

**Sermsuk Public Company Limited  
and its Subsidiaries**

Financial statements for the year ended  
30 September 2017  
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 2017, 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 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Other matter*

I draw attention to the following; describe in Note (2) the Company changed its financial year-end from 31 December to 30 September in 2016. Consequently, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the accounting period ended 30 September 2017 comprise only 12 months whereas the comparative information presented for the period ended 30 September 2016 comprise 9 months, which results in the periods presented being not comparable. Therefore, supplementary information in Note 34 has been prepared by the Group and the Company as additional information in the form of unaudited consolidated and separate statements of comprehensive income, cash flows and segment information for the year ended 30 September 2016. I have not audited the supplementary information and do not express any audit opinion on such information.

### *Basis for Opinion*

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

### *Key Audit Matters*

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

Valuation of property, plant and equipment	
Refer to notes 3 and 13	
The key audit matter	How the matter was addressed in the audit
<p>The Group and the Company incurred operating losses in the consolidated and separate financial statements for many years resulting from market competition. These would trigger possible impairment indicators. As a result, the carrying amounts of the property, plant and equipment may exceed the recoverable amount.</p> <p>In assessing the impairment issue, the management uses value in use to determine the recoverable amount. In this regard, the management applies significant judgment for estimate cash flows from operating from the discounted cash flow projections such as sales growth rate and discount rate, this is focus and of my audit.</p>	<p>My audit procedures are as follows:</p> <ul style="list-style-type: none"><li>• Gain understanding of the process for estimating the recoverable amount including the value in use which derived from discounted cash flow along with business operating plans.</li><li>• Evaluating key assumptions applied in the cash flow projections including discount rates and sales growth rate by reference to my knowledge of the industry and external market data. In determining appropriateness of discounted rate, KPMG valuation specialist compare the rate used with the weighted average cost of capital within the same industry which the Group operates in.</li><li>• Evaluating the sensitivity of key assumptions used in future cash flows projection which affect to the recoverable amount of cash-generating unit; and</li><li>• Evaluating the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.</li></ul>

Recoverability of deferred tax assets	
Refer to notes 3 and 15	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
The Group and the Company has 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.	<p>My audit procedures are as follows:</p> <ul style="list-style-type: none"> <li>• Gain understanding of the process for measuring deferred tax assets.</li> <li>• Evaluating the management’s assumption used in projecting the Group’s future taxable profits in relevant profit. I compare key inputs used by the Group to forecast future taxable profits to 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.</li> <li>• Test calculation of cash flow projections.</li> <li>• Evaluating the adequacy of the disclosure in accordance with Thai Financial Reporting Standards.</li> </ul>

*Other Information*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(Sureerat Thongarunsang)  
Certified Public Accountant  
Registration No. 4409

KPMG Phoomchai Audit Ltd.  
Bangkok  
16 November 2017

## Sermsuk Public Company Limited and its Subsidiaries

### Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		30 September		30 September	
		2017	2016	2017	2016
		<i>(in Baht)</i>			
<b>Current assets</b>					
Cash and cash equivalents	5	445,708,681	430,537,868	359,564,090	353,167,957
Trade accounts receivable	4, 6	621,431,169	465,658,955	644,560,113	487,035,479
Other receivables from related parties	4	296,879,283	502,066,606	353,869,105	546,833,613
Other receivables	7	100,859,433	120,361,513	100,406,718	117,761,238
Short-term loans to related parties	4	-	-	125,000,000	125,000,000
Inventories	8	712,397,286	702,331,536	653,356,751	636,806,343
Prepaid excise taxes		20,855,612	118,102,643	20,541,205	108,614,975
Other current assets		41,580,787	113,083,516	39,698,756	112,186,477
<b>Total current assets</b>		<b>2,239,712,251</b>	<b>2,452,142,637</b>	<b>2,296,996,738</b>	<b>2,487,406,082</b>
<b>Non-current assets</b>					
Restricted deposits at financial institution		513,277	508,674	513,277	508,674
Investment in an associate	9	507,029,991	425,860,241	30,000,000	30,000,000
Investments in subsidiaries	10	-	-	606,634,068	606,634,068
Other long-term investments	11	141,297,364	179,999,461	141,297,364	179,999,461
Long-term loan to a related party	4	3,000,000	3,000,000	3,000,000	3,000,000
Investment properties	12	313,582,388	300,619,400	313,582,388	300,619,400
Property, plant and equipment	13	8,729,184,315	9,157,183,008	8,206,746,330	8,627,017,743
Intangible assets	14	21,376,519	22,865,089	17,745,320	19,134,917
Deferred tax assets	15	9,657,805	10,376,837	-	-
Other non-current assets		146,267,481	119,622,770	146,189,517	96,471,095
<b>Total non-current assets</b>		<b>9,871,909,140</b>	<b>10,220,035,480</b>	<b>9,465,708,264</b>	<b>9,863,385,358</b>
<b>Total assets</b>		<b>12,111,621,391</b>	<b>12,672,178,117</b>	<b>11,762,705,002</b>	<b>12,350,791,440</b>

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

# Sermsuk Public Company Limited and its Subsidiaries

## Statement of financial position

	Note	Consolidated financial statements		Separate financial statements	
		30 September		30 September	
		2017	2016	2017	2016
<i>(in Baht)</i>					
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Trade accounts payable	4, 16	838,391,310	996,461,145	1,253,228,214	1,328,006,620
Other payables to related parties	4	240,953,898	242,074,287	243,355,731	247,884,602
Other payables	17	641,958,474	712,135,101	605,202,709	692,204,522
Income tax payable		28,987	115,244	-	-
Dividends payable		73,455,863	73,456,268	73,455,863	73,456,268
Customers' deposits on bottles and cases		454,573,616	415,533,521	454,573,616	415,533,521
Other current liabilities		37,600,650	53,098,899	35,329,774	48,971,248
<b>Total current liabilities</b>		<b>2,286,962,798</b>	<b>2,492,874,465</b>	<b>2,665,145,907</b>	<b>2,806,056,781</b>
<b>Non-current liabilities</b>					
Long-term loans from a related party	4	-	-	1,530,968,165	1,530,968,165
Deferred tax liabilities	15	37,588,508	129,159,786	5,994,521	97,798,859
Employee benefit obligations	18	1,062,865,909	1,115,595,130	1,052,428,633	1,106,467,114
<b>Total non-current liabilities</b>		<b>1,100,454,417</b>	<b>1,244,754,916</b>	<b>2,589,391,319</b>	<b>2,735,234,138</b>
<b>Total liabilities</b>		<b>3,387,417,215</b>	<b>3,737,629,381</b>	<b>5,254,537,226</b>	<b>5,541,290,919</b>
<b>Equity</b>					
Share capital:	19				
Authorised share capital		265,900,484	265,900,484	265,900,484	265,900,484
Issued and paid-up share capital		265,900,484	265,900,484	265,900,484	265,900,484
Premium on ordinary shares	19	1,342,448,425	1,342,448,425	1,342,448,425	1,342,448,425
Retained earnings					
Appropriated	20				
Legal reserve		26,795,766	26,795,766	26,795,766	26,795,766
General reserve		2,285,000,000	2,285,000,000	2,285,000,000	2,285,000,000
Unappropriated (Deficit)		1,798,926,772	2,006,202,207	(271,474,597)	26,789,023
Other components of equity	20	3,005,132,729	3,008,201,854	2,859,497,698	2,862,566,823
<b>Total equity</b>		<b>8,724,204,176</b>	<b>8,934,548,736</b>	<b>6,508,167,776</b>	<b>6,809,500,521</b>
<b>Total liabilities and equity</b>		<b>12,111,621,391</b>	<b>12,672,178,117</b>	<b>11,762,705,002</b>	<b>12,350,791,440</b>

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



## Sermsuk Public Company Limited and its Subsidiaries

### Statement of comprehensive income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year	For the nine-month	For the year	For the nine-month
		ended	period ended	ended	period ended
		30 September	30 September	30 September	30 September
		2017	2016	2017	2016
<i>(in Baht)</i>					
<b>Income</b>					
	4, 21				
Revenue from sale of goods and rendering of services		10,623,059,411	8,096,707,765	10,550,849,639	8,124,355,635
Other income	22	257,041,601	211,655,980	336,057,814	330,080,067
<b>Total income</b>		<b>10,880,101,012</b>	<b>8,308,363,745</b>	<b>10,886,907,453</b>	<b>8,454,435,702</b>
<b>Expenses</b>					
	4,21				
Cost of sales of goods and rendering of service	8	7,735,589,585	5,950,059,853	7,719,817,373	6,010,913,090
Selling expenses	23	2,501,971,739	1,761,496,578	2,488,313,121	1,752,584,874
Administrative expenses	24	1,110,179,844	846,578,070	1,097,798,502	841,114,967
<b>Total expenses</b>		<b>11,347,741,168</b>	<b>8,558,134,501</b>	<b>11,305,928,996</b>	<b>8,604,612,931</b>
Share of profit of an associate, net of income tax	9	142,669,752	105,586,085	-	-
<b>Loss before income tax expense</b>		<b>(324,970,404)</b>	<b>(144,184,671)</b>	<b>(419,021,543)</b>	<b>(150,177,229)</b>
Income tax benefit	27	94,048,320	55,444,645	96,981,231	58,956,681
<b>Loss for the year / period</b>		<b>(230,922,084)</b>	<b>(88,740,026)</b>	<b>(322,040,312)</b>	<b>(91,220,548)</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Gain (loss) from revaluation of property, plant and equipment		(134,309)	722,112,967	(134,309)	658,575,967
Defined benefit plan actuarial gains (losses)	18	29,574,061	(11,026,245)	29,720,866	(10,318,505)
Income tax on other comprehensive income	27	(5,900,550)	(142,217,344)	(5,917,312)	(129,651,493)
		<b>23,539,202</b>	<b>568,869,378</b>	<b>23,669,245</b>	<b>518,605,969</b>
<i>Items that are or may be reclassified to profit or loss</i>					
Net change in fair value of available-for-sale investments	11	(3,702,098)	8,726,372	(3,702,098)	8,726,372
Income tax on other comprehensive income	27	740,420	(1,745,274)	740,420	(1,745,274)
		<b>(2,961,678)</b>	<b>6,981,098</b>	<b>(2,961,678)</b>	<b>6,981,098</b>
<b>Other comprehensive income for the year / period net of income tax</b>		<b>20,577,524</b>	<b>575,850,476</b>	<b>20,707,567</b>	<b>525,587,067</b>
<b>Total comprehensive income for the year / period</b>		<b>(210,344,560)</b>	<b>487,110,450</b>	<b>(301,332,745)</b>	<b>434,366,519</b>
<b>Basic losses per share (in Baht)</b>	28	<b>(0.87)</b>	<b>(0.33)</b>	<b>(1.21)</b>	<b>(0.34)</b>

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

**Sermasuk Public Company Limited and its Subsidiaries**

**Statement of changes in equity**

	Consolidated financial statements										
	Retained earnings					Other components of equity					
	Issued and paid-up share capital	Share premium	Legal reserve	General reserve	Unappropriated	Currency translation differences	Fair value changes in available-for-sale investments	Revaluation surplus on land	Share premium from business combination under common control	Total other components of equity	Total equity
<i>(in Baht)</i>											
<b>For the nine-month period ended 30 September 2016</b>											
<b>Balance at 1 January 2016</b>	<b>265,900,484</b>	<b>1,342,448,425</b>	<b>26,795,766</b>	<b>2,285,000,000</b>	<b>2,103,763,229</b>	<b>31,118,966</b>	<b>18,193,162</b>	<b>2,406,551,169</b>	<b>(32,332,915)</b>	<b>2,423,530,382</b>	<b>8,447,438,286</b>
<b>Comprehensive income for the period</b>											
Loss	-	-	-	-	(88,740,026)	-	-	-	-	-	(88,740,026)
Other comprehensive income	-	-	-	-	(8,820,996)	-	6,981,098	577,690,374	-	584,671,472	575,850,476
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(97,561,022)</b>	<b>-</b>	<b>6,981,098</b>	<b>577,690,374</b>	<b>-</b>	<b>584,671,472</b>	<b>487,110,450</b>
<b>Balance at 30 September 2016</b>	<b>265,900,484</b>	<b>1,342,448,425</b>	<b>26,795,766</b>	<b>2,285,000,000</b>	<b>2,006,202,207</b>	<b>31,118,966</b>	<b>25,174,260</b>	<b>2,984,241,543</b>	<b>(32,332,915)</b>	<b>3,008,201,854</b>	<b>8,934,548,736</b>

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

**Sermsuk Public Company Limited and its Subsidiaries**

**Statement of changes in equity**

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

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

**Sermsuk Public Company Limited and its Subsidiaries**

**Statement of changes in equity**

	Separate financial statements								
	Retained earnings					Other components of equity			
	Issued and paid-up share capital	Share premium	Legal reserve	General reserve	Unappropriated <i>(in Baht)</i>	Fair value changes in available-for-sale investments	Revaluation surplus on land	Total other components of equity	Total equity
<b>For the nine-month period ended 30 September 2016</b>									
<b>Balance at 1 January 2016</b>	<b>265,900,484</b>	<b>1,342,448,425</b>	<b>26,795,766</b>	<b>2,285,000,000</b>	<b>126,264,375</b>	<b>18,193,162</b>	<b>2,310,531,790</b>	<b>2,328,724,952</b>	<b>6,375,134,002</b>
<b>Comprehensive income for the period</b>									
Loss	-	-	-	-	(91,220,548)	-	-	-	(91,220,548)
Other comprehensive income	-	-	-	-	(8,254,804)	6,981,098	526,860,773	533,841,871	525,587,067
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(99,475,352)</b>	<b>6,981,098</b>	<b>526,860,773</b>	<b>533,841,871</b>	<b>434,366,519</b>
<b>Balance at 30 September 2016</b>	<b>265,900,484</b>	<b>1,342,448,425</b>	<b>26,795,766</b>	<b>2,285,000,000</b>	<b>26,789,023</b>	<b>25,174,260</b>	<b>2,837,392,563</b>	<b>2,862,566,823</b>	<b>6,809,500,521</b>

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

**Sermsuk Public Company Limited and its Subsidiaries**

**Statement of changes in equity**

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

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

## Sermasuk Public Company Limited and its Subsidiaries

### Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year	For the nine-month	For the year	For the nine-month
		ended	period ended	ended	period ended
		30 September	30 September	30 September	30 September
		2017	2016	2017	2016
<i>(in Baht)</i>					
<b><i>Cash flows from operating activities</i></b>					
Loss for the year / period		(230,922,084)	(88,740,026)	(322,040,312)	(91,220,548)
<b><i>Adjustments for</i></b>					
Depreciation and amortisation		664,452,722	524,914,368	673,977,404	486,779,309
Interest income		(3,412,385)	(4,388,460)	(6,706,927)	(4,134,332)
Dividends income	22	(5,498,919)	(4,983,794)	(66,998,919)	(115,983,794)
Unrealised loss on exchange		23,271	73,596	23,271	73,596
Reversal of allowance for doubtful accounts	6, 7	(9,160,028)	(24,982,702)	(9,160,028)	(24,982,702)
Reversal of allowance for decline in value of inventories	8	(31,203,213)	(100,176,212)	(24,983,805)	(96,568,436)
Gain on disposal of long term investment	11	(7,420,000)	-	(7,420,000)	-
Fair value changes in investment properties	12	(12,962,988)	(23,737,000)	(12,962,988)	(23,737,000)
Loss on disposal of plant, equipment and intangible assets		135,856,244	84,639,591	67,395,636	84,639,591
Reversal of impairment loss on equipment	13	(26,353,164)	(33,977,613)	(26,353,164)	(33,977,613)
Gain on reverse of loss from revaluation of property, plant and equipment		-	(8,865,691)	-	(8,865,691)
Employee benefit expenses		73,993,910	60,483,096	72,727,155	59,549,769
Share of profit of an associate, net of income tax	9	(142,669,752)	(105,586,085)	-	-
Income tax benefit	27	(94,048,320)	(55,444,645)	(96,981,231)	(58,956,681)
		310,675,294	219,228,423	240,516,092	172,615,468
<b><i>Changes in operating assets and liabilities</i></b>					
Trade accounts receivable		(143,202,562)	91,558,567	(144,954,983)	74,395,747
Other receivables from related parties		169,187,323	(354,816,972)	156,964,508	(395,884,373)
Other receivables		16,092,456	(11,444,735)	13,944,897	25,093,075
Inventories		21,137,463	61,818,580	8,433,397	68,380,568
Prepaid excise taxes		97,247,031	(20,882,354)	88,073,770	(24,503,632)
Other current assets		71,502,729	(1,164,952)	72,487,721	(1,526,391)
Other non-current assets		(27,518,828)	(4,781,081)	(50,592,538)	(5,693,172)
Trade accounts payable		(158,069,835)	74,404,722	(74,778,406)	134,215,302
Other payables to related parties		(1,120,389)	55,296,138	(4,528,872)	59,864,383
Other payables		(40,991,543)	73,206,923	(51,864,843)	81,427,018
Customers' deposits on bottles and cases		39,040,095	(19,669,084)	39,040,095	(19,669,084)
Other current liabilities		(15,561,249)	(772,327)	(13,641,474)	(3,004,414)
Employee benefit paid		(97,086,070)	(23,718,816)	(97,044,770)	(23,718,816)
Cash from operating activities		241,331,915	138,263,032	182,054,594	141,991,679
Income tax paid		(2,050,314)	(5,431,966)	-	(206,191)
<b>Net cash from operating activities</b>		<b>239,281,601</b>	<b>132,831,066</b>	<b>182,054,594</b>	<b>141,785,488</b>

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

## Sermasuk Public Company Limited and its Subsidiaries

### Statement of cash flows

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the year	For the nine-month	For the year	For the nine-month
		ended	period ended	ended	period ended
		30 September	30 September	30 September	30 September
		2017	2016	2017	2016
<i>(in Baht)</i>					
<b><i>Cash flows from investing activities</i></b>					
Interest received		3,407,782	4,386,165	6,702,324	4,132,037
Dividends received		102,998,919	79,983,794	102,998,919	79,983,794
Sale of long-term investment		42,420,000	-	42,420,000	-
Purchase of plant and equipment		(375,705,398)	(325,367,583)	(331,181,113)	(320,292,353)
Sale of plant, equipment and intangible assets		4,561,524	28,135,363	4,561,524	28,135,363
Purchase of intangible assets		(1,793,210)	(10,311,900)	(1,159,710)	(8,431,000)
<b>Net cash used in investing activities</b>		<b>(224,110,383)</b>	<b>(223,174,161)</b>	<b>(175,658,056)</b>	<b>(216,472,159)</b>
<b><i>Cash flows from financing activities</i></b>					
Dividend paid to the owners of the Company		(405)	(14,535)	(405)	(14,535)
<b>Net cash used in financing activities</b>		<b>(405)</b>	<b>(14,535)</b>	<b>(405)</b>	<b>(14,535)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>15,170,813</b>	<b>(90,357,630)</b>	<b>6,396,133</b>	<b>(74,701,206)</b>
Cash and cash equivalents at 1 January and 1 October		430,537,868	520,895,498	353,167,957	427,869,163
<b>Cash and cash equivalents at 30 September</b>	5	<b>445,708,681</b>	<b>430,537,868</b>	<b>359,564,090</b>	<b>353,167,957</b>
<b><i>Non-cash transactions</i></b>					
Increase (decrease) in payables for acquisition of machinery and equipment		(29,208,355)	9,918,858	(35,160,241)	9,682,871

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

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

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# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 16 November 2017.

### 1 General information

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

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

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

The principal activities of the Group are to produce and distribute soft drinks, drinking water, sport drinks, energy drinks and other beverages, including as distributor of soda, tea and other beverages. Details of the Company’s subsidiaries as at 30 September 2017 and 2016 were as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			30 September 2017	2016
<i>Direct subsidiaries</i>				
Great Brands Limited	Manage brands	Hong Kong	100.00	100.00
Sermsuk Holdings Co., Ltd.	Investment and holding shares in other companies	Thailand	99.99	99.99
Sermsuk Training Co., Ltd.	Human resources development and organisation	Thailand	99.99	99.99
<i>Indirect subsidiaries</i>				
Serm Suk Beverage Co., Ltd.	Produce and distribute tea, and sports drinks	Thailand	99.99	99.99
Wrangyer Beverage (2008) Co., Ltd.	Produce and distribute energy drink	Thailand	99.99	99.99

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

**2 Basis of preparation of the financial statements**

*(a) Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 33.

*(b) Basis of measurement*

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

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

*(c) Functional and presentation currency*

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

*(d) Use of judgements and estimates*

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

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements For the year ended 30 September 2017

### *Assumptions and estimation uncertainties*

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

Note 3 (r)	Current and deferred taxation
Note 12	Valuation of investment properties
Note 15	Utilisation of tax losses
Note 18	Measurement of defined benefit obligations: key actuarial assumptions; and
Notes 32	Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

### *Measurement of fair values*

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

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

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

Significant valuation issues are reported to the Group Audit Committee.

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

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

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

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

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

- Note 12 investment properties
- Note 13 property, plant and equipment
- Note 29 financial instruments

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 30 September 2017

#### (e) *Change in accounting period*

At the Board of Directors meeting held on 24 February 2016, the Board of Directors approved to change the Company's accounting period from the period starting from 1 January and ending on 31 December to the period starting from 1 October and ending on 30 September. Subsequently at the annual general meeting of the shareholders held on 26 April 2016, the shareholders approved the amendment to the Articles of Association of the Company regarding the change of the accounting period. The Company completed the registration with the Department of Business Development, the Ministry of Commerce and obtained an approval from the Revenue Department for this change which has an effect on the Company's first change of accounting period ended on 30 September 2016. Consequently, the financial statements for the period ended 30 September 2016 have been prepared from 1 January 2016 to 30 September 2016. As such, the amounts presented in the statements of comprehensive income, changes in equity and cash flows as comparative information are not directly comparable.

#### (f) *Financial position and operating plan*

The Group incurred a net loss of Baht 230.92 million for the year ended 30 September 2017 (*For the nine-month period ended 30 September 2016: Baht 88.74 million*) and the Company incurred a net loss of Baht 322.04 million for the year ended 30 September 2017 (*For the nine-month period ended 30 September 2016: Baht 91.22 million*) and the Company has deficit of Baht 271.47 million as of 30 September 2017. As of that date, the Group's and the Company's current liabilities exceeded current assets by Baht 47.25 million and 368.15 million, respectively (*30 September 2016: Baht 40.73 million and Baht 318.65 million, respectively*).

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

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

### **3 Significant accounting policies**

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

#### (a) *Basis of consolidation*

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

##### *Subsidiaries*

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

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

*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 foreign exchange rates at the dates of the transactions.

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

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

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

### (c) *Cash and cash equivalents*

Cash and cash equivalents in the statements of cash flows comprise cash balances and call deposits. Bank overdrafts that are repayable on demand are a component of cash and cash equivalents for the purpose of the statement of cash flows.

### (d) *Trade and other accounts receivable*

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

### (e) *Inventories*

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

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

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

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

### (f) *Investments*

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

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

# Sernsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### *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*

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

### *Revalued assets*

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

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

### *Reclassification to investment property*

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

### *Subsequent costs*

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

### *Depreciation*

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

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



# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

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

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

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

### (i) *Intangible assets*

#### *Trademarks*

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

#### *Other intangible assets*

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

#### *Subsequent expenditure*

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

#### *Amortisation*

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

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

Software licenses	3 - 10	years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### (j) *Impairment*

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

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.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that has been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

### *Calculation of recoverable amount*

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

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

### *Reversals of impairment*

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

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

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

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

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

Trade and other accounts payable are stated at cost.

### **(m) Employee benefits**

#### *Defined contribution plans*

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

#### *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.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

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

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

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

### *Other long-term employee benefits*

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

### *Termination benefits*

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

### *Short-term employee benefits*

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

## **(n) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

## **(o) Revenue**

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

### *Sale of goods and services rendered*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

*Investments*

Revenue from investments comprises rental income from investment properties and dividend and interest income from investments and bank deposits.

*Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income. Contingent rentals are recognised as income in the accounting period in which they are earned.

*Dividend income*

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

*Interest income and other income*

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

**(p) Finance costs**

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

**(q) Lease payments**

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

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

*Determining whether an arrangement contains a lease*

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

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.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### (r) *Income tax*

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

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

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

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

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

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

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

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

### (s) *Losses per share*

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

### (t) *Segment reporting*

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### 4 Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with parent company, an associate and subsidiaries are described in notes 1, 9 and 10. Relationships with key management and other related parties were as follows:

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
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 Can Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold 50% indirectly
Bangkok Glass PLC.	Thailand	The Company hold ordinary shares
Petpack Co., Ltd.	Thailand	The Company hold ordinary shares until 31 March 2017
Beer Thai (1991) PLC.	Thailand	Direct subsidiary of the ultimate parent company
Beer Thip Brewery (1991) Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Cosmos Brewery (Thailand) Co.,Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Sura Bangyikhan Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Piromsurang Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Sunthronpirom Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thipchalothorn Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
United Products Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Surathip Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Krittayabun Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Modern Trade Management Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Thurakij Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Muang Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Nakorn Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Palang Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Kijjakarn Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Numrungrud Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Numthip Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Num Yuk Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Logistics Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Recycle Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Marketing Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Training Co.,Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Dhospaak Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Drinks Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Cash Van Management Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
C A C Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Oishi Group PLC.	Thailand	Direct subsidiary of the ultimate parent company
Oishi Trading Co., Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
Oishi Ramen Co., Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
Chang International Co., Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
Food of Asia Co.,Ltd.	Thailand	Indirect subsidiary of the ultimate parent company

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

Name of entities	Country of incorporation/ nationality	Nature of relationships
Agent Management Co.,Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
ASM Management Co.,Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
Super Brands Company Pte Ltd.	Singapore	Indirect subsidiary of the ultimate parent company
F&N Interflavine Pte Ltd.	Singapore	Affiliated company in associate of the ultimate parent company
F&N Beverages Manufacturing Sdn Bhd	Malaysia	Affiliated company in associate of the ultimate parent company
The Southeast Insurance PLC.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.
The Southeast Capital Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.
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.
Berli Jucker Specialties Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.
Big C Supercenter PLC.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly and common directors
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
Phatra-leasing PLC.	Thailand	Common director
Berli Jucker PLC.	Thailand	Common directors
Thai Malaya Glass Co., Ltd.	Thailand	Common directors
Gaew Grung Thai Co., Ltd.	Thailand	Controlling equity holder of the ultimate parent company holds substantial shares indirectly
TCC Hotel Asset Management Co., Ltd.	Thailand	Controlling equity holder of the ultimate parent company holds substantial shares indirectly

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

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 30 September 2017

Significant transactions for the year ended 30 September 2017 and for the nine-month period ended 30 September 2016 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sale of goods and rendering of services	-	-	37,085	84,526
Other income	-	-	4,000	-
Purchase of finished goods and services	-	-	342,114	348,033
Interest income	-	-	3,876	2,909
Selling and administrative expenses	-	-	40,964	37,930
<b>An associate</b>				
Purchase of raw materials	811,026	552,711	811,026	552,711
Dividend income	61,500	111,000	61,500	111,000
Other income	4,412	2,025	4,412	2,025
Selling Expense	1,060	-	1,060	-
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	72,287	60,735	72,287	60,735
Post-employment benefits	2,908	2,673	2,908	2,673
Other long-term benefits	6	4	6	4
Directors' remunerations	8,279	5,590	8,279	5,590
<b>Total key management personnel compensation</b>	<b>83,480</b>	<b>69,002</b>	<b>83,480</b>	<b>69,002</b>
<b>Other related parties</b>				
Sale of goods and rendering of services	3,533,685	2,394,082	3,504,614	2,386,998
Other income	36,867	3,262	36,867	3,262
Revenue for consultancy service	43,333	86,667	43,333	86,667
Dividend income	5,499	4,984	5,499	4,984
Purchase of finished goods and raw materials	3,234,083	2,416,821	3,160,006	2,366,635
Subsidy for marketing expense	348,102	430,778	348,102	430,778
Selling expenses	264,801	229,828	264,801	229,822
Administrative expenses	112,543	70,831	111,907	70,573



**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

Balances as at 30 September 2017 and 2016 with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Ultimate parent company	135	5	135	5
Subsidiaries	-	-	42,252	28,301
Other related parties	393,382	266,965	389,335	260,036
<b>Total</b>	<b>393,517</b>	<b>266,970</b>	<b>431,722</b>	<b>288,342</b>

<i>Other receivables from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	57,035	44,767
An associate	3,639	37,288	3,639	37,288
Other related parties	293,240	464,779	293,195	464,779
<b>Total</b>	<b>296,879</b>	<b>502,067</b>	<b>353,869</b>	<b>546,834</b>

<i>Loans to related parties</i>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016	2017	2016
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<i>Short-term loan</i>						
Subsidiary	3.10	3.10	-	-	125,000	125,000
<i>Long-term loan</i>						
Other related party	4.44	4.44	3,000	3,000	3,000	3,000
<b>Total</b>			<b>3,000</b>	<b>3,000</b>	<b>128,000</b>	<b>128,000</b>

There were no movements on the short-term and long-term loans to related parties for the year ended 30 September 2017 and during the nine-month period 30 September 2016.

Balance as at 30 September 2017 and 2016 with related parties were as followings:

<i>Trade accounts payable to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	447,406	363,101
An associate	142,195	70,159	142,195	70,159
Other related parties	438,679	651,814	416,570	632,832
<b>Total</b>	<b>580,874</b>	<b>721,973</b>	<b>1,006,171</b>	<b>1,066,092</b>

<i>Other payables to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	2,453	5,836
Other related parties	240,954	242,074	240,903	242,049
<b>Total</b>	<b>240,954</b>	<b>242,074</b>	<b>243,356</b>	<b>247,885</b>

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

<i>Long-term loans from related parties</i>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016	2017	2016
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Subsidiary	-	-	-	-	<b>1,530,968</b>	<b>1,530,968</b>

There were no movements on the short-term and long-term loans to related parties for the year ended 30 September 2017 and during the nine-month period 30 September 2016.

### *Employee benefit obligations*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Employee benefit obligations	41,771	88,920	41,771	88,920

### *Significant agreements with related parties*

#### *Loan agreements*

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

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

On 18 December 2014, the Company entered into a short-term loan agreement with Great Brands Limited, “Lender” for a loan facility of Baht 1,700 million. Interest is at rate as stipulated in the agreement or further agreed which is repayable in full after one year from the drawdown date or such other date which the Lender specifies. Subsequently on 9 September 2015, the Company and the Lender made an amendment to repay the principle after four years from the drawdown date or such other agreed date which beyond the maturity date. At 30 September 2017, the Company had utilised loan facility totalling Baht 1,530.97 million. (2016: 1,530.97 million)

#### *Co-packing agreement*

The Company entered into an agreement with its subsidiary in order to appoint to produce drinking water under “Crystal” trademark. The Company has to comply with conditions as specified in the agreement. The agreement is for three years and ends on 31 March 2018.

A subsidiary entered into an agreement with a related party in order to appoint to produce energy drink under “Ranger” trademark. The subsidiary has to comply with conditions as specified in the agreement. The agreement is for one year and ends on 31 July 2016 or the date on which the minimum volume achieved, which is the later (the “Term”), unless earlier terminated in accordance with the terms of this agreement. The agreement has not expired yet because sales volume has not reached the minimum as specified in the agreement.

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

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

#### **For the year ended 30 September 2017**

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

The Company entered into an agreement with its related party in order to appoint to produce drinking water under “Crystal” trademark. The Company has to comply with conditions as specified in the agreement. The agreement is for one year and effective from 1 January 2017 to 31 December 2017. Currently, the said agreement has been terminated.

#### *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 entered into agreements with related companies to act as distributors for the Company’s products. The Company has to comply with conditions as specified in the agreements. The agreements are for three years and end on 7 May 2017. If either party does not show the intention to renew the contract in advance for at least 30 days ahead, the existing contract will be extended for additional periods of 1 years.

The Company entered into agreement with a related company to act as a distributor for beverage products which the Company is a producer and a non-producer. The Company has to comply with conditions as specified in the agreement. The agreement is for one year and ends on 31 December 2016. Currently, the said agreement has been terminated.

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

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

#### *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 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 90 days prior to the expiration date, this agreement continues to be in effect for the successive three years term.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

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.

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.

### *Consultancy services agreement*

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

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

### *Sublease agreement for office space and service agreement*

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

### *Commitments with related parties*

#### *Operating lease commitments*

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2017	2016	2017	2016
		(in thousand Baht)		
Within one year	35,760	22,542	35,452	22,233
After one year but within five years	43,862	35,168	43,469	34,449
<b>Total</b>	<b>79,622</b>	<b>57,710</b>	<b>78,921</b>	<b>56,682</b>

#### *Other commitments*

As at 30 September 2017, the Company had commitments for purchase orders for goods with related parties amounting to Baht 23.04 million (2016: 1.83 million).

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### 5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Cash on hand	45,395	24,247	45,364	24,217
Cash at banks - current accounts	49,563	111,487	48,392	110,436
Cash at banks - savings accounts	350,751	294,804	265,808	218,515
<b>Total</b>	<b>445,709</b>	<b>430,538</b>	<b>359,564</b>	<b>353,168</b>

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	415,183	398,407	359,564	353,168
Hong Kong Dollars (HKD)	30,526	32,131	-	-
<b>Total</b>	<b>445,709</b>	<b>430,538</b>	<b>359,564</b>	<b>353,168</b>

### 6 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
Related parties	4	393,517	266,970	431,722	288,342
Other parties		248,011	231,355	232,935	231,359
<b>Total</b>		<b>641,528</b>	<b>498,325</b>	<b>664,657</b>	<b>519,701</b>
Less allowance for doubtful accounts		(20,097)	(32,666)	(20,097)	(32,666)
<b>Net</b>		<b>621,431</b>	<b>465,659</b>	<b>644,560</b>	<b>487,035</b>

	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	<i>(in thousand Baht)</i>			
Reversal of bad and doubtful debts expenses	<b>(12,569)</b>	<b>(11,268)</b>	<b>(12,569)</b>	<b>(11,268)</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	352,219	264,440	390,424	288,342
Overdue:				
Less than 1 month	-	2,530	-	-
1 - 3 months	41,298	-	41,298	-
	<u>393,517</u>	<u>266,970</u>	<u>431,722</u>	<u>288,342</u>
<b>Other parties</b>				
Within credit terms	177,105	127,084	162,104	127,088
Overdue:				
Less than 1 month	36,514	56,656	36,439	56,656
1 - 3 months	12,875	19,444	12,875	19,444
Over 3 months	21,517	28,171	21,517	28,171
	<u>248,011</u>	<u>231,355</u>	<u>232,935</u>	<u>231,359</u>
Less allowance for doubtful accounts	(20,097)	(32,666)	(20,097)	(32,666)
<b>Net</b>	<u>227,914</u>	<u>198,689</u>	<u>212,838</u>	<u>198,693</u>
<b>Total</b>	<u>621,431</u>	<u>465,659</u>	<u>644,560</u>	<u>487,035</u>

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

Trade accounts receivable of the Group and the Company as at 30 September 2017 and 2016 were denominated entirely in Thai Baht.

**7 Other receivables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Other receivables	29,151	41,423	29,007	40,399
Less allowance for doubtful accounts	(15,402)	(11,992)	(15,402)	(11,992)
<b>Net</b>	<u>13,749</u>	<u>29,431</u>	<u>13,605</u>	<u>28,407</u>
Prepaid expenses	66,921	79,848	66,670	78,994
Advance payment	2,439	3,890	2,381	3,167
Unearned revenue	17,751	7,193	17,751	7,193
<b>Total</b>	<u>100,860</u>	<u>120,362</u>	<u>100,407</u>	<u>117,761</u>
	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	<i>(in thousand Baht)</i>			
Bad debts and doubtful debts expenses (reversal)	<u>3,410</u>	<u>(13,714)</u>	<u>3,410</u>	<u>(13,714)</u>

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### 8 Inventories

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Finished goods	462,808	417,370	448,123	402,400
Work in progress	17,151	3,026	4,516	3,026
Raw materials and supplies	225,557	300,878	197,152	247,507
Spare parts	109,370	114,708	105,556	110,844
Other supplies	3,195	3,237	2,575	2,578
	<b>818,081</b>	<b>839,219</b>	<b>757,922</b>	<b>766,355</b>
<i>Less</i> allowance for decline in value	(105,684)	(136,887)	(104,565)	(129,549)
<b>Net</b>	<b>712,397</b>	<b>702,332</b>	<b>653,357</b>	<b>636,806</b>

	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	<i>(in thousand Baht)</i>			
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	7,687,781	5,888,652	7,713,720	5,975,663
- Write-down to net realisable value	15,694	43,105	14,575	42,318
- Reversal of write-down	(46,897)	(143,281)	(39,559)	(138,887)
<b>Net</b>	<b>7,656,578</b>	<b>5,788,476</b>	<b>7,688,736</b>	<b>5,879,094</b>

### 9 Investment in an associate

	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	<i>(in thousand Baht)</i>			
At 1 October / 1 January	425,860	431,274	30,000	30,000
Share of net profit of an associate	142,670	105,586	-	-
Dividend income	(61,500)	(111,000)	-	-
<b>At 30 September</b>	<b>507,030</b>	<b>425,860</b>	<b>30,000</b>	<b>30,000</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

Investment in an associate as at 30 September 2017 and 2016, and dividend income from this investment for the year ended 30 September 2017 and for the nine-month period ended 30 September 2016, were as follows:

<b>Consolidated financial statements</b>										
	Ownership interest		Paid-up capital		Cost		Equity		Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	(%)						(in thousand Baht)			
Petform (Thailand) Limited	40	40	75,000	75,000	<u>30,000</u>	<u>30,000</u>	<u>507,030</u>	<u>425,860</u>	<u>61,500</u>	<u>111,000</u>
<b>Separate financial statements</b>										
	Ownership interest		Paid-up capital		Cost				Dividend income	
	2017	2016	2017	2016	2017	2016	2017	2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	(%)						(in thousand Baht)			
Petform (Thailand) Limited	40	40	75,000	75,000	<u>30,000</u>	<u>30,000</u>			<u>61,500</u>	<u>111,000</u>

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



## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

For the year ended 30 September 2017

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	
	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	<i>(in thousand Baht)</i>	
Revenue	2,889,841	2,146,016
Profit from continuing operations	356,284	268,215
Other comprehensive income	(70)	-
<b>Total comprehensive income</b>	<b>356,214</b>	<b>268,215</b>
Attributable to NCI	213,614	162,629
Group's share of total comprehensive income	142,670	105,586
Current assets	578,577	693,979
Non-current assets	1,901,497	1,786,389
Current liabilities	(812,670)	(775,534)
Non-current liabilities	(400,735)	(550,630)
<b>Net assets</b>	<b>1,266,669</b>	<b>1,154,204</b>
Attributable to NCI	760,001	692,522
Carrying amount of interest in associate	506,668	461,682

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

**10 Investments in subsidiaries**

Investments in subsidiaries as at 30 September 2017 and 2016, and dividend income from those investments for the year ended 30 September 2017 and for the nine-month period ended 30 September 2016, were as follows:

Subsidiaries	Type of business	Ownership interest		Separate financial statements				Dividend income	
				Paid-up capital		Cost		For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
		2017	2016	2017	2016	2017	2016		
		(%)		(in thousand Baht)					
<b><i>Direct subsidiaries</i></b>									
Sermsuk Holdings Co., Ltd.	Investment and holding shares in other companies	99.99	99.99	600,000	600,000	600,000	600,000	-	-
Great Brands Limited	Manage brands	100.00	100.00	HKD 1,000	HKD 1,000	4,134	4,134	-	-
Sermsuk Training Co., Ltd.	Human resources development and organisation	99.99	99.99	2,500	2,500	2,500	2,500	-	-
<b>Total</b>						<b>606,634</b>	<b>606,634</b>	<b>-</b>	<b>-</b>

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### 11 Other long-term investments

Other long-term investments as at 30 September 2017 and 2016, and dividend income from those investments for the year ended 30 September 2017 and for nine-month period ended 30 September 2016, were as follows:

	<b>Consolidated and Separate financial statements</b>			
	Cost method		Dividend income	
	2017	2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	<i>(in thousand Baht)</i>			
<b><i>Equity securities available for sale</i></b>				
Crown Seal Public Company Limited	59,498	63,200	2,644	1,851
<b><i>Non marketable equity securities</i></b>				
The Pet Company Limited	7,000	7,000	700	1,050
Bangkok Glass Public Company Limited	74,799	74,799	2,155	2,083
Petpack Company Limited	-	35,000	-	-
	<u>81,799</u>	<u>116,799</u>	<u>2,855</u>	<u>3,133</u>
<b>Total</b>	<b><u>141,297</u></b>	<b><u>179,999</u></b>	<b><u>5,499</u></b>	<b><u>4,984</u></b>

Movements during the year ended 30 September 2017 and for the nine-month period ended 30 September 2016 were as follows:

	<b>Consolidated and Separate financial statements</b>	
	2017	2016
	<i>(in thousand Baht)</i>	
<b><i>Equity securities available for sale</i></b>		
At 1 October / 1 January	63,200	54,474
Valuation adjustment	(3,702)	8,726
<b>At 30 September</b>	<b><u>59,498</u></b>	<b><u>63,200</u></b>
<b><i>Investments-other related parties</i></b>		
At 1 October / 1 January	116,799	116,799
Sales during the year / period	(35,000)	-
<b>At 30 September</b>	<b><u>81,799</u></b>	<b><u>116,799</u></b>
<b><i>Total Other long-term investments</i></b>		
At 1 October / 1 January	179,999	171,273
Valuation adjustment	(3,702)	8,726
Sales during the year / period	(35,000)	-
<b>At 30 September</b>	<b><u>141,297</u></b>	<b><u>179,999</u></b>

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 30 September 2017

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

Other long-term investments of the Group and the Company as at 30 September 2017 and 2016 were denominated entirely in Thai Baht.

## 12 Investment properties

	Consolidated and Separate financial statements		
	Land	Building	Total
	<i>(in thousand Baht)</i>		
At 1 January 2016	271,782	5,100	276,882
Fair value adjustments	23,737	-	23,737
<b>At 30 September 2016 and 1 October 2016</b>	<b>295,519</b>	<b>5,100</b>	<b>300,619</b>
Fair value adjustments	12,963	-	12,963
<b>At 30 September 2017</b>	<b>308,482</b>	<b>5,100</b>	<b>313,582</b>

Investment properties were revalued as at 30 September 2017 and 2016 by Thai Property Appraisal Lynn Philips Co., Ltd., a firm of independent professional valuers, at open market values on an existing use basis.

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

### Measurement of fair value

#### *Fair value hierarchy*

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

The fair value measurement for investment property of Baht 313.58 million (2016: 300.62 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

#### *Level 3 fair value*

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

*(in thousand Baht)*

Balance at 1 October 2016	300,619
<b>Gain included in "other income"</b>	
Changes in fair value (unrealised)	12,963
<b>Balance at 30 September 2017</b>	<b>313,582</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

*Valuation technique and significant unobservable inputs*

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

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

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

**13 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 January 2016	480,799	3,018,790	2,557,983	172,283	6,231,087	1,742,773	317,329	355,601	1,691,991	3,986,170	121,014	20,675,820
Additions	-	730,979	16,489	164	57,976	5,287	16,418	2,970	42,856	45,389	151,232	1,069,760
Transfers	19,467	(19,467)	20,389	-	145,098	3,700	(43)	-	-	787	(171,806)	(1,875)
Disposals	-	-	-	-	(2,230)	(2,750)	(4,065)	-	(137,590)	(122,644)	-	(269,279)
<b>At 30 September 2016 and 1 October 2016</b>	<b>500,266</b>	<b>3,730,302</b>	<b>2,594,861</b>	<b>172,447</b>	<b>6,431,931</b>	<b>1,749,010</b>	<b>329,639</b>	<b>358,571</b>	<b>1,597,257</b>	<b>3,909,702</b>	<b>100,440</b>	<b>21,474,426</b>
Additions	-	-	34,912	-	98,246	9,110	23,258	2,970	40,588	36,108	101,575	346,767
Transfers	-	(134)	19,562	(347)	108,616	1,081	1,302	-	-	2,285	(132,499)	(134)
Disposals	-	-	(160)	-	(11,685)	(19,624)	(14,562)	(2)	(261,177)	-	-	(307,210)
<b>At 30 September 2017</b>	<b>500,266</b>	<b>3,730,168</b>	<b>2,649,175</b>	<b>172,100</b>	<b>6,627,108</b>	<b>1,739,577</b>	<b>339,637</b>	<b>361,539</b>	<b>1,376,668</b>	<b>3,948,095</b>	<b>69,516</b>	<b>21,513,849</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

	<b>Consolidated financial statements</b>											
	Land	Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles	Furniture and office equipment	Plastic pallets	Container	Marketing promotion equipments	Assets under construction and installation	Total	
	Historical cost	Surplus on revaluation										
<i>Depreciation and impairment losses</i>												
At 1 January 2016	-	-	1,322,071	136,290	4,496,715	1,512,758	281,011	336,474	263,831	3,628,969	-	11,978,119
Depreciation charge for the period	-	-	68,891	2,629	223,067	37,051	14,107	4,613	88,143	85,761	-	524,262
Loss on impairment	-	-	-	-	-	-	-	-	(33,977)	-	-	(33,977)
Disposals	-	-	-	-	(1,953)	(1,440)	(4,062)	-	(26,402)	(122,634)	-	(156,491)
<b>At 30 September 2016 and 1 October 2016</b>	-	-	<b>1,390,962</b>	<b>138,919</b>	<b>4,717,829</b>	<b>1,548,369</b>	<b>291,056</b>	<b>341,087</b>	<b>291,595</b>	<b>3,592,096</b>	-	<b>12,311,913</b>
Depreciation charge for the year	-	-	83,682	3,400	286,831	44,863	19,950	6,349	108,975	106,518	-	660,568
Loss on impairment	-	-	-	-	-	-	-	-	(26,353)	-	-	(26,353)
Disposals	-	-	(105)	-	(11,658)	(19,578)	(14,504)	-	(120,948)	-	-	(166,793)
<b>At 30 September 2017</b>	-	-	<b>1,474,539</b>	<b>142,319</b>	<b>4,993,002</b>	<b>1,573,654</b>	<b>296,502</b>	<b>347,436</b>	<b>253,269</b>	<b>3,698,614</b>	-	<b>12,779,335</b>
<i>Allowance for loss of marketing promotion equipments</i>												
At 1 January 2016	-	-	-	-	-	-	-	-	-	5,330	-	5,330
<b>At 30 September 2016 and 1 October 2016</b>	-	-	-	-	-	-	-	-	-	<b>5,330</b>	-	<b>5,330</b>
<b>At 30 September 2017</b>	-	-	-	-	-	-	-	-	-	<b>5,330</b>	-	<b>5,330</b>
<b>Net book value</b>												
At 1 January 2016	<u>480,799</u>	<u>3,018,790</u>	<u>1,235,912</u>	<u>35,993</u>	<u>1,734,372</u>	<u>230,015</u>	<u>36,318</u>	<u>19,127</u>	<u>1,428,160</u>	<u>351,871</u>	<u>121,014</u>	<u>8,692,371</u>
At 30 September 2016 and 1 October 2016	<u>500,266</u>	<u>3,730,302</u>	<u>1,203,899</u>	<u>33,528</u>	<u>1,714,102</u>	<u>200,641</u>	<u>38,583</u>	<u>17,484</u>	<u>1,305,662</u>	<u>312,276</u>	<u>100,440</u>	<u>9,157,183</u>
<b>At 30 September 2017</b>	<u>500,266</u>	<u>3,730,168</u>	<u>1,174,636</u>	<u>29,781</u>	<u>1,634,106</u>	<u>165,923</u>	<u>43,135</u>	<u>14,103</u>	<u>1,123,399</u>	<u>244,151</u>	<u>69,516</u>	<u>8,729,184</u>

**Sermsuk Public Company Limited and its Subsidiaries**  
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	<b>Separate financial statements</b>											Total
	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	
	Historical cost	Surplus on revaluation										
<i>(in thousand Baht)</i>												
<b>Cost/revaluation</b>												
At 1 January 2016	356,296	2,898,766	2,250,348	172,283	5,655,400	1,734,874	307,348	331,741	1,660,397	3,986,170	118,769	19,472,392
Additions	-	667,442	13,746	164	54,391	5,287	16,149	2,970	42,858	45,390	149,020	997,417
Transfers	19,467	(19,467)	19,752	-	144,009	3,700	(52)	-	-	787	(168,196)	-
Disposals	-	-	-	-	(2,230)	(2,750)	(4,065)	-	(137,576)	(122,644)	-	(269,265)
<b>At 30 September 2016 and 1 October 2016</b>	<b>375,763</b>	<b>3,546,741</b>	<b>2,283,846</b>	<b>172,447</b>	<b>5,851,570</b>	<b>1,741,111</b>	<b>319,380</b>	<b>334,711</b>	<b>1,565,679</b>	<b>3,909,703</b>	<b>99,593</b>	<b>20,200,544</b>
Additions	-	-	29,421	-	80,109	9,110	22,554	2,970	34,468	36,108	81,551	296,291
Transfers	-	(134)	19,262	(347)	101,888	1,081	1,302	-	-	2,285	(125,471)	(134)
Disposals	-	-	-	-	(10,804)	(19,625)	(12,915)	-	(107,573)	-	-	(150,917)
<b>At 30 September 2017</b>	<b>375,763</b>	<b>3,546,607</b>	<b>2,332,529</b>	<b>172,100</b>	<b>6,022,763</b>	<b>1,731,677</b>	<b>330,321</b>	<b>337,681</b>	<b>1,492,574</b>	<b>3,948,096</b>	<b>55,673</b>	<b>20,345,784</b>
<b>Depreciation and impairment losses</b>												
At 1 January 2016	-	-	1,132,475	136,290	4,023,454	1,505,996	272,329	312,615	261,747	3,628,970	-	11,273,876
Depreciation charge for the period	-	-	57,063	2,629	198,759	36,806	13,599	4,613	85,558	85,761	-	484,788
Loss on impairment	-	-	-	-	-	-	-	-	(33,977)	-	-	(33,977)
Disposals	-	-	-	-	(1,953)	(1,440)	(4,062)	-	(26,402)	(122,634)	-	(156,491)
<b>At 30 September 2016 and 1 October 2016</b>	<b>-</b>	<b>-</b>	<b>1,189,538</b>	<b>138,919</b>	<b>4,220,260</b>	<b>1,541,362</b>	<b>281,866</b>	<b>317,228</b>	<b>286,926</b>	<b>3,592,097</b>	<b>-</b>	<b>11,568,196</b>
Depreciation charge for the year	-	-	67,734	3,400	253,571	44,538	19,392	6,348	169,324	106,517	-	670,824
Loss on impairment	-	-	-	-	-	-	-	-	(26,353)	-	-	(26,353)
Disposals	-	-	-	-	(10,783)	(19,578)	(12,869)	-	(35,729)	-	-	(78,959)
<b>At 30 September 2017</b>	<b>-</b>	<b>-</b>	<b>1,257,272</b>	<b>142,319</b>	<b>4,463,048</b>	<b>1,566,322</b>	<b>288,389</b>	<b>323,576</b>	<b>394,168</b>	<b>3,698,614</b>	<b>-</b>	<b>12,133,708</b>



**Sermsuk Public Company Limited and its Subsidiaries**  
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**For the year ended 30 September 2017**

	Separate financial statements											
	Land		Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles	Furniture and office equipment	Plastic pallets	Container	Marketing and installation	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation										
<i>Allowance for loss of marketing promotion equipments</i>												
At 1 January 2016	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 30 September 2016 and 1 October 2016	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 30 September 2017	-	-	-	-	-	-	-	-	-	5,330	-	5,330
<b>Net book value</b>												
At 1 January 2016	<u>356,296</u>	<u>2,898,766</u>	<u>1,117,873</u>	<u>35,993</u>	<u>1,631,946</u>	<u>228,878</u>	<u>35,019</u>	<u>19,126</u>	<u>1,398,650</u>	<u>351,870</u>	<u>118,769</u>	<u>8,193,186</u>
At 30 September 2016 and 1 October 2016	<u>375,763</u>	<u>3,546,741</u>	<u>1,094,308</u>	<u>33,528</u>	<u>1,631,310</u>	<u>199,749</u>	<u>37,514</u>	<u>17,483</u>	<u>1,278,753</u>	<u>312,276</u>	<u>99,593</u>	<u>8,627,018</u>
At 30 September 2017	<u>375,763</u>	<u>3,546,607</u>	<u>1,075,257</u>	<u>29,781</u>	<u>1,559,715</u>	<u>165,355</u>	<u>41,932</u>	<u>14,105</u>	<u>1,098,406</u>	<u>244,152</u>	<u>55,673</u>	<u>8,206,746</u>

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 30 September 2017

The gross amount of the Group's fully depreciated buildings and equipment that was still in use as at 30 September 2017 and 2016 are summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Buildings and equipment	<u>10,187,285</u>	<u>9,433,676</u>	<u>9,861,693</u>	<u>9,110,821</u>

#### Measurement of fair value

##### *Fair value hierarchy*

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

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

##### *Level 3 fair value*

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

	Consolidated financial statement	Separate financial statements
	<i>(in thousand Baht)</i>	
Balance at 1 October 2016	4,230,568	3,922,504
<b>Gain included in "Other comprehensive income"</b>		
Adjust loss on revaluation on land	(134)	(134)
<b>Gain included in "Profit or loss for the period"</b>		
Gain on revaluation on land	-	-
<b>Balance at 30 September 2017</b>	<u>4,230,434</u>	<u>3,922,370</u>

##### *Valuation technique and significant unobservable inputs*

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

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

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

**14 Intangible assets**

	<b>Consolidated financial statements</b>		
	Trademark	Software licenses	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 January 2016	2,000	44,063	46,063
Additions	-	4,640	4,640
Transfer in	-	1,875	1,875
<b>At 30 September 2016 and 1 October 2016</b>	<b>2,000</b>	<b>50,578</b>	<b>52,578</b>
Additions	-	1,522	1,522
<b>At 30 September 2017</b>	<b>2,000</b>	<b>52,100</b>	<b>54,100</b>
<i>Amortisation</i>			
At 1 January 2016	-	28,144	28,144
Amortisation for the period	-	1,569	1,569
<b>At 30 September 2016 and 1 October 2016</b>	<b>-</b>	<b>29,713</b>	<b>29,713</b>
Amortisation for the year	-	3,010	3,010
<b>At 30 September 2017</b>	<b>-</b>	<b>32,723</b>	<b>32,723</b>
<i>Net book value</i>			
<b>At 1 January 2016</b>	<b>2,000</b>	<b>15,919</b>	<b>17,919</b>
<b>At 30 September 2016 and 1 October 2016</b>	<b>2,000</b>	<b>20,865</b>	<b>22,865</b>
<b>At 30 September 2017</b>	<b>2,000</b>	<b>19,377</b>	<b>21,377</b>
		<b>Separate financial statements</b>	
		Software licenses	
		<i>(in thousand Baht)</i>	
<i>Cost</i>			
At 1 January 2016			42,813
Additions			4,635
<b>At 30 September 2016 and 1 October 2016</b>			<b>47,448</b>
Additions			888
<b>At 30 September 2017</b>			<b>48,336</b>
<i>Amortisation</i>			
At 1 January 2016			26,977
Amortisation for the period			1,337
<b>At 30 September 2016 and 1 October 2016</b>			<b>28,314</b>
Amortisation for the year			2,277
<b>At 30 September 2017</b>			<b>30,591</b>
<i>Net book value</i>			
<b>At 1 January 2016</b>			<b>15,836</b>
<b>At 30 September 2016 and 1 October 2016</b>			<b>19,134</b>
<b>At 30 September 2017</b>			<b>17,745</b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

**15 Deferred tax**

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

	<b>Consolidated financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Total	860,316	767,520	(888,247)	(886,303)
Set off of tax	(850,658)	(757,143)	850,658	757,143
<b>Net deferred tax assets (liabilities)</b>	<b><u>9,658</u></b>	<b><u>10,377</u></b>	<b><u>(37,589)</u></b>	<b><u>(129,160)</u></b>

  

	<b>Separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Total	845,540	751,792	(851,535)	(849,591)
Set off of tax	(845,540)	(751,792)	845,540	751,792
<b>Net deferred tax liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>(5,995)</u></b>	<b><u>(97,799)</u></b>

Movements in total deferred tax assets and liabilities for the year ended 30 September 2017 and for the nine-month period ended 30 September 2016 were as follows:

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

	<b>Consolidated financial statements</b>			
	<b>At 1 January 2016</b>	<b>(Charged) / Credited to:</b>		<b>At 30 September 2016</b>
		Profit or loss (Note 27)	Other comprehensive income	
		<i>(in thousand Baht)</i>		
<b><i>Deferred tax assets</i></b>				
Inventories	48,968	(20,488)	-	28,480
Employee benefit obligations	215,525	7,294	2,205	225,024
Loss carry forward	399,284	87,859	-	487,143
Others	34,175	(7,302)	-	26,873
<b>Total</b>	<b>697,952</b>	<b>67,363</b>	<b>2,205</b>	<b>767,520</b>
<b><i>Deferred tax liabilities</i></b>				
Property, plant and equipment	(601,639)	-	(144,421)	(746,060)
Investment properties	(17,989)	(4,747)	-	(22,736)
Long-term investments	(4,548)	-	(1,746)	(6,294)
Others	(106,379)	(4,834)	-	(111,213)
<b>Total</b>	<b>(730,555)</b>	<b>(9,581)</b>	<b>(146,167)</b>	<b>(886,303)</b>
<b>Net</b>	<b>(32,603)</b>	<b>57,782</b>	<b>(143,962)</b>	<b>(118,783)</b>

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

	At 1 January 2016	Separate financial statements (Charged) / Credited to:		At 30 September 2016
		Profit or loss (Note 27) (in thousand Baht)	Other comprehensive income	
<b>Deferred tax assets</b>				
Inventories	45,423	(19,313)	-	26,110
Employee benefit obligations	214,248	7,166	2,064	223,478
Loss carry forward	387,671	87,661	-	475,332
Others	33,642	(6,770)	-	26,872
<b>Total</b>	<b>680,984</b>	<b>68,744</b>	<b>2,064</b>	<b>751,792</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(577,633)	-	(131,715)	(709,348)
Investment properties	(17,989)	(4,747)	-	(22,736)
Long-term investments	(4,548)	-	(1,746)	(6,294)
Others	(106,379)	(4,834)	-	(111,213)
<b>Total</b>	<b>(706,549)</b>	<b>(9,581)</b>	<b>(133,461)</b>	<b>(849,591)</b>
<b>Net</b>	<b>(25,565)</b>	<b>59,163</b>	<b>(131,397)</b>	<b>(97,799)</b>

The tax losses expire in 2018 to 2021. 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.

## 16 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
(in thousand Baht)					
Related parties	4	580,874	721,973	1,006,171	1,066,092
Other parties		257,517	274,488	247,057	261,915
<b>Total</b>		<b>838,391</b>	<b>996,461</b>	<b>1,253,228</b>	<b>1,328,007</b>

Trade accounts payable of the Group and the Company as at 30 September 2017 and 2016 were denominated entirely in Thai Baht.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### 17 Other payables

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Accrued employee benefit	204,374	152,501	201,327	150,615
Other payables	236,287	277,662	210,763	265,172
Excise taxes payable	90,774	80,799	85,812	80,799
Accrued employee expense	48,180	62,993	48,180	62,863
Accrued marketing expense	33,338	60,392	30,902	60,392
Others	29,005	77,788	28,219	72,364
<b>Total</b>	<b>641,958</b>	<b>712,135</b>	<b>605,203</b>	<b>692,205</b>

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

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Thai Baht (THB)	636,550	681,015	599,888	661,178
Euro (EUR)	3,660	31,027	3,660	31,027
United States Dollars (USD)	1,702	47	1,655	-
Hongkong Dollar (HKD)	28	28	-	-
Pound Sterling (GBP)	18	18	-	-
<b>Total</b>	<b>641,958</b>	<b>712,135</b>	<b>605,203</b>	<b>692,205</b>

### 18 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Statement of financial position</b>				
<b>Obligations for:</b>				
Long-term employee benefit				
- long service award	39,114	47,668	39,039	47,558
Post-employment benefit				
- retirement benefit	1,023,752	1,067,927	1,013,390	1,058,909
<b>Total</b>	<b>1,062,866</b>	<b>1,115,595</b>	<b>1,052,429</b>	<b>1,106,467</b>
<b>Statement of financial position</b>				
<i>Non-current</i>				
Employee benefit obligations	1,062,866	1,115,595	1,052,429	1,106,467
<b>Total</b>	<b>1,062,866</b>	<b>1,115,595</b>	<b>1,052,429</b>	<b>1,106,467</b>

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016 <i>(in thousand Baht)</i>	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Long-term employee benefits				
- long service award	(1,296)	4,307	(1,302)	4,299
- Actuarial gains	-	(1,890)	-	(1,916)
Post-employment benefit				
- retirement benefit	74,757	58,066	73,586	57,166
<b>Total</b>	<b>73,461</b>	<b>60,483</b>	<b>72,284</b>	<b>59,549</b>
<b>Recognised in other comprehensive income:</b>				
Actuarial losses (gains) recognised in the year / period	(29,574)	11,026	(29,721)	10,318
Cumulative actuarial gains recognised	(309,037)	(279,463)	(310,074)	(280,353)

### *Employee benefit - Retirement benefit*

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

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

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Present value of unfunded obligations	1,023,752	1,067,927	1,013,390	1,058,909
<b>The statement of financial position obligation was determined</b>	<b>1,023,752</b>	<b>1,067,927</b>	<b>1,013,390</b>	<b>1,058,909</b>



**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January and 1 October	1,067,927	1,022,554	1,058,909	1,015,144
Benefits paid by the plan	(89,828)	(23,719)	(89,828)	(23,719)
	<u>978,099</u>	<u>998,835</u>	<u>969,081</u>	<u>991,425</u>
<b>Include in profit or loss:</b>				
Current service costs	54,062	39,305	53,063	38,558
Interest on obligation	20,695	18,761	20,523	18,608
	<u>74,757</u>	<u>58,066</u>	<u>73,586</u>	<u>57,166</u>
<b>Included in other comprehensive income</b>				
Actuarial (gains) losses	(29,574)	11,026	(29,721)	10,318
<b>Others</b>				
Transfer in from the related company	26	-	-	-
Transfer out to the related company	(26)	-	(26)	-
Adjust during the year	470	-	470	-
	<u>470</u>	<u>-</u>	<u>444</u>	<u>-</u>
<b>Defined benefit obligations at 30 September</b>	<b><u>1,023,752</u></b>	<b><u>1,067,927</u></b>	<b><u>1,013,390</u></b>	<b><u>1,058,909</u></b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	<i>(in million Baht)</i>			
Financial assumptions	19,672	(13,882)	19,463	(13,882)
Demography assumptions	(21,143)	11,729	(20,845)	11,215
Experience adjustment	(28,103)	13,179	(28,339)	12,985
<b>Total</b>	<b><u>(29,574)</u></b>	<b><u>11,026</u></b>	<b><u>(29,721)</u></b>	<b><u>10,318</u></b>

**Actuarial assumptions**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2017	2016	2017	2016
	%			
Discount rate	2.50	2.25	2.50	2.25
Future salary growth	5.00	5.00	5.00	5.00

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

At 30 September 2017, the weighted-average duration of the defined benefit obligation was 8 years (2016:7 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.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>(in thousand Baht)</i>			
<b>Defined benefit obligation 30 September 2017</b>	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(40,210)	43,018	(39,652)	42,410
Future salary growth (1% movement)	141,396	(96,318)	140,059	(95,173)

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

## 19 Share capital

	Par value per share <i>(in Baht)</i>	<b>Consolidated / Separate financial statements</b>			
		2017		2016	
		Number	Baht	Number	Baht
		<i>(thousand shares / thousand Baht)</i>			
<b><i>Authorised</i></b>					
At 1 October/ 1 January					
- ordinary shares	1	265,900	265,900	265,900	265,900
<b>At 30 September</b>					
<b>- ordinary shares</b>	<b>1</b>	<b>265,900</b>	<b>265,900</b>	<b>265,900</b>	<b>265,900</b>
<b><i>Issued and paid-up</i></b>					
At 1 October/ 1 January					
- ordinary shares	1	265,900	265,900	265,900	265,900
<b>At 30 September</b>					
<b>- ordinary shares</b>	<b>1</b>	<b>265,900</b>	<b>265,900</b>	<b>265,900</b>	<b>265,900</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

### *Share premium*

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

## **20 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.

Valuation surplus is not available for dividend distribution.

## **21 Segment information**

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

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

None of the other operations segments meets the quantitative thresholds for determining reportable segments in 2017 or 2016.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

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

### Information about reportable segments

	Carbonated soft drink		Non-Carbonated soft drink		Total reportable segments	
	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	<i>(in million Baht)</i>					
External revenue	4,379	3,388	6,244	4,709	10,623	8,097
Segment profit before income tax	523	437	2,364	1,710	2,887	2,147
Depreciation and amortisation recorded in selling and administrative expenses	111	135	162	84	273	219
Selling expenses	958	571	1,366	1,049	2,324	1,620

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

	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	<i>(in million Baht)</i>	
<b>Profit or loss</b>		
Profit for reportable segments	2,887	2,147
Depreciation and amortisation recorded in selling and administrative expenses	(273)	(219)
Selling expenses	(2,324)	(1,620)
	<b>290</b>	<b>308</b>
Unallocated revenue and expenses		
- Other income	257	212
- Administrative expenses	(1,015)	(770)
Share of profit of investment in an associate, net of income tax	143	106
<b>Consolidated loss before income tax</b>	<b>(325)</b>	<b>(144)</b>

### Geographical segments

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

### Major customer

Revenue from one customer of the group's 1 and 2 segments represents approximately for the year ended 30 September 2017 Baht 3,182.54 million (*for the nine-month period ended 30 September 2016: Baht 2,156.63 million*) of the group's total revenue.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### 22 Other income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
<i>(in thousand Baht)</i>					
Consultancy service income		43,333	86,667	43,333	86,667
Sale of scrap		44,747	71,136	43,442	67,022
Fair value adjustments on investment properties	12	12,963	23,737	12,963	23,737
Gain on disposal of long term investment	11	7,420	-	7,420	-
Dividend income	9, 11	5,499	4,984	66,999	115,984
Gain on disposal of buildings equipment and intangible assets		4,449	-	4,449	-
Interest income		3,412	1,480	6,707	4,134
Subsidy for sales support		44,178	-	44,178	-
Others		91,041	23,652	106,567	32,536
<b>Total</b>		<b>257,042</b>	<b>211,656</b>	<b>336,058</b>	<b>330,080</b>

### 23 Selling expenses

	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
<i>(in thousand Baht)</i>				
Personnel expenses	1,066,069	791,592	1,064,464	791,004
Marketing expenses	427,515	253,296	427,515	253,296
Distribution	359,281	233,296	350,498	226,969
Depreciation and amortisation	177,701	141,159	176,773	140,462
Fuel	176,850	122,922	176,850	122,922
Others	294,555	219,232	292,213	217,932
<b>Total</b>	<b>2,501,971</b>	<b>1,761,497</b>	<b>2,488,313</b>	<b>1,752,585</b>

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### 24 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	<i>(in thousand Baht)</i>			
Personnel expenses	503,618	454,273	491,511	445,800
Depreciation and amortisation	94,971	77,631	92,725	76,051
Management benefit expenses	75,201	63,417	75,201	63,417
Fuel	81,653	58,703	81,368	58,450
Others	354,737	192,554	356,994	197,397
<b>Total</b>	<b>1,110,180</b>	<b>846,578</b>	<b>1,097,799</b>	<b>841,115</b>

### 25 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	<i>(in thousand Baht)</i>			
Salaries and wages	1,372,501	1,015,915	1,325,847	982,389
Overtime and allowance expense	126,378	103,490	121,918	100,908
Bonus	132,485	81,915	127,802	79,414
Pension costs - defined contribution plans	81,796	67,465	81,618	67,214
Pension costs - defined benefit plans	<i>18</i> 74,757	58,066	73,586	57,166
Others	240,660	176,774	235,873	172,431
<b>Total</b>	<b>2,028,577</b>	<b>1,503,625</b>	<b>1,966,644</b>	<b>1,459,522</b>

#### *Defined benefit plans*

Details of the defined benefit plans are given in note 18.

#### *Defined contribution plans*

The Group has a provident fund for those employees who indicate their willingness to join. Contributions are made monthly by the employees at 3% of their basic salaries and by the Group at from 5% to 12% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### 26 Expenses by nature

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

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
<i>(in thousand Baht)</i>					
Changes in inventories of finished goods and work in progress		1,833,287	1,002,343	1,838,483	1,279,400
Raw materials and consumables used		4,963,112	4,079,773	4,783,429	3,889,525
Employee benefit expenses	25	2,028,577	1,503,625	1,966,444	1,459,522
Depreciation and amortisation		667,416	524,914	615,592	486,779
Marketing expenses	23	427,515	253,296	427,515	253,296
Distribution	23	359,281	233,296	350,498	226,969
Fuel		258,503	192,431	258,218	182,317
Others		810,050	768,457	1,065,750	826,805
<b>Total expenses</b>		<b>11,347,741</b>	<b>8,558,135</b>	<b>11,305,929</b>	<b>8,604,613</b>

### 27 Income tax benefit

*Income tax recognised in profit or loss*

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
<i>(in thousand Baht)</i>					
<b>Current tax expense</b>					
Current year		1,964	2,131	-	-
Adjustment for prior years		-	206	-	206
		<u>1,964</u>	<u>2,337</u>	<u>-</u>	<u>206</u>
<b>Deferred tax expense</b>					
Movements in temporary differences	15	(96,012)	(57,782)	(96,981)	(59,163)
<b>Income tax benefit</b>		<b>(94,048)</b>	<b>(55,445)</b>	<b>(96,981)</b>	<b>(58,957)</b>

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### *Income tax recognised in other comprehensive income*

	<b>Consolidated financial statements</b>					
	For the year ended 30 September 2017			For the nine-month period ended 30 September 2016		
	Before tax	Tax expense	Net of tax <i>(in thousand Baht)</i>	Before tax	Tax expense	Net of tax
Net change in fair value of available-for-sale investments	(3,702)	740	(2,962)	8,726	(1,745)	6,981
Defined benefit plan actuarial gains (losses)	29,574	(5,927)	23,647	(11,026)	2,205	(8,821)
Revaluation of property, plant and equipment	(134)	27	(107)	722,113	(144,422)	577,691
<b>Total</b>	<b><u>25,738</u></b>	<b><u>(5,160)</u></b>	<b><u>20,578</u></b>	<b><u>719,813</u></b>	<b><u>(143,962)</u></b>	<b><u>575,851</u></b>

	<b>Separate financial statements</b>					
	For the year ended 30 September 2017			For the nine-month period ended 30 September 2016		
	Before tax	Tax expense	Net of tax <i>(in thousand Baht)</i>	Before tax	Tax expense	Net of tax
Net change in fair value of available-for-sale investments	(3,702)	740	(2,962)	8,726	(1,745)	6,981
Defined benefit plan actuarial gains (losses)	29,721	(5,944)	23,777	(10,318)	2,063	(8,255)
Revaluation of property, plant and equipment	(134)	27	(107)	658,576	(131,715)	526,861
<b>Total</b>	<b><u>25,885</u></b>	<b><u>(5,177)</u></b>	<b><u>20,708</u></b>	<b><u>656,984</u></b>	<b><u>(131,397)</u></b>	<b><u>525,587</u></b>



# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### Reconciliation of effective tax rate

	Consolidated financial statements			
	For the year ended		For the nine-month	
	30 September 2017		period ended	
	Rate	(in thousand	Rate	(in thousand
	(%)	Baht)	(%)	Baht)
Loss before income tax expense		(324,970)		(144,185)
Income tax using the Thai corporation tax rate	20.00	(64,994)	20.00	(28,837)
Income not subject to tax		(29,685)		(22,114)
Expenses not deductible for tax purposes		4,642		3,622
Expenses for tax incentives		(11,039)		(2,981)
Reversal of previously recognised deferred tax assets		7,028		-
Adjustment for prior period		-		(5,135)
<b>Total</b>	<b>28.94</b>	<b>(94,048)</b>	<b>38.45</b>	<b>(55,445)</b>

	Separate financial statements			
	For the year ended		For the nine-month	
	30 September 2017		period ended	
	Rate	(in thousand	Rate	(in thousand
	(%)	Baht)	(%)	Baht)
Loss before income tax expense		(419,022)		(150,177)
Income tax using the Thai corporation tax rate	20.00	(83,804)	20.00	(30,035)
Income not subject to tax		(13,400)		(23,197)
Expenses not deductible for tax purposes		4,185		2,377
Expenses for tax incentives		(10,990)		(2,967)
Reversal of previously recognised deferred tax assets		7,028		-
Adjustment for prior period		-		(5,135)
<b>Total</b>	<b>23.14</b>	<b>(96,981)</b>	<b>39.26</b>	<b>(58,957)</b>

### Income tax reduction

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### 28 Basic losses per share

The calculations of basic loss per share for the year ended 30 September 2017 and for the nine-month period ended 30 September 2016 were based on the loss for the year/period attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the period/year as follows:

	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016	For the year ended 30 September 2017	For the nine-month period ended 30 September 2016
	<i>(in thousand Baht/thousand shares)</i>			
Loss attributable to ordinary shareholders of the Company (basic)	<u>(230,922)</u>	<u>(88,740)</u>	<u>(322,040)</u>	<u>(91,221)</u>
Number of ordinary shares outstanding	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>
<b>Loss per share (basic) (in Baht)</b>	<b><u>(0.87)</u></b>	<b><u>(0.33)</u></b>	<b><u>(1.21)</u></b>	<b><u>(0.34)</u></b>

### 29 Financial instruments

#### *Financial risk management policies*

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

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

#### *Capital management*

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

#### *Interest rate risk*

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

The effective interest rates of loans receivable as at 30 September 2017 and 2016 and the periods in which the loans receivable and debt securities mature or re-price were as follows:

	Effective interest rate (% per annum)	Consolidated financial statements		
		Within 1 year	After 5 years (in thousand Baht)	Total
<b>At 30 September 2017</b>				
<b>Non-current</b>				
Long-term loan to a related party	4.44	-	3,000	3,000
<b>At 30 September 2016</b>				
<b>Non-current</b>				
Long-term loan to a related party	4.44	-	3,000	3,000
<b>Separate financial statements</b>				
	Effective interest rate (% per annum)	Within 1 year	After 5 years (in thousand Baht)	Total
<b>At 30 September 2017</b>				
<b>Current</b>				
Short-term loan to a related party	3.10	125,000	-	125,000
<b>Non-current</b>				
Long-term loan to a related party	4.44	-	3,000	3,000
<b>Total</b>		<b>125,000</b>	<b>3,000</b>	<b>128,000</b>
<b>At 30 September 2016</b>				
<b>Current</b>				
Short-term loan to related party	3.10	125,000	-	125,000
<b>Non-current</b>				
Long-term loan to a related party	4.44	-	3,000	3,000
<b>Total</b>		<b>125,000</b>	<b>3,000</b>	<b>128,000</b>

### Foreign currency risk

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

At 30 September 2017 and 2016, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
<b>United States Dollars</b>					
Other payables	17	(1,702)	(47)	(1,655)	-
<b>Gross statement of financial position exposure</b>		<b>(1,702)</b>	<b>(47)</b>	<b>(1,655)</b>	<b>-</b>

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
<b>Euro</b>					
Other payables	17	(3,660)	(31,027)	(3,660)	(31,027)
<b>Gross statement of financial position exposure</b>		<b>(3,660)</b>	<b>(31,027)</b>	<b>(3,660)</b>	<b>(31,027)</b>

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
<b>Hong Kong Dollars</b>					
Cash and cash equivalents	5	30,526	32,131	-	-
Other payables	17	(28)	(28)	-	-
<b>Gross statement of financial position exposure</b>		<b>30,498</b>	<b>32,103</b>	<b>-</b>	<b>-</b>

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2017	2016	2017	2016
		<i>(in thousand Baht)</i>			
<b>Pound Sterling</b>					
Other payables	17	(18)	(18)	-	-
<b>Gross statement of financial position exposure</b>		<b>(18)</b>	<b>(18)</b>	<b>-</b>	<b>-</b>

### **Credit risk**

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

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### *Liquidity risk*

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

### *Carrying amounts and fair values*

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

	<b>Consolidated financial statements</b>		
	Carrying amount	Fair value	
		Level 1	
	<i>(in thousand Baht)</i>		
<b>30 September 2017</b>			
<i>Financial assets measured at fair value</i>			
Equity securities available for sale	59,498	59,498	
<b>30 September 2016</b>			
<i>Financial assets measured at fair value</i>			
Equity securities available for sale	63,200	63,200	
	<b>Separate financial statements</b>		
	Carrying amount	Fair value	
		Level 1	Total
		<i>(in thousand Baht)</i>	
<b>30 September 2017</b>			
<i>Financial assets measured at fair value</i>			
Equity securities available for sale	59,498	59,498	59,498
<i>Financial liabilities not measured at fair value</i>			
Long-term loans from related parties	1,530,968	-	1,530,968
<b>30 September 2016</b>			
<i>Financial assets measured at fair value</i>			
Equity securities available for sale	63,200	63,200	63,200
<i>Financial liabilities not measured at fair value</i>			
Long-term loans from related parties	1,530,968	-	1,530,968

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

### Financial instruments carried at fair value

#### *Fair value hierarchy*

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

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

### 30 Commitments with non-related parties

	Consolidate financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Capital commitments</b>				
<i>Contracted but not provided for:</i>				
Buildings, warehouses and improvement	599	7,697	599	7,697
Machinery, equipment and tools	19,759	56,647	19,759	56,647
Intangible assets	-	625	-	-
<b>Total</b>	<b>20,358</b>	<b>64,969</b>	<b>20,358</b>	<b>64,344</b>

	Consolidate financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Future minimum lease payments under non-cancellable operating leases</b>				
Within one year	42,023	72,871	40,716	70,592
After one year but within five years	47,014	90,155	45,694	86,858
After five years	65,053	70,131	65,053	70,131
<b>Total</b>	<b>154,090</b>	<b>233,157</b>	<b>151,463</b>	<b>227,581</b>

	Consolidate financial statements		Separate financial statements	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Other commitments</b>				
<b>Thai Baht</b>				
Unused letters of credit for goods and supplies	-	3,457	-	3,457
Bank guarantees	50,525	42,608	46,249	38,332
<b>Total</b>	<b>50,525</b>	<b>46,065</b>	<b>46,249</b>	<b>41,789</b>

<b>Euro</b>				
Unused letters of credit for assets	-	88	-	88

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 30 September 2017

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

#### *Exclusive bottling appointment agreements*

The Company entered into an agreement with Pepsi Lipton International Ltd. ("the parties") to be appointed to bottle, sell and distribute bottled tea drink in Thailand. The Company has to comply with certain conditions contained in the agreement which was ended 30 September 2011, including a renewal option. Subsequently on 1 June 2012, the parties made an amendment to set the termination date on 31 December 2015. The parties made an amendment to extend the period of agreement another one year ended on 31 December 2017.

#### *Co-packing agreement*

A subsidiary entered into a "Co-packing agreement" with International Refreshment (Thailand) Co., Ltd. ("the parties") to produce bottled tea drink. The subsidiary has to comply with certain conditions contained in the agreement. The agreement is for one year period effective from 1 January 2017 to 31 December 2017.

## **31 Credit facilities**

As at 30 September 2017 the Group and the Company had unutilised credit facilities totalling Baht 7,983 million and Baht 7,881 million, respectively (*2016: Baht 8,982 million and Baht 8,877 million, respectively*).

## **32 Contingent liabilities**

- (a) The Company had a contingent liability arising from a claim for compensation and unfair lay off of employees of Baht 14 million. The court case is pending judgment. However, the Company's fixed deposit of Baht 0.51 million has been pledged with the court.
- (b) The 45 employees who were laid off by the Company have filed lawsuits against the Company for unfair termination. The total amount of claim is approximately of Baht 46.99 million. Before filing the lawsuits, the employees requested the Pathumthani Provincial Labour Protection and Welfare Office to seek for additional compensation from the Company. The Pathumthani Provincial Labour Protection and Welfare Office informed that the Company has already complied with the Labour Protection Law. Currently, the Company won those cases on Civil Court. However, those employees submitted further to Appeal Court.
- (c) The Company had a contingent liability on unsafe products in accordance with the Liability for Damages arising from Unsafe Products Act of Baht 11.73 million. Court ordered SSC to pay compensation of Baht 3.4 million. However, the Company submitted further to appeal court.
- (d) The Company had a contingent liability arising from a claim for compensation and unfair lay off of employees of Baht 14.38 million. The court case is pending judgment.

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

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

A number of revised TFRS and FAP announcement have been issued but are not yet effective and have not been applied in preparing these financial statements. Those revised TFRS and FAP announcement that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Group does not plan to adopt these TFRS and FAP announcement early.

<b>TFRS</b>	<b>Topic</b>
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flow
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events after the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosure
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings per Share
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 40 (revised 2016)	Investment Property
TFRS 8 (revised 2016)	Operating Segments
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases – Incentives
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 32 (revised 2016)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities

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

### 34 Supplement Information

As per Note 2 (e), change in accounting period, the consolidated and separate financial statements for the nine-month period ended 30 September 2016 have been firstly prepared and presented for the period from 1 January 2016 to 30 September 2016, in accordance with the required format of the financial statements presentation.



# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the year ended 30 September 2017

For the benefit of the users in comparing and analysing the financial information, the Group and the Company have prepared the supplementary information in the form of the unaudited consolidated and separate statements of comprehensive income, cash flows and segment information for the year ended 30 September 2016, as details below:

Statement of comprehensive income	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September		For the year ended 30 September	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Income</b>				
Revenue from sale of goods and rendering of services	10,623,059	10,604,950	10,550,850	10,601,303
Other income	257,042	324,885	336,057	439,545
<b>Total income</b>	<b>10,880,101</b>	<b>10,929,835</b>	<b>10,886,907</b>	<b>11,040,848</b>
<b>Expenses</b>				
Cost of sales of goods and rendering of services	7,735,589	8,012,482	7,719,817	8,062,058
Selling expenses	2,501,972	2,289,845	2,488,313	2,263,396
Administrative expenses	1,110,180	1,180,930	1,097,798	1,183,877
<b>Total expenses</b>	<b>11,347,741</b>	<b>11,483,257</b>	<b>11,305,928</b>	<b>11,509,331</b>
Share of profit of an associate, net of income tax	142,670	131,009	-	-
<b>Loss before income tax expense</b>	<b>(324,970)</b>	<b>(422,413)</b>	<b>(419,021)</b>	<b>(468,483)</b>
Income tax benefit	94,048	114,129	96,981	120,712
<b>Loss for the period</b>	<b>(230,922)</b>	<b>(308,284)</b>	<b>(322,040)</b>	<b>(347,771)</b>

Statement of comprehensive income	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September		For the year ended 30 September	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Other comprehensive income</b>				
<b>Items that will not be reclassified to profit or loss</b>				
Gain from revaluation of property, plant and equipment	(134)	722,113	(134)	658,576
Defined benefit plan actuarial losses	29,574	(1,584)	29,721	(749)
Income tax on other comprehensive income	(5,901)	(144,124)	(5,918)	(131,565)
	<b>23,539</b>	<b>576,405</b>	<b>23,669</b>	<b>526,262</b>

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

Statement of comprehensive income	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September		For the year ended 30 September	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Items that are or may be reclassified to profit or loss</b>				
Net change in fair value of available- for-sale investments	(3,702)	10,312	(3,702)	10,312
Income tax on other comprehensive income	740	(2,062)	740	(2,062)
	<u>(2,962)</u>	<u>8,250</u>	<u>(2,962)</u>	<u>8,250</u>
<b>Other comprehensive income for the period, net of income tax</b>	<u>20,577</u>	<u>584,655</u>	<u>20,707</u>	<u>534,512</u>
<b>Total comprehensive income</b>	<u>(210,345)</u>	<u>276,371</u>	<u>(301,333)</u>	<u>186,741</u>
<b>Basic losses per share</b> <i>(in Baht)</i>	<u>(0.87)</u>	<u>(1.16)</u>	<u>(1.21)</u>	<u>(1.31)</u>

Statement of cash flows	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September		For the year ended 30 September	
	2017	2016	2017	2016
	<i>(in thousand Baht)</i>			
<b>Cash flows from operating activities</b>				
Loss for the period	(230,922)	(308,285)	(322,040)	(347,772)
<i>Adjustments for</i>				
Depreciation and amortisation	664,453	709,789	673,977	659,545
Interest income	(3,412)	(5,936)	(6,707)	(6,446)
Dividends income	(5,499)	(4,984)	(66,999)	(115,984)
Unrealised (gain) loss on exchange	23	3,124	23	727
(Reversal of) allowance for doubtful accounts	(9,160)	(32,131)	(9,160)	(32,131)
(Reversal of) allowance for decline in value	(31,203)	7,965	(24,984)	10,605
Gain on disposal of long term investment	(7,420)	-	(7,420)	-
Fair value changes in investment properties	(12,963)	(30,318)	(12,963)	(30,318)
Loss (gain) on disposal of plant, equipment and intangible assets	135,855	70,849	67,396	70,849
Reversal of impairment losses on equipment	(26,353)	31,148	(26,353)	31,148
Reversal of revaluation from property, plant	-	(8,866)	-	(8,866)
Employee benefit expenses	73,994	81,550	72,727	80,309
Provision for liabilities	-	27,244	-	24,579
Share of profit of an associate, net of	(142,670)	(131,009)	-	-
Income tax benefit	(94,048)	(114,129)	(96,981)	(120,712)
	<u>310,675</u>	<u>296,011</u>	<u>240,516</u>	<u>215,533</u>

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the year ended 30 September 2017

Statement of cash flows	Consolidated financial statements		Separate financial statements	
	For the year ended 30 September		For the year ended 30 September	
	<i>(in thousand Baht)</i>			
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	(143,203)	44,992	(144,955)	48,127
Other receivables from related parties	169,188	(136,740)	156,965	(169,977)
Other receivables	16,093	(11,127)	13,945	26,259
Inventories	21,137	50,677	8,433	34,068
Prepaid excise taxes	97,247	(32,176)	88,074	(34,933)
Other current assets	71,503	21,245	72,488	18,985
Other non-current assets	(27,519)	(5,940)	(50,593)	(6,852)
Trade accounts payable	(158,070)	(7,312)	(74,778)	55,894
Other payables to related parties	(1,120)	(34,549)	(4,529)	(63,533)
Other payables	(40,992)	(37,297)	(51,865)	(20,015)
Customers' deposits on bottles and cases	39,040	(27,147)	39,040	(27,147)
Other current liabilities	(15,561)	157,185	(13,641)	158,940
Employee benefit paid	(97,086)	(33,712)	(97,045)	(42,010)
Cash from operating activities	<u>241,332</u>	<u>244,110</u>	<u>182,055</u>	<u>193,339</u>
Income tax paid	(2,050)	(26,037)	-	(14,127)
<b>Net cash from operating activities</b>	<b><u>239,282</u></b>	<b><u>218,073</u></b>	<b><u>182,055</u></b>	<b><u>179,212</u></b>
<i>Cash flows from investing activities</i>				
Interest received	3,407	5,934	6,702	6,444
Dividends received	102,999	79,984	102,999	79,984
Sale of long-term investment	42,420	-	42,420	-
Purchase of plant and equipment	(375,705)	(425,689)	(331,181)	(416,769)
Sale of plant, equipment and intangible assets	4,562	15,810	4,562	15,810
Purchase of intangible assets	(1,793)	(10,793)	(1,160)	(8,899)
<b>Net cash used in investing activities</b>	<b><u>(224,110)</u></b>	<b><u>(334,754)</u></b>	<b><u>(175,658)</u></b>	<b><u>(323,430)</u></b>
<i>Cash flows from financing activities</i>				
Dividend paid to the owners of the Company	(1)	(15)	(1)	(15)
<b>Net cash used in financing activities</b>	<b><u>(1)</u></b>	<b><u>(15)</u></b>	<b><u>(1)</u></b>	<b><u>(15)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>15,171</b>	<b>(116,696)</b>	<b>6,396</b>	<b>(144,233)</b>
Cash and cash equivalents at 1 January	430,538	547,234	353,168	497,401
<b>Cash and cash equivalents at 30 September</b>	<b><u>445,709</u></b>	<b><u>430,538</u></b>	<b><u>359,564</u></b>	<b><u>353,168</u></b>
<i>Non-cash transactions</i>				
Increase (decrease) in payables for acquisition of machinery and equipment	(29,208)	(15,879)	(35,160)	(15,992)

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

*Information about reportable segments*

<i>For the year ended 30 September</i>	<b>Carbonated soft drink</b>		<b>Non-Carbonated soft drink</b>		<b>Total reportable segments</b>	
	2017	2016	2017	2016	2017	2016
	<i>(in million Baht)</i>					
External revenue	<u>4,379</u>	<u>4,294</u>	<u>6,244</u>	<u>6,311</u>	<u>10,623</u>	<u>10,605</u>
Segment profit before income tax	<u>523</u>	<u>465</u>	<u>2,364</u>	<u>2,128</u>	<u>2,887</u>	<u>2,593</u>
Depreciation and amortisation recorded in selling and administrative expenses	111	181	162	117	273	298
Selling expenses	958	706	1,366	1,394	2,324	2,100

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

<i>For the year ended 30 September</i>	2017	2016
	<i>(in million Baht)</i>	
<b>Profit or loss</b>		
Profit for reportable segments	2,887	2,593
Depreciation and amortisation recorded in selling and administrative expenses	(273)	(298)
Selling expenses	<u>(2,324)</u>	<u>(2,100)</u>
	<b>290</b>	<b>195</b>
Unallocated revenue and expenses		
- Other income	257	325
- Administrative expenses	(1,015)	(1,073)
Share of profit of an associate, net of income tax	<u>143</u>	<u>131</u>
<b>Consolidated loss before income tax</b>	<b><u>(325)</u></b>	<b><u>(422)</u></b>

**Sermsuk Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the year ended 30 September 2017**

**35 Reclassification of accounts**

Certain accounts in the 2016 financial statements have been reclassified to conform to the presentation in the 2017 financial statements as follows:

	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass. <i>(in thousand Baht)</i>	Before reclass.	Reclass.	After reclass.
<b>2016</b>						
<i>Statement of financial position as at 30 September</i>						
Other payable	869,735	(157,600)	712,135	848,448	(156,244)	692,204
Employee benefit obligation	957,995	<u>157,600</u>	1,115,595	950,223	<u>156,244</u>	1,106,467
		<u>-</u>			<u>-</u>	
<i>Statement of comprehensive income for the nine-month period ended 30 September 2016</i>						
Cost of sales of goods and rendering of services	5,958,148	(8,088)	5,950,060	-	-	-
Administrative expenses	838,490	<u>8,088</u>	846,578	-	<u>-</u>	-
		<u>-</u>			<u>-</u>	

The reclassifications have been made in order to comply with the classification adopted by the parent company.