

# Serm Suk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2008 and 2007

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**Serm Suk Public Company Limited and its Subsidiaries**  
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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 24 February 2009

**1 General information**

Serm Suk Public Company Limited “the Company” is incorporated in Thailand and has its head office registered office at Muang Thai-Phatra Complex, Tower 1, 27-28th Floor, 252/35-36 Rachadapisek Road, Huay Kwang, Bangkok 10320. The Company also has 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) Nakornsawan : 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 Company’s major shareholders during the financial year were Pepsi-Cola (Thai) Trading Co., Ltd. (25% shareholding) and Seven-up Nederland, B.V. (17% shareholding), who were incorporated in Thailand and the Netherlands, respectively.

The principal activities of the Company are to produce and distribute soft drinks, drinking water, mixers and other beverages, including is distributor for energy drinks. Details of the Company’s subsidiaries as at 31 December 2008 and 2007 were as follows:

Name of the entity	Type of business	Country of Incorporation	Ownership Interest (%)	
			2008	2007
<b><i>Direct subsidiary</i></b>				
Serm Suk Holdings Co., Ltd.	Investment and holding shares in other companies	Thailand	99.99	99.99
<b><i>Indirect subsidiary</i></b>				
Serm Suk Beverage Co., Ltd.	Produce and distribute tea and fruit juice	Thailand	99.99	99.99

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**2 Basis of preparation of financial statements**

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with generally accepted accounting principles in Thailand.

The Group/Company has adopted the following new and revised Thai Accounting standards (TAS) which were issued by the FAP during 2007 and effective for accounting periods beginning on or after 1 January 2008:

TAS 25 (revised 2007)	<i>Cash Flows Statements</i>
TAS 29 (revised 2007)	<i>Leases</i>
TAS 31 (revised 2007)	<i>Inventories</i>
TAS 35 (revised 2007)	<i>Presentation of Financial Statements</i>
TAS 39 (revised 2007)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
TAS 41 (revised 2007)	<i>Interim Financial Reporting</i>
TAS 43 (revised 2007)	<i>Business Combinations</i>
TAS 51	<i>Intangible Assets</i>

The adoption of these new and revised TAS does not have any material impact on the consolidated or separate financial statements except as disclosed in Note 30 to the financial statements.

The FAP has issued during 2008 certain revised TAS which are only effective for financial statements beginning on or after 1 January 2009 and have not been adopted in the preparation of these financial statements. These revised TAS are disclosed in note 35.

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These judgements, estimates and assumptions are based on historical experience and various other factors, including management’s assessment of the potential impact on the Group’s/Company’s operations and financial position of the global economic crisis. Actual results may differ from these estimates.

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The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

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

Note 19	Employee benefits
Note 20	Provision

**3 Significant 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.

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

*Subsidiaries*

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company 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.

*Associate*

An associate is a company in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group’s share of the total recognised gains and losses of an associate on an equity accounted basis, 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 associate, the Group’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

**(b) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

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

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**(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 stated at the lower of cost and net realisable value.

Cost of finished goods, work in progress, other supplies and bottles and cases are calculated using the weighted average cost principle and raw materials, supplies, and spare part are calculated using the moving-average cost principle. They comprise 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 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/Company records the allowance for decline in value of inventories for all occurring deteriorated and obsolete inventories.

**(f) Investments**

*Investments in subsidiaries and an associate*

Investments in subsidiaries and an associate 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 equity securities*

Marketable equity securities are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses which are recognised in the statement of income. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of income.

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

The fair value of securities classified as available-for-sale is determined as the quoted bid price at the balance sheet 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 the statement of income.

If the Group/Company 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) *Property, plant and equipment***

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

*Depreciation*

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

Building, warehouses and improvement	20 years
Machinery and equipment	5-10 years
High voltage equipment	10 years
Vehicles	5 years
Furniture and office equipment	3-5 years
Plastic pallets	5 years

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

**(h) *Marketing promotion equipment***

Marketing promotion equipment such as coolers and post-mixed tanks are stated at cost less accumulated amortisation, allowance for loss of marketing promotion equipment and impairment losses.

*Amortisation*

Amortisation is charged to the statement of income on a straight-line basis over the estimated useful lives of marketing promotion equipment of approximately 5 years.

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**(i) Negative goodwill**

Negative goodwill in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition. The Group has changed its accounting policy for goodwill with effect from 1 January 2008 as discussed in note 30.

Acquisitions prior to 1 January 2008

Goodwill represents the amount recognised under the Group's previous accounting policy under which negative goodwill was stated at cost less accumulated amortisation and impairment losses. Negative goodwill carried in the financial statements as at 31 December 2007 is recognised in full in the beginning balance of retained earnings as at 1 January 2008.

Goodwill that is acquired on or after 1 January 2008 is stated at cost. Negative goodwill is recognised immediately in the statement of income.

**(j) Intangible assets**

Intangible assets represent the rights for distribution of goods that are acquired by the Group/Company. They are stated at cost less accumulated amortisation and impairment losses.

*Amortisation*

Amortisation is recognised in the statement of income on a straight-line over the estimated useful lives of intangible assets of from 2 to 15 years.

**(k) Impairment**

The carrying amounts of the Group/Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income.

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 has been recognised directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

*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 non-financial assets is the greater of the assets' net selling price and value in use. 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.

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*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. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

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

**(l) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

**(m) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

*Employee retirement plan*

The Company has established an unfunded retirement plan to provide benefits for its employees who work until the retirement age. The Company is committed to pay the employee benefits according to the law upon retirement including provident fund and other benefits in total not less than one month of the last salary multiplied by years of service. The employee retirement benefit is recognised as a liability in the balance sheets based on the said factors and management's estimate.

**(n) Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

*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 in 3 years after the granting date of the incentive units.



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**(o) Revenue**

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

*Sale of goods and services rendered*

Revenue is recognised in the statement of income 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.

*Interest income, dividend income and other income*

Interest income is recognised in the statement of income as it accrues.

Dividend income is recognised in the statement of income on the date the Group's/Company's right to receive payments is established.

Other income is recognised in the statement of income as it accrues.

**(p) Expenses**

*Operating leases*

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

*Finance costs*

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred.

Other expenses are recognised as they accrue.

**(q) Income tax**

Income tax on the profit or loss for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years.

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**4 Related party transactions and balances**

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Company/Group were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Serm Suk Beverage Co., Ltd.	Thailand	Indirect subsidiary and co-director
Serm Suk Holdings Co., Ltd.	Thailand	Direct subsidiary and co-director
Pepsi-Cola (Thai) Trading Co., Ltd.	Thailand	Major shareholder and co-director
Petform (Thailand) Company Limited	Thailand	Associate and co-director
Bangkok Glass Company Limited	Thailand	Related company and co-director
Pepsi-Cola International	USA	Shareholder of the major shareholder
The Pet Company Limited	Thailand	Related company and co-director
Crown Seal Public Company Limited	Thailand	Related company and co-director
Petpack Company Limited	Thailand	Related company

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	Based on actual cost plus gross profit margin
Interest income	Charged at the rate of 10% per annum
Purchase of finished goods and raw materials	Based on actual cost of finished goods and raw materials plus gross profit margin
Subsidy for marketing expenses	Based on actual price stated in invoice
Directors' remuneration expenses representing salary, director bonus and meeting allowance	Based on approval by the Company's shareholders

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Significant transactions for the years ended 31 December 2008 and 2007 with related parties were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sale of goods and rendering of services	-	-	265,218	156,476
Purchase of finished goods	-	-	270,613	121,528
<b>Associate</b>				
Purchase of raw materials	683,858	656,855	683,858	656,855
Dividend income	32,340	34,650	32,340	34,650
<b>Other related parties</b>				
Sale of goods and rendering of services	170,944	167,168	4,241	2,919
Purchase of finished goods and raw materials and subsidy for marketing expense	4,234,952	3,908,342	4,225,443	3,902,797
Interest income	500	500	500	500
Dividend income	4,658	6,066	4,658	6,066
Directors' remunerations	11,462	16,649	11,462	16,649
Retirement fund and other benefits	24,016	39,191	24,016	39,191

Balances as at 31 December 2008 and 2007 with related parties are as follows:

<i>Trade accounts receivable from related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Serm Suk Beverage Co., Ltd.	-	-	72,174	26,763
<b>Other related parties</b>				
Pepsi-Cola (Thai) Trading Co., Ltd.	20,520	18,248	-	-
<b>Total</b>	<b>20,520</b>	<b>18,248</b>	<b>72,174</b>	<b>26,763</b>
<i>Short-term loans to related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<b>Comprising:</b>				
Other receivable from related parties	331,381	335,777	364,926	380,969
Short-term loan to a related party	5,000	5,000	5,000	5,000
<b>Total</b>	<b>336,381</b>	<b>340,777</b>	<b>369,926</b>	<b>385,969</b>

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<i>Other receivable from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Serm Suk Beverage Co., Ltd.	-	-	44,727	45,192
<b>Other related parties</b>				
Pepsi-Cola (Thai) Trading Co., Ltd.	331,013	335,410	319,831	335,410
The Pet Company Limited	368	367	368	367
<b>Total</b>	<b>331,381</b>	<b>335,777</b>	<b>364,926</b>	<b>380,969</b>
<i>Short-term loan to a related party</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<b>Other related party</b>				
The Pet Company Limited	5,000	5,000	5,000	5,000
<b>Total</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>	<b>5,000</b>
<i>Trade accounts payable - related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Serm Suk Beverage Co., Ltd.	-	-	39,417	14,170
<b>Associate</b>				
Petform (Thailand) Company Limited	127,717	123,932	127,717	123,932
<b>Other related companies</b>				
Pepsi-Cola (Thai) Trading Co., Ltd.	87,949	69,447	87,949	69,447
Bangkok Glass Company Limited	45,531	54,477	45,531	54,477
The Pet Company Limited	29,609	4,957	29,609	4,957
Crown Seal Public Company Limited	38,482	27,791	38,482	27,791
Petpack Company Limited	55,524	44,820	55,524	44,820
<b>Total</b>	<b>384,812</b>	<b>325,424</b>	<b>424,229</b>	<b>339,594</b>
<i>Amounts due to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<b>Other related companies</b>				
Accrued directors' remunerations	6,000	12,000	6,000	12,000
Pepsi-Cola (Thai) Trading Co., Ltd.	887	-	887	-
<b>Total</b>	<b>6,887</b>	<b>12,000</b>	<b>6,887</b>	<b>12,000</b>
<i>Employee benefits</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<b>Management</b>	<b>91,320</b>	<b>67,304</b>	<b>91,320</b>	<b>67,304</b>

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*Significant agreements with related parties*

**Loan agreement**

On 31 January 1998 and 21 May 1998, the Company entered into a subordinated loan agreement with a related company (Borrower) of Baht 5 million with one year maturity bearing interest at 10% p.a. The subordinated loan agreement shall continue to be in effect if there is no change at the maturity date. Such subordinated loan of Baht 3 million can be converted to common stock upon the resolution of the shareholders' meeting of the borrower. In addition, the borrower agrees to repay the principal to the Company after the borrower repays all debts to other creditors or upon the special resolution of shareholders' meeting to increase its share capital.

**Exclusive bottling appointment agreement**

The Company entered into an agreement with a shareholder of the major shareholder of the Company 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 contained in the agreement for which the duration is not specified.

A subsidiary entered into a "Co-packing agreement" with the major shareholder of the Company to produce bottled tea drinks. The subsidiary has to comply with certain conditions contained in the agreement for a period of 3 years including a renewal option.

A subsidiary entered into a "Co-packing agreement" with the major shareholder of the Company to produce bottled fruit juices. The subsidiary has to comply with certain conditions contained in the agreement for a period of 3 years including a renewal option.

**Distributorship agreement**

The Company entered into an agreement with the major shareholder of the Company to be appointed to distribute bottled 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.

**Cooperative advertising and marketing agreement**

The Company entered into an agreement with the major shareholder of the Company 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.

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**5 Cash and cash equivalents**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>Financial statements</b>	<b>Financial statements</b>
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Cash on hand	68,458	163,728	68,438	163,724
Call deposits	582,592	51,418	564,847	24,359
Three - month fixed deposits	12,038	11,759	12,038	11,758
Bills of exchange	411,500	1,150,000	400,000	1,150,000
<b>Total</b>	<b><u>1,074,588</u></b>	<b><u>1,376,905</u></b>	<b><u>1,045,323</u></b>	<b><u>1,349,841</u></b>

Cash and cash equivalents of the Group and the Company as at 31 December 2008 and 2007 were denominated entirely in Thai Baht.

**6 Current investments**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Six - month fixed deposits	<b><u>5,251</u></b>	<b><u>4,841</u></b>	<b><u>5,251</u></b>	<b><u>4,841</u></b>

Current investments of the Group and the Company as at 31 December 2008 and 2007 were denominated entirely in Thai Baht.

**7 Trade accounts receivable**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
		2008	2007	2008	2007
		<i>(in thousand Baht)</i>			
Related parties	4	20,520	18,248	72,174	26,763
Other parties		1,078,323	1,070,826	1,078,323	1,070,826
		<u>1,098,843</u>	<u>1,089,074</u>	<u>1,150,497</u>	<u>1,097,589</u>
<i>Less</i> allowance for doubtful accounts		(46,801)	(50,898)	(46,801)	(50,898)
<b>Total</b>		<b><u>1,052,042</u></b>	<b><u>1,038,176</u></b>	<b><u>1,103,696</u></b>	<b><u>1,046,691</u></b>
<b>Bad and doubtful debts expenses (reversal) for the year</b>		<b><u>(4,097)</u></b>	<b><u>(15,841)</u></b>	<b><u>(4,097)</u></b>	<b><u>(15,841)</u></b>

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Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<b><i>Related parties</i></b>				
Within credit terms	12,160	17,946	32,838	26,763
Overdue:				
Not over 1 month	750	302	18,813	-
More than 1 month to 3 months	7,610	-	20,523	-
<b>Total</b>	<b>20,520</b>	<b>18,248</b>	<b>72,174</b>	<b>26,763</b>
<b><i>Other parties</i></b>				
Within credit terms	846,171	810,114	846,171	810,114
Overdue:				
Not over 1 month	182,363	217,135	182,363	217,135
More than 1 month to 3 months	31,230	29,142	31,230	29,142
Over 3 months	18,559	14,435	18,559	14,435
<b>Total</b>	<b>1,078,323</b>	<b>1,070,826</b>	<b>1,078,323</b>	<b>1,070,826</b>
<i>Less</i> allowance for doubtful accounts	(46,801)	(50,898)	(46,801)	(50,898)
<b>Net</b>	<b>1,031,522</b>	<b>1,019,928</b>	<b>1,031,522</b>	<b>1,019,928</b>
<b>Total</b>	<b>1,052,042</b>	<b>1,038,176</b>	<b>1,103,696</b>	<b>1,046,691</b>

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

Trade accounts receivable of the Group and the Company as at 31 December 2008 and 2007 were denominated entirely in Thai Baht.

## 8 Inventories

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>Financial statements</b>	<b>Financial statements</b>
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Finished goods	457,268	375,788	431,317	375,603
Work in progress	13,519	15,100	13,519	15,100
Raw materials and supplies	185,204	156,394	144,454	141,551
Spare parts	104,216	88,468	98,011	82,144
Other supplies	5,128	3,136	4,087	3,136
Bottles and cases	1,825,161	1,778,510	1,818,110	1,746,754
Goods in transit	-	1,012	-	1,012
	<b>2,590,496</b>	<b>2,418,408</b>	<b>2,059,498</b>	<b>2,365,300</b>
<i>Less</i> allowance for decline in value	(136,573)	(109,433)	(133,309)	(94,263)
<b>Net</b>	<b>2,453,923</b>	<b>2,308,975</b>	<b>2,376,189</b>	<b>2,271,037</b>

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**9 Other current assets**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Other receivables	47,897	54,611	47,312	54,466
<i>Less</i> allowance for doubtful accounts	(17,993)	(17,451)	(17,993)	(17,451)
<b>Net</b>	<b>29,904</b>	<b>37,160</b>	<b>29,319</b>	<b>37,015</b>
Advance payment	8,357	14,244	7,917	14,244
Prepaid expenses	24,860	30,700	24,092	30,233
Withholding tax	10,334	8,118	-	-
Others	21,113	14,224	17,868	12,301
<b>Total</b>	<b>94,568</b>	<b>104,446</b>	<b>79,196</b>	<b>93,793</b>
<b>Bad and doubtful debts expenses</b> <b>(reversal) for the year</b>	<b>543</b>	<b>(1,908)</b>	<b>543</b>	<b>(956)</b>

**10 Investments in subsidiaries and associate**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
At 1 January	210,673	201,555	380,000	380,000
Share of profits of investments				
- equity method	42,808	43,768	-	-
Dividend income	(32,340)	(34,650)	-	-
<b>At 31 December</b>	<b>221,141</b>	<b>210,673</b>	<b>380,000</b>	<b>380,000</b>



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Investments in subsidiaries and associates as at 31 December 2008 and 2007, and dividend income from those investments for the years then ended were as follows:

	<b>Consolidated financial statements</b>									
	Ownership Interest		Paid-up share capital		Cost method		Equity method		Dividend income	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	(%)		(in thousand Baht)							
<i>Associate</i>										
Petform (Thailand) Company Limited	40	40	<u>75,000</u>	<u>75,000</u>	<u>30,000</u>	<u>30,000</u>	<u>221,141</u>	<u>210,673</u>	<u>32,340</u>	<u>34,650</u>
<b>Total</b>			<b><u>75,000</u></b>	<b><u>75,000</u></b>	<b><u>30,000</u></b>	<b><u>30,000</u></b>	<b><u>221,141</u></b>	<b><u>210,673</u></b>	<b><u>32,340</u></b>	<b><u>34,650</u></b>
	<b>Separate financial statements</b>									
	Ownership Interest		Paid-up share capital		Cost method		Dividend income			
	2008	2007	2008	2007	2008	2007	2008	2007		
	(%)		(in thousand Baht)							
<i>Subsidiaries</i>										
Serm Suk Holdings Co., Ltd.	100	100	350,000	350,000	350,000	350,000	-	-		
<i>Associate</i>										
Petform (Thailand) Company Limited	40	40	<u>75,000</u>	<u>75,000</u>	<u>30,000</u>	<u>30,000</u>	<u>32,340</u>	<u>34,650</u>		
<b>Total</b>			<b><u>425,000</u></b>	<b><u>425,000</u></b>	<b><u>380,000</u></b>	<b><u>380,000</u></b>	<b><u>32,340</u></b>	<b><u>34,650</u></b>		

**Serm Suk Public Company Limited and its Subsidiaries**  
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The following summarised financial information on associated companies which have 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</b>	<b>Total revenues</b>	<b>Net Profit</b>
		<i>(in Baht)</i>			
<b>2008</b>					
Petform (Thailand) Company Limited	40	924.95	371.74	1,057.19	106.73
<b>2007</b>					
Petform (Thailand) Company Limited	40	930.58	403.25	957.52	109.67

**11 Other long-term investments**

	<b>Consolidated financial statements and Separate financial statements</b>			
	Cost method		Dividend income	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<b><i>Equity securities available for sale</i></b>				
Crown Seal Public Company Limited	31,732	31,732	709	-
Future Park Property Fund	30,000	30,000	3,066	2,493
	61,732	61,732		
<i>Less</i> valuation adjustment	(22,145)	(17,145)		
	<b>39,587</b>	<b>44,587</b>		
<b><i>Non marketable equity securities</i></b>				
The Pet Company Limited	7,000	7,000	700	1,540
Bangkok Glass Company Limited	26,535	17,169	1,249	2,497
Laos Soft Drink Co., Ltd.	-	-	-	2,029
Petpak Company Limited	8,000	8,000	2,000	-
	<b>41,535</b>	<b>32,169</b>		
<i>Less</i> allowance for impairment loss	-	(8,000)		
<b>Total Non marketable equity securities</b>	<b>41,535</b>	<b>24,169</b>		
<b>Total other long-term investment</b>	<b>81,122</b>	<b>68,756</b>	<b>7,724</b>	<b>8,559</b>

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Movements during the years ended 31 December 2008 and 2007 of equity securities were as follows:

	<b>Consolidated financial statements and Separate financial statements</b>	
	2008	2007
	<i>(in thousand Baht)</i>	
<i><b>Equity securities available for sale</b></i>		
At 1 January	44,587	38,847
Purchases during the year	-	-
Sales during the year	-	-
Valuation adjustment	(5,000)	5,740
<b>At 31 December</b>	<b><u>39,587</u></b>	<b><u>44,587</u></b>
 <i><b>Non marketable equity securities</b></i>		
At 1 January	24,169	34,088
Purchases during the year	9,366	-
Sales during the year	-	(9,919)
Reversal of allowance for impairment loss	8,000	-
<b>At 31 December</b>	<b><u>41,535</u></b>	<b><u>24,169</u></b>

On 5 November 2007, the Company sold the investment in ordinary shares of 34,000 shares of Laos Soft Drink Co., Ltd. to a foreign company for USD 1.21 million (equivalent to Baht 40.97 million). The Company recorded a gain on sale of the investment of Baht 31.05 million.

Other long-term investments of the Group and the Company as at 31 December 2008 and 2007 were denominated entirely in Thai Baht.

**Serm Suk Public Company Limited and its Subsidiaries**  
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**12 Property, plant and equipment**

	<b>Consolidated financial statements</b>								Total
	Land	Buildings, warehouses and improvement	Machinery and equipment	High voltage equipment	Vehicle	Furniture and office equipment	Plastic pallets	Assets under construction and installation	
	<i>(in thousand Baht)</i>								
<b>Cost</b>									
At 1 January 2007	469,308	1,572,787	3,654,616	22,798	1,514,670	249,579	279,540	355,179	8,118,477
Additions	9,104	6,820	63,960	-	12,918	13,146	16,830	378,398	501,176
Transfers	-	62,429	380,474	344	122,913	2,862	5,896	(574,918)	-
Disposals	-	-	(10,315)	-	(29,978)	(10,055)	(808)	-	(51,156)
<b>At 31 December 2007 and 1 January 2008</b>	<b>478,412</b>	<b>1,642,036</b>	<b>4,088,735</b>	<b>23,142</b>	<b>1,620,523</b>	<b>255,532</b>	<b>301,458</b>	<b>158,659</b>	<b>8,568,497</b>
Additions	-	5,904	84,136	1,112	29,473	18,791	26,032	319,406	484,854
Transfers	-	72,442	109,604	5,550	137,945	713	-	(326,254)	-
Disposals	-	-	(12,415)	(520)	(43,073)	(19,014)	(4,257)	-	(79,279)
<b>At 31 December 2008</b>	<b>478,412</b>	<b>1,720,382</b>	<b>4,270,060</b>	<b>29,284</b>	<b>1,744,868</b>	<b>256,022</b>	<b>323,233</b>	<b>151,811</b>	<b>8,974,072</b>

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	<b>Consolidated financial statements</b>							Assets under construction and installation	Total
	Land	Buildings, warehouses and improvement	Machinery and equipment	High voltage equipment	Vehicle	Furniture and office equipment	Plastic pallets		
<i>Accumulated depreciation</i>									
At 1 January 2007	-	776,834	2,495,002	18,762	1,092,411	217,063	212,246	-	4,812,318
Depreciation charge for the year	-	71,163	261,806	1,075	153,342	17,447	23,323	-	528,156
Transfers	-	-	1,350	-	-	(2,378)	1,028	-	-
Disposals	-	-	(9,115)	-	(29,485)	(9,912)	(797)	-	(49,309)
<b>At 31 December 2007 and 1 January 2008</b>	<b>-</b>	<b>847,997</b>	<b>2,749,043</b>	<b>19,837</b>	<b>1,216,268</b>	<b>222,220</b>	<b>235,800</b>	<b>-</b>	<b>5,291,165</b>
Depreciation charge for the year	-	75,140	249,461	953	177,253	16,225	24,954	-	543,986
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	(11,946)	(520)	(42,207)	(18,952)	(4,255)	-	(77,880)
<b>At 31 December 2008</b>	<b>-</b>	<b>923,137</b>	<b>2,986,558</b>	<b>20,270</b>	<b>1,351,314</b>	<b>219,493</b>	<b>256,499</b>	<b>-</b>	<b>5,757,271</b>
<i>Net book value</i>									
At 31 December 2007	478,412	794,039	1,339,692	3,305	404,255	33,312	65,658	158,659	3,277,332
At 31 December 2008	478,412	797,245	1,283,502	9,014	393,554	36,529	66,734	151,811	3,216,801

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	<b>Separate financial statements</b>							Assets under construction and installation	Total
	Land	Buildings, warehouses and improvement	Machinery and equipment	High voltage equipment	Vehicle	Furniture and office equipment	Plastic pallets		
	<i>(in thousand Baht)</i>								
<b>Cost</b>									
At 1 January 2007	399,615	1,414,222	3,351,291	22,798	1,508,665	241,209	256,630	355,179	7,549,609
Additions	9,104	3,750	61,048	-	12,612	12,634	16,830	333,104	449,082
Transfers	-	62,429	379,124	344	122,913	5,240	4,868	(574,918)	-
Disposals	-	-	(10,279)	-	(29,978)	(9,389)	(730)	-	(50,376)
<b>At 31 December 2007 and 1 January 2008</b>	<b>408,719</b>	<b>1,480,401</b>	<b>3,781,184</b>	<b>23,142</b>	<b>1,614,212</b>	<b>249,694</b>	<b>277,598</b>	<b>113,365</b>	<b>7,948,315</b>
Additions	-	4,968	77,412	1,112	29,458	18,370	26,032	318,866	476,218
Transfers	-	72,442	85,735	5,550	137,945	713	-	(302,385)	-
Disposals	-	-	(12,415)	(520)	(43,073)	(19,014)	(4,257)	-	(79,279)
<b>At 31 December 2008</b>	<b>408,719</b>	<b>1,557,811</b>	<b>3,931,916</b>	<b>29,284</b>	<b>1,738,542</b>	<b>249,763</b>	<b>299,373</b>	<b>129,846</b>	<b>8,345,254</b>

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	<b>Separate financial statements</b>							Assets under construction and installation	Total
	Land	Buildings, warehouses and improvement	Machinery and equipment	High voltage equipment	Vehicle	Furniture and office equipment	Plastic pallets		
	<i>(in thousand Baht)</i>								
<b>Accumulated depreciation</b>									
At 1 January 2007	-	713,318	2,280,590	18,762	1,087,973	209,920	196,009	-	4,506,572
Depreciation charge for the year	-	63,188	231,348	1,075	152,888	17,071	21,721	-	487,291
Disposals	-	-	(9,087)	-	(29,485)	(9,255)	(719)	-	(48,546)
<b>At 31 December 2007 and 1 January 2008</b>	-	<b>776,506</b>	<b>2,502,851</b>	<b>19,837</b>	<b>1,211,376</b>	<b>217,736</b>	<b>217,011</b>	-	<b>4,945,317</b>
Depreciation charge for the year	-	67,031	216,803	953	176,796	15,831	23,461	-	500,875
Disposals	-	-	(11,946)	(520)	(42,207)	(18,952)	(4,255)	-	(77,880)
<b>At 31 December 2008</b>	-	<b>843,537</b>	<b>2,707,708</b>	<b>20,270</b>	<b>1,345,965</b>	<b>214,615</b>	<b>236,217</b>	-	<b>5,368,312</b>
<b>Net book value</b>									
At 31 December 2007	<b>408,719</b>	<b>703,895</b>	<b>1,278,333</b>	<b>3,305</b>	<b>402,836</b>	<b>31,958</b>	<b>60,587</b>	<b>113,365</b>	<b>3,002,998</b>
At 31 December 2008	<b>408,719</b>	<b>714,274</b>	<b>1,224,208</b>	<b>9,014</b>	<b>392,577</b>	<b>35,148</b>	<b>63,156</b>	<b>129,846</b>	<b>2,976,942</b>

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The gross amount of the Group's/Company's fully depreciated buildings and equipment that was still in use as at 31 December 2008 and 2007 are summarised as follow:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Buildings and equipment	<u>3,235,000</u>	<u>3,111,967</u>	<u>3,208,068</u>	<u>3,083,736</u>

**13 Marketing promotion equipment**

	<b>Consolidated financial statements and Separate financial statements</b>		
	Coolers	Post-mixed Tanks	Total
		<i>(in thousand Baht)</i>	
<b>Cost</b>			
At 1 January 2007	2,486,968	601,005	3,087,973
Additions	144,941	37,478	182,419
Disposals	<u>(25,351)</u>	<u>(31,598)</u>	<u>(56,949)</u>
<b>At 31 December 2007 and 1 January 2008</b>	<b>2,606,558</b>	<b>606,885</b>	<b>3,213,443</b>
Additions	119,270	49,559	168,829
Disposals	<u>(18,711)</u>	<u>(4,956)</u>	<u>(23,667)</u>
<b>At 31 December 2008</b>	<b>2,707,117</b>	<b>651,488</b>	<b>3,358,605</b>
<b>Accumulated amortisation</b>			
At 1 January 2007	1,985,940	508,514	2,494,454
Amortization charge for the year	196,900	33,421	230,321
Disposals	<u>(25,207)</u>	<u>(31,598)</u>	<u>(56,805)</u>
<b>At 31 December 2007 and 1 January 2008</b>	<b>2,157,633</b>	<b>510,337</b>	<b>2,667,970</b>
Amortisation charge for the year	184,941	39,213	224,154
Disposals	<u>(18,622)</u>	<u>(4,955)</u>	<u>(23,577)</u>
<b>At 31 December 2008</b>	<b>2,323,952</b>	<b>544,595</b>	<b>2,868,547</b>
<b>Allowance for loss of marketing promotion equipment</b>			
At 1 January 2007	5,330	-	5,330
Additions	-	-	-
Disposals	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2007 and 1 January 2008</b>	<b>5,330</b>	<b>-</b>	<b>5,330</b>
Additions	-	-	-
Disposals	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2008</b>	<b>5,330</b>	<b>-</b>	<b>5,330</b>
<b>Net book value</b>			
At 31 December 2007	<b>443,595</b>	<b>96,548</b>	<b>540,143</b>
At 31 December 2008	<b>377,835</b>	<b>106,893</b>	<b>484,728</b>



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**14 Negative goodwill**

Negative goodwill from business combination of Baht 35 million resulted from the acquisition of ordinary shares in Serm Suk Beverage Co., Ltd. for Baht 36 million, with net assets at that date of Baht 71 million.

Negative goodwill amortised as income for the year ended 31 December 2007 amounted to Baht 5.84 million.

The Group has changed its accounting policy for goodwill with effect from 1 January 2008 as discussed in note 30.

**15 Intangible assets**

	<b>Consolidated financial statements and Separate financial statements</b>
	Right for distribution of goods <i>(in thousand Baht)</i>
<i>Cost</i>	
At 1 January 2007	50,000
Additions	10,000
<b>At 31 December 2007 and 1 January 2008</b>	<b>60,000</b>
Additions	27,500
<b>At 31 December 2008</b>	<b>87,500</b>
<i>Accumulated amortization</i>	
At 1 January 2007	28,222
Amortization charge for the year	5,184
<b>At 31 December 2007 and 1 January 2008</b>	<b>33,406</b>
Amortization charge for the year	10,869
<b>At 31 December 2008</b>	<b>44,275</b>
<i>Net book value</i>	
<b>At 31 December 2007</b>	<b>26,594</b>
<b>At 31 December 2008</b>	<b>43,225</b>

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**16 Other non-current assets**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Deferred moulds and packaging cylinders	3,525	3,525	-	-
<i>Less</i> Accumulated amortization	(2,453)	(2,453)	-	-
Allowance for impairment loss	(1,072)	(1,072)	-	-
<b>Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Rental payment in advance - net	649	702	649	702
Deposits	8,455	9,165	8,455	9,165
<b>Total</b>	<b>9,104</b>	<b>9,867</b>	<b>9,104</b>	<b>9,867</b>

The rental payment in advance as at 31 December 2008 and 2007 were shown net of accumulated amortisation of Baht 0.53 million and Baht 0.47 million, respectively. The amortisation is charged to the statement of income over the period of contract.

**17 Trade accounts payable**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2008	2007	2008	2007
		<i>(in thousand Baht)</i>			
Related parties	4	384,812	325,424	424,229	339,594
Other parties		651,986	636,603	630,554	632,852
<b>Total</b>		<b>1,036,798</b>	<b>962,027</b>	<b>1,054,783</b>	<b>972,446</b>

Trade accounts payable of the Group and the Company as at 31 December 2008 and 2007 were denominated entirely in Thai Baht.

**18 Other current liabilities**

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		2008	2007	2008	2007
		<i>(in thousand Baht)</i>			
Accrued value added tax		42,922	45,277	42,922	45,277
Deposits received from salesman		22,851	23,122	22,851	23,122
Provision	20	9,139	-	9,139	-
Others		8,804	8,879	8,528	8,463
<b>Total</b>		<b>83,716</b>	<b>77,278</b>	<b>83,440</b>	<b>76,862</b>

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**19 Employee benefits**

	<b>Consolidated financial statements and Separate financial statements</b>		
	Employee retirement plan	Other benefits <i>(in thousand Baht)</i>	Total
At 1 January 2007	28,113	1,484	29,597
Increase during the year	39,191	61	39,252
Decrease during the year	-	-	-
<b>At 31 December 2007 and 1 January 2008</b>	<b>67,304</b>	<b>1,545</b>	<b>68,849</b>
Increase during the year	74,499	65	74,564
Decrease during the year	(4,372)	-	(4,372)
<b>At 31 December 2008</b>	<b>137,431</b>	<b>1,610</b>	<b>139,041</b>

**20 Provision**

	<b>Consolidated financial statements and Separate financial statements</b>
	Provision for long-term executive incentive plan <i>(in thousand Baht)</i>
<b>At 31 December 2007 and 1 January 2008</b>	-
Provisions made	15,574
Provisions used	-
<b>At 31 December 2008</b>	<b>15,574</b>
<b>At 31 December 2008</b>	
Current	9,139
Non-current	6,435
<b>Total</b>	<b>15,574</b>

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**21 Share capital**

	<i>Par value per share (in Baht)</i>	2008 Number	2008 Baht <i>(thousand shares/thousand Baht)</i>	2007 Number	2007 Baht
<b>Authorised</b>					
<b>At 31 December</b>					
- ordinary shares	1	<u>267,958</u>	<u>267,958</u>	<u>267,958</u>	<u>267,958</u>
<b>Issued and paid</b>					
<b>At 1 January</b>					
- ordinary shares	1	265,492	265,492	265,174	265,174
issue of new shares	1	<u>408</u>	<u>408</u>	<u>318</u>	<u>318</u>
<b>At 31 December</b>					
- ordinary shares	1	<u>265,900</u>	<u>265,900</u>	<u>265,492</u>	<u>265,492</u>

**The executive stock incentive plan**

There were 3,500,000 ordinary shares which were reserved for offer at par value to employees at the executive level under the Executive Stock Incentive Plan. Shares were provisionally reserved for eligible employees annually during 2001 to 2005 inclusive. The number of shares which eligible employees are entitled to purchase depends on the Company's performance over the 3 years prior to the determination date. The Board of Directors approve the names of eligible employees and the number of shares which they are entitled to purchase within the month of April each year starting from 2004 to 2008.

The number of shares that have been approved for allocation to eligible employees is as follows:

<b>Date of shareholders' approval</b>	<b>Year</b>	<b>Number of employees At the executive level (persons)</b>	<b>No. of ordinary shares (of Baht 1 per share) (shares)</b>
12 July 2001	2001	10	724,020
25 April 2002	2002	9	309,000
24 April 2003	2003	9	403,230
22 April 2004	2004	10	341,197
28 April 2005	2005	10	458,888
			<u>2,236,335</u>

Employees who are covered by the plan will be granted rights which entitle them to purchase ordinary shares upon vesting 3 years after the grant date.

For the year ended 31 December 2008, executive employees have exercised their rights under the Executive Stock Incentive Plan to purchase 407,951 ordinary shares at par value of Baht 1 per share (2007: 318,216 ordinary shares at par value of Baht 1 per share) in the Company. The total number of shares in the Company from the exercise of right under the Executive Stock Incentive Plan as at 31 December 2008 was 2,018,344 ordinary shares at par value of Baht 1 per share (2007: 1,610,393 ordinary shares at par value of Baht 1 per share). As at 31 December 2008, there were 217,991 (2007: 625,942) ordinary shares in the Company remaining in reserve under the Executive Stock Incentive Plan.

**Serm Suk Public Company Limited and its Subsidiaries**  
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**22 Reserves**

*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.

*Fair value changes and revaluation surpluses*

Fair value changes and revaluation surpluses recognised in equity relate to cumulative net changes in the fair value of available-for-sale investments until the sale of the investments.

*Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, 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.

At the annual general meeting of the shareholders of the Company held on 29 April 2008, the shareholders passed a resolution to appropriate Baht 75 million from the profit for 2007 as general reserve.

At the annual general meeting of the shareholders of the Company held on 25 April 2007, the shareholders passed the resolution to appropriate profit for 2006 as general reserve of Baht 130 million.

**23 Segment information**

The Group operates in the single business of bottling and distributing beverages in Thailand. Therefore, the Management considers that the Group operates in a single business and geographic segment.

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**24 Other income**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Gain on exchange rate	-	630	-	620
Gain on disposal of building and equipment	13,445	6,436	13,445	6,436
Interest income	15,540	17,863	15,114	17,573
Sale of scrap	60,529	98,238	58,733	96,286
Dividend income	7,723	8,560	40,063	43,210
Others	22,978	31,347	21,759	24,710
<b>Total</b>	<b><u>120,215</u></b>	<b><u>163,074</u></b>	<b><u>149,114</u></b>	<b><u>188,835</u></b>

**25 Selling and administrative expenses**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Personnel expenses	1,714,038	1,676,974	1,705,677	1,669,652
Depreciation and amortisation	472,847	449,928	468,186	445,248
Distribution	223,529	220,860	211,990	213,349
Fuel	525,822	433,654	525,822	433,654
Others	1,663,409	1,819,951	1,653,010	1,810,594
<b>Total</b>	<b><u>4,599,645</u></b>	<b><u>4,601,367</u></b>	<b><u>4,564,685</u></b>	<b><u>4,572,497</u></b>

**26 Personnel expenses**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Salaries, wages and other benefits	1,931,588	1,900,800	1,904,656	1,879,703
Contribution to defined contribution plans	85,878	82,508	85,058	81,675
Contribution to social fund	63,596	60,460	62,947	59,931
<b>Total</b>	<b><u>2,081,062</u></b>	<b><u>2,043,768</u></b>	<b><u>2,052,661</u></b>	<b><u>2,021,309</u></b>

*Provident fund*

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

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**27 Income tax expense**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
<i>Current tax expense</i>				
		<i>(in thousand Baht)</i>		
Current year	72,859	163,179	72,848	163,179
Under provided in period year	13	-	13	-
	<b>72,872</b>	<b>163,179</b>	<b>72,861</b>	<b>163,179</b>

**Reconciliation of effective tax rate**

	<b>Consolidated financial statements</b>			
	2008		2007	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before tax		212,445		493,830
Income tax using the Thai corporation tax rate	30.00	63,734	30.00	148,149
Income not subject to tax		(15,159)		(15,090)
Expenses not deductible for tax purposes		38,521		27,352
Current year losses of subsidiaries for which no deferred tax asset was recognised		1,065		3,185
Income tax reduction		(15,302)		(417)
<b>Total</b>	<b>34.30</b>	<b>72,859</b>	<b>33.04</b>	<b>163,179</b>

**Reconciliation of effective tax rate**

	<b>Separate financial statements</b>			
	2008		2007	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before tax		212,117		501,150
Income tax using the Thai corporation tax rate	30.00	63,635	30.00	150,345
Income not subject to tax		(12,019)		(12,354)
Expenses not deductible for tax purposes		36,491		25,605
Income tax reduction		(15,259)		(417)
<b>Total</b>	<b>34.34</b>	<b>72,848</b>	<b>32.56</b>	<b>163,179</b>

*Income tax reduction*

Royal Decree No. 475 B.E. 2551 dated 6 August 2008 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the three consecutive accounting periods beginning on or after 1 January 2008.

**Serm Suk Public Company Limited and its Subsidiaries**  
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**28 Earnings per share**

*Basic earnings per share*

The calculations of basic earnings per share for the years ended 31 December 2008 and 2007 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht/thousand shares)</i>			
<b>Profit attributable to equity holders of the Company (basic)</b>	<b><u>139,573</u></b>	<b><u>330,651</u></b>	<b><u>139,256</u></b>	<b><u>337,971</u></b>
Number of ordinary shares outstanding at 1 January	265,493	265,174	265,493	265,174
Effect of shares issued during the years	136	106	136	122
<b>Weighted average number of ordinary Shares outstanding (basic)</b>	<b><u>265,629</u></b>	<b><u>265,280</u></b>	<b><u>265,629</u></b>	<b><u>265,280</u></b>
<b>Earnings per share (basic) (in Baht)</b>	<b><u>0.53</u></b>	<b><u>1.25</u></b>	<b><u>0.52</u></b>	<b><u>1.27</u></b>

*Diluted earnings per share*

The calculations of diluted earnings per share for the years ended 31 December 2008 and 2007 were based on the profit for the years attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht/thousand shares)</i>			
<b>Profit attributable to equity holders of the Company (diluted)</b>	<b><u>139,573</u></b>	<b><u>330,651</u></b>	<b><u>139,256</u></b>	<b><u>337,971</u></b>
Weighted average number of ordinary shares outstanding (basic)	265,629	265,280	265,629	265,280
Effect of shares options on issue	190	134	190	134
<b>Weighted average number of ordinary Shares outstanding (diluted)</b>	<b><u>265,819</u></b>	<b><u>265,414</u></b>	<b><u>265,819</u></b>	<b><u>265,414</u></b>
<b>Earnings per share (diluted) (in Baht)</b>	<b><u>0.53</u></b>	<b><u>1.25</u></b>	<b><u>0.52</u></b>	<b><u>1.27</u></b>



**Serm Suk Public Company Limited and its Subsidiaries**  
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**29 Dividends**

At the annual general meeting of the shareholders of the Company held on 29 April 2008, the shareholders approved the appropriation of dividends of Baht 0.90 per share, amounting to Baht 238.75 million. The dividend was paid to shareholders during the year 2008. The unclaimed portion is presented as unpaid dividends in the balance sheet.

At the annual general meeting of the shareholders of the Company held on 25 April 2007, the shareholders approved the appropriation of dividends of Baht 1 per share, amounting to Baht 265.17 million. The dividend was paid to shareholders during the year 2007. The unclaimed portion is presented as unpaid dividends in the balance sheet.

**30 Changes in accounting policy**

The following change of accounting policy by the Group has no effect on the separate financial statements of the Company.

Until 31 December 2007, the Group accounted for negative goodwill arising from a business combination at cost less accumulated amortisation. Amortisation was charged to the statement of income over the estimated useful life of 6 years.

During 2007, the Federation of Accounting Professions issued Thai Accounting Standard (TAS) 43 (revised 2007) "Business Combinations" which is effective for annual accounting periods beginning on or after 1 January 2008. TAS 43 (revised 2007) requires that any excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost, commonly referred to as "negative goodwill", shall be recognised immediately in profit or loss.

The Group has, accordingly, changed its accounting policy for negative goodwill prospectively from 1 January 2008. The effect of the change in accounting policy on the Group's consolidated financial statements for the year ended 31 December 2008 is to decrease the carrying amount of negative goodwill and increase the balance of retained earnings brought forward as at 1 January 2008 by Baht 14.60 million and reduce the credit to the statement of income resulting from the amortisation of negative goodwill that would have been recognised under the previous accounting policy by approximately Baht 5.84 million, with a corresponding reduction in reported profit for the year.

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**31 Financial instruments**

*Financial risk management policies*

The Group/Company 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/Company does not issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group/Company. The Group/Company 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/Company's risk management process to ensure that an appropriate balance between risk and control is achieved.

*Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group/Company's operations and its cash flows. The Group/Company does not expect that changes in interest rates will materially affect its operations.

*Foreign currency risk*

The Group/Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group/Company expects that changes in exchange rates for assets and liabilities denominated in foreign currencies in the balance sheet will not materially affect its financial position and results of operations since the Group/Company 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.

*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/Company 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 balance sheet 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 balance sheet. However, due to the large number of parties comprising the Group/Company's customer base, Management does not anticipate material losses from its debt collection.

*Liquidity risk*

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

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*Fair values*

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.

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

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, short-term loans from related parties, other payable, accrued expenses, income tax payable and other current liabilities is taken to approximate the carrying value.

Although the management uses its best judgment in estimating fair values of financial instruments, estimation methodologies and assumptions used to estimate fair values are inherently subjective. Accordingly, the use of different estimation methodologies and or market assumptions may have a significant effect on the estimated fair values.

**32 Commitments with non-related parties**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<b><i>Commitments on vehicle lease agreements</i></b>				
Within one year	4,066	5,147	4,066	5,147
After one year but within five years	-	3,969	-	3,969
<b>Total</b>	<b>4,066</b>	<b>9,116</b>	<b>4,066</b>	<b>9,116</b>
<b><i>Other commitments</i></b>				
Unused letters of credits for goods and supplies	3,972	1,369	3,972	-
Bank guarantees	29,594	26,758	28,421	25,486
<b>Total</b>	<b>33,566</b>	<b>28,127</b>	<b>32,393</b>	<b>25,486</b>

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**33 Credit facilities**

As at 31 December 2008 the Group and the Company had unutilised credit facilities totalling Baht 792 million and Baht 605 million, respectively (2007: Baht 919 million and Baht 735 million, respectively)

**34 Litigation**

The Company had a contingent liability arising from a claim for compensation of Baht 5.25 million in connection with undelivered goods. The court case is still pending judgment. However, the Company's fixed deposits of Baht 5.25 million have been pledged with the court as collateral.

**35 Thai Accounting Standards (TAS) not yet adopted**

The Group/Company has not adopted the following new and revised TAS that have been issued as of the balance sheet date but are not yet effective. These new and revised TAS will become effective for financial periods beginning on or after 1 January 2009.

TAS 36 (revised 2008)      *Impairment of Assets*

TAS 54 (revised 2008)      *Non-current Assets Held for Sale and Discontinued Operations*

The adoption and initial application of these new and revised TAS is not expected to have any material impact on the consolidated or separate/Company's financial statements.

**36 Reclassification of accounts**

Certain accounts in the 2007 financial statements have been reclassified to conform to the presentation in the 2008 financial statements as follows:

	<b>2007</b>					
	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	Before reclass	Reclass	After reclass	Before reclass	Reclass	After reclass
	<i>(in thousand Baht)</i>					
<b>Balance sheet</b>						
<b>Assets</b>						
Other current assets	105,504	(1,058)	104,446	94,851	(1,058)	93,793
Intangible assets	27,296	(702)	26,594	27,296	(702)	26,594
Other non current assets	8,107	1,760	9,867	8,107	1,760	9,867
<b>Liabilities</b>						
Accrued expenses	443,230	(32)	443,198	438,706	(32)	438,674
Employee benefits	68,817	32	68,849	68,817	32	68,849
	<u>                    -</u>			<u>                    -</u>		

The reclassifications have been made because in the opinion of management, the new classification is more appropriate to the Group's business.