

**Sermsuk Public Company Limited
and its Subsidiaries**

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

Independent Auditor's Report

To the Shareholders of Sermasuk Public Company Limited

Opinion

I have audited the 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 30 September 2018, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year ended as of that date, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group and the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Valuation of property, plant and equipment	
Refer to notes 2, 3 and 14	
The key audit matter	How the matter was addressed in the audit
<p>The Group and the Company incurred operating losses in the consolidated and separate financial statements for many years resulting from market competition. These would trigger possible impairment indicators. As a result, the carrying amounts of the property, plant and equipment may exceed the recoverable amount.</p> <p>In assessing the impairment issue, the management uses value in use to determine the recoverable amount. In this regard, the management applies significant judgment for estimate cash flows from operating from the discounted cash flow projections such as sales growth rate and discount rate, this is focus and of my audit.</p>	<p>My audit procedures are as follows:</p> <ul style="list-style-type: none">• Gain understanding of the process for estimating the recoverable amount including the value in use which derived from discounted cash flow along with business operating plans.• Evaluating key assumptions applied in the future cash flow projections including discount rates and sales growth rate by reference to my knowledge of the industry and external market data. In determining appropriateness of discounted rate, I compare the rate used with the weighted average cost of capital within the same industry which the Group operates in.• Evaluating the sensitivity of key assumptions used in future cash flows projection which affect to the recoverable amount of cash-generating unit; and• Evaluating the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.

Recoverability of deferred tax assets	
Refer to notes 2, 3 and 16	
The key audit matter	How the matter was addressed in the audit
The Group and the Company has recognised deferred tax assets from loss carry forward. The recoverability of the deferred tax asset is highly dependent on future taxable profits and the ability of the Group and the Company to utilise those losses in the future. Management has to use their judgement in forecasting future taxable profits so as to determine the amount of the deferred tax asset. The subjectivity of the management assumptions used in their forecasts are affected by expected future plan, market or economic conditions and achievement of such forecasts is inherently uncertain, this is focus and of my audit.	<p>My audit procedures are as follows:</p> <ul style="list-style-type: none"> • Gain understanding of the process for measuring deferred tax assets. • Evaluating the management’s assumption used in projecting the Group’s future taxable profits in relevant profit. I compare key inputs used by the Group to forecast future taxable profits to internally and externally available data such as economic forecasts and the Group’s own historical data and performance and assessed the sensitivity of the outcomes to reasonably possible changes in assumptions. • Test calculation of cash flow projections. • Evaluating the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor’s report thereon.

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

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report the fact. I have nothing to report in this regard.

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Sureerat Thongarunsang)
Certified Public Accountant
Registration No. 4409

KPMG Phoomchai Audit Ltd.
Bangkok
16 November 2018

Sermsuk Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		30 September		30 September	
		2018	2017	2018	2017
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	506,202,042	445,708,681	434,270,322	359,564,090
Trade accounts receivable	4, 6	534,904,158	621,431,169	533,862,974	644,560,113
Other receivables from related parties	4	461,740,858	296,879,283	502,436,362	353,869,105
Other receivables	7	75,513,755	100,859,433	74,551,644	100,406,718
Short-term loans to related parties	4	-	-	125,000,000	125,000,000
Inventories	8	604,588,348	712,397,286	559,622,093	653,356,751
Prepaid excise taxes		4,217,246	20,855,612	3,902,839	20,541,205
Other current assets		21,142,443	41,580,787	19,795,620	39,698,756
Total current assets		2,208,308,850	2,239,712,251	2,253,441,854	2,296,996,738
Non-current assets					
Restricted deposits at financial institution		517,922	513,277	517,922	513,277
Investment in an associate	10	536,464,389	507,029,991	30,000,000	30,000,000
Investments in subsidiaries	11	-	-	606,634,068	606,634,068
Other long-term investments	12	129,662,202	141,297,364	129,662,202	141,297,364
Long-term loan to a related party	4	3,000,000	3,000,000	3,000,000	3,000,000
Investment properties	13	316,485,388	313,582,388	316,485,388	313,582,388
Property, plant and equipment	14	8,268,329,835	8,729,184,315	7,758,312,441	8,206,746,330
Intangible assets	15	19,759,485	21,376,519	16,386,763	17,745,320
Deferred tax assets	16	3,516,930	9,657,805	-	-
Other non-current assets		173,274,025	146,267,481	172,123,989	146,189,517
Total non-current assets		9,451,010,176	9,871,909,140	9,033,122,773	9,465,708,264
Total assets		11,659,319,026	12,111,621,391	11,286,564,627	11,762,705,002

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

Sermsuk Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September		30 September	
		2018	2017	2018	2017
		<i>(in Baht)</i>			
Current liabilities					
Trade accounts payable	4, 17	764,143,418	838,391,310	1,157,561,385	1,253,228,214
Other payables to related parties	4	152,814,925	240,953,898	155,477,105	243,355,731
Other payables	18	651,525,137	641,958,474	628,088,502	605,202,709
Income tax payable		-	28,987	-	-
Dividends payable		72,921,398	73,455,863	72,921,398	73,455,863
Customers' deposits on bottles and cases		444,429,508	454,573,616	444,429,508	454,573,616
Other current liabilities		48,476,753	37,600,650	47,431,551	35,329,774
Total current liabilities		2,134,311,139	2,286,962,798	2,505,909,449	2,665,145,907
Non-current liabilities					
Long-term loans from a related party	4	-	-	1,530,968,165	1,530,968,165
Deferred tax liabilities	16	50,972,264	37,588,508	19,076,384	5,994,521
Employee benefit obligations	19	933,446,317	1,062,865,909	924,479,012	1,052,428,633
Total non-current liabilities		984,418,581	1,100,454,417	2,474,523,561	2,589,391,319
Total liabilities		3,118,729,720	3,387,417,215	4,980,433,010	5,254,537,226
Equity					
Share capital:	20				
Authorised share capital		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
Premium on ordinary shares	20	1,342,448,425	1,342,448,425	1,342,448,425	1,342,448,425
Retained earnings					
Appropriated	21				
Legal reserve		26,795,766	26,795,766	26,795,766	26,795,766
General reserve		2,285,000,000	2,285,000,000	2,285,000,000	2,285,000,000
Unappropriated (Deficit)		1,624,620,032	1,798,926,772	(464,202,626)	(271,474,597)
Other components of equity	21	2,995,824,599	3,005,132,729	2,850,189,568	2,859,497,698
Total equity		8,540,589,306	8,724,204,176	6,306,131,617	6,508,167,776
Total liabilities and equity		11,659,319,026	12,111,621,391	11,286,564,627	11,762,705,002

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

Sermsuk Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 30 September		For the year ended 30 September	
		2018	2017	2018	2017
		<i>(in Baht)</i>			
Income	4, 22				
Revenue from sale of goods and rendering of services		10,819,526,673	10,623,059,411	10,803,488,073	10,550,849,639
Other income	23	339,672,799	257,041,601	439,024,952	336,057,814
Total income		11,159,199,472	10,880,101,012	11,242,513,025	10,886,907,453
Expenses	4,22				
Cost of sales of goods and rendering of service	8	7,827,770,932	7,735,589,585	7,828,794,548	7,719,817,373
Selling expenses	24	2,678,276,024	2,501,971,739	2,668,234,799	2,488,313,121
Administrative expenses	25	1,061,772,808	1,110,179,844	1,050,612,722	1,097,798,502
Total expenses		11,567,819,764	11,347,741,168	11,547,642,069	11,305,928,996
Share of profit of an associate, net of income tax	10	126,934,396	142,669,752	-	-
Loss before income tax expense		(281,685,896)	(324,970,404)	(305,129,044)	(419,021,543)
Income tax benefit	28	3,948,969	94,048,320	10,153,086	96,981,231
Loss for the year		(277,736,927)	(230,922,084)	(294,975,958)	(322,040,312)
Other comprehensive income					
<i>Items that will not be reclassified to profit or loss</i>					
Loss from revaluation of property, plant and equipment		-	(134,309)	-	(134,309)
Defined benefit plan actuarial gains	19	129,230,819	29,574,061	127,809,911	29,720,866
Income tax on other comprehensive income	28	(25,800,632)	(5,900,550)	(25,561,982)	(5,917,312)
		103,430,187	23,539,202	102,247,929	23,669,245
<i>Items that are or may be reclassified to profit or loss</i>					
Net change in fair value of available-for-sale investments	12	(11,635,162)	(3,702,098)	(11,635,162)	(3,702,098)
Income tax on other comprehensive income	28	2,327,032	740,420	2,327,032	740,420
		(9,308,130)	(2,961,678)	(9,308,130)	(2,961,678)
Other comprehensive income for the year net of income tax		94,122,057	20,577,524	92,939,799	20,707,567
Total comprehensive income for the year		(183,614,870)	(210,344,560)	(202,036,159)	(301,332,745)
Basic losses per share (in Baht)	29	(1.04)	(0.87)	(1.11)	(1.21)

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

Sermsuk Public Company Limited and its Subsidiaries

Statement of changes in equity

	Consolidated financial statements										
	Retained earnings					Other components of equity					
	Issued and paid-up share capital	Share premium	Legal reserve	General reserve	Unappropriated	Currency translation differences <i>(in Baht)</i>	Fair value changes in available-for-sale investments	Revaluation surplus on land	Share premium from business combination under common control	Total other components of equity	Total equity
For the year ended 30 September 2017											
Balance at 1 October 2016	265,900,484	1,342,448,425	26,795,766	2,285,000,000	2,006,202,207	31,118,966	25,174,260	2,984,241,543	(32,332,915)	3,008,201,854	8,934,548,736
Comprehensive income for the year											
Loss	-	-	-	-	(230,922,084)	-	-	-	-	-	(230,922,084)
Other comprehensive income	-	-	-	-	23,646,649	-	(2,961,678)	(107,447)	-	(3,069,125)	20,577,524
Total comprehensive income for the year	-	-	-	-	(207,275,435)	-	(2,961,678)	(107,447)	-	(3,069,125)	(210,344,560)
Balance at 30 September 2017	265,900,484	1,342,448,425	26,795,766	2,285,000,000	1,798,926,772	31,118,966	22,212,582	2,984,134,096	(32,332,915)	3,005,132,729	8,724,204,176

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

Sermsuk Public Company Limited and its Subsidiaries

Statement of changes in equity

Consolidated financial statements

	Retained earnings					Other components of equity					Total equity
	Issued and paid-up share capital	Share premium	Legal reserve	General reserve	Unappropriated	Currency translation differences	Fair value changes in available-for-sale investments	Revaluation surplus on land	Share premium from business combination under common control	Total other components of equity	
For the year ended 30 September 2018											
Balance at 1 October 2017	265,900,484	1,342,448,425	26,795,766	2,285,000,000	1,798,926,772	31,118,966	22,212,582	2,984,134,096	(32,332,915)	3,005,132,729	8,724,204,176
Comprehensive income for the year											
Loss	-	-	-	-	(277,736,927)	-	-	-	-	-	(277,736,927)
Other comprehensive income	-	-	-	-	103,430,187	-	(9,308,130)	-	-	(9,308,130)	94,122,057
Total comprehensive income for the year	-	-	-	-	(174,306,740)	-	(9,308,130)	-	-	(9,308,130)	(183,614,870)
Balance at 30 September 2018	265,900,484	1,342,448,425	26,795,766	2,285,000,000	1,624,620,032	31,118,966	12,904,452	2,984,134,096	(32,332,915)	2,995,824,599	8,540,589,306

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

Sermsuk Public Company Limited and its Subsidiaries

Statement of changes in equity

	Separate financial statements								
			Retained earnings			Other components of equity			
	Issued and paid-up share capital	Share premium	Legal reserve	General reserve	Unappropriated (Deficit) <i>(in Baht)</i>	Fair value changes in available-for-sale investments	Revaluation surplus on land	Total other components of equity	Total equity
For the year ended 30 September 2017									
Balance at 1 October 2016	265,900,484	1,342,448,425	26,795,766	2,285,000,000	26,789,023	25,174,260	2,837,392,563	2,862,566,823	6,809,500,521
Comprehensive income for the year									
Loss	-	-	-	-	(322,040,312)	-	-	-	(322,040,312)
Other comprehensive income	-	-	-	-	23,776,692	(2,961,678)	(107,447)	(3,069,125)	20,707,567
Total comprehensive income for the year	-	-	-	-	(298,263,620)	(2,961,678)	(107,447)	(3,069,125)	(301,332,745)
Balance at 30 September 2017	265,900,484	1,342,448,425	26,795,766	2,285,000,000	(271,474,597)	22,212,582	2,837,285,116	2,859,497,698	6,508,167,776

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

Sermsuk Public Company Limited and its Subsidiaries

Statement of changes in equity

	Separate financial statements								
	Issued and paid-up share capital	Share premium	Retained earnings			Other components of equity			Total equity
			Legal reserve	General reserve	Unappropriated (Deficit) <i>(in Baht)</i>	Fair value changes in available-for-sale investments	Revaluation surplus on land	Total other components of equity	
For the year ended 30 September 2018									
Balance at 1 October 2017	265,900,484	1,342,448,425	26,795,766	2,285,000,000	(271,474,597)	22,212,582	2,837,285,116	2,859,497,698	6,508,167,776
Comprehensive income for the year									
Loss	-	-	-	-	(294,975,958)	-	-	-	(294,975,958)
Other comprehensive income	-	-	-	-	102,247,929	(9,308,130)	-	(9,308,130)	92,939,799
Total comprehensive income for the year	-	-	-	-	(192,728,029)	(9,308,130)	-	(9,308,130)	(202,036,159)
Balance at 30 September 2018	265,900,484	1,342,448,425	26,795,766	2,285,000,000	(464,202,626)	12,904,452	2,837,285,116	2,850,189,568	6,306,131,617

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		Separate financial statements	
		For the year ended 30 September		For the year ended 30 September	
		2018	2017	2018	2017
<i>(in Baht)</i>					
<i>Cash flows from operating activities</i>					
Loss for the year		(277,736,927)	(230,922,084)	(294,975,958)	(322,040,312)
<i>Adjustments for</i>					
Depreciation and amortisation		664,768,128	664,452,722	632,469,640	673,977,404
Interest income		(3,262,852)	(3,412,385)	(6,585,575)	(6,706,927)
Dividends income	22	(4,441,177)	(5,498,919)	(101,941,177)	(66,998,919)
Unrealised loss (gain) on exchange		954,846	23,271	(59,740)	23,271
Reversal of allowance for doubtful accounts	6, 7	(3,924,753)	(9,160,028)	(3,924,753)	(9,160,028)
Reversal of allowance for decline in value of inventories	8	(12,402,903)	(31,203,213)	(12,401,785)	(24,983,805)
Gain on disposal of long term investment	11	-	(7,420,000)	-	(7,420,000)
Fair value changes in investment properties	12	(2,903,000)	(12,962,988)	(2,903,000)	(12,962,988)
Loss (gain) on disposal of plant, equipment and intangible assets		(121,275,144)	135,856,244	(121,700,497)	67,395,636
Reversal of impairment loss on equipment	13	(25,322,165)	(26,353,164)	(25,322,165)	(26,353,164)
Employee benefit expenses		77,453,847	73,993,910	76,171,311	72,727,155
Share of profit of an associate, net of income tax	9	(126,934,396)	(142,669,752)	-	-
Income tax benefit	27	(3,948,969)	(94,048,320)	(10,153,086)	(96,981,231)
		<u>161,024,535</u>	<u>310,675,294</u>	<u>128,673,215</u>	<u>240,516,092</u>
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		91,123,635	(143,202,562)	115,293,763	(144,954,983)
Other receivables from related parties		(164,861,575)	169,187,323	(148,567,257)	156,964,508
Other receivables		24,673,807	16,092,456	25,183,202	13,944,897
Inventories		120,211,841	21,137,463	106,136,443	8,433,397
Prepaid excise taxes		16,638,366	97,247,031	16,638,366	88,073,770
Other current assets		20,438,344	71,502,729	19,903,136	72,487,721
Other non-current assets		(27,006,544)	(27,518,828)	(25,934,472)	(50,592,538)
Trade accounts payable		(74,247,892)	(158,069,835)	(95,666,829)	(74,778,406)
Other payables to related parties		(88,138,973)	(1,120,389)	(87,878,626)	(4,528,872)
Other payables		15,869,849	(40,991,543)	30,203,565	(51,864,843)
Customers' deposits on bottles and cases		(10,144,108)	39,040,095	(10,144,108)	39,040,095
Other current liabilities		10,876,103	(15,561,249)	12,101,777	(13,641,474)
Employee benefit paid		(73,133,293)	(97,086,070)	(71,801,693)	(97,044,770)
Cash from operating activities		<u>23,324,095</u>	<u>241,331,915</u>	<u>14,140,482</u>	<u>182,054,594</u>
Income tax paid		-	(2,050,314)	-	-
Net cash from operating activities		<u>23,324,095</u>	<u>239,281,601</u>	<u>14,140,482</u>	<u>182,054,594</u>

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

Sermsuk Public Company Limited and its Subsidiaries

Statement of cash flows

	<i>Note</i>	Consolidated		Separate	
		financial statements		financial statements	
		For the year ended 30 September		For the year ended 30 September	
		2018	2017	2018	2017
<i>(in Baht)</i>					
<i>Cash flows from investing activities</i>					
Interest received		3,262,852	3,407,782	6,585,575	6,702,324
Dividends received		101,941,177	102,998,919	101,941,177	102,998,919
Sale of long-term investment		-	42,420,000	-	42,420,000
Restricted deposits at financial institution		(4,645)	-	(4,645)	-
Purchase of plant and equipment		(266,011,929)	(375,705,398)	(246,590,168)	(331,181,113)
Sale of plant, equipment and intangible assets		207,714,583	4,561,524	207,714,583	4,561,524
Purchase of intangible assets		(9,732,772)	(1,793,210)	(9,080,772)	(1,159,710)
Net cash from (used in) investing activities		37,169,266	(224,110,383)	60,565,750	(175,658,056)
<i>Cash flows from financing activities</i>					
Dividend paid to the owners of the Company		-	(405)	-	(405)
Net cash used in financing activities		-	(405)	-	(405)
Net increase in cash and cash equivalents		60,493,361	15,170,813	74,706,232	6,396,133
Cash and cash equivalents at 1 October		445,708,681	430,537,868	359,564,090	353,167,957
Cash and cash equivalents at 30 September	5	506,202,042	445,708,681	434,270,322	359,564,090
<i>Non-cash transactions</i>					
Payables for acquisition of machinery and equipment		7,258,032	29,208,355	7,258,032	35,160,241

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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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 authorised for issue by the Board of Directors on 16 November 2018.

1 General information

Sermsuk Public Company Limited, “the Company”, is incorporated in Thailand and has its registered office at 90 CW Tower, 31st – 32nd Floor, Ratchadapisek Road, Huay Khwang Bangkok Thailand (Formerly was 252/35-36, Muang Thai-Phatra Complex, Tower 1, 27-28th Floor, Rachadapisek Road, Huay Kwang, Bangkok Thailand). The Company has its factories and warehouses in the important regions in Thailand.

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

The immediate and ultimate parent companies during the period were So Water Co., Ltd. and Thai Beverage Public Company Limited. Both were incorporated in Thailand.

The principal activities of the Group are to produce and distribute soft drinks, drinking water, sport drinks, energy drinks and other beverages, including as distributor of soda, tea and other beverages. Details of the Company’s subsidiaries as at 30 September 2018 and 2017 were as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			30 September 2018	2017
<i>Direct subsidiaries</i>				
Great Brands Limited	Manage brands	Hong Kong	100.00	100.00
Sermsuk Holdings Co., Ltd.	Investment and holding shares in other companies	Thailand	99.99	99.99
Sermsuk Training Co., Ltd.	Human resources development and organisation	Thailand	99.99	99.99
<i>Indirect subsidiaries</i>				
Serm Suk Beverage Co., Ltd.	Produce and distribute tea, and sports drinks	Thailand	99.99	99.99
Wrangyer Beverage (2008) Co., Ltd.	Produce and distribute energy drink	Thailand	99.99	99.99

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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 new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2017. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies.

These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 34.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Available-for-sale financial assets	Fair value
Investment properties	Fair value
Property, plant and equipment	Revaluation
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 3 (m)

(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 financial statements and 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 For the year ended 30 September 2018

(d) *Use of judgements and estimates*

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

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

Assumptions and estimation uncertainties

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

Note 3 (r)	Current and deferred taxation
Note 13	Valuation of investment properties
Note 14	Valuation of property, plant and equipment
Note 16	Utilisation of tax losses
Note 19	Measurement of defined benefit obligations: key actuarial assumptions; and
Notes 33	Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

Measurement of fair values

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

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

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

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

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Notes to the financial statements

For the year ended 30 September 2018

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

- Note 13 investment properties
- Note 14 property, plant and equipment
- Note 30 financial instruments

(e) *Financial position and operating plan*

The Group incurred a net loss of Baht 277.74 million for the year ended 30 September 2018 (2017: Baht 230.92 million) and the Company incurred a net loss of Baht 294.98 million for the year ended 30 September 2018 (2017: Baht 322.04 million) and the Company has deficit of Baht 464.20 million as of 30 September 2018 (2017: Baht 271.47 million). As of that date, the Company's current liabilities is exceeded current asset by Baht 252.47 million (2017: Baht 368.15 million).

The Company's management has given careful consideration to the Group's and Company's financial and liquidity position and has executed plans to growth target sale for volume and market share by implementing modern technology in the sales and improve the efficiency of distribution to reach targeted customers to support diversify of products. Moreover, the Group has expense control plans for various areas to improve its financial position, liquidity, cash flows and operating results.

Moreover, the Group had no loan from financial institutions and had unutilised credit facilities which cover its current liabilities. Management believes that it is appropriate to adopt the going concern basis in the preparation of the financial statements.

3 Significant accounting policies

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

(a) *Basis of consolidation*

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

Subsidiaries

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

Loss of control

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

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

Interests in equity-accounted investee

The Group's interests in equity-accounted investee are interests in associate.

Associate is that entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

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

Transactions eliminated on consolidation

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

(b) Foreign currencies

Foreign currency transactions

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

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

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

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

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

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

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

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

Sermsuk Public Company Limited and its Subsidiaries

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

(c) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances and call deposits. 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 and other supplies are calculated using the weighted average cost principle and cost of raw materials, supplies, and spare part are 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 an associate and subsidiaries

Investments in an 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 equity securities

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

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
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Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of financial instruments 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

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

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

Depreciation

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

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Notes to the financial statements

For the year ended 30 September 2018

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:

Buildings, warehouses and improvement	20 - 30	years
Condominium	30	years
Machinery, equipment and tools	5 - 20	years
Vehicles	5 - 10	years
Furniture and office equipment	3 - 5	years
Plastic pallets	5	years
Container	12 - 15	years
Marketing promotion equipment	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.

Other intangible assets

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

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

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

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets 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:

Software licenses	3 - 10	years
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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.

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An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit 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 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.

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.

(k) *Interest-bearing liabilities*

Interest-bearing liabilities are recognised as stated in the agreement.

(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 plans are expensed as the related service is provided.

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Defined benefit plans

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

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

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

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

Other long-term employee benefits

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

Termination benefits

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

Short-term employee benefits

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

(n) 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.

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Notes to the financial statements

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(o) *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 the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

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

Interest income and other income

Interest income and other income are recognised in profit or loss as they accrue.

(p) *Finance costs*

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

(q) *Lease payments*

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

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

Determining whether an arrangement contains a lease

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

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

(r) *Income tax*

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of 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 to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

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

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

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

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2018

(s) *Losses per share*

The Group presents basic losses per share data for its ordinary shares. Basic losses per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(t) *Segment reporting*

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other income, administrative expenses, finance costs and share of profit of an associate.

4 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 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 parent company, an associate and subsidiaries are described in notes 1, 10 and 11. Relationships with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Singapore/ 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.
Thai Beverage Public Co., Ltd.	Thailand	Parent Company and common director
Thai Beverage Can Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold 50% indirectly
Bangkok Glass PLC.	Thailand	The Company hold ordinary shares
Petpack Co., Ltd.	Thailand	The Company hold ordinary shares until 31 March 2017
Sang Som Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Beer Thai (1991) PLC.	Thailand	Direct subsidiary of the ultimate parent company
Beer Thip Brewery (1991) Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Cosmos Brewery (Thailand) Co.,Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Sura Bangyikhan Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Piromsurang Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Sunthronpirom Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thipchalothorn Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
United Products Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Surathip Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Krittayabun Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Modern Trade Management Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Pomburapa Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Pomthip(2012)Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Yuk Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Thurakij Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Muang Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company

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Name of entities	Country of incorporation/ nationality	Nature of relationships
Num Palang Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Kijjakarn Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Numrungrud Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Numthip Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Pan International(Thailand) Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Logistics Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Recycle 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
Thai Drinks Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Horeca Management Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Bev Tech Co., Ltd	Thailand	Direct subsidiary of the ultimate parent company
Cash Van Management Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
C A C Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Chang International Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Agent Management Co.,Ltd.	Thailand	Direct subsidiary of the ultimate parent company
ASM Management Co.,Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Oishi Group PLC.	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
Oishi Food Service Co., Ltd.	Thailand	Indirect subsidiary of Indirect subsidiary of the ultimate parent company
Food of Asia Co.,Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
Spice of Asia Co., Ltd.	Thailand	Indirect subsidiary of Indirect subsidiary of the ultimate parent company
The QSR of Asia Co., Ltd.	Thailand	Indirect subsidiary of Indirect subsidiary of the ultimate parent company
Super Brands Company Pte Ltd.	Singapore	Indirect subsidiary of the ultimate parent company
F&N Interflavine Pte Ltd.	Singapore	Affiliated company in associate of the ultimate parent company
The Southeast Insurance PLC.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.
The Southeast Capital Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.
The Southeast Life Insurance PLC.	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.
T.C.C. Technology Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.

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For the year ended 30 September 2018

Name of entities	Country of incorporation/ nationality	Nature of relationships
BJC Specialties Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.
Big C Supercenter PLC.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly and common directors
North Park Golf And Sports Club Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly and common directors
The Pet Co., Ltd.	Thailand	The Company and directors hold ordinary shares and common directors
Crown Seal PLC.	Thailand	The Company hold ordinary shares and common director
Muangthai Insurance PLC.	Thailand	The directors hold ordinary shares and common director
Muangthai Life Insurance PLC.	Thailand	The directors hold ordinary shares and common director
Phatra-leasing PLC.	Thailand	Common director
Berli Jucker PLC.	Thailand	Common directors
Thai Malaya Glass Co., Ltd.	Thailand	Common directors
Gaew Grung Thai Co., Ltd.	Thailand	Controlling equity holder of the ultimate parent company holds substantial shares indirectly
TCC Hotel Asset Management Co., Ltd.	Thailand	Controlling equity holder of the ultimate parent company holds substantial shares indirectly
Petform (Thailand) Co., Ltd.	Thailand	Associated Company

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

Transactions	Pricing policies
Sales of goods and rendering of services	Cost plus gross profit margin
Other income	Contractual prices, mutually agreed price
Revenue for consultancy service	Contractual prices
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
Subsidy for marketing expenses	Actual price stated in invoice
Directors' remuneration representing salary, director bonus and meeting allowance	Approval by the Company's directors and shareholders
Selling expenses	Contractual prices, mutually agreed price
Administrative expenses	Contractual prices, mutually agreed price

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For the year ended 30 September 2018

Significant transactions for the years ended 30 September 2018 and 2017 with related parties were as follows:

	Consolidated financial statements For the year ended 30 September		Separate financial statements For the year ended 30 September	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sale of goods and rendering of services	-	-	11,082	37,085
Other income	-	-	-	4,000
Purchase of finished goods and services	-	-	342,085	342,114
Interest income	-	-	3,875	3,876
Selling and administrative expenses	-	-	41,550	40,964
An associate				
Purchase of raw materials	872,667	811,026	872,667	811,026
Dividend income	97,500	61,500	97,500	61,500
Other income	5,161	4,412	5,161	4,412
Selling Expense	418	1,060	418	1,060
Key management personnel				
Post-employment benefits	2,908	2,908	2,908	2,908
Other long-term benefits	6	6	6	6
Directors' remunerations	7,755	8,279	7,755	8,279
Total key management personnel compensation	10,669	11,193	10,669	11,193
Other related parties				
Sale of goods and rendering of services	3,842,434	3,533,685	3,836,362	3,504,614
Other income	55,353	36,867	55,353	36,867
Revenue for consultancy service	-	43,333	-	43,333
Dividend income	4,441	5,499	4,441	5,499
Purchase of finished goods and raw materials	3,064,363	3,234,083	2,994,285	3,160,006
Subsidy for marketing expense	610,793	348,102	610,793	348,102
Selling expenses	407,667	264,801	407,667	264,801
Administrative expenses	136,245	112,543	135,598	111,907

Balances as at 30 September 2018 and 2017 with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Ultimate parent company	101	135	101	135
Subsidiaries	-	-	-	42,252
Other related parties	324,762	393,382	323,751	389,335
Total	324,863	393,517	323,852	431,722

Sermsuk Public Company Limited and its Subsidiaries

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For the year ended 30 September 2018

<i>Other receivables from related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	40,726	57,035
An associate	90	3,639	90	3,639
Other related parties	461,651	293,240	461,620	293,195
Total	461,741	296,879	502,436	353,869

Loans to related parties

			Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loan						
Subsidiary	3.10	3.10	-	-	125,000	125,000
Long-term loan						
Other related party	3.90 - 4.05	4.44	3,000	3,000	3,000	3,000
Total			3,000	3,000	128,000	128,000

There were no movements on the short-term and long-term loans to related parties for the year ended 30 September 2018 and 2017.

Balance as at 30 September 2018 and 2017 with related parties were as followings:

<i>Trade accounts payable to related parties</i>	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	426,475	447,406
An associate	143,819	142,195	143,819	142,195
Other related parties	398,218	438,679	381,694	416,570
Total	542,037	580,874	951,988	1,006,171

Other payables to related parties

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	2,739	2,453
Other related parties	152,815	240,954	152,738	240,903
Total	152,815	240,954	155,477	243,356

Long-term loans from related parties

	Interest rate		Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Subsidiary	-	-	-	-	1,530,968	1,530,968

There were no movements on the short-term and long-term loans to related parties for the year ended 30 September 2018 and 2017.

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Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
		(in thousand Baht)		
Employee benefit obligations	44,685	41,771	44,685	41,771

Significant agreements with related parties

Loan agreements

On 21 May 2009, the Company entered into a long-term loan agreement with The Pet Co., Ltd., “Borrower”, in the amount of Baht 3 million, and repay within 20 May 2014. The agreement 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 financial institution at the beginning of each quarter. Subsequently on 1 January 2013, the Company and the Borrower agreed to change the interest rate to Money Market Rate of a financial institution at the beginning of each quarter.

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

On 18 December 2014, the Company entered into a short-term loan agreement with Great Brands Limited, “Lender” for a loan facility of Baht 1,700 million. Interest is at rate as stipulated in the agreement or further agreed which is repayable in full after one year from the drawdown date or such other date which the Lender specifies. Subsequently on 29 June 2018, the Company and the Lender made an amendment whereby the parties agreed to extend the loan maturity date for eight years from the date acquired the loan to 24 December 2022. At 30 September 2018, the Company had utilised loan facility totalling Baht 1,530.97 million. (2017: 1,530.97 million)

Co-packing agreement

The Company entered into an agreement with its subsidiary in order to appoint to produce drinking water under “Crystal” trademark. The Company has to comply with conditions as specified in the agreement. The agreement is for three years and ends on 31 March 2018, provided that the existing contract will be automatically renewed for additional periods (three year each), unless one of the contracting parties objects to such extension within ninety days prior to the lapse of each contract term. The agreement had been automatically renewed for additional periods (three year each) until to 31 March 2021, the parties agree to amend the agreement reflecting 10% product price increase (from the original price), subject to further price change to be agreed by the parties.

The Company entered into an agreement with its related party in order to appoint to produce drinking water under “Crystal” trademark. The Company has to comply with conditions as specified in the agreement. The agreement is for three years and ends on 15 November 2018.

The Company entered into an agreement with its related party in order to appoint to produce drinking water under “Crystal” trademark. The Company has to comply with conditions as specified in the agreement. The agreement is for one year and effective from 1 October 2017 to 30 September 2018. Currently, the agreement is a waiting to be prepared and signed.

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Appointment 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 conditions as specified in the agreement for a period of three years and ends on 28 February 2018, with a renewal option to extend for a further period of one year from the expiration date. The Company renewed the contract for three years and ends on 28 February 2021.

The Company entered into various agreements with related companies to act as a distributor for Soda products which the Company is a non-producer. The Company has to comply with conditions as specified in the agreement. The agreement is from 31 August 2016 to 31 December 2017. If either party does not show the intention to renew the contract in advance for at least 30 days ahead, the existing contract will be extended for additional periods of 1 year. The agreements have been terminated effective on 1 May 2017.

The Company entered into agreement with a related company to act as a distributor for Soda products which the Company is a non-producer. The Company has to comply with conditions as specified in the agreement. The agreement is from 1 May 2017 to 30 September 2018. If either party does not show the intention to renew the contract in advance for at least 30 days ahead, the existing contract will be extended for additional periods of 1 year. This contract has been terminated since 1 December 2017.

The Company entered into agreement with a related company to act as a distributor for Soda products which the Company is a non-producer. The Company has to comply with conditions as specified in the agreement. The agreement is from 1 December 2017 to 30 September 2018. If either party does not show the intention to renew the contract in advance for at least 30 days ahead, the existing contract will be extended for additional periods of 1 year. The agreement is a waiting to be prepared and signed.

The Company entered into agreement with a related company to act as a distributor for product under “100 Plus” trademark. The Company has to comply with conditions as specified in the agreement for a period of three years, effective from 1 April 2015 to 31 March 2018. Unless there is a notification from a party tendering to the other with a view to terminate the agreement not later than 30 days prior to the expiration date, this agreement continues to be in effect for the successive three years term. The agreement was automatically extended for additional periods (three year each).

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 tea drinks. The Company and its subsidiary have to comply with certain conditions contained in the agreement for a period of five years which ends on 31 July 2017. Unless there is notification to terminate the agreement, this agreement continues to be in effect for the successive 5 years term. The Company renewed the contract for 1 year and ends on 31 July 2018. On 25 June 2018, the Company renewed the contact for one year and ends on 31 July 2019.

The Company entered into a “Co-packing and Distribution” agreement with a related company to produce and distribute carbonated soft drink under “est” trademark. The Company has to comply with conditions as specified in the agreement for a period of three years, effective from 1 January 2015 to 31 December 2017. Unless there is notification from either party gives to other to terminate the agreement not later than 6 months prior to the expiration date, this agreement continues to be in effect for the successive 3 years term.

The Company entered into a “Co-packing” agreement with a related company to produce product under “est” trademark for the export purpose only. The Company has to comply with conditions as specified in the agreement for a period of one year, effective from 1 April 2016 to 31 March 2017. Unless there is notification from either party gives to other to terminate the agreement not later than 90 days prior to the expiration date, this agreement continues to be in effect for the successive 1 year term.

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The Company entered into a “Co-packing and Distribution” agreement with a related company to produce and distribute product under “100 Plus” trademark. The Company has to comply with conditions as specified in the agreement for a period of three years, effective from 1 June 2015 to 31 May 2018. Unless there is notification from either party gives to other to terminate the agreement not later than 6 months prior to the expiration date, this agreement continues to be in effect for the successive 3 years term.

The Company entered into a “Co-packing and Distribution” agreement with a related company to produce and distribute product under “Sarsi” trademark. The draft agreement is to be finalised of product price by the contracting parties.

Consultancy services agreement

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

Sublease agreement for office space and service agreement

On 16 July 2017, the Company entered into a sublease agreement for office space and service agreement with a related company. The agreement is for a period from 16 July 2017 to 22 May 2020. The Company is committed to pay rental and service fee on the rates as stipulated in the agreement. This agreement shall be renewed period by notify in advance at least 90 days and will be effected for another 1 year each from the expiration of the initial term or any renewal principal.

Commitments with related parties

Operating lease commitments

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Within one year	44,451	35,760	44,143	35,452
After one year but within five years	91,276	43,862	91,173	43,469
After five years	76,728	-	76,728	-
Total	212,455	79,622	212,044	78,921

Other commitments

As at 30 September 2018, the Company had commitments for purchase orders for goods with related parties amounting to Baht 8.23 million (2017: 23.04 million).

5 Cash and cash equivalents

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	47,184	45,395	47,154	45,364
Cash at banks - current accounts	63,349	49,563	51,052	48,392
Cash at banks - savings accounts	395,669	350,751	336,064	265,808
Total	506,202	445,709	434,270	359,564

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The currency denomination of cash and cash equivalents as at 30 September was as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	477,328	415,183	434,270	359,564
Hong Kong Dollars (HKD)	28,874	30,526	-	-
Total	506,202	445,709	434,270	359,564

6 Trade accounts receivable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	4	324,863	393,517	323,852	431,722
Other parties		225,541	248,011	225,511	232,935
Total		550,404	641,528	549,363	664,657
Less allowance for doubtful accounts		(15,500)	(20,097)	(15,500)	(20,097)
Net		534,904	621,431	533,863	644,560

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Reversal of bad and doubtful debts expenses	(4,597)	(12,569)	(4,597)	(12,569)

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	324,863	352,219	323,852	390,424
Overdue:				
Less than 1 month	-	-	-	-
1 - 3 months	-	41,298	-	41,298
	324,863	393,517	323,852	431,722
Other parties				
Within credit terms	160,275	177,105	160,245	162,104
Overdue:				
Less than 1 month	40,620	36,514	40,620	36,439
1 - 3 months	9,208	12,875	9,208	12,875
Over 3 months	15,438	21,517	15,438	21,517
	225,541	248,011	225,511	232,935
Less allowance for doubtful accounts	(15,500)	(20,097)	(15,500)	(20,097)
Net	210,041	227,914	210,011	212,838
Total	534,904	621,431	533,863	644,560

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The normal credit term granted by the Group ranges from 15 days to 60 days.

Trade accounts receivable of the Group and the Company as at 30 September 2018 and 2017 were denominated entirely in Thai Baht.

7 Other receivables

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Other receivables	25,563	29,151	25,286	29,007
Less allowance for doubtful accounts	(16,073)	(15,402)	(16,073)	(15,402)
Net	9,490	13,749	9,213	13,605
Prepaid expenses	50,567	66,921	50,325	66,670
Advance payment	2,935	2,439	2,492	2,381
Unearned revenue	12,522	17,750	12,522	17,751
Total	75,514	100,859	74,552	100,407
	<i>(in thousand Baht)</i>			
Bad debts and doubtful debts expenses	671	3,410	671	3,410

8 Inventories

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Finished goods	363,511	462,808	354,505	448,123
Work in progress	3,872	17,151	3,872	4,516
Raw materials and supplies	228,769	225,557	197,514	197,152
Spare parts	97,963	109,370	93,258	105,556
Other supplies	2,637	3,195	2,637	2,575
	696,752	818,081	651,786	757,922
Less allowance for decline in value	(92,164)	(105,684)	(92,164)	(104,565)
Net	604,588	712,397	559,622	653,357
	<i>(in thousand Baht)</i>			
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	7,823,956	7,687,781	7,824,838	7,713,720
- Write-down to net realisable value	11,994	15,694	11,994	14,575
- Reversal of write-down	(25,514)	(46,897)	(24,395)	(39,559)
Net	7,810,436	7,656,578	7,812,437	7,688,736

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9 Non-current assets held for sale

The Company's condominium units (previously were used as the Company's office spaces) is presented as non-current assets held for sale due to the Company has a plan to sell these unused condominium according to the Company's before sale and purchase memorandum of agreement on 15 June 2018. The Company sold this building on 30 September 2018 and recognized gain on disposal of Baht 164.20 million.

Details of non-current assets held for sale as at 30 September 2018 was as follows

	Consolidated financial statements	Separate financial statements
	<i>(in thousand Baht)</i>	
Cost	194,136	194,136
<i>Less</i> Accumulated depreciation	(166,647)	(166,647)
Net book value	<u>27,489</u>	<u>27,489</u>
Disposal	(27,489)	(27,489)
Net book value as at 30 September 2018	<u><u>-</u></u>	<u><u>-</u></u>

Cumulative income or expense recognised in other comprehensive income

There is no cumulative income or expense recognised in other comprehensive income relating to the disposal assets

10 Investment in an associate

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
At 1 October	507,030	425,860	30,000	30,000
Share of net profit of an associate	126,934	142,670	-	-
Dividend income	(97,500)	(61,500)	-	-
At 30 September	<u>536,464</u>	<u>507,030</u>	<u>30,000</u>	<u>30,000</u>

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Investment in an associate as at 30 September 2018 and 2017, and dividend income from this investment for the year ended 30 September 2018 and 2017, were as follows:

Consolidated financial statements										
	Ownership interest		Paid-up capital		Cost		Equity		Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)								<i>(in thousand Baht)</i>	
Petform (Thailand) Limited	40	40	75,000	75,000	<u>30,000</u>	<u>30,000</u>	<u>536,464</u>	<u>507,030</u>	<u>97,500</u>	<u>61,500</u>
Separate financial statements										
	Ownership interest		Paid-up capital		Cost				Dividend income	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)						<i>(in thousand Baht)</i>			
Petform (Thailand) Limited	40	40	75,000	75,000	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>97,500</u>	<u>61,500</u>

Petform (Thailand) Limited mainly manufactures and distributes PET preforms, closures, and PET bottles. This associate is not publicly listed and consequently does not have published price quotations.

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The following table summarises the financial information of the associate as included in its own financial statements. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in this company.

	Petform (Thailand) Limited	
	2018	2017
	<i>(in thousand Baht)</i>	
Revenue	3,057,780	2,889,841
Profit from continuing operations	319,958	356,284
Other comprehensive income	479	(70)
Total comprehensive income	320,437	356,214
Attributable to NCI	193,024	213,614
Group's share of total comprehensive income	126,934	142,670
Current assets	636,646	578,577
Non-current assets	1,784,327	1,901,497
Current liabilities	(788,249)	(812,670)
Non-current liabilities	(289,369)	(400,735)
Net assets	1,343,355	1,266,669
Attributable to NCI	806,013	760,001
Carrying amount of interest in associate	537,342	506,668

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11 Investments in subsidiaries

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

Subsidiaries	Type of business	Ownership interest		Separate financial statements				Dividend income			
		interest		Paid-up capital		Cost		2018		2017	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(%)		(in thousand Baht)							
Direct subsidiaries											
Sermsuk Holdings Co., Ltd.	Investment and holding shares in other companies	99.99	99.99	600,000	600,000	600,000	600,000	-	-	-	-
Great Brands Limited	Manage brands	100.00	100.00	HKD 1,000	HKD 1,000	4,134	4,134	-	-	-	-
Sermsuk Training Co., Ltd.	Human resources development and organisation	99.99	99.99	2,500	2,500	2,500	2,500	-	-	-	-
Total						606,634	606,634	-	-	-	-

All subsidiaries were incorporated in Thailand, except Great Brands Limited which was incorporated in Hong Kong.

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12 Other long-term investments

Other long-term investments as at 30 September 2018 and 2017, and dividend income from those investments for the year ended 30 September 2018 and 2017, were as follows:

	Consolidated and Separate financial statements			
	Cost method		Dividend income	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Equity securities available for sale</i>				
Crown Seal Public Company Limited	47,863	59,498	1,587	2,644
<i>Non marketable equity securities</i>				
The Pet Company Limited	7,000	7,000	700	700
Bangkok Glass Public Company Limited	74,799	74,799	2,155	2,155
	<u>81,799</u>	<u>81,799</u>	<u>2,855</u>	<u>2,855</u>
Total	<u>129,662</u>	<u>141,297</u>	<u>4,442</u>	<u>5,499</u>

Movements during the year ended 30 September 2018 and 2017 were as follows:

	Consolidated and Separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
<i>Equity securities available for sale</i>		
At 1 October	59,498	63,200
Valuation adjustment	(11,635)	(3,702)
At 30 September	<u>47,863</u>	<u>59,498</u>
<i>Investments-other related parties</i>		
At 1 October	81,799	116,799
Sales during the year / period	-	(35,000)
At 30 September	<u>81,799</u>	<u>81,799</u>
<i>Total Other long-term investments</i>		
At 1 October	141,297	179,999
Valuation adjustment	(11,635)	(3,702)
Sales during the year / period	-	(35,000)
At 30 September	<u>129,662</u>	<u>141,297</u>

During the year 2017, the Company sold investment in Petpack Co., Ltd. of Baht 35 million to a related party for a consideration of Baht 42.4 million. The Company recognised gain of Baht 7.4 million in the statement of comprehensive income for the year ended 30 September 2017.

Other long-term investments of the Group and the Company as at 30 September 2018 and 2017 were denominated entirety in Thai Baht.

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13 Investment properties

	Consolidated and Separate financial statements		
	Land	Building	Total
	<i>(in thousand Baht)</i>		
At 1 October 2016	295,519	5,100	300,619
Fair value adjustments	12,963	-	12,963
At 30 September 2017 and 1 October 2017	308,482	5,100	313,582
Fair value adjustments	2,723	180	2,903
At 30 September 2018	311,205	5,280	316,485

Investment properties were revalued as at 30 September 2018 and 2017 by Thai Property Appraisal Lynn Philips Co., Ltd., a firm of independent professional valuers, at open market values on an existing use basis.

Investment properties comprise lands which are held for business operations in the future but not yet utilised and land and building that are leased to third parties for a period of three years.

Measurement of fair value

Fair value hierarchy

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

The fair value measurement for investment property of Baht 316.49 million (2017: 315.58 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Level 3 fair value

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

	<i>(in thousand Baht)</i>
Balance at 1 October 2017	313,582
Gain included in "other income"	
Changes in fair value (unrealised)	2,903
Balance at 30 September 2018	316,485

Valuation technique and significant unobservable inputs

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

Valuation technique	Significant unobservable inputs
Market Approach	<ul style="list-style-type: none"> • Asking price of comparable property • Source of data used in valuation

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14 Property, plant and equipment

	Consolidated financial statements											
	Historical cost	Land Surplus on revaluation	Buildings, warehouses and improvement	Condo-miniums	Machinery, equipment and tools	Vehicles	Furniture and office equipment	Plastic pallets	Container	Marketing promotion equipments	Assets under construction and installation	Total
<i>Cost/valuation</i>												
At 1 October 2016	500,266	3,730,302	2,594,861	172,447	6,431,931	1,749,010	329,639	358,571	1,597,257	3,909,702	100,440	21,474,426
Additions	-	-	34,912	-	98,246	9,110	23,258	2,970	40,588	36,108	101,575	346,767
Transfers	-	(134)	19,562	(347)	108,616	1,081	1,302	-	-	2,285	(132,499)	(134)
Disposals	-	-	(160)	-	(11,685)	(19,624)	(14,562)	(2)	(261,177)	-	-	(307,210)
At 30 September 2017												
and 1 October 2017	500,266	3,730,168	2,649,175	172,100	6,627,108	1,739,577	339,637	361,539	1,376,668	3,948,095	69,516	21,513,849
Additions	-	-	24,674	-	72,011	7,496	6,088	5,940	68,063	13,347	56,440	254,059
Transfers	-	-	7,548	-	54,005	986	39	-	-	(324)	(62,254)	-
Transfer to Non-current Asset held for sale	-	-	-	(172,100)	-	-	(22,036)	-	-	-	-	(194,136)
Disposals	-	-	(1,403)	-	(23,717)	(70,485)	(6,334)	(2,218)	(96,160)	(176,609)	-	(376,926)
At 30 September 2018	500,266	3,730,168	2,679,994	-	6,729,407	1,677,574	317,394	365,261	1,348,571	3,784,509	63,702	21,196,846

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	Consolidated financial statements											
	Land	Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles	Furniture and office equipment	Plastic pallets	Container	Marketing promotion equipments	Assets under construction and installation	Total	
	Historical cost	Surplus on revaluation										
<i>(in thousand Baht)</i>												
<i>Depreciation and impairment losses</i>												
At 1 October 2016	-	-	1,390,962	138,919	4,717,829	1,548,369	291,056	341,087	291,595	3,592,096	-	12,311,913
Depreciation charge for the year	-	-	83,682	3,400	286,831	44,863	19,950	6,349	108,975	106,518	-	660,568
Loss on impairment	-	-	-	-	-	-	-	-	(26,353)	-	-	(26,353)
Disposals	-	-	(105)	-	(11,658)	(19,578)	(14,504)	-	(120,948)	-	-	(166,793)
At 30 September 2017 and 1 October 2017	-	-	1,474,539	142,319	4,993,002	1,573,654	296,502	347,436	253,269	3,698,614	-	12,779,335
Depreciation charge for the year	-	-	97,664	2,438	262,652	56,483	19,252	6,919	105,623	102,765	-	653,796
Transfer to Non-current Asset held for sale	-	-	-	(144,757)	-	-	(21,621)	-	-	-	-	(166,378)
Loss on impairment	-	-	-	-	-	-	-	-	(25,322)	-	-	(25,322)
Disposals	-	-	(775)	-	(23,595)	(70,463)	(6,313)	(2,216)	(38,265)	(176,618)	-	(318,245)
At 30 September 2018	-	-	1,571,428	-	5,232,059	1,559,674	287,820	352,139	295,305	3,624,761	-	12,923,186
<i>Allowance for loss of marketing promotion equipments</i>												
At 1 October 2016	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 30 September 2017 and 1 October 2017	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 30 September 2018	-	-	-	-	-	-	-	-	-	5,330	-	5,330

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	Consolidated financial statements											
	Historical cost	Land Surplus on revaluation	Buildings, warehouses and improvement	Condo-miniums	Machinery, equipment and tools	Vehicles <i>(in thousand Baht)</i>	Furniture and office equipment	Plastic pallets	Container	Marketing promotion equipments	Assets under construction and installation	Total
Net book value												
At 1 October 2016	<u>500,266</u>	<u>3,730,302</u>	<u>1,203,899</u>	<u>33,528</u>	<u>1,714,102</u>	<u>200,641</u>	<u>38,583</u>	<u>17,484</u>	<u>1,305,662</u>	<u>312,276</u>	<u>100,440</u>	<u>9,157,183</u>
At 30 September 2017												
and 1 October 2017	<u>500,266</u>	<u>3,730,168</u>	<u>1,174,636</u>	<u>29,781</u>	<u>1,634,106</u>	<u>165,923</u>	<u>43,135</u>	<u>14,103</u>	<u>1,123,399</u>	<u>244,151</u>	<u>69,516</u>	<u>8,729,184</u>
At 30 September 2018	<u>500,266</u>	<u>3,730,168</u>	<u>1,108,566</u>	<u>-</u>	<u>1,497,348</u>	<u>117,900</u>	<u>29,574</u>	<u>13,122</u>	<u>1,053,266</u>	<u>154,418</u>	<u>63,702</u>	<u>8,268,330</u>

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Separate financial statements

	Land		Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles	Furniture and office equipment	Plastic pallets	Container	Marketing and installation	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation										
<i>Cost/revaluation</i>												
At 1 October 2016	375,763	3,546,741	2,283,846	172,447	5,851,570	1,741,111	319,380	334,711	1,565,679	3,909,703	99,593	20,200,544
Additions	-	-	29,421	-	80,109	9,110	22,554	2,970	34,468	36,108	81,551	296,291
Transfers	-	(134)	19,262	(347)	101,888	1,081	1,302	-	-	2,285	(125,471)	(134)
Disposals	-	-	-	-	(10,804)	(19,625)	(12,915)	-	(107,573)	-	-	(150,917)
At 30 September 2017												
and 1 October 2017	375,763	3,546,607	2,332,529	172,100	6,022,763	1,731,677	330,321	337,681	1,492,574	3,948,096	55,673	20,345,784
Additions	-	-	21,072	-	63,419	7,275	4,888	5,940	68,062	13,347	41,788	225,791
Transfers	-	-	6,847	-	30,407	986	39	-	-	(324)	(37,955)	-
Transfer to Non-current												
Asset held for sale	-	-	-	(172,100)	-	-	(22,036)	-	-	-	-	(194,136)
Disposals	-	-	(716)	-	(23,161)	(70,485)	(6,334)	(2,218)	(96,143)	(176,609)	-	(375,666)
At 30 September 2018	375,763	3,546,607	2,359,732	-	6,093,428	1,669,453	306,878	341,403	1,464,493	3,784,510	59,506	20,001,773

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	Separate financial statements											
	Land		Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles	Furniture and office equipment	Plastic pallets	Container	Marketing and installation	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation										
<i>Depreciation and impairment losses</i>												
At 1 October 2016	-	-	1,189,538	138,919	4,220,260	1,541,362	281,866	317,228	286,926	3,592,097	-	11,568,196
Depreciation charge for the year	-	-	67,734	3,400	253,571	44,538	19,392	6,348	169,324	106,517	-	670,824
Loss on impairment	-	-	-	-	-	-	-	-	(26,353)	-	-	(26,353)
Disposals	-	-	-	-	(10,783)	(19,578)	(12,869)	-	(35,729)	-	-	(78,959)
At 30 September 2017 and 1 October 2017	-	-	1,257,272	142,319	4,463,048	1,566,322	288,389	323,576	394,168	3,698,614	-	12,133,708
Depreciation charge for the year	-	-	81,953	2,438	239,986	56,144	18,758	6,919	104,572	102,765	-	613,535
Transfer to Non-current Asset held for sale	-	-	-	(144,757)	-	-	(21,621)	-	-	-	-	(166,378)
Loss on impairment	-	-	-	-	-	-	-	-	(25,322)	-	-	(25,322)
Disposals	-	-	(513)	-	(23,040)	(70,463)	(6,313)	(2,216)	(38,249)	(176,618)	-	(317,412)
At 30 September 2018	-	-	1,338,712	-	4,679,994	1,552,003	279,213	328,279	435,169	3,624,761	-	12,238,131

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	Separate financial statements											
	Land		Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles	Furniture and office equipment	Plastic pallets	Container	Marketing and installation	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation										
<i>Allowance for loss of marketing promotion equipments</i>												
At 1 October 2016	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 30 September 2017 and 1 October 2017	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 30 September 2018	-	-	-	-	-	-	-	-	-	5,330	-	5,330
Net book value												
At 1 October 2016	<u>375,763</u>	<u>3,546,741</u>	<u>1,094,308</u>	<u>33,528</u>	<u>1,631,310</u>	<u>199,749</u>	<u>37,514</u>	<u>17,483</u>	<u>1,278,753</u>	<u>312,276</u>	<u>99,593</u>	<u>8,627,018</u>
At 30 September 2017 and 1 October 2017	<u>375,763</u>	<u>3,546,607</u>	<u>1,075,257</u>	<u>29,781</u>	<u>1,559,715</u>	<u>165,355</u>	<u>41,932</u>	<u>14,105</u>	<u>1,098,406</u>	<u>244,152</u>	<u>55,673</u>	<u>8,206,746</u>
At 30 September 2018	<u>375,763</u>	<u>3,546,607</u>	<u>1,021,020</u>	<u>-</u>	<u>1,413,434</u>	<u>117,450</u>	<u>27,665</u>	<u>13,124</u>	<u>1,029,324</u>	<u>154,419</u>	<u>59,506</u>	<u>7,758,312</u>

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The gross amount of the Group's fully depreciated buildings and equipment that was still in use as at 30 September 2018 and 2017 are summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Buildings and equipment	<u>9,241,568</u>	<u>10,187,285</u>	<u>8,708,261</u>	<u>9,861,693</u>

Measurement of fair value

Fair value hierarchy

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

The fair value measurement for property in the consolidated financial statements of Baht 4,230.43 million and separate financial statements of Baht 3,922.37 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Level 3 fair value

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

	Consolidated financial statement	Separate financial statements
	<i>(in thousand Baht)</i>	
Balance at 1 October 2017	4,230,434	3,922,370
Gain included in "Other comprehensive income"		
Adjust loss on revaluation on land	-	-
Gain included in "Profit or loss for the period"		
Gain on revaluation on land	-	-
Balance at 30 September 2018	<u>4,230,434</u>	<u>3,922,370</u>

Valuation technique and significant unobservable inputs

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

Valuation technique	Significant unobservable inputs
Sales Comparison Approach	<ul style="list-style-type: none"> • Asking price of comparable property • Source of data used in valuation

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15 Intangible assets

	Consolidated financial statements		
	Trademark	Software licenses	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 October 2016	2,000	50,578	52,578
Additions	-	1,522	1,522
At 30 September 2017 and 1 October 2017	2,000	52,100	54,100
Additions	-	9,356	9,356
At 30 September 2018	2,000	61,456	63,456
<i>Amortisation</i>			
At 1 October 2016	-	29,713	29,713
Amortisation for the period	-	3,010	3,010
At 30 September 2017 and 1 October 2017	-	32,723	32,723
Amortisation for the year	-	10,974	10,974
At 30 September 2018	-	43,697	43,697
<i>Net book value</i>			
At 1 October 2016	2,000	20,865	22,865
At 30 September 2017 and 1 October 2017	2,000	19,377	21,377
At 30 September 2018	2,000	17,759	19,759
		Separate financial statements	
		Software licenses	
		<i>(in thousand Baht)</i>	
<i>Cost</i>			
At 1 October 2016		47,448	
Additions		888	
At 30 September 2017 and 1 October 2017		48,336	
Additions		8,705	
At 30 September 2018		57,041	
<i>Amortisation</i>			
At 1 October 2016		28,314	
Amortisation for the period		2,277	
At 30 September 2017 and 1 October 2017		30,591	
Amortisation for the year		10,063	
At 30 September 2018		40,654	
<i>Net book value</i>			
At 1 October 2016		19,134	
At 30 September 2017 and 1 October 2017		17,745	
At 30 September 2018		16,387	

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16 Deferred tax

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

	Consolidated financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Total	839,772	860,316	(887,227)	(888,247)
Set off of tax	(836,255)	(850,658)	836,255	850,658
Net deferred tax assets (liabilities)	<u>3,517</u>	<u>9,658</u>	<u>(50,972)</u>	<u>(37,589)</u>

	Separate financial statements			
	Assets		Liabilities	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Total	831,438	845,540	(850,515)	(851,535)
Set off of tax	(831,438)	(845,540)	831,438	845,540
Net deferred tax liabilities	<u>-</u>	<u>-</u>	<u>(19,077)</u>	<u>(5,995)</u>

Movements in total deferred tax assets and liabilities for the year ended 30 September 2018 and 2017 were as follows:

	Consolidated financial statements			
	At 1 October 2017	(Charged) / Credited to:		At 30 September 2018
		Profit or loss <i>(Note 28)</i>	Other comprehensive income	
	<i>(in thousand Baht)</i>			
<i>Deferred tax assets</i>				
Inventories	21,526	(2,894)	-	18,632
Employee benefit obligations	210,950	(1,193)	(25,801)	183,956
Loss carry forward	612,216	15,193	-	627,409
Others	15,624	(5,849)	-	9,775
Total	<u>860,316</u>	<u>5,257</u>	<u>(25,801)</u>	<u>839,772</u>
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(746,033)	-	-	(746,033)
Investment properties	(25,329)	(581)	-	(25,910)
Long-term investments	(5,554)	-	2,327	(3,227)
Others	(111,331)	(726)	-	(112,057)
Total	<u>(888,247)</u>	<u>(1,307)</u>	<u>2,327</u>	<u>(887,227)</u>
Net	<u>(27,931)</u>	<u>3,950</u>	<u>(23,474)</u>	<u>(47,455)</u>

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	Consolidated financial statements			At 30 September 2017
	At 1 October 2016	(Charged) / Credited to:		
		Profit or loss (Note 28)	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>				
Inventories	28,480	(6,954)	-	21,526
Employee benefit obligations	225,024	(8,147)	(5,927)	210,950
Loss carry forward	487,143	125,073	-	612,216
Others	26,873	(11,249)	-	15,624
Total	767,520	98,723	(5,927)	860,316
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(746,060)	-	27	(746,033)
Investment properties	(22,736)	(2,593)	-	(25,329)
Long-term investments	(6,294)	-	740	(5,554)
Others	(111,213)	(118)	-	(111,331)
Total	(886,303)	(2,711)	767	(888,247)
Net	(118,783)	96,012	(5,160)	(27,931)

	Separate financial statements			At 30 September 2018
	At 1 October 2017	(Charged) / Credited to:		
		Profit or loss (Note 28)	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<i>Deferred tax assets</i>				
Inventories	21,113	(2,480)	-	18,633
Employee benefit obligations	212,669	(1,151)	(25,562)	185,956
Loss carry forward	596,134	20,940	-	617,074
Others	15,624	(5,849)	-	9,775
Total	845,540	11,460	(25,562)	831,438
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(709,321)	-	-	(709,321)
Investment properties	(25,329)	(581)	-	(25,910)
Long-term investments	(5,554)	-	2,327	(3,227)
Others	(111,331)	(726)	-	(112,057)
Total	(851,535)	(1,307)	2,327	(850,515)
Net	(5,995)	10,153	(23,235)	(19,077)

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	At 1 October 2016	Separate financial statements (Charged) / Credited to:		At 30 September 2017
		Profit or loss (Note 28) (in thousand Baht)	Other comprehensive income	
Deferred tax assets				
Inventories	26,110	(4,997)	-	21,113
Employee benefit obligations	223,478	(8,355)	(5,944)	209,179
Loss carry forward	475,332	124,293	-	599,625
Others	26,872	(11,249)	-	15,623
Total	751,792	99,692	(5,944)	845,540
Deferred tax liabilities				
Property, plant and equipment	(709,348)	-	27	(709,321)
Investment properties	(22,736)	(2,593)	-	(25,329)
Long-term investments	(6,294)	-	740	(5,554)
Others	(111,213)	(118)	-	(111,331)
Total	(849,591)	(2,711)	767	(851,535)
Net	(97,799)	96,981	(5,177)	(5,995)

The recoverability of deferred income tax assets resulting from tax losses carry-forward and temporary differences is reviewed and assessed, using forecasts that are based on the actual operating results and the expected future performance based on management's estimates and assumptions of revenue growth and the development of operating margins of the Group companies concerned. The Group has recognised tax losses as deferred tax assets because the Group considers that it is probable that future taxable profit will be available against which such losses can be used. These were following the Group's business plan to increase the Group's profit from operating activities in the future. Deviations from these estimates and assumptions can affect the value of deferred tax assets. The actual outcome may differ significantly from the outcome estimated by management. The tax losses expire in 2019 to 2023.

17 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Related parties	4	542,037	580,874	951,988	1,006,171
Other parties		222,106	257,517	205,573	247,057
Total		764,143	838,391	1,157,561	1,253,228

Trade accounts payable of the Group and the Company as at 30 September 2018 and 2017 were denominated entirely in Thai Baht.

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18 Other payables

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Accrued employee benefit	191,510	204,374	187,490	201,327
Other payables	247,336	236,287	232,183	210,763
Excise taxes payable	81,429	90,774	79,741	85,812
Accrued marketing expense	62,657	48,180	62,657	48,180
Accrued utilities expense	27,744	33,338	25,169	30,902
Others	40,849	29,005	40,849	28,219
Total	651,525	641,958	628,089	605,203

The currency denomination of other payables as at 30 September was as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Thai Baht (THB)	646,291	636,550	623,122	599,888
Euro (EUR)	3,470	3,660	3,289	3,660
United States Dollars (USD)	1,721	1,702	1,678	1,655
Hongkong Dollar (HKD)	26	28	-	-
Pound Sterling (GBP)	17	18	-	-
Total	651,525	641,958	628,089	605,203

19 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Statement of financial position				
Obligations for:				
Long-term employee benefit				
- long service award	34,745	39,114	34,669	39,039
Post-employment benefit				
- retirement benefit	898,701	1,023,752	889,810	1,013,390
Total	933,446	1,062,866	924,479	1,052,429
Statement of financial position				
<i>Non-current</i>				
Employee benefit obligations	993,446	1,062,866	924,479	1,052,429
Total	933,446	1,062,866	924,479	1,052,429

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	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Statement of comprehensive income:				
Recognised in profit or loss:				
Long-term employee benefits				
- long service award	4,876	5,849	4,864	5,835
- Actuarial gains	(4,279)	(7,145)	(4,270)	(7,137)
Post-employment benefit				
- retirement benefit	76,857	74,757	75,577	73,586
Total	77,454	73,461	76,171	72,284
Recognised in other comprehensive income:				
Actuarial gains recognised in the year	(129,231)	(29,574)	(127,810)	(29,721)
Cumulative actuarial gains recognised	(438,268)	(309,037)	(437,884)	(310,074)

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 defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	898,701	1,023,752	889,810	1,013,390
The statement of financial position obligation was determined	898,701	1,023,752	889,810	1,013,390

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Movement of present value of defined benefit obligation were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 October	1,023,752	1,067,927	1,013,390	1,058,909
Benefits paid by the plan	(72,678)	(89,828)	(71,347)	(89,828)
	<u>951,074</u>	<u>978,099</u>	<u>942,043</u>	<u>969,081</u>
Include in profit or loss:				
Current service costs	53,955	54,062	52,896	53,063
Interest on obligation	22,903	20,695	22,681	20,523
	<u>76,858</u>	<u>74,757</u>	<u>75,577</u>	<u>73,586</u>
Included in other comprehensive income				
Actuarial gains	(129,231)	(29,574)	(127,810)	(29,721)
Others				
Transfer in from the related company	-	26	-	-
Transfer out to the related company	-	(26)	-	(26)
Adjust during the year	-	470	-	470
	<u>-</u>	<u>470</u>	<u>-</u>	<u>444</u>
Defined benefit obligations at 30 September	<u>898,701</u>	<u>1,023,752</u>	<u>889,810</u>	<u>1,013,390</u>

Actuarial (gains) and losses recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Demography assumptions	-	19,672	-	19,463
Financial assumptions	(114,411)	(21,143)	(112,911)	(20,845)
Experience adjustment	(14,820)	(28,103)	(14,899)	(28,339)
Total	<u>(129,231)</u>	<u>(29,574)</u>	<u>(127,810)</u>	<u>(29,721)</u>

Actuarial assumptions

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	%			
Discount rate	2.75	2.50	2.75	2.50
Future salary growth	4.00	5.00	4.00	5.00

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

At 30 September 2018, the weighted-average duration of the defined benefit obligation was 7 years (2017: 8 years).

Sensitivity analysis

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

	Consolidated financial statements		Separate financial statements	
	<i>(in thousand Baht)</i>			
Defined benefit obligation 30 September 2018	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(33,778)	35,999	(33,281)	35,461
Future salary growth (1% movement)	99,344	(75,634)	93,154	(74,606)

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

20 Share capital

	Par value per share <i>(in Baht)</i>	Consolidated / Separate financial statements			
		2018		2017	
		Number	Baht	Number	Baht
<i>(thousand shares / thousand Baht)</i>					
Authorised					
At 1 October					
- ordinary shares	1	265,900	265,900	265,900	265,900
At 30 September					
- ordinary shares	1	265,900	265,900	265,900	265,900
Issued and paid-up					
At 1 October					
- ordinary shares	1	265,900	265,900	265,900	265,900
At 30 September					
- ordinary shares	1	265,900	265,900	265,900	265,900

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.

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21 Reserves

Reserves comprise

Appropriations of profit and/or retained earnings

Legal reserve

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

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 in available-for-sale investments

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.

Valuation surplus

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

Valuation surplus is not available for dividend distribution.

22 Segment 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, and sport drink, including as distributor of soda
- Segment 2 Non-Carbonated soft drink: Produce and distribute drinking water, energy drink, and other beverages, including as distributor of tea

None of the other operations segments meets the quantitative thresholds for determining reportable segments in 2018 or 2017.

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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.

Information about reportable segments

	Carbonated soft drink		Non-Carbonated soft drink		Total reportable segments	
	2018	2017	2018	2017	2018	2017
	<i>(in million Baht)</i>					
External revenue	4,548	4,379	6,272	6,244	10,820	10,623
Segment profit before income tax	578	523	2,414	2,364	2,992	2,887
Depreciation and amortisation recorded in selling and administrative expenses	110	111	154	162	264	273
Selling expenses	1,126	958	1,553	1,366	2,519	2,324

Reconciliations of reportable segment revenues, profit or loss, and other material items

	2018	2017
	<i>(in million Baht)</i>	
Profit or loss		
Profit for reportable segments	2,992	2,887
Depreciation and amortisation recorded in selling and administrative expenses	(264)	(273)
Selling expenses	(2,519)	(2,324)
	209	290
Unallocated revenue and expenses		
- Other income	340	257
- Administrative expenses	(958)	(1,015)
Share of profit of investment in an associate, net of income tax	127	143
Consolidated loss before income tax	(282)	(325)

Geographical segments

The Group is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

Major customer

Revenue from one customer of the group's 1 and 2 segments represents approximately for the year ended 30 September 2018 Baht 3,492.35 million (2017: Baht 3,182.54 million) of the group's total revenue.

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23 Other income

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Consultancy service income		-	43,333	-	43,333
Sale of scrap		41,920	44,747	40,517	43,442
Fair value adjustments on investment properties	13	2,919	12,963	2,903	12,963
Gain on disposal of long term investment	12	-	7,420	-	7,420
Dividend income	9, 12	4,441	5,499	101,941	66,999
Gain on disposal of buildings equipment and intangible assets	9	179,857	4,449	179,857	4,449
Interest income		3,263	3,412	6,590	6,707
Subsidy for sales support		47,010	44,178	47,010	44,178
Others		60,263	91,041	60,207	106,567
Total		339,673	257,042	439,025	336,058

24 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>(in thousand Baht)</i>				
Personnel expenses	1,101,151	1,066,069	1,099,604	1,064,464
Marketing expenses	540,401	427,515	540,401	427,515
Distribution	413,847	359,281	408,768	350,498
Depreciation and amortisation	159,600	177,701	158,662	176,773
Fuel	182,797	176,850	182,797	176,850
Others	280,480	294,555	278,003	292,213
Total	2,678,276	2,501,971	2,668,235	2,488,313

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25 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Personnel expenses	528,055	578,819	512,184	566,712
Depreciation and amortisation	103,560	94,971	101,140	92,725
Fuel	85,991	81,653	85,778	81,368
Others	344,167	354,737	351,511	356,994
Total	1,061,773	1,110,180	1,050,613	1,097,799

26 Employee benefit expenses

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Salaries and wages		1,349,965	1,372,501	1,321,201	1,325,847
Overtime and allowance expense		132,280	126,378	128,313	121,918
Bonus		121,326	132,485	119,064	127,802
Pension costs - defined contribution plans		83,445	81,796	81,961	81,618
Pension costs - defined benefit plans	19	84,340	74,757	83,060	73,586
Others		227,699	240,660	225,161	235,873
Total		1,999,055	2,028,577	1,958,760	1,966,644

Defined benefit plans

Details of the defined benefit plans are given in note 19.

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.

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27 Expenses by nature

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Changes in inventories of finished goods and work in progress		1,914,441	1,833,287	1,909,211	1,838,483
Raw materials and consumables used		4,981,605	4,963,112	4,716,451	4,783,429
Employee benefit expenses	26	1,999,055	2,028,577	1,958,760	1,966,444
Depreciation and amortisation		666,754	667,416	648,329	615,592
Marketing expenses	24	540,401	427,515	540,401	427,515
Distribution	24	413,847	359,281	408,768	350,498
Fuel		268,787	258,503	268,574	258,218
Others		782,929	810,050	1,097,148	1,065,750
Total expenses		11,567,819	11,347,741	11,547,642	11,305,929

28 Income tax benefit

Income tax recognised in profit or loss

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Current tax expense					
Current year		-	1,964	-	-
		-	1,964	-	-
Deferred tax expense					
Movements in temporary differences	16	(3,950)	(96,012)	(10,153)	(96,981)
Income tax benefit		(3,950)	(94,048)	(10,153)	(96,981)

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Income tax recognised in other comprehensive income

	Consolidated financial statements					
	2018			2017		
	Before tax	Tax expense	Net of tax <i>(in thousand Baht)</i>	Before tax	Tax expense	Net of tax
Net change in fair value of available-for-sale investments	(11,635)	2,327	(9,308)	(3,702)	740	(2,962)
Defined benefit plan actuarial gains	129,231	(25,801)	103,430	29,574	(5,927)	23,647
Revaluation of property, plant and equipment	-	-	-	(134)	27	(107)
Total	<u>117,596</u>	<u>(23,474)</u>	<u>94,122</u>	<u>25,738</u>	<u>(5,160)</u>	<u>20,578</u>

	Separate financial statements					
	2018			2017		
	Before tax	Tax expense	Net of tax <i>(in thousand Baht)</i>	Before tax	Tax expense	Net of tax
Net change in fair value of available-for-sale investments	(11,635)	2,327	(9,308)	(3,702)	740	(2,962)
Defined benefit plan actuarial gains	127,810	(25,562)	102,248	29,721	(5,944)	23,777
Revaluation of property, plant and equipment	-	-	-	(134)	27	(107)
Total	<u>116,175</u>	<u>(23,235)</u>	<u>92,940</u>	<u>25,885</u>	<u>(5,177)</u>	<u>20,708</u>

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Reconciliation of effective tax rate

	Consolidated financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Loss before income tax expense		(281,686)		(324,970)
Income tax using the Thai corporation tax rate	20.00	(56,337)	20.00	(64,994)
Income not subject to tax		(26,786)		(29,685)
Expenses not deductible for tax purposes		10,594		4,642
Expenses for tax incentives		(11,307)		(11,039)
Reversal of previously recognised deferred tax assets		79,887		7,028
Total	1.40	(3,949)	28.94	(94,048)

	Separate financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Loss before income tax expense		(305,129)		(419,022)
Income tax using the Thai corporation tax rate	20.00	(61,026)	20.00	(83,804)
Income not subject to tax		(26,275)		(13,400)
Expenses not deductible for tax purposes		12,013		4,185
Expenses for tax incentives		(11,198)		(10,990)
Reversal of previously recognised deferred tax assets		76,333		7,028
Total	3.33	(10,153)	23.14	(96,981)

Income tax reduction

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

29 Basic losses per share

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

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht/thousand shares)</i>			
Loss attributable to ordinary shareholders of the Company (basic)	<u>(277,737)</u>	<u>(230,922)</u>	<u>(294,976)</u>	<u>(322,040)</u>
Number of ordinary shares outstanding	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>
Loss per share (basic) (in Baht)	<u>(1.04)</u>	<u>(0.87)</u>	<u>(1.11)</u>	<u>(1.21)</u>

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30 Financial instruments

Financial risk management policies

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

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

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (see Note 4). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

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

	Effective interest rate (% per annum)	Consolidated financial statements		
		Within 1 year	After 5 years (in thousand Baht)	Total
At 30 September 2018				
Non-current				
Long-term loan to a related party	4.05	-	3,000	3,000
At 30 September 2017				
Non-current				
Long-term loan to a related party	4.44	-	3,000	3,000
Separate financial statements				
	Effective interest rate (% per annum)	Within 1 year	After 5 years (in thousand Baht)	Total
At 30 September 2018				
Current				
Short-term loan to a related party	3.10	125,000	-	125,000
Non-current				
Long-term loan to a related party	4.05	-	3,000	3,000
Total		125,000	3,000	128,000
At 30 September 2017				
Current				
Short-term loan to related party	3.10	125,000	-	125,000
Non-current				
Long-term loan to a related party	4.44	-	3,000	3,000
Total		125,000	3,000	128,000

Foreign currency risk

The Group is exposed to foreign currency risk relating to sales of goods and purchases of 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.

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
United States Dollars					
Other payables	18	<u>(1,721)</u>	<u>(1,702)</u>	<u>(1,678)</u>	<u>(1,655)</u>
Gross statement of financial position exposure		<u>(1,721)</u>	<u>(1,702)</u>	<u>(1,678)</u>	<u>(1,655)</u>

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Euro					
Other payables	18	<u>(3,470)</u>	<u>(3,660)</u>	<u>(3,289)</u>	<u>(3,660)</u>
Gross statement of financial position exposure		<u>(3,470)</u>	<u>(3,660)</u>	<u>(3,289)</u>	<u>(3,660)</u>

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Hong Kong Dollars					
Cash and cash equivalents	5	28,874	30,526	-	-
Other payables	18	<u>(26)</u>	<u>(28)</u>	<u>-</u>	<u>-</u>
Gross statement of financial position exposure		<u>28,848</u>	<u>30,498</u>	<u>-</u>	<u>-</u>

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Pound Sterling					
Other payables	18	<u>(17)</u>	<u>(18)</u>	<u>-</u>	<u>-</u>
Gross statement of financial position exposure		<u>(17)</u>	<u>(18)</u>	<u>-</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.

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Liquidity risk

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

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Consolidated financial statements		
	Carrying amount	Fair value Level 1	
	<i>(in thousand Baht)</i>		
30 September 2018			
<i>Financial assets measured at fair value</i>			
Equity securities available for sale	47,863	47,863	
30 September 2017			
<i>Financial assets measured at fair value</i>			
Equity securities available for sale	59,498	59,498	
	Separate financial statements		
	Carrying amount	Fair value	
		Level 1	
		Total	
		<i>(in thousand Baht)</i>	
30 September 2018			
<i>Financial assets measured at fair value</i>			
Equity securities available for sale	47,863	47,863	47,863
		Level 3	Total
		<i>(in thousand Baht)</i>	
<i>Financial liabilities not measured at fair value</i>			
Long-term loans from related parties	1,530,968	1,169,660	1,169,660
		Level 1	Total
		<i>(in thousand Baht)</i>	
30 September 2017			
<i>Financial assets measured at fair value</i>			
Equity securities available for sale	59,498	59,498	59,498
		Level 3	Total
		<i>(in thousand Baht)</i>	
<i>Financial liabilities not measured at fair value</i>			
Long-term loans from related parties	1,530,968	1,431,455	1,431,455

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2018

Financial instruments carried at fair value

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets. The fair value measurement of equity security available for sale is an investment in equity shares of Crown Seal Public Company Limited which listed its equity shares on an exchange and is currently actively traded in the market. The fair value of the investment is determined to be Level 1 under the fair value hierarchy because the equity shares have a published price quotation in an active market at the measurement date.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 Commitments with non-related parties

	Consolidate financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for:</i>				
Buildings, warehouses and improvement	-	599	-	599
Machinery, equipment and tools	1,166	19,759	1,166	19,759
Total	1,166	20,358	1,166	20,358

	Consolidate financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	24,528	42,023	23,359	40,716
After one year but within five years	44,602	47,014	43,783	45,694
After five years	60,979	65,053	60,979	65,053
Total	130,109	154,090	128,121	151,463

	Consolidate financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Other commitments</i>				
<i>Thai Baht</i>				
Bank guarantees	40,306	50,525	36,030	46,249
Total	40,306	50,525	36,040	46,249

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For the year ended 30 September 2018

The Company entered into land, buildings, 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.

Exclusive bottling appointment agreements

The Company entered into an agreement with Pepsi Lipton International Ltd. ("the parties") to be appointed to bottle, sell and distribute bottled tea drink in Thailand. The Company has to comply with certain conditions contained in the agreement which was ended 30 September 2011, including a renewal option. Subsequently on 1 June 2012, the parties made an amendment to set the termination date on 31 December 2015. The parties made an amendment to extend the period of agreement another one year ended on 15 June 2018. Currently, there is no extended contract.

Co-packing agreement

A subsidiary entered into a "Co-packing agreement" with International Refreshment (Thailand) Co., Ltd. ("the parties") to produce bottled tea drink. The subsidiary has to comply with certain conditions contained in the agreement for one year period from 1 January 2017 to 31 December 2017. Currently, there is no renewal of the contract.

32 Credit facilities

As at 30 September 2018 the Group and the Company had unutilised credit facilities totalling Baht 4,393 million and Baht 4,341 million, respectively (*2017: Baht 7,983 million and Baht 7,881 million, respectively*).

33 Contingent liabilities

- (a) Finger scan case, total claim amount of approximately Baht 9 million, the Court of First Instance rendered the judgment in favor of the Company by dismissing all of the plaintiffs' claims. Currently, the case is under consideration of the Appeal Court.
- (b) The 45 employees who were laid off by the Company have filed lawsuits against the Company for unfair termination. The total amount of claim is approximately of Baht 46.99 million. The Company won those cases at Civil Court to which those employees submitted further the Appeal Court. Currently, the cases are under consideration of the Appeal Court.
- (c) The third party lodged a lawsuit claiming compensation from the Company on the ground that one of the Company's track drivers ran the truck into their child resulting in loss of life and property being damaged. The Company as an employer is legally held responsible with the employee to compensate the plaintiff with case capital of THB 2.95 million.
- (d) The third party lodged a lawsuit claiming compensation from the Company on the ground that one of the Company's truck drivers ran the truck into her property which resulted in the outlet owner to suffer damages. The Company as an employer is legally held responsible with the employee to compensate the plaintiff. The case capital is THB 293,000. Currently, the case is under consideration of the Court of First Instance.
- (e) The employee who was laid off by the Company has filed lawsuit against the Company for unfair termination. The total amount of claim is approximately of THB 1.19 million. Currently, the case is under consideration of the Court of First Instance.

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For the year ended 30 September 2018

- (f) The third party lodged a lawsuit claiming compensation from the Company on the ground that one of the Company's truck drivers ran the truck into their father resulting in loss of life. The Company as an employer is legally held responsible with the employee to compensate the plaintiff with case capital of THB 187,100. Currently, the case is under consideration of the Court of First Instance.

34 Thai Financial Reporting Standards (TFRS) not yet adopted

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

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

* TFRS - Financial instruments standards

(a) *TFRS 15 Revenue from Contracts with Customers*

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

(b) *TFRS - Financial instruments standards*

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

Management is presently considering the potential impact of adopting and initially applying TFRS 15, Revenue from Contracts with Customers and TFRS 9, Financial instruments standards on the financial statements.