

**Sermsuk Public Company Limited
and its Subsidiaries**

Financial statements for the year ended
30 September 2020
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of Sermasuk Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Sermasuk Public Company Limited and its subsidiaries (the "Group") and of Sermasuk Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 30 September 2020, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year ended as of that date, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 30 September 2020 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Recoverability of deferred tax assets	
Refer to notes 4 and 22	
The key audit matter	How the matter was addressed in the audit
The Group and the Company have recognised deferred tax assets from loss carry forward. The recoverability of the deferred tax asset is dependent on future taxable profits and the ability of the Group and the Company to utilise those losses in the future. Management has to use their judgement in forecasting future taxable profits so as to determine the amount of the deferred tax asset. The achievement of such forecasts is inherently uncertain, this is focus and of my audit.	My audit procedures are as follows: <ul style="list-style-type: none">• Gain understanding of the process for measuring deferred tax assets.• Evaluating management's assumption used in projecting the Group's future taxable profits in relevant profit. I compared key inputs used by the Group to forecast future taxable profits to externally available data such as economic forecasts and the Group's own historical data and performance and assessed the sensitivity of the outcomes to reasonably possible changes in assumptions.• Test the mathematical accuracy of the calculation of cash flow projections.• Evaluating the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.

Other Information

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

(Sureerat Thongarunsang)
 Certified Public Accountant
 Registration No. 4409

KPMG Phoomchai Audit Ltd.
 Bangkok
 18 November 2020

Sermasuk Public Company Limited and its Subsidiaries
Statement of financial position

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		30 September		30 September	
		2020	2019	2020	2019
		(in Baht)			
Current assets					
Cash and cash equivalents	7	1,403,498,770	872,792,975	1,367,266,735	798,046,976
Trade accounts receivable	6, 8	549,712,069	567,967,095	541,410,527	561,276,635
Other receivables from related parties	6	83,541,529	151,686,762	128,311,982	196,419,132
Other receivables		66,806,338	54,926,650	66,421,648	54,155,379
Short-term loans to related parties	6	-	-	125,000,000	125,000,000
Inventories	9	587,083,592	676,486,645	534,546,788	622,125,693
Prepaid excise taxes		603,536	2,994,352	289,129	2,679,945
Other current assets		29,377,654	42,119,316	28,513,999	39,959,114
Total current assets		2,720,623,488	2,368,973,795	2,791,760,808	2,399,662,874
Non-current assets					
Restricted deposits at financial institution		524,446	520,279	524,446	520,279
Investment in an associate	10	802,279,941	638,310,906	30,000,000	30,000,000
Investments in subsidiaries	11	-	-	606,634,068	606,634,068
Other long-term investments	12	134,422,040	132,570,992	134,422,041	132,570,992
Long-term loan to a related party	6	3,000,000	3,000,000	3,000,000	3,000,000
Investment properties	13	323,650,345	322,984,765	323,650,345	322,984,765
Property, plant and equipment	14	8,311,275,107	8,743,103,884	7,780,629,250	8,210,953,094
Intangible assets	15	16,311,083	18,414,778	14,116,941	16,023,939
Deferred tax assets	22	96,965	95,554	-	-
Other non-current assets		187,724,452	172,059,890	185,817,519	171,979,946
Total non-current assets		9,779,284,379	10,031,061,048	9,078,794,610	9,494,667,083
Total assets		12,499,907,867	12,400,034,843	11,870,555,418	11,894,329,957

The accompanying notes form an integral part of the financial statements.

Sermasuk Public Company Limited and its Subsidiaries
Statement of financial position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		30 September		30 September	
		2020	2019	2020	2019
		<i>(in Baht)</i>			
Current liabilities					
Trade accounts payable	6	576,406,540	640,773,569	981,122,164	1,033,306,914
Other payables to related parties	6	169,169,787	160,684,719	172,662,346	162,537,827
Other payables		692,469,508	663,122,965	661,435,881	629,478,163
Dividends payable		72,517,234	72,516,353	72,517,234	72,516,353
Customers' deposits on bottles and cases		453,579,395	442,711,183	453,579,395	442,711,183
Other current liabilities		31,306,218	37,150,895	28,328,758	35,406,754
Total current liabilities		1,995,448,682	2,016,959,684	2,369,645,778	2,375,957,194
Non-current liabilities					
Long-term loans from a related party	6	-	-	30,968,165	30,968,165
Deferred tax liabilities	22	468,349,587	463,526,251	434,552,284	429,297,837
Non-current provisions for employee benefits	16	1,138,751,748	1,185,893,784	1,124,973,462	1,173,616,586
Total non-current liabilities		1,607,101,335	1,649,420,035	1,590,493,911	1,633,882,588
Total liabilities		3,602,550,017	3,666,379,719	3,960,139,689	4,009,839,782
Equity					
Share capital:	17				
Authorised share capital (265,900,484 ordinary shares, par value at Baht 1 per share)		265,900,484	265,900,484	265,900,484	265,900,484
Issued and paid-up share capital (265,900,484 ordinary shares, par value at Baht 1 per share)		265,900,484	265,900,484	265,900,484	265,900,484
Premium on ordinary shares	17	1,342,448,425	1,342,448,425	1,342,448,425	1,342,448,425
Retained earnings					
Appropriated	18				
Legal reserve		26,795,766	26,795,766	26,795,766	26,795,766
General reserve		2,285,000,000	2,285,000,000	2,285,000,000	2,285,000,000
Unappropriated		1,281,212,464	1,118,990,577	458,510,173	434,065,458
Other components of equity	18	3,696,000,711	3,694,519,872	3,531,760,881	3,530,280,042
Total equity		8,897,357,850	8,733,655,124	7,910,415,729	7,884,490,175
Total liabilities and equity		12,499,907,867	12,400,034,843	11,870,555,418	11,894,329,957

The accompanying notes form an integral part of the financial statements.

Sermasuk Public Company Limited and its Subsidiaries
Statement of comprehensive income

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		30 September		30 September	
<i>Note</i>		2020	2019	2020	2019
		<i>(in Baht)</i>			
Income					
	<i>6, 19</i>				
Revenue from sale of goods and rendering of services		10,865,142,826	11,571,724,909	10,805,076,547	11,490,093,107
Dividends income	<i>10, 11</i>	7,329,758	4,441,177	57,367,758	1,579,441,177
Other income		121,353,737	148,237,840	121,860,102	148,756,080
Total income		10,993,826,321	11,724,403,926	10,984,304,407	13,218,290,364
Expenses					
	<i>6, 19</i>				
Cost of sales of goods and rendering of service	<i>9</i>	7,599,502,136	8,404,005,996	7,568,055,359	8,353,362,743
Distribution cost		2,611,988,634	2,649,647,968	2,604,061,873	2,635,041,710
Administrative expenses		811,545,856	873,268,633	790,895,131	855,260,233
Past service cost for employee benefit from amendment of the Labor Protection Act	<i>16</i>	-	171,829,771	-	169,850,687
Total expenses		11,023,036,626	12,098,752,368	10,963,012,363	12,013,515,373
Share of profit of an associate, net of income tax	<i>10</i>	187,969,035	176,846,517	-	-
Profit (loss) before income tax expense		158,758,730	(197,501,925)	21,292,044	1,204,774,991
Income tax (expense) benefit	<i>22</i>	10,372,637	(255,017,060)	9,969,984	(253,460,449)
Profit (loss) for the year		169,131,367	(452,518,985)	31,262,028	951,314,542
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gain on measurement of financial assets	<i>12</i>	1,851,049	2,908,791	1,851,049	2,908,791
Income tax relating to items that will be reclassified	<i>22</i>	(370,210)	(581,758)	(370,210)	(581,758)
Total items that will be reclassified subsequently to profit or loss		1,480,839	2,327,033	1,480,839	2,327,033
<i>Items that will not be reclassified to profit or loss</i>					
Gain from revaluation of land	<i>14</i>	-	870,460,300	-	847,204,301
Defined benefit plan actuarial gain (loss)	<i>16</i>	74,448,657	(66,432,913)	74,570,693	(66,308,072)
Income tax relating to items that will not be reclassified	<i>22</i>	(14,884,269)	(160,769,617)	(14,914,138)	(156,179,246)
Total items that will not be reclassified to profit or loss		59,564,388	643,257,770	59,656,555	624,716,983
Other comprehensive income for the year, net of income tax		61,045,227	645,584,803	61,137,394	627,044,016
Total comprehensive income for the year		230,176,594	193,065,818	92,399,422	1,578,358,558
Earnings (losses) per share (in Baht)	<i>23</i>	0.64	(1.70)	0.12	3.58

The accompanying notes form an integral part of the 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	Exchange differences on translating foreign operation <i>(in Baht)</i>	Gain on measuring financial assets	Gain on revaluation of land	Share premium from business combination under common control	Total other components of equity	Total equity
Year ended 30 September 2019											
Balance at 1 October 2018	265,900,484	1,342,448,425	26,795,766	2,285,000,000	1,624,620,032	31,118,966	12,904,452	2,984,134,096	(32,332,915)	2,995,824,599	8,540,589,306
Comprehensive income for the year											
Loss	-	-	-	-	(452,518,985)	-	-	-	-	-	(452,518,985)
Other comprehensive income	-	-	-	-	(53,110,470)	-	2,327,033	696,368,240	-	698,695,273	645,584,803
Total comprehensive income for the year	-	-	-	-	(505,629,455)	-	2,327,033	696,368,240	-	698,695,273	193,065,818
Balance at 30 September 2019	265,900,484	1,342,448,425	26,795,766	2,285,000,000	1,118,990,577	31,118,966	15,231,485	3,680,502,336	(32,332,915)	3,694,519,872	8,733,655,124

The accompanying notes form an integral part of the financial statements.

Sermsuk Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated financial statements												
		Retained earnings					Other components of equity							
							Exchange			Share premium	Total			
							differences	Gain	Gain	from business	other			
							on translating	on measuring	on revaluation	combination under	components			
							foreign	financial assets	of land	common control	of equity			
							operation					Total	equity	
							(in Baht)							
		Issued and												
Note	share capital	Share premium	Legal	General	Unappropriated									
		reserve	reserve											
Year ended 30 September 2020														
Balance at 1 October 2019		265,900,484	1,342,448,425	26,795,766	2,285,000,000	1,118,990,577	31,118,966	15,231,485	3,680,502,336	(32,332,915)	3,694,519,872	8,733,655,124		
Transactions with owners, recorded directly in equity														
<i>Distributions to owners</i>														
Dividends to the owners of the Company	24	-	-	-	-	(66,473,868)	-	-	-	-	-	(66,473,868)		
Total distributions to owners		-	-	-	-	(66,473,868)	-	-	-	-	-	(66,473,868)		
Comprehensive income for the year														
Profit		-	-	-	-	169,131,367	-	-	-	-	-	169,131,367		
Other comprehensive income		-	-	-	-	59,564,388	-	1,480,839	-	-	1,480,839.00	61,045,227		
Total comprehensive income for the year		-	-	-	-	228,695,755	-	1,480,839	-	-	1,480,839	230,176,594		
Balance at 30 September 2020		265,900,484	1,342,448,425	26,795,766	2,285,000,000	1,281,212,464	31,118,966	16,712,324	3,680,502,336	(32,332,915)	3,696,000,711	8,897,357,850		

The accompanying notes form an integral part of the financial statements.

Sermsuk Public Company Limited and its Subsidiaries

Statement of changes in equity

	Separate financial statements								
	Retained earnings					Other components of equity			Total
	Issued and paid-up share capital	Share premium	Legal reserve	General reserve	Unappropriated <i>(in Baht)</i>	Gain on measuring financial assets	Gain on revaluation of land	Total other components of equity	
Year ended 30 September 2019									
Balance at 1 October 2018	265,900,484	1,342,448,425	26,795,766	2,285,000,000	(464,202,626)	12,904,452	2,837,285,116	2,850,189,568	6,306,131,617
Comprehensive income for the year									
Profit	-	-	-	-	951,314,542	-	-	-	951,314,542
Other comprehensive income	-	-	-	-	(53,046,458)	2,327,033	677,763,441	680,090,474	627,044,016
Total comprehensive income for the year	-	-	-	-	898,268,084	2,327,033	677,763,441	680,090,474	1,578,358,558
Balance at 30 September 2019	265,900,484	1,342,448,425	26,795,766	2,285,000,000	434,065,458	15,231,485	3,515,048,557	3,530,280,042	7,884,490,175

The accompanying notes form an integral part of the financial statements.

Sermasuk Public Company Limited and its Subsidiaries

Statement of changes in equity

	Separate financial statements								
	Retained earnings					Other components of equity			
	Issued and paid-up share capital	Share premium	Legal reserve	General reserve	Unappropriated <i>(in Baht)</i>	Gain on measuring financial assets	Gain on revaluation of land	Total other components of equity	Total equity
<i>Note</i>									
Year ended 30 September 2020									
Balance at 1 October 2019	265,900,484	1,342,448,425	26,795,766	2,285,000,000	434,065,458	15,231,485	3,515,048,557	3,530,280,042	7,884,490,175
Transactions with owners, recorded directly in equity									
<i>Distributions to owners</i>									
Dividends to the owners of the Company	24	-	-	-	(66,473,868)	-	-	-	(66,473,868)
Total distributions to owners		-	-	-	(66,473,868)	-	-	-	(66,473,868)
Comprehensive income for the year									
Profit		-	-	-	31,262,028	-	-	-	31,262,028
Other comprehensive income		-	-	-	59,656,555	1,480,839	-	1,480,839	61,137,394
Total comprehensive income for the year		-	-	-	90,918,583	1,480,839	-	1,480,839	92,399,422
Balance at 30 September 2020		265,900,484	1,342,448,425	26,795,766	2,285,000,000	458,510,173	16,712,324	3,515,048,557	3,531,760,881

The accompanying notes form an integral part of the financial statements.

Sermasuk Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		30 September		30 September	
		2020	2019	2020	2019
<i>(in Baht)</i>					
<i>Cash flows from operating activities</i>					
Profit (loss) for the year		169,131,367	(452,518,985)	31,262,028	951,314,542
<i>Adjustments for reconcile profit (loss) to cash receipts (payments)</i>					
Income tax (benefit) expense	22	(10,372,637)	255,017,060	(9,969,984)	253,460,449
Depreciation and amortisation		588,594,219	596,258,355	560,613,403	567,732,701
Impairment loss on assets		43,755,723	-	43,755,723	-
Provisions for employee benefits expense		136,148,468	90,133,259	134,737,843	88,823,390
Past service cost for employee benefit from amendment of the Labor Protection Act		-	171,829,771	-	169,850,687
Unrealised loss (gain) on exchange		690,905	(26,221)	690,905	(26,221)
Gains on fair value adjustment in investment properties	13	(665,580)	(6,499,377)	(665,580)	(6,499,377)
Share of profit of an associate, net of income tax	10	(187,969,035)	(176,846,517)	-	-
Allowance for doubtful accounts	8	3,150,155	52,283	3,150,155	52,283
Losses on inventories devaluation (reversal of)		3,996,608	1,307,968	6,604,008	(3,915,369)
Loss (gain) on disposal of condo-miniums and equipment		20,590,357	(19,694,969)	21,180,242	(19,346,971)
Interest income		(6,644,190)	(5,173,235)	(10,075,016)	(8,557,509)
Dividend income		(7,329,758)	(4,441,177)	(57,367,758)	(1,579,441,177)
		<u>753,076,602</u>	<u>449,398,215</u>	<u>723,915,969</u>	<u>413,447,428</u>
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		14,717,172	(34,531,067)	16,328,254	(28,881,791)
Other receivables from related parties		32,145,233	346,054,096	32,107,150	306,017,230
Other receivables		(11,491,989)	22,002,952	(11,878,571)	21,812,112
Inventories		85,406,445	(73,206,265)	80,974,897	(58,588,231)
Prepaid excise taxes		2,390,816	1,222,894	2,390,816	1,222,894
Other current assets		(1,591,229)	(10,858,320)	(1,920,753)	(11,874,568)
Other non-current assets		(2,213,064)	(10,118,966)	(1,353,100)	(8,966,358)
Trade accounts payable		(64,367,029)	(123,369,849)	(52,184,750)	(128,400,506)
Other payables to related parties		8,485,068	7,896,015	10,124,519	11,232,978
Other payables		20,083,586	(4,833,089)	21,698,383	(7,942,685)
Customers' deposits on bottles and cases		10,868,212	(1,718,325)	10,868,212	(1,718,325)
Other current liabilities		(5,844,677)	(11,325,859)	(7,077,996)	(12,024,797)
Provisions for employee benefits paid		(108,021,811)	(74,066,595)	(107,990,236)	(73,962,695)
Net cash from operating activities		<u>733,643,335</u>	<u>482,545,837</u>	<u>716,002,794</u>	<u>421,372,686</u>

The accompanying notes form an integral part of the financial statements.

Sermasuk Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 30 September		For the year ended 30 September	
		2020	2019	2020	2019
<i>(in Baht)</i>					
<i>Cash flows from investing activities</i>					
Proceeds from sale of machinery, plant and equipment		22,899,453	20,249,426	22,094,444	19,901,426
Acquisition of plant, machinery and equipment		(232,482,437)	(182,307,339)	(205,107,999)	(162,996,183)
Acquisition of intangible assets		(851,349)	(2,104,001)	(735,099)	(2,092,559)
Dividends received		67,329,758	43,441,177	93,367,758	1,579,441,177
Interest received		6,644,190	5,173,235	10,075,016	8,557,509
Restricted deposits at financial institution		(4,167)	(2,357)	(4,167)	(2,357)
Net cash from (used in) investing activities		(136,464,552)	(115,549,859)	(80,310,047)	1,442,809,013
<i>Cash flows from financing activities</i>					
Repayment of long-term loans from a related party		-	-	-	(1,500,000,000)
Dividend paid to the owners of the Company		(66,472,988)	(405,045)	(66,472,988)	(405,045)
Net cash used in financing activities		(66,472,988)	(405,045)	(66,472,988)	(1,500,405,045)
Net increase in cash and cash equivalents		530,705,795	366,590,933	569,219,759	363,776,654
Cash and cash equivalents at beginning of period		872,792,975	506,202,042	798,046,976	434,270,322
Cash and cash equivalents at end of period	7	1,403,498,770	872,792,975	1,367,266,735	798,046,976
<i>Non-cash transactions</i>					
Increase in payables for acquisition of machinery and equipment		7,752,016	14,549,034	8,748,393	7,450,464
Revaluation surplus on land		-	870,460,300	-	847,204,301

The accompanying notes form an integral part of the financial statements.

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Changes in accounting policies
4	Significant accounting policies
5	Impact of COVID-19 Outbreak
6	Related parties
7	Cash and cash equivalents
8	Trade accounts receivable
9	Inventories
10	Investment in an associate
11	Investment in subsidiaries
12	Other long-term investments
13	Investment properties
14	Property, plant and equipment
15	Intangible assets
16	Non-current provisions for employee benefits
17	Share capital
18	Reserves
19	Segment information
20	Employee benefit expenses
21	Expenses by nature
22	Income tax
23	Earnings (losses) per share
24	Dividends
25	Financial instruments
26	Commitments with non-related parties
27	Credit facilities
28	Contingent liabilities
29	Events after the reporting period
30	Thai Financial Reporting Standards (TFRS) not yet adopted
31	Reclassification of accounts

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

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 18 November 2020.

1 General information

Sermsuk Public Company Limited, “the Company”, is incorporated in Thailand and was listed on the Stock Exchange of Thailand in June 1975. The Company’s registered office at 90 CW Tower, 31st - 32nd Floor, Ratchadapisek Road, Huay Khwang Bangkok Thailand. The Company has its factories and warehouses in the important regions in Thailand.

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

The principal activities of the Group are to produce and distribute soft drinks, drinking water, sport drinks, energy drinks and other beverages, including as distributor of soda, tea and other beverages. Details of the Company’s subsidiaries as at 30 September 2020 and 2019 are given in note 11.

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 and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements except for initial applying TFRS 15 Revenue from Contracts with Customers which replaces TAS 18 Revenue and related interpretations. The effects of these changes, where such effects are considered material to the financial statements, are disclosed in note 3.

In addition, the Group has not early adopted a number of new and revised TFRS which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 30.

(b) *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.

(c) *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 the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 30 September 2020 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note 13	Valuation of investment properties;
Note 14	Valuation of property, plant and equipment;
Note 16	Measurement of defined benefit obligations: key actuarial assumptions;
Note 22	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilised.

3 Change in accounting policy

From 1 October 2019, the Group has adopted TFRS 15 using the cumulative effect method, taking into account the effect of initially applying this standard only to contracts that were not completed before 1 October 2019. The impact on retained earnings as at 1 October 2019 was not material. Therefore, the Group has not adjusted the retained earnings as at 1 October 2019.

Under TFRS 15, the Group recognises revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax or other sales taxes and after deduction of any trade discounts and volume rebates. Judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time. Under TAS 18, the Group recognised revenue from sale of goods when the significant risks and rewards of ownership of the goods were transferred to the buyer, and recognised revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue was recognised if there was continuing management involvement with the goods or there were significant uncertainties regarding recovery of the consideration due.

a. Sales of goods

Under TFRS 15, revenue will be recognised when a customer obtains control of the goods. For some made-to-order product contracts, the customer controls all of the work in progress as the products are being manufactured. The revenue from these contracts will be recognised as the products are being manufactured. Consequently, revenue and some associated costs for these contracts are recognised over time, before the goods are delivered to the customers' premises.

b. Payment to a customer

The Group makes payments to its retailers for product placement ("slotting fees"), promotion events or advertising. Under TAS 18, the Group recognised such amounts as distribution costs. Under TFRS 15, it is required that the Group will consider whether the Group receives distinct goods or services from the customer. If so, then the Group recognises such payments as an expense when the distinct goods or services are consumed. In contrast, if not, such payments are recognised as a reduction of revenue. If the payment exceeds the fair value of the goods or services received, then the excess is recognised as a reduction of revenue. As a result, this results in decreases in revenue and distribution costs.

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

The following tables summarise the impact of adopting TFRS 15 on the financial statements:

<i>Statements of financial position at 30 September 2020</i>	Consolidated financial statements			Separate financial statements		
	Amounts as reported	Adjustments	Amounts without adoption of TFRS 15 <i>(in thousand Baht)</i>	Amounts as reported	Adjustments	Amounts without adoption of TFRS 15
Revenue from sale of goods	10,865,143	170,440	11,035,583	10,805,077	170,440	10,975,517
Distribution costs	2,611,989	170,440	2,782,429	2,604,062	170,440	2,774,502

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3.

(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.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in shareholder’s equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

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.

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

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 investee

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

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

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

Transactions eliminated on consolidation

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

(b) Foreign currencies

Foreign currency transactions

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

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

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

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

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

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

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

Sermasuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

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 and contract assets*

A receivable is recognised when the Group has an unconditional right to receive consideration. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable is stated at invoice value less allowance for doubtful accounts which is determined based on an analysis of payment histories. Bad debts are written off when incurred.

Contract assets are measured at the amount of consideration that the Group is entitled to, less impairment losses.

(e) *Inventories*

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

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

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

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

(f) *Investments*

Investments in an associate and subsidiaries

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

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

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.

Disposal of investments

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

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

(g) *Investment properties*

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

Investment properties are measured at cost on initial recognition and subsequently at fair value, with any change recognised in profit or loss.

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

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

(h) *Property, plant and equipment*

Recognition and measurement

Owned assets

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

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

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.

Any gains and losses on disposal of item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss. When there is a disposal of revalued assets, the amount recognised in revaluation surplus is reclassified to retained earnings.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

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

Reclassification to investment property

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

Subsequent costs

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

Depreciation

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

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

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
Machinery, equipment and tools	5 - 20 years
Vehicles	5 - 10 years
Furniture and office equipment	3 - 5 years
Plastic pallets	5 years
Container	12 - 15 years
Marketing promotion equipment	5 years

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

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

(i) *Intangible assets*

Trademarks

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

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

Software licenses	3 - 10 years
-------------------	--------------

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

(j) *Impairment*

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

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

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

Calculation of recoverable amount

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

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

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

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

(k) *Interest-bearing liabilities*

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

(l) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

(m) *Contract liabilities*

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is recognised when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognises the related revenue.

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

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

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

Other long-term employee benefits

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

Termination benefits

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

Short-term employee benefits

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

Sermasuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

(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) Measurement of fair values

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

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

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

Significant valuation issues are reported to the Group’s Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market 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 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 or indirectly.
- *Level 3*: inputs for the asset or liability that are based on unobservable input.

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

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

(q) Revenue

Information about the Group’s accounting policies is disclosed in note 3.

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

(r) **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.

(s) **Investment income**

Investment income comprises dividend and interest income. Dividend income is recognised in profit or loss on the date the Group's right to receive payments is established. Interest income is recognised in profit or loss as it accrues.

(t) **Finance costs**

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

(u) **Lease payments**

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

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.

(v) **Income tax**

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

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

Sermasuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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.

(w) *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 loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(x) *Related parties*

Related parties are a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

(y) *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.

5 Impact of COVID-19 Outbreak

Near the end of the second quarter and also in the third quarter, Thailand has enacted several protection measures against COVID-19, with a significant impact on the daily life, supply chain and sale of goods in the country, resulting in a decline in revenue. However, the management will constantly provide commercial support to the customers and make the utmost effort to reduce such impact by targeting the Group's other markets, cutting costs and other procedures as well as to adapt its sales and operations in response to the situation.

6 Related parties

Relationships with an associate and subsidiaries are described in notes 10 and 11. Other related parties that the Group had significant transactions with during the year were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Key management personnel	Singapore/ Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.
Thai Beverage Public Co., Ltd.	Thailand	Parent Company and common director
So Water Co., Ltd.	Thailand	Parent Company
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
Sang Som Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Beer Thai (1991) PLC.	Thailand	Subsidiary of indirect subsidiary of the ultimate parent company
Beer Thip Brewery (1991) Co., Ltd.	Thailand	Subsidiary of indirect 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
Pomthip (2012) Co., Ltd.	Thailand	Subsidiary of indirect subsidiary of the ultimate parent company
Pomkit Co., Ltd.	Thailand	Subsidiary of indirect subsidiary of the ultimate parent company
Num Yuk Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Pan International(Thailand) Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Logistics Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Recycle Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements For the year ended 30 September 2020

Name of entities	Country of incorporation/ nationality	Nature of relationships
Thai Beverage Marketing Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Dhospaak Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Drinks Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Horeca Management Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Bev Tech Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Cash Van Management Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
C A C Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Chang International Co., Ltd.	Thailand	Subsidiary of indirect subsidiary of the ultimate parent company
ASM Management Co.,Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Molasses Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Kankwan Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Kanchana Singkhorn Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Training Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Charan Business 52 Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Feed Addition Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Oishi Group PLC.	Thailand	Direct subsidiary of the ultimate parent company
Oishi Trading Co., Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
Oishi Ramen Co., Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
Oishi Food Service Co., Ltd.	Thailand	Indirect subsidiary of Indirect subsidiary of the ultimate parent company
Bangkok Art Biennale Management Co., Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
Food of Asia Co.,Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
Spice of Asia Co., Ltd.	Thailand	Indirect subsidiary of Indirect subsidiary of the ultimate parent company
The QSR of Asia Co., Ltd.	Thailand	Indirect subsidiary of Indirect subsidiary of the ultimate parent company
Max Asia Co., Ltd.	Thailand	Indirect subsidiary of Indirect subsidiary of the ultimate parent company
Bistro Asia Co., Ltd.	Thailand	Indirect subsidiary of Indirect subsidiary of the ultimate parent company
F&N Interflavine Pte Ltd.	Singapore	Affiliated company in associate of the ultimate parent company
F&N Beverages Marketing 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.

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements For the year ended 30 September 2020

Name of entities	Country of incorporation/ nationality	Nature of relationships
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.
BJC Specialties Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.
N.C.C. Management and Development Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.
Big C Supercenter PLC.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly and common directors
North Park Golf And Sports Club Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly and common directors
The Pet Co., Ltd.	Thailand	The Company and directors hold ordinary shares and common directors
Crown Seal PLC.	Thailand	The Company hold ordinary shares and common director
Muangthai Insurance PLC.	Thailand	The directors hold ordinary shares and common director
Muangthai Life Insurance PLC.	Thailand	The directors hold ordinary shares and common director
Phatra-leasing PLC.	Thailand	Common directors
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

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

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

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

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

<i>Year ended 30 September</i>	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Ultimate parent company				
Sale of goods and rendering of services	3,083	3,485	3,083	3,485
Other income	76	-	76	-
Administrative expenses	14,227	77	14,227	77
Subsidiaries				
Purchase of finished goods and services	-	-	312,138	269,309
Distribution cost and administrative expenses	-	-	18,442	39,553
Dividend income	-	-	26,038	1,500,000
Interest income	-	-	3,886	3,875
Associate				
Purchase of raw materials	801,270	934,131	801,270	934,131
Dividend income	24,000	75,000	24,000	75,000
Other income	3,893	17,792	3,893	17,792
Distribution cost and administrative expenses	1,482	326	1,482	326
Key management personnel				
Key management personnel compensation				
Directors' remunerations	7,714	8,103	7,714	8,103
Post-employment benefits	1,566	3,991	1,566	3,991
Other long-term benefits	3	6	3	6
Total key management personnel compensation	9,283	12,100	9,283	12,100

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

<i>Year ended 30 September</i>	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Other related parties				
Sale of goods and rendering of services	3,605,273	3,966,932	3,545,005	3,893,961
Other income	55,922	44,015	55,020	42,547
Dividend income	7,330	4,441	7,330	4,441
Interest income	103	121	103	121
Purchase of finished goods and raw materials	3,323,158	3,451,051	3,224,128	3,349,230
Subsidy for marketing expense	467,917	442,867	467,917	442,867
Distribution cost	260,747	188,115	260,747	185,995
Administrative expenses	119,187	119,569	118,477	118,855

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

<i>Trade accounts receivable</i>	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Ultimate parent company	770	389	770	389
Subsidiaries	-	-	-	3
Other related parties	290,430	288,942	282,159	283,741
Total	291,200	289,331	282,929	284,133

<i>Other receivables</i>	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	44,770	44,774
An associate	277	36,176	277	36,176
Other related parties	83,265	115,511	83,265	115,469
Total	83,542	151,687	128,312	196,419

<i>Loans to</i>	Interest rate		Consolidated		Separate	
	2020	2019	financial statements		financial statements	
			2020	2019	2020	2019
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loan						
Subsidiary	3.10	3.10	-	-	125,000	125,000
Long-term loan						
Other related party	2.75 - 3.85	3.85 - 4.05	3,000	3,000	3,000	3,000
Total			3,000	3,000	128,000	128,000

There were no movements of the loans to related parties for the year ended 30 September.

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

<i>Trade accounts payable</i>	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	446,088	432,855
An associate	60,189	62,358	60,189	62,358
Other related parties	330,466	357,628	308,501	340,645
Total	390,655	419,986	814,778	835,858

<i>Other payables</i>	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Ultimate parent company	4,361	82	4,361	82
Subsidiaries	-	-	5,464	6,144
Other related parties	164,809	160,603	162,837	156,312
Total	169,170	160,685	172,662	162,538

<i>Long-term loans from</i>	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiary	-	-	30,968	30,968

Interest rate
2020 2019
(% per annum)

Movements during the years ended 30 September of long-term loans from related parties were as follows:

<i>Loans from</i>	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Subsidiary				
At 1 October	-	-	30,968	1,530,968
Decrease	-	-	-	(1,500,000)
At 30 September	-	-	30,968	30,968

Significant agreements with related parties

Loan agreement

On 21 May 2009, the Company entered into a long-term loan agreement with The Pet Co., Ltd., “Borrower”, in the amount of Baht 3 million, and repay within 20 May 2014. The agreement shall continue to be in effect for another period of five years if there is no change at the maturity date. Interests are payable quarterly at the MRR of a financial institution at the beginning of each quarter. Subsequently on 1 January 2013, the Company and the Borrower agreed to change the interest rate to Money Market Rate of a financial institution at the beginning of each quarter. On 21 May 2019, the long-term loan agreement has been renewed in the amount of Baht 3 million, and repay within 20 May 2024. The agreement shall continue to be in effect for another period of five years if there is no change at the maturity date in same terms and conditions.

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 21 May 2013, the Company entered into an addendum of such short-term loan agreement in order to amend interest rate of the agreement.

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

On 18 December 2014, the Company entered into a short-term loan agreement with Great Brands Limited, “Lender” for a loan facility of Baht 1,700 million. Interest is at rate as stipulated in the agreement or further agreed which is repayable in full after one year from the drawdown date or such other date which the Lender specifies. Subsequently on 29 June 2018, the Company and the Lender made an amendment whereby the parties agreed to extend the loan maturity date for eight years from the date acquired the loan to 24 December 2022. During 2019, the Company has repaid Baht 1,500 million to the related company. As at 30 September 2020, the Company had utilised loan facility totalling Baht 30.97 million (*30 September 2019: Baht 30.97 million*).

Manufacturing 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. If neither party show its intention in writing not to renew the agreement in advance for at least 90 days ahead, the agreement shall be deemed to be effective for another three years until to 31 March 2021. From 2 January 2019, the parties agree to amend the agreement reflecting 10% product price increase (from the original price), subject to further price change to be agreed by the parties.

The Company entered into an agreement with its related party in order to appoint to produce drinking water under “Crystal” trademark. The Company has to comply with conditions as specified in the agreement. The agreement is for three years and ends on 15 November 2018. Currently, the agreement has been automatically renewed from 16 November 2019 to 15 November 2020.

The Company entered into various agreements with related companies 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 effective from 1 March 2020 to 30 September 2021. If neither party notifies its intention in writing not to renew the agreement in advance 90 days prior to expiry date, the agreement shall be deemed to be effective for another one year.

The Company has entered into an agreement appointing its related party in order to appoint to produce drinking water under “Crystal” trademark. The Company has to comply with conditions as specified in the agreement. The agreement is effective from 28 January 2020 to 30 September 2021. If neither party notifies its intention in writing not to renew the agreement in advance 90 days prior to expiry date, the agreement shall be deemed to be effective for another one year.

Appointment agreement

The Company entered into an agreement with a related company to be appointed to distribute bottled green tea. The Company has to comply with conditions as specified in the agreement for a period of three years and ends on 28 February 2018, with a renewal option to extend for a further period of one year from the expiration date. The Company renewed the contract for three years and ends on 28 February 2021.

The Company has entered into a distributor agreement appoint its related company to distribute the products under "Crystal" "Ranger" and "est" trademarks. The parties have to comply with the conditions as specified in the agreement. This agreement is effective from 1 January 2020 to 31 December 2021. If the Company does not show the intention in writing not to renew the agreement in advance 90 days prior to expiry date, the agreement shall be deemed to be effective for another one year.

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

The Company has entered into a distributor agreement appoint its related company to distribute the products under "Crystal" "Ranger" and "est" trademarks. The parties have to comply with the conditions as specified under this agreement. This agreement is effective from 1 January 2018 to 31 December 2020. If neither party show the intention not to renew the contract in writing in advance for at least 30 days ahead, the existing contract will be extended for an additional period of one year.

The Company entered into a Memorandum of Understanding with a related party in order to be a distributor of the product under "Tea pot" and "Carnation" trademarks, effective from 28 October 2019 to 30 April 2020. Currently, the parties agree to enter into a Memorandum of Understanding to extend the term of agreement for three months, which is effective until 31 July 2020. Currently, the Parties enter into distributorship agreement to appoint the Company as distributor to distribute "Tea pot" and "Carnation" trademarks, effective from 17 August 2020 to 16 August 2022. If neither party notifies its intention in writing not to renew the agreement in advance 30 days prior to expiry date, the agreement shall be deemed to be effective for another one year.

Product sale and purchase agreement

The Company has entered into a new agreement with a related company to sell and purchase soda product. The Company has to comply with conditions as specified in the agreement. The agreement is effective from 1 October 2018 to 30 September 2020. If neither party notifies its intention in writing not to renew the agreement in advance 30 days prior to expiry date, the agreement shall be deemed to be effective for another one year.

The Company entered into a new agreement with a related company to sell and purchase a product under "Sarsi" trademark. All parties have to comply with conditions as specified in the agreement. The agreement is effective from 1 June 2020 to 31 May 2021. If neither party notifies its intention in writing not to renew the agreement in advance for at least six months prior to expiry date, the agreement shall be deemed to be effective for another one year.

Co-packing and Distribution agreement

The Company and its subsidiary entered into a "Co-packing and Distribution" agreement with a related company to produce and distribute returnable glass bottled tea drinks. The Company and its subsidiary have to comply with certain conditions contained in the agreement for a period of five years which ends on 31 July 2017. Unless there is notification to terminate the agreement, this agreement continues to be in effect for the successive five years term. The Company renewed the contract for one year and ends on 31 July 2018. On 25 June 2018, the Company renewed the contact for one year and ends on 31 July 2019. Currently, the agreement has been renewed for one year and two months effective from 1 August 2019 to 30 September 2020. The parties have the right to terminate the agreement by sending written to other parties 90 days prior the expiry date.

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

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

The Company entered into a “Co-packing” agreement with a related company to produce product under “est” trademark for the export purpose only. The Company has to comply with conditions as specified in the agreement for a period of one year, effective from 1 April 2016 to 31 March 2017. Unless there is notification from either party gives to other to terminate the agreement not later than 90 days prior to the expiration date, this agreement continues to be in effect for the successive one year term. Currently, the agreement has been automatically renewed from 1 April 2020 to 31 March 2021.

The Company entered into a “Co-packing and Distribution” agreement with a related company to produce and distribute product under “100 Plus” trademark. The Company has to comply with conditions as specified in the agreement for a period of three years, effective from 1 June 2015 to 31 May 2018. Unless there is notification from either party gives to other to terminate the agreement not later than six months prior to the expiration date, this agreement continues to be in effect for the successive three years term. Currently, the agreement has been automatically renewed for the first time from 1 June 2018 to 31 May 2021.

The Company entered into a “Co-packing and Distribution” agreement with a related company to produce and distribute product under “Sarsi” trademark. Currently, the agreement has been automatically renewed from 1 June 2020 to 31 May 2021.

Land lease agreement, Sublease agreement for office space and service agreement

On 16 July 2017, the Company entered into a sublease agreement for office space, storage space and service agreement with a related company. The agreement is for a period from 16 July 2017 to 22 May 2020. The Company is committed to pay rental and service fee on the rates as stipulated in the agreement. This agreement will be renewed conditional in a prior notice being provided advance at least 90 days. Currently, the new agreements renewal is on the process. However, the parties have executed the offer letters for sublease and services agreements which will be effective from 23 May 2020 to 22 May 2022.

The Company entered into a renewal sublease agreement for office space and warehouse with a related company. The agreement is for three years from 1 March 2019 to 28 February 2022. The Company is committed to pay rental and service fee and has to comply with terms and conditions as stipulated in the agreement.

The Company has entered into a Lease agreement with a related company as a lessee. The agreement has been effective from the first date the lessee stored its assets at the leased premises 24 July 2019 to 31 May 2022. In the event that the lessee intends to extend the agreement, the lessee shall submit a written notice a least 60 days to the lessor prior to the expiry date to the agreement. Once submitted, the agreement shall be extended for another three years term with the same conditions. The parties have to comply with conditions as specified in the agreement.

Sales and Purchase agreement

The Company has entered into a Memorandum of Understanding regarding the sale of waste material with a related company. This Memorandum of Understanding has been effective from the signing date 23 August 2019 until the sale of waste material has been completed.

The Company has entered into Sales and Purchase of waste material agreement with a related company. This agreement will be effective from 1 December 2019 to 30 November 2020.

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

Service Agreement related sales promotion

The Company has entered into Service agreement related to sales promotion with a related company so as to provide sales promotion of soda product under "Rock Mountain" trademark as specified in the agreement. The agreement is effective for one year from 1 October 2019 to 30 September 2020.

Commitments with related parties

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within 1 year	49,604	41,400	49,351	41,297
1 - 5 years	108,867	101,729	108,151	101,729
After 5 years	49,477	59,778	49,477	59,778
Total	207,948	202,907	206,979	202,804

Other commitments

As at 30 September 2020, the Company had commitments for purchase orders for goods with related parties amounting to Baht 242.51 million (2019: Baht 381.43 million).

7 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Cash on hand	4,653	26,951	4,603	26,930
Cash at banks - current accounts	63,672	47,298	63,106	46,572
Cash at banks - savings accounts	1,335,174	729,544	1,299,558	655,545
Highly liquid short-term investments	-	69,000	-	69,000
Total	1,403,499	872,793	1,367,267	798,047

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

8 Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	291,200	289,331	282,929	284,133
	291,200	289,331	282,929	284,133
Other parties				
Within credit terms	241,226	234,546	241,225	233,054
Overdue:				
Less than 1 month	12,745	35,017	12,745	35,017
1 - 3 months	4,470	9,575	4,470	9,575
3 - 6 months	2,936	3,179	2,936	3,179
Over 6 months	17,641	13,287	17,612	13,287
	279,018	295,604	278,988	294,112
<i>Less</i> allowance for doubtful accounts	(20,506)	(16,968)	(20,506)	(16,968)
Net	258,512	278,636	258,482	277,144
Total	549,712	567,967	541,411	561,277

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

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Finished goods	338,492	406,931	333,100	402,357
Work in progress	1,826	2,074	1,826	2,074
Raw materials and supplies	245,084	260,094	203,966	212,792
Spare parts	93,990	95,523	87,963	90,430
Other supplies	2,544	2,721	2,544	2,721
	681,936	767,343	629,399	710,374
<i>Less</i> allowance for decline in value	(94,852)	(90,856)	(94,852)	(88,248)
Net	587,084	676,487	534,547	622,126
Inventories recognised in ‘cost of sales of goods’				
- Cost	7,592,775	8,436,653	7,561,451	8,385,385
- Write-down to net realisable value	12,496	8,422	12,496	7,194
- Reversal of write-down	(8,500)	(9,730)	(5,892)	(11,110)
Net	7,596,769	8,435,345	7,568,055	8,381,469

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

10 Investment in an associate

Consolidated financial statements											
	Ownership interest		Paid-up capital		Cost			Equity		Dividend income for the year	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
	(%)		(in thousand Baht)								
Petform (Thailand) Limited	40	40	75,000	75,000	<u>30,000</u>	<u>30,000</u>	<u>802,280</u>	<u>638,311</u>	<u>24,000</u>	<u>75,000</u>	
Separate financial statements											
	Ownership interest		Paid-up capital		Cost			Dividend income for the year			
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
	(%)		(in thousand Baht)								
Petform (Thailand) Limited	40	40	75,000	75,000	<u>30,000</u>	<u>30,000</u>	<u>24,000</u>	<u>75,000</u>			

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

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

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

	Petform (Thailand) Limited	
	2020	2019
	<i>(in thousand Baht)</i>	
Revenue	2,971,533	3,659,901
Profit from continuing operations	472,768	455,009
Other comprehensive income	(4,110)	(516)
Total comprehensive income (100%)	<u>468,658</u>	<u>454,493</u>
Attributable to NCI	284,799	278,162
Group's share of total comprehensive income	187,969	176,847
Current assets	720,189	488,733
Non-current assets	1,721,984	1,679,183
Current liabilities	(330,788)	(442,850)
Non-current liabilities	(92,378)	(24,718)
Net assets (100%)	<u>2,019,007</u>	<u>1,700,348</u>
Attributable to NCI	1,211,404	1,020,209
Carrying amount of interest in associate	807,603	680,139

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

11 Investments in subsidiaries

Subsidiaries	Type of business	Ownership interest		Separate financial statements				Dividend income for the year	
		2020	2019	Paid-up capital		Cost		2020	2019
		(%)		2020	2019	2020	2019	(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	26,038	1,500,000
Sermsuk Training Co., Ltd.	Human resources development and organisation	99.99	99.99	2,500	2,500	2,500	2,500	-	-
Total						606,634	606,634	26,038	1,500,000
<i>Indirect subsidiaries</i>									
Serm Suk Beverage Co., Ltd.	Produce and distribute tea, and sports drinks	99.99	99.99	689,586	689,586	-	-	-	-
Wrangyer Beverage (2008) Co., Ltd.	Produce and distribute energy drink	99.99	99.99	200,000	200,000	-	-	-	-

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

For the year ended 30 September 2020

12 Other long-term investments

	Consolidated and Separate financial statements			
	Cost method 2020	2019	Dividend income 2020	2019
	<i>(in thousand Baht)</i>			
Equity securities available for sale				
Crown Seal Public Company Limited	52,623	50,772	4,125	1,587
Non marketable equity securities				
The Pet Company Limited	7,000	7,000	1,050	700
Bangkok Glass Public Company Limited	74,799	74,799	2,155	2,154
	<u>81,799</u>	<u>81,799</u>	<u>3,205</u>	<u>2,854</u>
Total	<u>134,422</u>	<u>132,571</u>	<u>7,330</u>	<u>4,441</u>

	Consolidated and Separate financial statements				
	At beginning of period	Purchase	Disposal	Fair value adjustment	At end of period
	<i>(in thousand Baht)</i>				
2020					
Available-for-sale securities	<u>50,772</u>	<u>-</u>	<u>-</u>	<u>1,851</u>	<u>52,623</u>
2019					
Available-for-sale securities	<u>47,863</u>	<u>-</u>	<u>-</u>	<u>2,909</u>	<u>50,772</u>

13 Investment properties

	Consolidated and Separate financial statements		
	Land	Building	Total
	<i>(in thousand Baht)</i>		
At 1 October 2018	311,205	5,280	316,485
Fair value adjustments	6,680	(180)	6,500
At 30 September 2019 and 1 October 2019	<u>317,885</u>	<u>5,100</u>	<u>322,985</u>
Fair value adjustments	865	(200)	665
At 30 September 2020	<u>318,750</u>	<u>4,900</u>	<u>323,650</u>

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

<i>Year ended 30 September</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Amounts recognised in profit or loss for investment properties</i>				
Rental income	913	913	913	913
	Consolidated financial statements		Separate financial statements	
<i>At 30 September</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Minimum lease payments under non- cancellable operating lease are receivable:</i>				
Within 1 year	152	913	152	913
1 - 5 years	-	152	-	152
Total	152	1,065	152	1,065

Investment properties comprise a number of commercial properties that are leased to third parties. Each of the leases contains an initial non-cancellable period of 3 years.

The fair value of investment properties as at 30 September 2020 of Baht 323.65 million (2019: Baht 322.99 million) was determined by Thai Property Appraisal Lynn Philips Co., Ltd., a firm of independent professional valuers, at open market values on an existing use basis. The fair value of investment property has been categorised as a Level 3 fair value.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Market Approach	<ul style="list-style-type: none"> Asking price of comparable property 	<p>The estimated fair value increase (decrease) if:</p> <ul style="list-style-type: none"> Asking prices of comparable property were higher (lower).

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

14 Property, plant and equipment

	Consolidated financial statements											
	Land		Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles	Furniture and office equipment	Plastic pallets	Container	Marketing promotion equipments	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation										
<i>Cost/revaluation</i>												
At 1 October 2018	500,266	3,730,168	2,679,994	-	6,729,407	1,677,574	317,394	365,261	1,348,571	3,784,509	63,702	21,196,846
Additions	-	870,460	25,407	-	61,924	10,569	17,887	7,000	58,608	14,459	85,091	1,151,405
Transfers	-	-	23,670	-	23,369	551	254	-	-	96	(47,940)	-
Disposals	-	-	(12,528)	-	(48,042)	(78,174)	(6,569)	(463)	(97,847)	(125,472)	-	(369,095)
At 30 September 2019 and 1 October 2019	500,266	4,600,628	2,716,543	-	6,766,658	1,610,520	328,966	371,798	1,309,332	3,673,592	100,853	21,979,156
Additions	-	-	20,990	-	63,390	10,252	18,706	-	32,582	4,608	89,706	240,234
Transfers	-	-	18,631	-	84,677	116	201	-	-	(385)	(103,240)	-
Disposals	-	-	(2,660)	-	(38,065)	(30,170)	(4,268)	(39,476)	(77,167)	(45,324)	-	(237,130)
At 30 September 2020	500,266	4,600,628	2,753,504	-	6,876,660	1,590,718	343,605	332,322	1,264,747	3,632,491	87,319	21,982,260

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

	Consolidated financial statements											
	Land	Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles	Furniture and office equipment	Plastic pallets	Container	Marketing promotion equipments	Assets under construction and installation	Total	
	Historical cost	Surplus on revaluation										
<i>(in thousand Baht)</i>												
Depreciation												
At 1 October 2018	-	-	1,571,428	-	5,232,059	1,559,674	287,820	352,139	295,305	3,624,761	-	12,923,186
Depreciation charge for the year	-	-	85,797	-	262,177	39,566	20,072	6,552	94,434	84,537	-	593,135
Disposals	-	-	(12,512)	-	(47,671)	(77,926)	(6,543)	(462)	(15,046)	(125,439)	-	(285,599)
At 30 September 2019												
and 1 October 2019	-	-	1,644,713	-	5,446,565	1,521,314	301,349	358,229	374,693	3,583,859	-	13,230,722
Depreciation charge for the year	-	-	86,657	-	257,327	36,031	18,322	4,078	127,888	54,517	-	584,820
Disposals	-	-	(500)	-	(37,941)	(30,167)	(4,224)	(39,464)	(36,033)	(45,314)	-	(193,643)
At 30 September 2020	-	-	1,730,870	-	5,665,951	1,527,178	315,447	322,843	466,548	3,593,062	-	13,621,899
Impairment losses												
At 1 October 2018	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 30 September 2019												
and 1 October 2019	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 30 September 2020	-	-	-	-	-	-	-	-	43,756	5,330	-	49,086
Net book value												
At 30 September 2019	<u>500,266</u>	<u>4,600,628</u>	<u>1,071,830</u>	-	<u>1,320,093</u>	<u>89,206</u>	<u>27,617</u>	<u>13,569</u>	<u>934,639</u>	<u>84,403</u>	<u>100,853</u>	<u>8,743,104</u>
At 30 September 2020	<u>500,266</u>	<u>4,600,628</u>	<u>1,022,634</u>	-	<u>1,210,709</u>	<u>63,540</u>	<u>28,158</u>	<u>9,479</u>	<u>754,443</u>	<u>34,099</u>	<u>87,319</u>	<u>8,311,275</u>

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

	Separate financial statements											
	Land		Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles	Furniture and office equipment	Plastic pallets	Container	Marketing and installation	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation										
<i>Cost/revaluation</i>												
At 1 October 2018	375,763	3,546,607	2,359,732	-	6,093,428	1,669,453	306,878	341,403	1,464,493	3,784,510	59,506	20,001,773
Additions	-	847,204	23,582	-	49,156	10,569	17,167	7,000	58,608	14,458	73,948	1,101,692
Transfers	-	-	23,670	-	19,341	551	254	-	-	96	(43,912)	-
Disposals	-	-	(12,514)	-	(47,410)	(76,867)	(6,530)	(463)	(97,725)	(125,472)	-	(366,981)
At 30 September 2019												
and 1 October 2019	375,763	4,393,811	2,394,470	-	6,114,515	1,603,706	317,769	347,940	1,425,376	3,673,592	89,542	20,736,484
Additions	-	-	18,465	-	48,164	10,252	17,885	-	32,582	4,608	81,900	213,856
Transfers	-	-	16,347	-	69,782	116	(210)	-	-	(385)	(85,650)	-
Disposals	-	-	(2,660)	-	(36,702)	(27,906)	(4,268)	(39,476)	(71,071)	(45,324)	-	(227,407)
At 30 September 2020	375,763	4,393,811	2,426,622	-	6,195,759	1,586,168	331,176	308,464	1,386,887	3,632,491	85,792	20,722,933

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

	Separate financial statements											
	Land		Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles	Furniture and office equipment	Plastic pallets	Container	Marketing and installation	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation										
<i>Depreciation</i>												
At 1 October 2018	-	-	1,338,712	-	4,679,994	1,552,003	279,213	328,279	435,169	3,624,761	-	12,238,131
Depreciation charge for the year	-	-	75,446	-	246,882	39,337	19,460	6,552	93,402	84,537	-	565,616
Disposals	-	-	(12,512)	-	(47,039)	(76,620)	(6,504)	(462)	(14,970)	(125,439)	-	(283,546)
At 30 September 2019 and 1 October 2019	-	-	1,401,646	-	4,879,837	1,514,720	292,169	334,369	513,601	3,583,859	-	12,520,201
Depreciation charge for the year	-	-	77,896	-	240,214	35,930	17,658	4,078	126,860	54,517	-	557,153
Disposals	-	-	(500)	-	(36,579)	(27,903)	(4,225)	(39,464)	(30,151)	(45,314)	-	(184,136)
At 30 September 2020	-	-	1,479,042	-	5,083,472	1,522,747	305,602	298,983	610,310	3,593,062	-	12,893,218

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

Separate financial statements

	Land		Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles	Furniture and office equipment	Plastic pallets	Container	Marketing and installation	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation										
<i>Impairment losses</i>												
At 1 October 2018	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 30 September 2019 and 1 October 2019	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 30 September 2020	-	-	-	-	-	-	-	-	43,756	5,330	-	49,086
Net book value												
At 30 September 2019	<u>375,763</u>	<u>4,393,811</u>	<u>992,824</u>	-	<u>1,234,678</u>	<u>88,986</u>	<u>25,600</u>	<u>13,571</u>	<u>911,775</u>	<u>84,403</u>	<u>89,542</u>	<u>8,210,953</u>
At 30 September 2020	<u>375,763</u>	<u>4,393,811</u>	<u>947,580</u>	-	<u>1,112,287</u>	<u>63,421</u>	<u>25,574</u>	<u>9,481</u>	<u>732,821</u>	<u>34,099</u>	<u>85,792</u>	<u>7,780,629</u>

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

The gross amount of the Group's fully depreciated buildings and equipment that was still in use as at 30 September 2020 and 2019 are summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Buildings and equipment	<u>9,768,688</u>	<u>9,687,084</u>	<u>9,056,921</u>	<u>8,770,814</u>

The fair value measurement for property in the consolidated financial statements of Baht 5,100.89 million (2019: Baht 5,100.89 million) and separate financial statements of Baht 4,769.57 million (2019: Baht 4,769.57 million) was determined by Thai Property Appraisal Lynn Philips Co., Ltd., a firm of independent professional valuers, at open market values on an existing use basis. The fair value of property has been categorised as a Level 3 fair value.

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Sales Comparison Approach	<ul style="list-style-type: none"> Asking price of comparable property 	<p>The estimated fair value increase (decrease) if:</p> <ul style="list-style-type: none"> Asking price of comparable property were higher (lower)

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

15 Intangible assets

	Consolidated financial statements		
	Trademark	Software licenses	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 October 2018	2,000	61,456	63,456
Additions	-	2,104	2,104
At 30 September 2019 and 1 October 2019	2,000	63,560	65,560
Additions	-	852	852
At 30 September 2020	2,000	64,412	66,412
Amortisation			
At 1 October 2018	-	43,697	43,697
Amortisation for the year	-	3,448	3,448
At 30 September 2019 and 1 October 2019	-	47,145	47,145
Amortisation for the year	-	2,956	2,956
At 30 September 2020	-	50,101	50,101
Net book value			
At 30 September 2019	2,000	16,145	18,415
At 30 September 2020	2,000	14,311	16,311
		Separate financial statements	
		Software licenses	
		<i>(in thousand Baht)</i>	
Cost			
At 1 October 2018		57,041	
Additions		2,093	
At 30 September 2019 and 1 October 2019		59,134	
Additions		735	
At 30 September 2020		59,869	
Amortisation			
At 1 October 2018		40,654	
Amortisation for the year		2,456	
At 30 September 2019 and 1 October 2019		43,110	
Amortisation for the year		2,642	
At 30 September 2020		45,752	
Net book value			
At 30 September 2019		16,024	
At 30 September 2020		14,117	

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

16 Non-current provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Post-employment benefit				
- retirement benefit	1,047,800	1,143,519	1,034,084	1,131,350
Other long-term employee benefit				
- long service award	90,952	42,375	90,889	42,267
Total	1,138,752	1,185,894	1,124,973	1,173,617

Employee benefit - Retirement benefit

The Group and the Company operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service. The defined benefit plans expose the Group to actuarial risks, such as longevity risk and interest rate risk.

<i>Present value of the defined benefit obligations</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
At 1 October	1,143,519	898,701	1,131,350	889,810
Include in profit or loss:				
Current service costs	63,937	53,148	62,694	52,128
Past service cost for employee benefit from amendment of the Labor Protection Act	-	171,830	-	169,851
Interest on obligation	16,093	23,695	15,911	23,437
	80,030	248,673	78,605	245,416
Included in other comprehensive income				
Actuarial (gains) losses				
- Demographic assumptions	(19,348)	-	(20,023)	-
- Financial assumptions	22,196	63,178	21,870	62,584
- Experience adjustment	(77,297)	3,255	(76,418)	3,724
	(74,449)	66,433	(74,571)	66,308
Others				
Benefit paid	(101,298)	(68,229)	(101,298)	(68,125)
Transfer out to the related company	(2)	(2,059)	(2)	(2,059)
	(101,300)	(70,288)	(101,300)	(70,184)
At 30 September	1,047,800	1,143,519	1,034,084	1,131,350

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group has therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in the third quarter of 2019. As a result of this change, the provision for retirement benefits as at 30 September 2019 as well as past service cost recognised during the year in the consolidated and separate financial statements increased by an amount of Baht 172 million and Baht 170 million, respectively.

<i>Principal actuarial assumptions</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2019	2018
Discount rate	1.30	1.50	1.30	1.50
Future salary growth	0.00 and 4.00	0.00 and 4.00	0.00 and 4.00	0.00 and 4.00

(%)

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

At 30 September 2020, the weighted-average duration of the defined benefit obligation was 9 years (2019: 8 years).

Sensitivity analysis

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

	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	<i>(in thousand Baht)</i>			
<i>Effect to the defined benefit obligation</i>				
<i>At 30 September 2020</i>				
Discount rate (0.5% movement)	(35,379)	37,534	(34,583)	36,668
Future salary growth (1% movement)	82,613	(68,448)	81,079	(67,143)
<i>Effect to the defined benefit obligation</i>				
<i>At 30 September 2019</i>				
Discount rate (0.5% movement)	(44,304)	47,367	(43,565)	46,561
Future salary growth (1% movement)	111,248	(89,038)	109,426	(87,740)

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

17 Share capital

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.

18 Reserves

Reserves comprise

Appropriations of profit and/or retained earnings

Legal reserve

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

General reserve

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

Other components of equity

Currency translation differences

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

Fair value changes 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.

19 Segment information

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

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

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

None of the other operations segments meets the quantitative thresholds for determining reportable segments in 2020 or 2019.

Each segment's 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. Inter-segment pricing is determined on an arm's length basis.

Information about reportable segments

<i>For the year ended</i> 30 September	Consolidated financial statements					
	Carbonated soft drink		Non-Carbonated soft drink		Total reportable segments	
	2020	2019	2020	2019	2020	2019
	<i>(in million Baht)</i>					
Information about reportable segments						
External revenue	4,615	5,208	6,250	6,363	10,865	11,571
Total revenue	4,615	5,208	6,250	6,363	10,865	11,571
Timing of revenue recognition						
At a point in time	4,615	5,208	6,250	6,363	10,865	11,571
Over time	-	-	-	-	-	-
Total revenue	4,615	5,208	6,250	6,363	10,865	11,571
Segment profit before income tax	747	727	2,519	2,407	3,266	3,134
Depreciation and amortisation recorded in distribution cost and administrative expenses	80	98	108	125	188	223
Distribution cost	1,064	1,236	1,440	1,363	2,504	2,599

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

	2020	2019
	<i>(in million Baht)</i>	
Profit or loss		
Profit for reportable segments	3,266	3,134
Depreciation and amortisation recorded in distribution cost and administrative expenses	(188)	(223)
Distribution cost	(2,504)	(2,599)
	574	312
Unallocated revenue and expenses		
- Other income	129	153
- Administrative expenses	(732)	(840)
Share of profit of investment in an associate, net of income tax	188	177
Consolidated gain (loss) before income tax	159	(198)

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

Geographical segments

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

Major customer

Revenue from one customer of the group's 1 and 2 segments represents approximately Baht 3,180.20 million (2019: Baht 3,663.95 million) of the group's total revenue.

20 Employee benefit expenses

		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Salaries and wages		1,301,758	1,325,490	1,275,144	1,297,873
Overtime and allowance expense		102,541	139,781	97,331	135,688
Bonus		144,255	114,346	142,155	112,309
Pension costs - defined contribution plans		83,159	87,736	81,356	86,299
Pension costs - defined benefit plans	16	80,030	248,673	78,605	245,416
Others		290,822	204,521	289,042	202,334
Total		<u>2,002,565</u>	<u>2,120,547</u>	<u>1,963,633</u>	<u>2,079,919</u>

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.

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

21 Expenses by nature

		Consolidated		Separate	
	<i>Note</i>	financial statements	financial statements	financial statements	financial statements
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress		1,812,293	2,268,999	2,101,860	2,265,308
Raw materials and consumables used		4,662,619	5,113,602	4,425,223	4,805,704
Employee benefit expenses	20	2,002,565	2,120,547	1,963,633	2,079,919
Depreciation and amortisation		554,600	574,970	535,038	551,709
Marketing expenses		315,957	349,249	315,957	349,249
Distribution		450,133	425,440	447,072	423,001
Fuel		193,556	270,393	193,428	270,200
Rental expenses		146,418	126,343	143,797	124,432
Maintenance expenses		101,493	117,640	101,139	117,221
Others		783,403	731,569	735,865	1,026,772
Total cost of sales of goods, distribution costs and administrative expenses		11,023,037	12,098,752	10,963,012	12,013,515

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

22 Income tax

<i>Income tax recognised in profit or loss</i>	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Current tax expense				
Current year	60	392	60	-
Deferred tax expense				
Movements in temporary differences	(10,433)	254,625	(10,030)	253,460
Total Income tax	(10,373)	255,017	(9,970)	253,460

<i>Income tax</i>	Consolidated financial statements					
	2020			2019		
	Before tax	Tax benefit (expense)	Net of tax	Before tax	Tax benefit (expense)	Net of tax
	<i>(in thousand Baht)</i>					
Recognised in other comprehensive income						
Net change in fair value of available-for-sale investments	1,851	(370)	1,481	2,909	(582)	2,327
Defined benefit plan actuarial gains (losses)	74,448	(14,884)	59,564	(66,433)	13,323	(53,110)
Revaluation of land	-	-	-	870,460	(174,092)	696,368
Total	76,299	(15,254)	61,045	806,936	(161,351)	645,585

<i>Income tax</i>	Separate financial statements					
	2020			2019		
	Before tax	Tax benefit (expense)	Net of tax	Before tax	Tax benefit (expense)	Net of tax
	<i>(in thousand Baht)</i>					
Recognised in other comprehensive income						
Net change in fair value of available-for-sale investments	1,851	(370)	1,481	2,909	(582)	2,327
Defined benefit plan actuarial gains (losses)	74,571	(14,914)	59,657	(66,308)	13,262	(53,046)
Revaluation of land	-	-	-	847,204	(169,441)	677,763
Total	76,422	(15,284)	61,138	783,805	(156,761)	627,044

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

Reconciliation of effective tax rate

	Consolidated financial statements			
	2020		2019	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense		158,759		(197,502)
Income tax using the Thai corporation tax rate	20.00	31,752	20.00	(39,500)
Income not subject to tax		(39,165)		(35,735)
Expenses not deductible for tax purposes		2,662		1,888
Expenses for tax incentives		(10,845)		(10,060)
Utilized deferred tax assets		5,208		300,000
Reversal of previously recognised deferred tax assets		15		38,424
Total	(6.53)	(10,373)	(129.12)	255,017

Reconciliation of effective tax rate

	Separate financial statements			
	2020		2019	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		21,292		1,204,775
Income tax using the Thai corporation tax rate	20.00	4,258	20.00	240,955
Income not subject to tax		(6,266)		(15,888)
Expenses not deductible for tax purposes		2,669		2,810
Expenses for tax incentives		(10,631)		(10,060)
Reversal of previously recognised deferred tax assets		-		35,643
Total	(46.83)	(9,970)	(21.04)	253,460

Deferred tax At 30 September	Consolidated financial statements			
	Assets		Liabilities	
	2020	2019	2020	2019
	(in thousand Baht)			
Total	579,626	591,926	(1,047,879)	(1,055,357)
Set off of tax	(579,529)	(591,831)	579,529	591,831
Net deferred tax assets (liabilities)	97	95	(468,350)	(463,526)

Deferred tax At 30 September	Separate financial statements			
	Assets		Liabilities	
	2020	2019	2020	2019
	(in thousand Baht)			
Total	571,962	584,695	(1,006,514)	(1,013,993)
Set off of tax	(571,962)	(584,695)	571,962	584,695
Net deferred tax liabilities	-	-	(434,552)	(429,298)

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

<i>Deferred tax</i>	Consolidated financial statements (Charged) / Credited to:			At end of period
	At beginning of period	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
2020				
<i>Deferred tax assets</i>				
Property, plant and equipment	-	8,751	-	8,751
Inventories	18,370	800	-	19,170
Employee benefit obligations	234,751	5,603	(14,884)	225,470
Loss carry forward	329,020	(13,200)	-	315,820
Others	9,785	630	-	10,415
Total	591,926	2,584	(14,884)	579,626
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(920,125)	-	-	(920,125)
Investment properties	(27,210)	(133)	-	(27,343)
Long-term investments	(3,809)	-	(370)	(4,179)
Others	(104,213)	7,981	-	(96,232)
Total	(1,055,357)	7,848	(370)	(1,047,879)
Net	(463,431)	10,432	(15,254)	(468,253)

<i>Deferred tax</i>	Consolidated financial statements (Charged) / Credited to:			At end of period
	At beginning of period	Profit or loss <i>(in thousand Baht)</i>	Other comprehensive income	
2019				
<i>Deferred tax assets</i>				
Inventories	18,632	(262)	-	18,370
Employee benefit obligations	183,956	37,472	13,323	234,751
Loss carry forward	627,409	(298,389)	-	329,020
Others	9,775	10	-	9,785
Total	839,772	(261,169)	13,323	591,926
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(746,033)	-	(174,092)	(920,125)
Investment properties	(25,910)	(1,300)	-	(27,210)
Long-term investments	(3,227)	-	(582)	(3,809)
Others	(112,057)	7,844	-	(104,213)
Total	(887,227)	6,544	(174,674)	(1,055,357)
Net	(47,455)	(254,625)	(161,351)	(463,431)

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

<i>Deferred tax</i>	At beginning of period	Separate financial statements (Charged) / Credited to:		At end of period
		Profit or loss	Other comprehensive income	
2020				
<i>Deferred tax assets</i>				
Property, plant and equipment	-	8,751	-	8,751
Inventories	17,850	1,321	-	19,171
Employee benefit obligations	236,160	5,349	(14,914)	226,595
Loss carry forward	320,900	(13,870)	-	307,030
Others	9,785	630	-	10,415
Total	584,695	2,181	(14,914)	571,962
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(878,762)	-	-	(878,762)
Investment properties	(27,210)	(133)	-	(27,343)
Long-term investments	(3,809)	-	(370)	(4,179)
Others	(104,212)	7,982	-	(96,230)
Total	(1,013,993)	7,849	(370)	(1,006,514)
Net	(429,298)	10,030	(15,284)	(434,552)

<i>Deferred tax</i>	At beginning of period	Separate financial statements (Charged) / Credited to:		At end of period
		Profit or loss	Other comprehensive income	
2019				
<i>Deferred tax assets</i>				
Inventories	18,633	(783)	-	17,850
Employee benefit obligations	185,956	36,942	13,262	236,160
Loss carry forward	617,074	(296,174)	-	320,900
Others	9,775	10	-	9,785
Total	831,438	(260,005)	13,262	584,695
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(709,321)	-	(169,441)	(878,762)
Investment properties	(25,910)	(1,300)	-	(27,210)
Long-term investments	(3,227)	-	(582)	(3,809)
Others	(112,057)	7,845	-	(104,212)
Total	(850,515)	6,545	(170,023)	(1,013,993)
Net	(19,077)	(253,460)	(156,761)	(429,298)

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

The recoverability of deferred income tax assets resulting from tax losses carry-forward and temporary differences is reviewed and assessed, using forecasts that are based on the actual operating results and the expected future performance based on management's estimates and assumptions of revenue growth and the development of operating margins of the Group companies concerned. The Group has recognised tax losses as deferred tax assets because the Group considers that it is probable that future taxable profit will be available against which such losses can be used. These were following the Group's business plan to increase the Group's profit from operating activities in the future. Deviations from these estimates and assumptions can affect the value of deferred tax assets. The actual outcome may differ significantly from the outcome estimated by management. The tax losses expire in 2021 to 2024.

23 Earnings (losses) per share

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht/thousand shares)</i>			
<i>Profit (loss) attributable to ordinary shareholders for the year ended 30 September</i>				
Profit (loss) attributable to ordinary shareholders of the Company (basic)	169,131	(452,519)	31,262	951,315
Number of ordinary shares outstanding	265,900	265,900	265,900	265,900
Earnings (losses) per share (in Baht)	0.64	(1.70)	0.12	3.58

24 Dividends

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
<i>2019</i>				
Annual dividend	30 January 2020	February 2020	0.25	66,474

25 Financial instruments

Financial risk management policies

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

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

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

Capital management

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

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (see Note 6). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

	Effective interest rate (% per annum)	Consolidated financial statements		
		Maturity period		
At 30 September		Within 1 year	After 5 years	Total
		(in thousand Baht)		
2020				
Financial Assets				
Long-term loan to a related party	2.75 - 3.85	-	3,000	3,000
2019				
Financial Assets				
Long-term loan to a related party	3.85 - 4.05	-	3,000	3,000
Separate financial statements				
Maturity period				
At 30 September	Effective interest rate (% per annum)	Within 1 year	After 5 years	Total
		(in thousand Baht)		
2020				
Financial Assets				
Short-term loan to a related party	3.10	125,000	-	125,000
Long-term loan to a related party	2.75 - 3.85	-	3,000	3,000
Total		125,000	3,000	128,000
2019				
Financial Assets				
Short-term loan to a related party	3.10	125,000	-	125,000
Long-term loan to a related party	3.85 - 4.05	-	3,000	3,000
Total		125,000	3,000	128,000

Foreign currency risk

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

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
<i>United States Dollars</i>					
Other payables		(12,171)	(5,287)	(12,129)	(2,245)
Gross statement of financial position exposure		(12,171)	(5,287)	(12,129)	(2,245)
<i>Euro</i>					
Other payables		(4,121)	(559)	(4,121)	(559)
Gross statement of financial position exposure		(4,121)	(559)	(4,121)	(559)
<i>Hong Kong Dollars</i>					
Cash and cash equivalents		2,188	26,991	-	-
Other payables		(25)	(24)	-	-
Gross statement of financial position exposure		2,163	26,967	-	-
<i>Pound Sterling</i>					
Other payables		(17)	(15)	-	-
Gross statement of financial position exposure		(17)	(15)	-	-

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

For the year ended 30 September 2020

Carrying amounts and fair values

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

	Consolidated / Separate financial statements	
	Carrying amount	Fair value Level 1
	<i>(in thousand Baht)</i>	
30 September 2020		
<i>Financial assets measured at fair value</i>		
Equity securities available for sale	52,623	52,623
30 September 2019		
<i>Financial assets measured at fair value</i>		
Equity securities available for sale	50,772	50,772
	Separate financial statements	
	Carrying amount	Fair value Level 3
	<i>(in thousand Baht)</i>	
30 September 2020		
<i>Financial liability not measured at fair value</i>		
Long-term loan from a related party	30,968	27,175
30 September 2019		
<i>Financial liability not measured at fair value</i>		
Long-term loan from a related party	30,968	23,660

Equity securities available for sale is an investment in equity shares of Crown Seal Public Company Limited which listed its equity shares on an exchange and is currently actively traded in the market. The fair value of the said investment is determined to be Level 1 under the fair value hierarchy because the equity shares have a published price quotation in an active market at the measurement date that the Group can access at the measurement date.

Long-term loan from a related party is the long-term loan from Great Brands Limited. The fair value of said long-term loan is determined to be Level 3 under the fair value hierarchy because the fair value of long-term loan has inputs for the liability that are unobservable.

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

26 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
Capital commitments				
Buildings, warehouses and improvement	9,617	-	9,617	-
Machinery, equipment and office equipment	8,669	12,714	8,669	12,714
Total	18,286	12,714	18,286	12,714
Future minimum lease payments under non-cancellable operating leases				
Within 1 year	27,962	25,773	26,988	25,193
1 - 5 years	52,925	39,918	49,686	39,460
After 5 years	52,294	56,874	52,294	56,874
Total	133,181	122,565	128,968	121,527
Other commitments				
Bank guarantees	39,460	37,729	35,184	33,453
Total	39,460	37,729	35,184	33,453

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.

27 Credit facilities

As at 30 September 2020, the Group and the Company had unutilised credit facilities totalling Baht 4,076 million and Baht 4,075 million, respectively (2019: Baht 4,343 million and Baht 4,232 million, respectively).

28 Contingent liabilities

(a) The employee who was laid off by the Company has filed lawsuit against the Company for unfair termination. The total amount of claim is approximately of Baht 6.68 million. Currently, the Company won this case at the Court of First Instance and the case was closed as the employee did not appeal within the allowed period.

(b) A third party lodged a civil lawsuit against the Company requesting service fees (which the Company was contractually bound to pay to its contracting party) to be payable to such third party on a ground of factoring contract. The total claimed amount is approximately Baht 3 million. Currently, the case is under consideration of the Court of First Instance. Hence, there is no provision has been made at 30 September 2020.

29 Events after the reporting period

At the Board of Directors' meeting of the Company held on 18 November 2020, the Board of Directors approved the change in the dividend policy and agreed to propose a dividend payment of Baht 0.32 per share, totalling Baht 85.09 million. The Board of Directors will propose this matter to the shareholders' meeting for further approval.

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

30 Thai Financial Reporting Standards (TFRS) not yet adopted

New and revised TFRS, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for the Group's financial statements in annual reporting periods beginning on or after 1 October 2020, are as follows

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation

* TFRS - Financial instruments standards

(a) *TFRS - Financial instruments standards*

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS – Financial instruments are as follows:

(i) Classification – Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

(ii) Measurement at amortised cost

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method.

(iii) Impairment – Financial assets and contract assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Group estimates allowance for doubtful account by analyzing payment histories. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments.

Sermsuk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 30 September 2020

Transition

The Group expects to initially adopt these TFRS by adjusting the impact to retained earnings or other component of equity on 1 October 2020. Therefore, the Group will not apply the requirements of these TFRS to comparative information.

The preliminary impact assessment of initially applying TFRS - Financial instruments on the financial statements is as follows:

<i>Statement of financial position</i>	Consolidated financial statements	Separate financial statements
<i>At 1 October</i>	2020	2020
	<i>(in thousand Baht)</i>	
Increase in trade accounts receivable	8,079	8,079
Increase in other long-term investments	61,462	61,462
Decrease in deferred tax assets	(1,616)	(1,616)
(Increase) in deferred tax liabilities	(12,292)	(12,292)
(Increase) in retained earnings	(6,463)	(6,463)
(Increase) in other components of equity	(49,170)	(49,170)

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Currently, the Group recognises payments made under operating leases in profit or loss on a straight-line basis over the term of the lease, and recognised liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Group will recognise right-of-use assets and lease liabilities for its operating leases as disclosed in Note 6 and 27. As a result, the nature of expenses related to those leases will be changed because the Group will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

Transition

The Group plans to apply TFRS 16 initially on 1 October 2020, using the modified retrospective approach. Therefore, the cumulative effect of adopting TFRS 16 will be recognised as an adjustment to the retained earnings at 1 October 2020, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply TFRS 16 to all contracts entered into before 1 October 2020 and identified as leases in accordance with TAS 17 and TFRIC 4.

Sermsuk Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 30 September 2020

The preliminary impact assessment of initially applying TFRS 16 on the financial statements is as follows:

<i>Statement of financial position</i> <i>At 1 October</i>	Consolidated financial statements 2020	Separate financial statements 2020
	<i>(in thousand Baht)</i>	
Decrease prepaid rental	(11,265)	(11,265)
Increase in right-of-use assets	298,234	293,827
Increase in lease liabilities	286,969	282,562

31 Reclassification of accounts

Certain accounts in the statement of comprehensive income for the year ended 30 September 2019, which are included in the year ended 30 September 2020 for comparative purposes, have been reclassified to conform to the presentation in the 2020 financial statements as follows:

	2019					
	Consolidated financial statements			Separate financial statements		
	Before reclass	Reclass	After reclass	Before reclass	Reclass	After reclass
	<i>(in million Baht)</i>					
<i>Statement of comprehensive income</i>						
<i>Year ended 30 September 2019</i>						
Revenue from sale of goods and rendering of services	11,763	(191)	11,572	11,681	(191)	11,490
Distribution cost	2,841	<u>(191)</u>	2,650	2,826	<u>(191)</u>	2,635
		<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.