

**Sermsuk Public Company Limited  
and its Subsidiaries**

Financial statements for the year ended  
31 December 2015  
and  
Independent Auditor's Report

## **Independent Auditor's Report**

### **To the Shareholders of Sermsuk Public Company Limited**

I have audited the accompanying consolidated and separate financial statements of Sermsuk Public Company Limited and its subsidiaries (the "Group") and of Sermsuk Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2015, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*Opinion*

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

*Emphasis of matter*

Without qualifying my opinion, I draw attention to note 2 to the financial statements describing the use of going concern basis of accounting.

(Nirand Lilamethwat)  
Certified Public Accountant  
Registration No. 2316

KPMG Phoomchai Audit Ltd.  
Bangkok  
24 February 2016

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

Assets	Note	Consolidated financial statements			Separate financial statements		
		31 December 2015	31 December 2014	1 January 2014	31 December 2015	31 December 2014	1 January 2014
<i>(in Baht)</i>							
<b>Current assets</b>							
Cash and cash equivalents	5	520,895,498	225,534,056	186,256,297	427,869,163	185,824,569	139,683,614
Trade accounts receivable	4, 6	545,949,232	787,833,525	489,729,373	550,162,936	846,440,880	511,062,789
Other receivables from related parties	4	111,249,634	50,342,423	23,069,357	150,949,102	95,084,836	65,917,526
Other receivables	7	95,202,367	111,564,000	147,703,894	93,139,901	109,016,655	144,854,372
Short-term loans to related parties	4	-	-	-	125,000,000	125,000,000	384,600,000
Inventories	8	663,973,904	699,355,097	680,652,658	608,618,476	618,772,244	520,453,281
Prepaid excise taxes		97,220,289	85,926,702	92,173,879	84,111,343	73,682,622	80,254,863
Other current assets		111,918,564	115,500,539	164,809,085	110,660,224	113,910,787	135,222,421
Non-current assets held for sale	9	-	1,290,504,838	-	-	1,290,504,838	-
<b>Total current assets</b>		<b>2,146,409,488</b>	<b>3,366,561,180</b>	<b>1,784,394,543</b>	<b>2,150,511,145</b>	<b>3,458,237,431</b>	<b>1,982,048,866</b>
<b>Non-current assets</b>							
Restricted deposits at financial institution	34	506,379	495,815	830,263	506,379	495,815	830,263
Investment in an associate	10	431,274,155	379,709,851	276,307,785	30,000,000	30,000,000	30,000,000
Investments in subsidiaries	11	-	-	-	606,634,068	606,634,068	356,634,074
Other long-term investments	12	171,273,089	171,273,089	174,446,315	171,273,089	171,273,089	174,446,315
Long-term loan to a related party	4	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Investment properties	13	276,882,400	270,301,300	232,148,400	276,882,400	270,301,300	232,148,400
Property, plant and equipment	14	8,692,370,724	9,055,844,320	10,182,282,664	8,193,185,927	8,525,093,747	9,621,954,671
Intangible assets	15	17,918,898	18,047,560	21,317,623	15,836,095	16,017,125	16,504,125
Deferred tax assets	16	8,258,154	10,433,632	3,966,372	-	-	-
Other non-current assets		115,497,874	71,281,821	22,287,345	91,434,108	47,992,749	22,252,905
<b>Total non-current assets</b>		<b>9,716,981,673</b>	<b>9,980,387,388</b>	<b>10,916,586,767</b>	<b>9,388,752,066</b>	<b>9,670,807,893</b>	<b>10,457,770,753</b>
<b>Total assets</b>		<b>11,863,391,161</b>	<b>13,346,948,568</b>	<b>12,700,981,310</b>	<b>11,539,263,211</b>	<b>13,129,045,324</b>	<b>12,439,819,619</b>

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



# Sermasuk Public Company Limited and its Subsidiaries

## Statement of comprehensive income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2015	2014	2015	2014
<i>(in Baht)</i>					
<b>Income</b>					
Revenue from sale of goods and rendering of services	4, 23	10,514,638,690	10,384,808,947	10,468,160,765	10,366,234,037
Revenue from sale of trademark		-	1,280,810,294	-	-
Gain on disposal of non-current assets held for sale	9	445,765,957	-	445,765,957	-
Other income	24	256,501,496	132,943,155	305,004,306	195,366,229
<b>Total income</b>		<b>11,216,906,143</b>	<b>11,798,562,396</b>	<b>11,218,931,028</b>	<b>10,561,600,266</b>
<b>Expenses</b>					
Cost of sales of goods and rendering of services	4	8,333,330,349	7,712,636,709	8,367,196,177	7,863,407,320
Selling expenses	25	2,227,029,874	3,091,281,604	2,212,489,869	3,076,197,466
Administrative expenses	26	1,159,106,185	1,145,648,107	1,141,905,350	1,104,140,626
Finance costs		10,548,114	39,125,326	10,548,114	39,125,326
<b>Total expenses</b>		<b>11,730,014,522</b>	<b>11,988,691,746</b>	<b>11,732,139,510</b>	<b>12,082,870,738</b>
Share of profit of an associate, net of income tax	10	105,564,305	161,422,066	-	-
<b>Loss before income tax expense</b>		<b>(407,544,074)</b>	<b>(28,707,284)</b>	<b>(513,208,482)</b>	<b>(1,521,270,472)</b>
Income tax benefit	29	102,672,869	316,791,000	112,795,283	319,105,187
<b>Profit (loss) for the year</b>		<b>(304,871,205)</b>	<b>288,083,716</b>	<b>(400,413,199)</b>	<b>(1,202,165,285)</b>
<b>Other comprehensive income</b>					
<i>Items that will never be reclassified to profit or loss</i>					
Defined benefit plan actuarial gain	20	9,442,665	45,427,788	9,570,032	46,173,227
Income tax on other comprehensive income	29	(1,906,462)	(9,121,368)	(1,914,006)	(9,234,645)
		<b>7,536,203</b>	<b>36,306,420</b>	<b>7,656,026</b>	<b>36,938,582</b>
<i>Items that are or may be reclassified to profit or loss</i>					
Foreign currency translation differences for foreign operations		102,334	20,224,426	-	-
Net change in fair value of available-for-sale investments	12	-	(3,173,226)	-	(3,173,226)
Income tax on other comprehensive income	29	-	634,645	-	634,645
		<b>102,334</b>	<b>17,685,845</b>	<b>-</b>	<b>(2,538,581)</b>
<b>Other comprehensive income for the year, net of income tax</b>		<b>7,638,537</b>	<b>53,992,265</b>	<b>7,656,026</b>	<b>34,400,001</b>
<b>Total comprehensive income (loss) for the year</b>		<b>(297,232,668)</b>	<b>342,075,981</b>	<b>(392,757,173)</b>	<b>(1,167,765,284)</b>
<b>Basic earnings (losses) per share (in Baht)</b>	30	<b>(1.15)</b>	<b>1.08</b>	<b>(1.51)</b>	<b>(4.52)</b>

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	Fair value changes in available-for-sale investments	Revaluation surplus	Revaluation surplus on land related to non-current asset held for sale	Share premium from business combination under common control	Total other components of equity	Total equity
<b>Year ended 31 December 2014</b>												
<b>Balance at 1 January 2014</b>	265,900,484	1,342,448,425	26,795,766	2,785,000,000	555,950,971	10,792,206	20,731,743	3,427,308,293	-	(32,332,915)	3,426,499,327	8,402,594,973
<b>Comprehensive income for the year</b>												
Profit	-	-	-	-	288,083,716	-	-	-	-	-	-	288,083,716
Other comprehensive income	-	-	-	-	36,306,420	20,224,426	(2,538,581)	-	-	-	17,685,845	53,992,265
<b>Total comprehensive income for the year</b>	-	-	-	-	324,390,136	20,224,426	(2,538,581)	-	-	-	17,685,845	342,075,981
Transfer to unappropriated retained earnings	-	-	-	(500,000,000)	500,000,000	-	-	-	-	-	-	-
Transfer to revaluation surplus on land related to non-current assets held for sale	9	-	-	-	-	-	-	(1,020,757,124)	1,020,757,124	-	-	-
<b>Balance at 31 December 2014</b>	<u>265,900,484</u>	<u>1,342,448,425</u>	<u>26,795,766</u>	<u>2,285,000,000</u>	<u>1,380,341,107</u>	<u>31,016,632</u>	<u>18,193,162</u>	<u>2,406,551,169</u>	<u>1,020,757,124</u>	<u>(32,332,915)</u>	<u>3,444,185,172</u>	<u>8,744,670,954</u>

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											Total equity
	Retained earnings					Other components of 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	Revaluation surplus on land related to non-current assets held for sale	Share premium from business combination under common control	Total other components of equity	
Note												
<b>Year ended 31 December 2015</b>	<b>265,900,484</b>	<b>1,342,448,425</b>	<b>26,795,766</b>	<b>2,285,000,000</b>	<b>1,380,341,107</b>	<b>31,016,632</b>	<b>18,193,162</b>	<b>2,406,551,169</b>	<b>1,020,757,124</b>	<b>(32,332,915)</b>	<b>3,444,185,172</b>	<b>8,744,670,954</b>
<b>Balance at 1 January 2015</b>												
<b>Comprehensive income for the year</b>												
Loss	-	-	-	-	(304,871,205)	-	-	-	-	-	-	(304,871,205)
Other comprehensive income	-	-	-	-	7,536,203	102,334	-	-	-	-	102,334	7,638,537
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(297,335,002)</b>	<b>102,334</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102,334</b>	<b>(297,232,668)</b>
Transfer to retained earnings	9	-	-	-	1,020,757,124	-	-	-	(1,020,757,124)	-	(1,020,757,124)	-
<b>Balance at 31 December 2015</b>	<b>265,900,484</b>	<b>1,342,448,425</b>	<b>26,795,766</b>	<b>2,285,000,000</b>	<b>2,103,763,229</b>	<b>31,118,966</b>	<b>18,193,162</b>	<b>2,406,551,169</b>	<b>-</b>	<b>(32,332,915)</b>	<b>2,423,530,382</b>	<b>8,447,438,286</b>

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



**Sermasuk Public Company Limited and its Subsidiaries**

**Statement of changes in equity**

	Separate financial statements										
	Note	Retained earnings				Other components of equity				Total other components of equity	Total equity
		Issued and paid-up share capital	Share premium	Legal reserve	General reserve	Unappropriated	Fair value changes in available-for-sale investments	Revaluation surplus	Revaluation surplus on land related to non-current assets held for sale		
<i>(in Baht)</i>											
<b>Year ended 31 December 2014</b>											
<b>Balance at 1 January 2014</b>		265,900,484	1,342,448,425	26,795,766	2,785,000,000	163,491,127	20,731,743	3,331,288,914	-	3,352,020,657	7,935,656,459
<b>Comprehensive income for the year</b>											
Loss		-	-	-	-	(1,202,165,285)	-	-	-	-	(1,202,165,285)
Other comprehensive income		-	-	-	-	36,938,582	(2,538,581)	-	-	(2,538,581)	34,400,001
<b>Total comprehensive income for the year</b>		-	-	-	-	<b>(1,165,226,703)</b>	<b>(2,538,581)</b>	-	-	<b>(2,538,581)</b>	<b>(1,167,765,284)</b>
Transfer to unappropriated retained earnings		-	-	-	(500,000,000)	500,000,000	-	-	-	-	-
Transfer to revaluation surplus on land related to non-current assets held for sale	9	-	-	-	-	-	-	(1,020,757,124)	1,020,757,124	-	-
<b>Balance at 31 December 2014</b>		<b>265,900,484</b>	<b>1,342,448,425</b>	<b>26,795,766</b>	<b>2,285,000,000</b>	<b>(501,735,576)</b>	<b>18,193,162</b>	<b>2,310,531,790</b>	<b>1,020,757,124</b>	<b>3,349,482,076</b>	<b>6,767,891,175</b>

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					
Note	Issued and paid-up share capital	Share premium	Legal reserve	General reserve	Unappropriated	Fair value changes in available-for-sale investments	Revaluation surplus	Revaluation surplus on land related to non-current assets held for sale	Total other components of equity	Total equity	
<i>(in Baht)</i>											
<b>Year ended 31 December 2015</b>											
	<b>265,900,484</b>	<b>1,342,448,425</b>	<b>26,795,766</b>	<b>2,285,000,000</b>	<b>(501,735,576)</b>	<b>18,193,162</b>	<b>2,310,531,790</b>	<b>1,020,757,124</b>	<b>3,349,482,076</b>	<b>6,767,891,175</b>	
	<b>Balance at 1 January 2015</b>										
<b>Comprehensive income for the year</b>											
	-	-	-	-	(400,413,199)	-	-	-	-	(400,413,199)	
	-	-	-	-	7,656,026	-	-	-	-	7,656,026	
	-	-	-	-	<b>(392,757,173)</b>	-	-	-	-	<b>(392,757,173)</b>	
	<b>Total comprehensive income for the year</b>										
	-	-	-	-	1,020,757,124	-	-	(1,020,757,124)	(1,020,757,124)	-	
	<b>265,900,484</b>	<b>1,342,448,425</b>	<b>26,795,766</b>	<b>2,285,000,000</b>	<b>126,264,375</b>	<b>18,193,162</b>	<b>2,310,531,790</b>	<b>-</b>	<b>2,328,724,952</b>	<b>6,375,134,002</b>	
	<b>Balance at 31 December 2015</b>										

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

# Sermsuk Public Company Limited and its Subsidiaries

## Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2015	2014	2015	2014
<i>(in Baht)</i>					
<b><i>Cash flows from operating activities</i></b>					
Profit (loss) for the year		(304,871,205)	288,083,716	(400,413,199)	(1,202,165,285)
<b><i>Adjustments for</i></b>					
Depreciation and amortisation		721,245,181	684,032,649	669,522,974	632,816,226
Interest income		(3,297,837)	(2,284,435)	(6,721,660)	(9,124,637)
Finance costs		10,548,114	39,125,326	10,548,114	39,125,326
Dividends income	24	(2,901,049)	(4,059,243)	(56,901,049)	(62,079,243)
Unrealised (gain) loss on exchange		266,636	(2,559,312)	266,636	(2,561,299)
Allowance for doubtful accounts	6, 7	7,485,878	23,874,319	7,485,878	23,874,319
Allowance for decline in value of inventories		160,865,590	7,737,689	155,782,656	1,806,153
Gain on sale of trademark		-	(1,280,810,294)	-	-
Gain on disposal of non-current assets held for sale	9	(445,765,957)	-	(445,765,957)	-
Gain on disposal of plant and equipment	24	(13,542,072)	(19,995,102)	(13,542,072)	(19,366,178)
Fair value changes in investment properties	13	(6,581,100)	(38,152,900)	(6,581,100)	(38,152,900)
Loss on write-off equipment and intangible assets		-	2,769,238	-	-
Impairment losses on equipment	14	65,125,427	-	65,125,427	-
Employee benefit expenses		84,163,332	96,233,010	83,036,375	95,259,807
Provision		27,243,589	-	24,578,589	-
Share of profit of an associate, net of income tax	10	(105,564,305)	(161,422,066)	-	-
Income tax benefit	29	(102,672,869)	(316,791,000)	(112,795,283)	(319,105,187)
		91,747,353	(684,218,405)	(26,373,671)	(859,672,898)
<b><i>Changes in operating assets and liabilities</i></b>					
Trade accounts receivable		238,004,355	(321,595,745)	292,398,005	(358,867,696)
Other receivables from related parties		(60,907,212)	(27,273,066)	(55,864,404)	(29,851,847)
Other receivables		(6,108,202)	36,035,814	(6,592,943)	35,733,636
Inventories		(125,484,397)	(33,940,128)	(145,628,888)	(107,625,115)
Prepaid excise taxes		(11,293,587)	6,247,176	(10,428,721)	6,572,241
Other current assets		8,969,169	11,135,834	3,250,587	3,842,804
Other non-current assets		(868,249)	4,876,322	(868,249)	4,876,322
Trade accounts payable		46,551,323	109,260,248	67,626,801	266,003,876
Other payables to related parties		94,321,500	67,797,854	61,271,791	(67,308,538)
Other payables		(239,986,503)	213,263,542	(232,557,418)	200,493,411
Customers' deposits on bottles and cases		(1,448,304)	(85,533,913)	(1,448,304)	(85,533,913)
Other current liabilities		27,628,396	(17,225,729)	31,930,179	(3,880,143)
Employee benefit paid		(34,606,803)	(27,455,969)	(42,904,720)	(27,436,919)
Cash used in operating activities		26,518,839	(748,626,165)	(66,189,955)	(1,022,654,779)
Income tax paid		(58,939,018)	(20,785,876)	(43,447,225)	(12,925,090)
<b>Net cash used in operating activities</b>		<b>(32,420,179)</b>	<b>(769,412,041)</b>	<b>(109,637,180)</b>	<b>(1,035,579,869)</b>

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

## Sernsuk Public Company Limited and its Subsidiaries

### Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		Year ended 31 December		Year ended 31 December	
		2015	2014	2015	2014
<i>(in Baht)</i>					
<b><i>Cash flows from investing activities</i></b>					
Interest received		3,297,837	2,284,435	6,721,660	9,809,174
Dividends received		56,901,049	62,079,243	56,901,049	62,079,243
Short-term loans to related parties		-	-	-	259,600,000
Payment of shares to a subsidiary		-	-	-	(249,999,994)
Sale of trademark		-	1,280,810,294	-	-
Proceeds from disposal of non-current assets held for sale	9	1,736,270,795	-	1,736,270,795	-
Restricted deposits at financial institution		(10,564)	334,448	(10,564)	334,448
Purchase of plant and equipment		(468,211,995)	(835,821,313)	(447,706,837)	(809,207,357)
Sale of plant, equipment and intangible assets		17,758,801	22,069,552	17,758,801	21,428,430
Purchase of intangible assets		(6,884,481)	(989,767)	(6,810,975)	(989,767)
<b>Net cash from (used in) investing activities</b>		<b>1,339,121,442</b>	<b>530,766,892</b>	<b>1,363,123,929</b>	<b>(706,945,823)</b>
<b><i>Cash flows from financing activities</i></b>					
Interest paid		(11,442,155)	(42,185,705)	(11,442,155)	(42,185,705)
Dividend paid to the owners of the Company		-	(115,813)	-	(115,813)
Proceeds from short-term loan from a related party		-	-	-	1,530,968,165
Proceeds from short-term loans from financial institutions		700,000,000	2,150,000,000	700,000,000	2,150,000,000
Repayment of short-term loans from financial institutions		(1,700,000,000)	(1,850,000,000)	(1,700,000,000)	(1,850,000,000)
<b>Net cash from (used in) financing activities</b>		<b>(1,011,442,155)</b>	<b>257,698,482</b>	<b>(1,011,442,155)</b>	<b>1,788,666,647</b>
<b>Net increase in cash and cash equivalents</b>		<b>295,259,108</b>	<b>19,053,333</b>	<b>242,044,594</b>	<b>46,140,955</b>
Cash and cash equivalents at 1 January		225,534,056	186,256,297	185,824,569	139,683,614
Foreign currency translation difference for foreign operation		102,334	20,224,426	-	-
<b>Cash and cash equivalents at 31 December</b>	5	<b>520,895,498</b>	<b>225,534,056</b>	<b>427,869,163</b>	<b>185,824,569</b>
<b><i>Non-cash transactions</i></b>					
Increase (decrease) in payables for acquisition of machinery and equipment		(45,188,732)	9,568,848	(44,818,866)	14,545,430
Reclassified from short-term loan to long-term loan from a related party		-	-	1,530,968,165	-

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

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# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 24 February 2016.

### 1 General information

Sermsuk Public Company Limited, “the Company”, is incorporated in Thailand and has its registered office at 252/35-36, Muang Thai-Phatra Complex, Tower 1, 27-28th Floor, Rachadapisek Road, Huay Kwang, Bangkok. 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 year were Thai Beverage Logistics Co., Ltd. and Thai Beverage Public Company Limited. Both were incorporated in Thailand.

On 28 December 2015, the immediate parent company changed from Thai Beverage Logistics Co., Ltd. to So Water Co., Ltd. It is incorporated in Thailand.

The principal activities of the Group are to produce and distribute soft drinks, drinking water, mixers and other beverages, including as distributor of energy drinks and tea. Details of the Company’s subsidiaries as at 31 December 2015 and 2014 were as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			2015	2014
<b><i>Direct subsidiaries</i></b>				
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
<b><i>Indirect subsidiaries</i></b>				
Serm Suk Beverage Co., Ltd.	Produce and distribute tea, fruit juice and sports drinks	Thailand	99.99	99.99
Wrangyer Beverage (2008) Co., Ltd.	Produce and distribute energy drink	Thailand	99.99	99.99

### 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.

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. 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 other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 36.

#### (b) *Basis of measurement*

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

<i>Items</i>	<i>Measurement bases</i>
Available-for-sale financial assets	Fair value
Investment properties	Fair value
Net defined benefit liability	Present value of the defined benefit obligation, limited as explained in Note 20

#### (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.

#### (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 policies and 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(s)	Current and deferred taxation
Note 13	Valuation of investment properties
Note 16	Utilisation of tax losses
Note 20	Measurement of defined benefit obligations
Note 34	Provisions and contingencies

#### *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.

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

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 Finance Officer.

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

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.

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, and
- Note 31 financial instruments.

#### (e) *Use of going concern basis of accounting*

The Group incurred a net loss of Baht 304.87 million for the year ended 31 December 2015 (2014: net profit of Baht 288.08 million) and the Company incurred a net loss of Baht 400.41 million for the year ended 31 December 2015 (2014: Baht 1,202.17 million). As of that date, the Group's and the Company's current liabilities exceeded current assets by Baht 283.88 million and 519.77 million, respectively (2014: Baht 137.23 million and Baht 1,827.10 million, respectively). Those conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

The Company's management has given careful consideration to the Group's and Company's financial and liquidity position and has executed plans to systematically improve the efficiency of distribution and sales by implementing modern technology enhancement as sales support to effectively reach targeted current and new customers both revenue and diversity of products. Moreover, the Group has expense control plans for savings in the areas of production cost continuing from last year, logistics and distribution, and other administrative expenses to improve its financial position, liquidity, cash flows and operating results.



# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

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. Therefore, these financial statements do not include any re-classification of assets carrying amounts or the amount and classification of liabilities that might be necessary should the Group and the Company be unable to continue as going concerns.

### 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.

##### *Interests in equity-accounted investees*

The Group’s interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates is accounted for using the equity method. It is 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 investees, until the date on which significant influence or joint control ceases.

##### *Transactions eliminated on consolidation*

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

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

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

#### **(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 operation*

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

The revenues and expenses of foreign operation is 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 presented 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.

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.

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

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

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

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

Cost of finished goods, work in progress, other supplies, and bottles and cases 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) Non-current assets held for sale**

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

#### **(g) 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.

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.

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

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

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

#### **(h) 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.

#### **(i) 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.

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.

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

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.

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.

#### **(j) Intangible assets**

##### *Trademarks*

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

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### *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.

#### **(k) 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.

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.

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

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

#### *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.

#### **(l) Interest-bearing liabilities**

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

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

Trade and other accounts payable are stated at cost.

#### **(n) Employee benefits**

##### *Defined contribution plans*

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

##### *Defined benefit plans*

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

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

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized 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 recognized in profit or loss.

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

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

#### *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 recognized 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 recognizes 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.

#### **(o) 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.

#### **(p) 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.

#### *Loyalty programmes*

The Group has a customer loyalty programme whereby customers are awarded credits (Points) entitling customers to the right to purchase products from the Group at a discount or qualify for a free gift. The fair value of the consideration received or receivable in respect of the initial sale is allocated between the Points and the other components of the sale. The amount allocated to the Points is estimated by reference to the fair value of the right to purchase products at a discount or fair value of the free gift. The fair value is estimated based on the amount of the discount adjusted to take into account the expected forfeiture rate. Such amount is deferred and revenue is recognised only when the Points are redeemed and the Group has fulfilled its obligations to supply the products. The amount of revenue recognised in those circumstances is based on the number of Points that have been redeemed in exchange for discounted products, relative to the total number of Points that is expected to be redeemed. Deferred revenue is also released to profit or loss when it is no longer considered probable that the Points will be redeemed.



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

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

#### *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 it accrues.

#### **(q) Finance costs**

Finance costs comprise interest expense on borrowings.

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

#### **(r) 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.

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.

#### **(s) 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 items recognised directly in equity or in other comprehensive income.

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

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

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

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

#### **(t) *Earnings (losses) per share***

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

#### **(u) *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.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 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, subsidiaries and an associate are described in notes 1, 10 and 11. Relationships with key management and other related parties that have transactions with the Group were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.
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
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
Sang Som 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
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
Num Thurakij Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Muang Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Nakorn Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Palang Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Kijjakarn Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Numrungrad Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Numthip Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Yuk Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Pomklung 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
Cash Van 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
Chang International Co., Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
InterBev (Singapore) Limited	Singapore	Indirect subsidiary of the ultimate parent company
Super Brands Company Pte Ltd.	Singapore	Indirect subsidiary of the ultimate parent company
Fraser and Neave, Limited	Singapore	Associated of the ultimate parent company
F&N Interflavine Pte Ltd.	Singapore	Affiliated company in associate of the ultimate parent company

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

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
F&N Beverages Manufacturing Sdn Bhd	Malaysia	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.
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
Supcharoennakorn Co., Ltd (formerly: Kasemsapsiri 4 Co., Ltd)	Thailand	Ultimate parent company has common controlling equity holders
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

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

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

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

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

<i>Year ended 31 December</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>An associate</b>				
Purchase of raw materials	627,874	730,166	627,874	730,166
Dividend income	54,000	58,020	54,000	58,020
Other income	3,575	-	3,575	-
<b>Subsidiaries</b>				
Sale of goods and rendering of services	-	-	220,700	184,800
Purchase of finished goods and services	-	-	566,645	626,798
Trademark fee	-	-	-	116,191
Interest income	-	-	-	7,442
Selling and administrative expenses	-	-	19,448	11,119
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	89,437	75,480	89,437	75,480
Post-employment benefits	4,093	5,337	4,093	5,337
Other long-term benefits	3	3	3	3
Directors' remunerations	7,438	9,962	7,438	9,962
Total key management personnel compensation	<u>100,971</u>	<u>90,782</u>	<u>100,971</u>	<u>90,782</u>
<b>Other related parties</b>				
Sale of goods and rendering of services	2,856,565	483,458	2,799,851	483,458
Revenue from sale of trademark	-	1,280,810	-	-
Gain on disposal of non-current assets held for sale	445,766	-	445,766	-
Other income	168,608	3,439	163,408	3,418
Dividend income	2,901	4,059	2,901	4,059
Purchase of finished goods and raw materials	3,241,912	2,314,509	3,151,185	2,230,895
Subsidy for marketing expense	538,119	158,603	538,119	158,603
Selling expenses	201,400	111,214	201,400	111,214
Administrative expenses	63,590	35,169	61,917	34,833

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

<i>Trade accounts receivable from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Ultimate parent company	-	1	-	1
Subsidiaries	-	-	49,438	88,338
Other related parties	250,675	361,632	237,520	361,632
<b>Total</b>	<u>250,675</u>	<u>361,633</u>	<u>286,958</u>	<u>449,971</u>

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

<i>Other receivables from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	44,749	44,754
An associate	2,086	1,527	2,086	1,527
Other related parties	109,164	48,815	104,114	48,804
<b>Total</b>	<b>111,250</b>	<b>50,342</b>	<b>150,949</b>	<b>95,085</b>

<i>Loans to related parties</i>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014	2015	2014
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<i>Short-term loan</i>						
Subsidiary	3.10	3.10	-	-	125,000	125,000
<i>Long-term loan</i>						
Other related party	4.56	4.50	3,000	3,000	3,000	3,000
<b>Total</b>			<b>3,000</b>	<b>3,000</b>	<b>128,000</b>	<b>128,000</b>

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

<i>Short-term loans to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
At 1 January	-	-	125,000	384,600
Decreased	-	-	-	(259,600)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>125,000</b>	<b>125,000</b>

There were no movements on the long-term loan to a related party during the years ended 31 December 2015 and 2014.

<i>Trade accounts payable to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	315,718	293,869
An associate	170,566	127,693	170,566	127,693
Other related parties	366,163	346,362	355,600	323,221
<b>Total</b>	<b>536,729</b>	<b>474,055</b>	<b>841,884</b>	<b>744,783</b>

<i>Other payables to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	1,346	34,316
Other related parties	186,778	92,457	186,674	92,432
<b>Total</b>	<b>186,778</b>	<b>92,457</b>	<b>188,020</b>	<b>126,748</b>

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

<i>Loans from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Short-term loan</b>				
Subsidiary	-	-	-	1,530,968
<b>Long-term loan</b>				
Subsidiary	-	-	1,530,968	-
<b>Total</b>	<u>-</u>	<u>-</u>	<u>1,530,968</u>	<u>1,530,968</u>

There were no movements on the loan from a related party during the years ended 31 December 2015 and 2014.

***Balances with key management personnel***

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Employee benefit obligations	73,295	77,497	73,295	77,497

***Significant agreements with related parties***

*Loan agreements*

On 21 May 2009, the Company and a related company, “Borrower”, agreed to long-term loan agreements with of The Pet Co., Ltd. in the amount of Baht 3 million, and repay within 20 May 2014. These agreements shall continue to be in effect for another period of five years if there is no change at the maturity date. Interests are payable quarterly at the MRR of a financial institution at the beginning of each quarter. Subsequently on 1 January 2013, the Company and 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 9 September 2015, the Company and the Lender made an amendment to repay the principle after four years from the drawdown date or such other agreed date which beyond the maturity date. At 31 December 2015, the Company had utilised loan facility totalling Baht 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.

A subsidiary entered into an agreement with a related party in order to appoint to produce energy drink under “Ranger” trademark. A subsidiary has to comply with conditions as specified in the agreement. The agreement is for one year and ends on 31 July 2016.

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### *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 certain conditions contained in the agreement for a period of three years including a renewal option.

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

The Company and its subsidiary entered into a “Co-packing and Distribution” agreement with a related company to produce and distribute returnable glass bottled 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.

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.

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.

#### *Trademark license agreement*

The Company entered into a trademark license agreement with a subsidiary for the right to use trademark in producing, packaging, selling and distributing the products as stipulated in the agreement. The Company has to comply with certain conditions contained in the agreement for which the duration is not specified. This agreement was effective from 2 November 2012. The Company is committed to pay a trademark fee at the rate as stipulated in the agreement. Subsequently on 24 December 2014, the Company terminated the agreement, effective from 31 December 2014 onwards.

#### *Consultancy Services Agreement*

The Company entered into a Consultancy Services Agreement with a related company to manage warehouse, product distribution, and supply chain especially overseas market. The Company has to comply with conditions as specified in the agreement. The agreement is for a period of two years, effective from 1 January 2015 to 31 December 2016 with service fee in amount of Baht 130 million per year.

#### *Commitments with related parties*

##### *Operating lease commitments*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Within one year	14,606	12,056	14,606	11,804
After one year but within five years	23,298	19,838	23,298	19,838
<b>Total</b>	<b>37,904</b>	<b>31,894</b>	<b>37,904</b>	<b>31,642</b>

##### *Other commitment*

As at 31 December 2015, the Company had a commitment for purchase orders for goods with related parties amounting to Baht 146.31 million (2014: None).



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

**5 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Cash on hand	23,822	22,964	23,792	22,934
Call deposits	497,074	202,570	404,077	162,891
<b>Total</b>	<b>520,896</b>	<b>225,534</b>	<b>427,869</b>	<b>185,825</b>

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	487,440	219,928	427,869	185,825
Hong Kong Dollars (HKD)	33,456	5,606	-	-
<b>Total</b>	<b>520,896</b>	<b>225,534</b>	<b>427,869</b>	<b>185,825</b>

**6 Trade accounts receivable**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Related parties	4	250,675	361,633	286,958	449,971
Other parties		339,208	466,255	307,139	436,524
<b>Total</b>		<b>589,883</b>	<b>827,888</b>	<b>594,097</b>	<b>886,495</b>
<i>Less</i> allowance for doubtful accounts		(43,934)	(40,054)	(43,934)	(40,054)
<b>Net</b>		<b>545,949</b>	<b>787,834</b>	<b>550,163</b>	<b>846,441</b>
Bad and doubtful debts expenses for the year		<b>3,880</b>	<b>23,488</b>	<b>3,880</b>	<b>23,488</b>

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

Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	236,337	299,463	285,775	387,801
Overdue:				
Less than 1 month	5,737	62,170	1,183	62,170
1 - 3 months	8,601	-	-	-
	<b>250,675</b>	<b>361,633</b>	<b>286,958</b>	<b>449,971</b>
<b>Other parties</b>				
Within credit terms	207,524	180,698	185,519	159,511
Overdue:				
Less than 1 month	67,168	88,174	57,104	79,671
1 - 3 months	26,363	169,954	26,363	169,954
Over 3 months	38,153	27,429	38,153	27,388
	<b>339,208</b>	<b>466,255</b>	<b>307,139</b>	<b>436,524</b>
Less allowance for doubtful accounts	(43,934)	(40,054)	(43,934)	(40,054)
<b>Net</b>	<b>295,274</b>	<b>426,201</b>	<b>263,205</b>	<b>396,470</b>
<b>Total</b>	<b>545,949</b>	<b>787,834</b>	<b>550,163</b>	<b>846,441</b>

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

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	545,949	787,554	550,163	846,161
United States Dollars (USD)	-	280	-	280
<b>Total</b>	<b>545,949</b>	<b>787,834</b>	<b>550,163</b>	<b>846,441</b>

**7 Other receivables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Other receivables	53,367	62,457	53,367	62,417
Less allowance for doubtful accounts	(25,706)	(22,101)	(25,706)	(22,101)
<b>Net</b>	<b>27,661</b>	<b>40,356</b>	<b>27,661</b>	<b>40,316</b>
Prepaid expenses	51,113	61,931	49,531	59,946
Advance payment	8,535	8,930	8,056	8,408
Unearned revenue	7,893	347	7,892	347
<b>Total</b>	<b>95,202</b>	<b>111,564</b>	<b>93,140</b>	<b>109,017</b>
Bad and doubtful debts expenses for the year	<b>3,605</b>	<b>386</b>	<b>3,605</b>	<b>386</b>

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

**8 Inventories**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Finished goods	496,535	461,444	489,382	452,415
Work in progress	3,337	5,327	3,337	5,327
Raw materials and supplies	281,515	187,677	227,573	115,803
Spare parts	117,225	117,050	112,019	111,508
Other supplies	2,425	4,054	2,425	4,054
	<b>901,037</b>	<b>775,552</b>	<b>834,736</b>	<b>689,107</b>
<i>Less</i> allowance for decline in value	(237,063)	(76,197)	(226,118)	(70,335)
<b>Net</b>	<b>663,974</b>	<b>699,355</b>	<b>608,618</b>	<b>618,772</b>
Inventories recognised as an expense in ‘cost of sales of goods’:				
- Cost	8,006,288	7,524,560	8,237,074	7,852,573
- Write-down to net realisable value	185,734	32,627	180,651	26,578
- Reversal of write-down	(24,868)	(24,889)	(24,868)	(24,772)
<b>Net</b>	<b>8,167,154</b>	<b>7,532,298</b>	<b>8,392,857</b>	<b>7,854,379</b>

**9 Non-current assets held for sale**

As at the extraordinary general meeting of the shareholders of the Company held on 23 December 2014, shareholders has resolved to approve entering into a sales transaction for land and buildings of Thonburi branch with a related party. Therefore such assets were presented as non-current assets held for sale. Subsequently, on 17 April 2015, the Company entered into a sales agreement and completed the transfer of the land and buildings of Thonburi branch to the related party at the Department of Land. The proceeds from the sale of the land and buildings of Thonburi branch, net of related selling expenses of Baht 1,736.27 million, resulted in an increase in retained earnings by transfer of revaluation surplus of land in the amount of Baht 1,020.76 million, and recognition of a gain of Baht 445.77 million on the sale of assets held for sale in the statement of comprehensive income for the year ended 31 December 2015.

**10 Investment in an associate**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
At 1 January	379,710	276,308	30,000	30,000
Share of net profit of equity				
- accounted investment	105,564	161,422	-	-
Dividend income	(54,000)	(58,020)	-	-
<b>At 31 December</b>	<b>431,274</b>	<b>379,710</b>	<b>30,000</b>	<b>30,000</b>

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

Investment in an associate as at 31 December 2015 and 2014, and dividend income from this investment for the years then ended, were as follows:

	Ownership interest		Paid-up capital		<b>Consolidated financial statements</b>				Dividend income	
	2015	2014	2015	2014	Cost		Equity		2015	2014
	2015 2014		2015 2014		2015	2014	2015	2014	2015	2014
	<i>(%)</i>				<i>(in thousand Baht)</i>					
Petform (Thailand) Limited	40	40	75,000	75,000	<u>30,000</u>	<u>30,000</u>	<u>431,274</u>	<u>379,710</u>	<u>54,000</u>	<u>58,020</u>
					<b>Separate financial statements</b>					
	Ownership interest		Paid-up capital		Cost		Dividend income			
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	<i>(%)</i>				<i>(in thousand Baht)</i>					
Petform (Thailand) Limited	40	40	75,000	75,000	<u>30,000</u>	<u>30,000</u>	<u>54,000</u>	<u>58,020</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.

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

*An associate*

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.

	<b>Petform (Thailand) Limited</b>	
	2015	2014
	<i>(in thousand Baht)</i>	
Revenue	2,578,741	2,874,154
Profit from continuing operations	265,665	403,555
Other comprehensive income	(6,298)	(665)
<b>Total comprehensive income</b>	<b>259,367</b>	<b>402,890</b>
Current assets	694,707	706,749
Non-current assets	1,613,335	1,596,401
Current liabilities	(486,671)	(881,280)
Non-current liabilities	(747,882)	(472,748)
<b>Net assets</b>	<b>1,073,489</b>	<b>949,122</b>
Attributable to investee's shareholders	1,073,489	949,122
Group's interest in net assets of investee at 1 January	379,710	276,308
Total comprehensive income attributable to the Group	105,564	161,422
Dividends received during the year	(54,000)	(58,020)
<b>Carrying amount of interest in investee at 31 December</b>	<b>431,274</b>	<b>379,710</b>

**11 Investments in subsidiaries**

	<b>Separate</b>	
	<b>financial statements</b>	
	2015	2014
	<i>(in thousand Baht)</i>	
At 1 January	606,634	356,634
Payment of the remaining unpaid portion of shares	-	150,000
Acquisitions	-	100,000
<b>At 31 December</b>	<b>606,634</b>	<b>606,634</b>

At the Board of Directors meeting of Sermsuk Holdings Co., Ltd., a subsidiary of the Company, held on 14 January 2014, the Board of Directors approved for shareholders to pay up the remaining unpaid portion of shares of Baht 3 per share, amounting to Baht 150 million. The unpaid portion of shares was paid in March 2014.

At the Board of Directors meeting of the Company held on 11 August 2014, the Board of Directors approved to subscribe for the additional share capital in Sermsuk Holdings Co., Ltd., a subsidiary of the Company, of 10 million ordinary shares with a Baht 10 par value, amounting to Baht 100 million. The additional share capital was paid in September 2014.

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

Investments in subsidiaries as at 31 December 2015 and 2014, and dividend income from those investments for the years then ended, were as follows:

Subsidiaries	Type of business	Separate financial statements								
		Ownership interest		Paid-up capital		Cost		Dividend income		
		2015	2014	2015	2014	2015	2014	2015	2014	
		(%)				(in thousand Baht)				
<i>Direct subsidiaries</i>										
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	-	-	
<b>Total</b>						<b>606,634</b>	<b>606,634</b>	<b>-</b>	<b>-</b>	

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

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

**12 Other long-term investments**

Other long-term investments as at 31 December 2015 and 2014, and dividend income from those investments for the years then ended, were as follows:

	<b>Consolidated and Separate financial statements</b>			
	Cost method		Dividend income	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b><i>Equity securities available for sale</i></b>				
Crown Seal Public Company Limited	54,474	54,474	1,851	1,851
<b><i>Non marketable equity securities</i></b>				
The Pet Company Limited	7,000	7,000	1,050	700
Bangkok Glass Public Company Limited	74,799	74,799	-	1,508
Petpack Company Limited	35,000	35,000	-	-
	<u>116,799</u>	<u>116,799</u>	<u>1,050</u>	<u>2,208</u>
<b>Total</b>	<b><u>171,273</u></b>	<b><u>171,273</u></b>	<b><u>2,901</u></b>	<b><u>4,059</u></b>

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

	<b>Consolidated and Separate financial statements</b>	
	2015	2014
	<i>(in thousand Baht)</i>	
<b><i>Equity securities available for sale</i></b>		
At 1 January	54,474	57,647
Valuation adjustment	-	(3,173)
<b>At 31 December</b>	<b><u>54,474</u></b>	<b><u>54,474</u></b>

There were no movements on the non-marketable equity securities during the years ended 31 December 2015 and 2014.

Other long-term investments of the Group and the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

**13 Investment properties**

	<b>Consolidated and Separate financial statements</b>		
	Land	Building	Total
	<i>(in thousand Baht)</i>		
<b>Fair value method</b>			
At 1 January 2014	229,566	2,583	232,149
Fair value adjustments	35,635	2,517	38,152
<b>At 31 December 2014 and 1 January 2015</b>	<b><u>265,201</u></b>	<b><u>5,100</u></b>	<b><u>270,301</u></b>
Fair value adjustments	6,581	-	6,581
<b>At 31 December 2015</b>	<b><u>271,782</u></b>	<b><u>5,100</u></b>	<b><u>276,882</u></b>

## Sernsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

Investment properties were revalued as at 31 December 2015 and 2014 by Thai Property Appraisal Lynn Philips Co., Ltd., firms 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 276.88 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 January 2015	270,301
<b>Gain included in "other income"</b>	
Changes in fair value (unrealised)	6,581
<b>Balance at 31 December 2015</b>	<b><u>276,882</u></b>

##### *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.

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



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

**14 Property, plant and equipment**

	<b>Consolidated financial statements</b>											
	<u>Land</u>		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>												
<b>Cost/revaluation</b>												
At 1 January 2014	486,133	4,294,736	2,280,469	171,483	5,637,134	1,821,887	288,739	332,284	1,566,906	3,746,998	412,383	21,039,152
Additions	-	-	14,817	-	39,018	5,457	37,919	21,120	210,170	130,278	392,585	851,364
Transfers	-	-	115,735	360	166,775	2,835	658	-	-	1,891	(288,254)	-
Transfer to non-current assets held for sale	(5,334)	(1,275,946)	(45,257)	-	-	-	-	-	-	-	-	(1,326,537)
Disposals	-	-	(228)	-	(17,448)	(53,301)	(5,897)	(1,003)	(29,237)	(39,821)	-	(146,935)
<b>At 31 December 2014 and 1 January 2015</b>	<b>480,799</b>	<b>3,018,790</b>	<b>2,365,536</b>	<b>171,843</b>	<b>5,825,479</b>	<b>1,776,878</b>	<b>321,419</b>	<b>352,401</b>	<b>1,747,839</b>	<b>3,839,346</b>	<b>516,714</b>	<b>20,417,044</b>
Additions	-	-	20,248	440	85,901	7,814	12,836	3,200	16,056	183,691	122,909	453,095
Transfers	-	-	172,199	-	341,262	861	(12,618)	-	-	16,905	(518,609)	-
Disposals	-	-	-	-	(21,555)	(42,780)	(4,308)	-	(71,904)	(53,772)	-	(194,319)
<b>At 31 December 2015</b>	<b>480,799</b>	<b>3,018,790</b>	<b>2,557,983</b>	<b>172,283</b>	<b>6,231,087</b>	<b>1,742,773</b>	<b>317,329</b>	<b>355,601</b>	<b>1,691,991</b>	<b>3,986,170</b>	<b>121,014</b>	<b>20,675,820</b>

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

	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>Depreciation and impairment losses</i>												
At 1 January 2014	-	-	1,190,761	128,929	3,958,196	1,485,852	248,466	322,377	21,269	3,495,690	-	10,851,540
Depreciation charge for the year	-	-	79,223	3,847	272,701	61,454	20,651	6,610	120,960	113,931	-	679,377
Transfers	-	-	-	-	32	-	17	-	-	(49)	-	-
Transfer to non-current assets held for sale	-	-	(36,032)	-	-	-	-	-	-	-	-	(36,032)
Disposals	-	-	(228)	-	(16,095)	(52,659)	(5,822)	(1,003)	(23,390)	(39,818)	-	(139,015)
<b>At 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>-</b>	<b>1,233,724</b>	<b>132,776</b>	<b>4,214,834</b>	<b>1,494,647</b>	<b>263,312</b>	<b>327,984</b>	<b>118,839</b>	<b>3,569,754</b>	<b>-</b>	<b>11,355,870</b>
Depreciation charge for the year	-	-	88,311	3,514	303,225	56,897	22,205	8,490	122,503	112,813	-	717,958
Loss on impairment	-	-	-	-	-	-	-	-	65,125	-	-	65,125
Transfers	-	-	36	-	-	-	(201)	-	-	165	-	-
Disposals	-	-	-	-	(21,344)	(38,786)	(4,305)	-	(42,636)	(53,763)	-	(160,834)
<b>At 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>1,322,071</b>	<b>136,290</b>	<b>4,496,715</b>	<b>1,512,758</b>	<b>281,011</b>	<b>336,474</b>	<b>263,831</b>	<b>3,628,969</b>	<b>-</b>	<b>11,978,119</b>
<i>Allowance for loss of marketing promotion equipments</i>												
At 1 January 2014	-	-	-	-	-	-	-	-	-	5,330	-	5,330
<b>At 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,330</b>	<b>-</b>	<b>5,330</b>
<b>At 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,330</b>	<b>-</b>	<b>5,330</b>

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

	Consolidated financial statements											
	Land		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
	Historical cost	Surplus on revaluation										
<i>Net book value</i>												
<b>At 1 January 2014</b>	<u>486,133</u>	<u>4,294,736</u>	<u>1,089,708</u>	<u>42,554</u>	<u>1,678,938</u>	<u>336,035</u>	<u>40,273</u>	<u>9,907</u>	<u>1,545,637</u>	<u>245,978</u>	<u>412,383</u>	<u>10,182,282</u>
<b>At 31 December 2014 and 1 January 2015</b>	<u>480,799</u>	<u>3,018,790</u>	<u>1,131,812</u>	<u>39,067</u>	<u>1,610,645</u>	<u>282,231</u>	<u>58,107</u>	<u>24,417</u>	<u>1,629,000</u>	<u>264,262</u>	<u>516,714</u>	<u>9,055,844</u>
<b>At 31 December 2015</b>	<u>480,799</u>	<u>3,018,790</u>	<u>1,235,912</u>	<u>35,993</u>	<u>1,734,372</u>	<u>230,015</u>	<u>36,318</u>	<u>19,127</u>	<u>1,428,160</u>	<u>351,871</u>	<u>121,014</u>	<u>8,692,371</u>

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

	Separate financial statements											Total
	Land 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 and installation	Assets under construction and installation	
<i>Cost/revaluation</i>												
At 1 January 2014	361,630	4,174,712	1,982,275	171,483	5,094,380	1,811,838	279,571	308,424	1,535,147	3,746,998	407,781	19,874,239
Additions	-	-	11,103	-	35,427	4,441	37,471	21,120	210,170	130,278	379,568	829,578
Transfers	-	-	114,912	360	151,483	2,835	658	-	-	1,891	(272,139)	-
Transfer to non-current assets held for sale	(5,334)	(1,275,946)	(45,257)	-	-	-	-	-	-	-	-	(1,326,537)
Disposals	-	-	(228)	-	(16,553)	(50,136)	(5,880)	(1,003)	(29,105)	(39,821)	-	(142,726)
<b>At 31 December 2014</b>												
<b>and 1 January 2015</b>	<b>356,296</b>	<b>2,898,766</b>	<b>2,062,805</b>	<b>171,843</b>	<b>5,264,737</b>	<b>1,768,978</b>	<b>311,820</b>	<b>328,541</b>	<b>1,716,212</b>	<b>3,839,346</b>	<b>515,210</b>	<b>19,234,554</b>
Additions	-	-	16,182	440	74,567	7,684	12,454	3,200	16,056	183,691	117,719	431,993
Transfers	-	-	171,361	-	337,651	861	(12,618)	-	-	16,905	(514,160)	-
Disposals	-	-	-	-	(21,555)	(42,649)	(4,308)	-	(71,871)	(53,772)	-	(194,155)
<b>At 31 December 2015</b>	<b>356,296</b>	<b>2,898,766</b>	<b>2,250,348</b>	<b>172,283</b>	<b>5,655,400</b>	<b>1,734,874</b>	<b>307,348</b>	<b>331,741</b>	<b>1,660,397</b>	<b>3,986,170</b>	<b>118,769</b>	<b>19,472,392</b>

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

	Separate 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>Depreciation and impairment losses</i>												
At 1 January 2014	-	-	1,031,767	128,929	3,552,314	1,477,609	240,858	298,518	21,269	3,495,690	-	10,246,954
Depreciation charge for the year	-	-	64,066	3,847	238,182	60,415	20,147	6,610	120,854	113,931	-	628,052
Transfers	-	-	-	-	32	-	17	-	-	(49)	-	-
Transfer to non-current assets held for sale	-	-	(36,032)	-	-	-	-	-	-	-	-	(36,032)
Disposals	-	-	(228)	-	(15,213)	(49,493)	(5,804)	(1,003)	(23,284)	(39,818)	-	(134,843)
<b>At 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>-</b>	<b>1,059,573</b>	<b>132,776</b>	<b>3,775,315</b>	<b>1,488,531</b>	<b>255,218</b>	<b>304,125</b>	<b>118,839</b>	<b>3,569,754</b>	<b>-</b>	<b>10,704,131</b>
Depreciation charge for the year	-	-	72,866	3,514	269,483	56,251	21,617	8,490	120,418	112,813	-	665,452
Loss on impairment	-	-	-	-	-	-	-	-	65,125	-	-	65,125
Transfers	-	-	36	-	-	-	(201)	-	-	165	-	-
Disposals	-	-	-	-	(21,344)	(38,786)	(4,305)	-	(42,635)	(53,762)	-	(160,832)
<b>At 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>1,132,475</b>	<b>136,290</b>	<b>4,023,454</b>	<b>1,505,996</b>	<b>272,329</b>	<b>312,615</b>	<b>261,747</b>	<b>3,628,970</b>	<b>-</b>	<b>11,273,876</b>
<i>Allowance for loss of marketing promotion equipments</i>												
At 1 January 2014	-	-	-	-	-	-	-	-	-	5,330	-	5,330
<b>At 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,330</b>	<b>-</b>	<b>5,330</b>
<b>At 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,330</b>	<b>-</b>	<b>5,330</b>

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

	Land		Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Separate financial statements				Marketing promotion equipments	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation				Vehicles	Furniture and office equipment	Plastic pallets	Container			
<i>Net book value</i>												
At 1 January 2014	<u>361,630</u>	<u>4,174,712</u>	<u>950,508</u>	<u>42,554</u>	<u>1,542,066</u>	<u>334,229</u>	<u>38,713</u>	<u>9,906</u>	<u>1,513,878</u>	<u>245,978</u>	<u>407,781</u>	<u>9,621,955</u>
At 31 December 2014 and 1 January 2015	<u>356,296</u>	<u>2,898,766</u>	<u>1,003,232</u>	<u>39,067</u>	<u>1,489,422</u>	<u>280,447</u>	<u>56,602</u>	<u>24,416</u>	<u>1,597,373</u>	<u>264,262</u>	<u>515,210</u>	<u>8,525,093</u>
At 31 December 2015	<u>356,296</u>	<u>2,898,766</u>	<u>1,117,873</u>	<u>35,993</u>	<u>1,631,946</u>	<u>228,878</u>	<u>35,019</u>	<u>19,126</u>	<u>1,398,650</u>	<u>351,870</u>	<u>118,769</u>	<u>8,193,186</u>

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

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

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Buildings and equipment	<u>8,956,992</u>	<u>8,482,895</u>	<u>8,642,834</u>	<u>8,185,701</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 investment property portfolio.

The fair value measurement for property in consolidated financial statements of Baht 3,500 million and separate financial statement of amount 3,255 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

##### *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
Sales Comparison Approach	<ul style="list-style-type: none"> <li>• Asking price of comparable property</li> <li>• Source of data used in valuation</li> </ul>

## 15 Intangible assets

	Consolidated financial statements		
	Trademark	Software licenses	Total
	<i>(in thousand Baht)</i>		
<b>Cost</b>			
At 1 January 2014	5,188	64,832	70,020
Additions	-	3,796	3,796
Transfers in	-	990	990
Disposals	(3,188)	-	(3,188)
<b>At 31 December 2014 and 1 January 2015</b>	<b>2,000</b>	<b>69,618</b>	<b>71,618</b>
Additions	-	3,088	3,088
Disposals	-	(28,643)	(28,643)
<b>At 31 December 2015</b>	<b>2,000</b>	<b>44,063</b>	<b>46,063</b>

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

	<b>Consolidated financial statements</b>		
	Trademark	Software licenses	Total
	<i>(in thousand Baht)</i>		
<b><i>Amortisation</i></b>			
At 1 January 2014	419	48,283	48,702
Amortisation for the year	-	5,287	5,287
Disposals	(419)	-	(419)
<b>At 31 December 2014 and 1 January 2015</b>	<b>-</b>	<b>53,570</b>	<b>53,570</b>
Amortisation for the year	-	3,216	3,216
Disposals	-	(28,642)	(28,642)
<b>At 31 December 2015</b>	<b>-</b>	<b>28,144</b>	<b>28,144</b>
<b><i>Net book value</i></b>			
At 1 January 2014	<u>4,769</u>	<u>16,549</u>	<u>21,318</u>
At 31 December 2014 and 1 January 2015	<u>2,000</u>	<u>16,048</u>	<u>18,048</u>
At 31 December 2015	<u>2,000</u>	<u>15,919</u>	<u>17,919</u>
		<b>Separate financial statements</b>	
		Software licenses	
		<i>(in thousand Baht)</i>	
<b><i>Cost</i></b>			
At 1 January 2014			63,656
Additions			3,796
Transfers in			990
<b>At 31 December 2014 and 1 January 2015</b>			<b>68,442</b>
Additions			3,014
Disposal			(28,643)
<b>At 31 December 2015</b>			<b>42,813</b>
<b><i>Amortisation</i></b>			
At 1 January 2014			47,152
Amortisation for the year			5,273
<b>At 31 December 2014 and 1 January 2015</b>			<b>52,425</b>
Amortisation for the year			3,195
Disposal			(28,643)
<b>At 31 December 2015</b>			<b>26,977</b>
<b><i>Net book value</i></b>			
At 1 January 2014			<u>16,504</u>
At 31 December 2014 and 1 January 2015			<u>16,017</u>
At 31 December 2015			<u>15,836</u>



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

**16 Deferred tax**

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

	<b>Consolidated financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Total	697,952	828,787	(730,555)	(971,188)
Set off of tax	(689,694)	(818,353)	689,694	818,353
<b>Net deferred tax assets (liabilities)</b>	<b><u>8,258</u></b>	<b><u>10,434</u></b>	<b><u>(40,861)</u></b>	<b><u>(152,835)</u></b>

	<b>Separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Total	680,984	810,736	(706,549)	(947,182)
Set off of tax	(680,984)	(810,736)	680,984	810,736
<b>Net deferred tax liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(25,565)</u></b>	<b><u>(136,446)</u></b>

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

	<b>Consolidated financial statements</b>			
	<b>At 1 January 2015</b>	<b>(Charged) / Credited to:</b>		<b>At 31 December 2015</b>
		Profit or loss <i>(Note 29)</i>	Other comprehensive income	
<b><i>Deferred tax assets</i></b>				
Inventories	40,227	8,741	-	48,968
Employee benefit obligations	209,548	7,883	(1,906)	215,525
Loss carry forward	564,808	89,665	(255,189)	399,284
Others	14,204	19,971	-	34,175
<b>Total</b>	<b><u>828,787</u></b>	<b><u>126,260</u></b>	<b><u>(257,095)</u></b>	<b><u>697,952</u></b>

	<b>Consolidated financial statements</b>			
	<b>At 1 January 2015</b>	<b>(Charged) / Credited to:</b>		<b>At 31 December 2015</b>
		Profit or loss <i>(Note 29)</i>	Other comprehensive income	
<b><i>Deferred tax liabilities</i></b>				
Property, plant and equipment	(856,828)	-	255,189	(601,639)
Investment properties	(16,673)	(1,316)	-	(17,989)
Long-term investments	(4,548)	-	-	(4,548)
Others	(93,139)	(13,240)	-	(106,379)
<b>Total</b>	<b><u>(971,188)</u></b>	<b><u>(14,556)</u></b>	<b><u>255,189</u></b>	<b><u>(730,555)</u></b>
<b>Net</b>	<b><u>(142,401)</u></b>	<b><u>111,704</u></b>	<b><u>(1,906)</u></b>	<b><u>(32,603)</u></b>

**Sermsuk Public Company Limited and its Subsidiaries**  
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	<b>Consolidated financial statements</b>			<b>At 31 December 2014</b>
	<b>At 1 January 2014</b>	<b>(Charged) / Credited to:</b>		
		Profit or loss <i>(Note 29)</i>	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b><i>Deferred tax assets</i></b>				
Inventories	17,014	23,213	-	40,227
Employee benefit obligations	204,929	13,740	(9,121)	209,548
Loss carry forward	250,404	314,404	-	564,808
Others	10,929	3,275	-	14,204
<b>Total</b>	<b>483,276</b>	<b>354,632</b>	<b>(9,121)</b>	<b>828,787</b>

	<b>Consolidated financial statements</b>			<b>At 31 December 2014</b>
	<b>At 1 January 2014</b>	<b>(Charged) / Credited to:</b>		
		Profit or loss <i>(Note 29)</i>	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b><i>Deferred tax liabilities</i></b>				
Property, plant and equipment	(856,828)	-	-	(856,828)
Investment properties	(9,042)	(7,631)	-	(16,673)
Long-term investments	(5,183)	-	635	(4,548)
Others	(71,712)	(21,427)	-	(93,139)
<b>Total</b>	<b>(942,765)</b>	<b>(29,058)</b>	<b>635</b>	<b>(971,188)</b>
<b>Net</b>	<b>(459,489)</b>	<b>325,574</b>	<b>(8,486)</b>	<b>(142,401)</b>

	<b>Separate financial statements</b>			<b>At 31 December 2015</b>
	<b>At 1 January 2015</b>	<b>(Charged) / Credited to:</b>		
		Profit or loss <i>(Note 29)</i>	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b><i>Deferred tax assets</i></b>				
Inventories	38,034	7,389	-	45,423
Employee benefit obligations	208,475	7,687	(1,914)	214,248
Loss carry forward	550,023	92,837	(255,189)	387,671
Others	14,204	19,438	-	33,642
<b>Total</b>	<b>810,736</b>	<b>127,351</b>	<b>(257,103)</b>	<b>680,984</b>

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

	At 1 January 2015	Separate financial statements (Charged) / Credited to:		At 31 December 2015
		Profit or loss (Note 29) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(832,822)	-	255,189	(577,633)
Investment properties	(16,673)	(1,316)	-	(17,989)
Long-term investments	(4,548)	-	-	(4,578)
Others	(93,139)	(13,240)	-	(106,379)
<b>Total</b>	<b>(947,182)</b>	<b>(14,556)</b>	<b>255,189</b>	<b>(706,549)</b>
<b>Net</b>	<b>(136,446)</b>	<b>112,795</b>	<b>(1,914)</b>	<b>(25,565)</b>

	At 1 January 2014	Separate financial statements (Charged) / Credited to:		At 31 December 2014
		Profit or loss (Note 29) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax assets</i>				
Inventories	16,459	21,575	-	38,034
Employee benefit obligations	204,138	13,572	(9,235)	208,475
Loss carry forward	240,282	309,741	-	550,023
Others	10,929	3,275	-	14,204
<b>Total</b>	<b>471,808</b>	<b>348,163</b>	<b>(9,235)</b>	<b>810,736</b>

	At 1 January 2014	Separate financial statements (Charged) / Credited to:		At 31 December 2014
		Profit or loss (Note 29) (in thousand Baht)	Other comprehensive income	
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(832,822)	-	-	(832,822)
Investment properties	(9,042)	(7,631)	-	(16,673)
Long-term investments	(5,183)	-	635	(4,548)
Others	(71,712)	(21,427)	-	(93,139)
<b>Total</b>	<b>(918,759)</b>	<b>(29,058)</b>	<b>635</b>	<b>(947,182)</b>
<b>Net</b>	<b>(446,951)</b>	<b>319,105</b>	<b>(8,600)</b>	<b>(136,446)</b>

The tax losses expire in 2018 and 2019. 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.

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

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

As at 31 December 2015, the Group has short-term loan facilities from several financial institutions totalling Baht 4,065 million with interest rate quoted by financial institutions (2014: Baht 3,565 million). In 2015, none of the short-term loan facilities from financial institutions had been drawn down (2014: Baht 1,000 million).

**18 Trade accounts payable**

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Related parties	4	536,729	474,055	841,884	744,783
Other parties		385,327	401,450	351,907	381,382
<b>Total</b>		<b>922,056</b>	<b>875,505</b>	<b>1,193,791</b>	<b>1,126,165</b>

Trade accounts payable of the Group and the Company as at 31 December 2015 and 2014 were denominated entirely in Thai Baht.

**19 Other payables**

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Other payables	270,839	410,063	259,406	399,838
Accrued personnel expense	304,515	302,825	300,377	298,162
Accrued marketing expense	85,506	163,630	85,506	163,630
Accrued utility expense	29,279	31,360	28,587	30,989
Others	65,599	88,112	53,948	78,673
<b>Total</b>	<b>755,738</b>	<b>995,990</b>	<b>727,824</b>	<b>971,292</b>

The currency denomination of other payables as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Thai Baht (THB)	754,207	968,467	726,293	943,769
Euro (EUR)	944	25,855	944	25,855
United States Dollars (USD)	587	-	587	-
Malaysian Ringgit (MYR)	-	1,668	-	1,668
<b>Total</b>	<b>755,738</b>	<b>995,990</b>	<b>727,824</b>	<b>971,292</b>

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

**20 Employee benefit obligations**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Statement of financial position obligations for:</b>				
Short-term employee benefit				
- accumulated annual leave	10,955	11,005	10,924	10,978
Long-term employee benefit				
- long service award	45,251	50,077	45,174	49,995
Post-employment benefit				
- retirement benefit	<u>1,022,554</u>	<u>987,606</u>	<u>1,015,144</u>	<u>981,403</u>
<b>Total</b>	<b><u>1,078,760</u></b>	<b><u>1,048,688</u></b>	<b><u>1,071,242</u></b>	<b><u>1,042,376</u></b>

**Statement of financial position**

**Current**

Accrued expenses 133,961 103,035 133,930 103,009

**Non-current**

Employee benefit obligations 944,799 945,653 937,312 939,367

**Total** **1,078,760** **1,048,688** **1,071,242** **1,042,376**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Year ended 31 December</b>				

**Statement of comprehensive income:**

**Recognised in profit or loss:**

Short-term employee benefit

- accumulated annual leave (49) 1,734 (54) 1,707

Post-employment benefit

- retirement benefit 77,552 86,714 76,472 85,803

Long-term employee benefits

- long service award 6,576 7,524 6,564 7,514

- Actuarial (gains) losses (1,659) 261 (1,643) 235

**Total** **82,420** **96,233** **81,339** **95,259**

**Recognised in other comprehensive income:**

Actuarial gains recognised in the year (9,443) (45,428) (9,570) (46,173)

Cumulative actuarial gains recognised (290,489) (281,046) (290,672) (281,102)

**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.

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

The statement of financial position obligation was determined as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	<u>1,022,554</u>	<u>987,606</u>	<u>1,015,144</u>	<u>981,403</u>

Movement in the present value of the defined benefit obligations:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	987,606	964,005	981,403	959,458
Benefits paid by the plan	<u>(33,162)</u>	<u>(17,685)</u>	<u>(33,162)</u>	<u>(17,685)</u>
	<u>954,444</u>	<u>946,320</u>	<u>948,241</u>	<u>941,773</u>
<b>Include in profit or loss:</b>				
Current service costs	50,530	49,398	49,637	48,681
Interest on obligation	<u>27,022</u>	<u>37,316</u>	<u>26,835</u>	<u>37,122</u>
	<u>77,552</u>	<u>86,714</u>	<u>76,472</u>	<u>85,803</u>
<b>Included in other comprehensive income</b>				
Actuarial gain	<u>(9,443)</u>	<u>(45,428)</u>	<u>(9,570)</u>	<u>(46,173)</u>
<b>Defined benefit obligations at 31 December</b>	<u><b>1,022,554</b></u>	<u><b>987,606</b></u>	<u><b>1,015,144</b></u>	<u><b>981,403</b></u>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Financial assumptions	21,374	40,768	21,151	39,865
Experience adjustment	<u>(30,817)</u>	<u>(86,196)</u>	<u>(30,721)</u>	<u>(86,038)</u>
<b>Total</b>	<u><b>(9,443)</b></u>	<u><b>(45,428)</b></u>	<u><b>(9,570)</b></u>	<u><b>(46,173)</b></u>

**Actuarial assumptions**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	%			
Discount rate	2.75	3.00	2.75	3.00
Future salary growth	5.00	5.00	5.00	5.00

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

*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.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>(in million Baht)</i>			
<b>Defined benefit obligation 31 December 2015</b>	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(42,020)	45,069	(41,582)	44,590
Future salary growth (1% movement)	154,513	(104,784)	153,465	(103,892)

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.

**21 Share capital**

	Par value per share <i>(in Baht)</i>	2015		2014	
		Number	Baht	Number	Baht
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>
<b>At 31 December</b>					
- ordinary shares	<b>1</b>	<b><u>265,900</u></b>	<b><u>265,900</u></b>	<b><u>265,900</u></b>	<b><u>265,900</u></b>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>
<b>At 31 December</b>					
- ordinary shares	<b>1</b>	<b><u>265,900</u></b>	<b><u>265,900</u></b>	<b><u>265,900</u></b>	<b><u>265,900</u></b>

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.

**22 Reserves**

Reserves comprise:

*Appropriations of profit and/or retained earnings*

**Legal reserve**

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

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

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

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.

## **23 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
- Segment 2 Non-Carbonated soft drink: Produce and distribute drinking water, mixers, and other beverages, including as distributor of energy drinks and tea

None of the other operations segments meets the quantitative thresholds for determining reportable segments in 2015 or 2014.

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



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

*Information about reportable segments*

	<b>Carbonated soft drink</b>		<b>Non-Carbonated soft drink</b>		<b>Consolidated financial statements</b>	
	2015	2014	2015	2014	2015	2014
	<i>(in million Baht)</i>					
External revenue	4,208	4,671	6,307	5,714	10,515	10,385
<b>Total revenue</b>	<b>4,208</b>	<b>4,671</b>	<b>6,307</b>	<b>5,714</b>	<b>10,515</b>	<b>10,385</b>
Segment profit before income tax	451	1,144	1,731	1,419	2,182	2,563
Depreciation and amortisation recorded in Selling and Administrative expenses	182	168	127	75	309	243
Selling expenses	757	1,727	1,283	1,184	2,040	2,911

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

	2015	2014
	<i>(in million Baht)</i>	
<b>Profit or loss</b>		
Profit for reportable segments	2,182	2,563
Depreciation and amortisation recorded in Selling and Administrative expenses	(309)	(243)
Selling expenses	(2,040)	(2,911)
	<b>(167)</b>	<b>(591)</b>
Unallocated revenue and expenses		
- Other income	702	1,413
- Administrative expenses	(1,038)	(973)
- Finance costs	(11)	(39)
Share of profit of an associate, net of income tax	106	161
<b>Consolidated loss before income tax</b>	<b>(408)</b>	<b>(29)</b>

*Geographical segments*

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

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

**24 Other income**

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
Consultancy service income		130,000	-	130,000	-
Sale of scrap		28,490	30,368	27,262	28,590
Gain on disposal of plant equipment and intangible assets		13,542	19,995	13,542	19,366
Fair value adjustments on investment properties	13	6,581	38,152	6,581	38,152
Interest income		3,298	2,284	6,722	9,125
Dividend income	10, 12	2,901	4,059	56,901	62,079
Others		71,689	38,085	63,996	38,054
<b>Total</b>		<b>256,501</b>	<b>132,943</b>	<b>305,004</b>	<b>195,366</b>

**25 Selling expenses**

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<i>(in thousand Baht)</i>				
Personnel expenses	1,066,769	1,116,447	1,065,883	1,115,275
Distribution	266,138	266,300	256,140	253,297
Marketing expenses	221,385	1,042,249	221,385	1,042,249
Depreciation and amortisation	187,183	180,459	186,988	180,347
Fuel	178,191	210,410	178,191	210,410
Others	307,364	275,417	303,903	274,619
<b>Total</b>	<b>2,227,030</b>	<b>3,091,282</b>	<b>2,212,490</b>	<b>3,076,197</b>

**26 Administrative expenses**

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<i>(in thousand Baht)</i>				
Personnel expenses	476,742	483,597	465,015	467,140
Depreciation and amortisation	122,087	173,885	120,034	171,960
Management benefit expenses	93,532	80,820	93,532	80,820
Fuel	83,460	104,185	83,460	103,911
Others	383,285	303,161	379,864	280,310
<b>Total</b>	<b>1,159,106</b>	<b>1,145,648</b>	<b>1,141,905</b>	<b>1,104,141</b>

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

**27 Employee benefit expenses**

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
Salaries and wages		1,328,466	1,316,565	1,291,200	1,271,200
Overtime and allowance expense		133,645	141,656	127,217	134,964
Bonus		123,790	169,302	120,171	165,253
Welfare expense		64,185	71,227	62,357	68,576
Pension costs - defined benefit plans	20	77,552	86,714	76,472	85,803
Pension costs - defined contribution plans		91,250	82,696	89,906	80,963
Directors' remunerations	4	7,438	9,962	7,438	9,962
Others		178,303	174,524	163,788	171,746
<b>Total</b>		<b><u>2,004,629</u></b>	<b><u>2,052,646</u></b>	<b><u>1,938,549</u></b>	<b><u>1,988,467</u></b>

*Defined benefit plans*

Details of the defined benefit plans are given in note 20.

*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.

**28 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	
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
Changes in inventories of finished goods and work in progress		1,932,285	1,757,252	2,420,476	2,286,636
Raw materials and consumables used		4,600,220	4,215,846	4,340,702	3,940,138
Employee benefit expenses	27	2,004,629	2,052,646	1,938,549	1,988,467
Depreciation and amortisation		721,245	684,033	669,523	632,816
Fuel		282,044	315,746	262,860	315,395
Distribution	25	266,138	266,300	256,140	253,297
Marketing expenses	25	221,385	1,042,249	221,385	1,042,249
Others		1,702,069	1,654,620	1,622,505	1,623,873
<b>Total expenses</b>		<b><u>11,730,015</u></b>	<b><u>11,988,692</u></b>	<b><u>11,732,140</u></b>	<b><u>12,082,871</u></b>

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

**29 Income tax benefit**

*Income tax recognised in profit or loss*

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
<b>Current tax expense</b>					
Current year		9,031	8,783	-	-
<b>Deferred tax expense</b>	16				
Movements in temporary differences		<u>(111,704)</u>	<u>(325,574)</u>	<u>(112,795)</u>	<u>(319,105)</u>
<b>Income tax benefit</b>		<u><b>(102,673)</b></u>	<u><b>(316,791)</b></u>	<u><b>(112,795)</b></u>	<u><b>(319,105)</b></u>

*Income tax recognised in other comprehensive income*

		Consolidated financial statements					
		2015			2014		
		Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<i>(in thousand Baht)</i>							
Foreign currency translation differences for foreign operations	102	-	102	20,224	-	20,224	
Net change in fair value of available-for-sale investments	-	-	-	(3,173)	635	(2,538)	
Defined benefit plan actuarial gains		9,443	(1,906)	7,537	45,428	(9,121)	36,307
<b>Total</b>		<u><b>9,545</b></u>	<u><b>(1,906)</b></u>	<u><b>7,639</b></u>	<u><b>62,749</b></u>	<u><b>(8,486)</b></u>	<u><b>53,993</b></u>

		Separate financial statements					
		2015			2014		
		Before tax	Tax expense	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<i>(in thousand Baht)</i>							
Net change in fair value of available-for-sale investments		-	-	-	(3,173)	635	(2,538)
Defined benefit plan actuarial gains		9,570	(1,914)	7,656	46,173	(9,235)	36,938
<b>Total</b>		<u><b>9,570</b></u>	<u><b>(1,914)</b></u>	<u><b>7,656</b></u>	<u><b>43,000</b></u>	<u><b>(8,600)</b></u>	<u><b>34,400</b></u>

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

*Reconciliation of effective tax rate*

	<b>Consolidated financial statements</b>			
	2015		2014	
	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>
Loss before total income tax expense		<u>(407,544)</u>		<u>(28,707)</u>
Income tax using the Thai corporation tax rate	20.00	(81,509)	20.00	(5,741)
Income not subject to tax		(22,552)		(313,379)
Expenses for tax incentives		(4,160)		(2,291)
Expenses not deductible for tax purposes		5,548		4,620
<b>Total</b>	<b><u>(25.19)</u></b>	<b><u>(102,673)</u></b>	<b><u>(1,103.53)</u></b>	<b><u>(316,791)</u></b>

*Reconciliation of effective tax rate*

	<b>Separate financial statements</b>			
	2015		2014	
	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in thousand</i> <i>Baht)</i>
Loss before total income tax expense		<u>(513,208)</u>		<u>(1,521,270)</u>
Income tax using the Thai corporation tax rate	20.00	(102,641)	20.00	(304,254)
Income not subject to tax		(11,380)		(15,987)
Expenses for tax incentives		(4,159)		(2,289)
Expenses not deductible for tax purposes		5,385		3,425
<b>Total</b>	<b><u>(21.98)</u></b>	<b><u>(112,795)</u></b>	<b><u>(20.98)</u></b>	<b><u>(319,105)</u></b>

*Income tax reduction*

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction of the corporate income tax rate to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, the National Legislative Assembly has approved a reduction of the statutory corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Group has applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

**30 Basic earnings (loss) per share**

The calculations of basic earnings (loss) per share for the years ended 31 December 2015 and 2014 were based on the profit (loss) for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

**Sermsuk Public Company Limited and its Subsidiaries**  
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	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	
	<i>(in thousand Baht/thousand shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>(304,871)</u>	<u>288,084</u>	<u>(400,413)</u>	<u>(1,202,165)</u>
Number of ordinary shares outstanding	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>
<b>Earnings (loss) per share (basic) (in Baht)</b>	<b><u>(1.15)</u></b>	<b><u>1.08</u></b>	<b><u>(1.51)</u></b>	<b><u>(4.52)</u></b>

**31 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 and interest-bearing financial liabilities (see Note 4, 17). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivable and debt securities mature or re-price were as follows:

	Effective interest rate (% per annum)	<b>Consolidated financial statements</b>		
		Within 1 year	After 5 years	Total
<b>2015</b>				
<b>Non-current</b>				
Long-term loan to a related party	4.56	<u>-</u>	<u>3,000</u>	<u>3,000</u>
<b>2014</b>				
<b>Non-current</b>				
Long-term loan to a related party	4.50	<u>-</u>	<u>3,000</u>	<u>3,000</u>

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

	Effective interest rate (% per annum)	Separate financial statements		
		Within 1 year	After 5 years	Total
		(in thousand Baht)		
<b>2015</b>				
<b>Current</b>				
Short-term loan to a related party	3.10	125,000	-	125,000
<b>Non-current</b>				
Long-term loan to a related party	4.56	-	3,000	3,000
<b>Total</b>		<b>125,000</b>	<b>3,000</b>	<b>128,000</b>
<b>2014</b>				
<b>Current</b>				
Short-term loans to related parties	3.10	125,000	-	125,000
<b>Non-current</b>				
Long-term loan to a related party	4.50	-	3,000	3,000
<b>Total</b>		<b>125,000</b>	<b>3,000</b>	<b>128,000</b>

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

	Effective interest rate (% per annum)	Consolidated and separate financial statements
		Within 1 year (in thousand Baht)
<b>2015</b>		
<b>Current</b>		
Short-term loans from financial institutions	-	-
<b>2014</b>		
<b>Current</b>		
Short-term loans from financial institutions	2.45 - 3.16	1,000,000

**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.

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

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

	<i>Note</i>	<b>Consolidated and Separate financial statements</b>	
		2015	2014
<i>(in thousand Baht)</i>			
<b>United States Dollars</b>			
Trade accounts receivable	6	-	280
Other payables	19	(587)	-
<b>Gross balance sheet exposure</b>		<b>(587)</b>	<b>280</b>
Estimated forecast purchases of assets		-	(719)
<b>Total exposure</b>		<b>(587)</b>	<b>(439)</b>
<b>Euro</b>			
Other payables	19	(944)	(25,855)
<b>Gross balance sheet exposure</b>		<b>(944)</b>	<b>(25,855)</b>
Estimated forecast purchases of assets		-	(1,183)
<b>Total exposure</b>		<b>(944)</b>	<b>(27,038)</b>
<b>Malaysian Ringgit</b>			
Other payables	19	-	(1,668)
<b>Gross balance sheet exposure</b>		<b>-</b>	<b>(1,668)</b>

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
<b>Hong Kong Dollars</b>					
Cash and cash equivalents	5	33,456	5,606	-	-
Loan from a related party	4	-	-	(1,530,968)	(1,530,968)
Other payables to related party	4	-	-	-	(29,753)
<b>Gross balance sheet exposure</b>		<b>33,456</b>	<b>5,606</b>	<b>(1,530,968)</b>	<b>(1,560,721)</b>

**Credit risk**

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

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

**Liquidity risk**

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



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

*Fair values of financial assets and liabilities*

Fair values of financial assets and liabilities, together with the carrying values shown in the consolidated and separate statement of financial position at 31 December 2015 and 2014 were as follows:

	<b>Consolidated and Separate financial statements</b>	
	Carrying amount	<u>Fair value</u> Level 1
	<i>(in thousand Baht)</i>	
<b>Non-current</b>		
Equity securities available for sale	54,474	54,474

**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 securities available for sale was determined to be Level 1 under the fair value hierarchy based on the inputs to valuation techniques used.

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

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

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

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

**32 Commitments with non-related parties**

	<b>Consolidate financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b>Capital commitments</b>				
<i>Contracted but not provided for:</i>				
Buildings, warehouses and improvement	2,909	28,239	2,909	28,239
Machinery, equipment and tools	21,711	9,255	21,237	9,255
Intangible assets	4,875	-	2,625	-
<b>Total</b>	<u><b>29,495</b></u>	<u><b>37,494</b></u>	<u><b>26,771</b></u>	<u><b>37,494</b></u>

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

	<b>Consolidate financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<b><i>Non-cancellable operating lease commitments</i></b>				
Within one year	49,828	50,858	48,191	50,407
After one year but within five years	78,862	117,559	76,040	116,789
After five years	74,156	78,132	74,156	78,132
<b>Total</b>	<b>202,846</b>	<b>246,549</b>	<b>198,387</b>	<b>245,328</b>

	<b>Consolidate financial statements</b>		<b>Separate financial statements</b>	
	2015	2014	2015	2014
	<i>(in thousand)</i>			
<b><i>Other commitments</i></b>				
<b><i>Thai Baht</i></b>				
Unused letters of credit for goods and supplies	-	28,814	-	28,814
Bank guarantees	35,378	30,951	31,102	27,319
<b>Total</b>	<b>35,378</b>	<b>59,765</b>	<b>31,102</b>	<b>56,133</b>

<b><i>Euro</i></b>				
Unused letters of credit for assets	-	714	-	714

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. As at 31 December 2015, the parties made an amendment to extend the period of agreement another one year ended on 31 December 2016. The amendment is currently being reviewed and signed by the Company and the parties.

The Company entered into an agreement with Stoke-Van Camp, Inc. ("the parties") to be appointed to bottle, sell and distribute energy drink in Thailand. The Company has to comply with certain conditions contained in the agreement which was ended 30 June 2008, including a renewal option. Subsequently on 23 February 2015, the parties made an amendment to set the termination date on 31 December 2015. As at 31 December 2015, the parties made an amendment to extend the period of agreement ended on 31 August 2016. The amendment is currently being reviewed and signed by the Company and the parties.

***Co-packing agreement***

A subsidiary entered into a "Co-packing agreement" with Pepsi Lipton International Ltd. and Pepsi-Cola (Thai) Trading Co., Ltd. "the parties" to produce bottled tea drink. The subsidiary has to comply with certain conditions contained in the agreement for a period of three years from 22 December 2005 to 21 December 2008 with renewal additional terms of three years each if not less than six months' prior written notice is given by any one party to the other as stipulated in the agreement. Subsequently, the parties made an amendment to set the termination date on 31 March 2015. The parties made an amendment to extend the period of agreement to end on 30 April 2016. The amendment is currently being reviewed and signed by the Company and the parties. However, the Company is currently complying with the conditions contained in the original agreement.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### *Distribution agreement*

The Company entered into an agreement with Pepsi-Cola (Thai) Trading Co., Ltd. “the parties” to be appointed to distribute bottled tea solely in Thailand. The Company has to comply with certain conditions contained in the agreement for a period of three years including a renewal option. Subsequently, the parties made an amendment to set the termination date on 31 March 2015. The parties made an amendment to extend the period of agreement to end on 30 April 2016. The amendment is currently being reviewed and signed by the Company and the parties. However, the Company is currently complying with the conditions contained in the original agreement.

### **33 Credit facilities**

As at 31 December 2015 the Group and the Company had unutilised credit facilities totalling Baht 9,336 million and Baht 9,286 million, respectively (2014: Baht 7,413 million and Baht 7,363 million, respectively).

### **34 Contingent liabilities**

The Company had a contingent liability arising from a claim for compensation and unfair lay off of employees of Baht 8.28 million. The court case is pending judgment. However, the Company’s fixed deposit of Baht 0.51 million has been pledged with the court.

In 2014, 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. Before filing the lawsuits, the employees requested the Pathumthani Provincial Labour Protection and Welfare Office to seek for additional compensation from the Company. The Pathumthani Provincial Labour Protection and Welfare Office informed that the Company has already complied with the Labour Protection Law. The court case is pending judgement.

### **35 Events after the reporting period**

At the Board of Directors’ meeting held on 24 February 2016, the Board of Directors agreed to propose to change its accounting period from 1 January to 31 December to 1 October to 30 September.

### **36 Thai Financial Reporting Standards (TFRS) not yet adopted**

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group’s operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Group does not plan to adopt these TFRS early.

<b>TFRS</b>	<b>Topic</b>
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 2 (revised 2015)	Inventories
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates

**Sermsuk Public Company Limited and its Subsidiaries**  
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<b>TFRS</b>	<b>Topic</b>
TAS 23 (revised 2015)	Borrowing Costs
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 15 (revised 2015)	Operating Leases – Incentives
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2015)	Customer Loyalty Programmes

The Group/Company has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

**37 Reclassification of accounts**

Certain accounts in the 2014 financial statements have been reclassified to conform to the presentation in the 2015 financial statements were as follows:

	<b>2014</b>					
	<b>Consolidated</b>			<b>Separate</b>		
	<b>Financial statements</b>			<b>Financial statements</b>		
	Before reclass.	Reclass.	After Reclass.	Before Reclass.	Reclass.	After Reclass.
	<i>(in thousand Baht)</i>					
<b>Statement of financial position</b>						
Inventories	2,328,355	(1,629,000)	699,355	2,216,145	(1,597,373)	618,772
Other current assets	169,149	(53,649)	115,500	144,305	(30,394)	113,911
Property, plant and equipment	7,426,844	1,629,000	9,055,844	6,927,721	1,597,373	8,525,094
Other non-current assets	17,633	<u>53,649</u>	71,282	17,599	<u>30,394</u>	47,993
		<u>-</u>			<u>-</u>	
<b>Statement of comprehensive income</b>						
Cost of sales of goods and rendering of services	7,822,291	(109,655)	7,712,636	7,973,062	(109,655)	7,863,407
Administrative expenses	1,035,993	<u>109,655</u>	1,145,648	994,486	<u>109,655</u>	1,104,141
		<u>-</u>			<u>-</u>	

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