

**Sermsuk Public Company Limited  
and its Subsidiaries**

Financial statements for the year ended  
31 December 2013  
and  
Independent Auditor's Report



**KPMG Phoomchai Audit Ltd.**

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## Independent Auditor's Report

### To the Shareholders of Sermasuk Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Sermasuk Public Company Limited and its subsidiaries (the "Group") and of Sermasuk Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2013, the consolidated and separate statements of 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.

#### *Management's Responsibility for the Consolidated and Separate Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, 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.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated and separate financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



*Opinion*

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

*Emphasis of Matter*

Without qualifying my opinion, I draw attention to notes 2 and 5 to the financial statements describing the effect of the Company's adoption from 1 January 2013 of certain new accounting policies. The corresponding figures presented are based on the audited financial statements as at and for the year ended 31 December 2012 after making the adjustments described in notes 2 and 5.

A handwritten signature in black ink, appearing to be 'Nirand Lilamethwat', written in a cursive style.

(Nirand Lilamethwat)  
Certified Public Accountant  
Registration No. 2316

KPMG Phoomchai Audit Ltd.  
Bangkok  
25 February 2014

**Sermsuk Public Company Limited and its Subsidiaries**
**Statement of financial position**

Assets	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(Restated)	(Restated)		(Restated)	(Restated)
<i>(in Baht)</i>							
<b>Current assets</b>							
Cash and cash equivalents	9	186,256,297	1,544,538,609	976,480,680	139,683,614	1,373,162,370	873,059,845
Current investments		-	-	12,000,000	-	-	-
Trade accounts receivable	8, 10	489,729,373	735,615,200	990,087,809	511,062,789	725,105,177	915,698,950
Other receivable from related parties	8	23,069,357	64,947,154	9,974,739	65,917,526	110,299,751	54,593,428
Other receivables	11	147,703,894	406,161,591	499,857,494	144,854,372	403,786,414	493,716,776
Short-term loans to related parties	8	-	-	-	384,600,000	369,000,000	-
Inventories	12	2,226,289,983	2,018,772,822	2,274,854,825	2,034,331,092	1,879,889,871	2,165,175,431
Prepaid crown tax and lids taxes		92,173,879	188,524,353	391,967,356	80,254,863	183,710,960	387,719,689
Other current assets		164,809,085	148,976,114	37,551,163	135,222,421	119,570,998	19,798,162
<b>Total current assets</b>		<b>3,330,031,868</b>	<b>5,107,535,843</b>	<b>5,192,774,066</b>	<b>3,495,926,677</b>	<b>5,164,525,541</b>	<b>4,909,762,281</b>
<b>Non-current assets</b>							
Restricted deposits at financial institution	39	830,263	2,494,309	2,443,105	830,263	2,494,309	2,443,105
Investment in an associate	13	276,307,785	195,067,129	18,375,183	30,000,000	30,000,000	30,000,000
Investment in subsidiaries	14	-	-	-	356,634,074	356,634,067	350,000,000
Other long-term investments	15	174,446,315	214,099,170	126,166,556	174,446,315	214,099,170	126,166,556
Advance payment to a related party	8	-	86,465	86,465	-	-	-
Long-term loans to a related party	8	3,000,000	5,000,000	5,000,000	3,000,000	5,000,000	5,000,000
Investment properties	16	232,148,400	33,157,000	29,645,240	232,148,400	33,157,000	29,645,240
Property, plant and equipment	17	8,636,645,339	7,983,366,698	8,003,892,838	8,108,076,860	7,508,888,440	7,498,538,437
Intangible assets	18	21,317,623	19,064,851	39,902,329	16,504,125	17,043,239	37,797,144
Deferred tax assets	19	3,966,372	2,690,770	1,283,694	-	-	-
Other non-current assets	20	22,287,345	31,028,941	23,837,237	22,252,905	30,994,502	23,801,221
<b>Total non-current assets</b>		<b>9,370,949,442</b>	<b>8,486,055,333</b>	<b>8,250,632,647</b>	<b>8,943,892,942</b>	<b>8,198,310,727</b>	<b>8,103,391,703</b>
<b>Total assets</b>		<b>12,700,981,310</b>	<b>13,593,591,176</b>	<b>13,443,406,713</b>	<b>12,439,819,619</b>	<b>13,362,836,268</b>	<b>13,013,153,984</b>

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

## Sermasuk Public Company Limited and its Subsidiaries

### Statement of financial position

Liabilities and equity	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
<i>(in Baht)</i>							
<b>Current liabilities</b>							
Trade accounts payable	8, 21	766,244,851	1,237,512,691	1,369,178,326	860,160,641	1,222,697,457	1,334,959,332
Other payable to related parties	8	24,658,795	50,247,865	26,232,951	194,056,966	87,161,253	24,620,827
Other payables		331,437,356	438,596,760	369,249,820	324,257,768	430,610,771	364,471,533
Short-term loans from financial institutions	22	700,000,000	-	-	700,000,000	-	-
Short-term loan from related party	8	-	-	129,600,000	-	-	-
Accrued expenses		447,801,724	755,240,186	369,345,171	438,103,416	739,502,886	353,965,098
Income tax payable		-	-	14,301,820	-	-	11,549,710
Dividends payable	35	73,586,615	75,030,411	74,884,378	73,586,615	75,030,411	74,884,378
Customers' deposits on bottles and cases		522,184,823	691,829,511	851,553,518	522,184,823	691,829,511	851,553,518
Other current liabilities		43,468,561	59,437,133	78,171,377	23,925,627	57,624,613	75,436,346
<b>Total current liabilities</b>		<b>2,909,382,725</b>	<b>3,307,894,557</b>	<b>3,282,517,361</b>	<b>3,136,275,856</b>	<b>3,304,456,902</b>	<b>3,091,440,742</b>
<b>Non-current liabilities</b>							
Deferred tax liabilities	19	463,455,429	453,367,540	449,700,769	446,951,428	447,335,111	449,700,769
Employee benefits obligations	23, 24	925,548,183	1,102,898,801	1,155,352,263	920,935,876	1,098,148,270	1,151,686,999
Long-term provision	24	-	-	9,967,175	-	-	9,967,175
<b>Total non-current liabilities</b>		<b>1,389,003,612</b>	<b>1,556,266,341</b>	<b>1,615,020,207</b>	<b>1,367,887,304</b>	<b>1,545,483,381</b>	<b>1,611,354,943</b>
<b>Total liabilities</b>		<b>4,298,386,337</b>	<b>4,864,160,898</b>	<b>4,897,537,568</b>	<b>4,504,163,160</b>	<b>4,849,940,283</b>	<b>4,702,795,685</b>

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

**Sermsuk Public Company Limited and its Subsidiaries**

**Statement of financial position**

	Note	Consolidated financial statements			Separate financial statements	
		31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	31 December 2013	31 December 2012 (Restated)
<i>(in Baht)</i>						
<b>Equity</b>						
Share capital:	25					
Authorised share capital		265,900,484	265,900,484	265,900,484	265,900,484	265,900,484
Issued and paid-up share capital		265,900,484	265,900,484	265,900,484	265,900,484	265,900,484
Premium on ordinary shares	25	1,342,448,425	1,342,448,425	1,342,448,425	1,342,448,425	1,342,448,425
Retained earnings:						
Appropriated:	26					
Legal reserve		26,795,766	26,795,766	26,795,766	26,795,766	26,795,766
General reserve		2,785,000,000	3,089,000,000	3,089,000,000	2,785,000,000	3,089,000,000
Unappropriated		555,950,971	1,081,414,867	678,218,759	163,491,127	867,707,842
Other components of equity	26	3,426,499,327	2,923,870,736	3,123,360,617	3,352,020,657	2,921,043,468
<b>Equity attributable to owners of the Company</b>		<b>8,402,594,973</b>	<b>8,729,430,278</b>	<b>8,525,724,051</b>	<b>7,935,656,459</b>	<b>8,512,895,985</b>
Non-controlling interests		-	-	20,145,094	-	-
<b>Total equity</b>		<b>8,402,594,973</b>	<b>8,729,430,278</b>	<b>8,545,869,145</b>	<b>7,935,656,459</b>	<b>8,512,895,985</b>
<b>Total liabilities and equity</b>		<b>12,700,981,310</b>	<b>13,593,591,176</b>	<b>13,443,406,713</b>	<b>12,439,819,619</b>	<b>13,013,153,984</b>

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

# Sermsuk Public Company Limited and its Subsidiaries

## Statement of comprehensive income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
			(Restated)		(Restated)
		(in Baht)			
<b>Income</b>					
Revenue from sale of goods and rendering of services	8, 27	11,171,987,254	22,820,675,158	11,233,666,481	22,492,324,526
Other income	8, 28	285,538,200	385,813,854	369,904,865	371,744,131
<b>Total income</b>		<b>11,457,525,454</b>	<b>23,206,489,012</b>	<b>11,603,571,346</b>	<b>22,864,068,657</b>
<b>Expenses</b>					
Cost of sales of goods and rendering of services	8	8,114,736,550	18,219,775,074	8,357,713,164	18,021,349,665
Selling expenses	8, 29	2,949,971,598	3,222,915,382	2,927,097,886	3,188,674,618
Administrative expenses	8, 30	1,024,899,437	1,206,740,541	961,944,996	1,159,250,266
Finance costs		9,563,452	5,488,671	9,563,230	-
<b>Total expenses</b>		<b>12,099,171,037</b>	<b>22,654,919,668</b>	<b>12,256,319,276</b>	<b>22,369,274,549</b>
Share of profit of an associate, net of income tax	13	162,240,656	176,691,945	-	-
<b>Profit (loss) before income tax expense</b>		<b>(479,404,927)</b>	<b>728,261,289</b>	<b>(652,747,930)</b>	<b>494,794,108</b>
Income tax revenue (expense)	33	150,872,391	(128,035,636)	145,995,158	(123,490,286)
<b>Profit (loss) for the year</b>		<b>(328,532,536)</b>	<b>600,225,653</b>	<b>(506,752,772)</b>	<b>371,303,822</b>
<b>Other comprehensive income</b>					
Foreign currency translation differences for foreign operation		11,010,602	(218,396)	-	-
Net change in fair value of available-for-sale investments	15	(26,350,235)	40,864,914	(26,350,235)	40,864,914
Revaluation of land		641,651,521	461,874	565,850,521	-
Defined benefit plan actuarial gain (loss) - Retirement benefit	23	203,996,014	(2,607,437)	203,330,284	(2,545,577)
Income tax on other comprehensive income		(163,859,461)	(7,743,870)	(148,566,114)	(7,663,868)
<b>Other comprehensive income for the year</b>		<b>666,448,441</b>	<b>30,757,085</b>	<b>594,264,456</b>	<b>30,655,469</b>
<b>Total comprehensive income for the year</b>		<b>337,915,905</b>	<b>630,982,738</b>	<b>87,511,684</b>	<b>401,959,291</b>

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

# Sermsuk Public Company Limited and its Subsidiaries

## Statement of comprehensive income

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		For the year ended 31 December		For the year ended 31 December	
		2013	2012	2013	2012
			(Restated)		(Restated)
		<i>(in Baht)</i>			
<b>Profit (loss) attributable to:</b>					
Owners of the Company		(328,532,536)	604,703,662	(506,752,772)	371,303,822
Non-controlling interests		-	(4,478,009)	-	-
<b>Profit (loss) for the year</b>		<b><u>(328,532,536)</u></b>	<b><u>600,225,653</u></b>	<b><u>(506,752,772)</u></b>	<b><u>371,303,822</u></b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		337,915,905	630,982,738	87,511,684	401,959,291
Non-controlling interests		-	-	-	-
<b>Total comprehensive income for the year</b>		<b><u>337,915,905</u></b>	<b><u>630,982,738</u></b>	<b><u>87,511,684</u></b>	<b><u>401,959,291</u></b>
<b>Basic earnings (losses) per share</b>	34	<b><u>(1.24)</u></b>	<b><u>2.27</u></b>	<b><u>(1.91)</u></b>	<b><u>1.40</u></b>

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



Sermasuk Public Company Limited and its Subsidiaries  
Statement of changes in equity

Consolidated financial statements (Restated)

	Other components of equity										Total equity	
	Retained earnings			Fair value				Share premium from business combination				Equity attributable to owners of the Company
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve	Unappropriated	Currency translation differences	Fair value changes in available-for-sale investments (in Baht)	Surpluses on land revaluation	Share premium from business combination under common control	Total other components of equity	Non-controlling interests	Total equity
Year ended 31 December 2012												
Balance at 31 December 2011 - as reported	265,900,484	1,342,448,425	26,795,766	3,089,000,000	396,160,812	-	11,400,000	3,642,800,771	200,000,000	3,854,200,771	20,145,094	8,994,650,552
Impact of changes in accounting policies	-	-	-	-	282,058,747	-	(2,280,000)	(728,560,154)	-	(730,840,154)	-	(448,781,407)
Balance at 31 December 2011 restated and 1 January 2012	265,900,484	1,342,448,425	26,795,766	3,089,000,000	678,218,759	-	9,120,000	2,914,240,617	200,000,000	3,123,360,617	20,145,094	8,545,869,145
Transactions with owners, recorded directly in equity												
Distribution to owners of the Company	-	-	-	-	(199,421,605)	-	-	-	-	-	-	(199,421,605)
Dividends to owners of the Company	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the year												
Profit	-	-	-	-	604,703,662	-	-	-	-	-	(4,478,009)	600,225,653
Other comprehensive income	-	-	-	-	(2,085,949)	(218,396)	32,691,931	369,499	-	32,843,034	-	30,757,085
Total comprehensive income for the year	-	-	-	-	602,617,713	(218,396)	32,691,931	369,499	-	32,843,034	(4,478,009)	630,982,738
Share premium from business combination under common control	-	-	-	-	-	-	-	-	(232,332,915)	(232,332,915)	(15,667,085)	(248,000,000)
Balance at 31 December 2012	265,900,484	1,342,448,425	26,795,766	3,089,000,000	1,081,414,867	(218,396)	41,811,931	2,914,610,116	(32,332,915)	2,992,870,756	-	8,729,430,278

**Sernsuk Public Company Limited and its Subsidiaries**  
Statement of changes in equity

**Consolidated financial statements (Restated)**

	Other components of equity										
	Retained earnings					Share premium from business combination under common control					Total other components of equity
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve	Unappropriated	Currency translation differences (in Baht)	Fair value changes in available-for-sale investments	Surpluses on land revaluation			Total
<b>Year ended 31 December 2013</b>											
Balance at 31 December 2012 - as reported	265,900,484	1,342,448,425	26,795,766	3,089,000,000	794,755,287	(218,396)	52,264,914	3,643,170,270	(32,332,915)	3,662,883,873	9,181,783,835
Impact of change in accounting policies	-	-	-	-	286,659,580	-	(10,452,983)	(728,560,154)	-	(739,013,137)	(452,353,557)
Balance at 31 December 2012 - restated and 1 January 2013	265,900,484	1,342,448,425	26,795,766	3,089,000,000	1,081,414,867	(218,396)	41,811,931	2,914,610,116	(32,332,915)	2,923,870,736	8,729,430,278
Transactions with owners, recorded directly in equity											
<i>Distribution to owners of the Company</i>											
Dividends to owners of the Company	-	-	-	-	(664,751,210)	-	-	-	-	-	(664,751,210)
Comprehensive income for the year											
Loss	-	-	-	-	(328,532,536)	-	-	-	-	-	(328,532,536)
Other comprehensive income	-	-	-	-	163,196,810	11,010,602	(21,080,188)	513,321,217	-	503,251,631	666,448,441
<b>Total comprehensive income for the year</b>	-	-	-	-	(165,335,726)	11,010,602	(21,080,188)	513,321,217	-	503,251,631	337,915,905
Transfer to unappropriated retained earnings	-	-	-	(304,000,000)	304,000,000	-	-	-	-	-	-
Transfer surplus on disposal of land revaluation to retained earnings	-	-	-	-	623,040	-	-	(623,040)	-	(623,040)	-
Balance at 31 December 2013	265,900,484	1,342,448,425	26,795,766	2,785,000,000	555,950,971	10,792,206	20,731,743	3,427,308,293	(32,332,915)	3,426,499,327	8,402,594,973

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

**Sermasuk Public Company Limited and its Subsidiaries**  
Statement of changes in equity

	Separate financial statements (Restated)							Total equity
	Retained earnings			Other components of equity				
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve	Unappropriated reserve (in Baht)	Fair value changes in available-for-sale investments	Surplus on land revaluation	
Year ended 31 December 2012								
Balance at 31 December 2011 - as reported	265,900,484	1,342,448,425	26,795,766	3,089,000,000	425,474,972	11,400,000	3,599,039,421	8,760,059,068
Impact of change in accounting policies	-	-	-	-	272,387,115	(2,280,000)	(719,807,884)	(449,700,769)
Balance at 31 December 2011 - restated and 1 January 2012	265,900,484	1,342,448,425	26,795,766	3,089,000,000	697,862,087	9,120,000	2,879,231,537	8,310,358,299
Transactions with owners, recorded directly in equity								
<i>Distributions to owner of the Company</i>								
Dividends to owners of the Company	-	-	-	-	(199,421,605)	-	-	(199,421,605)
Comprehensive income for the year								
Profit	-	-	-	-	371,303,822	-	-	371,303,822
Other comprehensive income	-	-	-	-	(2,036,462)	32,691,931	-	30,655,469
Total comprehensive income for the year	-	-	-	-	369,267,360	32,691,931	-	401,959,291
Balance at 31 December 2012	265,900,484	1,342,448,425	26,795,766	3,089,000,000	867,707,842	41,811,931	2,879,231,537	8,512,895,985

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

**Sermasuk Public Company Limited and its Subsidiaries**

Statement of changes in equity

	Separate financial statements (Restated)									
	Retained earnings					Other components of equity				
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve	Unappropriated (in Baht)	Fair value changes in available-for-sale investments	Surplus on land revaluation	Total other components of equity	Total equity	
<b>Year ended 31 December 2013</b>										
<b>Balance at 31 December 2012 - as reported</b>	265,900,484	1,342,448,425	26,795,766	3,089,000,000	584,782,086	52,264,914	3,599,039,421	3,651,304,335	8,960,231,096	
Impact of change in accounting policies	-	-	-	-	282,925,756	(10,452,983)	(719,807,884)	(730,260,867)	(447,335,111)	
<b>Balance at 31 December 2012 - restated and 1 January 2013</b>	265,900,484	1,342,448,425	26,795,766	3,089,000,000	867,707,842	41,811,931	2,879,231,537	2,921,043,468	8,512,895,985	
Transactions with owners, recorded directly in equity										
<i>Distributions to owner of the Company</i>					(664,751,210)				(664,751,210)	
Dividends to owners of the Company										
<b>Comprehensive income for the year</b>										
Loss	-	-	-	-	(506,752,772)	-	-	-	(506,752,772)	
Other comprehensive income					162,664,227	(21,080,188)	452,680,417	431,600,229	594,264,456	
<b>Total comprehensive income for the year</b>					(344,088,545)	(21,080,188)	452,680,417	431,600,229	87,511,684	
Transfer to unappropriated retained earnings				(304,000,000)	304,000,000					
Transfer surplus on disposal of land revaluation to retained earnings					623,040		(623,040)			
<b>Balance at 31 December 2013</b>	265,900,484	1,342,448,425	26,795,766	2,785,000,000	163,491,127	20,731,743	3,331,288,914	3,352,020,657	7,935,656,459	

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

# Sermsuk Public Company Limited and its Subsidiaries

## Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012	2013	2012
		(Restated)		(Restated)
	(in Baht)			
<b><i>Cash flows from operating activities</i></b>				
Profit (loss) for the year	(328,532,536)	600,225,653	(506,752,772)	371,303,822
<i>Adjustments for</i>				
Depreciation and amortisation	570,958,006	643,568,855	520,478,332	593,490,164
Interest income	(9,365,486)	(29,487,327)	(18,487,517)	(27,983,566)
Finance costs	9,563,452	5,488,671	9,563,230	-
Dividend income	(22,738,005)	(6,135,318)	(103,738,005)	(6,135,318)
Unrealised loss on exchange	12,714,298	845,264	12,714,298	845,264
(Reversal of) allowance for doubtful accounts	(17,920,848)	418,283	(17,920,848)	418,283
Allowance for devaluation of inventories	57,546,693	164,326,244	58,085,691	164,154,350
Fair value changes in investment property	(33,425,730)	(3,511,760)	(33,425,730)	(3,511,760)
Reversal of recognised loss on land revaluation	(9,659,809)	-	(9,659,809)	-
Gain on disposal and write off of fixed assets	(61,521,582)	(29,284,803)	(61,194,750)	(29,210,041)
Gain on disposal of other long-term investments	(24,746,559)	-	(24,746,559)	-
Employee benefits obligations	106,921,294	95,838,235	106,152,898	95,053,303
(Reversal of) provision	(3,358,523)	8,693,057	(3,358,523)	8,693,057
Share of profit of an associate, net of income tax	(162,240,656)	(176,691,945)	-	-
Income tax (revenue) expense	(150,872,391)	128,035,636	(145,995,158)	123,490,286
	(66,678,382)	1,402,328,745	(218,285,222)	1,290,607,844
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	248,553,011	264,943,000	216,709,573	201,064,164
Other receivable from related parties	41,877,797	74,627,585	44,304,253	(54,943,813)
Other receivables	273,344,245	82,833,637	273,818,589	79,249,717
Inventories	(265,063,854)	91,755,759	(212,526,913)	121,131,210
Prepaid crown tax and lid taxes	96,350,474	203,443,004	103,456,097	204,008,729
Other current assets	4,294,628	3,229,783	(1,137,232)	7,292,216
Other non-current assets	7,952,666	(10,005,071)	7,952,665	(8,694,192)
Trade accounts payable	(471,267,839)	(131,665,635)	(362,536,816)	(112,261,875)
Other payable to related parties	(14,578,469)	(105,733,482)	106,895,713	62,540,426
Other payables	(119,873,702)	68,431,676	(119,067,301)	65,293,974
Accrued expenses	(323,156,681)	314,057,235	(317,057,687)	311,061,633
Customers' deposits on bottles and cases	(169,644,688)	(159,724,007)	(169,644,688)	(159,724,007)
Other current liabilities	1,902,528	(18,777,281)	(15,827,886)	(17,854,770)
Employee benefits obligations paid	(67,387,089)	(79,061,356)	(67,206,201)	(76,661,456)
Provision paid	(14,512,578)	(18,617,194)	(14,512,578)	(18,617,193)
Provident fund paid	(1,125,009)	-	(1,125,009)	-
Cash generated from (used in) operating activities	(839,012,942)	1,982,066,398	(745,790,643)	1,893,492,607
Income tax paid	(24,302,382)	(261,071,536)	(17,468,829)	(252,134,574)
<b>Net cash from (used in) operating activities</b>	<b>(863,315,324)</b>	<b>1,720,994,862</b>	<b>(763,259,472)</b>	<b>1,641,358,033</b>

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

# Sermsuk Public Company Limited and its Subsidiaries

## Statement of cash flows

	Note	Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
		2013	2012 (Restated)	2013	2012 (Restated)
<i>(in Baht)</i>					
<b><i>Cash flows from investing activities</i></b>					
Interest received		9,732,601	29,460,920	18,932,605	27,013,027
Dividends received		103,738,005	6,135,318	103,738,005	6,135,318
Current investments		-	12,000,000	-	-
Cash paid for short-term loan to subsidiary		-	-	(15,600,000)	(369,000,000)
Cash received for long-term loan from related party		2,000,000	-	2,000,000	-
Cash received for advance payment to related party		86,465	-	-	-
Purchase of investment in subsidiaries		-	-	-	(6,633,943)
Cash received for sale of long-term investments		60,448,959	-	60,448,959	-
Purchase of long-term investments		(22,399,780)	(47,067,700)	(22,399,780)	(47,067,700)
Restricted deposits at financial institution		1,664,046	(51,204)	1,664,046	(51,204)
Purchase of property, plant and equipment		(738,513,059)	(600,239,818)	(710,088,457)	(581,505,908)
Sale of property, plant and equipment		72,647,121	36,132,837	72,226,772	36,058,071
Purchase of intangible assets		(12,567,308)	(6,943,043)	(9,337,611)	(6,927,473)
Net cash outflow on acquisition of subsidiary		-	(248,000,000)	(7)	(124)
<b>Net cash used in investing activities</b>		<b>(523,162,950)</b>	<b>(818,572,690)</b>	<b>(498,415,468)</b>	<b>(941,979,936)</b>
<b><i>Cash flows from financing activities</i></b>					
Interest paid		(5,609,032)	(5,488,671)	(5,608,810)	-
Dividends paid to the owners of the Company		(666,195,006)	(199,275,572)	(666,195,006)	(199,275,572)
Proceeds from short-term borrowing from related party		-	10,000,000	-	-
Repayment of short-term borrowings from related party		-	(139,600,000)	-	-
Proceeds from short-term borrowings from financial institutions		1,500,000,000	-	1,500,000,000	-
Repayment of short-term borrowings from financial institutions		(800,000,000)	-	(800,000,000)	-
<b>Net cash from (used in) financing activities</b>		<b>28,195,962</b>	<b>(334,364,243)</b>	<b>28,196,184</b>	<b>(199,275,572)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(1,358,282,312)</b>	<b>568,057,929</b>	<b>(1,233,478,756)</b>	<b>500,102,525</b>
Cash and cash equivalents at 1 January		1,544,538,609	976,480,680	1,373,162,370	873,059,845
<b>Cash and cash equivalents at 31 December</b>	9	<b>186,256,297</b>	<b>1,544,538,609</b>	<b>139,683,614</b>	<b>1,373,162,370</b>

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

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

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# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 25 February 2014.

### 1 General information

Sermsuk Public Company Limited, “the Company”, is incorporated in Thailand and has its registered office at 252/35-36 Muang Thai-Phatra Complex, Tower 1, 27-28th Floor, Rachadapisek Road, Huay Kwang, Bangkok 10310. The Company also have 5 factories for producing and distributing as follows:

- 1) Patumtani : 63 Nontaburi-Patumtani Road, Thumbon Bang Kayang, Amphur Muang, Patumtani
- 2) Nakornratchasrima : 211 Moo 4 , Nakornratchasrima-Kabinburi Road, Amphur Muang, Nakornratchasrima
- 3) Nakorn sawan : 72 Paholyothin Road, Thumbon Nakornsawan Ook, Amphur Muang, Nakornsawan
- 4) Surattani : 11 Moo 5, Asia Road 41, Thumbon Ta Rongchang, Amphur Punpin, Surattani
- 5) Chonburi : 700/369 Moo 6, Thumbon Nhongmaidang, Amphur Muang, Chonburi

The Company’s warehouses are located in the important regions in Thailand.

The Company was listed on the Stock Exchange of Thailand in 1975.

The immediate and ultimate parent companies were Thai Beverage Logistics Co., Ltd. and Thai Beverage Public Company Limited. Both were incorporated in Thailand.

The principal activities of the Company are to produce and distribute soft drinks, drinking water, mixers and other beverages, including as distributor of energy drinks and tea. Details of the Company’s subsidiaries as at 31 December 2013 and 2012 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2013	2012
<i>Direct subsidiaries</i>				
Sermsuk Holdings Co., Ltd.	Investment and holding shares in other companies	Thailand	99.99	99.99
Great Brands Limited	Manage brands	Hong Kong	100.00	100.00
Sermsuk Training Co., Ltd.	Human resources development and organization	Thailand	99.99	99.99
<i>Indirect subsidiaries</i>				
Serm Suk Beverage Co., Ltd.	Produce and distribute tea, fruit juice and sports drinks	Thailand	99.99	99.99
Wranger Beverage (2008) Co., Ltd.	Produce and distribute energy drink	Thailand	100.00	100.00



# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

On 1 June 2012, Great Brands Limited, the Company's subsidiary, was incorporated in Hong Kong Special Administrative Region of the People's Republic of China with an authorised share capital of HKD 1 million and issued 1 million ordinary shares at par value of HKD 1 each.

On 5 June 2012, Sermsuk Training Co., Ltd., the Company's subsidiary, was incorporated in Thailand with an authorised share capital of Baht 10 million and issued 1 million ordinary shares at par value of Baht 10 each. The initial paid up share capital was Baht 2.50 per share.

## 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 Thai Securities and Exchange Commission.

The FAP has issued the following new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2013:

TFRS	Topic
TAS 12	Income taxes
TAS 21 (revised 2009)	The Effects of changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The adopting of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 5.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 40.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- available-for-sale financial assets are measured at fair value;
- investment properties are measured at fair value;
- the defined benefit asset is recognised as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

### (c) Functional and presentation currency

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### (d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 6 (q)	Current and deferred taxation
Note 16	Valuation of investment properties
Note 19	Utilisation of tax losses
Note 23	Measurement of defined benefit obligations
Note 24 and 39	Provisions and contingencies

### 3. Impact of severe flooding in Thailand

In September 2011, the Group was affected by severe flooding in Thailand. The flood flowed into the beverage plants and branches located in Pathumthani, Nakorn sawan, Lopburi and Ayuthaya province. The production plants and distribution of the branches were temporarily shut down during such period and normally continue to produce and distribute products in January 2012. The Group and the Company have recognised the following expenses and reimbursements resulting from the flood damage as follows:

<i>Year ended 31 December</i>	<b>Consolidated and Separate financial statements</b>	
	2013	2012
	<i>(in thousand Baht)</i>	
Insurance reimbursement received prior to 31 December	-	94,171
Government reimbursement received prior to 31 December	-	7,118
<b>Insurance reimbursement recognised</b>	<b>-</b>	<b>101,289</b>
Impairment of inventories	-	(5,592)
Other flood related expenses	-	(26,724)
<b>Total flood related expenses</b>	<b>-</b>	<b>(32,316)</b>
<b>Net impact</b>	<b>-</b>	<b>68,973</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

The flood related expenses are attributable to the following functions presented in the statement of comprehensive income:

<i>Year ended 31 December</i>	<b>Consolidated and Separate financial statements</b>	
	2013	2012
	<i>(in thousand Baht)</i>	
Cost of sales of goods and cost of rendering of services	-	23,101
Selling expenses	-	6,840
Administrative expenses	-	2,375
<b>Total flood related expenses</b>	<b>-</b>	<b>32,316</b>

**4 The effect of the termination of the EBA contract**

The termination of the Exclusive Bottling Appointment (EBA) with PepsiCo Inc. was effective from the close of business on 1 April 2012, as confirmed by the Annual General Meeting of Shareholders for the year 2011 held on 29 April 2011. At the Extraordinary General Meeting of Shareholders no. 2/2011, on 26 August 2011, the shareholders approved to extend the period for the termination of the agreement for 7 months to 1 November 2012. The effect of the termination of the contract was the Company's returnable glass bottles could not be reused with total value of Baht 615 million. The Company has recorded an allowance for decline in value of inventory of approximately Baht 478 million in the financial statements for the nine-month period ended 30 September 2012.

At 31 December 2013, The Company has returnable glass bottles of Baht 5.2 million and recorded an allowance for decline in value of inventory of Baht 4.81 million.

After the termination of the EBA on 1 November 2012, the Company commenced production and distribution of carbonated beverages under the name "est".

**5 Changes in accounting policies**

**(a) Overview**

From 1 January 2013, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Accounting for income tax
- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Group are included in notes 5(b) to 5(d) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group.

**(b) Accounting for income tax**

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liabilities or assets in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carry forward of unused tax losses. The accounting policy for deferred tax is described in note 6 (q).

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

The Group adopted TAS 12 with effect from 1 January 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

<i>Statement of financial position as at</i>	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	31	31	1	31	31	1
	December 2013	December 2012	January 2012	December 2013	December 2012	January 2012
	<i>(in thousand Baht)</i>					
Increase in deferred tax assets	3,966	2,691	1,284	-	-	-
Decrease in other non-current assets	-	1,677	364	-	-	-
Increase in deferred tax liabilities	463,455	453,368	449,701	446,951	447,335	449,701
Decrease in fair value changes in available for sale investments	5,183	10,453	2,280	5,183	10,453	2,280
Decrease in surplus on land revaluation	856,827	728,560	728,560	832,822	719,808	719,808
Increase in retained earnings	402,521	286,660	282,059	391,054	282,926	272,387
Effect on equity :						
Decrease in owners of the Company	459,489	452,353	448,781	446,951	447,335	449,701
Decrease in non-controlling interests	-	-	-	-	-	-
Decrease in total equity	<u>459,489</u>	<u>452,353</u>	<u>448,781</u>	<u>446,951</u>	<u>447,335</u>	<u>449,701</u>

<i>Statement of comprehensive income for the year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Decrease in income tax expense	<u>155,059</u>	<u>4,079</u>	<u>148,950</u>	<u>10,030</u>
Increase in profit for the year	<u>155,059</u>	<u>4,079</u>	<u>148,950</u>	<u>10,030</u>
Increase in basic earnings per share ( <i>Baht</i> )	<u>0.58</u>	<u>0.02</u>	<u>0.56</u>	<u>0.04</u>

**(c) Accounting for the effects of changes in foreign exchange rates**

From 1 January 2013, the Group has adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 (revised 2009) is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 (revised 2009) requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21 (revised 2009). Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 (revised 2009) from 1 January 2013 has not had a significant impact on the Group's reported assets, liabilities or retained earnings.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *(d) Presentation of information on operating segments*

From 1 January 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2012, which are included in the Group's 2013 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has had no significant effect on the segment information reported in the Group's financial statements.

Segment 1	Carbonated soft drink
Segment 2	Non-Carbonated soft drink

## **6 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 5, which addresses changes in accounting policies.

### *(a) Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

#### *Acquisitions from entities under common control*

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the FAP.

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 Group 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. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

## **Sermsuk Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

#### *Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income of equity accounted investees from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

#### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates 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 functional currency at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

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

#### *Foreign operations*

The assets and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

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

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

## **Sermsuk Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign 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) *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 cash and cash equivalents for the purpose of the statement of cash flows.

#### **(d) *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.

#### **(e) *Inventories***

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

Cost of finished goods, work in progress, other supplies and bottles and cases is calculated using the weighted average cost principle and cost of raw materials, supplies, and spare part is calculated using the moving-average cost principle. Cost 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.

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.

The Group records an allowance for decline in value of inventories for all deteriorated and obsolete inventories.

#### **(f) *Investments***

##### *Investments in associate and subsidiaries*

Investments in associate and subsidiaries in the separate financial statements of the Company are accounted for using the cost method. Investment in an associate in the consolidated financial statements is 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.

## **Sermsuk Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, 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 securities classified as 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.

#### **(g) *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 on initial recognition and subsequently at fair value, with any change recognised in profit or loss.

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.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

#### **(h) *Property, plant and equipment***

##### *Recognition and measurement*

##### *Owned assets*

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



## **Sermsuk Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of 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. 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.

Gains and losses on disposal of an 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 net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

#### *Revalued assets*

Revaluations are performed by independent professional valuers with sufficient regularity 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 reserve in 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 remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

#### *Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised in other comprehensive income and presented in the revaluation reserve in equity to the extent that an amount had previously been included in the revaluation reserve relating to the specific property, with any remaining loss recognised immediately in profit or loss.

#### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognized 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 derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized 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:

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

Buildings, warehouses and improvement	20-30 years
Condominium	30 years
Machinery equipment and tools	5-20 years
High voltage equipment	10 years
Vehicles	5-10 years
Furniture and office equipment	3-5 years
Plastic pallets	5 years
Marketing promotion equipments	5 years

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

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

### (i) *Intangible assets*

#### *Trademarks*

Trademarks that are acquired by the Group and have infinite useful lives are measured at cost less accumulated amortisation.

#### *Other intangible assets*

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

#### *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 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:

Rights for distribution of goods	2-15 years
Software licences	10 years

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

### (j) *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 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

## **Sermsuk Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

has 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 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 cost 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 available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

#### **(k) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

#### **(l) Employee benefits**

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

##### *Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating 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. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and 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. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

#### *Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits other than pension plans 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, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

#### *Termination benefits*

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

#### *Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

#### **(m) 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 finance cost.

#### *Provision for long-term executive incentive plan*

Provision for long-term executive incentive plan is an estimation of the Company's liabilities under a incentive program for executives. This program is for a period of 5 years and gives incentive in the form of non-transferable incentive units. Such incentive units are calculated as fixed percentage of salary divided by the conversion price which equals 3 years average EPS multiplied by 10 times the price: earnings ratio. The incentive payment will be made 3 years after the grant date of the incentive units.

## **Sermsuk Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

#### **(n) Revenue**

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

##### *Sale of goods and services rendered*

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. Service income is recognised as services are provided.

##### *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 lease.

##### *Dividend income*

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

##### *Interest income and other income*

Interest income and other income are recognised in profit or loss as it accrues.

#### **(o) Finance costs**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

#### **(p) 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.

Other expenses recognised on an accrual basis.

#### **(q) Income tax**

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

## **Sermsuk Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

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 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 jointly-controlled entities 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 Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company 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 Company 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.

#### **7 Business combination under common control**

On 30 November 2012, the Group acquired a 100% interest in Wranger Beverage (2008) Co., Ltd. ("Wranger"), a company engaged in the production and distribution of energy drink, from the ultimate parent company and two related companies which are under common control with the Group. The consideration payable by the Company for the acquisition amounted to Baht 248 million.

The consolidated financial statements have been prepared on the basis of a business combination involving an entity under common control. Accordingly, the business combination has been accounted for by the Company in a manner similar to a pooling of interest and the assets, liabilities and contingent liabilities of Wranger acquired by the Group have been accounted for at book values.

In preparing the consolidated financial statements of the Group, the assets, liabilities, revenues and expenses of Wranger are included in the consolidated financial statements and are stated at their carrying values. The consolidated financial statements have been prepared as if the transfers were completed on 30 September 2011, the date that common control was first established. The consolidated financial statements as at 1 January 2011 have not restated to be comparison.

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

The consolidated statement of financial position at 31 December 2011 and the consolidated statement of comprehensive income for the year ended 31 December 2011 have been restated accordingly. The effects of the restatement on the consolidated statement of financial position as at 31 December 2011 and the consolidated statement of comprehensive income for the year ended 31 December 2011 are summarised as follows:

	<b>Consolidated financial statements</b>		
	As previously reported	Effect of the restatement <i>(in thousand Baht)</i>	As restated
<b><i>Statement of financial position</i></b>			
Total assets	13,018,657	423,831	13,442,488
Total liabilities	4,244,151	203,686	4,447,837
Total equity	8,774,506	220,145	8,994,651
<b><i>Statement of comprehensive income</i></b>			
Total income	21,521,050	139,550	21,660,600
Cost of sales of goods and rendering of services	17,227,997	121,068	17,349,065
Selling expenses	2,865,553	1,646	2,867,199
Administrative expenses	1,072,889	4,537	1,077,426
Profit for the year	55,131	7,231	62,362
Profit attributable to:			
Owners of the Company	55,131	-	55,131
Non-controlling interests	-	7,231	7,231
Profit for the year	<u>55,131</u>	<u>7,231</u>	<u>62,362</u>
Basic earnings per share <i>(Baht)</i>	0.21	-	0.21

The difference of Baht 32 million between the consideration of Baht 248 million payable by the Group for the acquisition of the 100% interest in Wranger and the carrying amount of the net identifiable assets of Wranger at the date of the transaction and attributable to the Company's equity interest of Baht 216 million is recorded as "Share premium from business combination under common control" detailed as follows:

	<i>(in thousand Baht)</i>
Compensation	248,000
Wranger's book value as at 30 November 2012	
- Total assets	360,556
- Total liabilities	<u>(144,889)</u>
Shareholder's equity	215,667
premium from business combination under common control	<u><u>32,333</u></u>

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### 8 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 subsidiaries and associates are described in notes 1 and 13. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
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
Bangkok Glass Co., Ltd.	Thailand	The Company and directors hold ordinary shares
The Pet Co., Ltd.	Thailand	The Company and director hold ordinary shares and common directors
Crown Seal Public Company Limited.	Thailand	The Company hold ordinary shares and common director
Petpack Co., Ltd.	Thailand	The Company hold ordinary shares
Minor International Public Company Limited.*	Thailand	The directors hold ordinary shares and common director
The Minor Food Group Public Company Limited.*	Thailand	Common director
Muangthai Insurance Public Company Limited.	Thailand	The directors hold ordinary shares and common director
Muangthai Life Insurance Public Company Limited.	Thailand	The directors hold ordinary shares and common director
The Bangkok Thonburi Insurance Co., Ltd.	Thailand	The directors hold ordinary shares and common director
Phatra-Leasing Public Company Limited.	Thailand	Common director
Thai Beverage Can Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold 50% substantial shares indirectly
Sangsom Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Krittayabun Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Beer Thai (1991) Public Company Limited.	Thailand	Direct subsidiary of the ultimate parent company
Beer Thip Brewery (1991) Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Pomklung Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Pan International (Thailand) Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company



**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Thai Drinks Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Surathip Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Piromsurang Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thipchalothorn Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Traning Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
United Winery and Distillery Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
International Beverage Holdings Ltd.	Hongkong	Direct subsidiary of the ultimate parent company
Thai Beverage Recycle Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Sunthronpirom Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Marketing Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Dhospaak Co., Ltd	Thailand	Direct subsidiary of the ultimate parent company
Oishi Group Public Company Limited.	Thailand	Direct subsidiary of the ultimate parent company
Oishi Trading Co., Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
Oishi Ramen Co., Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
InterBev (Singapore) Limited	Singapore	Indirect subsidiary of the ultimate parent company
Berli Jucker Public Company Limited.	Thailand	Common directors
Thai Malaya Glass Co., Ltd.	Thailand	Common directors
Gaew Grung Thai Co., Ltd.	Thailand	Common director
The Southeast Insurance Public Company Limited.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly
The South East Capital Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly
Dhanasindhi Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company are director and hold substantial shares indirectly
Food & Fun Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly
F & B International Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly

\* Termination of related parties on April 2012.

**Sermsuk Public Company Limited and its Subsidiaries**  
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The pricing policies for particular types of transactions are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Sales of goods and rendering of services	Cost plus gross profit margin
Interest income and interest expense	Rate as mutually agreed with reference to interest rate quoted by domestic commercial bank
Purchase of finished goods and raw materials	Cost of finished goods and raw materials plus gross profit margin
Trademark fee	Contractual prices
Subsidy for marketing expenses	Actual price stated in invoice
Directors' remuneration expenses representing salary, director bonus and meeting allowance	Approval by the Company's directors and shareholders

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Year ended 31 December</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Ultimate Parent Company</b>				
Sales of goods or rendering of service	29	65	29	65
<b>Parent</b>				
Dividend paid	429,808	128,942	429,808	128,942
Others revenue	61	1	-	-
Selling expense	4	-	-	-
Administrative expense	128	520	115	491
<b>Associate</b>				
Purchase of raw materials	617,295	590,589	617,295	590,589
Dividend income	81,000	-	81,000	-
<b>Subsidiaries</b>				
Sale of goods and rendering of services	-	-	263,769	191,195
Purchase of finished goods and services	-	-	628,062	446,506
Trademark fee	-	-	141,101	33,066
Other revenue	-	-	106	-
Interest income	-	-	11,309	763
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	70,597	83,924	70,597	83,924
Post employment benefits	4,968	3,436	4,968	3,436
Other long-term benefits	4	8,698	4	8,698
Directors' remunerations	7,571	18,727	7,571	18,727
Total key management personnel compensation	<u>83,140</u>	<u>114,785</u>	<u>83,140</u>	<u>114,785</u>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Other related parties</b>				
Sale of goods and rendering of services	44,407	346,967	32,897	29,905
Purchase of finished goods and raw materials	2,098,952	2,450,977	1,996,133	2,265,215
Purchase of machinery	4,000	-	4,000	-
Subsidy for marketing expense	69,692	14,792	67,735	14,792
Selling expense	32,105	16,883	32,105	16,883
Administrative expense	38,803	52,396	38,254	49,215
Interest income	188	415	188	415
Dividend income	22,402	2,017	22,402	2,016
Other income	9,534	46,923	9,161	42,482
Interest expense	-	4,810	-	-

Balances as at 31 December with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Ultimate Parent Company</b>				
Thai Beverage Public Company Limited	18	-	18	-
<b>Subsidiary</b>				
Sermsuk Beverage Co., Ltd.	-	-	44,285	38,152
<b>Other related party</b>				
Oishi Group Public Company Limited	5,270	5,744	5,270	5,744
Beer Thip Brewery (1991) Co., Ltd.	2,779	-	2,779	-
Suthornpirom Co., Ltd.	-	20,060	-	-
Others	304	1,687	304	450
<b>Total</b>	<b>8,371</b>	<b>27,491</b>	<b>52,656</b>	<b>44,346</b>

<i>Other receivable from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Serm Suk Beverage Co., Ltd.	-	-	44,727	44,727
Others	-	-	790	762
<b>Other related parties</b>				
Oishi Goup Public Company Limited.	11,078	-	8,409	-
Oishi Trading Co., Ltd.	10,971	12,916	10,971	12,916
Gaew Grung Thai Co., Ltd.	60	45,456	60	45,456
Others	960	6,575	961	6,439
<b>Total</b>	<b>23,069</b>	<b>64,947</b>	<b>65,918</b>	<b>110,300</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

<i>Advance payment to related party</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Other related party</b>				
Thai Beverage Recycle Co., Ltd	-	87	-	-

<i>Loans to related parties</i>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012	2013	2012
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<b>Short-term loans</b>						
<b>Subsidiaries</b>						
Sermsuk Holdings Co., Ltd.	3.2	2.7	-	-	244,000	244,000
Wranger Beverage (2008) Co., Ltd.	3.1	2.7	-	-	140,600	125,000
<b>Total</b>			<u>-</u>	<u>-</u>	<u>384,600</u>	<u>369,000</u>

<b>Long-term loan</b>						
<b>Other related party</b>						
The Pet Co., Ltd.	5.25	8.28	<u>3,000</u>	<u>5,000</u>	<u>3,000</u>	<u>5,000</u>

Movement during the year ended 31 December of loans to related parties were as follows:

<i>Short-term loan to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
At 1 January	-	-	369,000	-
Increased	-	-	15,600	369,000
<b>At 31 December</b>	<u>-</u>	<u>-</u>	<u>384,600</u>	<u>369,000</u>

<i>Long-term loan to a related party</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Other related party</b>				
At 1 January	5,000	5,000	5,000	5,000
Decrease	(2,000)	-	(2,000)	-
<b>At 31 December</b>	<u>3,000</u>	<u>5,000</u>	<u>3,000</u>	<u>5,000</u>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

<i>Trade accounts payable to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Associate</b>				
Petform (Thailand) Co., Ltd.	72,364	146,760	72,364	146,760
<b>Subsidiary</b>				
Sermsuk Beverage Co., Ltd.	-	-	118,683	51,415
Waranger Beverage (2008) Co., Ltd.	-	-	19,214	-
<b>Other related parties</b>				
The Pet Co., Ltd.	92,275	58,448	92,275	58,448
Berli Jucker Public Company Limited.	46,080	-	28,399	-
Oishi Trading Co., Ltd.	44,366	79,132	44,366	79,132
Petpack Co., Ltd.	33,632	-	33,632	-
Thai Beverage Can Co., Ltd.	28,018	41,430	28,018	41,430
Crown Seal Public Company Limited.	20,347	36,682	20,347	34,740
Beer Thip Brewery (1991) Co., Ltd.	17,991	-	17,991	-
Bangkok Glass Co., Ltd.	16,459	53,155	16,459	53,155
Oishi Group Public Company Limited.	8,037	-	8,037	-
Thai Malaya Glass Co., Ltd.	-	59,825	-	56,194
Others	-	36,180	-	6,343
<b>Total</b>	<b>379,569</b>	<b>511,612</b>	<b>499,785</b>	<b>527,617</b>

<i>Other payable to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Subsidiary</b>				
Great Brands Limited	-	-	170,024	37,200
Sermsuk Traning Co., Ltd.	-	-	4,965	-
<b>Key management personnel</b>				
Directors' remuneration	-	22,970	-	22,970
<b>Other related parties</b>				
The Southeast insurance Public Company Limited.	9,728	11,781	9,728	11,745
Dhanasindhi Co., Ltd.	5,567	-	-	-
Beer Thip Brewery (1991) Co., Ltd.	4,294	3,240	4,294	3,240
F&B International Co., Ltd.	1,802	-	1,802	-
Oishi Group Public Company Limited.	1,679	2,656	1,679	2,656
Dhospaak Co., Ltd.	-	4,165	-	4,165
Crown Seal Public Company Limited.	-	3,589	-	3,589
Others	1,589	1,847	1,566	1,596
<b>Total</b>	<b>24,659</b>	<b>50,248</b>	<b>194,058</b>	<b>87,161</b>

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Key management personnel balances*

Balances relating to key management personnel over which they have control or significant influence were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
		<i>(in thousand Baht)</i>		
Accounts payable to related parties	-	22,970	-	22,970
Other current liabilities	-	17,871	-	17,871
Employee benefit obligations	69,910	65,064	69,910	65,064

### *Significant agreements with related parties*

#### *Loan agreements*

On 21 May 2009 and 31 January 2010, the Company and a related company, "Borrower", agreed to change subordinated loan agreements totalling Baht 5 million to long-term loan agreements in the amount of Baht 3 million and Baht 2 million, respectively, and repay the loans within 20 May 2014 and 31 January 2015, respectively. These agreements shall continue to be in effect for another period of five years if there is no change at the maturity date. Interests are payable quarterly at the MRR of a domestic commercial bank at the beginning of each quarter. On 1 January 2013, the Company and Borrower agreed to change the interest rate from MRR to Money Market Rate of a domestic commercial bank at the beginning of each quarter. On 1 April 2013, the borrower repaid Baht 2 million of the loan to the Company.

On 30 November 2012, the Company entered into a loan agreement with Serm Suk Holdings Co., Ltd. for Baht 244 million, repayable by 30 November 2014. Interest is payable annually at rate as stipulated in the agreement.

On 12 December 2012, the Company entered into a loan agreement with Wranger Beverage (2008) Co., Ltd. for Baht 125 million, repayable at call. Interest is payable quarterly at rate as stipulated in the agreement.

The Company entered into a promissory note with Wrangyer Beverage (2008) Co., Ltd. for Baht 15.60 million, repayable at call. Interest is payable monthly at rate as stipulated in the promissory note.

#### *Distributorship agreement*

The Company entered into an agreement with a related company to be appointed to distribute bottled green tea. The Company has to comply with certain conditions contained in the agreement for a period of 3 years including a renewal option.

#### *Co-packing and distribution agreement*

The Company and its subsidiary entered into a "Co-packing and Distribution" agreement with a related company to produce and distribute returnable glass bottled green tea drinks. The Company and its subsidiary have to comply with certain conditions contained in the agreement for a period of 5 years which ends on 31 July 2017.

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

***Trademark license agreement***

The Company entered into a trademark license agreement with a subsidiary for the right to use trademark in producing, packaging, selling and distributing the products as stipulated in the agreement. The Company has to comply with certain conditions contained in the agreement for which the duration is not specified. This agreement was effective from 2 November 2012. The Company is committed to pay a trademark fee at the rate as stipulated in the agreement.

***Commitments with related parties***

***Capital commitments***

	<b>Consolidated and Separate financial statements</b>	
	2013	2012
	<i>(in thousand Baht)</i>	
Machinery and equipment	-	3,025

***Operating lease commitments***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Within one year	8,144	10,959	7,868	10,089
After one year but within five years	13,529	19,371	13,277	18,843
<b>Total</b>	<b>21,673</b>	<b>30,330</b>	<b>21,145</b>	<b>28,932</b>

***Other commitment***

As at 31 December 2013 and 2012, the Company had a commitment for purchase orders for goods with related parties amounting to Baht 174.45 million and 26.41million respectively.

**9 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Cash on hand	63,334	82,082	56,528	82,051
Call deposits	122,922	950,009	83,156	778,663
Government bonds	-	512,448	-	512,448
<b>Total</b>	<b>186,256</b>	<b>1,544,539</b>	<b>139,684</b>	<b>1,373,162</b>

Cash and cash equivalents of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**10 Trade accounts receivable**

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	8	8,371	27,491	52,656	44,346
Other parties		497,924	727,357	474,973	699,992
<b>Total</b>		<b>506,295</b>	<b>754,848</b>	<b>527,629</b>	<b>744,338</b>
Less allowance for doubtful accounts		(16,566)	(19,233)	(16,566)	(19,233)
<b>Net</b>		<b>489,729</b>	<b>735,615</b>	<b>511,063</b>	<b>725,105</b>
Reverse bad and doubtful debts expenses for the year		(2,667)	(10,470)	(2,667)	(10,470)

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	8,371	27,491	52,656	44,346
<b>Other parties</b>				
Within credit terms	405,676	623,968	386,019	606,009
Overdue:				
Not over 1 month	53,316	71,541	50,270	69,149
More than 1 month to 3 months	29,484	20,748	29,236	13,734
Over 3 months	9,448	11,100	9,448	11,100
	<b>497,924</b>	<b>727,357</b>	<b>474,973</b>	<b>699,992</b>
Less allowance for doubtful accounts	(16,566)	(19,233)	(16,566)	(19,233)
<b>Net</b>	<b>481,358</b>	<b>708,124</b>	<b>458,407</b>	<b>680,759</b>
<b>Total</b>	<b>489,729</b>	<b>735,615</b>	<b>511,063</b>	<b>725,105</b>

The normal credit term granted by the Group ranges from 10 days to 60 days.

The currency denomination of trade accounts receivable as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	489,729	734,378	511,063	725,105
Hong Kong Dollars (HKD)	-	1,237	-	-
<b>Total</b>	<b>489,729</b>	<b>735,615</b>	<b>511,063</b>	<b>725,105</b>



**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**11 Other receivables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Other receivables	93,514	372,343	93,502	371,746
Less allowance for doubtful accounts	(21,715)	(36,968)	(21,715)	(36,968)
<b>Net</b>	<b>71,799</b>	<b>335,375</b>	<b>71,787</b>	<b>334,778</b>
Prepaid expenses	68,790	40,594	66,495	38,965
Advance payment	6,907	8,426	6,364	8,276
Unearned revenue	208	21,767	208	21,767
<b>Total</b>	<b>147,704</b>	<b>406,162</b>	<b>144,854</b>	<b>403,786</b>
Bad and doubtful debts expense for the year	<b>15,253</b>	<b>10,888</b>	<b>15,253</b>	<b>10,888</b>

**12 Inventories**

	<b>Consolidated financial statements</b>		<b>Separate Financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Finished goods	351,362	356,303	325,953	349,712
Work in progress	4,366	7,302	4,366	7,302
Raw materials and supplies	260,835	251,133	132,057	156,019
Spare parts	120,432	110,897	114,292	105,125
Other supplies	3,816	4,097	3,816	4,097
Bottles and cases	1,566,906	1,626,760	1,535,146	1,594,687
	<b>2,307,717</b>	<b>2,356,492</b>	<b>2,115,630</b>	<b>2,216,942</b>
Less allowance for decline in value	(81,427)	(337,719)	(81,299)	(337,052)
<b>Net</b>	<b>2,226,290</b>	<b>2,018,773</b>	<b>2,034,331</b>	<b>1,879,890</b>
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	7,837,665	17,979,515	8,257,526	17,939,284
- Write-down to net realisable value	272,900	731,041	272,388	730,385
- Reversal of write-down	(215,353)	(566,715)	(214,303)	(566,231)
<b>Net</b>	<b>7,895,212</b>	<b>18,143,841</b>	<b>8,315,611</b>	<b>18,103,438</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**13 Investment in an associate**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
At 1 January	195,067	18,375	30,000	30,000
Share of net profit of investment				
- equity method	162,241	176,692	-	-
Dividend income	(81,000)	-	-	-
<b>At 31 December</b>	<b>276,308</b>	<b>195,067</b>	<b>30,000</b>	<b>30,000</b>

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

Investment in an associate in equity method as at 31 December 2013 and 2012, and dividend income from this investment for the years then ended were as follows:

	Consolidated financial statements									
	Ownership interest (%)		Paid-up share capital		Cost		Equity		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Petform (Thailand) Company Limited	40	40	75,000	75,000	30,000	30,000	276,308	195,067	81,000	-
<b>Total</b>			<b>75,000</b>	<b>75,000</b>	<b>30,000</b>	<b>30,000</b>	<b>276,308</b>	<b>195,067</b>	<b>81,000</b>	<b>-</b>
	<b>Separate financial statements</b>									
	Ownership interest (%)		Paid-up share capital		Cost				Dividend income	
	2013	2012	2013	2012	2013	2012	<i>(in thousand Baht)</i>		2013	2012
Petform (Thailand) Company Limited	40	40	75,000	75,000	30,000	30,000	30,000	30,000	81,000	-
<b>Total</b>			<b>75,000</b>	<b>75,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>81,000</b>	<b>-</b>

Petform (Thailand) Co., Ltd. produce and distribute perform, bottle caps, and bottles for the carbonated and non-carbonated soft drink, water and edible oil industries in Thailand.

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

The following summarised financial information on an associated company which has been accounted for using the equity method is not adjusted for the percentage of ownership held by the Group:

	<b>Owner- ship (%)</b>	<b>Total assets</b>	<b>Total liabilities <i>(in million Baht)</i></b>	<b>Total income</b>	<b>Net profit</b>
<b>2013</b>					
Petform (Thailand) Company Limited	40	<u>2,014.87</u>	<u>1,413.59</u>	<u>2,186.79</u>	<u>405.44</u>
<b>2012</b>					
Petform (Thailand) Company Limited	40	<u>1,818.00</u>	<u>1,330.00</u>	<u>1,376.00</u>	<u>321.68</u>

**Sermsuk Public Company Limited and its Subsidiaries**  
Notes to the financial statements

**14 Investment in subsidiaries**

	Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
At 1 January	356,634	350,000
Acquisitions	-	6,634
<b>At 31 December</b>	<b>356,634</b>	<b>356,634</b>

Investment in subsidiaries as at 31 December 2013 and 2012, and dividend income from those investments for the years then ended were as follows:

	Separate financial statements				Dividend income	
	Ownership interest		Paid-up share capital		Cost	
	2013	2012	2013	2012	2013	2012
	<i>(in thousand Baht)</i>					
<b>Direct subsidiaries</b>						
Sermsuk Holdings Co., Ltd.	100	100	350,000	350,000	-	-
Great Brands Limited	100	100	1,000*	4,134	-	-
Sermsuk Training Co., Ltd.	100	100	2,500	2,500	-	-
<b>Total</b>			<b>356,634</b>	<b>356,634</b>	<b>-</b>	<b>-</b>

\* Hong Kong Dollar

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**15 Other long-term investments**

Other long-term investments as at 31 December 2013 and 2012, and dividend income from these investments for the years then ended were as follows:

	<b>Consolidated and Separate financial statements</b>			
	Cost method		Dividend income	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b><i>Equity securities available for sale</i></b>				
Crown Seal Public Company Limited	31,732	31,732	1,586	1,058
Future Park Property Fund	-	35,703	336	4,119
	<u>31,732</u>	<u>67,435</u>	<u>1,922</u>	<u>5,177</u>
<i>Add valuation adjustment</i>	25,915	52,265	-	-
	<u>57,647</u>	<u>119,700</u>	<u>1,922</u>	<u>5,177</u>
<b><i>Non marketable equity securities</i></b>				
The Pet Company Limited	7,000	7,000	700	700
Bangkok Glass Company Limited	74,799	52,399	20,116	258
Petpack Company Limited	35,000	35,000	-	-
	<u>116,799</u>	<u>94,399</u>	<u>20,816</u>	<u>958</u>
<b>Total</b>	<u>174,446</u>	<u>214,099</u>	<u>22,738</u>	<u>6,135</u>

Movements during the years ended 31 December of other long-term investments were as follows:

	<b>Consolidated and Separate financial statements</b>	
	2013	2012
	<i>(in thousand Baht)</i>	
<b><i>Equity securities available for sale</i></b>		
At 1 January	119,700	73,132
Purchase during the year	-	5,703
Selling during the year	(35,703)	-
Valuation adjustment	(26,350)	40,865
<b>At 31 December</b>	<u>57,647</u>	<u>119,700</u>
<b><i>Non marketable equity securities</i></b>		
At 1 January	94,399	53,034
Purchases during the year	22,400	41,365
<b>At 31 December</b>	<u>116,799</u>	<u>94,399</u>

Other long-term investments of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**16 Investment properties**

		<b>Consolidated and Separate financial statements</b>		
	<i>Note</i>	Land	Building <i>(in thousand Baht)</i>	Total
<b>Fair value method</b>				
At 1 January 2012		27,004	2,641	29,645
Fair value adjustments		3,672	(160)	3,512
<b>At 31 December 2012 and 1 January 2013</b>		<b>30,676</b>	<b>2,481</b>	<b>33,157</b>
Transfer from property, plant and equipment	17	165,566	-	165,566
Fair value adjustments		33,324	102	33,426
<b>At 31 December 2013</b>		<b>229,566</b>	<b>2,583</b>	<b>232,149</b>

During 2013 and 2012, investment properties were revalued by C.I.T. Appraisal Co., Ltd. a firm of independent professional valuers, at open market values on an existing use basis.

Investment properties comprise idle lands, and land and building that are leased to third parties for a period of 3 years.

**Sermsuk Public Company Limited and its Subsidiaries**  
Notes to the financial statements

**17 Property, plant and equipment**

	Consolidated financial statements											Total
	(in thousand Baht)											
	Historical cost	Land	Buildings, warehouses and improvement	Condo-miniums	Machinery, equipment and tools	High voltage equipment	Vehicles	Furniture and office equipment	Plastic pallets	Marketing promotion equipments	Assets under construction and installation	
<i>Cost/revaluation</i>												
At 1 January 2012	609,872	3,643,742	2,087,514	142,150	5,006,041	41,193	2,058,766	270,603	347,301	3,737,629	213,161	18,157,972
Additions	43,172	462	15,721	-	96,885	556	38,161	13,653	3,187	24,625	364,657	601,079
Transfers	-	-	20,030	-	179,507	100	6,831	8,412	-	1,903	(215,989)	794
Disposals	-	-	-	-	(20,219)	-	(84,905)	(9,770)	(11,850)	(52,497)	-	(179,241)
<b>At 31 December 2012</b>												
and 1 January 2013	653,044	3,644,204	2,123,265	142,150	5,262,214	41,849	2,018,853	282,898	338,638	3,711,660	361,829	18,580,604
Additions	-	651,311	15,711	-	86,394	39	3,842	15,103	-	105,249	513,078	1,390,727
Transfers	-	-	163,791	13,050	271,883	-	12,312	1,116	-	-	(462,152)	-
Transfer to investment property	(165,566)	-	-	-	-	-	-	-	-	-	-	(165,566)
Disposals	(1,345)	(779)	(6,015)	-	(25,245)	-	(213,120)	(10,378)	(6,354)	(69,911)	(372)	(333,519)
<b>At 31 December 2013</b>	<b>486,133</b>	<b>4,294,736</b>	<b>2,296,752</b>	<b>155,200</b>	<b>5,595,246</b>	<b>41,888</b>	<b>1,821,887</b>	<b>288,739</b>	<b>332,284</b>	<b>3,746,998</b>	<b>412,383</b>	<b>19,472,246</b>
<i>Depreciation</i>												
At 1 January 2012	-	-	1,062,316	112,204	3,449,274	25,335	1,600,898	227,481	321,117	3,350,124	-	10,148,749
Depreciation charge for the year	-	-	70,987	2,358	260,173	2,346	98,225	19,985	11,819	148,397	-	614,290
Transfers	-	-	-	-	15	-	-	1,021	-	(17)	-	1,019
Disposals	-	-	-	-	(16,434)	-	(81,656)	(9,722)	(11,849)	(52,490)	-	(172,151)
<b>At 31 December 2012</b>												
and 1 January 2013	-	-	1,133,303	114,562	3,693,028	27,681	1,617,467	238,765	321,087	3,446,014	-	10,591,907
Depreciation charge for the year	-	-	68,475	7,201	258,955	2,231	75,686	20,094	7,642	119,567	-	559,851
Transfers	-	-	-	-	56	-	-	(55)	-	(1)	-	-
Disposals	-	-	(3,851)	-	(23,755)	-	(207,301)	(10,338)	(6,352)	(69,890)	-	(321,487)
<b>At 31 December 2013</b>												
	-	-	1,197,927	121,763	3,928,284	29,912	1,485,852	248,466	322,377	3,495,690	-	10,830,271



**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**Consolidated financial statements**

	Historical cost	Land	Buildings, warehouses and improvement	Condo-miniums	Machinery, equipment and tools	High voltage equipment	Vehicles	Furniture and office equipment	Plastic pallets	Marketing promotion equipments	Assets under construction and installation	Total
<i>(in thousand Baht)</i>												
<i>Allowance for loss of marketing promotion equipment</i>												
At 1 January 2012	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 31 December 2012	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 1 January 2013	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 31 December 2013	-	-	-	-	-	-	-	-	-	5,330	-	5,330
<i>Net book value</i>												
At 1 January 2012	609,872	3,643,742	1,025,198	29,946	1,556,767	15,858	457,868	43,122	26,184	382,175	213,161	8,003,893
At 31 December 2012	653,044	3,644,204	989,962	27,588	1,569,186	14,168	401,386	44,133	17,551	260,316	361,829	7,983,367
At 1 January 2013	486,133	4,294,736	1,098,825	33,437	1,666,962	11,976	336,035	40,273	9,907	245,978	412,383	8,636,645
At 31 December 2013												

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

	Separate financial statements										Assets under construction and installation	Total	
	Historical cost	Land	Surplus on revaluation	Buildings, warehouses and improvement	Condo-miniums	Machinery and equipment	High voltage equipment	Vehicles	Furniture and office equipment	Plastic pallets			Marketing promotion equipments
<b>Cost/revaluation</b>													
At 1 January 2012	485,369		3,599,981	1,791,737	142,150	4,500,153	41,193	2,044,680	262,875	323,441	3,737,629	213,023	17,142,231
Additions	43,172		-	15,066	-	94,525	556	38,161	13,197	3,187	24,625	349,242	581,731
Transfers	-		-	20,030	-	165,152	100	6,831	8,035	-	1,903	(201,256)	795
Disposals	-		-	-	-	(18,559)	-	(81,342)	(9,489)	(11,850)	(52,497)	-	(173,737)
<b>At 31 December 2012</b>	<b>528,541</b>		<b>3,599,981</b>	<b>1,826,833</b>	<b>142,150</b>	<b>4,741,271</b>	<b>41,849</b>	<b>2,008,330</b>	<b>274,618</b>	<b>314,778</b>	<b>3,711,660</b>	<b>361,009</b>	<b>17,551,020</b>
At 1 January 2013	-		575,510	14,476	-	83,374	39	3,842	14,507	-	105,249	488,599	1,285,596
Additions	-		-	163,264	13,050	252,377	-	12,312	824	-	-	(441,827)	-
Transfers	-		-	-	-	-	-	-	-	-	-	-	-
Transfer to investment	(165,566)		-	-	-	-	-	-	-	-	-	-	(165,566)
Property Disposals	(1,345)		(779)	(6,015)	-	(24,530)	-	(212,646)	(10,378)	(6,354)	(69,911)	-	(331,958)
<b>At 31 December 2013</b>	<b>361,630</b>		<b>4,174,712</b>	<b>1,998,558</b>	<b>155,200</b>	<b>5,052,492</b>	<b>41,888</b>	<b>1,811,838</b>	<b>279,571</b>	<b>308,424</b>	<b>3,746,998</b>	<b>407,781</b>	<b>18,339,092</b>
<b>Depreciation</b>													
At 1 January 2012	-		-	933,290	112,204	3,108,391	25,335	1,591,098	220,663	297,258	3,350,124	-	9,638,363
Depreciation charge for the year	-		-	56,025	2,358	227,258	2,346	96,711	19,397	11,819	148,397	-	564,311
Transfers	-		-	-	-	15	-	-	1,021	-	(17)	-	1,019
Disposals	-		-	-	-	(14,976)	-	(78,093)	(9,483)	(11,849)	(52,490)	-	(166,891)
<b>At 31 December 2012</b>	<b>-</b>		<b>-</b>	<b>989,315</b>	<b>114,562</b>	<b>3,320,688</b>	<b>27,681</b>	<b>1,609,716</b>	<b>231,598</b>	<b>297,228</b>	<b>3,446,014</b>	<b>-</b>	<b>10,036,802</b>
At 1 January 2013	-		-	58,319	2,351	225,326	2,231	74,719	19,653	7,644	119,569	-	509,812
Depreciation charge for the year	-		-	-	-	56	-	-	(55)	-	(1)	-	-
Transfers	-		-	(3,851)	-	(23,668)	-	(206,826)	(10,338)	(6,354)	(69,892)	-	(320,929)
Disposals	-		-	1,043,783	116,913	3,522,402	29,912	1,477,609	240,858	298,518	3,495,690	-	10,225,685
<b>At 31 December 2013</b>	<b>-</b>		<b>-</b>	<b>1,043,783</b>	<b>116,913</b>	<b>3,522,402</b>	<b>29,912</b>	<b>1,477,609</b>	<b>240,858</b>	<b>298,518</b>	<b>3,495,690</b>	<b>-</b>	<b>10,225,685</b>

**Sermasuk Public Company Limited and its Subsidiaries**  
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	Separate financial statements										Total	
	Historical cost	Land Surplus on revaluation	Buildings, warehouses and improvement	Condo-miniums	Machinery and equipment	High voltage equipment (in thousand Baht)	Vehicles	Furniture and office equipment	Plastic pallets	Marketing promotion equipments		Assets under construction and installation
<i>Allowance for loss of marketing promotion equipment</i>												
At 1 January 2012	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 31 December 2012	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 1 January 2013	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 31 December 2013	-	-	-	-	-	-	-	-	-	5,330	-	5,330
<b>Net book value</b>												
At 1 January 2012	485,369	3,599,981	858,447	29,946	1,391,762	15,858	453,582	42,212	26,183	382,175	213,023	7,498,538
At 31 December 2012	528,541	3,599,981	837,518	27,588	1,420,583	14,168	398,614	43,020	17,550	260,316	361,009	7,508,888
At 1 January 2013	361,630	4,174,712	954,775	38,287	1,530,090	11,976	334,229	38,713	9,906	245,978	407,781	8,108,077
At 31 December 2013												

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

The gross amount of the Group's fully depreciated buildings and equipments that was still in use as at 31 December 2013 and 2012 is summarised as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Buildings and equipment	<b>8,102,238</b>	<b>8,002,826</b>	<b>7,825,475</b>	<b>7,737,977</b>

**18 Intangible assets**

	<b>Consolidated financial statements</b>			
	Trademark	Software licenses <i>(in thousand Baht)</i>	Right for distribution of goods	Total
<b>Cost</b>				
At 1 January 2012	2,000	49,528	102,500	154,028
Additions	-	6,943	-	6,943
Transfers	-	(1,019)	-	(1,019)
<b>At 31 December 2012 and 1 January 2013</b>	<b>2,000</b>	<b>55,452</b>	<b>102,500</b>	<b>159,952</b>
Additions	3,188	563	-	3,751
Transfers	-	8,817	-	8,817
<b>At 31 December 2013</b>	<b>5,188</b>	<b>64,832</b>	<b>102,500</b>	<b>172,520</b>
<b>Amortisation</b>				
At 1 January 2012	-	29,018	85,108	114,126
Amortisation charge for the year	-	10,388	17,392	27,780
Transfers	-	(1,019)	-	(1,019)
<b>At 31 December 2012 and 1 January 2013</b>	<b>-</b>	<b>38,387</b>	<b>102,500</b>	<b>140,887</b>
Amortisation charge for the year	419	9,896	-	10,315
<b>At 31 December 2013</b>	<b>419</b>	<b>48,283</b>	<b>102,500</b>	<b>151,202</b>
<b>Net book value</b>				
At 1 January 2012	2,000	20,510	17,392	39,902
At 31 December 2012 and 1 January 2013	2,000	17,065	-	19,065
At 31 December 2013	4,769	16,549	-	21,318

	<b>Separate financial statements</b>		
	Software licenses	Right for distribution of goods <i>(in thousand Baht)</i>	Total
<b>Cost</b>			
At 1 January 2012	48,410	102,500	150,910
Additions	6,927	-	6,927
Transfers	(1,019)	-	(1,019)
<b>At 31 December 2012 and 1 January 2013</b>	<b>54,318</b>	<b>102,500</b>	<b>156,818</b>
Additions	521	-	521
Transfers	8,817	-	8,817
<b>At 31 December 2013</b>	<b>63,656</b>	<b>102,500</b>	<b>166,156</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

	<b>Separate financial statements</b>		
	Software licenses	Right for distribution of goods <i>(in thousand Baht)</i>	Total
<b><i>Amortisation</i></b>			
At 1 January 2012	28,005	85,108	113,113
Amortisation charge for the year	10,289	17,392	27,681
Transfers	(1,019)	-	(1,019)
<b>At 31 December 2012 and 1 January 2013</b>	<b>37,275</b>	<b>102,500</b>	<b>139,775</b>
Amortisation charge for the year	9,877	-	9,877
<b>At 31 December 2013</b>	<b>47,152</b>	<b>102,500</b>	<b>149,652</b>
<b><i>Net book value</i></b>			
At 1 January 2012	20,405	17,392	37,797
At 31 December 2012 and 1 January 2013	17,043	-	17,043
At 31 December 2013	16,504	-	16,504

**19 Deferred tax**

Deferred tax assets and liabilities as at 31 December were as follows:

	<b>Consolidated financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2013	2012 (Restated) <i>(in thousand Baht)</i>	2013	2012 (Restated)
Total	483,276	339,791	(942,765)	(790,468)
Set off of tax	(479,310)	(337,100)	479,310	337,100
<b>Net deferred tax assets (liabilities)</b>	<b>3,966</b>	<b>2,691</b>	<b>(463,455)</b>	<b>(453,368)</b>
<b>Separate financial statements</b>				
	<b>Assets</b>		<b>Liabilities</b>	
	2013	2012 (Restated) <i>(in thousand Baht)</i>	2013	2012 (Restated)
Total	471,808	334,288	(918,759)	(781,623)
Set off of tax	(471,808)	(334,288)	471,808	334,288
<b>Net deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>(446,951)</b>	<b>(447,335)</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

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

	<b>Consolidated financial statements</b> (Charged) / Credited to:			<b>At 31 December 2013</b>
	<b>At 31 December 2012 restated and 1 January 2013</b>	<b>Profit or loss</b>	<b>Other comprehensive income</b>	
		<i>(in thousand Baht)</i>		
<b>Deferred tax assets</b>				
Inventories	68,428	(51,414)	-	17,014
Employee benefit obligations	244,987	753	(40,811)	204,929
Loss carry forward	3,735	246,669	-	250,404
Others	22,641	(11,712)	-	10,929
<b>Total</b>	<b>339,791</b>	<b>184,296</b>	<b>(40,811)</b>	<b>483,276</b>

	<b>Consolidated financial statements</b> (Charged) / Credited to:			<b>At 31 December 2013</b>
	<b>At 31 December 2012 restated and 1 January 2013</b>	<b>Profit or loss</b>	<b>Other comprehensive income</b>	
		<i>(in thousand Baht)</i>		
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(728,653)	155	(128,330)	(856,828)
Investment properties	(2,357)	(6,685)	-	(9,042)
Long-term investments	(10,453)	-	5,270	(5,183)
Others	(49,005)	(22,707)	-	(71,712)
<b>Total</b>	<b>(790,468)</b>	<b>(29,237)</b>	<b>(123,060)</b>	<b>(942,765)</b>
<b>Net</b>	<b>(450,677)</b>	<b>155,059</b>	<b>(163,871)</b>	<b>(459,489)</b>

	<b>Consolidated financial statements</b> (Charged) / Credited to:			<b>At 31 December 2012</b>
	<b>At 31 December 2011 restated and 1 January 2012</b>	<b>Profit or loss</b>	<b>Other comprehensive income</b>	
		<i>(in thousand Baht)</i>		
<b>Deferred tax assets</b>				
Inventories	34,477	33,951	-	68,428
Employee benefit obligations	244,594	(129)	522	244,987
Loss carry forward	9,132	(5,397)	-	3,735
Others	19,712	2,929	-	22,641
<b>Total</b>	<b>307,915</b>	<b>31,354</b>	<b>522</b>	<b>339,791</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**Consolidated financial statements**  
(Charged) / Credited to:

	At 31 December 2011 restated and 1 January 2012	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	At 31 December 2012
<b><i>Deferred tax liabilities</i></b>				
Property, plant and equipment	(728,560)	-	(93)	(728,653)
Investment properties	(1,655)	(702)	-	(2,357)
Long-term investments	(2,280)	-	(8,173)	(10,453)
Others	(23,837)	(25,168)	-	(49,005)
<b>Total</b>	<b>(756,332)</b>	<b>(25,870)</b>	<b>(8,266)</b>	<b>(790,468)</b>
<b>Net</b>	<b>(448,417)</b>	<b>5,484</b>	<b>(7,744)</b>	<b>(450,677)</b>

**Separate financial statements**  
(Charged) / Credited to:

	At 31 December 2012 restated and 1 January 2013	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	At 31 December 2013
<b><i>Deferred tax assets</i></b>				
Inventories	67,610	(51,151)	-	16,459
Employee benefit obligations	244,037	767	(40,666)	204,138
Loss carry forward	-	240,282	-	240,282
Others	22,641	(11,712)	-	10,929
<b>Total</b>	<b>334,288</b>	<b>178,186</b>	<b>(40,666)</b>	<b>471,808</b>

**Separate financial statements**  
(Charged) / Credited to:

	At 31 December 2012 restated and 1 January 2013	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	At 31 December 2013
<b><i>Deferred tax liabilities</i></b>				
Property, plant and equipment	(719,808)	156	(113,170)	(832,822)
Investment properties	(2,357)	(6,685)	-	(9,042)
Long-term investments	(10,453)	-	5,270	(5,183)
Others	(49,005)	(22,707)	-	(71,712)
<b>Total</b>	<b>(781,623)</b>	<b>(29,236)</b>	<b>(107,900)</b>	<b>(918,759)</b>
<b>Net</b>	<b>(447,335)</b>	<b>148,950</b>	<b>(148,566)</b>	<b>(446,951)</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**Separate financial statements**  
(Charged) / Credited to:

	At 31 December 2011 restated and 1 January 2012	Profit or loss	Other comprehensive income	At 31 December 2012
	<i>(in thousand Baht)</i>			
<i>Deferred tax assets</i>				
Inventories	34,834	32,776	-	67,610
Employee benefit obligations	243,333	195	509	244,037
Others	19,712	2,929	-	22,641
<b>Total</b>	<b>297,879</b>	<b>35,900</b>	<b>509</b>	<b>334,288</b>

**Separate financial statements**  
(Charged) / Credited to:

	At 31 December 2011 restated and 1 January 2012	Profit or loss	Other comprehensive income	At 31 December 2012
	<i>(in thousand Baht)</i>			
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(719,808)	-	-	(719,808)
Investment properties	(1,655)	(702)	-	(2,357)
Long-term investments	(2,280)	-	(8,173)	(10,453)
Others	(23,837)	(25,168)	-	(49,005)
<b>Total</b>	<b>(747,580)</b>	<b>(25,870)</b>	<b>(8,173)</b>	<b>(781,623)</b>
<b>Net</b>	<b>(449,701)</b>	<b>10,030</b>	<b>(7,664)</b>	<b>(447,335)</b>

**20 Other non-current assets**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012 (Restated)	2013	2012
	<i>(in thousand Baht)</i>			
Rental payment in advance - net	12,920	13,710	12,920	13,710
Deposits	9,085	14,081	9,051	14,047
Loans to employees	282	3,238	282	3,238
<b>Total</b>	<b>22,287</b>	<b>31,029</b>	<b>22,253</b>	<b>30,995</b>

The rental payments in advance as at 31 December 2013 and 2012 were shown net of accumulated amortisation of Baht 6.97 million and Baht 6.19 million, respectively. The amortisation is charged to profit or loss over the period of the contract.



**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**21 Trade accounts payable**

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	8	379,569	511,612	499,785	527,617
Other parties		386,676	725,901	360,376	695,080
<b>Total</b>		<b>766,245</b>	<b>1,237,513</b>	<b>860,161</b>	<b>1,222,697</b>

Trade accounts payable of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

**22 Short-term loans from financial institutions**

Short-term loans from financial institutions as at 31 December 2013 and 2012, the Group has short-term loan facilities from several financial institutions totalling Baht 3,515 million with interest rate quoted by bank. In 2013, the Group had utilised loan facilities totalling Baht 700 million (2012: nil). The repayment schedule will be in April 2014 and the settle in August 2014.

**23 Employee benefit obligations**

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
<i>Statement of financial position</i>					
<i>Obligations for:</i>					
Short-term employee benefit					
- accumulated annual leave		9,335	8,626	9,335	8,626
Long-term employee benefit					
- long service award		51,960	67,727	51,895	67,727
- provision for executive incentive	24	-	17,871	-	17,871
- provident fund		-	1,899	-	1,899
Post-employment benefit					
- retirement benefit		964,005	1,130,710	959,458	1,125,959
<b>Total</b>		<b>1,025,300</b>	<b>1,226,833</b>	<b>1,020,688</b>	<b>1,222,082</b>

		Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
<i>Statement of financial position</i>					
<i>Current</i>					
Accrued expenses		99,752	106,063	99,752	106,063
Other current liabilities		-	17,871	-	17,871
		<u>99,752</u>	<u>123,934</u>	<u>99,752</u>	<u>123,934</u>
<i>Non-current</i>					
Employee benefit obligations		925,548	1,102,899	920,936	1,098,148
		<u>925,548</u>	<u>1,102,899</u>	<u>920,936</u>	<u>1,098,148</u>
<b>Total</b>		<b>1,025,300</b>	<b>1,226,833</b>	<b>1,020,688</b>	<b>1,222,082</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Short-term employee benefit				
- accumulated annual leave	709	2,839	709	2,839
Post-employment benefit				
- retirement benefit	97,566	92,644	96,798	91,859
Long-term employee benefits				
- long service award	9,420	11,343	9,420	11,343
- Reversal provision for executive incentive	(3,359)	-	(3,359)	-
- (Reversal) provident fund	(775)	85	(775)	85
<b>Total</b>	<b>103,561</b>	<b>106,911</b>	<b>102,793</b>	<b>106,126</b>
<b>Recognised in other comprehensive income:</b>				
Actuarial (gains) losses recognised in the year	(203,996)	2,607	(203,330)	2,546
Cumulative actuarial (gains) losses recognised	(235,618)	(31,622)	(234,929)	(31,599)

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011. The short-term employee benefit - accumulated annual leave and long-term employee benefit - long service award, the Group has opted to apply the new standard retrospectively and adjusted the prior year's financial statements accordingly. For post - employment benefit - retirement benefit, the Group has opted to record the entire amount of the transitional obligations as at 1 January 2011, totaling Baht 888.40 million for the Group and Baht 884.45 million for the Company, as an adjustment to retained earnings as at 1 January 2011.

***Employee benefit - Retirement benefit***

The Group and the Company operate defined benefit plans based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The statement of financial position obligation was determined as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	964,005	1,130,710	959,458	1,125,959
<b>Statement of financial position obligation</b>	<b>964,005</b>	<b>1,130,710</b>	<b>959,458</b>	<b>1,125,959</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

Movement in the present value of the defined benefit obligations:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Defined benefit obligations				
at 1 January	1,130,710	1,099,101	1,125,959	1,092,797
Benefits paid by the plan	(60,275)	(69,425)	(59,379)	(67,025)
Current service costs and interest	97,566	92,644	96,798	91,859
Transferred to subsidiary	-	-	(590)	-
Actuarial (gains) losses in other comprehensive income	(203,996)	8,390	(203,330)	8,328
<b>Defined benefit obligations at 31 December</b>	<b>964,005</b>	<b>1,130,710</b>	<b>959,458</b>	<b>1,125,959</b>

Expense recognised in profit or loss:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Current service costs	58,591	55,880	57,983	55,288
Interest on obligation	38,975	36,764	38,815	36,571
<b>Total</b>	<b>97,566</b>	<b>92,644</b>	<b>96,798</b>	<b>91,859</b>

The expense is recognised in the following line items in the statement of comprehensive income:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Cost of sales of goods	11,965	11,234	11,838	11,234
Selling expenses	65,789	62,432	65,789	62,432
Administrative expenses	14,840	15,537	14,199	14,752
Management personal	4,972	3,441	4,972	3,441
<b>Total</b>	<b>97,566</b>	<b>92,644</b>	<b>96,798</b>	<b>91,859</b>

Actuarial gains and losses recognised in other comprehensive income:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Included in retained earnings:				
At 1 January	31,622	40,012	31,599	39,927
Recognised during the year	203,996	(8,390)	203,330	(8,328)
<b>At 31 December</b>	<b>235,618</b>	<b>31,622</b>	<b>234,929</b>	<b>31,599</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
			(%)	
Discount rate	4.25	3.5	4.25	3.5
Future salary increases	5.0	5.0	5.0	5.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

**24 Provision**

	Consolidated and Separate financial statements (in thousand Baht)
<i>Provision for executive incentive plan</i>	
At 1 January 2012	27,795
Provisions made	8,693
Provisions used	(18,617)
<b>At 31 December 2012 and 1 January 2013</b>	<b>17,871</b>
Provisions used	(17,871)
<b>At 31 December 2013</b>	<b>-</b>
<b>At 31 December 2012 and 1 January 2013</b>	
Current	17,871
Non-current	-
<b>Total</b>	<b>17,871</b>
<b>At 31 December 2013</b>	
Current	-
Non-current	-
<b>Total</b>	<b>-</b>

**25 Share capital**

	Par value per share (in Baht)	2013		2012	
		Number	Baht	Number	Baht
		(thousand shares / thousand Baht)			
<i>Authorised</i>					
At 1 January					
Ordinary shares	1	265,900	265,900	265,900	265,900
<b>At 31 December</b>					
Ordinary shares	1	265,900	265,900	265,900	265,900
<i>Issued and paid-up</i>					
At 1 January					
Ordinary shares	1	265,900	265,900	265,900	265,900
<b>At 31 December</b>					
Ordinary shares	1	265,900	265,900	265,900	265,900

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

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.

## 26 Reserves

Reserves comprise:

### *Appropriations of profit and/or retained earnings*

#### *Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 Section 116 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.

#### *General reserve*

The general reserve comprises amounts appropriated from profit for expansion of the Company's operations.

#### *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**

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

#### **Surplus on land revaluation**

Surplus on land revaluation within equity comprises the cumulative net change in land revaluation included in the financial statements at valuation until such land is sold or otherwise disposed of.

In November 2013, the Group appraised its land based on the depreciated replacement cost approach by C.I.T. Appraisal Co., Ltd., an independent professional valuer. The Group made adjustments to increase the value of land in the consolidated and separate financial statements by Baht 651.31 million and Baht 575.51 million, respectively. The Group recognised surplus on land revaluation under equity in the consolidated and separate financial statements by Baht 641.65 million and Baht 565.85 million, respectively, and recognised loss on land revaluation of Baht 9.66 million in the consolidated and separate statements of comprehensive income.

## **Sermsuk Public Company Limited and its Subsidiaries**

### **Notes to the financial statements**

In May 2010, the Group appraised its land based on the depreciated replacement cost approach by C.I.T. Appraisal Co., Ltd., an independent professional valuer. The Group made adjustments to increase the value of land in the consolidated and separate financial statements by Baht 3,636.24 million and Baht 3,592.48 million, respectively. The Group recognised surplus on land revaluation under equity in the consolidated and separate financial statements by Baht 3,655.70 million and Baht 3,611.94 million, respectively, and recognised loss on land revaluation of Baht 19.46 million in the consolidated and separate statements of comprehensive income.

On 1 January 2011, The Group and the Company reclassified the investment properties using fair value method. The valuation surplus of Baht 12.90 million was credited to retained earnings.

Surplus on land revaluation is not available for dividend distribution.

## **27 Operating information**

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker (CODM) reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

Segment 1	Carbonated soft drink: Produce and distribute soft drinks
Segment 2	Non-Carbonated soft drink: Produce and distribute drinking water, mixers, and other beverages, including as distributor of energy drinks and tea

Other operations include. None of these segments meets the quantitative thresholds for determining reportable segments in 2013 or 2012.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

*Information about reportable segments*

	Carbonated soft drink		Non-Carbonated soft drink		Consolidated financial statements	
	2013	2012	2013	2012	2013	2012
	<i>(in million Baht)</i>					
Revenue from sales of goods and rendering of services	5,814	14,672	5,358	8,149	11,172	22,821
Cost of sales of goods and rendering of services	4,051	11,473	4,064	6,747	8,115	18,220
Gross profit	<u>1,763</u>	<u>3,199</u>	<u>1,294</u>	<u>1,402</u>	<u>3,057</u>	<u>4,601</u>
Other income					286	386
Selling expenses					2,950	3,223
Administrative expenses					1,025	1,207
Finance costs					10	6
Share of profit of an associate, net of income tax					162	177
<b>Profit (loss) before income tax</b>					<u>(480)</u>	<u>728</u>
Segment assets as at 31 December	<u>9,323</u>	<u>10,001</u>	<u>3,378</u>	<u>3,593</u>	<u>12,701</u>	<u>13,594</u>

**28 Other income**

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Sale of scrap		103,169	120,922	101,186	118,409
Interest income		9,365	29,733	18,488	27,984
Gain on disposal of fixed assets		61,522	29,285	61,195	29,210
Gain on disposal of investments		24,747	-	24,747	-
Dividend income	13,15	22,738	6,135	103,738	6,135
Compensation from flood	3	-	101,289	-	101,289
Fair value adjustments on investment properties	16	33,426	3,512	33,426	3,512
Reversal of recognised loss on land revaluation	26	9,659	-	9,659	-
Sale of by product		7,751	18,607	7,767	18,607
Others		13,161	76,331	9,699	66,598
<b>Total</b>		<u>285,538</u>	<u>385,814</u>	<u>369,905</u>	<u>371,744</u>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

**29 Selling expenses**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Personnel expenses	1,065,020	1,238,162	1,063,124	1,235,893
Marketing expenses	1,020,220	843,984	1,018,486	835,146
Distribution	209,248	277,640	190,722	255,034
Fuel	209,205	232,083	209,205	232,083
Depreciation and amortisation	201,141	267,362	201,046	267,303
Others	245,138	363,684	244,515	363,216
<b>Total</b>	<b>2,949,972</b>	<b>3,222,915</b>	<b>2,927,098</b>	<b>3,188,675</b>

**30 Administrative expenses**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Personnel expenses		434,487	519,181	420,174	502,370
Fuel		103,630	156,452	103,267	155,845
Management benefit expenses	31	75,569	96,058	75,569	96,058
Depreciation and amortisation		67,992	73,733	65,666	71,040
Net loss on foreign exchange		12,132	207	12,132	165
Directors' remunerations	8	7,571	18,727	7,571	18,727
Others		323,518	342,383	277,566	315,045
<b>Total</b>		<b>1,024,899</b>	<b>1,206,741</b>	<b>961,945</b>	<b>1,159,250</b>

**31 Employee benefit expenses**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Management</b>				
Salaries, wages and other benefits	66,800	80,551	66,800	80,551
Management personal provisions	-	8,693	-	8,693
Pension costs - defined benefit plans	4,968	3,436	4,968	3,436
Pension costs - defined contribution plans	3,728	3,315	3,728	3,315
Liability for long-service leave	4	6	4	6
Contribution to social fund	69	57	69	57
	<b>75,569</b>	<b>96,058</b>	<b>75,569</b>	<b>96,058</b>
<b>Other employees</b>				
Salaries, wages and other benefits	1,631,533	2,015,535	1,572,611	1,953,954
Pension costs - defined benefit plans	92,598	89,149	91,830	88,424
Pension costs - defined contribution plans	83,292	84,406	81,346	82,947
Liability for long-service leave	9,416	11,337	9,416	11,337
Contribution to social fund	45,799	46,528	44,357	45,408
	<b>1,862,638</b>	<b>2,246,955</b>	<b>1,799,560</b>	<b>2,182,070</b>
<b>Total</b>	<b>1,938,207</b>	<b>2,343,013</b>	<b>1,875,129</b>	<b>2,278,128</b>



## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### *Defined benefit plans*

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

#### *Defined contribution plans*

The Group has a provident fund for those employees who indicate their willingness to join. Contributions are made monthly by the employees at 3% of their basic salaries and by the Group at from 5% to 12% 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.

The employees who do not join the provident fund managed by the financial institution may still subscribe to the initial provident fund which is managed by the Company. The Company's contribution is treated as an expense in the year when the service is provided.

### 32 Expenses by nature

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

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress		1,365,965	4,430,361	1,941,420	4,725,282
Raw materials and consumables used		5,038,410	11,293,643	4,774,532	10,813,562
Employee benefit expenses	31	1,938,207	2,343,013	1,875,129	2,278,128
Directors' remunerations	8	7,571	18,727	7,571	18,727
Depreciation and amortisation	17,18,20	570,958	643,569	520,478	593,490
Marketing expenses	29	1,020,220	843,984	1,018,486	835,146
Distribution	29	209,248	277,640	190,722	255,034
Fuel		314,230	426,579	313,867	396,634
Others		1,634,362	2,377,404	1,614,114	2,453,271
<b>Total expenses</b>		<b>12,099,171</b>	<b>22,654,920</b>	<b>12,256,319</b>	<b>22,369,274</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
Notes to the financial statements

**33 Income tax expense**

*Income tax recognised in profit or loss*

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (Restated) (in thousand Baht)	2013	2012 (Restated)
<b>Current tax expense</b>					
Current year		1,221	126,355	-	126,335
Adjustment for prior years		2,966	7,185	2,955	7,185
		<u>4,187</u>	<u>133,520</u>	<u>2,955</u>	<u>133,520</u>
<b>Deferred tax expense</b>	19				
Movements in temporary differences		(155,059)	(5,484)	(148,950)	(10,030)
<b>Income tax (benefit) expenses</b>		<u>(150,872)</u>	<u>128,036</u>	<u>(145,995)</u>	<u>123,490</u>

*Reconciliation of effective tax rate*

	Consolidated financial statements			
	2013		2012 (Restated)	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before total income tax expense		(479,405)		728,261
Income tax using the Thai corporation tax rate	20.00	(95,881)	23.00	167,500
Income not subject to tax		(60,298)		(52,747)
Expenses not deductible for tax purposes		4,310		12,210
Expenses for tax incentives		(1,813)		(1,100)
Recognition of previously unrecognised tax losses		-		(5,275)
Under provided in prior year		2,966		7,185
Effected from eliminations		(156)		263
<b>Total</b>	<u>31.47</u>	<u>(150,872)</u>	<u>17.58</u>	<u>128,036</u>

*Reconciliation of effective tax rate*

	Separate financial statements			
	2013		2012 (Restated)	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense		(652,748)		494,794
Income tax using the Thai corporation tax rate	20.00	(130,550)	23.00	113,803
Income not subject to tax		(20,748)		(3,048)
Expenses not deductible for tax purposes		4,154		6,562
Expenses for tax incentives		(1,806)		(1,012)
Under provided in prior year		2,955		7,185
<b>Total</b>	<u>22.37</u>	<u>(145,995)</u>	<u>24.96</u>	<u>123,490</u>

*Income tax reduction*

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

#### 34 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2013 and 2012 were based on the profit (loss) for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
	<i>(in thousand Baht/thousand shares)</i>			
<b>Profit (loss) attributable to ordinary shareholders of the Company (basic)</b>	<u>(328,533)</u>	<u>604,704</u>	<u>(506,753)</u>	<u>371,304</u>
<b>Number of ordinary shares outstanding</b>	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>
<b>Earnings (loss) per share (basic) <i>(in Baht)</i></b>	<u>(1.24)</u>	<u>2.27</u>	<u>(1.91)</u>	<u>1.40</u>

#### 35 Dividends

At the annual general meeting of the shareholders of the Company held on 29 April 2013, the shareholders approved the appropriation of dividend of Baht 2.50 per share on 265.90 million shares, amounting to Baht 664.75 million. The dividend was paid to shareholders during the year 2013 and uncollected dividend was shown as accrued dividend in the statement of financial position.

At the annual general meeting of the shareholders of the Company held on 19 April 2012, the shareholders approved the appropriation of dividend of Baht 0.75 per share on 265.90 million shares, amounting to Baht 199.43 million. The dividend was paid to shareholders during the year 2012 and uncollected dividend was shown as accrued dividend in the statement of financial position.

#### 36 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.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 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 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. The Group is primarily exposed to interest rate risk from its loans to and loans from related parties (see note 8, 22). The Group does not expect that changes in interest rates will materially affect its operations.

### Foreign currency risk

The Group is exposed to foreign currency risk relating to sales of goods and purchases of fixed assets which are denominated in foreign currencies. The Group expects that changes in exchange rates for assets and liabilities denominated in foreign currencies in the statement of financial position will not materially affect its financial position and results of operations since the Group does not have any foreign currency loans and most of the spending and purchases of raw and packing materials are transacted in local currency. Exchange rate risks are limited only to those related to imported spare parts and equipments.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		<b>Consolidated financial statements</b>	
	<i>Note</i>	2013	2012
		<i>(in thousand Baht)</i>	
<b>Hong Kong Dollars</b>			
Trade accounts receivable	10	-	1,237
<b>Gross balance sheet exposure</b>		<u>-</u>	<u>1,237</u>
<b>Total exposure</b>		<u>-</u>	<u>1,237</u>

		<b>Consolidated and Separate financial statements</b>	
		2013	2012
		<i>(in thousand Baht)</i>	
<b>Euro</b>			
Other payables		<u>(24,187)</u>	<u>(38,087)</u>
<b>Gross balance sheet exposure</b>		<u>(24,187)</u>	<u>(38,087)</u>
Estimated forecast purchases of fixed assets		-	(9,725)
<b>Total exposure</b>		<u>(24,187)</u>	<u>(47,812)</u>

<b>United States Dollars</b>			
Other payables		<u>(920)</u>	<u>(1,901)</u>
<b>Gross balance sheet exposure</b>		<u>(920)</u>	<u>(1,901)</u>
Estimate forecast purchases of fixed assets		-	(6,918)
<b>Total exposure</b>		<u>(920)</u>	<u>(8,819)</u>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**

	<b>Consolidated and Separate financial statements</b>	
	2013	2012
	<i>(in thousand Baht)</i>	
<b>Pound Sterling</b>		
Other payables	(4,727)	-
<b>Gross balance sheet exposure</b>	<u>(4,727)</u>	<u>-</u>
<b>Total exposure</b>	<u>(4,727)</u>	<u>-</u>
	<b>Separate financial statements</b>	
	2013	2012
	<i>(in thousand Baht)</i>	
<b>Hong Kong Dollars</b>		
Other payables	(170,024)	-
<b>Gross balance sheet exposure</b>	<u>(170,024)</u>	<u>-</u>
<b>Total exposure</b>	<u>(170,024)</u>	<u>-</u>

***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or a 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.

***Determination of fair values***

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of cash and cash equivalents, current investment, trade accounts receivable, accounts receivable to related parties, other receivable and current assets is taken to approximate the carrying value.

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

The fair value of investments in equity securities, which are available for sales, are determined by reference to their quoted bid price at the reporting date.

Other long-term investments, which are non marketable equity securities, have their fair values approximate to their carrying value.

The fair value of trade accounts payable, other payable from related parties, other payable, accrued expenses, income tax payable and other current liabilities is taken to approximate the carrying value.

### 37 Commitments with non-related parties

	Consolidate financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Capital commitments</b>				
<i>Contracted but not provided for:</i>				
Buildings, warehouses and improvement	82,009	130,836	82,009	130,836
Machinery, equipment and tools	16,481	83,045	5,436	81,134
Vehicle	-	192	-	192
Intangible assets	4,104	6,399	4,104	6,399
<b>Total</b>	<b>102,594</b>	<b>220,472</b>	<b>91,549</b>	<b>218,561</b>

	Consolidate financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
<b>Non-cancellable operating lease commitments</b>				
Within one year	46,147	18,540	45,696	18,312
After one year but within five years	145,026	39,177	143,805	38,360
After five years	83,848	74,014	83,848	74,014
<b>Total</b>	<b>275,021</b>	<b>131,731</b>	<b>273,349</b>	<b>130,686</b>

	Consolidate financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand)</i>			
<b>Other commitments</b>				
<b>Thai Baht</b>				
Unused letters of credits for goods and supplies	-	16,643	-	16,643
Bank guarantees	34,633	104,209	30,934	100,790
<b>Total</b>	<b>34,633</b>	<b>120,852</b>	<b>30,934</b>	<b>117,433</b>

<b>Euro</b>				
Unused letters of credits for fixed assets	-	238	-	238

<b>United States Dollars</b>				
Unused letters of credits for fixed assets	-	225	-	225

The Company entered into land, building, structure and other assets lease agreements for the Company's operation for periods from one year to thirty years and expiring in various periods up to December 2038.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Exclusive bottling appointment agreements*

The Company entered into an agreement with PepsiCo, Inc. to be appointed to bottle, sell and distribute carbonated drinks solely in the whole Kingdom of Thailand. The Company has to comply with certain conditions in the agreement for which the duration is not specified. On 31 March 2011, the Board of Directors approved to terminate the agreement to be effective as of the close of business on 1 April 2012. Subsequently, at the Extraordinary General Meeting of Shareholders no.2/2011 on 26 August 2011, the shareholders approved to extend the period of the effectiveness of the termination of the agreement for 7 months 1 April 2012 to 1 November 2012.

The Company entered into an agreement with Pepsi Lipton International Ltd. (“The parties”) to be appointed to bottle, sell and distribute bottled tea drinks in Thailand. The Company has to comply with certain conditions contained in the agreement which was ended 30 September 2011, including a renewal option. On 1 June 2012, the parties made an amendment to set the termination date on 31 December 2015.

### *Co-packing agreements*

A subsidiary entered into a “Co-packing agreement” with Pepsi Lipton International Ltd. and Pepsi-Cola (Thai) Trading Co., Ltd. (“The parties”) to produce bottled tea drinks. The subsidiary has to comply with certain conditions contained in the agreement for a period of 3 years. On 1 June 2012, the parties made an amendment to set the termination date on 31 December 2013.

### *Distributorship agreement*

The Company entered into an agreement with Pepsi-Cola (Thai) Trading Co., Ltd. (“The parties”) to be appointed to distribute bottled tea and fruit juices solely in the whole Kingdom of Thailand. The Company has to comply with certain conditions contained in the agreement for a period of 3 years including a renewal option. On 1 June 2012 the parties entered into the attached agreement. The agreement ends on 31 December 2013.

### *Cooperative advertising and marketing agreement*

The Company entered into an agreement with Pepsi-Cola (Thai) Trading Co., Ltd. for both parties to participate in a Cooperative Advertising and Marketing Program in the territory. Both parties agree to spend for advertising and marketing of the products for the term and the amount as specified in the agreement. Each agreement is effective for a period of 1 year which ended on 1 November 2012.

## **38 Credit facilities**

As at 31 December 2013 the Group and the Company had unutilised credit facilities totalling Baht 7,648 million and Baht 7,598 million, respectively (2012: Baht 6,289 million and Baht 6,239 million, respectively).

## **39 Contingent liabilities**

The Company had a contingent liability arising from a claim for compensation and unfair lay off employees of Baht 21.70 million in connection with undelivered goods. The court case is pending judgment. However, the Company’s fixed deposit of Baht 0.83 million has been pledged with the court.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 40 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the new and revised TFRS that have been issued but are not yet effective. Those new and revised TFRS that are applicable to the Group, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investments in Associates	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 13	Customer Loyalty Programmes	2014
TIC 15	Operating Leases-Incentives	2014
TIC 32	Intangible Assets-Web Site Costs	2014

Management expects to adopt and apply these new and revised TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

#### *TFRIC 13 - Customer Loyalty Programmes*

TFRIC 13 addresses the accounting for an entity's obligation to provide free or discounted goods or services ('awards') in the future under a customer loyalty programme. TFRIC 13 requires that award credits are accounted for as a separately identified component of the sales transactions in which they are granted (the 'initial sale'). The fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits and the other components of the sale. The revenue and costs ascribed to the awards are only recognised when the award credits are redeemed or the entity otherwise fulfils its obligations in respect of the awards.

Management has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements from adopted TFRIC 13 for the period started from 1 January 2014 and expect that there will be no material impact on assets liabilities and retain earning in the period of initial application.