9 percent, an increase from the previous year's gross profit margin at 32.9 percent

Gross profits by product group Unit : THB million	For the period ending 31 Dec.		Change	
	2017	2018	Amount	Percent
Branded products by our own manufacture ^{1/}	2,237	2,242	5	0.2
Branded products by 3 rd party's manufacture ^{2/}	117	91	(25)	(21.7)
3 rd party's products for distribution	94	107	14	14.5
Total domestic product group	2,448	2,441	(7)	(0.3)
Total overseas product group	1,613	2,187	574	35.6
Others	5	21	16	333.9
Total	4,066	4,649	584	14.4

Note: 1/ Energy Drinks and Sport Drinks

2/ Drinking Water, 3-in-1 Coffee and RTD Coffee

Products that the Group produce under its own trademark generated a better gross margin quarter by quarter throughout the year as a result of lower cost in key raw material and packaging items, as well as better cost management at new factories, which the Group has invested in order to expand the production capacity of many vertical integration projects according to the business cycle that is in a time of growth including expansion projects of canning, bottling, glass bottle factory and new aluminum can plant. These new factories were completed and all of them have entered commercial operations within December 31, 2018.

In fact, the gross margin for the products that the Group produce under its own trademark was improved both for the domestic market, approximately 38.0 percent in 4Q18, increasing from around 35.2 percent in 1Q18, mainly due to bottled energy drinks under the Carabao Dang trademark, and for the international market, approximately 36.4 percent in 4Q18, increasing from about 33.6 percent in 1Q18, most of which due to non-carbonated canned energy drinks under the Carabao trademark.

Gross profit margin by product group Unit : THB million	For the period ending 31 Dec.	
	2017	2018
Branded products by our own manufacture ^{1/}	36.8	36.8
Branded products by 3 rd party's manufacture ^{2/}	12.5	11.3
3 rd party's products for distribution	11.7	10.5
Total domestic product group	31.3	30.8
Total overseas product group	32.1	33.8
Others	8.4	36.2
Total	31.5	32.1

Note: 1/ Energy Drinks and Sport Drinks

2/ Drinking Water, 3-in-1 Coffee and RTD Coffee

Modern machinery, equipment and support systems altogether within a single site to operate a vertically-integrated supply chain ranging from upstream manufacturing activities, i.e. production of amber-glass bottles and aluminum cans, to downstream manufacturing activities, i.e. bottling and canning finished goods, enable reduction in production cost as well as benefits from economies of scale. Asia Can Manufacturing Co., Ltd. ("ACM"), a joint venture between the Group and SHOWA DENKO had completed the trial production process, in other word, test run, and entered into real commercial production in November 2018. The management believes that the production capacity of aluminum cans under the expertise and management of the Japanese team will enable the Group become less dependence on aluminum cans supplied from outsiders and, more importantly, the cost of producing energy drinks using aluminum cans reduce.

Gross margin from products that the Group outsourced production was 11.3 percent, decreased from 12.5 percent, mainly due to ready-to-drink coffee, contributed approximately 80 percent of this product group, experiencing higher costs in relation to new excise taxes which are effective from 16 September 2017. However, the Group does not adjust the selling price to reflect the higher cost immediately. Instead, the selling price of ready-to-drink coffee were gradually adjusted in each distribution channels taking into account the competitive conditions, sales and marketing strategies, coupled with other factors related to the product.

Gross profit margin from distribution of 3rd party products was 10.5 percent, decreased from 11.7 percent mainly due to the varying gross profit margins of each product in this group as a usual of the trading business that is conducted under market price of the products. In other words, the variation in gross margin is a result of changes in product mix.

3. Selling, general and administrative (SG&A) expenses

Total selling and administrative expenses were THB 3,333 million, an increase of THB 213 million or 6.8 percent, representing 23.0 percent of total sales revenue, down from 24.2 percent compared to the same period last year. The main reasons are (1) an increase in advertising and promotion expenses under the operation of ICUK in the UK market (2) an increase in sponsorship fees for football clubs and international football matches and (3) The pre-operating cost regarding the factory and the management department of ACM's production facilities from preparation, test run and start to commercialize phases to quality inspection system.

Selling expenses were THB 2,561 million, an increase of THB 182 million or 7.7 percent, accounted for 17.7 percent of total sales revenue, down from 18.4 percent. The details of important expenses were as follows::

(1) Club and international football match sponsorship fees:

Club and international football match sponsorship fees are recognized as expenses in accordance with payment terms, economic benefits and the period in which the Group should receive in accordance with the terms of the current contract, comprising Chelsea Football Club Limited (CFC), English Football League (EFL) and Reading Football Club (RFC) in the amount of THB 633 million, an increase of THB 70 million or 12.5 percent. The increase was mainly due to the fact that the Group began to recognize fees in the English Football League (EFL) for the first time in June 2017. Under the terms of the current contract, Club and international football match sponsorship fees will be reduced since the third quarter of 2019 due to a decrease in fees to CFC, in line with the adjustment of sponsor status from Principal partner to Global partner;

(2) Marketing and promotion fees in the areas operated under the CBD for domestic businesses and in the areas operated under ICUK for the UK market :

- a. Marketing and promotion expenses that are under the operation of CBD for domestic business, THB 623 million, decreased by THB 55 million or 8.2 percent, divided into important expenses; (1) operating expenses of the field activity team "Sao Bao Dang" in the major trade area is THB 246 million, an increase of THB 3 million or 1.1 percent, (2) media advertising costs in various forms THB 173 million, up by THB 41 million or 30.8 percent including a cost of supporting the televised 2018 World Cup in June and July amounted to THB 47 million to build awareness and communication on trademark Carabao with the new generations, coupled with the launch of carbonated can Carabao green apples, and (3) the remaining expenses of THB 204 million, a decrease of THB 99 million or 32.7 percent, used with promotional activities to support sales of products under the Group's trademark in all distribution channels, which will vary to the promotional activity plans in each period.
- b. Marketing and promotion expenses in respect of ICUK for the UK market was THB 505 million, an increase of THB 222 million or 78.7 percent, divided into major expenses; (1) cost of field sales to support distribution of products to expand the point of sales directly to the shop THB 117 million, (2) the listing fee for modern stores was THB 27 million (3) sample cost THB 29 million, and (3) the remaining cost THB 332 million spent on media advertising and sales promotion activities at the selling points to create brand awareness, product experience and purchase intention.

(3) Expenses related to sales which has a mixture of fixed cost and variable cost that is varied to the revenue from sales subject to the business plan. The expenses related to the sales were THB 1,046 million, a decrease of THB 52 million or 4.7 percent, mainly due to a decrease in transportation and logistics costs of THB 40 million, which typically vary in accordance to sales revenue in related distribution channel.

Administrative expenses were THB 772 million, an increase of THB 32 million or 4.3 percent. The major expenses were (1) administrative expenses which were the result of ACM's pre-operating expenses mentioned above THB 71 million, an increase of THB 66 million (2) Personnel expenses (excluding ACM's) of THB 460 million, an increase of THB 26 million or 5.9 percent, in line with the number of employees increasing according to manpower and salary adjustment policy under human resource management, and (3) other administrative expenses include office expenses, travel expenses, service fees, consulting fees and others, THB 241 million, a decrease of THB 61 million or 20.1 percent.

4. Financial expenses

Financial expenses of THB 107 million, an increase of THB 59 million. This amount consists of interest expense by ACM, recognized through the income statement after commencing commercial operation of THB 8 million, interest expenses on debentures approximately THB 36 million, and the majority of the remaining are the interest related to liquidity management and funding for investment in the canning, glass bottle factory and bottling expansion projects.

5. Corporate income tax expenses

Corporate income tax expenses amounted to THB 368 million, an increase of THB 108 million or 41.3 percent, equivalent to the effective corporate income tax rate of 27.7 percent, an increase from 24.6 percent because the domestic subsidiaries have higher corporate income tax expenses as a result of increasing profits from operations, while foreign subsidiaries have higher operating losses.

6. Net profits and net profits margin

Net profit was THB 960 million, an increase of THB 160 million or 19.9 percent, accounted for 6.6 percent of total sales revenue, increasing from 6.2 percent. The increase was in line with the increase in revenue and profit margins which compensated the increase in selling and administrative expenses as well as increased financial expenses and income tax as mentioned above.

Net profit attributable to shareholders of the Group was THB 1,159 million, a decrease of THB 87 million or 7.0 percent mainly due to the change in shareholdings in ICUK from 51 percent to 84 percent effective from January 2018, resulting in an increase in the perceived loss from the operation of ICUK, also affected by administrative expenses of the ACM as a result of pre-operation costs noted above.

Consolidated financial position of the Group as of 31 December 2018

Assets

The Group had total assets as of December 31, 2018 and 2017 amounting to THB 14,320 million and THB 12,520 million, respectively, an increase of THB 1,800 million or 14.4 percent. The main reasons are as follows:

1. Cash & cash equivalents and current investments

Cash and cash equivalents and current investments as of December 31, 2018 and 2017 were THB 138 million and THB 147 million, respectively, a decrease of THB 9 million or 6.2 percent. The Group had cash flow from operating activities of THB 1,290 million, cash received from financing activities of THB 777 million, making a total of THB 2,068 million. During the year, most of the cash flow were used in investing activities amounted to THB 2,045 million.

2. Trade and other receivables

Trade and other receivables as of 31 December 2018 and 2017 amounted to THB 907 million and THB 960 million, a decrease of THB 53 million or 5.5 percent, detailed as follows:

- Domestic trade accounts receivable decreased by THB 59 million, in line with the proportion of sales and distribution of products through modern trade channel;
- Foreign trade accounts receivable under the operation of CBD increased by THB 105 million, in line with the increasing revenue from export sales due to new market expansion; and
- Foreign trade accounts receivable under the operation of ICUK decreased by approximately THB 21 million in line with the decrease in sales revenue.

3. Inventories

Inventories as of December 31, 2018 and 2017, amounted to THB 887 million and THB 656 million, respectively, increased by THB 231 million or 25.2 percent, with detail as follows:

- Finished goods for domestic business increased by approximately THB 63 million in line with the revenue from domestic sales and the more variety of distribution products;
- Raw material increased by approximately THB 39 million to support the increasing volume of orders from customers; and
- Spare parts and factory supplies increased by approximately THB 80 million, mainly due to the provision of spare parts and materials needed for the first commercial operation of ACM in November.

4. Property, plant and equipment

Property, plant and equipment as of December 31, 2018 and 2017 amounted to THB 11,090 million and THB 9,609 million, respectively, an increase of THB 1,481 million or 15.4 percent, mainly due to investment in construction and installation of machinery, equipment and support systems related to aluminum-can manufacturing plants under the operation of ACM.

5. Goodwill

Goodwill arises from the difference between the fair value of net assets acquired and the cost of acquiring ICUK by CVHLUX, a subsidiary, in 2017. As of 31 December 2018 and 2017, goodwill amounted to THB 500 million and THB 535 million, respectively, a decrease of THB 36 million or 6.6 percent. Such change was wholly due to the difference of the exchange rates on the reporting date.

Liabilities

The Group had total liabilities as of 31 December 2018 and 2017, amounting to THB 6,955 and THB 5,515 million, respectively, an increase of THB 1,441 million or 26.1 percent, consisting of current liabilities of THB 2,764 million, a decrease of THB 442 million and non-current liabilities of THB 4,191 million, an increase of THB 1,883 million.

1. Short-term loan from financial institutions

Short-term loans from institutions as of 31 December 2018 and 2017 amounted to THB 275 million and THB 845 million, respectively, a decrease of THB 570 million or 67.5 percent led by the restructuring of funding sources with regard to liquidity management plan in order to balance of sources and uses of funds to financial costs and related expenses.

2. Trade and other payables

Trade and other payables as of December 31, 2018 and 2017 amounted to THB 1,810 million and THB 1,897 million, respectively, a decrease of THB 87 million or 4.6 percent, due to the repayment of debts related to the expansion project of glass-bottle factory under APG's operations which started commercial run in December 2017.

3. Long-term loan from financial institutions

Long-term loans from financial institutions as of 31 December 2018 and 2017 amounted to THB 1,680 million and THB 2,490 million, respectively, a decrease of THB 810 million or 32.5 percent, comprising of the portion due within 1 year of THB 401 million, an increase of THB 101 million and the remaining amount of THB 1,279 million, a decrease of THB 912 million. Long-term loans from financial institutions consists of loans related to the bottling plant project of THB 280 million, due for repayment in full by 2019 and the aluminum-can plant project in the amount of THB 1,400 million in which ACM has drawn down the full amount of THB 1,455 million in January 2019 and will be repaid in installments from the third quarter of 2018 until the year 2024.

4. Debentures

The Group has issued and offered debentures during the year in the total amount of THB 2,790 million, consisting of the portion due within 2 years amounted of THB 1,700 million and due within 3 years amounted of THB 1,090 million. The issued and offered debenture was to restructure the Group's funding sources.

Shareholders' equity

Total shareholders' equity as of 31 December 2018 and 2017 amounted to THB 7,365 million and THB 7,005 million, respectively, an increase of THB 359 million or 5.1 percent, reflecting the total comprehensive income for the year of THB 928 million, dividend payment of THB 700 million and impacts related to investment in subsidiaries totaling THB 131 million.

Financial ratio

1. Liquidity ratio

Liquidity ratios as of 31 December 2018 and 2017 were 0.9 times and 0.7 times, respectively, due to a decrease in current liabilities, which was mainly due to the return of short-term loans from financial institutions and the decrease in trade and other payables as a result of the reduction of creditors regarding to the construction of factories and machinery installations after the canning expansion projects and the construction of an aluminum can plant completed in 2018.

2. Cash cycle

The cash cycle for the year ended 31 December 2018 and 2017 was -3.3 days and -7.9 days, respectively. The main reason was from the average collection period which slowed down from 16.6 days to 19.2 days because the Group considered to give short-term credit to selective customers with low risk in order to boost sales, and the slowdown in inventory day sales from 11.5 days to 13.5 days, whereas the average payment period was relatively stable.

3. Return on shareholders' equity

For the year ended December 31, 2018 and 2017 were 16.2 percent and 17.8 percent, respectively, mainly due to the operating loss of ICUK and the change in the shareholding of ICUK which increased from 51 percent to 84 percent since January 2018

4. Return on assets

For the year ended December 31, 2018 and 2017 is 8.6 percent and 11.2 percent, respectively, decreasing mainly due to increased property, plant and equipment as a result of the Group's investment in canning and aluminum-can factories, which were completed in 2018.

5. Debt to equity ratio

As of 31 December 2018 and 2017 was 0.9 times and 0.8 times, respectively, because the Group drawdown more loans from financial institutions.

5. Key drivers which could affect future operations and financial status

-None-

Carabao Group Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018

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 2018, 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 2018, 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 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

As discussed in Note 4.1 to the financial statements regarding the accounting policies on revenue recognition from sales of goods, sales of goods are significant on accounting line items 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 accrued rebate expenses from 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 tested the data being used in calculation and recording of accrued rebate expenses from sales promotions and discounts at the end of reporting period whether it was consistent with the conditions of the relevant agreements or arrangements with the customers. I also performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Impairment of goodwill

As discussed in Note 15 to the financial statements, relating to goodwill arising from business combination. I have focused my audit on the consideration of the impairment of goodwill, 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 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.

I am responsible for the audit resulting in this independent auditor's report.



Wichart Lokatekrawee
Certified Public Accountant (Thailand) No. 4451

EY Office Limited
Bangkok: 20 February 2019

Carabao Group Public Company Limited and its subsidiaries**Consolidated statement of financial position****As at 31 December 2018**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements		
		2018	2017	2018	2017	
Assets						
Current assets						
Cash and cash equivalents	7	137,599,216	146,767,481	18,658,854	15,329,903	
Current investments	8	-	7,129,949	-	7,129,949	
Trade and other receivables	6, 9	906,595,237	959,860,677	6,739,508	59,160,222	
Short-term loans to related party	6	-	-	3,995,936,380	3,769,385,643	
Dividend receivable from related parties	6, 31	-	-	479,998,400	599,998,000	
Inventories	10	887,132,124	656,266,459	-	-	
Other current assets	11	545,858,530	389,173,787	19,797	67,180	
Total current assets		<u>2,477,185,107</u>	<u>2,159,198,353</u>	<u>4,501,352,939</u>	<u>4,451,070,897</u>	
Non-current assets						
Investment in subsidiaries	12	-	-	4,364,852,618	3,300,418,618	
Investment properties	13	99,968,389	103,163,135	-	-	
Property, plant and equipment	14	11,090,295,013	9,608,939,899	-	-	
Goodwill	15	499,923,109	535,466,517	-	-	
Intangible assets	16	77,321,869	67,006,871	4,895,373	3,640,000	
Deferred tax assets	26	63,182,705	31,360,592	6,258,141	5,563,288	
Other long-term receivable - related party	6	-	-	26,172,146	26,172,146	
Other non-current assets		<u>12,045,146</u>	<u>14,783,399</u>	<u>-</u>	<u>-</u>	
Total non-current assets		<u>11,842,736,231</u>	<u>10,360,720,413</u>	<u>4,402,178,278</u>	<u>3,335,794,052</u>	
Total assets		<u>14,319,921,338</u>	<u>12,519,918,766</u>	<u>8,903,531,217</u>	<u>7,786,864,949</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 2018**

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements		Separate financial statements		
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Liabilities and shareholders' equity						
Current liabilities						
Short-term loans from financial institutions	17	275,000,000	845,000,000	-	735,000,000	
Trade and other payables	6, 18	1,809,903,562	1,897,197,205	40,354,168	53,134,520	
Current portion of long-term loans from financial institutions	20	401,250,000	300,000,000	-	300,000,000	
Short-term loans from non-controlling interests of the subsidiary	19	-	57,128,088	-	-	
Income tax payable		265,835,954	94,722,177	7,462,162	8,487,746	
Other current liabilities		12,451,816	12,532,461	-	168,000	
Total current liabilities		2,764,441,332	3,206,579,931	47,816,330	1,096,790,266	
Non-current liabilities						
Long-term loans from financial institutions, net of current portion	20	1,278,700,000	2,190,400,000	-	700,000,000	
Debentures	21	2,785,919,879	-	2,785,919,879	-	
Provision for long-term employee benefits	22	109,049,185	102,197,343	61,542,974	54,025,612	
Deferred tax liabilities	26	1,466,021	151,508	-	-	
Deposits received for rental	6	15,636,030	15,284,935	-	-	
Total non-current liabilities		4,190,771,115	2,308,033,786	2,847,462,853	754,025,612	
Total liabilities		6,955,212,447	5,514,613,717	2,895,279,183	1,850,815,878	

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 2018**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements		
		2018	2017	2018	2017	
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	
Surplus on business combination under common control		323,215,788	323,215,788	-	-	
Surplus on changes in percentage of shareholding in local subsidiary		108,959,056	108,959,056	108,959,056	108,959,056	
Deficit on changes in percentage of shareholding in overseas subsidiary	12.4.4	(368,686,372)	-	-	-	
Retained earnings						
Appropriated - statutory reserve	23	100,000,000	100,000,000	100,000,000	100,000,000	
Unappropriated		2,140,041,731	1,674,589,236	836,312,486	764,109,523	
Other components of shareholders' equity		<u>(89,678,305)</u>	<u>(55,960,183)</u>	<u>-</u>	<u>-</u>	
Equity attributable to owners of the Company		7,176,832,390	7,113,784,389	6,008,252,034	5,936,049,071	
Non-controlling interests of the subsidiaries		<u>187,876,501</u>	<u>(108,479,340)</u>	<u>-</u>	<u>-</u>	
Total shareholders' equity		<u>7,364,708,891</u>	<u>7,005,305,049</u>	<u>6,008,252,034</u>	<u>5,936,049,071</u>	
Total liabilities and shareholders' equity		<u>14,319,921,338</u>	<u>12,519,918,766</u>	<u>8,903,531,217</u>	<u>7,786,864,949</u>	

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

.....
Directors
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Carabao Group Public Company Limited and its subsidiaries**Consolidated income statement****For the year ended 31 December 2018**

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements		Separate financial statements		
		2018	2017	2018	2017	
Profit or loss						
Revenues						
Sales		14,462,539,302	12,904,241,965	-	-	
Dividend income from subsidiary	6, 12	-	-	683,997,720	851,997,160	
Other income	24	134,893,614	163,530,977	383,181,545	389,420,497	
Total revenues		<u>14,597,432,916</u>	<u>13,067,772,942</u>	<u>1,067,179,265</u>	<u>1,241,417,657</u>	
Expenses						
Cost of sales		9,813,214,562	8,839,651,329	-	-	
Selling and distribution expenses		2,560,512,837	2,378,535,316	-	-	
Administrative expenses		772,180,617	740,669,700	178,019,276	213,406,514	
Loss on exchange		16,082,819	-	25,747,279	1,617,816	
Total expenses		<u>13,161,990,835</u>	<u>11,958,856,345</u>	<u>203,766,555</u>	<u>215,024,330</u>	
Profit before finance cost and income tax expenses		1,435,442,081	1,108,916,597	863,412,710	1,026,393,327	
Finance cost		(106,851,027)	(47,701,522)	(68,584,492)	(50,625,821)	
Profit before income tax expenses		1,328,591,054	1,061,215,075	794,828,218	975,767,506	
Income tax expenses	26	(368,275,857)	(260,556,512)	(22,158,100)	(24,738,549)	
Profit for the year		<u>960,315,197</u>	<u>800,658,563</u>	<u>772,670,118</u>	<u>951,028,957</u>	
Profit attribution to						
Equity holders of the Company		1,158,572,232	1,245,811,776	<u>772,670,118</u>	<u>951,028,957</u>	
Non-controlling interest of the subsidiaries		(198,257,035)	(445,153,213)			
		<u>960,315,197</u>	<u>800,658,563</u>			
Earnings per share	28					
Basic earnings per share						
Profit attributable to equity holders of the Company		<u>1.16</u>	<u>1.25</u>	<u>0.77</u>	<u>0.95</u>	
Weighted average number of ordinary shares (share)		<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	

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 2018

(Unit: Baht)

	<u>Note</u>	Consolidated financial statements		Separate financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the year		<u>960,315,197</u>	<u>800,658,563</u>	<u>772,670,118</u>	<u>951,028,957</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements					
in foreign currencies					
(39,126,792)					
Other comprehensive income to be reclassified					
to profit or loss in subsequent periods					
(39,126,792)					
<i>Other comprehensive income not to be reclassified</i>					
<i>to profit or loss in subsequent periods</i>					
Actuarial gain (loss)	22	8,600,329	1,596,311	(583,944)	(1,098,709)
Less: Income tax effect	26	(1,720,066)	(319,262)	116,789	219,742
Other comprehensive income not to be reclassified					
<i>to profit or loss in subsequent periods - net of income tax</i>					
6,880,263					
Other comprehensive income for the year					
Total comprehensive income for the year					
Total comprehensive income attribution to					
Equity holders of the Company					
1,131,734,373					
Non-controlling interest of the subsidiaries					
(203,665,705)					
Total comprehensive income for the year					
928,068,668					
746,458,222					
772,202,963					
950,149,990					

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 2018**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from operating activities				
Profit before tax	1,328,591,054	1,061,215,075	794,828,218	975,767,506
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Dividend income from subsidiary	-	-	(683,997,720)	(851,997,160)
Depreciation and amortisation	463,780,787	263,209,833	304,627	-
Gain on sales of short-term investment				
in trading securities	(8,777)	(2,810,616)	(8,777)	(2,810,616)
Gain on changes in value of short-term investments in trading securities	-	(37,025)	-	(37,025)
Allowance for doubtful accounts	7,485,871	1,384,682	-	-
Reduction cost of inventory to net realisable value	10,655,349	2,984,669	-	-
Gain on sales of equipment	(14,914,651)	(2,412,439)	-	-
Provision for long-term employee benefits	20,146,586	15,524,966	6,933,418	5,226,325
Amortisation of transaction cost for debentures issuance	1,171,024	-	1,171,024	-
Realised and unrealised loss (gain) on exchange	24,906,406	(46,578,002)	25,776,263	3,972,156
Interest income	(1,143,983)	(3,436,132)	(127,086,775)	(143,387,226)
Interest expenses	<u>99,196,335</u>	<u>41,353,943</u>	<u>67,198,572</u>	<u>50,459,692</u>
Profit from operating activities before changes in operating assets and liabilities				
Operating assets (increase) decrease				
Trade and other receivables	43,697,942	(400,732,722)	2,002,375	(3,677,379)
Inventories	(241,309,530)	(225,746,773)	-	-
Other current assets	(156,673,580)	(278,182,760)	47,383	(64,303)
Other non-current assets	2,738,253	(6,848,390)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	30,627,221	263,661,488	(14,410,084)	(24,007,450)
Other current liabilities	(80,645)	(14,510,600)	(168,000)	168,000
Other non-current liabilities	351,095	1,228,830	-	-
Cash paid for long-term employee benefits	<u>(4,694,415)</u>	<u>(1,483,000)</u>	<u>-</u>	<u>-</u>
Cash flows from operating activities				
Cash received from interest income	1,145,086	3,586,155	177,407,264	131,297,907
Interest paid	(96,134,245)	(38,179,775)	(65,569,500)	(49,659,840)
Corporate income tax paid	<u>(229,324,086)</u>	<u>(347,200,430)</u>	<u>(23,761,748)</u>	<u>(18,744,833)</u>
Net cash flows from operating activities	<u>1,290,209,097</u>	<u>285,990,977</u>	<u>160,666,540</u>	<u>72,505,754</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 (continued)****For the year ended 31 December 2018**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash flows from investing activities				
Increase in current investments	-	(1,207,000,000)	-	(1,207,000,000)
Cash received from sale of current investments	7,138,726	1,807,000,000	7,138,726	1,807,000,000
Increase in short-term loans to related parties	-	-	(3,997,120,400)	(4,424,339,413)
Cash received from repayment of short-term loans to related parties	-	-	3,744,891,250	3,918,625,000
Increase in investment in subsidiaries	-	-	(1,064,434,000)	(1,341,406,007)
Increase in investment properties	(823,189)	(104,000)	-	-
Proceeds from sales of equipment	17,221,964	3,854,530	-	-
Cash paid for acquisition of property, plant and equipment	(2,052,765,691)	(2,978,598,855)	-	-
Cash paid for acquisition of intangible assets	(15,391,286)	(55,971,837)	(1,560,000)	(2,805,400)
Dividend income from subsidiary	<u>-</u>	<u>-</u>	<u>803,997,320</u>	<u>978,995,890</u>
Net cash flows used in investing activities	<u>(2,044,619,476)</u>	<u>(2,430,820,162)</u>	<u>(507,087,104)</u>	<u>(270,929,930)</u>
Cash flows from financing activities				
Increase in short-term loans from financial institutions	7,824,000,000	3,850,000,000	4,225,000,000	2,470,000,000
Cash paid for repayment of short-term loans from financial institutions	(8,394,000,000)	(3,755,000,000)	(4,960,000,000)	(2,485,000,000)
Increase in short-term loans from non-controlling interests of the subsidiary	-	56,467,374	-	-
Increase in long-term loans from financial institutions	1,027,450,000	2,240,400,000	-	750,000,000
Cash paid for repayment of long-term loans from financial institutions	(1,837,900,000)	-	(1,000,000,000)	-
Net cash received from debentures issuance	2,784,748,855	-	2,784,748,855	-
Cash received from additional call up for the shares of subsidiary	72,696,000	-	-	-
Increase in non-controlling interests of subsidiaries from joint investment	-	109,304,000	-	-
Dividend paid	<u>(699,999,340)</u>	<u>(949,999,905)</u>	<u>(699,999,340)</u>	<u>(949,999,905)</u>
Net cash flows from (used in) financing activities	<u>776,995,515</u>	<u>1,551,171,469</u>	<u>349,749,515</u>	<u>(214,999,905)</u>
Decrease in translation adjustments	<u>(31,259,110)</u>	<u>(5,070,055)</u>	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	<u>(8,673,974)</u>	<u>(598,727,771)</u>	<u>3,328,951</u>	<u>(413,424,081)</u>
Cash and cash equivalents at beginning of year	146,767,481	745,060,243	15,329,903	428,753,984
Effect of change in foreign exchange rate on cash at banks	<u>(494,291)</u>	<u>435,009</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	<u>137,599,216</u>	<u>146,767,481</u>	<u>18,658,854</u>	<u>15,329,903</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 (continued)****For the year ended 31 December 2018**

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</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	(58,639,174)	-	-	-
Increase (decrease) in payable for purchasing of plant and equipment	(118,811,053)	261,771,127	-	-
Increase in payable for purchasing of intangible assets	353,900	1,044,200	-	834,600
Increase in retention payable	4,640,793	337,500	-	-
Transfer property, plant and equipment to investment properties - net	-	3,247,774	-	-

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

Consolidated financial statements

	Equity attributable to owners of the Company						Other components of equity				
							Surplus on changes in percentage of shareholding in local subsidiary	Retained earnings Appropriated - statutory reserve	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 capital	Note	Share capital	Share premium	Common control	Surplus on changes in percentage of shareholding in overseas subsidiary	Unappropriated foreign currency	statements in foreign currencies	the Company	the subsidiaries	
Balance as at 1 January 2017	1,000,000,000		3,962,980,492		323,215,788	108,959,056	-	100,000,000	1,377,500,411	383,586	6,873,039,333
Profit (loss) for the year	-		-	-	-	-	1,245,811,776	(56,343,769)	1,245,811,776	(44,153,213)	800,658,563
Other comprehensive income for the year	-		-	-	-	-	1,277,049	(56,096,720)	1,277,049	866,379	(54,200,341)
Total comprehensive income for the year	-		-	-	-	-	-	-	1,247,088,825	(444,286,834)	746,458,222
Dividend paid	31		-	-	-	-	-	(950,000,000)	-	(950,000,000)	-
Increase in non-controlling interests of subsidiaries from joint investments	12.4.2		-	-	-	-	-	-	-	-	109,304,000
Balance as at 31 December 2017	1,000,000,000		3,962,980,492		323,215,788	108,959,056	-	100,000,000	1,674,589,236	(55,980,183)	7,113,784,389
Balance as at 1 January 2017	1,000,000,000		3,962,980,492		323,215,788	108,959,056	-	100,000,000	1,674,589,236	(55,980,183)	7,113,784,389
Profit (loss) for the year	-		-	-	-	-	-	1,158,572,232	(33,718,122)	1,158,572,232	(198,257,035)
Other comprehensive income for the year	-		-	-	-	-	-	6,880,253	(33,718,122)	6,880,253	(5,408,670)
Total comprehensive income for the year	-		-	-	-	-	-	-	1,165,452,495	(33,718,122)	1,131,734,373
Dividend paid	31		-	-	-	-	-	(700,000,000)	-	(700,000,000)	-
Effect of additional call up for the shares of subsidiary	12.4.2		-	-	-	-	-	-	-	-	72,696,000
Effect of change in percentage of shareholding in overseas subsidiary	12.4.4		-	-	-	-	-	-	-	-	72,696,000
Balance as at 31 December 2018	1,000,000,000		3,962,980,492		323,215,788	108,959,056	-	(368,686,372)	(368,686,372)	-	(368,686,372)

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 2018

(Unit: Baht)

Note		Separate financial statements					
		Surplus on changes in percentage of shareholding		Retained earnings		Appropriated - statutory reserve	Unappropriated
		Issued and fully paid-up share capital	Share premium	in local subsidiary	-		
		1,000,000,000	3,962,980,492	108,959,056	100,000,000	763,959,533	5,935,899,081
	Balance as at 1 January 2017						
	Profit for the year	-	-	-	-	951,028,957	951,028,957
	Other comprehensive income for the year	-	-	-	-	(878,967)	(878,967)
	Total comprehensive income for the year	-	-	-	-	950,149,990	950,149,990
	Dividend paid	-	-	-	-	(950,000,000)	(950,000,000)
	Balance as at 31 December 2017						
		1,000,000,000	3,962,980,492	108,959,056	100,000,000	764,109,523	5,936,049,071
	Balance as at 1 January 2018						
	Profit for the year	-	-	-	-	772,670,118	772,670,118
	Other comprehensive income for the year	-	-	-	-	(467,155)	(467,155)
	Total comprehensive income for the year	-	-	-	-	772,202,963	772,202,963
	Dividend paid	-	-	-	-	(700,000,000)	(700,000,000)
	Balance as at 31 December 2018					836,312,486	6,008,252,034

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

Carabao Group Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2018

1. General 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 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

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	
			2018	2017
<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 of bottles and glass products	Thailand	100	100
Tawandang DCM Co., Ltd.	Distribution of management	Thailand	100	100
Asia Can Manufacturing Co., Ltd.	Manufacture distribution of aluminum can	Thailand	74	74
Carabao Holdings (Hong Kong) Limited	Investment	Hong Kong	100	100
Carabao Trading (Hong Kong) Limited	Trading business in overseas	Hong Kong	100	100

Company's name	Nature of business	Country	Percentage of shareholding	
			2018	2017
<u>Held by the subsidiaries</u>				
Carabao Venture Holdings (Luxembourg) S.à r.l.	Investment	Luxembourg	84.3	51
Intercarabao Limited	Trading business in overseas	England	84.3	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/under the fair value of the net asset has been presented as shareholders' equity in the consolidated statement of financial position under "Surplus/deficit 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 its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

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

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

The management of the Company and its subsidiaries expects the adoption of this accounting standard to result in the following adjustments.

- Promotion expenses

The subsidiaries consider certain promotion expenses as variable consideration. The subsidiaries will recognise such promotion expenses as deduction from sales. Previously, such promotion expenses were recognised as selling expenses.

- Sales transactions with freight/insurance.

The subsidiaries consider freight/insurance to be distinct service which shall be accounted for separately from the sales of goods as the control of goods is transferred to the customer before the freight/insurance services are performed. The subsidiaries will recognise the corresponding revenue when the freight/insurance service has been performed. Previously, revenue from sales of goods and freight/insurance services were recognised in full upon the risk and rewards of ownership of the goods have passed to customer.

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

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

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

Financial Reporting Standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting Standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinquishing 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 these standards to the financial statements in the year when they are adopted.

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 - 40 years
Buildings and building improvement	5 - 50 years
Machinery and equipment	3 - 30 years
Furniture, fixtures and office equipment	3 - 20 years
Motor vehicles	5 - 10 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction and 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 are 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.

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 - 10 years

Intangible assets with indefinite useful lives, which is knowhow for manufacturing, are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

No amortisation is provided on intangible assets under development.

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 costs 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 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.

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			
	2018	2017	2018	2017		
<u>Transactions with subsidiaries</u>						
(Eliminated from the consolidated financial statements)						
Dividend income	-	-	684	852	At the declared rate	
Management income	-	-	254	242	Contract price	
Interest income	-	-	127	142	Contract price	
Rental and services expenses	-	-	3	3	Contract price	
Other income	-	-	2	1	Market price	
<u>Transactions with related parties</u>						
Purchase of goods	864	527	-	-	Market price	
Sales of goods	276	79	-	-	Market price	
Promotion expenses	15	15	-	-	Contract price/ Mutually agree price	
Service income	8	7	-	-	Contract price	
Rental income	5	5	-	-	Contract price	
Other income	3	2	-	-	Market price/ Mutually agree price	
Other expenses	6	4	-	-	Mutually agree price	
Rental and services expenses	2	-	-	-	Contract price	
Gain on sales of equipment	3	-	-	-	Mutually agree price	

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related companies are as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other receivables - related parties</u>				
(Note 9)				
Subsidiaries	-	-	4,889	58,005
Related companies				
(related by shareholders and directors)	92,532	17,213	-	-
Total trade and other receivables -				
related parties	92,532	17,213	4,889	58,005
<u>Dividend receivable from related party</u>				
(Note 31)				
Subsidiaries	-	-	479,998	599,998
Total dividend receivable from				
related parties	-	-	479,998	599,998
<u>Other long-term receivable - related party</u>				
Subsidiary	-	-	26,172	26,172
Total other long-term receivable -				
related party	-	-	26,172	26,172
<u>Trade and other payables - related parties</u>				
(Note 18)				
Related companies				
(related by shareholders and directors)	32,301	17,400	-	-
Total trade and other payables -				
related parties	32,301	17,400	-	-
<u>Deposits received for rental - related parties</u>				
Related companies				
(related by shareholders and directors)	3,108	2,757	-	-
Total deposits received for rental -				
related parties	3,108	2,757	-	-

As at 31 December 2018 and 2017, the balance of short-term loans between the Company and those related parties and the movement are as follows:

Short-term loans to related parties

(Unit: Thousand Baht)

Loans to related parties	Related by	Separate financial statements				31 December 2018
		Balance as at 31 December 2017	Increase during the year	Decrease during the year	Loss on exchange	
Carabao Tawandang						
Co., Ltd.	Subsidiary	3,435,000	3,497,500	(3,347,500)	-	3,585,000
Asia Pacific Glass Co., Ltd.	Subsidiary	179,000	118,000	(240,000)	-	57,000
Intercarabao Limited	Subsidiary	108,800	351,415	(111,200)	(24,121)	324,894
Carabao Trading						
(Hong Kong) Limited	Subsidiary	46,586	30,205	(46,191)	(1,558)	29,042
		<u>3,769,386</u>	<u>3,997,120</u>	<u>(3,744,891)</u>	<u>(25,679)</u>	<u>3,995,936</u>

As at 31 December 2018, short-term loans to related parties are in form of promissory notes which charged interest rate at 2.8 percent per annum (2017: 3.5 - 5.0 percent per annum).

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	124	143	124	143
Post-employment benefits	4	4	4	4
Total	<u>128</u>	<u>147</u>	<u>128</u>	<u>147</u>

Guarantee obligation

As at 31 December 2018, the Company has guarantee obligations on credit facilities of the two subsidiaries, as described in Note 32.5.1 to the financial statements and guarantee obligations on loan of a subsidiary, as described in Note 32.5.2 to the financial statements.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	220	200	10	10
Bank deposits	<u>137,379</u>	<u>146,567</u>	<u>18,649</u>	<u>15,320</u>
Total cash and cash equivalents	<u>137,599</u>	<u>146,767</u>	<u>18,659</u>	<u>15,330</u>

As at 31 December 2018, bank deposits in saving accounts carried interests between 0.01 and 0.63 percent per annum (2017: 0.01 and 0.38 percent per annum).

8. Current investments

Movement of the current investments account, which were investments in trading securities, for the year ended 31 December 2018 and 2017 as summarised below.

	(Unit: Thousand Baht)	
	Consolidated/separate financial statements	
	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	7,130	604,282
Cash paid for short-term investments in trading securities		
during the year- at cost	-	1,207,000
Sales during the year		
Proceeds from sales	(7,139)	(1,807,000)
Gain on sales	9	2,811
Total	(7,130)	(1,804,189)
Gain on change in value	-	37
Net book value at end of year	<u>-</u>	<u>7,130</u>

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	75,934	12,475	-	-
Past due				
Not over 3 months	12,219	-	-	-
Total trade receivables - related parties	88,153	12,475	-	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	590,517	615,512	-	-
Past due				
Not over 3 months	73,096	99,845	-	-
3 - 6 months	23,061	28,958	-	-
6 - 12 months	13,857	-	-	-
Over 12 months	4,217	-	-	-
Total trade receivables - unrelated parties	704,748	744,315	-	-
Less: Allowance for doubtful debts	(7,223)	(1,394)	-	-
Total trade receivables - unrelated parties - net	697,525	742,921	-	-
Total trade receivables - net	785,678	755,396	-	-
<u>Other receivables</u>				
Other receivables - related parties	3,859	4,526	78	2,776
Other receivables - unrelated parties	4,055	7,398	-	-
Accrued income - related parties	520	212	4,811	55,229
Accrued income - unrelated parties	94	128	-	1
Prepaid expenses	107,687	178,449	1,851	1,154
Advances	1,778	1,308	-	-
Excise tax receivables	610	12,079	-	-
Others	2,314	365	-	-
Total other receivables	120,917	204,465	6,740	59,160
Total trade and other receivables	906,595	959,861	6,740	59,160

10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net		Inventories-net	
	2018	2017	2018	2017	2018	2017
Finished goods	417,070	327,115	(8,620)	(1,290)	408,450	325,825
Work in process	5,066	3,675	-	-	5,066	3,675
Raw materials	257,182	218,034	-	-	257,182	218,034
Packing materials	95,565	74,779	-	(8)	95,565	74,771
Spare parts and factory supplies	113,705	33,961	-	-	113,705	33,961
Goods in transit	7,164	-	-	-	7,164	-
Total	895,752	657,564	(8,620)	(1,298)	887,132	656,266

During the current year, the subsidiaries reduced cost of inventories by Baht 10.7 million (2017: Baht 3.0 million), to reflect the net realisable value. This was included in cost of sales. In addition, the subsidiary reversed the write-down of cost of inventories by Baht 3.1 million (2017: Baht 2.8 million), and reduced the amount of inventories recognised as expenses during the year.

11. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
VAT receivables	523,636	354,322	-	-
Undue input VAT	9,250	22,323	20	67
Supplies for market promotion	7,300	9,141	-	-
Withholding tax deducted at sources	11	517	-	-
Others	5,662	2,871	-	-
Total other current assets	545,859	389,174	20	67

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 during the year	
		2018	2017	2018	2017	2018	2017	2018	2017
		(Thousand Baht)	(Thousand Baht)	(Percent)	(Percent)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
<u>Local subsidiaries</u>									
Carabao Tawandang Co., Ltd.	Manufacture and distribution of beverage	300,000	300,000	100	100	408,958	408,958	683,998	851,997
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	-	-
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	420,400	74	74	518,000	311,096	-	-
<u>Overseas subsidiaries</u>									
Carabao Holdings (Hong Kong) Limited	Investment	USD 60.5 million	USD 34 million	100	100	2,036,141	1,178,611	-	-
Carabao Trading (Hong Kong) Limited	Trading business in overseas	USD 50,000	USD 50,000	100	100	1,758	1,758	-	-
Total						4,364,853	3,300,419	683,998	851,997

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

(Unit: Million Baht)

Company's name	Proportion of equity		Accumulated balance of non-controlling interests	Loss allocated to non-controlling interests during the year
	interest held by non-controlling interests	interest held by non-controlling interests		
	2018 (Percent)	2017 (Percent)		
Carabao Venture Holdings (Luxembourg) S.à r.l. and its subsidiary (Subsidiary of Carabao Holdings (Hong Kong) Limited)	15.7	49	24.4	(216.8)
Asia Can Manufacturing Co., Ltd. (Subsidiary)	26	26	163.5	(180.8)
			108.3	(444.1)
			(17.5)	(1.1)

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		Asia Can Manufacturing Co., Ltd.	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current assets	146.2	257.3	291.0	85.8
Non-current assets	511.3	553.0	1,916.9	808.0
Current liabilities	506.4	1,247.6	300.1	66.6

Summarised information about profit and loss

(Unit: Million Baht)

	Carabao Venture Holdings (Luxembourg) S.à r.l. and its subsidiary		Asia Can Manufacturing Co., Ltd.	
	<u>For the years ended 31 December</u>		<u>For the years ended 31 December</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Loss	(1,151.8)	(906.4)	(67.3)	(4.0)

12.4 Investments in subsidiary companies which the Company previously held

12.4.1 On 22 February 2017, the meeting of the Company's Board of Directors passed a resolution to approve Carabao Holdings (Hong Kong) Limited (CHHK) (a subsidiary) in joining Intercarabao Private Limited (ICSG) to establish a new subsidiary in Hong Kong, namely Carabao Venture Holdings (Hong Kong) Limited (CVHHK) with shareholding interest of 90 percent and 10 percent, respectively. The subsidiary is principally engaged in investment in overseas companies with a registered capital equivalent to the amount of not exceeding USD 19.7 million, comprising 19.7 million shares. On 2 March 2017, CVHHK completed the registration of its establishment. As a result, the Company has control over CVHHK via its indirect holding of 90 percent interest through CHHK.

On 6 October 2017, CVHHK has submitted for deregistration with government office of Hong Kong. Such deregistration has already completed on 15 February 2018.

12.4.2 On 29 March 2017, the meeting of the Company's Board of Directors passed a resolution to establish Asia Can Manufacturing Co., Ltd., in corporate in Thailand. The subsidiary is principally engaged in the manufacture of aluminum cans used as packaging materials with a registered share capital of Baht 1 million, comprising 10,000 ordinary shares of Baht 100 each. The project is under the joint venture agreement between the Company and overseas unrelated group of company, with shareholding interest of 74 percent and 26 percent, respectively. The subsidiary has registered its establishment on 15 June 2017.

On 3 July 2017, the Extraordinary General Meeting of shareholders of Asia Can Manufacturing Co., Ltd. passed a resolution to increase its registered share capital from Baht 1 million (10,000 ordinary shares of Baht 100 each) to Baht 700 million (7,000,000 ordinary shares of Baht 100 each) through the issuance of additional 6,990,000 ordinary shares of Baht 100 each, called up Baht 60 each. The Company had already made the payment for share subscription on 5 July 2017. As a result, the issued and paid-up share capital of the subsidiary is Baht 420 million (10,000 ordinary shares of Baht 100 each, fully paid up and 6,990,000 ordinary shares of Baht 100 each, paid up Baht 60 each). The subsidiary registered such share capital increase with the Ministry of Commerce on 7 July 2017.

On 25 December 2017, the meeting of Asia Can Manufacturing Co., Ltd.'s Board of Directors passed a resolution to additional call up for the ordinary shares which were not fully paid up of 6,990,000 shares. Such subsidiary has already received such additional call up totaling Baht 279.6 million as detail as follows:

- Baht 120.0 million on 12 January 2018
- Baht 100.0 million on 18 May 2018
- Baht 59.6 million on 14 August 2018

12.4.3 On 5 January 2018, 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 34.0 million to USD 60.5 million (increase USD 26.5 million or EUR 22.0 million). The Company had already made the payment for share subscription. Such subsidiary registered the share capital increase on 5 January 2018.

12.4.4 On 8 January 2018, the meeting of the Board of Directors of Carabao Venture Holdings (Luxembourg) S.à r.l. (CVHLUX) (a subsidiary) pass a resolution to increase its registered share capital from EUR 16.9 million to EUR 62.3 million (increase EUR 45.4 million or GBP 40.3 million) in order to support the operation of Intercarabao Limited (ICUK) (another subsidiary) through the process as follows:

- 1) Issue and offer new ordinary shares to existing shareholders in proportion to their holdings in the amount not exceeding EUR 22.0 million or GBP 19.5 million. However, Intercarabao Private Limited (ICSG), another shareholder of CVHLUX, has notified of its intention not to purchase new ordinary shares of CVHLUX in proportion to its holding in full. On 8 January 2018, CHHK purchase the additional ordinary shares of CVHLUX of EUR 22.0 million or GBP 19.5 million and had already made the payment for such share subscription in full amount.
- 2) Convert debt from loans from Carabao Holdings (Hong Kong) Limited (CHHK) and Intercarabao Private Limited (ICSG) into equity in the amount of EUR 23.4 million or GBP 20.8 million.

Such subsidiary registered the share capital increase on 8 January 2018.

A result of such increase in share capital, CHHK's holding proportion in CVHLUX increased from 51 percent to 84.3 percent, whereby the effect to the consolidated statements of financial position are summarised below.

(Unit: Thousand Baht)
Increase (decrease)

Short-term loans from non-controlling interests of the subsidiary	(58,639)
Deficit on changes in percentage of shareholding in overseas subsidiary	(368,686)
Non-controlling interests of the subsidiary	427,325

12.4.5 On 12 January 2018, the meeting of the Board of Directors of Intercarabao Limited (ICUK) (a subsidiary) pass a resolution to increase its registered share capital from GBP 14.5 million to GBP 34.0 million (increase GBP 19.5 million or EUR 22.0 million). Such subsidiary registered the share capital increase on 12 January 2018.

On 12 January 2018, CVHLUX purchase the additional ordinary shares of ICUK of GBP 19.5 million or EUR 22.0 million and had already made the payment for such share subscription totaling GBP 19.2 million as detail as follows:

- GBP 12.5 million on 12 January 2018
- GBP 3.0 million on 25 April 2018
- GBP 3.7 million on 12 June 2018

For the remaining of GBP 0.3 million, CVHLUX settle such remaining amount with payable that ICUK convert debt to equity as described in Note 12.4.6.

12.4.6 On 2 July 2018, the meeting of the Board of Directors of Intercarabao Limited (ICUK) (a subsidiary) pass a resolution to increase its register share capital from GBP 34.0 million to GBP 54.6 million (increase GBP 20.6 million) through convert debt from loans, interest payable, other payable of Carabao Venture Holdings (Luxembourg) S.à r.l. (CVHLUX) (another subsidiary) totaling GBP 20.9 million net with unpaid share capital of GBP 0.3 million of such subsidiary, as described in Note 12.4.5, to equity in the amount of GBP 20.6 million. Such subsidiary registered the share capital increase on 1 August 2018.

12.5 Unestablished subsidiary company

On 11 August 2017, the meeting of the Company's Board of Directors passed a resolution to approve an establishment of a subsidiary in Thailand for engaging in the logistic business with a registered capital not exceeding Baht 100 million.

On 21 February 2018, the meeting of the Company's Board of Directors pass a resolution to approve the withdrawal of such establishment of a subsidiary in Thailand for engaging in the logistic business, because the Company's Board of Directors considered that it is not suitable with the group's business at present.

13. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)
	Consolidated financial statements
	Office building for rent
<hr/>	
As at 31 December 2018:	
Cost	123,699
Less: Accumulated depreciation	(23,731)
Net book value	<u>99,968</u>
<hr/>	
As at 31 December 2017:	
Cost	122,876
Less: Accumulated depreciation	(19,713)
Net book value	<u>103,163</u>

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

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	103,163	103,848
Acquisition during the year - at cost	823	104
Transfers from property, plant and equipment	-	3,248
Depreciation for the year	(4,018)	(4,037)
Net book value at end of year	<u>99,968</u>	<u>103,163</u>

The fair value of the office building of the subsidiary as at 31 December 2018 was determined at approximately Baht 179.0 million (2017: Baht 186.2 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					
	Buildings and building	Machinery and equipment	Office equipment	Motor vehicles	Assets under construction and installation	Total
Cost:						
As at 1 January 2017	2,862,782	836,830	1,769,131	87,219	184,055	1,870,837
Additions	13,013	27,031	44,736	33,883	25,361	3,068,830
Capitalised interest	-	-	-	-	-	27,854
Disposals	-	-	(3,046)	(1,921)	(8,677)	-
Transfers	3,895	1,102,551	1,755,616	8,138	4,533	(2,874,733)
Transfers to investment property	-	(3,787)	-	-	-	(3,787)
Translation adjustment	-	-	-	59	(2)	-
As at 31 December 2017	2,879,690	1,962,625	3,566,437	127,378	205,270	2,092,788
Additions	17,853	61,711	71,298	21,945	20,633	1,713,892
Capitalised interest	-	-	-	-	-	31,263
Disposals	-	-	(463)	(1,436)	(49,490)	-
Transfers	35,777	1,306,106	2,386,416	8,949	-	(3,737,248)
Translation adjustment	-	-	-	(716)	(32)	-
As at 31 December 2018	2,933,320	3,330,442	6,023,688	156,120	176,381	100,695
						(748)
						12,720,646

(Unit: Thousand Baht)

	Consolidated financial statements					
	Buildings and building	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under construction and installation	Total
Land and land improvement						
As at 1 January 2017	6,539	205,523	612,369	39,510	120,022	- 983,963
Depreciation for the year	2,765	58,155	146,830	19,489	26,776	- 254,015
Accumulated depreciation:						
Transfers to investment property	-	-	(2,828)	(1,314)	(8,060)	- (12,202)
Translation adjustment	-	-	(539)	-	-	- (539)
As at 31 December 2017	9,304	263,139	756,371	57,694	138,740	- 1,225,248
Depreciation for the year	4,187	121,511	280,383	24,869	23,451	- 454,401
Accumulated depreciation of disposed assets						
Translation adjustment	-	-	(445)	(747)	(47,890)	- (49,082)
As at 31 December 2018	13,491	384,650	1,036,309	81,607	114,294	- 1,630,351
Net book value:						
As at 31 December 2017	<u>2,870,386</u>	<u>1,699,486</u>	<u>2,810,066</u>	<u>69,684</u>	<u>66,530</u>	<u>2,092,788</u>
As at 31 December 2018	<u>2,919,829</u>	<u>2,945,792</u>	<u>4,987,379</u>	<u>74,513</u>	<u>62,087</u>	<u>100,695</u>
Depreciation for the year						
2017 (Baht 206.7 million included in manufacturing cost, and the balance in selling and administrative expenses)						9,608,940
2018 (Baht 409.2 million included in manufacturing cost, and the balance in selling and administrative expenses)						11,090,295
						254,015
						454,401

As at 31 December 2018, certain plant and equipment items of the subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 511.1 million (2017: Baht 427.4 million).

During the year 2018, the subsidiaries capitalised interest amounting to Baht 31.3 million (2017: Baht 27.9 million) to the costs of assets. These borrowing costs arose on loans obtained for specific purpose for the construction of plant and acquisition of machinery.

15. Goodwill

Movement in the goodwill account during the year ended 31 December 2018 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Net book value as at 31 December 2017	535,467
Add: Translation adjustment	<u>(35,544)</u>
Net book value as at 31 December 2018	<u>499,923</u>

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 under conservative basis summarise as follows:

	(Unit: Percent per annum)
Terminal growth rate	2.0
Discount rate	12.7

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.

16. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements					
	Intangible assets under development					
	Trademark	Patents	Computer software	Knowhow for manufacturing	assets under development	Total
31 December 2018:						
Cost	10,000	10,000	33,890	49,986	9,670	113,546
Less: Accumulated amortisation	(8,000)	(10,000)	(18,224)	-	-	(36,224)
Net book value	2,000	-	15,666	49,986	9,670	77,322
31 December 2017:						
Cost	10,000	10,000	24,291	49,986	3,640	97,917
Less: Accumulated amortisation	(7,000)	(10,000)	(13,910)	-	-	(30,910)
Net book value	3,000	-	10,381	49,986	3,640	67,007

(Unit: Thousand Baht)

	Separate financial statements		
	Intangible assets under development		
	Computer software	under development	Total
31 December 2018:			
Cost	5,200	-	5,200
Less: Accumulated amortisation	(305)	-	(305)
Net book value	4,895	-	4,895
31 December 2017:			
Cost	-	3,640	3,640
Less: Accumulated amortisation	-	-	-
Net book value	-	3,640	3,640

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	67,007	15,151	3,640	-
Acquisition during the year - at cost	15,745	57,016	1,560	3,640
Amortisation for the year	(5,362)	(5,158)	(305)	-
Translation adjustment	(68)	(2)	-	-
Net book value at end of year	<u>77,322</u>	<u>67,007</u>	<u>4,895</u>	<u>3,640</u>

As at 31 December 2018, the management has assessed the allowance for impairment of intangible assets with indefinite useful lives, which is knowhow for manufacturing. 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 under conservative basis summarise as follows:

(Unit: Percent per annum)

Terminal growth rate	1.7
Discount rate	14.0

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 such intangible assets.

17. 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.

18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables - related parties	20,165	16,762	-	-
Trade payables - unrelated parties	932,403	987,902	-	-
Other payables - related parties	11,814	638	-	-
Other payables - unrelated parties	318,916	457,896	9,585	20,381
Accrued expenses - related party	322	-	-	-
Accrued expenses - unrelated parties	329,382	261,445	30,769	32,754
Accrued excise tax	162,611	127,627	-	-
Advance received	34,291	44,927	-	-
Total trade and other payables	<u>1,809,904</u>	<u>1,897,197</u>	<u>40,354</u>	<u>53,135</u>

19. Short-term loan from non-controlling interests of the subsidiary

These short-term loans were loans which Carabao Venture Holdings (Luxembourg) S.à r.l. (CVHLUX) (a subsidiary) borrowed from Intercarabao Private Limited (ICSG), non-controlling interests of such subsidiary. As at 31 December 2017, the outstanding balance of these loans were GBP 1.3 million (or equivalent to Baht 57.1 million), carries interest at fix rate and is due at call.

Subsequently, on 8 January 2018, CVHLUX converted all of such loans and interest payable of GBP 1.3 million (or equivalent to Baht 58.6 million) to equity, as mentioned in Note 12.4.4 to the financial statements.

20. Long-term loans from financial institutions

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Long-term loans	1,679,950	2,490,400	-	1,000,000
Less: Portion due within one year	(401,250)	(300,000)	-	(300,000)
Long-term loans - net of current portion	<u>1,278,700</u>	<u>2,190,400</u>	<u>-</u>	<u>700,000</u>

During the year ended 31 December 2018, movements in long-term loans from financial institutions are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	2018	2017
Balance as at 31 December 2017	2,490,400	1,000,000
Add: Increase during the year	1,027,450	-
Less: Repayment during the year	(1,837,900)	(1,000,000)
Balance as at 31 December 2018	<u>1,679,950</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, fully drawn down on which interest is charged at the Minimum Loan Rate (MLR) reference rate minus fix rate per annum. The loan is repayable in 10 periods by 3-months installments, with the first of these due in June 2018. This long-term loan is unsecured and no any certain conditions or restrictions stipulated in the agreements. During the current year, the Company made repayment for such long-term loan in full amount.

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 32.5.2). 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 31 December 2018, such subsidiary had outstanding long-term loan of Baht 280 million (2017: Baht 1,078 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. As at 31 December 2018, such subsidiary had outstanding long-term loan of Baht 1,400 million (2017: Baht 412 million).

21. Debentures

On 25 April 2018, the Annual General Meeting of the shareholders of the Company approved the issuance and offering of debentures in principal amount not exceeding Baht 5,000 million or in foreign currencies in equivalent value, depending on the market conditions at the time of issuance and offering of each debentures.

On 15 June 2018, the Company issued debentures No. 1/2561 which are 2 series of name-registered, unsubordinated, unsecured and no debenture holder representative debentures, as detailed below.

- The debenture series 1 for the total number of 1,700,000 units, at the price of Baht 1,000 per unit, totaling Baht 1,700 million. The debenture is 2-year tenor, due on 15 June 2020, at the coupon rate of 2.23 percent per annum. Interest is repayable every 6 months.
- The debenture series 2 for the total number of 720,000 units, at the price of Baht 1,000 per unit, totaling Baht 720 million. The debenture is 3-year tenor, due on 15 June 2021, at

On 6 July 2018, the Company issued debentures No. 2/2561 which are name-registered, unsubordinated, unsecured and debenture holder representative debentures for total number of 370,000 units, at the price of Baht 1,000 per unit, totalling Baht 370 million. The debenture is 2 year 11 month 9 day tenor, due on 15 June 2021, at the coupon rate of 2.42 percent per annum. Interest is repayable every 6 months.

Such 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.

During the year ended 31 December 2018, movement in debentures are summarised below.

	(Unit: Thousand Baht)
	Consolidated/ separate financial statements
Balance as at 31 December 2017	-
Add: Debentures issuance during the year	2,790,000
Less: Transaction cost for debentures issuance during the year	<u>(5,251)</u>
Net cash received from debentures issuance during the year	2,784,749
Add: Amortisation of transaction costs for debentures issuance during the year	<u>1,171</u>
Balance as at 31 December 2018	<u><u>2,785,920</u></u>

Fair value of debentures, which are the latest price as at 31 December 2018, stated below.

	Fair values (Baht per unit)
Debentures No. 1/2018 - Series 1	998.5
- Series 2	998.1
Debentures No. 2/2018	998.3

22. 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Provision for long-term employee				
benefits at beginning of year	102,197	89,752	54,026	47,701
Included in profit or loss:				
Current service cost	17,166	13,284	5,814	4,295
Interest cost	2,980	2,241	1,119	931
Included in other comprehensive income:				
Actuarial loss (gain)				
Demographic assumptions changes	(5,591)	2,872	3,300	484
Financial assumptions changes	(11,880)	(6,330)	(1,730)	(1,824)
Experience adjustments	8,871	1,861	(986)	2,439
Benefits paid during the year	<u>(4,694)</u>	<u>(1,483)</u>	-	-
Provision for long-term employee				
benefits at end of year	<u>109,049</u>	<u>102,197</u>	<u>61,543</u>	<u>54,026</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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of sales	7,174	5,287	-	-
Selling and administrative expenses	<u>12,972</u>	<u>10,238</u>	<u>6,933</u>	<u>5,226</u>
Total expenses recognised in profit or loss	<u>20,146</u>	<u>15,525</u>	<u>6,933</u>	<u>5,226</u>

The Company and its subsidiaries expect to pay Baht 51.2 million of long-term employee benefits during the next year (Separate financial statements: Baht 40.4 million) (2017: Baht 51.8 million, separate financial statements: Baht 35.6 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 4 - 20 years (Separate financial statements: 4 years) (2017: 5 - 24 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	
	2018 (% per annum)	2017 (% per annum)	2018 (% per annum)	2017 (% per annum)
Discount rate	2.1 - 3.3	1.9 - 3.3	2.1	1.9
Future salary increase rate	5.0 - 6.0	5.8 - 9.3	6.0	8.3
Staff turnover rate (depending on age)	2 - 57	0 - 75	4 - 23	8

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

	(Unit: Million Baht)			
	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(1.8)	3.9	(0.4)	0.5
Salary increase rate	3.8	(1.6)	0.4	(0.4)
Staff turnover rate	(1.9)	4.4	(0.4)	0.4

	(Unit: Million Baht)			
	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(2.9)	3.4	(0.6)	0.6
Salary increase rate	3.2	(2.8)	0.6	(0.6)
Staff turnover rate	(3.1)	3.3	(0.5)	0.5

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and local subsidiaries have additional liabilities for long-term employee benefits of Baht 8.6 million (The Company only: Baht 0.2 million). The Company and local subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

23. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

24. Other income

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Management income	-	-	254,400	242,400
Rental and service income	70,211	65,805	-	-
Gain on exchange	-	39,131	-	-
Scrap sales income	14,779	14,787	-	-
Income from sales and trade-off premium goods	5,943	9,700	-	-
Interest income	1,144	3,436	127,087	143,387
Gain on sales of equipment	14,915	2,412	-	-
Others	<u>27,902</u>	<u>28,260</u>	<u>1,695</u>	<u>3,633</u>
Total other income	<u>134,894</u>	<u>163,531</u>	<u>383,182</u>	<u>389,420</u>

25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Raw materials and packing materials used	5,294,993	6,170,100	-	-
Purchase of finished goods	1,808,188	1,693,480	-	-
Excise tax	1,335,466	-	-	-
Salaries, wages and other employee benefits	1,334,572	1,250,816	160,666	184,252
Sales promotion expenses	1,185,193	1,102,023	-	-
Depreciation and amortisation	463,781	263,210	305	-
Consumables used	375,141	270,580	-	-
Advertising expenses	329,009	181,818	-	-
Travelling expenses	290,193	297,740	517	189
Utility service expenses	240,404	155,127	1	6
Freight expenses	197,013	271,934	-	-
Repair and maintenance expenses	96,232	108,290	444	-
Loss on exchange	16,083	-	25,747	1,618
Changes in inventories of finished goods	(66,094)	(108,624)	-	-

26. Income tax

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current corporate income tax charge	400,427	258,390	22,736	25,777
Deferred tax:				
Relating to origination and reversal of temporary differences	(32,151)	2,167	(578)	(1,038)
Income tax expense reported in the income statement				
	<u>368,276</u>	<u>260,557</u>	<u>22,158</u>	<u>24,739</u>

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Deferred tax relating to actuarial gain (loss)	1,720	319	(117)	(220)

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit before tax	<u>1,328,591</u>	<u>1,061,215</u>	<u>794,828</u>	<u>975,768</u>
Applicable tax rate	16.5%, 19%, 20%, 26%	16.5%, 19%, 20%, 29.2%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	274,641	219,261	158,966	195,154
Effects of:				
Promotional privileges (Note 27)	(65,433)	(75,269)	-	-
Income not subject to tax	(6,481)	(13,652)	(136,800)	(170,399)
Non-deductible expenses	6,734	4,599	10	20
Additional expense deductions allowed	(64,388)	(48,097)	(18)	(36)
Unrecognised tax loss as deferred tax assets	223,203	173,715	-	-
Total	<u>93,635</u>	<u>41,296</u>	<u>(136,808)</u>	<u>(170,415)</u>
Income tax expenses reported in the income statement	<u>368,276</u>	<u>260,557</u>	<u>22,158</u>	<u>24,739</u>

As at 31 December 2018, the subsidiaries have unused tax losses of 2016 - 2018 totaling Baht 2,225 million, (2017: unused tax losses of 2016 - 2017 totaling Baht 1,059 million) on which deferred tax assets have not been recognised as the subsidiaries believes that the subsidiaries have uncertainty of utilisation of the unused tax losses in the future.

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

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets				
Provision for trade discounts and promotions	13,855	13,209	-	-
Provision for long-term employee benefits	16,344	15,205	7,074	5,570
Tax losses	29,919	1,315	-	-
Accrued expenses	3,000	1,000	-	-
Different rate of depreciation	-	379	-	-
Allowance for diminution in value of inventories	885	260	-	-
Total	<u>64,003</u>	<u>31,368</u>	<u>7,074</u>	<u>5,570</u>
Deferred tax liabilities				
Different rate of depreciation	1,470	152	-	-
Gain on change in value of short-term investment in trading securities	-	7	-	7
Accrued rebate income	816	-	816	-
Total	<u>2,286</u>	<u>159</u>	<u>816</u>	<u>7</u>
Total deferred tax assets and liabilities - net	<u>61,717</u>	<u>31,209</u>	<u>6,258</u>	<u>5,563</u>

As at 31 December 2018 and 2017, the above deferred tax assets and liabilities are presented in the statements of financial position as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets	63,183	31,361	6,258	5,563
Deferred tax liabilities	<u>(1,466)</u>	<u>(152)</u>	-	-
Total deferred tax assets and liabilities - net	<u>61,717</u>	<u>31,209</u>	<u>6,258</u>	<u>5,563</u>

27. 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 (expire on 19 December 2020) (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 (expire on 19 December 2020)
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 2018 and 2017 divided between to promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Domestic sales	1,438,661	1,149,520	34,809	299,613	1,473,470	1,449,133

28. 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		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Profit for the years attributable to equity holders the Company (Thousand Baht)	1,158,572	1,245,812	772,670	951,209
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)	1.16	1.25	0.77	0.95

29. 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. During the current year, the Company and its subsidiaries have changed the organisation of their reportable segments from 2017 to the following:

- (1) Manufacture and distribution of energy drinks
- (2) Manufacture and distribution of products under Carabao's trademark
- (3) Distribution of other products

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 following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2018 and 2017.

(Unit: Million Baht)

Consolidated financial statements

For the year ended 31 December 2018

	Manufacture and distribution of products under Carabao's trademark	Distribution of other products	Others	Total
Revenue				
Revenue from external customers	12,573	813	1,019	58
Segment gross profit	4,429	92	107	21
Others income				135
Selling and distribution expenses				(2,561)
Administrative expenses				(772)
Loss on exchange				(16)
Finance cost				(107)
Profit before income tax expenses				1,328
Income tax expenses				(368)
Profit for the year				960

(Unit: Million Baht)

Consolidated financial statements

For the year ended 31 December 2017

	Manufacture and distribution of products under Carabao's trademark	Distribution of other products	Others	Total
Revenue				
Revenue from external customers	11,107	936	834	27
Segment gross profit	3,849	117	94	5
Others income				164
Selling and distribution expenses				(2,379)
Administrative expenses				(741)
Finance cost				(48)
Profit before income tax expenses				1,061
Income tax expenses				(260)
Profit for the year				801

Geographic information

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

	(Unit: Million Baht)	
	Consolidated financial statements	
	<u>2018</u>	<u>2017</u>
Revenue from external customers		
Domestic		
Thailand	7,966	7,854
Overseas		
Cambodia	4,438	2,489
Myanmar	678	422
China	592	1,019
Vietnam	349	356
Yemen	137	225
Others	303	539
Total	<u>14,463</u>	<u>12,904</u>

In 2018, the Company and its subsidiaries have revenue from domestic sales at 55 percent (2017: 61 percent) and revenue from overseas sales at 45 percent (2017: 39 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 2018, the Company and its subsidiaries had 1 major customer with revenue of 10 percent or more than of its consolidated revenue (2017: nil).

30. 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 2018 by the Company and its subsidiaries amounting to approximately Baht 17.0 million (2017: Baht 14.9 million) were recognised as expenses, the Company only: Baht 4.2 million (2017: Baht 3.9 million).

31. Dividends

Dividend	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)	Paid on
<u>The Company</u>				
<u>For the year 2018</u>				
Dividend from 2017	Annual General Meeting of the Shareholders			
income	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 dividends for 2018		700		
<u>For the year 2017</u>				
Dividend from 2016	Annual General Meeting of the Shareholders			
income	on 25 April 2017	600	0.6	May 2017
Interim dividend	Board of directors' meeting of the Company			
	on 11 August 2017	350	0.4	September 2017
Total dividends for 2017		950		

Dividend	Approved by	Total dividends	Dividend per share	Paid on
<u>Subsidiary</u>				
<u>For the year 2018</u>				
Interim dividend	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 9 May 2018	204	68	September 2018
Interim dividend	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 9 November 2018	480 ⁽¹⁾	160	May 2019
Total dividend for 2018		684		
<u>For the year 2017</u>				
Interim dividend	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 12 May 2017	252	84.0	September 2017
Interim dividend	Board of directors' meeting of Carabao Tawandang Co., Ltd. on 14 November 2017	600 ⁽¹⁾	200.0	May 2018
Total dividend for 2017		852		

⁽¹⁾As at 31 December 2018 and 2017, the Company had dividend payable of Baht 480 million and Baht 600 million, respectively, which the subsidiary will be paid to their shareholders within 31 May 2019 and 2018, respectively.

32. Commitments and contingent liabilities

32.1 Capital commitments

As at 31 December 2018 and 2017, the subsidiaries had capital commitments, relating to the construction of factory buildings, acquisition of machinery and development of intangible assets as follows:

	(Unit: Million)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Currencies:				
Baht	49.0	216.2	-	1.6
US dollar	-	28.1	-	-
Euro	0.5	8.1	-	-

32.2 Operating lease and service commitments

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

As at 31 December 2018 and 2017, 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 financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Payable:				
In up to 1 year	120.5	128.0	4.4	4.4
In over 1 year and up to 5 years	135.8	178.8	2.9	6.8

32.3 Significant agreements with related parties

32.3.1 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 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.

32.3.2 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 depurated in the agreement. This agreement is effective since the date on the agreement unless cancelled by either party.

32.3.3 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.

32.3.4 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.

On 23 January 2017, the Company and its subsidiaries entered into an amendment to the agreement, changing the service fee from Baht 15 million per month to Baht 20 million per month. The agreement is effective on 1 January 2017 and 31 December 2018.

On 25 January 2018, the Company entered into a technical assistance and management agreement with another 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 15 February 2019, the Company and its subsidiaries entered into an amendment to the agreement, changing the service fee from Baht 21.2 million per month to Baht 23.4 million per month. The agreement is effective on 1 January 2019 and 31 December 2019.

33.3.5 Carabao Tawandang Co., Ltd. (a subsidiary) entered into a rental and service agreement with the Company, two subsidiaries, and two 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.

32.3.6 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.

- 32.3.7 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 related companies' products. The agreement is effective for a period of one year, and renewable every year. Under the conditions of this agreement, such 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.
- 32.3.8 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.
- 32.3.9 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.
- 32.3.10 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.
- 32.3.11 During the year 2018, 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 0.8 million per month.

32.4 Sponsorship agreement

32.4.1 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.

32.4.2 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 31 December 2018, Carabao Tawandang Co., Ltd. and 2 overseas subsidiaries are obliged to pay a fee of Pound 2.6 million and Pound 5.8 million, respectively, to the football club under conditions of this agreement (2017: Pound 5 million and Pound 12 million, respectively).

32.4.3 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 3 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.

32.4.4 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.

32.5 Guarantees

32.5.1 As at 31 December 2018, 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 (2017: Baht 1,100 million).

32.5.2 As at 31 December 2018, the Company has guaranteed loan of Carabao Tawandang Co., Ltd. (a subsidiary) with a given credit facility of Baht 1,500 million (2017: 1,500 million).

32.5.3 As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 52.2 million (2017: Baht 43.2 million) issued by banks on behalf of the subsidiaries to guarantee the use of electricity and natural gas, and the submission of excise tax.

33. Fair value hierarchy

As at 31 December 2018 and 2017, 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								Total	
	Level 1		Level 2		Level 3					
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>		
Asset measured at fair value										
Held for trade investments										
Debt instruments	-	-	-	-	7.1	-	-	-	7.1	
Asset for which fair value are disclosed										
Investment properties	-	-	-	-	179.0	186.2	179.0	186.2		
Liability for which fair value are disclosed										
Debentures	-	-	2,785.5	-	-	-	2,785.5	-		
(Unit: Million Baht)										
Separate financial statements										
	Level 1		Level 2		Level 3				Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>		
Asset measured at fair value										
Held for trade investments										
Debt instruments	-	-	-	-	7.1	-	-	-	7.1	
Liability for which fair value are disclosed										
Debentures	-	-	2,785.5	-	-	-	2,785.5	-		

34. Financial instruments

34.1 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, and debentures. 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, short-term and long-term loans from financial institutions and debentures. 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					
As at 31 December 2018					
	Fixed interest rates within 1 year	Floating interest rate	Interest bearing	Total	Effective interest rate (% per annum)
Financial assets					
Cash and cash equivalent	-	101	37	138	0.01 - 0.63
Trade and other receivables	-	-	907	907	-
	-	101	944	1,045	
Financial liabilities					
Short-term loans from financial institutions	275	-	-	275	1.7 - 2.3
Trade and other payables	-	-	1,810	1,810	-
Long-terms loan from financial institutions	-	1,680	-	1,680	MLR minus a margin
Debentures	2,786	-	-	2,786	2.2 - 2.4
	3,061	1,680	1,810	6,551	

(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2017

	Fixed interest rates within 1 year	Floating interest rate	Interest bearing	Total	Effective interest rate (% per annum)
Financial assets					
Cash and cash equivalent	-	117	30	147	0.01 - 0.38
Current investments	-	-	7	7	-
Trade and other receivables	-	-	960	960	-
	-	117	997	1,114	
Financial liabilities					
Short-term loans from financial institutions	845	-	-	845	1.7 - 2.3
Trade and other payables	-	-	1,897	1,897	-
Short-term loans from non-controlling interests of the subsidiary	57	-	-	57	5.0
Long-term loan from financial institution	-	2,490	-	2,490	MLR minus a margin
	902	2,490	1,897	5,289	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2018

	Fixed interest rates within 1 year	Floating interest rate	Interest bearing	Total	Effective interest rate (% per annum)
Financial assets					
Cash and cash equivalent	-	16	3	19	0.1 - 0.6
Trade and other receivables	-	-	7	7	-
Short-term loans to related parties	3,996	-	-	3,996	2.8
Dividend receivable from related parties	-	-	480	480	-
	3,996	16	490	4,502	
Financial liabilities					
Trade and other payables	-	-	40	40	-
Debentures	2,786	-	-	2,786	2.2 - 2.4
	2,786	-	40	2,826	

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2017				
	Fixed interest rates within 1 year	Floating interest rate	Interest bearing	Total	Effective interest rate (% per annum)
Financial assets					
Cash and cash equivalent	-	13	2	15	0.1 - 0.4
Current investments	-	-	7	7	-
Trade and other receivables	-	-	59	59	-
Short-term loans to related parties	3,769	-	-	3,769	3.5 - 5.0
Dividend receivable from related parties	-	-	600	600	-
	<u>3,769</u>	<u>13</u>	<u>668</u>	<u>4,450</u>	
Financial liabilities					
Short-term loans from financial institutions	735	-	-	735	1.7 - 2.3
Trade and other payables	-	-	53	53	-
Long-term loan from financial institution	-	1,000	-	1,000	MLR minus a margin
	<u>735</u>	<u>1,000</u>	<u>53</u>	<u>1,788</u>	

Foreign currency risk

The 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 31 December 2018 and 2017 are summarised below.

Foreign currencies	As at 31 December 2018					
	Consolidated financial statement		Separate financial statements		Average exchange rate	
	Financial assets (Million)	Financial liabilities (Million)	Financial assets (Million)	Financial liabilities (Million)	Bought (Baht per 1 foreign currency unit)	Sold
US dollar	2.8	2.2	-	-	32.2848	32.6148
Euro	0.5	2.7	0.8	-	36.7620	37.4884
Pound sterling	0.2	-	8.1	-	40.6118	41.5216
Yen	-	32.1	-	-	0.2892	0.2970
Hong Kong dollar	-	0.4	-	-	4.1023	4.1808
Yuan	-	0.5	-	-	4.6636	4.7838

Foreign currencies	As at 31 December 2017					
	Consolidated financial statement		Separate financial statements		Average exchange rate	
	Financial assets (Million)	Financial liabilities (Million)	Financial assets (Million)	Financial liabilities (Million)	Bought (Baht per 1 foreign currency unit)	Sold
US dollar	1.2	1.2	-	-	32.5146	32.8472
Euro	3.6	3.8	1.2	-	38.6607	39.3938
Pound sterling	0.2	1.4	2.5	-	43.5198	44.4531
Yen	-	4.7	-	-	0.2860	0.2936
Hong Kong dollar	-	0.4	-	-	4.1421	4.2184

34.2 Fair values of financial instruments

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, trade and other receivables, short-term loans to related parties, dividend receivable, trade and other payables and short-term loans from financial institution and non-controlling interest of the subsidiary, their carrying amounts in the statement of financial position approximate their fair value.
- b) Current investments in securities held for trading-debt securities are stated at market fair value.
- c) For fixed rate debentures and long-term loans, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- d) For long-term loans carrying interest approximate to the market rate, their carrying amounts in the statement of financial position approximates their fair value.

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

35. 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 2018, the Group's debt-to-equity ratio were 0.94:1 (2017: 0.79:1) and the Company's was 0.48:1 (2017: 0.31:1).

36. Events after the reporting period

- 36.1 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.
- 36.2 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.

37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2019.

