

**Thai Beverage Public Company Limited
and its Subsidiaries**

Financial statements for the year ended
30 September 2018
and
Independent Auditor's Report



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Independent Auditor's Report

To the Shareholders of Thai Beverage Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Thai Beverage Public Company Limited and its subsidiaries (the "Group") and of Thai Beverage Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 30 September 2018, the consolidated and separate statements of income and comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 30 September 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing ("TSAs"). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

| Acquisitions of businesses | |
|--|---|
| Refer to Notes 2, 3 and 4 to the consolidated financial statements. | |
| The key audit matter | How the matter was addressed in the audit |
| <p>During the year, the Group completed the acquisitions of businesses resulting in the recording goodwill of Baht 172,645 million in the consolidated statement of financial position as at 30 September 2018.</p> <p>The acquisition method of accounting for business combinations is a complex and judgmental exercise, requiring the Group to determine the fair value of assets acquired and liabilities assumed and consideration transferred with any resulting differences recognised as goodwill.</p> <p>I considered accounting for business combination as a key audit matter due to complexities of accounting treatment and significant judgment are involved in determining the fair value of assets acquired and liabilities assumed. Moreover, the consideration paid are significant to the consolidated financial statements.</p> | <p>My audit procedures included the following:</p> <ul style="list-style-type: none">• Read the sale and purchase agreement to understand key terms and conditions;• Evaluated the assessment by the Group of the identification of all the assets acquired and liabilities assumed and consideration transferred;• Evaluated the assumptions and methodologies underpinning the valuations;• Evaluated the qualifications and independence of the independent valuer of the group.• Involved KPMG valuation specialist to evaluate the financial parameters applied to the discount rate, identification of the intangible assets, valuation methodology used and calculation rationale that in relating to intangible assets.• Evaluated the adequacy of the financial statements disclosures in accordance with Thai Financial Reporting Standards. |

| Impairment of investments in associates, goodwill and other intangible assets | |
|--|---|
| Refer to Notes 2, 3, 10, 15 and 16 to the consolidated financial statements | |
| The key audit matter | How the matter was addressed in the audit |
| <p>The group has significant investment in associates, and also has goodwill and other intangible assets with indefinite useful life which was mainly arising from acquisition of businesses.</p> <p>For investments in associates, the management has determined if there in any indicator for impairment. The management normally assesses the impairment from the estimated the recoverable amount of goodwill and intangible assets base on discounted future cash flow expected to be generate from the respective operating unit. The net present value of forecast future cash flow derived from profit forecasts which include key assumptions as sale growth rate and profit margins, and discount rate for the operating units which the goodwill and intangible assets are allocated to.</p> <p>As there are judgement and estimation involved in the preparation of discounted future cash flows and determination of certain key inputs, therefore, I have determined this matter to be a key audit matter.</p> | <p>My audit procedures included the following:</p> <ul style="list-style-type: none"> • For investments in associates, assessed the management's assessment of indicator for impairment. • Assessed the determination of operating units that goodwill is allocated to base on our understanding of the nature of the Group's business. • Assessed the appropriateness of the methodology used in determining the recoverability of goodwill and intangible assets. • Assessed the reasonableness of the key assumptions used in discounted cash flow projection approved by management by comparing sales growth rate and gross profit margins to past performance and future plan. In determining appropriateness of discounted rate, I compare the rate used with the weighted average cost of capital within the same industry which the Group operates in. • evaluating the sensitivity of key assumptions used in future cash flows projection which affect to the recoverable amount of cash-generating unit; and • evaluating the adequacy of the financial statements disclosures in accordance with Thai Financial Reporting Standards. |

Emphasis of Matter

I draw attention to Note 4 to the consolidated financial statement, the Group completed the acquisition of equity interest in Saigon Beer - Alcohol - Beverage Corporation and Havi Logistic (Thailand) Co., Ltd. resulting in recording of goodwill in the consolidated statement of financial position as at 30 September 2018 of Baht 148,116 million and Baht 151 million, respectively. The fair values of the identifiable assets acquired and liabilities assumed of these two acquired subsidiaries have been provisionally estimated by considering information in the draft appraisal report or provisionally determined. My opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.



My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated and Separate Financial Statements

Management is responsible for preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate 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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represents 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 consolidated and separate 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.

(Nittaya Chetchotiros)
Certified Public Accountant
Registration No. 4439

KPMG Phoomchai Audit Ltd.
Bangkok
26 November 2018

Thai Beverage Public Company Limited and its Subsidiaries

Statement of financial position

| Assets | Note | Consolidated | | Separate | |
|--|-------|---------------------------|--------------------|----------------------|--------------------|
| | | financial statements | | financial statements | |
| | | 30 September | | 30 September | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in thousand Baht)</i> | | | |
| Current assets | | | | | |
| Cash and cash at financial institutions | 6 | 22,529,716 | 9,929,210 | 92,698 | 6,848,862 |
| Trade accounts receivable | 5, 7 | 4,297,488 | 2,627,222 | 667,775 | 569,068 |
| Other receivables | | 1,646,149 | 620,566 | 168,069 | 64,977 |
| Short-term loans to and other receivables | | | | | |
| from related parties | 5 | 753,474 | 316,726 | 5,244,948 | 11,548,290 |
| Inventories | 8 | 42,184,806 | 37,761,172 | - | - |
| Other current assets | 9 | 3,684,542 | 4,666,130 | 243,563 | 31,070 |
| Total current assets | | 75,096,175 | 55,921,026 | 6,417,053 | 19,062,267 |
| Non-current assets | | | | | |
| Investments in associates and joint ventures | 10 | 78,869,893 | 78,372,625 | - | - |
| Investments in subsidiaries | 11 | - | - | 333,695,916 | 168,015,496 |
| Other long-term investments | | 734,275 | 168,388 | 2,500 | - |
| Long-term loans to and other receivables | | | | | |
| from related parties | 5 | 130,700 | 107,470 | 10,671,332 | 12,164 |
| Investment properties | 13 | 1,598,483 | 1,522,947 | - | - |
| Property, plant and equipment | 14 | 57,058,755 | 48,531,803 | 168,757 | 111,924 |
| Goodwill | 4, 15 | 171,231,970 | 6,963,821 | - | - |
| Other intangible assets | 4, 16 | 13,157,533 | 317,545 | 52,782 | 53,729 |
| Deferred tax assets | 17 | 942,523 | 509,342 | 299,530 | 39,341 |
| Other non-current assets | 18 | 2,588,474 | 1,825,403 | 242,475 | 251,654 |
| Total non-current assets | | 326,312,606 | 138,319,344 | 345,133,292 | 168,484,308 |
| Total assets | | 401,408,781 | 194,240,370 | 351,550,345 | 187,546,575 |

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

Thai Beverage Public Company Limited and its Subsidiaries

Statement of financial position

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|-------|--------------------------------------|--------------------|----------------------------------|--------------------|
| | | 30 September 2018 | 2017 | 30 September 2018 | 2017 |
| <i>(in thousand Baht)</i> | | | | | |
| Liabilities and equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts and short-term loans from financial institutions | 19 | 4,765,853 | 5,703,438 | 2,000,000 | 3,952,815 |
| Trade accounts payable | 5, 20 | 7,903,243 | 4,797,456 | - | - |
| Other payables | 21 | 8,390,830 | 6,467,508 | 484,881 | 234,653 |
| Current portion of debentures | 19 | 1,700,700 | - | - | - |
| Current portion of bill of exchanges and long-term loans from financial institutions | 19 | 8,016,237 | 24,950,451 | 8,000,000 | 24,950,451 |
| Short-term loans from and other payables to related parties | 5, 19 | 628,515 | 384,157 | 9,179,071 | 37,231,265 |
| Other short-term loan | 19 | - | 4,500 | - | - |
| Income tax payable | | 2,267,816 | 3,453,496 | - | 132,722 |
| Short-term provisions | | 24,747 | 15,929 | - | - |
| Other current liabilities | 22 | 3,761,459 | 1,893,784 | 47,403 | 44,618 |
| Total current liabilities | | 37,459,400 | 47,670,719 | 19,711,355 | 66,546,524 |
| Non-current liabilities | | | | | |
| Long-term loans from and other payables to related parties | 5, 19 | 812 | 221 | 27,794,779 | 27,494,000 |
| Debentures | 19 | 126,909,756 | 2,000,000 | 126,909,756 | - |
| Bill of exchanges and long-term loans from financial institutions | 19 | 89,893,784 | 8,000,000 | 89,862,129 | 8,000,000 |
| Deferred tax liabilities | 17 | 3,016,090 | 868,303 | - | - |
| Employee benefit obligations | 23 | 3,329,534 | 3,088,932 | 265,292 | 231,038 |
| Other non-current liabilities | | 228,946 | 99,192 | 148 | 148 |
| Total non-current liabilities | | 223,378,922 | 14,056,648 | 244,832,104 | 35,725,186 |
| Total liabilities | | 260,838,322 | 61,727,367 | 264,543,459 | 102,271,710 |
| Equity | | | | | |
| Share capital: | 24 | | | | |
| Authorised share capital | | 25,155,025 | 25,155,025 | 25,155,025 | 25,155,025 |
| Issued and paid-up share capital | | 25,111,321 | 25,110,025 | 25,111,321 | 25,110,025 |
| Difference arising from common control transactions | | (19,718,440) | (19,718,440) | 31,035 | 31,035 |
| Premium on ordinary shares | 24 | 17,241,995 | 17,215,737 | 17,241,995 | 17,215,737 |
| Retained earnings: | | | | | |
| Appropriated - legal reserve | 25 | 2,900,000 | 2,900,000 | 2,900,000 | 2,900,000 |
| Unappropriated | | 109,025,452 | 106,085,610 | 41,664,409 | 39,984,527 |
| Other components of equity | 26 | (13,414,694) | (2,812,926) | 58,126 | 33,541 |
| Equity attributable to owners of the Company | | 121,145,634 | 128,780,006 | 87,006,886 | 85,274,865 |
| Non-controlling interests | 12 | 19,424,825 | 3,732,997 | - | - |
| Total equity | | 140,570,459 | 132,513,003 | 87,006,886 | 85,274,865 |
| Total liabilities and equity | | 401,408,781 | 194,240,370 | 351,550,345 | 187,546,575 |

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

Thai Beverage Public Company Limited and its Subsidiaries
Statement of income

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|-------|--------------------------------------|--------------------|----------------------------------|-------------------|
| | | For the year ended | | For the year ended | |
| | | 30 September | | 30 September | |
| | | 2018 | 2017 | 2018 | 2017 |
| <i>(in thousand Baht)</i> | | | | | |
| Income | 27 | | | | |
| Revenue from sale of goods | 5, 35 | 229,695,094 | 189,997,301 | - | - |
| Management fees | 5 | - | - | 6,934,766 | 6,991,238 |
| Dividend income | 5, 11 | 23,144 | 5,499 | 17,932,804 | 15,392,990 |
| Interest income | 5 | 703,867 | 42,610 | 799,682 | 445,206 |
| Net gain on foreign exchange | | 84,235 | 34,895 | 14,570 | 56,216 |
| Other income | 5, 28 | 2,092,089 | 616,785 | 72,284 | 9,078 |
| Total income | | 232,598,429 | 190,697,090 | 25,754,106 | 22,894,728 |
| Expenses | 27 | | | | |
| Cost of sale of goods | 5, 8 | 162,476,794 | 131,898,650 | - | - |
| Cost of rendering of services | 5 | - | - | 3,139,887 | 2,291,803 |
| Distribution costs | 5, 29 | 26,306,484 | 18,573,766 | - | - |
| Administrative expenses | 5, 30 | 15,287,459 | 12,000,424 | 593,341 | 551,692 |
| Finance costs | 5, 33 | 4,964,770 | 981,337 | 4,992,820 | 2,203,809 |
| Total expenses | | 209,035,507 | 163,454,177 | 8,726,048 | 5,047,304 |
| Share of profit from normal operation of investment in associates and joint ventures | 10 | 4,230,239 | 4,072,898 | - | - |
| Profit before income tax expense and non-operating items | | 27,793,161 | 31,315,811 | 17,028,058 | 17,847,424 |
| Non-operating items: | | | | | |
| Cost relating to business acquisition | 4 | (2,458,196) | - | - | - |
| Effect of change of interest in other investment of associate | 10 | - | 8,496,587 | - | - |
| Profit before income tax expense | | 25,334,965 | 39,812,398 | 17,028,058 | 17,847,424 |
| Income tax (expense) benefit | 34 | (4,609,422) | (5,131,634) | 233,272 | (383,202) |
| Profit for the year | | 20,725,543 | 34,680,764 | 17,261,330 | 17,464,222 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 18,529,709 | 34,509,739 | 17,261,330 | 17,464,222 |
| Non-controlling interests | 12 | 2,195,834 | 171,025 | - | - |
| Profit for the year | | 20,725,543 | 34,680,764 | 17,261,330 | 17,464,222 |
| Earnings per share (Baht) | 36 | | | | |
| Basic earning per share | | 0.74 | 1.37 | 0.69 | 0.70 |
| Diluted earnings per share | | 0.74 | 1.37 | 0.69 | 0.70 |

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

Thai Beverage Public Company Limited and its Subsidiaries
Statement of comprehensive income

| | Note | Consolidated | | Separate | |
|--|------|------------------------------------|--------------------------|------------------------------------|--------------------------|
| | | financial statements | | financial statements | |
| | | For the year ended 30 September | | For the year ended 30 September | |
| | | 2018 | 2017 | 2018 | 2017 |
| <i>(in thousand Baht)</i> | | | | | |
| Profit for the year | | 20,725,543 | 34,680,764 | 17,261,330 | 17,464,222 |
| Other comprehensive income | | | | | |
| <i>Items that will not be reclassified to profit or loss</i> | | | | | |
| Revaluation of land | 14 | - | (141,471) | - | - |
| Defined employee benefit plan actuarial losses | 23 | (30,676) | (183,254) | (18,227) | (12,630) |
| Income tax on other comprehensive income | 34 | 44,702 | 64,713 | 5,798 | 2,526 |
| | | <u>14,026</u> | <u>(260,012)</u> | <u>(12,429)</u> | <u>(10,104)</u> |
| <i>Items that are or may be reclassified to profit or loss</i> | | | | | |
| Share of other comprehensive income of | | | | | |
| investment in associates and joint ventures | | | | | |
| - Share of other comprehensive income from | | | | | |
| normal operation of investment in associates | | | | | |
| and joint ventures | | | | | |
| | | (1,220,431) | 282,863 | - | - |
| - Realisation of fair value gains on change of | | | | | |
| interest of available-for-sale financial asset | | | | | |
| of associate | | | | | |
| | | - | (8,506,039) | - | - |
| Exchange differences on translating foreign operations | | (9,911,177) | (2,274,379) | - | - |
| Gains (Losses) on remeasurements of available-for-sale | | | | | |
| investments | | 15,963 | (3,702) | - | - |
| Income tax on other comprehensive income | 34 | 2,327 | 740 | - | - |
| | | <u>(11,113,318)</u> | <u>(10,500,517)</u> | <u>-</u> | <u>-</u> |
| Other comprehensive income for the year, | | | | | |
| net of income tax | | <u>(11,099,292)</u> | <u>(10,760,529)</u> | <u>(12,429)</u> | <u>(10,104)</u> |
| Total comprehensive income for the year | | <u><u>9,626,251</u></u> | <u><u>23,920,235</u></u> | <u><u>17,248,901</u></u> | <u><u>17,454,118</u></u> |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | | | | |
| | | 7,882,445 | 23,742,680 | 17,248,901 | 17,454,118 |
| Non-controlling interests | | | | | |
| | 12 | <u>1,743,806</u> | <u>177,555</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | | <u><u>9,626,251</u></u> | <u><u>23,920,235</u></u> | <u><u>17,248,901</u></u> | <u><u>17,454,118</u></u> |

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

Thai Beverage Public Company Limited and its Subsidiaries
Statement of changes in equity

| | Consolidated financial statements | | | | | | | | | | | | | | |
|--|-----------------------------------|----------------------------------|---|----------------------------|-------------------|----------------|---|----------------------------------|---------------------|--|---|----------------------------------|--|---------------------------|--------------|
| | Note | Issued and paid-up share capital | Difference arising from common control transactions | Premium on ordinary shares | Retained earnings | | Other components of equity | | | | | | | | Total equity |
| | | | | | Legal reserve | Unappropriated | Other capital reserves- share-based payment | Currency translation differences | Revaluation surplus | Fair value changes in available-for-sale investments | Share of other comprehensive income of associates | Total other components of equity | Equity attributable to owners of the Company | Non-controlling interests | |
| <i>(in thousand Baht)</i> | | | | | | | | | | | | | | | |
| For the year ended 30 September 2017 | | | | | | | | | | | | | | | |
| Balance at 1 October 2016 | | 25,110,025 | (19,718,440) | 17,215,737 | 2,900,000 | 86,796,632 | - | (858,727) | 5,115,654 | 11,593 | 3,497,326 | 7,765,846 | 120,069,800 | 3,642,450 | 123,712,250 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | | | | |
| <i>Distributions to owners of the Company</i> | | | | | | | | | | | | | | | |
| Expense in relation to long-term incentive plan | 26 | - | - | - | - | - | 33,541 | - | - | - | - | 33,541 | 33,541 | - | 33,541 |
| Dividends to owners of the Company | 37 | - | - | - | - | (15,066,015) | - | - | - | - | - | - | (15,066,015) | (95,560) | (15,161,575) |
| Total distributions to owners of the Company | | - | - | - | - | (15,066,015) | 33,541 | - | - | - | - | 33,541 | (15,032,474) | (95,560) | (15,128,034) |
| Acquisition of non-controlling interest | | - | - | - | - | - | - | - | - | - | - | - | - | 8,552 | 8,552 |
| Total transactions with owners, recorded directly in equity | | - | - | - | - | (15,066,015) | 33,541 | - | - | - | - | 33,541 | (15,032,474) | (87,008) | (15,119,482) |
| Comprehensive income for the year | | | | | | | | | | | | | | | |
| Profit | | - | - | - | - | 34,509,739 | - | - | - | - | - | - | 34,509,739 | 171,025 | 34,680,764 |
| Other comprehensive income | | - | - | - | - | (154,746) | - | (2,274,083) | (113,139) | (1,915) | (8,223,176) | (10,612,313) | (10,767,059) | 6,530 | (10,760,529) |
| Total comprehensive income for the year | | - | - | - | - | 34,354,993 | - | (2,274,083) | (113,139) | (1,915) | (8,223,176) | (10,612,313) | 23,742,680 | 177,555 | 23,920,235 |
| Balance at 30 September 2017 | | 25,110,025 | (19,718,440) | 17,215,737 | 2,900,000 | 106,085,610 | 33,541 | (3,132,810) | 5,002,515 | 9,678 | (4,725,850) | (2,812,926) | 128,780,006 | 3,732,997 | 132,513,003 |

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

Thai Beverage Public Company Limited and its Subsidiaries
Statement of changes in equity

| | Consolidated financial statements | | | | | | | | | | | | | Total equity |
|---|-----------------------------------|---|----------------------------|------------------|--------------------|---|----------------------------------|---------------------|--|--|----------------------------------|--|---------------------------|---------------------|
| | Retained earnings | | | | | Other components of equity | | | | | | | | |
| | Issued and paid-up share capital | Difference arising from common control transactions | Premium on ordinary shares | Legal reserve | Unappropriated | Other capital reserves- share-based payment | Currency translation differences | Revaluation surplus | Fair value changes in available-for-sale investments | Share of other comprehensive income of investment in associates and Joint ventures | Total other components of equity | Equity attributable to owners of the Company | Non-controlling interests | |
| Note | | | | | | | | | | | | | | |
| <i>(in thousand Baht)</i> | | | | | | | | | | | | | | |
| For the year ended 30 September 2018 | | | | | | | | | | | | | | |
| Balance at 1 October 2017 | 25,110,025 | (19,718,440) | 17,215,737 | 2,900,000 | 106,085,610 | 33,541 | (3,132,810) | 5,002,515 | 9,678 | (4,725,850) | (2,812,926) | 128,780,006 | 3,732,997 | 132,513,003 |
| Transactions with owners, recorded directly in equity | | | | | | | | | | | | | | |
| <i>Distributions to owners of the Company</i> | | | | | | | | | | | | | | |
| Expense in relation to long-term incentive plan | 26 | 1,296 | - | 26,258 | - | - | 24,585 | - | - | - | 24,585 | 52,139 | - | 52,139 |
| Dividends to owners of the Company | 37 | - | - | - | (15,569,019) | - | - | - | - | - | - | (15,569,019) | (565,311) | (16,134,330) |
| Total distributions to owners of the Company | | 1,296 | - | 26,258 | - | (15,569,019) | 24,585 | - | - | - | 24,585 | (15,516,880) | (565,311) | (16,082,191) |
| <i>Changes in ownership interests in subsidiaries</i> | | | | | | | | | | | | | | |
| Acquisition of non-controlling interests without a change in control | | - | - | - | - | 63 | - | - | - | - | - | 63 | 618,999 | 619,062 |
| Acquisition of non-controlling interests through business combination | 4 | - | - | - | - | - | - | - | - | - | - | - | 13,894,334 | 13,894,334 |
| Total changes in ownership interests in subsidiaries | | - | - | - | - | 63 | - | - | - | - | - | 63 | 14,513,333 | 14,513,396 |
| Total transactions with owners, recorded directly in equity | | 1,296 | - | 26,258 | - | (15,568,956) | 24,585 | - | - | - | 24,585 | (15,516,817) | 13,948,022 | (1,568,795) |
| Comprehensive income for the year | | | | | | | | | | | | | | |
| Profit | | - | - | - | - | 18,529,709 | - | - | - | - | - | 18,529,709 | 2,195,834 | 20,725,543 |
| Other comprehensive income | | - | - | - | (20,911) | - | (9,407,149) | - | 1,227 | (1,220,431) | (10,626,353) | (10,647,264) | (432,028) | (11,099,292) |
| Total comprehensive income for the year | | - | - | - | 18,508,798 | - | (9,407,149) | - | 1,227 | (1,220,431) | (10,626,353) | 7,882,445 | 1,743,806 | 9,626,251 |
| Balance at 30 September 2018 | 25,111,321 | (19,718,440) | 17,241,995 | 2,900,000 | 109,025,452 | 58,126 | (12,539,959) | 5,002,515 | 10,905 | (5,946,281) | (13,414,694) | 121,145,634 | 19,424,825 | 140,570,459 |

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

Thai Beverage Public Company Limited and its Subsidiaries
Statement of changes in equity

| | Note | Separate financial statements | | | | Other Components of equity | | Total equity |
|--|------|----------------------------------|---|----------------------------|------------------------------------|----------------------------|---|---------------------|
| | | Issued and paid-up share capital | Difference arising from common control transactions | Premium on ordinary shares | Retained earnings Legal reserve | Unappropriated | Other capital reserves- share-based payment | |
| <i>(in thousand Baht)</i> | | | | | | | | |
| For the year ended 30 September 2017 | | | | | | | | |
| Balance at 1 October 2016 | | 25,110,025 | 31,035 | 17,215,737 | 2,900,000 | 37,596,424 | - | 82,853,221 |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Expense in relation to long-term incentive plan | 26 | - | - | - | - | - | 33,541 | 33,541 |
| Dividends to owners of the Company | 37 | - | - | - | - | (15,066,015) | - | (15,066,015) |
| Total transactions with owners, recorded directly in equity | | - | - | - | - | (15,066,015) | 33,541 | (15,032,474) |
| Comprehensive income for the year | | | | | | | | |
| Profit | | - | - | - | - | 17,464,222 | - | 17,464,222 |
| Other comprehensive income | | - | - | - | - | (10,104) | - | (10,104) |
| Total comprehensive income for the year | | - | - | - | - | 17,454,118 | - | 17,454,118 |
| Balance at 30 September 2017 | | 25,110,025 | 31,035 | 17,215,737 | 2,900,000 | 39,984,527 | 33,541 | 85,274,865 |

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

Thai Beverage Public Company Limited and its Subsidiaries
Statement of changes in equity

| | Note | Separate financial statements | | | | Other Components of equity | | Total equity |
|--|------|----------------------------------|---|----------------------------|-------------------|----------------------------|--|---------------------|
| | | Issued and paid-up share capital | Difference arising from common control transactions | Premium on ordinary shares | Retained earnings | | Other capital reserves-share-based payment | |
| | | | | | Legal reserve | Unappropriated | | |
| <i>(in thousand Baht)</i> | | | | | | | | |
| For the year ended 30 September 2018 | | | | | | | | |
| Balance at 1 October 2017 | | 25,110,025 | 31,035 | 17,215,737 | 2,900,000 | 39,984,527 | 33,541 | 85,274,865 |
| Transactions with owners, recorded directly in equity | | | | | | | | |
| Expense in relation to long-term incentive plan | 26 | 1,296 | - | 26,258 | - | - | 24,585 | 52,139 |
| Dividends to owners of the Company | 37 | - | - | - | - | (15,569,019) | - | (15,569,019) |
| Total transactions with owners, recorded directly in equity | | <u>1,296</u> | <u>-</u> | <u>26,258</u> | <u>-</u> | <u>(15,569,019)</u> | <u>24,585</u> | <u>(15,516,880)</u> |
| Comprehensive income for the year | | | | | | | | |
| Profit | | - | - | - | - | 17,261,330 | - | 17,261,330 |
| Other comprehensive income | | - | - | - | - | (12,429) | - | (12,429) |
| Total comprehensive income for the year | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>17,248,901</u> | <u>-</u> | <u>17,248,901</u> |
| Balance at 30 September 2018 | | <u>25,111,321</u> | <u>31,035</u> | <u>17,241,995</u> | <u>2,900,000</u> | <u>41,664,409</u> | <u>58,126</u> | <u>87,006,886</u> |

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

Thai Beverage Public Company Limited and its Subsidiaries

Statement of cash flows

| | Note | Consolidated | | Separate | |
|---|-------|------------------------------------|-------------------|------------------------------------|------------------|
| | | financial statements | | financial statements | |
| | | For the year ended 30 September | | For the year ended 30 September | |
| | | 2018 | 2017 | 2018 | 2017 |
| <i>(in thousand Baht)</i> | | | | | |
| <i>Cash flows from operating activities</i> | | | | | |
| Profit for the year | | 20,725,543 | 34,680,764 | 17,261,330 | 17,464,222 |
| <i>Adjustments for reconcile profit (loss) to cash receipts (payment)</i> | | | | | |
| Depreciation and amortisation | | 5,759,767 | 4,307,684 | 42,832 | 36,953 |
| Interest income | | (703,867) | (42,610) | (799,682) | (445,206) |
| Finance costs | | 5,071,497 | 981,337 | 4,992,820 | 2,203,809 |
| Unrealised loss (gain) on exchange | | 23,229 | 2,274 | (206) | (58) |
| Allowance for doubtful account (Reversal of) | 7 | 8,371 | (5,095) | - | - |
| Amortisation of advance payments to a specialist | | 50,000 | 50,000 | 9,375 | 9,374 |
| Allowance for decline in value of inventories (Reversal of) | | (21,467) | 47,504 | - | - |
| Gain on disposal of other long-term investment | | (10,923) | (7,420) | - | - |
| Reversal of gain on fair value of other non-current assets | | - | 68,281 | - | - |
| Reversal of impairment loss on investment properties | | (2,405) | - | - | - |
| Loss on disposal of investment properties | | 200 | - | - | - |
| Loss (Gain) on disposal and write-off of property, plant and equipment and other intangible assets | | (278,072) | 14,528 | (35) | (306) |
| Unrealised gain on fair value of other investment | | (36,768) | - | - | - |
| Impairment loss on property, plant and equipment | | 672,752 | 82,130 | - | - |
| Impairment loss on other intangible assets | | - | 92,983 | - | - |
| Dividend income | | (23,144) | (5,499) | (17,932,804) | (15,392,990) |
| Employee benefit expenses | | 271,616 | 246,055 | 24,959 | 22,754 |
| Expense in relation to long-term incentive plan | 26 | 46,305 | 33,541 | 17,532 | 15,005 |
| Insurance claim from fire incident | 14 | (867,962) | - | - | - |
| Share of profit from normal operation of investment associates and joint venture, net of income tax | 5, 10 | (4,230,239) | (4,072,898) | - | - |
| Effect of change of interest in other investment of associate | 5, 10 | - | (8,496,587) | - | - |
| Income tax expense | 34 | 4,609,422 | 5,131,634 | (233,272) | 383,202 |
| | | 31,063,855 | 33,108,606 | 3,382,849 | 4,296,759 |
| <i>Changes in operating assets and liabilities</i> | | | | | |
| Trade accounts receivable | | 188,187 | (32,338) | (98,707) | (114,099) |
| Other receivables from related parties | | (64,929) | 93,175 | (24,887) | (69,208) |
| Other receivables | | (487,139) | 100,335 | (103,091) | (29,402) |
| Inventories | | (540,545) | 336,646 | - | - |
| Other current assets | | 2,354,119 | (1,461,555) | (212,494) | (18,674) |
| Trade accounts payable | | (273,487) | 264,806 | - | - |
| Other payables to related parties | | 241,083 | 67,018 | 353,337 | 256,855 |
| Other payables | | (3,202,677) | 1,012,786 | 85,045 | 21,985 |
| Other current liabilities | | 194,661 | (47,369) | 2,786 | (263,661) |
| Employee benefit paid | | (199,610) | (226,901) | (8,933) | (5,607) |
| Other non-current liabilities | | (27,999) | (7,364) | - | 26 |
| Cash generated from operating activities | | 29,245,519 | 33,207,845 | 3,375,905 | 4,074,974 |
| Income tax paid | | (6,965,318) | (3,634,833) | (153,841) | (367,396) |
| Net cash from operating activities | | 22,280,201 | 29,573,012 | 3,222,064 | 3,707,578 |

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

Thai Beverage Public Company Limited and its Subsidiaries
Statement of cash flows

| | Consolidated financial statements | | Separate financial statements | |
|---|---------------------------------------|---------------------|---------------------------------------|--------------------|
| | For the year ended 30 September | | For the year ended 30 September | |
| Note | 2018 | 2017 | 2018 | 2017 |
| | (in thousand Baht) | | | |
| Cash flows from investing activities | | | | |
| Interest received | 665,027 | 42,019 | 817,206 | 454,670 |
| Dividends received | 2,661,352 | 2,273,453 | 17,932,804 | 15,392,990 |
| Decrease (Increase) in current investments | (1,831,320) | 3,658 | - | - |
| Increase in loans to related parties | - | - | (44,810,575) | (15,757,081) |
| Decrease in loans to related parties | - | - | 40,496,720 | 11,317,210 |
| Cash outflow on acquisition of investments in subsidiaries | - | - | (190,632,921) | (230,980) |
| Cash inflow on investments in indirect subsidiaries | 618,999 | 9,467 | - | 7,500 |
| Cash outflow on acquisition of investments in indirect subsidiaries | - | (1,694) | - | - |
| Cash inflow on disposal of other long-term investment | 29,101 | 42,420 | - | - |
| Cash outflow on acquisition of other long-term investment | (2,500) | - | - | - |
| Sale of investment properties | 238 | - | - | - |
| Purchase of property, plant and equipment | (5,718,837) | (5,507,441) | (95,414) | (46,666) |
| Sale of property, plant and equipment | 451,772 | 155,969 | 41 | 744 |
| Purchase of other intangible assets | (1,718,150) | (49,769) | (6,513) | (17,902) |
| Sale of other intangible assets | 77,916 | 2,396 | - | 70 |
| Increase in other non-current assets | (393,313) | (23,779) | (197) | - |
| Cash outflow on acquisition of businesses | 4 (186,937,923) | - | - | - |
| Net cash from (used in) investing activities | (192,097,638) | (3,053,301) | (176,298,849) | 11,120,555 |
| Cash flows from financing activities | | | | |
| Interest paid | (4,693,483) | (791,059) | (4,658,836) | (1,974,620) |
| Deferred financing cost paid | (449,420) | - | (344,950) | - |
| Dividends paid to owners of the Company | (15,569,019) | (15,066,015) | (15,569,019) | (15,066,015) |
| Dividends paid to non-controlling interests | (565,311) | (95,560) | - | - |
| Bank overdrafts | 483,830 | (1,072,120) | - | - |
| Proceeds from short-term loans from financial institutions | 84,170,281 | 21,665,431 | 80,600,000 | 20,050,000 |
| Repayment of short-term loans from financial institutions | (86,558,312) | (18,343,772) | (82,600,000) | (18,050,000) |
| Proceeds from other short-term loan | - | 4,500 | - | - |
| Repayment of other short-term loan | (4,500) | - | - | - |
| Proceeds from short-term loans from related parties | - | - | 75,549,311 | 29,492,921 |
| Repayment of short-term loans from related parties | - | - | (78,956,665) | (43,395,323) |
| Proceeds from long-term loans from related parties | - | - | 8,142,830 | 27,494,000 |
| Repayment of long-term loans from related parties | - | - | (7,842,050) | (1,264,536) |
| Proceeds from debentures | 19 127,000,000 | - | 127,000,000 | - |
| Repayment of debentures | (299,300) | - | - | - |
| Proceeds from long-term loans from financial institutions | 163,866,361 | 8,000,000 | 100,000,000 | 8,000,000 |
| Repayment of long-term loans from financial institutions | (96,311,521) | (15,869,509) | (35,000,000) | (15,000,000) |
| Net cash from (used in) financing activities | 171,069,606 | (21,568,104) | 166,320,621 | (9,713,573) |
| Net increase (decrease) in cash and cash equivalents | 1,252,169 | 4,951,607 | (6,756,164) | 5,114,560 |
| Cash and cash equivalents at 1 October | 9,929,210 | 5,059,219 | 6,848,862 | 1,734,302 |
| Foreign currency translation differences for foreign operations | 334,697 | (81,616) | - | - |
| Cash and cash equivalents at 30 September | 11,516,076 | 9,929,210 | 92,698 | 6,848,862 |
| Current investments | 11,013,640 | - | - | - |
| Cash and cash at financial institutions | 6 22,529,716 | 9,929,210 | 92,698 | 6,848,862 |
| Non-cash items | | | | |
| Payable for acquisition of assets | 1,741,477 | 630,391 | 4,205 | 4,002 |
| Receivable from share-based payment | - | - | 4,351 | 18,536 |

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

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

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Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

These notes form an integral part of the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 26 November 2018.

1 General information

Thai Beverage Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 14 Vibhavadi Rangsit Road, Chomphon Sub-district, Chatuchak District, Bangkok, Thailand.

The Company was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) in May 2006.

The principal businesses of the Company are investment and management services. The principal businesses of Thai Beverage Public Company Limited and its subsidiaries, the “Group”, are the production and distribution of alcoholic and non-alcoholic beverages, and food. Details of the Company’s subsidiaries and associates as at 30 September 2018 and 2017 were as follows:

| Name of the entity | Type of business | Country of incorporation | Ownership interest (%) | |
|--|--|--------------------------|------------------------|--------|
| | | | 2018 | 2017 |
| <i>Direct subsidiaries</i> | | | | |
| 1. Beer Thai (1991) Plc. | Beer brewery and production of drinking water and soda water | Thailand | 100.00 | 100.00 |
| 2. Beer Thip Brewery (1991) Co., Ltd. | Beer brewery and production of drinking water and soda water | Thailand | 100.00 | 100.00 |
| 3. Cosmos Brewery (Thailand) Co., Ltd. | Beer brewery and production of drinking water and soda water | Thailand | 100.00 | 100.00 |
| 4. Sangsom Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 5. Fuengfuanant Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 6. Mongkolsamai Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 7. Thanapakdi Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 8. Kanchanasing Korn Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 9. Sura Bangyikhan Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 10. Athimart Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 11. S.S. Karnsura Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 12. Kankwan Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 13. Theparunothai Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 14. Red Bull Distillery (1988) Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 15. United Winery and Distillery Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 16. Simathurakij Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 17. Nateechai Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 18. Luckchai Liquor Trading Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 19. Sura Piset Thipparat Co., Ltd. | Spirits distillery | Thailand | 100.00 | 100.00 |
| 20. United Products Co., Ltd. | Production and distribution of spirits | Thailand | 100.00 | 100.00 |
| 21. Sura Piset Phatra Lanna Co., Ltd. | Holding company | Thailand | 100.00 | 100.00 |
| 22. Pomkit Co., Ltd. | Beer, drinking water and soda water distributor | Thailand | 100.00 | 100.00 |
| 23. Pomklung Co., Ltd. | Beer, drinking water and soda water distributor | Thailand | 100.00 | 100.00 |
| 24. Pomchok Co., Ltd. | Beer, drinking water and soda water distributor | Thailand | 100.00 | 100.00 |
| 25. Pomcharoen Co., Ltd. | Beer, drinking water and soda water distributor | Thailand | 100.00 | 100.00 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| Name of the entity | Type of business | Country of incorporation | Ownership interest (%) | |
|--|---|--------------------------|------------------------|--------|
| | | | 2018 | 2017 |
| <i>Direct subsidiaries (continued)</i> | | | | |
| 26. Pomburapa Co., Ltd. | Beer, drinking water and soda water distributor | Thailand | 100.00 | 100.00 |
| 27. Pompalang Co., Ltd. | Beer, drinking water and soda water distributor | Thailand | 100.00 | 100.00 |
| 28. Pomnakorn Co., Ltd. | Beer, drinking water and soda water distributor | Thailand | 100.00 | 100.00 |
| 29. Pomthip (2012) Co., Ltd. | Beer, drinking water and soda water distributor | Thailand | 100.00 | 100.00 |
| 30. Num Yuk Co., Ltd. | Spirits and non-alcoholic beverages distributor | Thailand | 100.00 | 100.00 |
| 31. Num Kijjakarn Co., Ltd. | Spirits and non-alcoholic beverages distributor | Thailand | 100.00 | 100.00 |
| 32. Num Palang Co., Ltd. | Spirits and non-alcoholic beverages distributor | Thailand | 100.00 | 100.00 |
| 33. Num Muang Co., Ltd. | Spirits and non-alcoholic beverages distributor | Thailand | 100.00 | 100.00 |
| 34. Num Nakorn Co., Ltd. | Spirits and non-alcoholic beverages distributor | Thailand | 100.00 | 100.00 |
| 35. Num Thurakij Co., Ltd. | Spirits and non-alcoholic beverages distributor | Thailand | 100.00 | 100.00 |
| 36. Numrungrud Co., Ltd. | Spirits and non-alcoholic beverages distributor | Thailand | 100.00 | 100.00 |
| 37. Numthip Co., Ltd. | Spirits and non-alcoholic beverages distributor | Thailand | 100.00 | 100.00 |
| 38. Modern Trade Management Co., Ltd. | Beer, spirits and non-alcoholic beverages distributor | Thailand | 100.00 | 100.00 |
| 39. Horeca Management Co., Ltd. | Beer, spirits and non-alcoholic beverages distributor | Thailand | 100.00 | 100.00 |
| 40. Cash Van Management Co., Ltd. | Beer, spirits and non-alcoholic beverages distributor | Thailand | 100.00 | 100.00 |
| 41. Thipchalothorn Co., Ltd. | Beer, spirits and non-alcoholic beverages agency | Thailand | 100.00 | 100.00 |
| 42. Krittayabun Co., Ltd. | Beer, spirits and non-alcoholic beverages agency | Thailand | 100.00 | 100.00 |
| 43. Surathip Co., Ltd. | Beer, spirits and non-alcoholic beverages agency | Thailand | 100.00 | 100.00 |
| 44. Sunthronpirom Co., Ltd. | Beer, spirits and non-alcoholic beverages agency | Thailand | 100.00 | 100.00 |
| 45. Piromsurang Co., Ltd. | Beer, spirits and non-alcoholic beverages agency | Thailand | 100.00 | 100.00 |
| 46. Thai Molasses Co., Ltd. | Trading of molasses | Thailand | 99.72 | 99.72 |
| 47. Feed Addition Co., Ltd. | Trading of feeds and fertilizer | Thailand | 100.00 | 100.00 |
| 48. Pan International (Thailand) Co., Ltd. | Trading of supplies and procurement | Thailand | 100.00 | 100.00 |
| 49. Charun Business 52 Co., Ltd. | Brick producer | Thailand | 100.00 | 100.00 |
| 50. Thai Cooperage Co., Ltd. | Oak barrel producer | Thailand | 100.00 | 100.00 |
| 51. Thai Beverage Energy Co., Ltd. | Production and distribution of biogas | Thailand | 100.00 | 100.00 |
| 52. Thai Beverage Recycle Co., Ltd. | Trading of bottles | Thailand | 100.00 | 100.00 |
| 53. Thai Beverage Logistics Co., Ltd. | Transportation and distribution | Thailand | 100.00 | 100.00 |
| 54. Thai Beverage Marketing Co., Ltd. | Advertising and marketing promotion | Thailand | 100.00 | 100.00 |
| 55. Dhospaak Co., Ltd. | Advertising agency | Thailand | 100.00 | 100.00 |
| 56. Chang International Co., Ltd. | Advertising and marketing services | Thailand | 100.00 | 100.00 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| Name of the entity | Type of business | Country of incorporation | Ownership interest (%) | |
|---|--|--------------------------|------------------------|--------|
| | | | 2018 | 2017 |
| <i>Direct subsidiaries (continued)</i> | | | | |
| 57. Thai Beverage Training Co., Ltd. | Training | Thailand | 100.00 | 100.00 |
| 58. Thai Beverage Brands Co., Ltd. | Trademark holding | Thailand | 100.00 | 100.00 |
| 59. Beer Chang Co., Ltd. | Trademark holding and production of beer concentrate | Thailand | 100.00 | 100.00 |
| 60. Archa Beer Co., Ltd. | Trademark holding and production of beer concentrate | Thailand | 100.00 | 100.00 |
| 61. Thai Drinks Co., Ltd. ⁸ | Distribution of beverages | Thailand | 100.00 | 100.00 |
| 62. Oishi Group Plc. | Japanese restaurants and distribution of foods and beverages | Thailand | 79.66 | 79.66 |
| 63. C A C Co., Ltd. | Management of the ASEAN Economic Community (AEC) centre | Thailand | 100.00 | 100.00 |
| 64. International Beverage Holdings Limited | Holding company | Hong Kong | 100.00 | 100.00 |
| 65. BevCo Limited ⁴ | Holding company | Thailand | 100.00 | 100.00 |
| 66. Chang Corporation Company Limited ⁴ | Holding company | Thailand | 100.00 | 100.00 |
| 67. BevTech Co., Ltd. | Production of plastic packaging and relating business | Thailand | 100.00 | 100.00 |
| 68. Namjai ThaiBev (Social Enterprise) Co., Ltd. | Social Enterprise | Thailand | 100.00 | 100.00 |
| 69. ASM Management Co., Ltd. | Asset management and service | Thailand | 100.00 | 100.00 |
| 70. Agent Management Co., Ltd. | Non-alcoholic beverages distributor | Thailand | 100.00 | 100.00 |
| 71. Foods Company Holdings Co., Ltd. | Holding company | Thailand | 100.00 | 100.00 |
| <i>Indirect subsidiaries</i> | | | | |
| 72. Thai Thum Distillery Co., Ltd. ⁹ | Production and distribution of spirits | Thailand | 99.90 | 99.90 |
| 73. Sura Piset Sahasan Co., Ltd. ¹⁰ | Trading of spirits | Thailand | 100.00 | 100.00 |
| 74. Sura Piset Sampan Co., Ltd. ¹¹ | Trading of spirits | Thailand | 100.00 | 100.00 |
| 75. Oishi Trading Co., Ltd. ² | Production and distribution of food and beverage | Thailand | 79.66 | 79.66 |
| 76. Oishi Ramen Co., Ltd. ² | Japanese restaurants | Thailand | 79.66 | 79.66 |
| 77. Oishi Food Service Co., Ltd. ² (Formerly name: Oishi Snack Co., Ltd.) | Serving future snack business expansion | Thailand | 79.66 | 79.66 |
| 78. Oishi International Holdings Limited ² | International distribution of beverage | Hong Kong | 79.66 | 79.66 |
| 79. Chang Beer International Co., Ltd. ¹² | Dormant | Thailand | 100.00 | 100.00 |
| 80. Maekhong Distillery Limited ¹³ | Consultancy service | Thailand | 100.00 | 100.00 |
| 81. Chang Corp Co., Ltd. ¹⁴ | Advertising and marketing services | Thailand | 100.00 | 100.00 |
| 82. BeerCo Limited ¹ | Holding company | Hong Kong | 100.00 | 100.00 |
| 83. Wellwater Limited ¹ | Holding company | Hong Kong | 100.00 | 100.00 |
| 84. Food of Asia Co., Ltd. ⁵ | Restaurant business | Thailand | 100.00 | 100.00 |
| 85. InterBev (Singapore) Limited ¹ | Marketing and trading of alcoholic beverages | Singapore | 100.00 | 100.00 |
| 86. InterBev (Cambodia) Co., Ltd. ¹ | Dormant | Cambodia | 100.00 | 100.00 |
| 87. InterBev Malaysia Sdn. Bhd. ¹ | Trading of beverage products and providing of marketing services | Malaysia | 100.00 | 100.00 |
| 88. Best Spirits Company Limited ¹ | Trading of alcoholic beverages | Hong Kong | 100.00 | 100.00 |
| 89. International Beverage Holdings (UK) Limited ¹ | Holding company | United Kingdom | 100.00 | 100.00 |
| 90. International Beverage Holdings (China) Limited ^{1, 18} | Holding company | Hong Kong | 100.00 | 100.00 |
| 91. Beer Chang International Limited ¹ | Dormant | Singapore | 100.00 | 100.00 |
| 92. International Beverage Trading Limited ¹ | Trading of alcoholic beverages | Bermuda | 100.00 | 100.00 |
| 93. InterBev Investment Limited ¹ | Holding company | Hong Kong | 100.00 | 100.00 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| Name of the entity | Type of business | Country of incorporation | Ownership interest (%) | |
|---|---|-------------------------------|------------------------|--------|
| | | | 2018 | 2017 |
| <i>Indirect subsidiaries (continued)</i> | | | | |
| 94. International Beverage Vietnam Company Limited ¹ | Trading of alcoholic beverages | Socialist Republic of Vietnam | 100.00 | 100.00 |
| 95. International Beverage Holdings (Singapore) Pte. Limited ¹ | Holding company | Singapore | 100.00 | 100.00 |
| 96. BevCo Limited ¹ | Dormant | Hong Kong | 100.00 | 100.00 |
| 97. International Beverage Trading (Hong Kong) Limited ¹ | Trading of alcoholic beverages | Hong Kong | 100.00 | - |
| 98. Havi Logistics (Thailand) Limited ¹⁶ | Providing supply to restaurant business | Thailand | 75.00 | - |
| 99. Havi Food Distribution (Thailand) Co., Ltd. ¹⁶ | Providing transport, transfer goods and public cold storage | Thailand | 75.00 | - |
| 100. Bangkok Art Biennale Management Co., Ltd. ¹⁷ | Advertising and marketing services | Thailand | 99.97 | - |
| <i>Subsidiaries of indirect subsidiaries</i> | | | | |
| 101. International Beverage Holdings Limited USA, Inc. ¹ | Trading of alcoholic beverages | United States of America | 100.00 | 100.00 |
| 102. Super Brands Company Pte. Ltd. ¹ | Trademark holding | Singapore | 100.00 | 100.00 |
| 103. Blairnhor Limited ¹ | Holding company | United Kingdom | 100.00 | 100.00 |
| 104. Inver House Distillers Limited ¹ | Production and distribution of spirits | United Kingdom | 100.00 | 100.00 |
| 105. InterBev Trading (China) Limited ¹ | Trading of alcoholic beverages | People's Republic of China | 100.00 | 100.00 |
| 106. Yunnan Yulinquan Liquor Co., Ltd. ¹ | Spirits distillery | People's Republic of China | 100.00 | 100.00 |
| 107. InterBev Trading (Hong Kong) Limited ¹ | Holding company and trading beverage products | Hong Kong | 100.00 | 100.00 |
| 108. Blairnhor Distillers Limited ¹ | Dormant | United Kingdom | 100.00 | 100.00 |
| 109. Wee Beastie Limited ¹ | Dormant | United Kingdom | 100.00 | 100.00 |
| 110. Moffat & Towers Limited ¹ | Dormant | United Kingdom | 100.00 | 100.00 |
| 111. Glen Calder Blenders Limited ¹ | Dormant | United Kingdom | 100.00 | 100.00 |
| 112. Hankey Bannister & Company Limited ¹ | Dormant | United Kingdom | 100.00 | 100.00 |
| 113. R. Carmichael & Sons Limited ¹ | Dormant | United Kingdom | 100.00 | 100.00 |
| 114. J MacArthur Junior & Company Limited ¹ | Dormant | United Kingdom | 100.00 | 100.00 |
| 115. Mason & Summers Limited ¹ | Dormant | United Kingdom | 100.00 | 100.00 |
| 116. James Catto & Company Limited ¹ | Dormant | United Kingdom | 100.00 | 100.00 |
| 117. The Knockdhu Distillery Co., Ltd. ¹ | Dormant | United Kingdom | 100.00 | 100.00 |
| 118. Speyburn-Glenlivet Distillery Co., Ltd. ¹ | Dormant | United Kingdom | 100.00 | 100.00 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| Name of the entity | Type of business | Country of incorporation | Ownership interest (%) | |
|---|--|------------------------------------|------------------------|--------|
| | | | 2018 | 2017 |
| <i>Subsidiaries of indirect subsidiaries (continued)</i> | | | | |
| 119. The Pulteney Distillery Co., Ltd. ¹ | Dormant | United Kingdom | 100.00 | 100.00 |
| 120. The Balblair Distillery Co., Ltd. ¹ | Dormant | United Kingdom | 100.00 | 100.00 |
| 121. Interbev Timor, Unipessoal, Lda ¹ | Dormant | Democratic Republic of Timor-Leste | 100.00 | 100.00 |
| 122. Asiaeuro International Beverage (Hong Kong) Limited ^{1, 18} | Trading and alcoholic beverages | Hong Kong | 51.00 | - |
| 123. Asiaeuro International Beverage (Guangdong) Co., Ltd. ^{1, 18} | Trading and alcoholic beverages | People's Republic of China | 51.00 | - |
| 124. Alliance Asia Investment Private Limited ¹ | Holding company | Singapore | 100.00 | - |
| 125. Alliance Strategic Investments Pte. Ltd. ¹ | Holding company | Singapore | 100.00 | - |
| 126. Myanmar Supply Chain and Marketing Services Co., Ltd. ¹ | Logistics and marketing service | Union of Myanmar | 75.00 | - |
| 127. Myanmar Distillery Co., Ltd. ¹ | Manufacturing and marketing of alcoholic beverages | Union of Myanmar | 75.00 | - |
| 128. International Beverage Trading Company Limited ¹⁵ | Trading of alcoholic beverages | Union of Myanmar | - | - |
| 129. Vietnam F&B Alliance Investment Joint Company ¹ | Holding company | Socialist Republic of Vietnam | 49.00 | - |
| 130. Vietnam Beverage Company Limited ¹ | Holding company | Socialist Republic of Vietnam | 49.00 | - |
| 131. Saigon Beer-Alcohol-Beverage Corporation ¹ | Production and distribution of beverage products, logistics, mechanical equipment manufacturing and property development | Socialist Republic of Vietnam | 26.26 | - |
| 132. Saigon Beer Western Joint Stock Company ¹ | Produce and trade beer | Socialist Republic of Vietnam | 13.39 | - |
| 133. Chuong Duong Beverages Joint Stock Company ¹ | Produce and trade beverage, canned foods and sub-materials | Socialist Republic of Vietnam | 16.30 | - |
| 134. Sai Gon - Quang Ngai Beer Joint Stock Company ¹ | Produce and trade beer | Socialist Republic of Vietnam | 17.48 | - |
| 135. Binh Tay Liquor Joint Stock Company ¹ | Produce and trade alcohol | Socialist Republic of Vietnam | 24.51 | - |
| 136. Sai Gon - Dong Xuan Beer Alcohol Joint Stock Company ¹ | Produce beer and beverage, and provide transportation services | Socialist Republic of Vietnam | 14.68 | - |
| 137. Saigon - Nghetinh Beer Joint Stock Company ¹ | Produce and trade beverage, canned foods and sub-materials | Socialist Republic of Vietnam | 14.37 | - |
| 138. Saigon - Songlam Beer Joint Stock Company ¹ | Produce and trade beer and beverage, import and export related materials | Socialist Republic of Vietnam | 18.06 | - |
| 139. Sai Gon – Ha Noi Beer Corporation ¹ | Produce and trade beer and beverage, import and export related materials | Socialist Republic of Vietnam | 13.68 | - |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| Name of the entity | Type of business | Country of incorporation Vietnam | Ownership interest (%) | |
|---|---|-------------------------------------|------------------------|------|
| | | | 2018 | 2017 |
| <i>Subsidiaries of indirect subsidiaries (continued)</i> | | | | |
| 140. Sai Gon Beer Trading Company Limited ¹ | Trade beer, alcohol and beverage | Socialist Republic of Vietnam | 26.26 | - |
| 141. Northern Sai Gon Beer Trading Joint Stock Company ¹ | Trade alcohol and beverage, transportation and warehousing | Socialist Republic of Vietnam | 24.87 | - |
| 142. Sai Gon Beer Bac Trung Bo Trading Joint Stock Company ¹ | Trade alcohol, beer, beverage, warehousing and transportation | Socialist Republic of Vietnam | 24.93 | - |
| 143. Saigon Beer Center Trading Joint Stock Company ¹ | Trading alcohol and non-alcohol drink, trading chemical, packaging, trade transportation by car | Socialist Republic of Vietnam | 24.79 | - |
| 144. Bia Saigon Mien Trung Trading Joint Stock Company ¹ | Trade alcohol, beer, beverage, warehousing and transportation by car | Socialist Republic of Vietnam | 23.96 | - |
| 145. Sai Gon Beer Tay Nguyen Trading Joint Stock Company ¹ | Trade alcohol, beer, beverage, warehousing and transportation | Socialist Republic of Vietnam | 23.63 | - |
| 146. Saigon Beer Nam Trung Bo Trading Joint Stock Company ¹ | Trade alcohol, beer, beverage, warehousing and transportation | Socialist Republic of Vietnam | 23.67 | - |
| 147. Sai Gon Beer Eastern Trading Joint Stock Company ¹ | Trade alcohol, beer, beverage, warehousing and transportation | Socialist Republic of Vietnam | 23.81 | - |
| 148. Saigon Song Tien Beer Trading Joint Stock Company ¹ | Trade alcohol, beer, beverage, warehousing and road transportation | Socialist Republic of Vietnam | 23.63 | - |
| 149. Saigon Song Hau Beer Trading Joint Stock Company ¹ | Trade alcohol, beer, beverage, warehousing, road and water-way transportation | Socialist Republic of Vietnam | 23.63 | - |
| 150. SA BE CO Mechanical Co.,Ltd ¹ | Manufacture equipments used in food manufacturing, installation and maintain machinery system and equipment | Socialist Republic of Vietnam | 26.26 | - |
| 151. Saigon Soc Trang Beer One Member Limited Company ¹ | Produce and trade beer, yeast malt, mineral water, bottled pure water | Socialist Republic of Vietnam | 13.39 | - |
| 152. Sai Gon Beer Northeast Trading Joint Stock Company ¹ | Trade alcohol, beer, beverage, warehousing and transportation | Socialist Republic of Vietnam | 23.75 | - |
| 153. Sai Gon - Ha Tinh Beer One Member Company Limited ¹ | Produce and trade beer, yeast malt, mineral water, bottled pure water | Socialist Republic of Vietnam | 26.26 | - |
| 154. Sai Gon Beer Packaging Joint Stock Company ¹ | Produce canned foods, carton and metal packaging products | Socialist Republic of Vietnam | 20.17 | - |
| 155. Saigon Beer Company Limited ¹ | Wholesale beverage | Socialist Republic of Vietnam | 26.26 | - |
| 156. Saigon Beer Group Company Limited ¹ | Wholesale beverage | Socialist Republic of Vietnam | 26.26 | - |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| Name of the entity | Type of business | Country of incorporation | Ownership interest (%) | |
|--|--|-------------------------------|------------------------|--------|
| | | | 2018 | 2017 |
| <i>Subsidiaries of indirect subsidiaries (continued)</i> | | | | |
| 157. Sermsuk Plc. ¹ | Production and distribution of beverages | Thailand | 64.67 | 64.67 |
| 158. Sermsuk Holdings Co., Ltd. ¹ | Holding company | Thailand | 64.67 | 64.67 |
| 159. Sermsuk Beverage Co., Ltd. ¹ | Production and distribution of beverages | Thailand | 64.67 | 64.67 |
| 160. Sermsuk Training Co., Ltd. ¹ | Human resources and organisation development services | Thailand | 64.67 | 64.67 |
| 161. Great Brands Limited ¹ | Brands management | Hong Kong | 64.67 | 64.67 |
| 162. Wrangyer Beverage (2008) Co., Ltd. ¹ | Production and distribution of energy drink | Thailand | 64.67 | 64.67 |
| 163. S.P.M. Foods & Beverages Co., Ltd. ¹ | Production and distribution of drinking water and energy drinks and spirits agency | Thailand | 99.84 | 99.84 |
| 164. Chang Beer Co., Ltd. ¹ | Holding company | Thailand | 100.00 | 100.00 |
| 165. So Water Company Limited ¹ | Holding company | Thailand | 100.00 | 100.00 |
| 166. Oishi F&B (Singapore) Pte. Ltd. ² | Brands management and consulting services | Singapore | 79.66 | 79.66 |
| 167. Oishi Myanmar Limited ² | Japanese restaurant business | Union of Myanmar | 43.81 | 43.81 |
| 168. Oishi Group Limited Liability Company ² | Marketing management consulting services | Socialist Republic of Vietnam | 79.66 | 79.66 |
| 169. Koykiao Co., Ltd. ⁷ | Food and beverage business | Thailand | 51.00 | 51.00 |
| 170. Max Asia Co., Ltd. ⁷ | Bakery business | Thailand | 70.00 | 70.00 |
| 171. Bistro Asia Co., Ltd. ⁷ | Restaurant business | Thailand | 100.00 | 100.00 |
| 172. The QSR of Asia Co., Ltd. ⁷ | Restaurant business | Thailand | 100.00 | 100.00 |
| 173. Spice of Asia Co., Ltd. ⁷ | Restaurant business | Thailand | 76.00 | - |
| <i>Associates of indirect subsidiaries</i> | | | | |
| 174. Fraser and Neave, Limited ³ | Manufacture and distribution of food and beverage and publishing and printing | Singapore | 28.48 | 28.50 |
| 175. Frasers Property Limited ³ (Formerly name : Frasers Centrepoint Limited) | Development and investment in property | Singapore | 28.33 | 28.39 |
| <i>Associates of subsidiary of indirect subsidiaries</i> | | | | |
| 176. Liquorland Limited ³ | Licences | United Kingdom | 49.49 | 49.49 |
| 177. Petform (Thailand) Co., Ltd. ⁶ | Manufacture and distribution of plastic packaging | Thailand | 25.87 | 25.87 |
| 178. Thanh Nam Consultant Investment - Engineering and Technology Transfer Joint Stock Company | Provide consulting construction and designing services | Socialist Republic of Vietnam | 7.50 | - |
| 179. Mechanical and Industrial Construction Joint Stock Company | Manufacture, install machinery, bridges and roads and industrial construction products | Socialist Republic of Vietnam | 6.83 | - |
| 180. Saigon Tay Do Beer and Beverage Joint Stock Company | Manufacture and trade alcohol, beer, beverage, soy milk, fruit juice | Socialist Republic of Vietnam | 7.25 | - |
| 181. Saigon Binh Tay Beer Group Joint Stock Company | Produce, process and trade food, beverage, beer, alcohol, construction materials, provide industrial and civil construction services | Socialist Republic of Vietnam | 5.63 | - |
| 182. Saigon - Baclieu Beer Joint Stock Company | Produce beer, alcohol and beverage | Socialist Republic of Vietnam | 2.68 | - |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| Name of the entity | Type of business | Country of incorporation Vietnam | Ownership interest (%) | |
|--|--|-------------------------------------|------------------------|------|
| | | | 2018 | 2017 |
| <i>Associates of subsidiary of indirect subsidiaries (continued)</i> | | | | |
| 183. Truong Sa Food - Food Business Joint Stock Company | Produce agricultural products and foods | Socialist Republic of Vietnam | 10.12 | - |
| 184. Saigon - Phutho Beer Joint Stock Company | Produce beer, alcohol and beverage | Socialist Republic of Vietnam | 8.01 | - |
| 185. Sai Gon - Mien Trung Beer Joint Stock Company | Produce and trade beer, alcohol, beverages and spare parts | Socialist Republic of Vietnam | 8.51 | - |
| 186. Tan Thanh Investment Trading Company Limited | Construction and real estates | Socialist Republic of Vietnam | 7.62 | - |
| 187. Sai Gon - Vinh Long Beer Joint Stock Company | Produce beer, alcohol and beverage | Socialist Republic of Vietnam | 5.25 | - |
| 188. Sai Gon - Kien Giang Beer Joint Stock Company | Produce and trade beer, alcohol, beverages and spare parts | Socialist Republic of Vietnam | 5.25 | - |
| 189. Sai Gon - Khanh Hoa Beer Joint Stock Company | Produce and trade beer, alcohol, beverages and spare parts | Socialist Republic of Vietnam | 6.83 | - |
| 190. Saigon - Bentre Beer Joint Stock Company | Produce beer, alcohol and beverage | Socialist Republic of Vietnam | 5.25 | - |
| 191. Saigon - Lamdong Beer Joint Stock Company | Produce beer, alcohol and beverage | Socialist Republic of Vietnam | 5.25 | - |
| <i>Joint Venture of indirect subsidiaries</i> | | | | |
| 192. Me Linh Point Limited | Real estate managements and office leasing | Socialist Republic of Vietnam | 9.19 | - |
| 193. Crown Beverage Cans Saigon Limited | Manufacture aluminium cans | Socialist Republic of Vietnam | 7.89 | - |
| 194. Malaya - Vietnam Glass Limited | Manufacture glass products | Socialist Republic of Vietnam | 7.88 | - |
| 195. San Miguel Yamamura Phu Tho Packaging Company Limited | Manufacture and trade metal packaging | Socialist Republic of Vietnam | 9.19 | - |
| 196. Vietnam Spirits and Wine Ltd. | Produce and trade alcohol and alcohol-related products | Socialist Republic of Vietnam | 11.82 | - |

¹ Direct or indirect subsidiaries of International Beverage Holdings Limited

² Direct or indirect subsidiaries of Oishi Group Plc.

³ Indirect associates of International Beverage Holdings Limited

⁴ 51% direct and 49% indirect share holding held by the Company

⁵ 25% direct and 75% indirect share holding held by the Company

⁶ Direct associates of Sermsuk Plc.

⁷ Direct subsidiaries of Food of Asia Co., Ltd.

Thai Beverage Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2018

- ⁸ 95% direct and 5% indirect share holding held by the Company
- ⁹ Direct subsidiary of Thai Cooperage Co., Ltd.
- ¹⁰ 41.45% share holding held by Thai Cooperage Co., Ltd., 40% share holding held by Thai Thum Distillery Co., Ltd. and 18.55% share holding held by Sura Piset Phatra Lanna Co., Ltd.
- ¹¹ Direct subsidiary of Sura Piset Sahasan Co., Ltd.
- ¹² Direct subsidiary of Beer Chang Co., Ltd.
- ¹³ Direct subsidiary of Sura Bangyikhan Co., Ltd.
- ¹⁴ Direct subsidiary of Thai Beverage Marketing Co., Ltd.
- ¹⁵ Control by virtue of an agreement with its shareholders
- ¹⁶ Direct and indirect subsidiary of Thai Beverage Logistics Co., Ltd.
- ¹⁷ Direct subsidiary of CAC Co., Ltd.
- ¹⁸ International Beverage Holdings (China) Limited, an indirect subsidiary of the Company, entered into Joint-Venture agreements with Asia Group Corporate Limited on 1 June 2018 in relation to the establishment of Asiaeuro International Beverage (Hong Kong) Limited which incorporated on 26 June 2018 and with Asiaeuro Wines & Spirits (Shenzhen) Co., Ltd. in relation to the establishment of Asiaeuro International Beverage (Guangdong) Co., Ltd. which incorporated on 24 July 2018. In addition, Asiaeuro International Beverage (Hong Kong) Limited and Asiaeuro International Beverage (Guangdong) Co., Ltd. have entered into Asset Purchase agreements in September 2018 with respectively Asia Euro Wines & Spirits (H.K.) Limited and Asiaeuro Wines & Spirits (Shenzhen) Co., Ltd., the preliminary amount of the consideration is approximately Baht 348 million including VAT. The completion of the Joint-Venture agreements and Asset Purchase agreements are in progress.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the related Securities and Exchange Commission.

The FAP has issued the new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 42.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

| <i>Items</i> | <i>Measurement bases</i> |
|---|---|
| the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed from Acquisition of businesses | Fair value measured on a provisional basis |
| Available-for-sale financial assets | Fair value |
| Land | Fair value |
| Employee benefit obligations | Present value of the defined benefit obligation, as explained in Note 3 (o) |

Thai Beverage Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2018

(c) *Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information has been rounded in the financial statements and in the notes to the financial statements to the nearest thousand and million unless otherwise stated.

(d) *Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainty that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

| | |
|-----------------|--|
| Note 3 (v) | Current and deferred taxation |
| Note 4 (d), (e) | Acquisition of businesses: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed, measured on a provisional basis |
| Note 10 | Impairment test key assumptions underlying recoverable amount of investments in associates and joint ventures |
| Note 14 | Impairment test key assumptions underlying recoverable amount of property, plant and equipment |
| Note 15 | Impairment test key assumptions underlying recoverable amount of goodwill |
| Note 17 | Utilisation of tax losses and temporary differences |
| Note 23 | Measurement of employee benefit obligations |
| Note 26 | Measurement of share-based payments - Long-term incentive plan |
| Note 38 | Valuation of financial instruments |

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief finance officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
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Significant valuation issues are reported to the Group Audit Committee.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 Acquisition of businesses
- Note 13 Investment properties
- Note 14 Property, plant and equipment
- Note 38 Financial instruments

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries and joint operations (together referred to as the “Group”) and the Group’s interests in associates and joint ventures.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group as describe in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Thai Beverage Public Company Limited and its Subsidiaries

Notes to the financial statements

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Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within the Group's equity except that any share capital of the acquired entities is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity.

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Thai Beverage Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2018

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealised gains arising from transactions with equity-accounted investee are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the reporting date.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are stated at exchange rates at the reporting date.

Thai Beverage Public Company Limited and its Subsidiaries

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The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

(c) *Derivative financial instruments*

Derivative financial instruments are used to manage exposure to foreign exchange and commodity price risks arising from operational, financing and investment activities. Derivative financial instruments are not used for trading purposes.

Forward exchange contracts and forward commodity price contracts are treated as off-statements of financial position items and accounted for on a cash settlement basis.

(d) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) *Trade and other accounts receivable*

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) *Inventories*

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

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Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) *Non-current assets classified as held for sale*

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(h) *Investments*

Investments in associates, subsidiaries and joint ventures

Investments in associates, subsidiaries and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and joint ventures in the consolidated financial statements are accounted for using the equity method.

Investments in other debt and equity securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Marketable equity securities are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of available-for-sale is determined as the quoted bid price at the reporting date.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

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(i) *Investment properties*

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follow:

| | |
|-----------------------------|----------------|
| Buildings and constructions | 1.5 - 38 years |
|-----------------------------|----------------|

(j) *Property, plant and equipment*

Recognition and measurement

Owned assets

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses except for land which is stated at its revalued amount. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

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Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity. The Group's policy requires an appraisal to be conducted every three to five years or when there are factors that might materially impact the value of the land, to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation surplus in other components of equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

| | |
|--|-----------------|
| Land improvement | 3 to 30 years |
| Buildings and constructions | 1.5 to 40 years |
| Building improvements | 5 to 30 years |
| Machinery and equipment | 3 to 40 years |
| Oak barrels | 10 to 20 years |
| Furniture, fixtures and office equipment | 3 to 15 years |
| Vehicles | 3 to 10 years |

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition are described in Note 3 (a). Subsequent to initial recognition, goodwill are measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill are included in the carrying amount of the

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investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

Research and development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets that are acquired by the Group and have indefinite useful lives i.e. trademarks are measured at cost less accumulated impairment losses. They are not amortised but tested for impairment annually or more frequently if there is any impairment indicator. The assessment of the classification of intangible assets as indefinite is reviewed annually.

Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

| | |
|-------------------|---------------------------|
| Computer software | 2 to 10 years |
| Trademarks | 8 to 20 years, indefinite |
| Licences | 10 years |
| Rights | 5 to 10 years |

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Leasehold rights amortisation is recognised in profit or loss on a straight-line basis over the agreement period.

(l) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

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An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(o) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

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Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) *Share-based payments*

The grant-date fair value of equity-settled share-based payment awards granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

(q) *Provisions*

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(r) *Difference arising from common control transactions*

Difference arising from common control transactions relates to the restructuring of businesses under the common control of the ultimate majority equity holder of the Group and arises from the difference between the cost of the combination and the carrying amounts of net identifiable assets at the date of combination (except for businesses acquired that are not under common control, net identifiable assets are measured at the fair value). The Group recognises the difference arising from common control transactions under equity until disposal of the investment.

(s) *Revenue*

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates.

Sale of goods

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

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Rendering of services

The Group recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

Investments

Revenue from investments comprises rental income from investment properties and dividend and interest income from investments and bank deposits.

Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income over the term of lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established.

Interest income

Interest income is recognised in profit or loss as it accrues.

(t) Finance cost

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial year of time to be prepared for its intended use or sale.

(u) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfillment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

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At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(v) *Income tax*

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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(w) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(x) Segment reporting

Segment results that are reported to the Group's CEO (the chief operating decision marker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly net foreign exchange gain or loss, parts of loans and related finance costs and some items of investments.

4 Acquisition of businesses

(a) Spice of Asia Co., Ltd.

On 3 October 2017, Food of Asia Co., Ltd., the Company's indirect subsidiary, completed the acquisition of 76% equity interest in Spice of Asia Co., Ltd. ("Spice of Asia") which runs Thai restaurants from third-party vendors as per the sale and purchase of share agreement dated 28 September 2017 for a cash consideration of Baht 114.5 million. The transaction is accounted for as a business combination. Subsequent to completion of the acquisition, Spice of Asia became an indirect subsidiary of the Company. During the period from acquisition date to 30 September 2018, the business contributed revenue of Baht 132.97 million and net loss of Baht 4.95 million to the Group's results.

Management believes that the acquisition will enhance expansion and further development of food business.

Identifiable assets acquired and liabilities assumed

| | <i>Note</i> | Fair value <i>(in million Baht)</i> |
|---|-------------|---|
| Cash and cash equivalents | | 1 |
| Inventories | | 2 |
| Property, plant and equipment | 14 | 28 |
| Intangible assets | 16 | 43 |
| Deferred tax | 17 | (5) |
| Other assets/(liabilities), net | | 18 |
| Net identifiable assets acquired and liabilities assumed | | 87 |
| NCI based on their proportionate interest in the recognised amount of net identifiable asset acquired and liabilities assumed | | (36) |
| Fair value of identifiable assets acquired and liabilities assumed | | 51 |
| Goodwill | 15 | 64 |
| Total consideration | | 115 |
| Cash acquired | | (1) |
| Net consideration - paid | | 114 |

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During the year ended 30 September 2018, the Group incurred acquisition-related costs of Baht 0.82 million. This amount has been presented separately in the consolidated statement of income for the year ended 30 September 2018.

The Group engaged an independent appraiser to appraise the fair value of identifiable of assets acquired and liabilities assume, and allocation of acquisition date fair value at the acquisition date. The process of appraisal of the fair value and allocation had been completed during the year ended 30 September 2018.

(b) Grand Royal group

On 12 October 2017, International Beverage Holdings (Singapore) Pte. Limited (“IBHL Singapore”), the Company’s indirect subsidiary, completed the acquisition of an aggregate 75% interest in the shares of Myanmar Supply Chain and Marketing Services Co., Ltd. (“MSC”) and Myanmar Distillery Co., Ltd. (“MDC”) which operate spirit production and distribution business in Republic of the Union of Myanmar from third-party vendors through direct acquisition of 5% stake in MSC and MDC and indirect acquisition of 70% stake in MSC and MDC through the acquisition of 100% of the shares in Alliance Asia Investment Private Limited (“AAIPL”), and Alliance Strategic Investments Pte. Ltd. (“ASIPL”), which are companies incorporated in Singapore, holding an aggregate of 70% of the shares in MSC and MDC. The total considerations are USD 741.6 million. The transaction is accounted for as a business combination. Subsequent to completion of the acquisition, MSC, MDC, AAIPL and ASIPL became an indirect subsidiary of the Company. During the period from acquisition date to 30 September 2018, the business contributed revenue of Baht 7,400.82 million and net profit of Baht 2,089.84 million to the Group’s results.

Management has determined that the Group controls three entities which are MSC, MDC and International Beverages Trading Company Limited. (“IBTC”). The Group controls IBTC by virtue of an agreement with its other shareholders; the Group has control over IBTC because the Group received substantially all of the returns related to their operation and net assets. These entities perform distribution activities exclusively for the Group and has the current ability to direct these entities activities that most significantly affect these returns.

Management believes that the acquisition will enhance the expansion of spirit business in ASEAN. Grand Royal Group is the largest producer and distributor in Myanmar whisky market, with top selling whisky brand and strong distribution capabilities. These are the main factors that cause goodwill arising from the acquisition.

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Identifiable assets acquired and liabilities assumed

| | <i>Note</i> | Fair value <i>(in million Baht)</i> |
|---|-------------|---|
| Cash and cash equivalents | | 830 |
| Accounts receivable | | 1,444 |
| Inventories | | 670 |
| Property, plant and equipment | 14 | 929 |
| Intangible assets | 16 | 10,758 |
| Accounts payable | | (159) |
| Deferred tax | 17 | (2,523) |
| Other assets/(liabilities), net | | (148) |
| Net identifiable assets acquired and liabilities assumed | | 11,801 |
| NCI based on their proportionate interest in the recognised amount of net identifiable asset acquired and liabilities assumed | | (3,680) |
| Fair value of identifiable assets acquired and liabilities assumed | | 8,121 |
| Goodwill | 15 | 16,456 |
| Total consideration | | 24,577 |
| Cash acquired | | (830) |
| Net consideration - paid | | 23,747 |

During the year ended 30 September 2018, the Group incurred acquisition-related costs of Baht 89.18 million. This amount has been presented separately in the consolidated statement of income for the year ended 30 September 2018.

The Group engaged an independent appraiser to appraise the fair value of identifiable of assets acquired and liabilities assume, and allocation of acquisition date fair value at the acquisition date. The process of appraisal of the fair value and allocation had been completed during the year ended 30 September 2018.

(c) KFC stores

On 1 December 2017, The QSR of Asia Co., Ltd., the Company's subsidiary of indirect subsidiary, completed the acquisition of 252 existing KFC stores in Thailand from Yum Restaurants International (Thailand) Co., Ltd. ("YRIT") for total consideration of Baht 10.9 billion according to the Asset Sale and Purchase Agreement ("ASPA") dated 8 August 2017. The transaction is accounted for as a business combination. During the period from acquisition date to 30 September 2018, the business contributed revenue of Baht 6,130.70 million and net profit of Baht 149.20 million to the Group's results.

Management believes that the acquisition will accelerate expansion and further development of food business, as well as provide a collaboration with beverage business together with an access to large customer base. These are the main factors that cause goodwill arising from the acquisition.

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Identifiable assets acquired and liabilities assumed

| | <i>Note</i> | Fair value <i>(in million Baht)</i> |
|---|-------------|---|
| Cash and cash equivalents | | 7 |
| Inventories | | 268 |
| Property, plant and equipment | 14 | 1,962 |
| Intangible assets and leasehold rights | 16 | 687 |
| Other assets/(liabilities), net | | 84 |
| Fair value of identifiable assets acquired and liabilities assumed | | 3,008 |
| Goodwill | 15 | 7,858 |
| Total consideration | | 10,866 |
| Cash acquired | | (7) |
| Net consideration - paid | | 10,859 |

During the year ended 30 September 2018, the Group incurred acquisition-related costs of Baht 54.31 million. This amount has been presented separately in the consolidated statement of income for the year ended 30 September 2018.

The Group engaged an independent appraiser to appraise the fair value of identifiable of assets acquired and liabilities assume, and allocation of acquisition date fair value at the acquisition date. The process of appraisement of the fair value and allocation had been completed during the year ended 30 September 2018.

The valuation techniques use for measuring the fair value of material assets acquired of Spice of Asia, Grand Royal group and KFC stores were as follows:

| Assets acquired | Valuation technique |
|-------------------------------|--|
| Property, plant and equipment | <i>Market comparison technique and cost technique:</i> The valuation model considers market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. |
| Intangible assets | <i>Relief-from-royalty method:</i> The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as a result of the patents being owned. |

(d) Saigon Beer - Alcohol - Beverage Corporation

On 29 December 2017, Vietnam Beverage Company Limited, (“Vietnam Beverage”) the Company’s indirect subsidiary, completed the acquisition of 53.59% equity interest in Saigon Beer - Alcohol - Beverage Corporation (“SABECO”) which operate beer production and distribution business in Socialist Republic of Vietnam, from third-party vendors as per the share transfer contract dated 18 December 2017 for a cash consideration of VND 109,965,627.84 million. The transaction is accounted for as a business combination. Subsequent to completion of the acquisition, SABECO became a subsidiary of indirect subsidiary of the Company. During the period from acquisition date to 30 September 2018, the business contributed revenue of Baht 43,440.97 million and net profit of Baht 4,773.94 million to the Group’s results.

Before the acquisition date, the Company, through its indirect subsidiaries, BeerCo Limited has enter into security agreement with other shareholders of Vietnam F&B Alliance Investment Joint Stock Company (“Vietnam F&B”), an immediate parent company of Vietnam Beverage, to secure equity interest that other shareholder has in Vietnam F&B as the condition specified in the agreement.

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Management believes that the acquisition will enable the expansion of business into Vietnam which has young population base, and also the largest beer market and one of the strongest growth countries in ASEAN. Also, the acquisition will lead to an extensive distribution network across Vietnam. These are the main factors that cause goodwill arising from the acquisition.

Consideration transferred

| | Fair value <i>(in million Baht)</i> |
|---|---|
| Cash | 159,840 |
| Dividend received before acquisition business | (1,684) |
| | <u>158,156</u> |

Identifiable assets acquired and liabilities assumed

| | <i>Note</i> | Recognised values <i>(in million Baht)</i> |
|---|-------------|--|
| Cash and cash equivalents | | 5,976 |
| Current investment | | 9,182 |
| Accounts receivable | | 232 |
| Inventories | | 2,857 |
| Investments in associates and joint ventures | 10 | 2,418 |
| Property, plant and equipment | 14 | 6,590 |
| Intangible assets and leasehold rights | 16 | 1,520 |
| Deferred tax | 17 | 167 |
| Accounts payable | | (2,828) |
| Other assets/(liabilities), net | | (5,926) |
| Net identifiable assets acquired and liabilities assumed | | <u>20,188</u> |
| NCI based on their proportionate interest in the recognised amount of net identifiable asset acquired and liabilities assumed | | (10,148) |
| Fair value of identifiable assets acquired and liabilities assumed | | <u>10,040</u> |
| Provisional goodwill | 15 | 148,116 |
| Total consideration | | <u>158,156</u> |
| Cash acquired | | (5,976) |
| Net consideration - paid | | <u>152,180</u> |

Included in identified assets, there are land use rights estimated value of VND 735,380 million (Baht 1,030 million) which the Ministry of Industry and Trade in Vietnam has allowed SABECO to use these land. SABECO is in the process of preparing the land rental contracts with People's Committee of Ho Chi Minh city.

During 2018, SABECO received a request from tax authorities to make late payment penalties and interest on special consumption tax. SABECO has engaged with various relevant authorities and is still awaiting further advice.

During the year ended 30 September 2018, the Group incurred acquisition-related costs of Baht 2,206.15 million. This amount has been presented separately in the consolidated statement of income for the year ended 30 September 2018.

An independent appraiser has been appointed to determine the fair value of the acquired businesses but the report of the appraiser is not yet completed as at the date of approval of these consolidated financial statements. Accordingly, the fair value of assets acquired and liabilities assumed have been provisionally determined at the acquisition date.

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(e) Havi Logistic (Thailand) Co., Ltd.

On 28 February 2018, Thai Beverage logistic Co., Ltd., the Company's direct subsidiary, completed the acquisition of 75% equity interest in Havi Logistic (Thailand) Co., Ltd. ("Havi") which operates logistic businesses for food services in Thailand from third-party vendors as per the sale and purchase of share agreement dated 14 February 2018 for a cash consideration of Baht 240 million. The transaction is accounted for as a business combination. Subsequent to completion of the acquisition, Havi became an indirect subsidiary of the Company. During the period from acquisition date to 30 September 2018, the business contributed revenue of Baht 100.01 million and net profit of Baht 1.03 million to the Group's results.

Management believes that the acquisition will enable the expansion of logistics business to cold chain logistics and multi-temperature food distribution, as well as build a strong platform for food business expansion. These are the main factors that cause goodwill arises from acquisition.

Identifiable assets acquired and liabilities assumed

| | <i>Note</i> | Recognised values (in million Baht) |
|---|-------------|--|
| Cash and cash equivalents | | 203 |
| Accounts receivable | | 195 |
| Inventories | | 67 |
| Property, plant and equipment | 14 | 60 |
| Deferred tax | 17 | 2 |
| Accounts payable | | (382) |
| Other assets/(liabilities), net | | (26) |
| Net identifiable assets acquired and liabilities assumed | | 119 |
| NCI based on their proportionate interest in the recognised amount of net identifiable asset acquired and liabilities assumed | | (30) |
| Fair value of identifiable assets acquired and liabilities assumed | | 89 |
| Provisional goodwill | 15 | 151 |
| Total consideration | | 240 |
| Cash acquired | | (203) |
| Net consideration - paid | | 37 |

During the year ended 30 September 2018, the Group incurred acquisition-related costs of Baht 1.01 million. This amount has been presented separately in the consolidated statement of income for the year ended 30 September 2018.

An independent appraiser has been appointed to determine the fair value of the acquired businesses but the report of the appraiser is not yet completed as at the date of approval of these consolidated financial statements. Accordingly, the fair value of assets acquired and liabilities assumed have been provisionally determined at the acquisition date.

During the period from acquisition date to 30 September 2018, these acquired businesses contributed revenue of Baht 57,205.47 million and profit of Baht 7,009.06 million to the Group's result. If the acquisition had occurred on 1 October 2017, management estimates that the consolidated revenue and consolidated profit for the year ended 30 September 2018 would have been Baht 251,327.49 million and Baht 22,144.90 million, respectively. In determining these amounts, management has assumed

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that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 October 2017.

The Group has applied Thai Financial Reporting Standard No.3 (revised 2016) *Business Combinations* in recognised the purchase of these businesses. In accordance with TFRS3, management is required to make a preliminary assessment of the fair values of businesses acquired as at the acquisition date. During the measurement period, which must not exceed one year from the acquisition date, the acquirer shall retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

For acquisitions of SABECO and Havi, finalisations of the fair values of businesses are dependent on determination of the ultimate purchase price and completion of the purchase price allocation exercise.

Goodwill

Additional goodwill which are arising from business acquisition during the year recognised in consolidated statement of financial position as at 30 September 2018 are as following:

| | <i>Note</i> | 30 September 2018 <i>(in million Baht)</i> |
|---|-------------|--|
| Spice of Asia Co., Ltd. | 4(a) | 64 |
| Grand Royal group | 4(b) | 16,456 |
| KFC stores | 4(c) | 7,858 |
| Saigon Beer - Alcohol - Beverage Corporation | 4(d) | 148,116 |
| Havi Logistic (Thailand) Co., Ltd. | 4(e) | 151 |
| | | <hr/> 172,645 |
| Effect of foreign currency exchange differences | | (8,370) |
| Total goodwill | | <hr/> 164,275 <hr/> |

5 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties other than direct subsidiaries, indirect subsidiaries, subsidiaries of indirect subsidiaries, associates of indirect subsidiaries and associates of subsidiary of indirect subsidiaries (as presented in Note 1) were as follows:

| Name of entities | Country of incorporation/ nationality | Nature of relationships |
|----------------------------------|---|---|
| 1. Thai Alcohol Plc. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 2. Sint Ek Panich Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 3. Banglen Agriculture Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 4. Pisetkij Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |

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| Name of entities | Country of incorporation/ nationality | Nature of relationships |
|--|--|---|
| 5. Thip Sugar Kamphaengphet Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 6. The Chonburi Sugar Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 7. Thai Agro Products Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 8. Thip Sugar Sukhothai Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 9. The Suphanburi Sugar Industry Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 10. The Southeast Insurance Plc. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 11. The Southeast Life Insurance Plc. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 12. Southeast Capital Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 13. T.C.C. Technology Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 14. Thai Glass Industries Plc. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 15. Bang-Na Glass Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 16. TCC Hotel Collection Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 17. Terragro Bio-Tech Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 18. BJC Industrial and Trading Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 19. North Park Real Estate Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 20. TCC PD 11 Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 21. Thippatana Arcade Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 22. Siam Food Products Plc. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 23. BJC Healthcare Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 24. Wattanapat Trading Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 25. Silvercord Capital (Singapore) Limited | Singapore | Directors and controlling equity holders hold substantial shares indirectly |
| 26. Plantheon Trading Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 27. Eastern Chemical Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 28. Mosho Entertainment Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 29. Commercial Solution Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |

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| Name of entities | Country of incorporation/ nationality | Nature of relationships |
|---|--|---|
| 30. TCCCL Ladphao Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 31. F&B International Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 32. Sub Permpoon 8 Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 33. The Street Retail Development Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 34. Sub Mahakij 8 Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 35. Waste Recycling Management Center Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 36. Gaewsarnsiri Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 37. TCC Land Development Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 38. P.I.T. Factory Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 39. Lake View Golf And Yacht Club Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 40. Excellent Energy International Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 41. Thai Retail Investment Fund | Thailand | Directors and controlling equity holders are the indirect principle unit holder |
| 42. TCC Land Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 43. Thai Malaya Glass Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 44. Berli Jucker Foods Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 45. Dhanasindhi Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 46. Business Process Outsourcing Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 47. Berli Jucker Plc. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 48. Gaew Grung Thai Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 49. Phatra Leasing Plc. | Thailand | Common directors with an indirect subsidiary |
| 50. N.C.C. Management and Development Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 51. InterContinental Singapore | Singapore | Directors and controlling equity holders hold substantial shares indirectly |
| 52. TCC Hotel Asset Management Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 53. TCC Logistics & Warehouse Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 54. Riverside Homes Development Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |

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| Name of entities | Country of incorporation/ nationality | Nature of relationships |
|--|--|---|
| 55. SMJC Real Estate Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 56. Big C Supercenter Plc. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 57. CW Towers Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 58. BJC Specialties Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 59. Phu Thai Group Joint Stock Company | Specialist Republic of Vietnam | Directors and controlling equity holders hold substantial shares indirectly |
| 60. Asset World Retail Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 61. Lertrattakarn Co., Ltd. | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 62. Golden Ventures Leasehold Real Estate Investment Trust | Thailand | Directors and controlling equity holders hold principle unit indirectly |
| 63. New Noble Property and Loan Fund | Thailand | Directors and controlling equity holders are the indirect principle unit holder |
| 64. Best Fortune Property and Loan Fund | Thailand | Directors and controlling equity holders are the indirect principle unit holder |
| 65. Regent Gold Property Fund | Thailand | Directors and controlling equity holders are the indirect principle unit holder |
| 66. Thai Commercial Investment Freehold and Leasehold Fund | Thailand | Directors and controlling equity holders are the indirect principle unit holder |
| 67. Plaza Athenee Hotel (Thailand) Co., Ltd. | Thailand | Directors and controlling equity holders are the directors and hold substantial shares indirectly |
| 68. North Park Golf And Sports Club Co., Ltd. | Thailand | Directors and controlling equity holders are the directors and hold substantial shares indirectly |
| 69. Thai Beverage Can Co., Ltd. | Thailand | Directors and controlling equity holders hold 50% shares indirectly |
| 70. Dhamma Land Property Development Co., Ltd. | Thailand | Directors and controlling equity holders are relatives of indirect substantial shares holders |
| 71. PS Recycle Co., Ltd. | Thailand | Directors and controlling equity holders are relatives of controlling person |
| 72. T.C.C. International Limited | Hong Kong | Controlling equity holders hold substantial shares indirectly |
| 73. Best Wishes Co., Ltd. | Hong Kong | Controlling equity holders hold substantial shares indirectly |
| 74. Bangkok Glass Co., Ltd. | Thailand | A subsidiary holds shares |
| 75. The Pet Co., Ltd. | Thailand | A subsidiary holds shares |
| 76. Crown Seal Plc. | Thailand | A subsidiary holds shares |
| 77. TCC Holding Co., Ltd. | Thailand | Having common controlling equity holders |
| 78. TCC Assets Ltd. | British Virgin Islands | Directors and controlling equity holders hold substantial shares directly |
| 79. Golden Land Property Development Public Co., Ltd. | Thailand | Directors and equity holders hold substantial shares indirectly |

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| Name of entities | Country of incorporation/ nationality | Nature of relationships |
|--|--|---|
| 80. Pacific Leisure (Thailand) Limited | Thailand | Directors and controlling equity holders hold substantial shares indirectly |
| 81. F&N Group and related parties of F&N Group | Singapore | A indirect subsidiary holds 28.48% share in Fraser and Neave, Limited |
| 82. FPL Group and related parties of FPL Group | Singapore | An indirect subsidiary holds 28.33% shares in Frasers Property Limited |
| 83. SABECO Group and related parties of SABECO Group | Specialist Republic of Vietnam | An indirect subsidiary holds 26.26% share in Saigon Beer-Alcohol Beverage Corporation. |
| 84. Key management personnel | Thailand | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director (whether executive or otherwise) of the Group/ Company. |

The pricing policies for transactions with related parties are explained further below:

Transactions

Revenue from sale of goods
Revenue from rendering of services
Purchase of goods/raw materials
Receiving of services
Purchase and sale of property, plant and equipment
Purchase and sale of investments
Interest income and interest expense

Pricing policies

Agreed prices which approximate market prices
Contractual prices
Agreed prices which approximate market prices
Contractual prices
Contractual prices
Contractual prices
Rate as mutually agreed with reference interest rates quoted by financial institutions

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Significant transactions for the year ended 30 September with related parties were as follows:

| | | Consolidated | | Separate | |
|--|-------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | <i>Note</i> | financial statements | financial statements | financial statements | financial statements |
| | | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in million Baht)</i> | | | |
| Subsidiaries | | | | | |
| Management fees | | - | - | 6,935 | 6,991 |
| Cost of rendering of services | | - | - | 818 | 497 |
| Interest income | | - | - | 760 | 431 |
| Interest expense | | - | - | 1,351 | 1,279 |
| Dividend income | 11 | - | - | 17,933 | 15,393 |
| Other income | | - | - | 60 | 4 |
| Administrative expenses | | - | - | 43 | 26 |
| Associates | | | | | |
| Dividend income | 10 | 2,638 | 2,268 | - | - |
| Key management personnel | | | | | |
| Key management personnel compensation | | | | | |
| Short-term employee benefits | | 434 | 440 | 392 | 405 |
| Post-employment benefits | | 18 | 18 | 18 | 18 |
| Expenses in relation to long-term incentive plan | | 18 | 8 | 18 | 8 |
| Total key management personnel compensation | | 470 | 466 | 428 | 431 |
| Other related parties | | | | | |
| Revenue from sale of goods | | 8,812 | 3,399 | - | - |
| Purchases of raw materials and packaging | | 14,665 | 10,063 | - | - |
| Overhead costs | | 382 | 315 | - | - |
| Cost of rendering of services | | - | - | 387 | 336 |
| Dividend income | | 4 | 6 | - | - |
| Other income | | 206 | 165 | 10 | 3 |
| Distribution costs and administrative expenses | | 3,779 | 1,887 | 20 | 18 |
| Purchases of plant and equipment | | 493 | 477 | 59 | 7 |
| Prepaid leasehold rights | | 1,543 | - | - | - |

Balances as at 30 September with related parties were as follows:

Trade accounts receivable from related parties

| | Consolidated | | Separate | |
|-----------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Subsidiaries | - | - | 668 | 569 |
| Associates | 110 | 47 | - | - |
| Other related parties | 279 | 241 | - | - |
| Total | 389 | 288 | 668 | 569 |

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Short-term loans to and other receivables from related parties

| | Consolidated financial statements | | | | | | Separate financial statements | | | | | |
|-----------------------|-----------------------------------|-------------------|------------|---------------------|-------------------|------------|-------------------------------|-------------------|--------------|---------------------|-------------------|---------------|
| | 2018 | | | 2017 | | | 2018 | | | 2017 | | |
| | Short-term loans to | Other receivables | Total | Short-term loans to | Other receivables | Total | Short-term loans to | Other receivables | Total | Short-term loans to | Other receivables | Total |
| | <i>(in million Baht)</i> | | | | | | | | | | | |
| Subsidiaries | - | - | - | - | - | - | 5,043 | 123 | 5,166 | 11,351 | 104 | 11,455 |
| Associates | - | 423 | 423 | - | 168 | 168 | - | - | - | - | - | - |
| Joint ventures | - | 80 | 80 | - | - | - | - | - | - | - | - | - |
| Other related parties | - | 250 | 250 | - | 149 | 149 | - | 79 | 79 | - | 93 | 93 |
| Total | - | 753 | 753 | - | 317 | 317 | 5,043 | 202 | 5,245 | 11,351 | 197 | 11,548 |

Long-term loans to and other receivables from related parties

| | Consolidated financial statements | | | | | | Separate financial statements | | | | | |
|-----------------------|-----------------------------------|-------------------|------------|--------------------|-------------------|------------|-------------------------------|-------------------|---------------|--------------------|-------------------|-----------|
| | 2018 | | | 2017 | | | 2018 | | | 2017 | | |
| | Long-term loans to | Other receivables | Total | Long-term loans to | Other receivables | Total | Long-term loans to | Other receivables | Total | Long-term loans to | Other receivables | Total |
| | <i>(in million Baht)</i> | | | | | | | | | | | |
| Subsidiaries | - | - | - | - | - | - | 10,622 | 33 | 10,655 | - | 1 | 1 |
| Other related parties | - | 131 | 131 | - | 107 | 107 | - | 16 | 16 | - | 11 | 11 |
| Total | - | 131 | 131 | - | 107 | 107 | 10,622 | 49 | 10,671 | - | 12 | 12 |

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Movements during the year ended 30 September of loans to related parties were as follows:

| <i>Loans to related parties</i> | Consolidated | | Separate | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Short-term loans | | | | |
| Subsidiaries | | | | |
| At 1 October | - | - | 11,351 | 6,912 |
| Increase | - | - | 34,189 | 15,757 |
| Decrease | - | - | (40,497) | (11,318) |
| At 30 September | - | - | 5,043 | 11,351 |
| Long-term loans | | | | |
| Subsidiaries | | | | |
| At 1 October | - | - | - | - |
| Increase | - | - | 10,622 | - |
| Decrease | - | - | - | - |
| At 30 September | - | - | 10,622 | - |
| Trade accounts payable to related parties | | | | |
| | Consolidated | | Separate | |
| | financial statements | financial statements | financial statements | financial statements |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Associates | 712 | 238 | - | - |
| Joint ventures | 320 | - | - | - |
| Other related parties | 1,354 | 1,393 | - | - |
| Total | 2,386 | 1,631 | - | - |

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Short-term loans from and other payables to related parties

| | Consolidated financial statements | | | | | | Separate financial statements | | | | | |
|-----------------------|-----------------------------------|---------------------------|------------|--------------------------|---------------------------|------------|-------------------------------|---------------------------|--------------|--------------------------|---------------------------|---------------|
| | Short-term loans from | 2018 Other payables | Total | Short-term loans from | 2017 Other payables | Total | Short-term loans from | 2018 Other payables | Total | Short-term loans from | 2017 Other payables | Total |
| | <i>(in million Baht)</i> | | | | | | | | | | | |
| Subsidiaries | - | - | - | - | - | - | 8,195 | 902 | 9,097 | 11,602 | 25,533 | 37,135 |
| Associates | - | 330 | 330 | - | 71 | 71 | - | - | - | - | - | - |
| Other related parties | - | 299 | 299 | - | 313 | 313 | - | 82 | 82 | - | 96 | 96 |
| Total | - | 629 | 629 | - | 384 | 384 | 8,195 | 984 | 9,179 | 11,602 | 25,629 | 37,231 |

Long-term loans from and other payables to related parties

| | Consolidated financial statements | | | | | | Separate financial statements | | | | | |
|-----------------------|-----------------------------------|---------------------------|----------|-------------------------|---------------------------|----------|-------------------------------|---------------------------|---------------|-------------------------|---------------------------|---------------|
| | Long-term loans from | 2018 Other payables | Total | Long-term loans from | 2017 Other payables | Total | Long-term loans from | 2018 Other payables | Total | Long-term loans from | 2017 Other payables | Total |
| | <i>(in million Baht)</i> | | | | | | | | | | | |
| Subsidiaries | - | - | - | - | - | - | 27,795 | - | 27,795 | 27,494 | - | 27,494 |
| Other related parties | - | 1 | 1 | - | - | - | - | - | - | - | - | - |
| Total | - | 1 | 1 | - | - | - | 27,795 | - | 27,795 | 27,494 | - | 27,494 |

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| <i>Summary of loans from related parties</i> | Consolidated financial statements | | Separate financial statements | |
|--|--|--------------------------|--|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in million Baht)</i> | | |
| Short-term loans | - | - | 8,195 | 11,602 |
| Long-term loans | - | - | 27,795 | 27,494 |
| Total | - | - | 35,990 | 39,096 |

Movements during the year ended 30 September of loans from related parties were as follows:

| <i>Loans from related parties</i> | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|--|--------------------------|--|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in million Baht)</i> | | |
| <i>Short-term loans</i> | | | | |
| Subsidiaries | | | | |
| At 1 October | - | - | 11,602 | 25,505 |
| Increase | - | - | 75,549 | 29,492 |
| Decrease | - | - | (78,956) | (43,395) |
| At 30 September | - | - | 8,195 | 11,602 |
| <i>Long-term loans</i> | | | | |
| Subsidiaries | | | | |
| At 1 October | - | - | 27,494 | 1,265 |
| Increase | - | - | 8,143 | 27,494 |
| Decrease | - | - | (7,842) | (1,265) |
| At 30 September | - | - | 27,795 | 27,494 |

Significant agreements with related parties

Supporting service agreements

The Company entered into supporting service agreements with subsidiaries for supporting service such as human resource, administration, accounting, finance, public relations, public co-ordination, technology, law, secretary and share register and internal audit for a period of one year from 1 January 2004 to 31 December 2004. Unless there are notifications to terminate the agreement not later than 30 days prior to the expiry date, this agreement continues to be in effect for the successive one year term. The subsidiaries are committed to pay a service fee at the rate as stipulated in the agreements.

On 14 September 2018, addendum to the above supporting service agreement was issued to revise the service fee.

Application service provisioning agreement

The Company entered into the application service provisioning agreement with T.C.C. Technology Co., Ltd., a related company, for the provision of ongoing maintenance and development of the application. The Company is committed to pay the rental fee of system, computer hardware, software license and service fee on a monthly basis throughout the contract period for three years, effective from 1 January 2016, under the fees and conditions stipulated in the agreement. Subsequently, the Company entered into additional agreements according to the additional number of users.

Molasses purchase and sale agreements

Thai Molasses Co., Ltd., the Company's subsidiary, entered into molasses purchase and sale agreements with various related companies in order to sell molasses to other subsidiaries within the Group, under the prices and conditions stipulated in the agreements.

Thai Beverage Public Company Limited and its Subsidiaries
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Glass bottle purchase and sale agreement

Thai Beverage Recycle Co., Ltd., the Company's subsidiary, entered into the glass bottle purchase and sale agreement with Berli Jucker Plc., a related company, in order to sell glass bottle to other subsidiaries within the Group, for a period of six years, effective from 1 January 2016 to 31 December 2021, under the prices and conditions stipulated in the agreement.

Revolving loan agreement

The Company entered into loan agreement with subsidiaries for lending the loans with joint credit limit not exceeding Baht 25,000 million, bearing interest at the rate of 5% per annum and repayable at call and entered into another revolving loan agreement with a subsidiary to lend loans with credit limit of Baht 15,000 million, bearing interest at the rate of 5% per annum and repayable at call.

The Company entered into revolving loan agreements with subsidiaries for proceeding the loans with total credit limit of Baht 106,200 million, bearing interest at the rate of 4% per annum and repayable at call. Subsequently, the new addendums were made on 30 April 2018 for changing interest rate from 4% to 2.5% per annum, effective from 1 May 2018.

Short-term loan were partially classified as long-term loan due to re-issuance of promissory note with 2 years payable term.

Property sublease agreements

In 2017, a subsidiary and indirect subsidiaries of the Company entered into the sublease agreements to lease furnished office space and service agreement with a related company. Under the agreement, which effective for a period of three years, starting from the agreement dated in 2017, the said subsidiary and indirect subsidiaries are committed to pay rental and service fee on the rates as stipulated in the agreement.

In May 2018, the Company's subsidiary entered into two sublease agreements to lease office building and car park building with a related company. Under the agreements, which effective for the total period of approximately 32 years, starting from the agreement dated in May 2018, the said subsidiary is committed to pay rental in one lump sum amount within 30 days on the rates as stipulated in the agreements. In this connection, Baht 1,542.56 million has been paid and has been recorded as land leasehold right in the consolidated statement of financial position as at 30 September 2018.

Consultancy services agreement

The Company's subsidiary entered into a software licensing with a related company to manage the permission and maintenance the system. The agreement is for a period of 3 years ends on 31 August 2018 with service fee in amount of Bath 1.23 million per month. On 1 September 2018, the agreement was extended for a period of two years ends on to 31 August 2020.

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

Commitments with related parties

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------------|----------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Capital commitments | | | | |
| Machinery and equipment | 35 | 60 | - | - |
| Land | - | 35 | - | - |
| Buildings and other constructions | - | 6 | - | - |
| Total | 35 | 101 | - | - |
| Non-cancellable operating lease commitments | | | | |
| Within one year | 659 | 517 | 54 | 51 |
| After one year but within five years | 1,341 | 1,281 | 53 | 63 |
| After five years | 327 | 293 | - | - |
| Total | 2,327 | 2,091 | 107 | 114 |
| Other commitments | | | | |
| Purchase of raw material agreements | 6,121 | 40 | - | - |
| Purchase of molasses agreements | 132 | 23 | - | - |
| Brewing supervision agreement | 14 | 15 | - | - |
| Application service provisioning agreements | 10 | 50 | 10 | 50 |
| Sale of molasses agreements | 5 | 119 | - | - |
| Other service agreements | 140 | 224 | 70 | 84 |
| Total | 6,422 | 471 | 80 | 134 |

6 Cash and cash at financial institutions

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|--------------|----------------------------------|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Cash on hand | 170 | 156 | - | - |
| Cash at banks - current accounts | 3,336 | 802 | 1 | 1 |
| Cash at banks - savings accounts | 2,615 | 8,971 | 92 | 6,848 |
| Highly liquid short-term investments | 5,395 | - | - | - |
| Cash and cash equivalents | 11,516 | 9,929 | 93 | 6,849 |
| Current investments | 11,014 | - | - | - |
| Total | 22,530 | 9,929 | 93 | 6,849 |

Current investments represent short-term deposit at financial institutions with maturity period more than 3 months but less than 12 months.

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

7 Trade accounts receivable

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|--------------|----------------------------------|------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in million Baht)</i> | | | |
| Related parties | 5 | 389 | 288 | 668 | 569 |
| Other parties | | 3,977 | 2,394 | - | - |
| Total | | 4,366 | 2,682 | 668 | 569 |
| Less allowance for doubtful accounts | | (69) | (55) | - | - |
| Net | | 4,297 | 2,627 | 668 | 569 |
| Bad and doubtful debts expenses (reversal of) for the year | | 11 | (9) | - | - |

Aging analyses for trade accounts receivable were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|--------------|----------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Related parties | | | | |
| Within credit terms | 318 | 211 | 668 | 569 |
| Overdue: | | | | |
| Less than 3 months | 70 | 76 | - | - |
| 6-12 months | 1 | 1 | - | - |
| | 389 | 288 | 668 | 569 |
| Other parties | | | | |
| Within credit terms | 3,119 | 2,006 | - | - |
| Overdue: | | | | |
| Less than 3 months | 774 | 333 | - | - |
| 3-6 months | 32 | 32 | - | - |
| 6-12 months | 23 | 10 | - | - |
| Over 12 months | 29 | 13 | - | - |
| | 3,977 | 2,394 | - | - |
| Less allowance for doubtful accounts | (69) | (55) | - | - |
| | 3,908 | 2,339 | - | - |
| Net | 4,297 | 2,627 | 668 | 569 |

The normal credit term granted by the Group ranges from 2 days to 150 days.

Thai Beverage Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2018

8 Inventories

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|-----------------------|----------------------------------|------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Finished goods | 14,991 | 14,023 | - | - |
| Maturing spirits | 13,564 | 13,283 | - | - |
| Work in progress | 4,887 | 4,623 | - | - |
| Raw materials | 4,200 | 2,683 | - | - |
| Packaging materials | 3,404 | 2,556 | - | - |
| Spare parts | 1,064 | 553 | - | - |
| Others | 625 | 443 | - | - |
| | <u>42,735</u> | <u>38,164</u> | - | - |
| <i>Less</i> allowance for decline in value | <u>(550)</u> | <u>(403)</u> | - | - |
| Net | <u>42,185</u> | <u>37,761</u> | - | - |
| Inventories recognised as an expense in 'Cost of sale of goods': | | | | |
| - Cost | 162,488 | 131,851 | - | - |
| - Write-down to net realisable value | 142 | 267 | - | - |
| - Reversal of write-down | <u>(153)</u> | <u>(219)</u> | - | - |
| Net | <u>162,477</u> | <u>131,899</u> | - | - |

9 Other current assets

| | Note | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|------|--------------------------------------|---------------------|----------------------------------|------------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in million Baht)</i> | | | |
| Refundable value added tax | | 1,268 | 805 | 63 | 30 |
| Insurance claim from fire incident | 14 | 868 | - | - | - |
| Prepaid excise tax | | 524 | 1,798 | - | - |
| Withholding tax receivable | | 380 | 203 | 181 | - |
| Refundable excise tax | | 94 | 157 | - | - |
| Deposits | | 68 | 1,251 | - | - |
| Others | | 483 | 452 | - | 1 |
| Total | | <u>3,685</u> | <u>4,666</u> | <u>244</u> | <u>31</u> |

Deposits as at 30 September 2017 are included the deposits paid of Baht 1.1 billion by the QSR of Asia Co., Ltd., the Company's indirect subsidiary, to Yam Restaurants International (Thailand) Co., Ltd. in relation to the acquisition of KFC stores (refer to note 4 (c)).

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

10 Investments in associates and joint ventures

| | | Consolidated financial statements | |
|--|-------------|--|----------------------|
| | <i>Note</i> | 2018 | 2017 |
| | | <i>(in million Baht)</i> | |
| Associates | | | |
| At 1 October | | 78,373 | 78,463 |
| Share of profit of investment in associates, net of income tax | | | |
| - Share of profit from normal operation of investment in associates | | 4,014 | 4,073 |
| - Effect of change of interest in other investment of associate | | - | 8,497 |
| Share of other comprehensive income of investment in associates | | | |
| - Share of other comprehensive income from normal operation of investment in associates | | (1,220) | 283 |
| - Realisation of fair value gains on change of interest of available-for-sale financial asset of associate | | - | (8,506) |
| Addition from acquisition of businesses | 4 | 1,513 | - |
| Addition from share swap | | 32 | - |
| Dividend income from associates | | (2,398) | (2,268) |
| Effect of foreign currency exchange differences | | (2,326) | (2,169) |
| At 30 September | | <u>77,988</u> | <u>78,373</u> |
| Joint ventures | | | |
| At 1 October | | - | - |
| Share of net profit of investment in joint ventures | | 216 | - |
| Addition from acquisition of businesses | 4 | 905 | - |
| Dividend income from joint ventures | | (240) | - |
| Reversal of allowance for impairment | | 1 | - |
| At 30 September | | <u>882</u> | <u>-</u> |

Thai Beverage Public Company Limited and its Subsidiaries
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| | <i>Note</i> | Consolidated financial statements | |
|--|-------------|--|---------------|
| | | 2018 | 2017 |
| | | <i>(in million Baht)</i> | |
| Total | | | |
| At 1 October | | 78,373 | 78,463 |
| Share of net profit of investment in associates and joint ventures, net of income tax | | | |
| - Share of profit from normal operation of investment in associates and joint ventures | | 4,230 | 4,073 |
| - Effect of change of interest in other investment of associate | | - | 8,497 |
| Share of other comprehensive income of investment in Associates and joint ventures | | | |
| - Share of other comprehensive income from normal operation of investment in associates | | (1,220) | 283 |
| - Realisation of fair value gains on change of interest of available-for-sale financial asset of associate | | - | (8,506) |
| Addition from acquisition of businesses | 4 | 2,418 | - |
| Addition from share swap | | 32 | - |
| Dividend income from associates and joint ventures | | (2,638) | (2,268) |
| Reversal of allowance for impairment | | 1 | - |
| Effect of foreign currency exchange differences | | (2,326) | (2,169) |
| At 30 September | | 78,870 | 78,373 |

At the annual general meeting of the shareholders of Fraser and Neave, Limited (“F&N”) and Frasers Property Limited (“FPL”) held on 29 January 2018, the shareholders of F&N and FPL approved the remaining dividend payment for the year ended 30 September 2017 of SGD 0.03 and SGD 0.062 per share, respectively. On 14 February 2018, the remaining dividend of F&N and FPL was paid totalling SGD 12 million and SGD 51 million, respectively, to the shareholders.

At Board of Director's meeting of F&N and FPL, held on 8 May 2018 and 10 May 2018, respectively, the Board of Directors of F&N and FPL approved the interim dividend payment of SGD 0.015 and SGD 0.024 per share, respectively. The dividend was paid to the shareholders in June 2018.

As at 30 June 2017, F&N Dairy Investments Pte Ltd (“F&NDI”), wholly-owned subsidiaries of Fraser and Neave, Limited (“F&N”) has interest in Vietnam Dairy Products Joint Stock Company (“Vinamilk”) approximately to 10.95% which was accounted as other investment. During the year F&Nbev Manufacturing Pte. Ltd. (“F&Nbev”), wholly-owned subsidiaries of F&N and F&NDI have completed the acquisition in Vinamilk of 112.95 million shares, resulting in increased of interest in Vinamilk to 18.74%. According to that, F&N reclassified investment in Vinamilk to investment in associate and reclassified fair valuation gains on investment in Vinamilk that were previously recognised in other comprehensive income to statement of income. As a result, the Company recognized Baht 8,498.03 million at a portion of shares held in F&N.

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Investments in associates and joint ventures as at 30 September 2018 and 2017, and dividend income from those investments for the years then ended, were as follows:

| | Ownership interest | | Paid-up capital | | Consolidated financial statements Cost | | Equity | | Dividend income | |
|--|--------------------|-------|---------------------------|-------------------------|---|--------|-------------------|--------|-----------------|-------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | (%) | | | | | (in million Baht) | | | |
| Associates | | | | | | | | | | |
| <i>Held by indirect subsidiaries</i> | | | | | | | | | | |
| Fraser and Neave, Limited | 28.48 | 28.50 | SGD 849 million | SGD 849 million | 14,964 | 15,979 | 37,214 | 37,465 | 443 | 457 |
| Fraser Property Limited (Formerly name : Frasers Centrepoint Limited) | 28.33 | 28.39 | SGD 1,775 million | SGD 1,767 million | 31,640 | 33,779 | 38,587 | 40,283 | 1,692 | 1,749 |
| <i>Held by subsidiary of indirect subsidiaries</i> | | | | | | | | | | |
| Liquorland Limited | 49.49 | 49.49 | GBP 0.5 million | GBP 0.5 million | 1 | 11 | 111 | 118 | - | - |
| Petform (Thailand) Co., Ltd. | 25.87 | 25.87 | Baht 75 million | Baht 75 million | 30 | 30 | 537 | 507 | 97 | 62 |
| Thanh Nam Consultant Investment - Engineering And Technology Transfer Joint Stock Company | 7.50 | - | VND 1,400 million | - | 1 | - | - | - | - | - |
| Mechanical and Industrial Construction Joint Stock Company | 6.83 | - | VND 35,999 million | - | 13 | - | 15 | - | 2 | - |
| Saigon Tay Do Beer Beverage Joint Stock Company | 7.25 | - | VND 200,000 million | - | 65 | - | 147 | - | 24 | - |
| Saigon - Binh Tay Beer Joint Stock Company | 5.72 | - | VND 875,245 million | - | 225 | - | 677 | - | 45 | - |
| Saigon - Baclieu Beer Joint Stock Company | 2.68 | - | VND 120,120 million | - | 10 | - | 55 | - | 7 | - |

Thai Beverage Public Company Limited and its Subsidiaries
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For the year ended 30 September 2018

| | Ownership interest | | Paid-up capital | | Consolidated financial statements | | Equity | | Dividend income | |
|--|--------------------|------|---------------------------|------|-----------------------------------|------|-------------------|------|-----------------|------|
| | 2018 | 2017 | 2018 | 2017 | Cost | 2018 | 2017 | 2018 | 2017 | |
| | (%) | | | | 2018 | 2017 | (in million Baht) | | 2018 | 2017 |
| <i>Associates</i> | | | | | | | | | | |
| <i>Held by subsidiary of indirect subsidiaries (continued)</i> | | | | | | | | | | |
| Truong Sa Food - Food Business Joint Stock Company | 10.14 | - | VND 17,700 million | - | 9 | - | 8 | - | - | - |
| Saigon - Phutho Beer Joint Stock Company | 8.10 | - | VND 125,000 million | - | 59 | - | 110 | - | 18 | - |
| Sai Gon - Mien Trung Beer Joint Stock Company | 8.51 | - | VND 298,466 million | - | 155 | - | 211 | - | 41 | - |
| Tan Thanh Investment Trading Company Limited | 7.62 | - | VND 250,000 million | - | 102 | - | 98 | - | - | - |
| Sai Gon - Vinh Long Beer Joint Stock Company | 5.25 | - | VND 150,000 million | - | 43 | - | 66 | - | 17 | - |
| Sai Gon - Kien Giang Beer Joint Stock Company | 5.25 | - | VND 115,000 million | - | 32 | - | 38 | - | 8 | - |
| Sai Gon - Khanh Hoa Beer Joint Stock Company | 6.83 | - | VND 100,000 million | - | 36 | - | 58 | - | 4 | - |
| Saigon - Bentre Beer Joint Stock Company | 5.25 | - | VND 100,000 million | - | 28 | - | 28 | - | - | - |
| Saigon - Lamdong Beer Joint Stock Company | 5.25 | - | VND 100,000 million | - | 28 | - | 28 | - | - | - |

Thai Beverage Public Company Limited and its Subsidiaries
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| | Ownership interest | | Paid-up capital | | Consolidated financial statements | | Equity | | Dividend income | |
|---|--------------------|------|---------------------------|------|-----------------------------------|---------------|--------------------------|---------------|-----------------|--------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | (%) | | | | Cost | | <i>(in million Baht)</i> | | | |
| Joint Ventures | | | | | | | | | | |
| <i>Held by subsidiary of indirect subsidiaries</i> | | | | | | | | | | |
| Me Linh Point Limited | 9.19 | - | VND 221,066 million | - | 60 | - | 162 | - | 38 | - |
| Crown Beverage Cans Saigon Company Limited | 7.89 | - | VND 519,590 million | - | 212 | - | 355 | - | 202 | - |
| Malaya - Vietnam Glass Limited Company | 7.88 | - | VND 322,209 million | - | 121 | - | 280 | - | - | - |
| San Miguel Yamamura Phu Tho Packaging Company Limited | 9.19 | - | VND 51,883 million | - | 37 | - | 85 | - | - | - |
| Vietnam Spirits and Wine Ltd. | 11.82 | - | VND 65,462 million | - | 44 | - | - | - | - | - |
| Total | | | | | <u>47,915</u> | <u>49,799</u> | <u>78,870</u> | <u>78,373</u> | <u>2,638</u> | <u>2,268</u> |

The Group has investment in associates, Fraser and Neave, Limited (“F&N”) and Frasers Property Limited (“FPL”), which are listed on the Singapore Exchange Securities Trading Limited (“SGX”) with the closing price as at 30 September 2018 of SGD 1.92 per share and SGD 1.69 per share, respectively (30 September 2017: SGD 2.53 per share and SGD 2.09 per share, respectively). The market value calculated from the above mentioned closing price of the Group’s investments in F&N and FPL are Baht 18,768 million and Baht 33,040 million, respectively (30 September 2017: Baht 25,630 million and Baht 42,345 million, respectively).

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Associates

The following table summarises the financial information of the associates and joint ventures as included in their own financial statements, adjusted for fair value adjustments at acquisition and differences in accounting policies.

| For the year ended 30 September Statement of comprehensive income | Fraser and Neave, Limited | | Frasers Property Limited | |
|--|------------------------------|---------------|-----------------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Revenue | 46,380 | 47,016 | 103,800 | 99,747 |
| Profit from continuing operations | 4,319 | 32,942 | 11,973 | 18,309 |
| Other comprehensive income | (1,087) | (30,851) | (9,536) | 2,862 |
| Total comprehensive income (100%) | 3,232 | 2,091 | 2,437 | 21,171 |
| Attributable to non-controlling interests | 1,585 | 1,058 | 2,544 | 7,448 |
| Attributable to investee's shareholders | 1,647 | 1,033 | (107) | 13,723 |
| As at 30 September Statement of financial position | | | | |
| Current assets | 26,229 | 42,700 | 172,467 | 158,986 |
| Non-current assets | 80,210 | 77,529 | 595,965 | 504,441 |
| Current liabilities | (18,389) | (29,316) | (113,454) | (82,473) |
| Non-current liabilities | (12,919) | (13,891) | (308,267) | (260,429) |
| Net assets (100%) | 75,131 | 77,022 | 346,711 | 320,525 |
| Attributable to non-controlling interests | 8,263 | 7,789 | 172,217 | 144,786 |
| Attributable to investee's shareholders | 66,868 | 69,233 | 174,494 | 175,739 |

Thai Beverage Public Company Limited and its Subsidiaries

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For the year ended 30 September 2018

| <i>Carrying amount of interest in associates</i> | Fraser and Neave, Limited | | Fraser's Property Limited | |
|--|------------------------------|---------------|------------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Group's interest in net assets of investee at 1 October | 37,465 | 38,685 | 40,283 | 39,234 |
| Total comprehensive income attributable to the Group | 1,357 | 306 | 1,150 | 3,898 |
| Dividends received during the year | (440) | (457) | (1,681) | (1,749) |
| Effect of foreign currency exchange differenced | (1,168) | (1,069) | (1,165) | (1,100) |
| Carrying amount of interest in investee at 30 September | 37,214 | 37,465 | 38,587 | 40,283 |

Immaterial associates and joint ventures

The following is summarized financial information for the Group's interest in immaterial associates and joint ventures based on the amounts reported in the Group's consolidated financial statements:

| | Immaterial Associates | | Immaterial Joint ventures | |
|--|--------------------------|------------|---------------------------|------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Carrying amount of interests in immaterial associates and joint ventures | | | | |
| Group's share of: | | | | |
| - Profit for the year | 298 | 151 | 216 | - |
| - Total comprehensive income | 298 | 151 | 216 | - |

11 Investments in subsidiaries

| | Separate financial statements | |
|---|----------------------------------|----------------|
| | 2018 | 2017 |
| | <i>(in million Baht)</i> | |
| At 1 October | 168,015 | 167,792 |
| Increase in share capital of subsidiary | 165,681 | - |
| Acquisitions | - | 231 |
| Disposals | - | (8) |
| At 30 September | 333,696 | 168,015 |

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On 10 October 2017, International Beverage Holdings Limited (“IBHL”), the Company’s subsidiary completed the increase in share capital of HKD 5,602.32 (approximately Baht 23,945 million). Subsequently on 9 November 2017, IBHL increased its authorised and paid - up share capital of HKD 70.70 million (approximately Baht 302.12 million) for the purpose of investment in Royal Project.

On 23 November 2017, the Board of Directors of the Company unanimously approved for IBHL to increase it authorised share capital for Sammy Project. Subsequently on 21 December 2017, IBHL increased its authorised and paid-up share HKD 23,575 million¹ (approximately Baht 100,000 million) for the purpose of investment in SABECO Project.

On 22 January 2018, the Company made an additional investment in Foods Company Holdings Co., Ltd., the Company’s direct subsidiary, for a consideration of Baht 6,190 million (619 million ordinary shares with a Baht 10 per value).

On 23 May 2018, the Company made an additional investment in ASM Management Co., Ltd., the Company’s direct subsidiary, for a consideration of Baht 2,084.75 million (269 million ordinary shares with a Baht 7.75 per value).

On 21 September 2018, IBHL increase its authorised and paid-up share capital HKD 14,544 million (approximately Baht 58,108 million) for the purpose of repayment loan amounting to USD 1,860 million of BeerCo Limited (“BeerCo”).

¹ The aforementioned increase in share capital included the result of the agreement which the Company made with IBHL and BeerCo on 4 January 2016, which increased investment in IBHL by HKD 5,357 million (approximately Baht 24,950 million). Consequently, net increase in investment in IBHL during the period was HKD 18,218 million (approximately Baht 75,050 million).

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Investments in subsidiaries as at 30 September 2018 and 2017, and dividend income from those investments for the year ended 30 September 2018 and 2017 were as follows:

| | Separate financial statements | | | | | | | |
|--|-------------------------------|--------|-----------------|-------|-------------------|--------|-----------------|------|
| | Ownership interest | | Paid-up capital | | Cost method | | Dividend income | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | (%) | | | (in million Baht) | | | |
| Subsidiaries | | | | | | | | |
| Beer Thai (1991) Plc. | 100.00 | 100.00 | 5,550 | 5,550 | 12,500 | 12,500 | 844 | 533 |
| Beer Thip Brewery (1991) Co., Ltd. | 100.00 | 100.00 | 6,600 | 6,600 | 12,500 | 12,500 | 521 | 337 |
| Sangsom Co., Ltd. | 100.00 | 100.00 | 7,500 | 7,500 | 7,500 | 7,500 | 510 | 495 |
| Fuengfuanant Co., Ltd. | 100.00 | 100.00 | 900 | 900 | 900 | 900 | 138 | 119 |
| Mongkolsamai Co., Ltd. | 100.00 | 100.00 | 700 | 700 | 691 | 691 | 10 | 2 |
| Thanapakdi Co., Ltd. | 100.00 | 100.00 | 700 | 700 | 697 | 697 | 31 | 11 |
| Kanchanasingkorn Co., Ltd. | 100.00 | 100.00 | 700 | 700 | 700 | 700 | 54 | 36 |
| Sura Bangyikhan Co., Ltd. | 100.00 | 100.00 | 4,000 | 4,000 | 4,000 | 4,000 | 640 | 788 |
| Athimart Co., Ltd. | 100.00 | 100.00 | 900 | 900 | 900 | 900 | 173 | 114 |
| S.S. Karnsura Co., Ltd. | 100.00 | 100.00 | 800 | 800 | 800 | 800 | 144 | 98 |
| Kankwan Co., Ltd. | 100.00 | 100.00 | 800 | 800 | 800 | 800 | 176 | 106 |
| Theparunothai Co., Ltd. | 100.00 | 100.00 | 700 | 700 | 700 | 700 | 116 | 78 |
| Red Bull Distillery (1988) Co., Ltd. | 100.00 | 100.00 | 5,000 | 5,000 | 5,000 | 5,000 | 75 | - |
| United Winery and Distillery Co., Ltd. | 100.00 | 100.00 | 1,800 | 1,800 | 1,800 | 1,800 | 47 | 36 |
| Simathurakij Co., Ltd. | 100.00 | 100.00 | 900 | 900 | 888 | 888 | 182 | 160 |
| Nateechai Co., Ltd. | 100.00 | 100.00 | 800 | 800 | 800 | 800 | 18 | 4 |
| Luckchai Liquor Trading Co., Ltd. | 100.00 | 100.00 | 800 | 800 | 766 | 766 | 53 | 72 |
| Sura Piset Thipparat Co., Ltd. | 100.00 | 100.00 | 1,000 | 1,000 | 1,010 | 1,010 | 3 | 5 |
| Modern Trade Management Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 662 | 451 |
| Horeca Management Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 12 | 16 |
| Pomkit Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 109 | 134 |
| Pomklung Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 71 | 65 |
| Pomchok Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 33 | 48 |
| Pomcharoen Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 4 | - |
| Pomburapa Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 73 | 84 |
| Pompalang Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 79 | 133 |
| Pomnakorn Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 14 | 43 |
| Pomthip (2012) Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 43 | 78 |
| Num Yuk Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 645 | 593 |
| Num Kijjakarn Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 844 | 723 |
| Num Palang Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 321 | 324 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| | Separate financial statements | | | | | | | |
|---|-------------------------------|--------|-----------------|--------|-------------------|--------|-----------------|-------|
| | Ownership interest | | Paid-up capital | | Cost method | | Dividend income | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | | (%) | | | (in million Baht) | | | |
| <i>Subsidiaries (continued)</i> | | | | | | | | |
| Num Muang Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 562 | 528 |
| Num Nakorn Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 373 | 360 |
| Num Thurakij Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 682 | 636 |
| Numrungrad Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 605 | 499 |
| Numthip Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 495 | 443 |
| Thipchalothorn Co., Ltd. | 100.00 | 100.00 | 1 | 1 | 3 | 3 | 739 | 258 |
| Krittayabun Co., Ltd. | 100.00 | 100.00 | 5 | 5 | 27 | 27 | 1,758 | 387 |
| Surathip Co., Ltd. | 100.00 | 100.00 | 1 | 1 | 7 | 7 | 847 | 288 |
| Sunthronpirom Co., Ltd. | 100.00 | 100.00 | 5 | 5 | 25 | 25 | 716 | 224 |
| Piromsurang Co., Ltd. | 100.00 | 100.00 | 5 | 5 | 24 | 24 | 442 | 166 |
| Thai Beverage Energy Co., Ltd. | 100.00 | 100.00 | 860 | 860 | 864 | 864 | - | 47 |
| Thai Molasses Co., Ltd. | 99.72 | 99.72 | 40 | 40 | 35 | 35 | 127 | 76 |
| Feed Addition Co., Ltd. | 100.00 | 100.00 | 1 | 1 | 32 | 32 | 43 | 12 |
| Pan International (Thailand) Co., Ltd. | 100.00 | 100.00 | 1 | 1 | 34 | 34 | 25 | 9 |
| Charun Business 52 Co., Ltd. | 100.00 | 100.00 | 122 | 122 | 84 | 84 | - | - |
| Thai Cooperage Co., Ltd. | 100.00 | 100.00 | 300 | 300 | 296 | 296 | - | 5 |
| Thai Beverage Recycle Co., Ltd. | 100.00 | 100.00 | 123 | 123 | 134 | 134 | 186 | 91 |
| Thai Beverage Logistics Co., Ltd. | 100.00 | 100.00 | 1,012 | 1,012 | 1,012 | 1,012 | 13 | 383 |
| Thai Beverage Marketing Co., Ltd. | 100.00 | 100.00 | 300 | 300 | 300 | 300 | 104 | 164 |
| United Products Co., Ltd. | 100.00 | 100.00 | 350 | 350 | 376 | 376 | - | - |
| Dhospaak Co., Ltd. | 100.00 | 100.00 | 25 | 25 | 61 | 61 | 94 | 74 |
| Thai Beverage Training Co., Ltd. | 100.00 | 100.00 | 2 | 2 | 2 | 2 | 15 | 37 |
| C A C Co., Ltd. | 100.00 | 100.00 | 30 | 30 | 30 | 30 | - | - |
| International Beverage Holdings Limited | 100.00 | 100.00 | 250,298 | 67,942 | 250,298 | 92,892 | 1,512 | 3,393 |
| Cosmos Brewery (Thailand) Co., Ltd. | 100.00 | 100.00 | 1,667 | 1,667 | 4,139 | 4,139 | - | 83 |
| Thai Beverage Brands Co., Ltd. | 100.00 | 100.00 | 5 | 5 | 39 | 39 | 2 | 2 |
| Beer Chang Co., Ltd. | 100.00 | 100.00 | 1 | 1 | 4,318 | 4,318 | 230 | 173 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| | Separate financial statements | | | | | | | | | |
|---|-------------------------------|--------|-------------------|-------|-----------------------|-----------------------|----------------------|----------------------|--|--|
| | Ownership interest | | Paid-up capital | | Cost method | | Dividend income | | | |
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | | |
| | (%) | | (in million Baht) | | | | | | | |
| <i>Subsidiaries (continued)</i> | | | | | | | | | | |
| Archa beer Co., Ltd. | 100.00 | 100.00 | 1 | 1 | 130 | 130 | 6 | 2 | | |
| Sura Piset Phatra Lanna Co., Ltd. | 100.00 | 100.00 | 1,000 | 1,000 | 1,015 | 1,015 | 28 | 23 | | |
| Oishi Group Plc. | 79.66 | 79.66 | 375 | 375 | 5,540 | 5,540 | 478 | 373 | | |
| Thai Drinks Co., Ltd. | 95.05 | 95.05 | 1,500 | 1,500 | 438 | 438 | - | - | | |
| Chang International Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 66 | 447 | | |
| Cash Van Management Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | 1,130 | 524 | | |
| Food of Asia Co., Ltd. | 25.00 | 25.00 | 10 | 10 | 2 | 2 | - | - | | |
| Chang Corporation Co., Ltd. | 50.99 | 50.99 | 1 | 1 | 1 | 1 | - | - | | |
| BevCo Co., Ltd. | 50.99 | 50.99 | 5,436 | 5,436 | 2,772 | 2,772 | - | - | | |
| Bev Tech Co., Ltd. | 100.00 | 100.00 | 200 | 200 | 200 | 200 | 10 | - | | |
| Namjai Thai Bev (Social Enterprise) Co., Ltd. | 100.00 | 100.00 | 1 | 1 | 1 | 1 | - | - | | |
| ASM Management Co., Ltd. | 100.00 | 100.00 | 2,095 | 10 | 2,095 | 10 | - | - | | |
| Agent Management Co., Ltd. | 100.00 | 100.00 | 10 | 10 | 10 | 10 | - | - | | |
| Foods Company Holdings Co., Ltd. | 100.00 | 100.00 | 6,200 | 10 | 6,200 | 10 | - | - | | |
| Total | | | | | <u>333,696</u> | <u>168,015</u> | <u>17,933</u> | <u>15,393</u> | | |

None of the Company's direct subsidiaries are publicly listed and consequently do not have published price quotations, except for Oishi Group Plc. which is listed on the Stock Exchange of Thailand. Based on the closing price of Baht 92.75 per share at 30 September 2018 (30 September 2017: Baht 133.00 per share), the market price of the Company's investment in Oishi Group Plc. is Baht 13,853 million (30 September 2017: Baht 19,865 million).

All subsidiaries were incorporated in Thailand, except International Beverage Holdings Limited which was incorporated in Hong Kong.

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

12 Non-controlling interests

The following table summarises the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

| | Consolidated financial statements | | | | | | | | |
|---|--|--|---|--|---------------|--------------|-------------------------------------|---------------|--|
| | 30 September 2018 | | | | | | | | |
| | Oishi Group Public Company Limited and its subsidiaries | Sermsuk Public Company Limited and its subsidiaries | Vietnam F&B Alliance Investment Joint Company and Veitnam Beverage Company Limited | Grand Royal Group (in million Baht) | SABECO | Other | Intra-group eliminations | Total | |
| Non-controlling interest percentage | 20.34% | 35.33% | 51.00% | 25.00% | 73.74% | | | | |
| Current assets | 3,396 | 2,208 | 535 | 3,338 | 21,310 | | | | |
| Non-current assets | 6,284 | 9,451 | 156,918 | 10,314 | 10,893 | | | | |
| Current liabilities | (3,573) | (2,134) | (3,732) | (591) | (7,102) | | | | |
| Non-current liabilities | (117) | (984) | (151,075) | (2,138) | (315) | | | | |
| Net assets | 5,990 | 8,541 | 2,646 | 10,923 | 24,786 | | | | |
| Non-controlling interest in subsidiaries' financial statement | 5 | - | - | 1,076 | 1,477 | | | | |
| Carrying amount of non-controlling interest | <u>1,223</u> | <u>3,018</u> | <u>1,349</u> | <u>3,537</u> | <u>18,665</u> | 65 | (8,432) | 19,425 | |
| Revenue | 12,596 | 11,159 | - | 7,328 | 42,715 | | | | |
| Profit (Loss) | 1,008 | (278) | (2,657) | 2,090 | 4,774 | | | | |
| Other comprehensive income | (8) | 94 | - | (2,018) | 28 | | | | |
| Total comprehensive income | 1,000 | (184) | (2,657) | 72 | 4,802 | | | | |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

Consolidated financial statements
30 September 2018

| | Oishi Group Public Company Limited and its subsidiaries | Sermsuk Public Company Limited and its subsidiaries | Vietnam F&B Alliance Investment Joint Company and Veitnam Beverage Company Limited | Grand Royal Group (in million Baht) | SABECO | Other | Intra-group eliminations | Total |
|--|--|--|---|--|--------------------|--------------|-------------------------------------|--------------|
| Profit (Loss) allocated to non-controlling interest | <u>205</u> | <u>(98)</u> | <u>(1,355)</u> | <u>522</u> | <u>3,520</u> | (8) | (590) | 2,196 |
| Other comprehensive income allocated to non-controlling Interest | <u>(2)</u> | <u>33</u> | <u>-</u> | <u>(504)</u> | <u>21</u> | - | - | (452) |
| Cash flows from operating activities | 1,561 | 18 | (259) | 2,211 | 3,744 | | | |
| Cash flows from investing activities | (758) | 42 | (151,309) | (489) | (1,470) | | | |
| Cash flows from financing activities | <u>(960)</u> | <u>-</u> | <u>152,107</u> | <u>(1,030)</u> | <u>(2,330)</u> | | | |
| Net decrease in cash and cash equivalents | <u>(157)</u> | <u>60</u> | <u>539</u> | <u>692</u> | <u>(56)</u> | | | |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| | Consolidated financial statements | | | | |
|--|--|--|--------------|-------------------------------------|--------------|
| | 30 September 2017 | | | | |
| | Oishi Group Public Company Limited and its subsidiaries | Sermsuk Public Company Limited and its subsidiaries | Other | Intra-group eliminations | Total |
| | <i>(in million Baht)</i> | | | | |
| Non-controlling interest percentage | 20.34% | 35.33% | | | |
| Current assets | 2,641 | 2,240 | | | |
| Non-current assets | 7,066 | 10,872 | | | |
| Current liabilities | (2,030) | (2,218) | | | |
| Non-current liabilities | (2,086) | (2,200) | | | |
| Net assets | 5,591 | 8,694 | | | |
| Carrying amount of non-controlling interest | 1,137 | 3,072 | 8 | (484) | 3,733 |
| Revenue | 13,551 | 10,623 | | | |
| Profit (Loss) | 1,443 | (293) | | | |
| Other comprehensive income | (2) | 21 | | | |
| Total comprehensive income | 1,441 | (272) | | | |
| Profit (Loss) allocated to non-controlling interest | 294 | (104) | (3) | (16) | 171 |
| Other comprehensive income allocated to non-controlling interest | - | 7 | - | - | 7 |
| Cash flows from operating activities | 2,389 | 239 | | | |
| Cash flows from investing activities | (500) | (224) | | | |
| Cash flows from financing activities | (1,036) | - | | | |
| Net decrease in cash and cash equivalents | 853 | 15 | | | |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

13 Investment properties

| | Consolidated financial statements | | Separate financial statements | |
|---|--|--------------|--|----------|
| <i>Note</i> | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Cost | | | | |
| At 1 October | 1,644 | 1,325 | - | - |
| Addition from acquisition of business | 94 | - | - | - |
| Disposals | (1) | - | - | - |
| Transfer from (to) property, plant and equipment | 14 (16) | 319 | - | - |
| At 30 September | 1,721 | 1,644 | - | - |
| Accumulated depreciation and impairment losses | | | | |
| At 1 October | 121 | 116 | - | - |
| Depreciation charge for the year | 6 | 5 | - | - |
| Disposals | (1) | - | - | - |
| Transfer to property, plant and equipment | 14 (1) | - | - | - |
| Allowance for impairment losses | (2) | - | - | - |
| At 30 September | 123 | 121 | - | - |
| Net book value | | | | |
| At 1 October | 1,523 | 1,209 | - | - |
| At 30 September | 1,598 | 1,523 | - | - |

The Group's investment properties were revalued by independent property valuers, which considered valuation using the market comparison approach and cost approach. As at 30 September 2018, the appraised value of investment properties was Baht 2,365 million (30 September 2017: Baht 2,613 million).

Investment properties comprise of a number of commercial land that are leased to third parties and unused land and buildings and constructions.

Measurement of fair value

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Group's investment property portfolio on an annual basis.

The fair value measurement for investment property of Baht 2,365 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

| Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|------------------------------|--|---|
| Land | | |
| - Market comparison approach | Recent adjusted sales and listings of comparable lands | The estimated fair value increase (decrease) if the market transactions are higher (lower). |
| Buildings and constructions | | |
| - Cost approach | Current replacement cost | The estimated fair value increase (decrease) if the replacement cost increase (decrease). |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

14 Property, plant and equipment

| | Note | Consolidated financial statements | | | | | | | | |
|---|------|-----------------------------------|------------------|--|-------------------------|---|--|--------------|--|----------------|
| | | Land | Land improvement | Building, buildings and leasehold improvements | Machinery and equipment | Oak barrels <i>(in million Baht)</i> | Furniture, fixtures and office equipment | Vehicles | Assets under construction and installation | Total |
| Cost/ revaluation | | | | | | | | | | |
| At 1 October 2016 | | 18,422 | 1,802 | 26,521 | 58,781 | 2,901 | 2,045 | 4,039 | 1,165 | 115,676 |
| Additions | | 15 | 10 | 396 | 1,146 | 31 | 232 | 242 | 3,578 | 5,650 |
| Surplus on revaluation of land | | (141) | - | - | - | - | - | - | - | (141) |
| Transfer | | - | 21 | 423 | 1,605 | - | 31 | 209 | (2,299) | (10) |
| Transfer to investment properties | 13 | (312) | - | (7) | - | - | - | - | - | (319) |
| Disposals | | - | (3) | (149) | (715) | (1) | (148) | (211) | - | (1,227) |
| Effect of foreign currency exchange differences | | (1) | - | (14) | (12) | (1) | (1) | (1) | - | (30) |
| At 30 September 2017 / | | | | | | | | | | |
| 1 October 2017 | | 17,983 | 1,830 | 27,170 | 60,805 | 2,930 | 2,159 | 4,278 | 2,444 | 119,599 |
| Additions | | - | 9 | 264 | 1,187 | 28 | 262 | 118 | 3,920 | 5,788 |
| Addition from acquisition of businesses | 4 | 67 | - | 2,759 | 5,740 | 105 | 242 | 159 | 497 | 9,569 |
| Transfer from (to) intangible assets | 16 | - | - | 20 | - | - | - | - | (181) | (161) |
| Transfer from (to) investment properties | 13 | (1) | - | 17 | - | - | - | - | - | 16 |
| Transfer | | - | 268 | 1,160 | 1,575 | 37 | 75 | 173 | (3,304) | (16) |
| Disposals | | - | - | (274) | (1,323) | (7) | (145) | (358) | (1) | (2,108) |
| Effect of foreign currency exchange differences | | (12) | - | (157) | (150) | (45) | (7) | (17) | (57) | (445) |
| At 30 September 2018 | | 18,037 | 2,107 | 30,959 | 67,834 | 3,048 | 2,586 | 4,353 | 3,318 | 132,242 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| | Note | Consolidated financial statements | | | | | | | | |
|--|------|-----------------------------------|------------------|--|-------------------------|---|--|--------------|--|---------------|
| | | Land | Land improvement | Building, buildings and leasehold improvements | Machinery and equipment | Oak barrels <i>(in million Baht)</i> | Furniture, fixtures and office equipment | Vehicles | Assets under construction and installation | Total |
| <i>Accumulated depreciation and impairment losses</i> | | | | | | | | | | |
| At 1 October 2016 | | 105 | 1,256 | 14,685 | 44,523 | 2,546 | 1,412 | 3,278 | - | 67,805 |
| Depreciation charge for the year | | - | 82 | 1,278 | 2,376 | 58 | 239 | 221 | - | 4,254 |
| Reversal of impairment losses | | - | - | - | 50 | - | - | - | 32 | 82 |
| Transfers | | - | - | - | 3 | - | (2) | (2) | - | (1) |
| Disposals | | - | (3) | (117) | (590) | - | (137) | (210) | - | (1,057) |
| Effect of foreign currency exchange differences | | - | - | (7) | (7) | (1) | (1) | (1) | 1 | (16) |
| At 30 September 2017 / 1 October 2017 | | 105 | 1,335 | 15,839 | 46,355 | 2,603 | 1,511 | 3,286 | 33 | 71,067 |
| Depreciation charge for the year | | - | 76 | 1,527 | 3,263 | 66 | 301 | 255 | - | 5,488 |
| Impairment losses | | - | - | 122 | 545 | - | 1 | - | 5 | 673 |
| Transfers | | - | - | 1 | (4) | - | 3 | - | - | - |
| Transfer from investment properties | 13 | - | - | 1 | - | - | - | - | - | 1 |
| Disposals | | - | - | (195) | (1,198) | (7) | (136) | (350) | - | (1,886) |
| Effect of foreign currency exchange differences | | - | - | (60) | (64) | (20) | (4) | (12) | - | (160) |
| At 30 September 2018 | | 105 | 1,411 | 17,235 | 48,897 | 2,642 | 1,676 | 3,179 | 38 | 75,183 |
| <i>Net book value</i> | | | | | | | | | | |
| At 1 October 2016 | | <u>18,317</u> | <u>546</u> | <u>11,836</u> | <u>14,258</u> | <u>355</u> | <u>633</u> | <u>761</u> | <u>1,165</u> | <u>47,871</u> |
| At 30 September 2017 / 1 October 2017 | | <u>17,878</u> | <u>495</u> | <u>11,331</u> | <u>14,452</u> | <u>327</u> | <u>646</u> | <u>992</u> | <u>2,411</u> | <u>48,532</u> |
| At 30 September 2018 | | <u>17,932</u> | <u>696</u> | <u>13,724</u> | <u>18,937</u> | <u>406</u> | <u>910</u> | <u>1,174</u> | <u>3,280</u> | <u>57,059</u> |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
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In 2018, the Group reviewed the recoverable amount of property, plant and equipment in accordance with Thai Financial Reporting Standard and found that the recoverable amount of property, plant and equipment as at 30 September 2018 exceeded its carrying amount.

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 30 September 2018 amounted to Baht 46,557 million (*30 September 2017: Baht 44,704 million*).

On 27 November 2017, Oishi Trading Co., Ltd., the Company's indirect subsidiary, have been affected by the fire incident at the UHT production line at Navanakorn Industrial Estate plant in Pathumthani Province. As a result, the UHT production line has stopped and has not yet been restarted. The other production lines were not affected and still operating normally. The allowance building and equipment of Baht 673 million was recognised during the year. The damage will be covered by insurance.

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
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| | Separate financial statements | | | | Total |
|---|-------------------------------|---|-----------|---|------------|
| | Leasehold improvements | Furniture, fixtures and office equipment | Vehicles | Assets under construction and installation | |
| | <i>(in million Baht)</i> | | | | |
| Cost | | | | | |
| At 1 October 2016 | 15 | 244 | 39 | 8 | 306 |
| Additions | - | 31 | 9 | 14 | 54 |
| Disposals | - | (17) | (6) | (7) | (30) |
| At 30 September 2017 / | | | | | |
| 1 October 2017 | 15 | 258 | 42 | 15 | 330 |
| Additions | - | 40 | - | 58 | 98 |
| Disposals | - | (2) | - | (6) | (8) |
| At 30 September 2018 | 15 | 296 | 42 | 67 | 420 |
| Accumulated depreciation and impairment losses | | | | | |
| At 1 October 2016 | 13 | 175 | 23 | - | 211 |
| Depreciation charge for the year | - | 24 | 6 | - | 30 |
| Disposals | - | (17) | (6) | - | (23) |
| At 30 September 2017 / | | | | | |
| 1 October 2017 | 13 | 182 | 23 | - | 218 |
| Depreciation charge for the year | - | 29 | 6 | - | 35 |
| Disposals | - | (2) | - | - | (2) |
| At 30 September 2018 | 13 | 209 | 29 | - | 251 |
| Net book value | | | | | |
| At 1 October 2016 | 2 | 69 | 16 | 8 | 95 |
| At 30 September 2017 / | | | | | |
| 1 October 2017 | 2 | 76 | 19 | 15 | 112 |
| At 30 September 2018 | 2 | 87 | 13 | 67 | 169 |

The gross amount of the Company's fully depreciated leasehold improvements and equipment that was still in use as at 30 September 2018 amounted to Baht 167 million (*30 September 2017: Baht 154 million*).

Thai Beverage Public Company Limited and its Subsidiaries

Notes to the financial statements

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Measurement of fair value

Fair value hierarchy

The fair value of land was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

As at 30 September 2018, the fair value measurement for land of Baht 17,932 million has been categorized as a Level 3 fair value based on the inputs to the valuation technique used (30 September 2017: Baht 17,878 million).

Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

| | Consolidated financial statements | |
|--|--|----------------------|
| | 2018 | 2017 |
| | <i>(in million Baht)</i> | |
| Balance at 1 October | 17,878 | 18,317 |
| Additions | - | 15 |
| Addition from acquisition of businesses | 67 | - |
| Acquisitions and transfer from investment properties | - | - |
| Transfer to investment properties | (1) | (312) |
| Reversal of surplus on revaluation of land | - | (141) |
| Translation differences on consolidation | (12) | (1) |
| Balance at 30 September | <u>17,932</u> | <u>17,878</u> |

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of land, as well as the significant unobservable inputs used.

| Valuation technique | Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|----------------------------|--|---|
| Market comparison approach | Recent adjusted sales and listings of comparable lands | The estimated fair value increase (decrease) if the market transactions are higher (lower). |

Thai Beverage Public Company Limited and its Subsidiaries
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15 Goodwill

| | <i>Note</i> | Consolidated financial statements | | Separate financial statements | |
|--|-------------|--|--------------|--|----------|
| | | 2018 | 2017 | 2018 | 2017 |
| <i>(in million Baht)</i> | | | | | |
| Cost | | | | | |
| At 1 October | | 7,173 | 7,173 | - | - |
| Addition from acquisition of businesses | 4 | 172,645 | - | - | - |
| Effect of foreign currency exchange differences | 4 | (8,383) | - | - | - |
| At 30 September | | 171,435 | 7,173 | - | - |
| Impairment losses | | | | | |
| At 1 October | | 209 | 148 | - | - |
| Impairment losses | | - | 61 | - | - |
| Effect of foreign currency exchange differences | | (6) | - | - | - |
| At 30 September | | 203 | 209 | - | - |
| Net book value | | | | | |
| At 1 October | | 6,964 | 7,025 | - | - |
| At 30 September | | 171,232 | 6,964 | - | - |

Goodwill as at 30 September 2018 and 2017 was consisted of:

| | Consolidated financial statements (in million Baht) |
|---|--|
| 2018 | |
| Beer business (SABECO) | 142,228 |
| Spirit business (Grand Royal Group) | 13,974 |
| Food business (KFC stores) | 7,858 |
| Non-alcohol beverage | 5,504 |
| Other food business | 834 |
| Multiple units (Not individually significant) | 834 |
| Total | 171,232 |
| 2017 | |
| Non-alcohol beverage | 5,504 |
| Food business | 618 |
| Multiple units (Not individually significant) | 842 |
| Total | 6,964 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
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In 2018, the Group reviewed the recoverable amount of goodwill and found that the recoverable amount of goodwill as at 30 September 2018 exceeded its carrying amount. Goodwill is allocated for impairment testing purposes to the individual cash generating unit (“CGU”).

The recoverable amount of each CGU was based on value-in-use. The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering 4 to 7 years period. Cash flow beyond these periods are extrapolated using the estimated growth rates of 1.00% to 8.00%. The terminal growth rate used does not exceed the long term average growth rate of the respective industry of the CGU. The discount rate of 7.00% to 18.00% applied to the cash flow projections reflect management’s estimates of the risks specific to the respective cash generating units at the date of the assessment. The values assigned to the key assumptions represent management’s assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

16 Other intangible assets

| | Note | Consolidated financial statements | | | Total |
|---|------|-----------------------------------|------------------|-------------------------|---------------|
| | | Trademarks | Leasehold rights | Other intangible assets | |
| <i>(in million Baht)</i> | | | | | |
| Cost | | | | | |
| At 1 October 2016 | | 402 | 247 | 377 | 1,026 |
| Additions | | 3 | - | 47 | 50 |
| Disposals | | - | - | 2 | 2 |
| Effect of foreign currency exchange differences | | (5) | (4) | - | (9) |
| At 30 September 2017 / 1 October 2017 | | 400 | 243 | 426 | 1,069 |
| Additions | | 18 | 1,646 | 53 | 1,717 |
| Addition from acquisition of businesses | 4 | 10,694 | 2,253 | 61 | 13,008 |
| Disposals | | - | (44) | (3) | (47) |
| Transfer from property, plant and equipment | 14 | - | 158 | 3 | 161 |
| Effect of foreign currency exchange differences | | (1,650) | (117) | (13) | (1,780) |
| At 30 September 2018 | | 9,462 | 4,139 | 527 | 14,128 |
| Accumulated amortisation and impairment losses | | | | | |
| At 1 October 2016 | | 344 | 109 | 223 | 676 |
| Amortisation for the year | | 6 | 10 | 32 | 48 |
| Disposals | | - | - | (1) | (1) |
| Impairment loss | | 33 | - | - | 33 |
| Effect of foreign currency exchange differences | | (4) | (1) | - | (5) |
| At 30 September 2017 / 1 October 2017 | | 379 | 118 | 254 | 751 |
| Amortisation for the year | | 31 | 172 | 63 | 266 |
| Disposals | | - | (17) | (2) | (19) |
| Effect of foreign currency exchange differences | | 26 | (17) | (37) | (28) |
| At 30 September 2018 | | 436 | 256 | 278 | 970 |
| Net book value | | | | | |
| At 1 October 2016 | | 58 | 138 | 154 | 350 |
| At 30 September 2017 / 1 October 2017 | | 21 | 125 | 172 | 318 |
| At 30 September 2018 | | 9,026 | 3,883 | 249 | 13,158 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| | Separate financial statements | |
|---|--|------------|
| | 2018 | 2017 |
| | <i>(in million Baht)</i> | |
| <i>Cost</i> | | |
| At 1 October | 124 | 106 |
| Additions | 6 | 18 |
| At 30 September | 130 | 124 |
| <i>Accumulated amortisation and impairment losses</i> | | |
| At 1 October | 70 | 64 |
| Amortisation for the year | 7 | 6 |
| At 30 September | 77 | 70 |
| <i>Net book value</i> | | |
| At 1 October | 54 | 42 |
| At 30 September | 53 | 54 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

17 Deferred tax

Deferred tax assets and liabilities as at 30 September 2018 and 2017 were as follows:

| | Consolidated financial statements | | | |
|--|--|------------|--------------------|--------------|
| | Assets | | Liabilities | |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Total | 2,460 | 1,937 | (4,533) | (2,296) |
| Set off of tax | (1,517) | (1,428) | 1,517 | 1,428 |
| Net deferred tax assets (liabilities) | 943 | 509 | (3,016) | (868) |

| | Separate financial statements | | | |
|--------------------------------|--------------------------------------|-----------|--------------------|----------|
| | Assets | | Liabilities | |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Total | 300 | 39 | - | - |
| Net deferred tax assets | 300 | 39 | - | - |

Movements in total deferred tax assets and liabilities during the year were as follows:

| | Consolidated financial statements | | | | At 30 September 2018 |
|----------------------------------|--|---|--|---|-------------------------------------|
| | (Charged) / Credited to: | | | | |
| | At 1 October 2017 | Profit or loss (Note 34) | Other comprehensive income <i>(in million Baht)</i> | Addition from acquisition of businesses (Note 4) | |
| Deferred tax assets | | | | | |
| Inventories | 259 | (105) | - | 169 | 323 |
| Property, plant and equipment | 296 | (5) | - | 4 | 295 |
| Long-term investments | 1 | 1 | - | 30 | 32 |
| Provisions | 6 | (5) | - | - | 1 |
| Employee benefit obligations | 502 | 10 | 45 | 18 | 575 |
| Loss carry forward | 849 | 358 | - | - | 1,207 |
| Others | 24 | (6) | - | 9 | 27 |
| Total | 1,937 | 248 | 45 | 230 | 2,460 |
| Deferred tax liabilities | | | | | |
| Property, plant and equipment | (2,270) | 417 | - | (2,564) | (4,417) |
| Others | (26) | (67) | 2 | (25) | (116) |
| Total | (2,296) | 350 | 2 | (2,589) | (4,533) |
| Net | (359) | 598 | 47 | (2,359) | (2,073) |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
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| | Consolidated financial statements (Charged) / Credited to: | | | At 30 September 2017 |
|--|--|--|----------------------------------|-------------------------------------|
| | At 1 October 2016 | Profit or loss (Note 34) <i>(in million Baht)</i> | Other comprehensive income | |
| Deferred tax assets | | | | |
| Inventories | 232 | 27 | - | 259 |
| Property, plant and equipment | 303 | (7) | - | 296 |
| Long-term investments | 1 | - | - | 1 |
| Provisions | 6 | - | - | 6 |
| Employee benefit obligations | 487 | (21) | 36 | 502 |
| Loss carry forward | 630 | 219 | - | 849 |
| Others | 25 | (1) | - | 24 |
| Total | 1,684 | 217 | 36 | 1,937 |
| Deferred tax liabilities | | | | |
| Property, plant and equipment | (2,300) | 2 | 28 | (2,270) |
| Others | (39) | 12 | 1 | (26) |
| Total | (2,339) | 14 | 29 | (2,296) |
| Net | (655) | 231 | 65 | (359) |
| Separate financial statements (Charged) / Credited to: | | | | |
| | At 1 October 2017 | Profit or loss (Note 34) <i>(in million Baht)</i> | Other comprehensive income | At 30 September 2018 |
| Deferred tax assets | | | | |
| Intangible assets | 1 | (1) | - | - |
| Employee benefit obligations | 38 | 5 | 6 | 49 |
| Loss carry forward | - | 296 | - | 296 |
| Total | 39 | 300 | 6 | 345 |
| Deferred tax liabilities | | | | |
| Financing cost | - | (45) | - | (45) |
| Total | - | (45) | - | (45) |
| Net | 39 | 255 | 6 | 300 |
| Separate financial statements (Charged) / Credited to: | | | | |
| | At 1 October 2016 | Profit or loss (Note 34) <i>(in million Baht)</i> | Other comprehensive income | At 30 September 2017 |
| Deferred tax assets | | | | |
| Intangible assets | 1 | - | - | 1 |
| Employee benefit obligations | 33 | 2 | 3 | 38 |
| Total | 34 | 2 | 3 | 39 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

18 Other non-current assets

| | | Consolidated financial statements | | Separate financial statements | |
|----------------------------------|-------------|--|--------------|--|------------|
| | <i>Note</i> | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in million Baht)</i> | | | |
| Advance payments to a specialist | 39 | 1,292 | 1,342 | 242 | 252 |
| Deposits | | 493 | 300 | - | - |
| Income tax receivable | | 317 | 97 | - | - |
| Others | | 486 | 86 | - | - |
| Total | | 2,588 | 1,825 | 242 | 252 |

19 Interest-bearing liabilities

| | | Consolidated financial statements | | Separate financial statements | |
|--|-------------|--|---------------|--|---------------|
| | <i>Note</i> | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in million Baht)</i> | | | |
| Current | | | | | |
| Bank overdrafts | | | | | |
| Unsecured with letters of comfort | | 484 | - | - | - |
| Short-term loans from financial institutions | | | | | |
| Promissory notes | | | | | |
| Secured | | 2,093 | 1,446 | - | - |
| Unsecured with letters of comfort | | 64 | 304 | - | - |
| Unsecured | | 2,125 | - | 2,000 | - |
| Bill of exchanges | | | | | |
| Unsecured | | - | 3,953 | - | 3,953 |
| Bank overdrafts and short-term loans from financial institutions | | <u>4,766</u> | <u>5,703</u> | <u>2,000</u> | <u>3,953</u> |
| Current portion of debentures unsecured | | 1,701 | - | - | - |
| Current portion of bill of exchanges and long-term loans from financial institutions | | | | | |
| Secured | | 14 | - | - | - |
| Unsecured | | 8,002 | 24,950 | 8,000 | 24,950 |
| | | <u>8,016</u> | <u>24,950</u> | <u>8,000</u> | <u>24,950</u> |
| Short-term loans from related parties | | | | | |
| Unsecured | 5 | - | - | 8,195 | 11,602 |
| Other short-term loan | | | | | |
| Unsecured | | - | 5 | - | - |
| Total current | | 14,483 | 30,658 | 18,195 | 40,505 |

Thai Beverage Public Company Limited and its Subsidiaries
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| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|----------------------|----------------------------------|----------------------|
| | | 2018 | 2017 | 2018 | 2017 |
| <i>(in million Baht)</i> | | | | | |
| Non-current | | | | | |
| Long-term loans from related parties | | | | | |
| Unsecured | 5 | - | - | 27,795 | 27,494 |
| Debentures | | | | | |
| Unsecured (net of deferred financing cost) | | 126,910 | 2,000 | 126,910 | - |
| Long-term loans from financial institutions | | | | | |
| Secured | | 24 | - | - | - |
| Unsecured (net of deferred financing cost) | | 89,870 | 8,000 | 89,862 | 8,000 |
| | | <u>89,894</u> | <u>8,000</u> | <u>89,862</u> | <u>8,000</u> |
| Total non-current | | <u>216,804</u> | <u>10,000</u> | <u>244,567</u> | <u>35,494</u> |
| Grand total | | <u>231,287</u> | <u>40,658</u> | <u>262,762</u> | <u>75,999</u> |

The periods to maturity of interest-bearing liabilities as at 30 September 2018 and 2017 were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|--------------------------------------|----------------------|----------------------------------|----------------------|
| | 2018 | 2017 | 2018 | 2017 |
| <i>(in million Baht)</i> | | | | |
| Within one year | 14,483 | 30,658 | 18,195 | 40,505 |
| After one year but within five years | 171,463 | 10,000 | 199,226 | 35,494 |
| After five years | 45,341 | - | 45,341 | - |
| Total | <u>231,287</u> | <u>40,658</u> | <u>262,762</u> | <u>75,999</u> |

The principal features and detail of the borrowings were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| <i>(in million Baht)</i> | | | | |
| The Company | | | | |
| Bank overdrafts and short-term loans | | | | |
| Short-term promissory notes | 2,000 | - | 2,000 | - |
| Short-term bill of exchanges | - | 4,000 | - | 4,000 |
| Less prepaid interest | - | (47) | - | (47) |
| Total bank overdrafts and short-term loans | <u>2,000</u> | <u>3,953</u> | <u>2,000</u> | <u>3,953</u> |
| Short-term loans from related parties | <u>-</u> | <u>-</u> | <u>8,195</u> | <u>11,602</u> |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| | Consolidated financial statements | | Separate financial statements | |
|--|--------------------------------------|--------|----------------------------------|--------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Long-term loans from financial institutions (included current portion) | | | | |
| 1) The principal Baht 5,000 million payable in one lump sum amount in December 2017 ¹ | - | 5,000 | - | 5,000 |
| 2) The principal Baht 1,000 million payable in one lump sum amount in June 2018 ¹ | - | 1,000 | - | 1,000 |
| 3) The principal Baht 5,000 million payable in one lump sum amount in March 2018 ¹ | - | 5,000 | - | 5,000 |
| 4) The principal Baht 4,000 million payable in one lump sum amount in June 2018 ¹ | - | 4,000 | - | 4,000 |
| 5) The principal Baht 8,000 million payable in six instalments commencing from October 2018 - March 2019 ¹ | 8,000 | 8,000 | 8,000 | 8,000 |
| 6) The principal Baht 100,000 million payable in one lump sum amount in December 2019 ^{1,6} | 81,000 | - | 81,000 | - |
| 7) The principal Baht 9,000 million payable in four instalments commencing from September 2021 - March 2023 ¹ | 9,000 | - | 9,000 | - |
| Less deferred financing cost | (138) | - | (138) | - |
| Total long-term loan from financial Institutions | 97,862 | 23,000 | 97,862 | 23,000 |

Debentures (include current portion)

Debentures issuance No.1

| | | | | |
|--|--------|---|--------|---|
| 1.1) The principal Baht 5,000 million payable in one lump sum amount in March 2020 ³ | 5,000 | - | 5,000 | - |
| 1.2) The principal Baht 11,200 million payable in one lump sum amount in March 2021 ³ | 11,200 | - | 11,200 | - |
| 1.3) The principal Baht 10,000 million payable in one lump sum amount in March 2023 ³ | 10,000 | - | 10,000 | - |
| 1.4) The principal Baht 9,300 million payable in March 2025 ^{3,4} | 9,300 | - | 9,300 | - |
| 1.5) The principal Baht 14,500 million payable in March 2028 ^{3,4} | 14,500 | - | 14,500 | - |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| | Consolidated | | Separate | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Debentures (include current portion) (continued) | | | | |
| <i>Debentures issuance No.2</i> | | | | |
| 2.1) The principal Baht 2,452 million payable in one lump sum amount in January 2021 ³ | 2,452 | - | 2,452 | - |
| 2.2) The principal Baht 43,895 million payable in one lump sum amount in March 2022 ³ | 43,895 | - | 43,895 | - |
| 2.3) The principal Baht 4,387 million payable in one lump sum amount in September 2023 ³ | 4,387 | - | 4,387 | - |
| 2.4) The principal Baht 941 million payable in one lump sum amount in September 2025 ³ | 941 | - | 941 | - |
| 2.5) The principal Baht 13,719 million payable in September 2028 ^{3,5} | 13,719 | - | 13,719 | - |
| <i>Debentures issuance No.3</i> | | | | |
| 3.1) The principal Baht 4,692 million payable in one lump sum amount in September 2020 ³ | 4,692 | - | 4,692 | - |
| 3.2) The principal Baht 6,914 million payable in one lump sum amount in September 2028 ³ | 6,914 | - | 6,914 | - |
| Less deferred financing cost | (90) | - | (90) | - |
| Total debentures | 126,910 | - | 126,910 | - |
| Long-term bill of exchanges (included current portion) | | | | |
| 1) The principal Baht 3,500 million payable in one lump sum amount in November 2017 | - | 3,500 | - | 3,500 |
| 2) The principal Baht 1,500 million payable in one lump sum amount in November 2017 | - | 1,500 | - | 1,500 |
| 3) The principal Baht 5,000 million payable in one lump sum amount in February 2018 | - | 5,000 | - | 5,000 |
| Less prepaid interest | - | (50) | - | (50) |
| Total long-term bill of exchanges | - | 9,950 | - | 9,950 |
| Long-term loan from related parties | - | - | 27,795 | 27,494 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| | Consolidated | | Separate | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Subsidiaries | | | | |
| Bank overdrafts and short-term loans | | | | |
| Bank overdrafts | 484 | - | - | - |
| Promissory notes ² | 2,282 | 1,750 | - | - |
| Other short-term loan | - | 5 | - | - |
| Total bank overdrafts and short-term loans | <u>2,766</u> | <u>1,755</u> | <u>-</u> | <u>-</u> |
| Debentures (include current portion) | | | | |
| 1) The principal Baht 1,000 million payable in one lump sum amount in December 2018 ³ | 701 | 1,000 | - | - |
| 2) The principal Baht 1,000 million payable in one lump sum amount in July 2019 ³ | 1,000 | 1,000 | - | - |
| Total Debentures | <u>1,701</u> | <u>2,000</u> | <u>-</u> | <u>-</u> |
| Long-term loans (include current portion) | | | | |
| Promissory notes | | | | |
| 1) The principal Baht 20 million payable in every month instalment commencing in June 2019 - January 2021 | 10 | - | - | - |
| 2) The principal VND 32,000 million payable in every three month instalment commencing in June 2018 - July 2021 | 38 | - | - | - |
| Net | <u>48</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total interest-bearing liabilities | <u>231,287</u> | <u>40,658</u> | <u>262,762</u> | <u>75,999</u> |

¹ The Group and the Company must comply with the conditions and requirements as stipulated in the loan agreement.

² An overseas indirect subsidiary had partial short-term loans from the foreign financial institution in the credit facilities totalling GBP 45 million with the inventory secured and the inventory value must be not less than the outstanding loan.

Thai Beverage Public Company Limited and its Subsidiaries

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- ³ The Group and the Company must comply with the conditions and maintain the interest-bearing debt to the equity ratios over the term of the debentures.
- ⁴ The Company has an early redemption right starting from the 5th anniversary of their issuance.
- ⁵ The Company has an early redemption right starting from the 7th anniversary of their issuance.
- ⁶ The Company made repayment amounted to Baht 19,000 million during the year. Under the term of agreement, the Company can make voluntary prepayment by giving advanced written notice to the bank without prepayment fee.

As at 30 September 2018, the Group and the Company have interest rate of short-term loans from financial institutions at the rate of 1.47% to 5.50% and 1.55% to 1.65% per annum, respectively (30 September 2017: 0.98% to 1.94% and 1.94% per annum). The interest rate of long-term loans from financial institution 2.40% to 8.00% and 2.40% to 3.00% per annum, respectively (30 September 2017: 1.88% to 3.10% and 1.88% to 3.10% per annum). In addition, the interest rate of debentures of the Group is 1.79% to 4.16% per annum (30 September 2017: 2.20% to 2.51% per annum) and the Company's is 1.79% to 4.16% per annum.

At the Extraordinary General Meeting of the Shareholders of the Company held on 30 April 2018, the Shareholders had the resolution to approve an issuance and offering of debentures limit to be not exceeding Baht 200,000 million or any other currency equivalent. During 2018, the Company had issued and offered debentures totalling Baht 127,000 million. As a result, the Company had remaining approved debentures facilities of Baht 73,000 million as at 30 September 2018 (30 September 2017: Baht 20,000 million).

As at 30 September 2018, the Group had remaining approved debentures facilities of Baht 74,299 million (30 September 2017: Baht 21,000 million).

As at 30 September 2018, the Group and the Company had unutilized credit facilities totalling Baht 200,678 million and Baht 171,448 million, respectively (30 September 2017: Baht 81,824 million and Baht 54,898 million, respectively).

20 Trade accounts payable

| | Note | Consolidated financial statements | | Separate financial statements | |
|-----------------|------|--------------------------------------|--------------|----------------------------------|----------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | (in million Baht) | | | |
| Related parties | 5 | 2,386 | 1,631 | - | - |
| Other parties | | 5,517 | 3,166 | - | - |
| Total | | 7,903 | 4,797 | - | - |

21 Other payables

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|--------------|----------------------------------|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | (in million Baht) | | | |
| Accrued expenses | 3,506 | 2,690 | 424 | 226 |
| Accounts payable for purchase of assets | 1,741 | 630 | 4 | 4 |
| Accrued promotion expenses | 1,604 | 1,340 | - | - |
| Other account payable | 776 | 305 | 55 | 4 |
| Advanced payments from customers for purchase of goods | 462 | 1,426 | - | - |
| Others | 302 | 77 | 2 | 1 |
| Total | 8,391 | 6,468 | 485 | 235 |

Thai Beverage Public Company Limited and its Subsidiaries
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22 Other current liabilities

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------|--|--------------|--|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Value added tax payable | 1,706 | 1,043 | 23 | 31 |
| Deposits and retention | 831 | 570 | - | - |
| Excise tax payable | 680 | 50 | - | - |
| Withholding tax payable | 387 | 211 | 21 | 12 |
| Others | 157 | 20 | 4 | 2 |
| Total | 3,761 | 1,894 | 48 | 45 |

23 Employee benefit obligations

| | Consolidated financial statements | | Separate financial statements | |
|--|--|--------------|--|------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Statement of financial position | | | | |
| Obligations for: | | | | |
| Short-term employee benefits | | | | |
| - accumulated annual leave | - | 1 | - | - |
| Long-term employee benefits | | | | |
| - long service award | 35 | 39 | - | - |
| Post-employment benefits | | | | |
| - compensation plan based on Labour law of each country | 3,295 | 3,049 | 265 | 231 |
| Total | 3,330 | 3,089 | 265 | 231 |

| | Consolidated financial statements | | Separate financial statements | |
|---|--|------------|--|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Statement of comprehensive income | | | | |
| Recognised in statement of income: | | | | |
| Compensation plan based on Labour law of each country | 276 | 245 | 25 | 23 |
| Actuarial losses (gains) recognised during the year | (4) | 1 | - | - |
| | 272 | 246 | 25 | 23 |
| Recognised in statement of other comprehensive income: | | | | |
| Actuarial losses recognised during the year | 31 | 183 | 18 | 13 |
| Cumulative actuarial losses (gains) recognised | 202 | 171 | (15) | (33) |

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Compensation plan based on each country Labour law

The Group and the Company operate a defined benefit pension plan based on the Labour law requirements of each country to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Movement in the present value of the defined benefit obligations:

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|-----------|--------------------------------------|---------------------|----------------------------------|-------------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in million Baht)</i> | | | |
| Defined benefit obligations at 1 October | | 3,089 | 2,887 | 231 | 201 |
| Recognised in statement of income: | 31 | | | | |
| Current service cost | | 202 | 179 | 19 | 18 |
| Interest on obligation | | 74 | 66 | 6 | 5 |
| Actuarial losses (gains) | | (4) | 1 | - | - |
| | | <u>272</u> | <u>246</u> | <u>25</u> | <u>23</u> |
| Recognised in statement of other comprehensive income | | | | | |
| Actuarial losses (gains) | | 31 | 183 | 18 | 13 |
| | | <u>31</u> | <u>183</u> | <u>18</u> | <u>13</u> |
| Other | | | | | |
| Benefit paid | | (200) | (227) | (9) | (6) |
| Defined benefit obligation assumed upon acquisition of subsidiaries | | 138 | - | - | - |
| | | <u>(62)</u> | <u>(227)</u> | <u>(9)</u> | <u>(6)</u> |
| Defined benefit obligations at 30 September | | <u>3,330</u> | <u>3,089</u> | <u>265</u> | <u>231</u> |

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Notes to the financial statements
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Actuarial gains and losses recognised in other comprehensive income arising from:

| | Consolidated | | Separate | |
|-------------------------|-----------------------------|------------|-----------------------------|-----------|
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Demographic assumptions | 30 | 85 | 3 | 6 |
| Financial assumptions | (75) | (21) | 3 | - |
| Experience adjustment | 76 | 119 | 12 | 7 |
| Total | 31 | 183 | 18 | 13 |

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | Consolidated | | Separate | |
|----------------------|-----------------------------|------|-----------------------------|------|
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(% per year)</i> | | | |
| Discount rate | 2.75 - 2.80 | 2.50 | 2.80 | 2.50 |
| Future salary growth | 4.00 - 5.50 | 5.00 | 5.50 | 5.00 |

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 30 September 2018, the weighted-average duration of the defined benefit obligation was 9 years (30 September 2017: 8 - 12 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | Consolidated | | Separate | |
|---|-----------------------------|----------|-----------------------------|----------|
| | financial statements | | financial statements | |
| | <i>(in million Baht)</i> | | | |
| Defined benefit obligation 30 September 2018 | Increase | Decrease | Increase | Decrease |
| Discount rate (0.5% movement) | (135) | 144 | (9) | 9 |
| Future salary growth (0.5% movement) | 105 | (99) | 9 | (9) |
| Future salary growth (1% movement) | 94 | (76) | - | - |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Thai Beverage Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2018

24 Share capital

| | Par value per share (in Baht) | Consolidated / Separate financial statements | | | |
|-----------------------------------|-------------------------------------|--|---------------|---------------|---------------|
| | | 2018 | | 2017 | |
| | | Number | Baht | Number | Baht |
| <i>Authorised</i> | | | | | |
| At 1 October | | | | | |
| - ordinary shares | 1 | 25,155 | 25,155 | 25,155 | 25,155 |
| At 30 September | | | | | |
| - ordinary shares | 1 | 25,155 | 25,155 | 25,155 | 25,155 |
| <i>Issued and paid-up</i> | | | | | |
| At 1 October | | | | | |
| - ordinary shares | 1 | 25,110 | 25,110 | 25,110 | 25,110 |
| - Issue of new share to employees | 1 | 1 | 1 | - | - |
| At 30 September | | | | | |
| - ordinary shares | 1 | 25,111 | 25,111 | 25,110 | 25,110 |

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("Share premium"). Share premium is not available for dividend distribution.

25 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, if any, to a reserve account ("Legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprise the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Thai Beverage Public Company Limited and its Subsidiaries
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Valuation surplus

The valuation surplus account within equity comprises the cumulative net change in the valuation of property, plant and equipment included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of.

Movements in reserves

Movements in reserves are shown in the statements of changes in equity.

26 Share-based payments - Long-term incentive plan

Information regarding the Long-term incentive plan

On 28 April 2016, the General Meeting of the Shareholders approved the ThaiBev Long-term incentive plan (LTIP 2016) which will offer newly issued ordinary shares of the Company in addition to the existing benefit to its qualified employees in accordance with the LTIP 2016 criteria.

1. LTIP 2016

| Items | Description |
|---|--|
| Award date | 31 January 2017 |
| Participant's qualification | Thai Beverage Public Company Limited and its subsidiaries' employee level 12 and above who meet the conditions specified by the ThaiBev LTIP Committee. |
| Preliminary award | A preliminary number of awarded shares will be notified in the award letter. This number shall be subject to Group performance and individual participant's performance during the relevance period. |
| Final award | The final award to be released to the employee, depends on : 1. Personal performance rating (KPI) from 1 October 2016 to 30 September 2017. 2. Group performance levels from 1 October 2016 to 30 September 2017 with 2 performance conditions: 1) Net profit less non-controlling interest (75% weightage) 2) Dow Jones Sustainability Indices (DJSI) score (25% weightage) |
| Vesting and releasing schedule of final award | Shares will be vested and released to the participants subject to a 3 year multiple vesting periods. |
| The award-date fair value | The volume-weighted average market price of the ThaiBev's share on the Singapore Exchange Securities Trading Limited (SGX-ST) over the 3 days prior to the award-date. |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

2. LTIP 2017/2018

| Items | Description |
|---|--|
| Award date | 27 February 2018 |
| Participant's qualification | Thai Beverage Public Company Limited and its subsidiaries's employee level 12 and above who meet the conditions specified by the ThaiBev LTIP Committee. |
| Preliminary award | A preliminary number of awarded shares will be notified in the award letter. This number shall be subject to Group performance and individual participant's performance during the relevance period. |
| Final award | The final award to be released to the employee, depends on : 1. Personal performance rating (KPI) from 1 October 2017 to 30 September 2018. 2. Group performance levels from 1 October 2017 to 30 September 2018 with 2 performance conditions: 1) Net profit less non-controlling interest (75% weightage) 2) Dow Jones Sustainability Indices (DJSI) score (25% weightage) |
| Vesting and releasing schedule of final award | Shares will be vested and released to the participants subject to a 3 year multiple vesting periods. |
| The award-date fair value | The volume-weighted average market price of the ThaiBev's share on the Singapore Exchange Securities Trading Limited (SGX-ST) over the 3 days prior to the award-date. |

For the year ended 30 September 2018, the Group and the Company recorded expenses in relation to long-term incentive plan of Baht 46.31 million and Baht 17.53 million, respectively (2017: Baht 33.54 million and Baht 15.01 million, respectively).

Reconciliation of issued and paid-up ordinary share capital, share premium and other capital reserves - share-based payments for the year ended 30 September 2018.

Consolidated / Separate financial statements
2018

| | Issued and paid-up ordinary share capital (No. of million shares) | (in million Baht) | Share premium (in million Baht) | Other capital reserves - share-based payments |
|---|--|----------------------|---------------------------------------|--|
| At 1 October | 25,110 | 25,110 | 17,216 | 33 |
| Issue ordinary share to employees | 1 | 1 | 26 | (27) |
| Expenses in relation to long-term incentive plan | - | - | - | 52 |
| At 30 September | 25,111 | 25,111 | 17,242 | 58 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

Consolidated / Separate financial statements
2017

| | Issued and paid-up ordinary share capital (No. of million shares) | Share capital (in million Baht) | Share premium (in million Baht) | Other capital reserves - share-based payments |
|---|--|---------------------------------------|---------------------------------------|--|
| At 1 October | 25,110 | 25,110 | 17,216 | - |
| Expenses in relation to long-term incentive plan | - | - | - | 33 |
| At 30 September | 25,110 | 25,110 | 17,216 | 33 |

27 Operating segment

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise net foreign exchange gain or loss, parts loans and related finance costs, and some items of investments.

In preparing segmental information, those liabilities and related interest expense that are not specifically attributable to a particular segment are allocated on a percentage of net assets basis. Management believes this to be a fair indication of the actual use of the liabilities.

Business segments

The Group comprises the following main business segments:

| | |
|------------------------------------|--|
| <i>Spirits</i> | Production and sales of branded spirits products and soda; |
| <i>Beer</i> | Production and sales of raw materials and branded beer products; |
| <i>Non-alcoholic beverages</i> | Production and sales of branded water, ready-to-drink coffee, energy drink, green tea and fruit flavoured drinks; and |
| <i>Food</i> | Restaurants and distribution of foods and beverages. |

Geographical information

Operating units of the Group are mainly located in Thailand. Portions of product produced from these units are exported directly or indirectly through foreign subsidiaries to external customers. Certain operating units of subsidiaries are located in foreign countries.

In presenting information on the basis of geographical information, revenue is based on the geographical location of customers. Assets are based on the geographical location of the assets.

Thai Beverage Public Company Limited and its Subsidiaries
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Business segment results

| | Spirits | | Beer | | Non-alcoholic beverages | | Food | | Elimination | | Total | |
|--|--------------------------|----------------|---------------|---------------|-------------------------|----------------|---------------|--------------|--------------|--------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | | | | | | | | | |
| Revenue from sale to external customers | 105,874 | 109,237 | 94,475 | 57,316 | 16,117 | 16,738 | 13,229 | 6,706 | - | - | 229,695 | 189,997 |
| Inter-segment revenue | 26 | 60 | 11 | 10 | 67 | 39 | 36 | 36 | (140) | (145) | - | - |
| Interest income | 46 | 21 | 632 | 11 | 11 | 6 | 15 | 5 | - | - | 704 | 43 |
| Other income | 425 | 228 | 501 | 190 | 1,346 | 349 | 53 | 45 | (126) | (155) | 2,199 | 657 |
| Total allocated income | 106,371 | 109,546 | 95,619 | 57,527 | 17,541 | 17,132 | 13,333 | 6,792 | (266) | (300) | 232,598 | 190,697 |
| Cost of sale of goods | 70,775 | 73,209 | 73,473 | 44,316 | 10,916 | 10,769 | 7,411 | 3,705 | (98) | (100) | 162,477 | 131,899 |
| Distribution costs | 6,450 | 5,050 | 11,427 | 7,092 | 5,628 | 5,640 | 2,886 | 896 | (85) | (104) | 26,306 | 18,574 |
| Administrative expenses | 6,787 | 5,570 | 3,862 | 2,385 | 2,611 | 2,095 | 2,110 | 2,046 | (83) | (96) | 15,287 | 12,000 |
| Finance costs | 816 | 215 | 3,348 | 54 | 231 | 149 | 242 | 18 | - | - | 4,637 | 436 |
| Total allocated expenses | 84,828 | 84,044 | 92,110 | 53,847 | 19,386 | 18,653 | 12,649 | 6,665 | (266) | (300) | 208,707 | 162,909 |
| Share of profit of investment in associates and joint ventures | - | - | 375 | - | 127 | 143 | - | - | - | - | 502 | 143 |
| Profit (Loss) before income tax expense | 21,543 | 25,502 | 3,884 | 3,680 | (1,718) | (1,378) | 684 | 127 | - | - | 24,393 | 27,931 |
| Income tax (expense) income | (3,823) | (5,082) | (1,079) | (550) | 474 | 523 | (130) | (23) | - | - | (4,558) | (5,132) |
| Allocated profit (loss) for the year | 17,720 | 20,420 | 2,805 | 3,130 | (1,244) | (855) | 554 | 104 | - | - | 19,835 | 22,799 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
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| | Total | |
|---|--------------------------|---------------|
| | 2018 | 2017 |
| | <i>(in million Baht)</i> | |
| Cost relating to business acquisition | (2,352) | - |
| Finance cost relating to SABECO acquisition before contribution from its profit | (107) | - |
| Deferred tax utilisation from food business restructuring | (51) | - |
| <i>Unallocated items</i> | | |
| - Share of profit from normal operation of investment in associates and joint ventures | 3,728 | 3,930 |
| - Effect of change of interest in other investment of associate | - | 8,497 |
| - Finance costs | (327) | (545) |
| Total unallocated items | <u>3,401</u> | <u>11,882</u> |
| Profit for the year | <u>20,726</u> | <u>34,681</u> |

| | Spirits | | Beer | | Non-alcoholic beverages | | Food | | Total | |
|---|--------------------------|--------|-------------|-------|------------------------------------|-------|-------------|------|---------------|---------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | | | | | | | |
| Allocate profit (loss) attributable to owner of the Company | 16,977 | 20,420 | 1,464 | 3,130 | (1,323) | (994) | 521 | 72 | 17,639 | 22,628 |
| Cost relating to business acquisition | | | | | | | | | (2,352) | - |
| Finance cost relating to SABECO acquisition before contribution from its profit | | | | | | | | | (107) | - |
| Deferred tax utilisation from food business restructuring | | | | | | | | | (51) | - |
| <i>Unallocated items:</i> | | | | | | | | | | |
| - Share of profit from normal operation of investment in associates and joint ventures | | | | | | | | | 3,728 | 3,930 |
| - Effect of change of interest in other investment of associate | | | | | | | | | - | 8,497 |
| - Finance costs | | | | | | | | | (327) | (545) |
| Total unallocated items | | | | | | | | | <u>3,401</u> | <u>11,882</u> |
| Profit attributable to owner of the Company | | | | | | | | | <u>18,530</u> | <u>34,510</u> |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

Business segment financial position

| | Spirits | | Beer | | Non-alcoholic beverages | | Food | | Total | |
|-------------------------------------|--------------------------|---------------|----------------|---------------|-------------------------|---------------|---------------|--------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | | | | | | | |
| Inventories | 33,326 | 31,250 | 7,396 | 5,163 | 981 | 1,228 | 482 | 120 | 42,185 | 37,761 |
| Property, plant and equipment | 21,237 | 19,811 | 16,151 | 10,322 | 15,144 | 16,635 | 4,527 | 1,764 | 57,059 | 48,532 |
| Goodwill | 14,808 | 842 | 142,228 | - | 5,504 | 5,504 | 8,692 | 618 | 171,232 | 6,964 |
| Other assets | 17,977 | 10,823 | 27,321 | 3,108 | 5,838 | 6,503 | 3,996 | 2,801 | 55,132 | 23,235 |
| Total allocated assets | 87,348 | 62,726 | 193,096 | 18,593 | 27,467 | 29,870 | 17,697 | 5,303 | 325,608 | 116,492 |
| <i>Unallocated items:</i> | | | | | | | | | | |
| - Investments in associates | | | | | | | | | 75,801 | 77,748 |
| Total assets | | | | | | | | | 401,409 | 194,240 |
| Interest-bearing liabilities | 37,073 | 14,018 | 164,105 | 3,103 | 9,500 | 7,523 | 11,608 | 1,014 | 222,286 | 25,658 |
| Other liabilities | 11,340 | 9,513 | 11,157 | 5,726 | 4,406 | 4,738 | 2,649 | 1,092 | 29,552 | 21,069 |
| Total allocated liabilities | 48,413 | 23,531 | 175,262 | 8,829 | 13,906 | 12,261 | 14,257 | 2,106 | 251,838 | 46,727 |
| <i>Unallocated items:</i> | | | | | | | | | | |
| - Loans from financial institutions | | | | | | | | | 9,000 | 15,000 |
| Total liabilities | | | | | | | | | 260,838 | 61,727 |

Thai Beverage Public Company Limited and its Subsidiaries
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Capital expenditure, depreciation, amortisation, and gain (loss) on disposal of assets for the year ended 30 September 2018 and 2017 were as follows:

| | Spirits | | Beer | | Non-alcoholic beverages | | Food | | Total | |
|--------------------------------------|--------------------------|-------|-------|------|-------------------------|-------|-------|------|-------|-------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | | | | | | | |
| Capital expenditure | 2,350 | 2,684 | 1,419 | 899 | 2,007 | 1,802 | 1,730 | 315 | 7,506 | 5,700 |
| Depreciation | 1,590 | 1,562 | 1,896 | 780 | 1,373 | 1,429 | 635 | 488 | 5,494 | 4,259 |
| Amortisation | 63 | 22 | 131 | 8 | 19 | 9 | 52 | 10 | 265 | 49 |
| Gain (Loss) on disposal of assets | 57 | 25 | 65 | 72 | 187 | (91) | 5 | (5) | 314 | 1 |
| Capital expenditure were as follows: | | | | | | | | | | |
| Property, plant and equipment | 2,293 | 2,664 | 1,368 | 885 | 765 | 1,791 | 1,362 | 310 | 5,788 | 5,650 |
| Intangible assets | 22 | 20 | 11 | 14 | 15 | 11 | 24 | 5 | 72 | 50 |
| Leasehold right | 35 | - | 40 | - | 1,227 | - | 344 | - | 1,646 | - |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
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Geographical information

The geographical financial information of the Group in the consolidated financial statements as at 30 September and for the year ended 30 September as follows:

| | Consolidated financial statements | | | |
|-------------------------------|--|-----------------------|-------------------------------|----------------------|
| | Revenue | | Property, plant and equipment | |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Thailand | 175,465 | 184,464 | 48,407 | 46,880 |
| Socialist Republic of Vietnam | 43,442 | - | 6,018 | - |
| Overseas | 13,691 | 6,233 | 2,634 | 1,652 |
| Total | <u>232,598</u> | <u>190,697</u> | <u>57,059</u> | <u>48,532</u> |

28 Other income

| | <i>Note</i> | Consolidated | | Separate | |
|--|-------------|-----------------------------|-------------------|-----------------------------|-----------------|
| | | financial statements | | financial statements | |
| | | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in million Baht)</i> | | | |
| Insurance claim from the fire incident | <i>14</i> | 868 | - | - | - |
| Gain on disposal of assets | | 364 | 78 | - | 1 |
| Other service income | | 139 | 96 | 72 | 8 |
| Revenue from sales of scraps | | 119 | 35 | - | - |
| Revenue from sales of by products | | 44 | 25 | - | - |
| Rental income | | 25 | 20 | - | - |
| Transportation income | | 14 | 21 | - | - |
| Others | | 519 | 342 | - | - |
| Total | | <u>2,092</u> | <u>617</u> | <u>72</u> | <u>9</u> |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

29 Distribution costs

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------------|--|---------------|--|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Marketing and advertising expenses | 9,082 | 7,022 | - | - |
| Personnel expenses | 6,395 | 5,091 | - | - |
| Transportation expenses | 3,433 | 1,492 | - | - |
| Rental fee | 1,821 | 1,490 | - | - |
| Depreciation and amortisation charges | 1,381 | 603 | - | - |
| Travelling expenses | 1,328 | 1,261 | - | - |
| Utilities expenses | 395 | 57 | - | - |
| Commission expenses | 46 | 5 | - | - |
| Others | 2,425 | 1,553 | - | - |
| Total | 26,306 | 18,574 | - | - |

30 Administrative expenses

| | <i>Note</i> | Consolidated financial statements | | Separate financial statements | |
|--|-------------|--|---------------|--|------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in million Baht)</i> | | | |
| Personnel expenses | | 6,435 | 5,233 | 47 | 40 |
| Depreciation and amortisation charges | | 911 | 748 | 2 | 2 |
| Marketing and advertising expenses | | 849 | 565 | 72 | 41 |
| Donation | | 833 | 569 | 10 | 9 |
| Idle capacity | | 783 | 750 | - | - |
| Hire and service fees | | 776 | 682 | 7 | 4 |
| Impairment loss on assets from fire incident | 14 | 680 | - | - | - |
| Rental fee | | 505 | 406 | 1 | 1 |
| Management personnel compensation | | 470 | 466 | 428 | 431 |
| Utilities expenses | | 428 | 395 | 5 | 6 |
| Travelling expenses | | 372 | 290 | 3 | 2 |
| Other tax & Fee | | 313 | 108 | 1 | 1 |
| Consultant and professional fee | | 248 | 392 | 4 | 5 |
| Office Supplies expenses | | 219 | 135 | - | - |
| System development | | 173 | 120 | 8 | 6 |
| Others | | 1,292 | 1,141 | 5 | 4 |
| Total | | 15,287 | 12,000 | 593 | 552 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
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31 Employee benefit expenses

| | Consolidated financial statements | | Separate financial statements | |
|--|--|---------------|--|--------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Management | | | | |
| Salaries and wages | 237 | 248 | 236 | 248 |
| Bonus | 138 | 140 | 138 | 140 |
| Pension costs - defined benefit plans | 10 | 10 | 10 | 10 |
| Pension costs - defined contribution plans | 8 | 8 | 8 | 8 |
| Expenses in relation to long-term incentive plan | 17 | 8 | 11 | 8 |
| Others | 3 | 52 | 25 | 17 |
| | 413 | 466 | 428 | 431 |
| Other employees | | | | |
| Salaries and wages | 12,058 | 9,278 | 599 | 524 |
| Bonus | 1,746 | 1,293 | 146 | 77 |
| Overtime and per diem allowance | 858 | 798 | 26 | 23 |
| Pension costs - defined benefit plans | 262 | 235 | 15 | 13 |
| Pension costs - defined contribution plans | 243 | 233 | 18 | 16 |
| Expenses in relation to long-term incentive plan | 29 | 26 | 6 | 7 |
| Commission | 546 | 495 | - | - |
| Others | 2,110 | 1,494 | 127 | 131 |
| | 17,852 | 13,852 | 937 | 791 |
| Total employee benefit expenses | 18,265 | 14,318 | 1,365 | 1,222 |

Defined benefit plans

Details of the defined benefit plans are given in Note 23.

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 5% of their basic salaries and by the Group at rates ranging from 2% to 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

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32 Expenses by nature

The statements of income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|--------------------------------------|---------|----------------------------------|------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| <i>Included in cost of sales of goods and cost of rendering of services:</i> | | | | |
| Changes in inventories of finished goods and work in progress | 628 | 410 | - | - |
| Raw materials, consumables and excise tax used | 128,188 | 124,891 | - | - |
| Employee benefit expenses | 5,022 | 3,528 | 880 | 752 |
| Depreciation and amortisation | 3,315 | 2,622 | 41 | 35 |
| <i>Included in distribution costs:</i> | | | | |
| Advertising and public relations | 5,942 | 5,097 | - | - |
| Employee benefit expenses | 6,395 | 5,091 | - | - |
| Marketing and sales promotion expenses | 3,139 | 1,925 | - | - |
| <i>Included in administrative expenses:</i> | | | | |
| Employee benefit expenses | 6,848 | 5,699 | 475 | 470 |
| Depreciation and amortisation | 911 | 748 | 2 | 2 |
| Rental fee | 505 | 406 | 1 | 1 |

33 Finance costs

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|--------------------------------------|--------------|----------------------------------|--------------|
| | | 2018 | 2017 | 2018 | 2017 |
| | | <i>(in million Baht)</i> | | | |
| <i>Interest expense:</i> | | | | | |
| Related parties | 4 | - | - | 1,351 | 1,279 |
| Financial institutions | | 5,016 | 1,002 | 3,642 | 925 |
| Total interest expense | | 5,016 | 1,002 | 4,993 | 2,204 |
| Less amounts included in the cost of assets | | (51) | (21) | - | - |
| Net | | 4,965 | 981 | 4,993 | 2,204 |

Thai Beverage Public Company Limited and its Subsidiaries
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34 Income tax expense

Income tax recognised in profit or loss

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|--------------------------------------|--------------|----------------------------------|------------|
| | | 2018 | 2017 | 2018 | 2017 |
| <i>(in million Baht)</i> | | | | | |
| Current tax expense | | | | | |
| Current year | | 5,213 | 5,365 | 22 | 389 |
| Adjustment for prior years | | (6) | (2) | (1) | (4) |
| | | <u>5,207</u> | <u>5,363</u> | <u>21</u> | <u>385</u> |
| Deferred tax expense | 17 | | | | |
| Movements in temporary differences | | (240) | (12) | 42 | (2) |
| Recognition of previously unrecognised tax losses | | (358) | (219) | (296) | - |
| | | <u>(598)</u> | <u>(231)</u> | <u>(254)</u> | <u>(2)</u> |
| Total income tax expense | | <u>4,609</u> | <u>5,132</u> | <u>(233)</u> | <u>383</u> |

Income tax recognised in other comprehensive income

| | Consolidated financial statements | | | | | |
|---|-----------------------------------|----------------|-----------------|-----------------|-----------------------------|-----------------|
| | 2018 | | | 2017 | | |
| | Before tax | Tax benefit | Net of tax | Before tax | Tax benefit (expense) | Net of tax |
| <i>(in million Baht)</i> | | | | | | |
| Share of other comprehensive income of associates | (1,220) | - | (1,220) | 283 | - | 283 |
| Realisation of fair value gains on change of interest of available-for-sale financial asset of associate | - | - | - | (8,506) | - | (8,506) |
| Foreign currency translation differences for foreign operations | (9,911) | - | (9,911) | (2,274) | - | (2,274) |
| Revaluation of property | - | - | - | (142) | 28 | (114) |
| Defined benefit plan actuarial (losses) gains | (31) | 45 | 14 | (183) | 36 | (147) |
| Net change in fair value of available-for-sale investments | 16 | 2 | 18 | (4) | 1 | (3) |
| Total | <u>(11,146)</u> | <u>47</u> | <u>(11,099)</u> | <u>(10,826)</u> | <u>65</u> | <u>(10,761)</u> |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| | Separate financial statements | | | | | |
|---|-------------------------------|------------------|---------------------------------|-------------|------------------|-------------|
| | Before tax | 2018 Tax expense | Net of tax (in million Baht) | Before tax | 2017 Tax benefit | Net of tax |
| Defined benefit plan actuarial (losses) gains | (18) | 6 | (12) | (13) | 3 | (10) |
| Total | (18) | 6 | (12) | (13) | 3 | (10) |

Reconciliation of effective tax rate

| | Consolidated financial statements | | | |
|--|-----------------------------------|-------------------|--------------|-------------------|
| | 2018 | | 2017 | |
| | Rate (%) | (in million Baht) | Rate (%) | (in million Baht) |
| Profit before income tax expense | | 25,335 | | 39,813 |
| Income tax using the Thai corporation tax rate | 20.00 | 5,067 | 20.00 | 7,962 |
| Effect of different tax rates in foreign jurisdictions | | 11 | | (567) |
| Income not subject to tax | | (1,464) | | (2,421) |
| Expenses not deductible for tax purposes | | 897 | | (63) |
| Recognition of previously unrecognized tax losses | | 87 | | 7 |
| Current year losses for which no deferred tax asset was recognised | | 9 | | 214 |
| Others | | 2 | | - |
| Total | 18.19 | 4,609 | 12.89 | 5,132 |

| | Separate financial statements | | | |
|--|-------------------------------|-------------------|-------------|-------------------|
| | 2018 | | 2017 | |
| | Rate (%) | (in million Baht) | Rate (%) | (in million Baht) |
| Profit before income tax expense | | 17,028 | | 17,847 |
| Income tax using the Thai corporation tax rate | 20.00 | 3,406 | 20.00 | 3,569 |
| Income not subject to tax | | (3,623) | | (3,210) |
| Expenses not deductible for tax purposes | | (16) | | 24 |
| Total | 1.37 | (233) | 2.15 | 383 |

Income tax reduction

Revenue Code Amendment Act no. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

Thai Beverage Public Company Limited and its Subsidiaries

Notes to the financial statements

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35 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, two subsidiaries have been granted privileges by the Board of Investment relating to the production of bio-gas and the production of beverage. The privileges granted include:

The production of bio-gas

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations;
- (c) a reduction in the normal tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (b) above; and
- (d) exemption from income tax on dividend income derived from certain promoted operations for a period of eight years.

The production of beverage

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations; and
- (c) exemption from income tax on dividend income derived from certain promoted operations for a period of eight years.

As promoted companies, the aforementioned subsidiaries must comply with certain terms and conditions prescribed in the promotional certificates.

Summary of revenue from promoted and non-promoted businesses:

| | Consolidated | | Separate | |
|-------------------------|-----------------------------|--------------------------|-----------------------------|------|
| | financial statements | | financial statements | |
| | 2018 | 2017 | 2018 | 2017 |
| | | | | |
| | | <i>(in million Baht)</i> | | |
| Promoted businesses | 5,401 | 6,064 | - | - |
| Non-promoted businesses | 224,294 | 183,933 | - | - |
| Total income | 229,695 | 189,997 | - | - |

Privileges granted to business operator in Free Zone

In 2004, a subsidiary was granted approval from the Customs Department to operate in a "Free Zone", whereby the subsidiary obtains privileges related to the payment of import and export taxes, valued added tax and excise tax. Various other privileges are also granted.

Thai Beverage Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2018

36 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the year ended 30 September 2018 and 2017 were based on the profit for the year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|---|-------------|----------------------------------|-------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht / million shares)</i> | | | |
| Profit attributable to ordinary shareholders of the Company (basic) | 18,530 | 34,510 | 17,261 | 17,464 |
| Number of ordinary shares outstanding | 25,111 | 25,110 | 25,111 | 25,110 |
| Earnings per share (basic) (in Baht) | 0.74 | 1.37 | 0.69 | 0.70 |

Diluted earnings per share

The calculations of diluted earnings per share for the year ended 30 September 2018 and 2017 were based on the profit for the year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the year after adjusting for the effects of all dilutive potential ordinary shares as follows:

| | Consolidated financial statements | | Separate financial statements | |
|---|---|---------------|----------------------------------|---------------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht / million shares)</i> | | | |
| Profit attributable to ordinary shareholders of the Company (diluted) | 18,530 | 34,510 | 17,261 | 17,464 |
| Number of ordinary shares outstanding (basic) | 25,111 | 25,110 | 25,111 | 25,110 |
| Effect of long-term incentive plan | 5 | 3 | 5 | 3 |
| Number of ordinary shares outstanding (diluted) | 25,116 | 25,113 | 25,116 | 25,113 |
| Earnings per share (diluted) (in Baht) | 0.74 | 1.37 | 0.69 | 0.70 |

37 Dividends

At the annual general meeting of the shareholders of the Company held on 31 January 2018, the shareholders had the resolution to approve the appropriation of remaining dividend payment from the year ended 30 September 2017 of Baht 0.47 per share, totalling Baht 11,802 million. The dividend was paid to the shareholders in February 2018.

At the Board of Directors' meeting held on 15 May 2018, the Board of Directors unanimously approved the interim dividend payment from the profit for the six-month period ended 31 March 2018 of Baht 0.15 per share, totalling Baht 3,766.70 million. The dividends was paid to the shareholders in June 2018.

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At the annual general meeting of the shareholders of the Company held on 26 January 2017, the shareholders had the resolution to approve the appropriation of dividend payment of Baht 0.60 per share, totalling Baht 15,066 million. On 7 September 2016, a portion of the said dividend was paid as the interim dividend of Baht 0.20 per share, totalling Baht 5,022 million. The remaining dividend payment of Baht 0.40 per share, totalling Baht 10,044 million, was paid to the shareholders in February 2017.

38 Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (see Note 19). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

The effective interest rates of loans receivable as at 30 September 2018 and 2017 and the periods in which the loans receivable mature or re-price were as follows:

| | Effective interest rate (% per annum) | Separate financial statements | | | Total |
|---|--|-------------------------------|--|---------------|---------------|
| | | Within 1 year | After 1 year but within 5 years (in million Baht) | After 5 years | |
| 2018 | | | | | |
| Current | | | | | |
| Short-term loans receivable - related parties | 5.00 | 5,043 | - | - | 5,043 |
| Non-current | | | | | |
| Long-term loans receivable - related parties | 5.00 | - | 10,622 | - | 10,622 |
| Total | | 5,043 | 10,622 | - | 15,665 |

Thai Beverage Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2018

| | Effective interest rate (% per annum) | Separate financial statements | | | Total |
|---|--|-------------------------------|--|---------------|---------------|
| | | Within 1 year | After 1 year but within 5 years (in million Baht) | After 5 years | |
| 2017 | | | | | |
| Current | | | | | |
| Short-term loans receivable - related parties | 5.00 | 11,351 | - | - | 11,351 |
| Total | | 11,351 | - | - | 11,351 |

The effective interest rates of interest-bearing financial liabilities as at 30 September 2018 and 2017 and the periods in which those liabilities mature or re-price were as follows:

| | interest rate (% per annum) | Consolidated financial statements | | | Total |
|---|--------------------------------|-----------------------------------|--|---------------|----------------|
| | | Within 1 year | After 1 year but within 5 years (in million Baht) | After 5 years | |
| 2018 | | | | | |
| Current | | | | | |
| Bank overdraft | 2.40 - 4.27 | 484 | - | - | 484 |
| Short-term loans payable - financial institutions | 1.47 - 5.50 | 4,282 | - | - | 4,282 |
| Current portion of debenture | 2.20 - 2.51 | 1,701 | - | - | 1,701 |
| Current portion of long-term loans - financial institutions | 2.40 - 8.00 | 8,016 | - | - | 8,016 |
| Non-current | | | | | |
| Debentures | 1.79 - 4.16 | - | 81,569 | 45,341 | 126,910 |
| Long-term loans payable - financial institutions | 2.50 - 7.20 | - | 89,894 | - | 89,894 |
| Total | | 14,483 | 171,463 | 45,341 | 231,287 |

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2018

| | Consolidated financial statements | | | | |
|--|--|----------------------|---|------------------|----------------------|
| | interest rate (% per annum) | Within 1 year | After 1 year but within 5 years (in million Baht) | After 5 years | Total |
| 2017 | | | | | |
| Current | | | | | |
| Short-term loans payable - financial institutions | 0.98 - 1.94 | 5,703 | - | - | 5,703 |
| Current portion of long-term loans - financial institutions | 1.88 - 3.10 | 24,950 | - | - | 24,950 |
| Short-term loans payable - others | 5.00 | 5 | - | - | 5 |
| Non-current | | | | | |
| Debentures | 2.20 - 2.51 | - | 2,000 | - | 2,000 |
| Long-term loans payable - financial institutions | 2.40 | - | 8,000 | - | 8,000 |
| Total | | <u>30,658</u> | <u>10,000</u> | <u>-</u> | <u>40,658</u> |

| | Separate financial statements | | | | |
|--|--------------------------------------|----------------------|---|----------------------|-----------------------|
| | interest rate (% per annum) | Within 1 year | After 1 year but within 5 years (in million Baht) | After 5 years | Total |
| 2018 | | | | | |
| Current | | | | | |
| Short-term loans payable - financial institutions | 1.55 - 1.65 | 2,000 | - | - | 2,000 |
| Current portion of long-term loans - financial institutions | 2.40 | 8,000 | - | - | 8,000 |
| Short-term loans payable - related parties | 2.50 | 8,195 | - | - | 8,195 |
| Non-current | | | | | |
| Long-term loans payable - financial institutions | 2.50 - 3.00 | - | 89,862 | - | 89,862 |
| Long-term loans payable - related parties | 2.50 | - | 27,795 | - | 27,795 |
| Debentures | 1.79 - 4.16 | - | 81,569 | 45,341 | 126,910 |
| Total | | <u>18,195</u> | <u>199,226</u> | <u>45,341</u> | <u>262,762</u> |

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| | interest rate (% per annum) | Separate financial statements | | | Total |
|--|--------------------------------------|-------------------------------|---|------------------|---------------|
| | | Within 1 year | After 1 year but within 5 years (in million Baht) | After 5 years | |
| 2017 | | | | | |
| Current | | | | | |
| Short-term loans payable - financial institutions | 1.94 | 3,953 | - | - | 3,953 |
| Current portion of long-term loans - financial institutions | 1.88- 3.10 | 24,950 | - | - | 24,950 |
| Short-term loans payable - related parties | 4.00 | 11,602 | - | - | 11,602 |
| Non-current | | | | | |
| Long-term loans payable - financial institutions | 2.40 | - | 8,000 | - | 8,000 |
| Long-term loans payable - related parties | 4.00 | - | 27,494 | - | 27,494 |
| Total | | 40,505 | 35,494 | - | 75,999 |

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Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

At 30 September 2018 and 2017, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

| | Consolidated | | Separate | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Singapore Dollars | | | | |
| Cash and cash equivalents | 3 | 1 | - | - |
| Loans to and other receivable from related parties | - | - | 1 | - |
| Loans from and other payables to related parties | (15) | (8) | (7) | (4) |
| Other payables | (1) | (6) | - | - |
| Gross statement of financial position exposure | (13) | (13) | (6) | (4) |
| Currency forwards | 13 | - | - | - |
| Net exposure | - | (13) | (6) | (4) |
| United States Dollars | | | | |
| Cash and cash equivalents | 657 | 69 | - | - |
| Trade accounts receivable | 288 | 180 | - | - |
| Other receivables | 1 | - | - | - |
| Trade accounts payable | (180) | (8) | - | - |
| Loans from and other payables to related parties | (1) | (1) | (1) | (1) |
| Interest-bearing liabilities | (13) | - | - | - |
| Other payables | (55) | (41) | - | - |
| Gross statement of financial position exposure | 697 | 199 | (1) | (1) |
| Estimated forecast purchase of goods | (130) | (324) | - | - |
| Estimated forecast purchase of assets | (36) | (62) | - | - |
| Estimated forecast other liabilities | (14) | (834) | - | - |
| Gross exposure | 517 | (1,021) | (1) | (1) |
| Currency forwards | 2 | 5 | - | - |
| Net exposure | 519 | (1,016) | (1) | (1) |
| Euro | | | | |
| Trade accounts payable | (299) | (187) | - | - |
| Other payables | (16) | (101) | - | - |
| Gross statement of financial position exposure | (315) | (288) | - | - |
| Estimated forecast purchase of goods | (1,128) | (911) | - | - |
| Estimated forecast payment for advertising | - | (72) | - | - |
| Estimated forecast purchase of assets | (12) | (35) | - | - |
| Estimated forecast other liabilities | (4) | (41) | - | - |
| Gross exposure | (1,459) | (1,347) | - | - |

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| | Consolidated financial statements | | Separate financial statements | |
|---|--|----------------|--|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| <i>Euro (continued)</i> | | | | |
| Currency forwards | 93 | 186 | - | - |
| Net exposure | (1,366) | (1,161) | - | - |
| <i>Pound Sterling</i> | | | | |
| Cash and cash equivalents | 9 | 12 | - | - |
| Trade accounts payable | (5) | (12) | - | - |
| Other payables to related parties | - | - | (1) | - |
| Other payables | (7) | - | - | - |
| Gross statement of financial position exposure | (3) | - | (1) | - |
| Estimated forecast purchase of goods | (2) | (20) | - | - |
| Estimated forecast payment for advertising | (345) | (20) | - | - |
| Gross exposure | (350) | (40) | (1) | - |
| Currency forwards | 11 | 5 | - | - |
| Net exposure | (339) | (35) | (1) | - |
| <i>Australian Dollars</i> | | | | |
| Trade accounts payable | (91) | (36) | - | - |
| Gross statement of financial position exposure | (91) | (36) | - | - |
| Estimated forecast purchase of goods | (196) | (192) | - | - |
| Gross exposure | (287) | (228) | - | - |
| Currency forwards | 60 | 19 | - | - |
| Net exposure | (227) | (209) | - | - |
| <i>Hong Kong Dollars</i> | | | | |
| Cash and cash equivalents | 29 | 31 | - | - |
| Other payables | (1) | (1) | - | - |
| Gross statement of financial position exposure | 28 | 30 | - | - |
| <i>Japanese Yen</i> | | | | |
| Other payables to related parties | (1) | - | - | - |
| Other payables | - | (64) | - | - |
| Gross statement of financial position exposure | (1) | (64) | - | - |
| Estimated forecast other liabilities | - | (7) | - | - |
| Gross exposure | (1) | (71) | - | - |
| Currency forwards | - | 63 | - | - |
| Net exposure | (1) | (8) | - | - |

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| | Consolidated financial statements | | Separate financial statements | |
|---|--|-------------|--|----------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Other foreign currencies | | | | |
| Trade accounts receivable | 9 | 6 | - | - |
| Other receivables to related parties | 5 | - | - | - |
| Other payables to related parties | (68) | - | - | - |
| Other payables | (2) | (24) | - | - |
| Gross statement of financial position exposure | (56) | (18) | - | - |

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying value and fair values

As at 30 September 2018 and 2017, fair values financial assets and liabilities is taken to approximately the carrying value, except the following items:

| | Consolidated financial statements | | | | | | |
|---|--|-------------|-------|-------------------|---------|---------|-------|
| | Carrying value | | | Fair value | | | |
| | Current | Non-current | Total | Level 1 | Level 2 | Level 3 | Total |
| | <i>(in million Baht)</i> | | | | | | |
| 30 September 2018 | | | | | | | |
| Financial assets | | | | | | | |
| Foreign currency forwards contracts in asset position | - | - | - | - | 22 | - | 22 |

Thai Beverage Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2018

| | Consolidated financial statements | | | | | | |
|---|-----------------------------------|-------------|---------|------------------------------|---------|---------|---------|
| | Carrying value | | | Fair value | | | |
| | Current | Non-current | Total | Level 1 (in million Baht) | Level 2 | Level 3 | Total |
| Financial liabilities | | | | | | | |
| Long-term loans and bill of exchanges from financial institutions | 8,016 | 89,894 | 97,910 | - | - | 98,085 | 98,085 |
| Debentures | 1,701 | 126,910 | 128,611 | - | 128,556 | - | 128,556 |
| Foreign currency forwards contracts in liability position | - | - | - | - | 177 | - | 177 |

| | Consolidated financial statements | | | | | | |
|---|-----------------------------------|-------------|--------|------------------------------|---------|---------|--------|
| | Carrying value | | | Fair value | | | |
| | Current | Non-current | Total | Level 1 (in million Baht) | Level 2 | Level 3 | Total |
| 30 September 2017 | | | | | | | |
| Financial assets | | | | | | | |
| Foreign currency forwards contracts in asset position | - | - | - | - | 144 | - | 144 |
| Financial liabilities | | | | | | | |
| Long-term loans and bill of exchanges from financial institutions | 24,950 | 8,000 | 32,950 | - | - | 34,101 | 34,101 |
| Debentures | - | 2,000 | 2,000 | - | 2,013 | - | 2,013 |
| Foreign currency forwards contracts in liability position | - | - | - | - | 302 | - | 302 |

| | Separate financial statements | | | | | | |
|---|-------------------------------|-------------|---------|------------------------------|---------|---------|---------|
| | Carrying value | | | Fair value | | | |
| | Current | Non-current | Total | Level 1 (in million Baht) | Level 2 | Level 3 | Total |
| 30 September 2018 | | | | | | | |
| Financial assets | | | | | | | |
| Long-term loan receivable - related parties | - | 10,622 | 10,622 | - | - | 11,178 | 11,178 |
| Financial liabilities | | | | | | | |
| Long-term loan payable - related parties | - | 27,795 | 27,795 | - | - | 27,892 | 27,892 |
| Long-term loans and bill of exchanges from financial institutions | 8,000 | 89,862 | 97,862 | - | - | 98,034 | 98,034 |
| Debentures | - | 126,910 | 126,910 | - | 126,853 | - | 126,853 |

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| | Separate financial statements | | | | | | |
|---|-------------------------------|-------------|--------|------------|---------|---------|--------|
| | Carrying value | | | Fair value | | | |
| | Current | Non-current | Total | Level 1 | Level 2 | Level 3 | Total |
| | <i>(in million Baht)</i> | | | | | | |
| 30 September 2017 | | | | | | | |
| Financial liabilities | | | | | | | |
| Long-term loan payable - related party | - | 27,494 | 27,494 | - | - | 28,463 | 28,463 |
| Long-term loans and bill of exchanges from financial institutions | 24,950 | 8,000 | 32,950 | - | - | 34,101 | 34,101 |

A fair value of financial assets and financial liabilities is taken to approximate the carrying value to the relatively short-term maturity.

Financial instruments carried at fair value

Available-for-sale equity security is an investment in equity shares. The fair value of the investment is determined to be Level 2 under the fair value hierarchy.

Financial instruments not measured at fair value

| Type | Valuation technique | Significant unobservable inputs |
|-------------------------------------|------------------------|---------------------------------|
| Foreign currency forwards contracts | Broker quotes | Not applicable |
| Debentures | Based on broker quotes | Not applicable |
| Loans | Discounted cash flows | Discount rate |

39 Commitments with non-related parties

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------------|-------------------------------|-----------|
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| Capital commitments | | | | |
| <i>Contracted but not provided for:</i> | | | | |
| Buildings and other constructions | 709 | 172 | - | - |
| Machinery and equipment | 528 | 224 | - | - |
| Computer software and others | 133 | 101 | - | - |
| Land | 1 | - | - | - |
| Total | 1,371 | 497 | - | - |
| Future minimum lease payments under non-cancellable operating lease | | | | |
| Within one year | 1,062 | 583 | 17 | 22 |
| After one year but within five years | 1,934 | 518 | 14 | 28 |
| After five years | 1,708 | 72 | - | - |
| Total | 4,704 | 1,173 | 31 | 50 |

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| | Consolidated | | Separate | |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | financial statements | financial statements | financial statements | financial statements |
| | 2018 | 2017 | 2018 | 2017 |
| | <i>(in million Baht)</i> | | | |
| <i>Other commitments</i> | | | | |
| Purchases of goods and raw materials agreements | 6,799 | 1,626 | - | - |
| Advertising servicer and sponsorship agreements | 1,735 | 1,417 | 23 | - |
| Service agreements | 1,511 | 816 | 40 | 17 |
| Specialist and consultancy agreements | 905 | 1,026 | 293 | 332 |
| Bank guarantees | 217 | 1,064 | - | - |
| Forward contracts to buy foreign currencies | 179 | 304 | - | - |
| Unused letters of credit for goods and supplies | 55 | 272 | - | - |
| Forward contracts to sell foreign currencies | 22 | 146 | - | - |
| Purchases of molasses agreements | - | 113 | - | - |
| Other agreements | 379 | 6 | 300 | - |
| Total | 11,802 | 6,790 | 656 | 349 |

Other significant commitments

Specialist agreements

In 2004, the Company and four subsidiaries entered into production and blending control agreements with a specialist for a period of forty years from 1 August 2004 to 1 August 2044. Under the agreements, the Company and its subsidiaries are obliged to pay monthly service fees of Baht 4.3 million which are to be annually increased by 5% for the first 20 years from 1 August 2004 to 1 August 2024. Afterwards, the Company and its subsidiaries have to pay monthly service fees of Baht 0.25 million until the expiration of the agreements. Service fee, under the agreements, totalled Baht 1,766.2 million. Subsequently, the addendums were made on 5 January 2006, under which the Company and its subsidiaries have to pay additional amount to this specialist amounting to Baht 2,000 million. Therefore, the total service fees under the agreements both outstanding and already paid by the Company and its subsidiaries amounted to Baht 3,766.2 million.

As at 30 September 2018, the remaining commitments to be paid, relating to these agreements, amounted to Baht 737.9 million (30 September 2017: Baht 836 million).

Consultancy agreement

On 6 November 2014, the Company entered into a consulting agreement with a company to provide advices and consultancy related to distillery process in Thailand and other works specified in the agreement for a period of 10 years from 1 November 2014 to 31 October 2024. Under the agreement, the Company is obliged to pay monthly service fees approximately Baht 1.67 million which is to be increased by 5% every 12 months for the period of 10 years. Therefore, the total fees under the agreement amounted to Baht 251.56 million.

As at 30 September 2018, the remaining commitment to be paid relating to this agreement amounted to Baht 167.28 million (30 September 2017: Baht 190.34 million).

Thai Beverage Public Company Limited and its Subsidiaries
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Sponsorship agreement

In 2017, a subsidiary has entered into a sponsorship agreement with Football Association of Thailand Under the royal patronage, for a period of 10 years from 1 January 2017 to 31 December 2026 in order to promote the products by specified privileges in the agreement. Under the conditions as stipulated in the agreements, the subsidiary will subsidize with cash and others at total amount of Baht 100 million per annum.

In 2017, a subsidiary has entered into an agreement with a company in the United Kingdom for a period of three years from 1 June 2017 to 31 May 2020 to receive rights as specified in the agreement. The subsidiary is obliged to pay a minimum amount of GBP 0.15 million per year at the condition specified in the agreement.

In 2018, a subsidiary has entered into a sponsorship agreement with a company in the United Kingdom for a period of three years from 1 August 2018 to 31 July 2021 to receive rights as specified in the agreement. The subsidiary is obliged to pay a minimum amount of GBP 2.75 million per year at the condition specified in the agreement.

Material and package trading agreement

On 19 November 2014, the company's subsidiary and indirect subsidiary ("subsidiaries"), entered into sale and purchase of material and package agreement with a local company for distributing products to the Group's restaurants and for materials and packaging management to the Company and its subsidiary. The subsidiaries agreed to pay the service charge at the rate specified in the agreements. Subsequently, an amendment to the agreements was made to continue for the successive one year term from 1 January 2017 to 31 December 2017. The subsidiaries agree to pay the service charge at the rate as stipulated in the said addendum. The new agreement is currently being reviewed and signed by the parties.

Transportation agreement

The Company's subsidiary and Oishi Trading Co., Ltd., the Company's indirect subsidiary, entered into a transportation agreement with a local company to transport their products from factory to the defined destination. Transportation cost is calculated for each trip at the rate as specified in the agreement. The agreement shall be in effect for a period of two years from 1 July 2010 to 30 June 2012. Unless there is notification from either party to terminate the agreement at the expiration date, this agreement continues to be in effect for a successive one year term.

Purchase natural gas agreement

On 30 September 2009, the Company's indirect subsidiary, entered into a purchase natural gas agreement with a local company. The indirect subsidiary agreed to pay the fee and complied with the conditions as stipulated in the agreement. The agreement shall be in effect for a period of seven years, effective from 21 December 2009 to 30 November 2016 with renewal if not less than 90 days prior written notice is given by any one party to the other. Subsequently on 9 November 2016, the indirect subsidiary entered the new agreement with a party. The agreement shall be in effect for a period of two years, effective from 1 December 2016 to 30 November 2018 with renewal if not less than 90 days prior written notice is given by any one party to the other.

Franchise agreement

In 2017, the Company's indirect subsidiary ("subsidiary") entered into a franchise agreement with a local company, whereby the franchise agreement allows the subsidiary to operate quick service restaurants under the trademark "KFC". The franchise agreement is for the period of ten years with the renewable option. The subsidiary is obliged to pay the fee and comply with terms and conditions stipulated in the agreement.

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Contract manufacturing agreement

On 1 May 2015, Oishi Trading Co., Ltd., the Company's subsidiary, entered into a contract manufacturing agreement with a local company at the price conditions as specified in the agreement. The agreement is for five years period from 1 May 2015 to 30 April 2020.

Donation agreement

On 1 December 2017, the Company entered into a donation agreement with a local university, which was established by collaboration of a local university and an oversea university. Under the agreement, the Company will donate Baht 300 million within 3 years at the conditions specified in the agreement.

40 Events after the reporting period

The Company and its Subsidiaries

At the Board of Directors' meeting of the Company held on 26 November 2018, the Board of Directors agreed to propose a dividend payment of Baht 0.39 per share, totalling Baht 9,793.42 million. On 14 June 2018, the interim dividend was paid Baht 0.15 per share, totalling Baht 3,766.70 million. The remaining dividend payment is Baht 0.24 per share, totalling Baht 6,026.72 million. The Board of Directors will propose this matter to the shareholders' meeting for further approval.

Associates of the Group

At the Board of Directors' meeting of Fraser and Neave, Limited ("F&N") and Frasers Property Limited ("FPL"), held on 9 November 2018, the Board of Directors of F&N and FPL agreed to propose a dividend payment of SGD 0.045 and SGD 0.086 per share, respectively. The interim dividend was paid SGD 0.015 and SGD 0.024 per share, respectively in June 2018. The remaining dividend payment of SGD 0.030 and SGD 0.062 per share, respectively will be paid during 2019, subject to the Shareholders approval.

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41 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

| TFRS | Topic | Effective |
|-------------|---|------------------|
| TFRS 7* | Financial Instruments: Disclosures | 2020 |
| TFRS 9* | Financial Instruments | 2020 |
| TFRS 15 | Revenue from Contracts with Customers | 2019 |
| TAS 32* | Financial Instruments: Presentation | 2020 |
| TFRIC 16* | Hedges of a Net Investment in a Foreign Operation | 2020 |
| TFRIC 19* | Extinguishing Financial Liabilities with Equity Instruments | 2020 |

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying these standards on the consolidated and separate financial statements.