

**Sermsuk Public Company Limited  
and its Subsidiaries**

Financial statements for the nine-month period ended  
30 September 2016  
and  
Independent Auditor's Report



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## Independent Auditor's Report

### To the Shareholders of Sermsuk Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Sermsuk Public Company Limited and its subsidiaries (the "Group") and of Sermsuk Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 30 September 2016, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the nine-month period ended as of that date, and notes, comprising a summary of significant accounting policies and other explanatory information.

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

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

#### *Auditor's Responsibility*

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

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

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

*NS*



*Opinion*

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 30 September 2016 and their financial performance and cash flows for the nine-month period ended as of that date in accordance with Thai Financial Reporting Standards.

*Other matter*

I draw attention to the following; the Company changed its financial year-end from 31 December to 30 September. Consequently, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the accounting period ended 30 September 2016 comprise only nine months whereas the comparative information presented for the year ended 31 December 2015 comprise 12 months, which results in the periods presented being not comparable. Therefore, supplementary information in Note 35 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 nine-month period ended 30 September 2015. I have not audited the supplementary information and do not express any audit opinion on such information.

(Napaporn Sathitthammaporn)  
Certified Public Accountant  
Registration No. 7494

KPMG Phoomchai Audit Ltd.  
Bangkok  
16 November 2016

## Sermsuk Public Company Limited and its Subsidiaries

### Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
Assets	Note	2016	2015	2016	2015
		<i>(in Baht)</i>			
<b>Current assets</b>					
Cash and cash equivalents	5	430,537,868	520,895,498	353,167,957	427,869,163
Trade accounts receivable	4, 6	465,658,955	545,949,232	487,035,479	550,162,936
Other receivables from related parties	4	502,066,606	111,249,634	546,833,613	150,949,102
Other receivables	7	120,361,513	95,202,367	117,761,238	93,139,901
Short-term loans to related parties	4	-	-	125,000,000	125,000,000
Inventories	8	702,331,536	663,973,904	636,806,343	608,618,476
Prepaid excise taxes		118,102,643	97,220,289	108,614,975	84,111,343
Other current assets		113,083,516	111,918,564	112,186,477	110,660,224
<b>Total current assets</b>		<b>2,452,142,637</b>	<b>2,146,409,488</b>	<b>2,487,406,082</b>	<b>2,150,511,145</b>
<b>Non-current assets</b>					
Restricted deposits at financial institution		508,674	506,379	508,674	506,379
Investment in an associate	10	425,860,241	431,274,155	30,000,000	30,000,000
Investments in subsidiaries	11	-	-	606,634,068	606,634,068
Other long-term investments	12	179,999,461	171,273,089	179,999,461	171,273,089
Long-term loan to a related party	4	3,000,000	3,000,000	3,000,000	3,000,000
Investment properties	13	300,619,400	276,882,400	300,619,400	276,882,400
Property, plant and equipment	14	9,157,183,008	8,692,370,724	8,627,017,743	8,193,185,927
Intangible assets	15	22,865,089	17,918,898	19,134,917	15,836,095
Deferred tax assets	16	10,376,837	8,258,154	-	-
Other non-current assets		119,622,770	115,497,874	96,471,095	91,434,108
<b>Total non-current assets</b>		<b>10,220,035,480</b>	<b>9,716,981,673</b>	<b>9,863,385,358</b>	<b>9,388,752,066</b>
<b>Total assets</b>		<b>12,672,178,117</b>	<b>11,863,391,161</b>	<b>12,350,791,440</b>	<b>11,539,263,211</b>

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

# Sermsuk Public Company Limited and its Subsidiaries

## Statement of financial position

		Consolidated		Separate	
		financial statements		financial statements	
		30 September	31 December	30 September	31 December
<b>Liabilities and equity</b>	<i>Note</i>	2016	2015	2016	2015
		<i>(in Baht)</i>			
<b>Current liabilities</b>					
Trade accounts payable	4, 17	996,461,145	922,056,423	1,328,006,620	1,193,791,318
Other payables to related parties	4	242,074,287	186,778,149	247,884,602	188,020,219
Other payables	18	869,735,322	755,738,320	848,448,343	727,823,633
Income tax payable		115,244	3,175,882	-	-
Dividends payable		73,456,268	73,470,803	73,456,268	73,470,803
Customers' deposits on bottles and cases		415,533,521	435,202,605	415,533,521	435,202,605
Other current liabilities		53,098,899	53,871,226	48,971,248	51,975,662
<b>Total current liabilities</b>		<b>2,650,474,686</b>	<b>2,430,293,408</b>	<b>2,962,300,602</b>	<b>2,670,284,240</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	16	129,159,786	40,860,678	97,798,859	25,564,964
Employee benefit obligations	19	957,994,909	944,798,789	950,223,293	937,311,840
<b>Total non-current liabilities</b>		<b>1,087,154,695</b>	<b>985,659,467</b>	<b>2,578,990,317</b>	<b>2,493,844,969</b>
<b>Total liabilities</b>		<b>3,737,629,381</b>	<b>3,415,952,875</b>	<b>5,541,290,919</b>	<b>5,164,129,209</b>
<b>Equity</b>					
Share capital:	20				
Authorised share capital		265,900,484	265,900,484	265,900,484	265,900,484
Issued and paid-up share capital		265,900,484	265,900,484	265,900,484	265,900,484
Premium on ordinary shares	20	1,342,448,425	1,342,448,425	1,342,448,425	1,342,448,425
Retained earnings					
Appropriated	21				
Legal reserve		26,795,766	26,795,766	26,795,766	26,795,766
General reserve		2,285,000,000	2,285,000,000	2,285,000,000	2,285,000,000
Unappropriated		2,006,202,207	2,103,763,229	26,789,023	126,264,375
Other components of equity	21	3,008,201,854	2,423,530,382	2,862,566,823	2,328,724,952
<b>Total equity</b>		<b>8,934,548,736</b>	<b>8,447,438,286</b>	<b>6,809,500,521</b>	<b>6,375,134,002</b>
<b>Total liabilities and equity</b>		<b>12,672,178,117</b>	<b>11,863,391,161</b>	<b>12,350,791,440</b>	<b>11,539,263,211</b>

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

## Sermasuk Public Company Limited and its Subsidiaries

### Statement of comprehensive income

	Note	Consolidated		Separate	
		financial statements		financial statements	
		For the nine-month	For the year	For the nine-month	For the year
		period ended	ended	period ended	ended
		30 September	31 December	30 September	31 December
		2016	2015	2016	2015
(in Baht)					
<b>Income</b>	4, 22				
Revenue from sale of goods and rendering of services		8,096,707,765	10,514,638,690	8,124,355,635	10,468,160,765
Gain on disposal of non-current assets held for sale	9	-	445,765,957	-	445,765,957
Other income	23	211,655,980	256,501,496	330,080,067	305,004,306
<b>Total income</b>		<b>8,308,363,745</b>	<b>11,216,906,143</b>	<b>8,454,435,702</b>	<b>11,218,931,028</b>
<b>Expenses</b>	4,22				
Cost of sales of goods and rendering of service	8	5,958,147,609	8,333,330,349	6,010,913,090	8,367,196,177
Selling expenses	24	1,761,496,578	2,227,029,874	1,752,584,874	2,212,489,869
Administrative expenses	25	838,490,314	1,159,106,185	841,114,967	1,141,905,350
Finance costs		-	10,548,114	-	10,548,114
<b>Total expenses</b>		<b>8,558,134,501</b>	<b>11,730,014,522</b>	<b>8,604,612,931</b>	<b>11,732,139,510</b>
Share of profit of an associate, net of income tax	10	105,586,085	105,564,305	-	-
<b>Loss before income tax expense</b>		<b>(144,184,671)</b>	<b>(407,544,074)</b>	<b>(150,177,229)</b>	<b>(513,208,482)</b>
Income tax benefit	28	55,444,645	102,672,869	58,956,681	112,795,283
<b>Loss for the period / year</b>		<b>(88,740,026)</b>	<b>(304,871,205)</b>	<b>(91,220,548)</b>	<b>(400,413,199)</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Gain from revaluation of property, plant and equipment		722,112,967	-	658,575,967	-
Defined benefit plan actuarial gains (losses)	19	(11,026,245)	9,442,665	(10,318,505)	9,570,032
Income tax on other comprehensive income	28	(142,217,344)	(1,906,462)	(129,651,493)	(1,914,006)
		<b>568,869,378</b>	<b>7,536,203</b>	<b>518,605,969</b>	<b>7,656,026</b>
<i>Items that are or may be reclassified to profit or loss</i>					
Foreign currency translation differences for foreign operations		-	102,334	-	-
Net change in fair value of available-for-sale investments	12	8,726,372	-	8,726,372	-
Income tax on other comprehensive income	28	(1,745,274)	-	(1,745,274)	-
		<b>6,981,098</b>	<b>102,334</b>	<b>6,981,098</b>	<b>-</b>
<b>Other comprehensive income for the period / year, net of income tax</b>		<b>575,850,476</b>	<b>7,638,537</b>	<b>525,587,067</b>	<b>7,656,026</b>
<b>Total comprehensive income for the period / year</b>		<b>487,110,450</b>	<b>(297,232,668)</b>	<b>434,366,519</b>	<b>(392,757,173)</b>
<b>Basic losses per share (in Baht)</b>	29	<b>(0.33)</b>	<b>(1.15)</b>	<b>(0.34)</b>	<b>(1.51)</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						
	Note	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	Revaluation surplus on land related to non-current asset held for sale	Share premium from business combination under common control	Total other components of equity	Total equity
<i>(in Baht)</i>													
<b>For the year ended 31 December 2015</b>													
<b>Balance at 1 January 2015</b>		265,900,484	1,342,448,425	26,795,766	2,285,000,000	1,380,341,107	31,016,632	18,193,162	2,406,551,169	1,020,757,124	(32,332,915)	3,444,185,172	8,744,670,954
<b>Comprehensive income for the year</b>													
Loss		-	-	-	-	(304,871,205)	-	-	-	-	-	-	(304,871,205)
Other comprehensive income		-	-	-	-	7,536,203	102,334	-	-	-	-	102,334	7,638,537
<b>Total comprehensive income for the year</b>		-	-	-	-	(297,335,002)	102,334	-	-	-	-	102,334	(297,232,668)
Transfer to unappropriated retained earnings	9	-	-	-	-	1,020,757,124	-	-	-	(1,020,757,124)	-	(1,020,757,124)	-
<b>Balance at 31 December 2015</b>		<u>265,900,484</u>	<u>1,342,448,425</u>	<u>26,795,766</u>	<u>2,285,000,000</u>	<u>2,103,763,229</u>	<u>31,118,966</u>	<u>18,193,162</u>	<u>2,406,551,169</u>	<u>-</u>	<u>(32,332,915)</u>	<u>2,423,530,382</u>	<u>8,447,438,286</u>

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

**Sermsuk Public Company Limited and its Subsidiaries**

**Statement of changes in equity**

	<b>Consolidated financial statements</b>										
	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 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**

	Separate financial statements										
	Retained earnings					Other components of equity				Total other components of equity	Total equity
	Issued and paid-up share capital	Share premium	Legal reserve	General reserve	Unappropriated	Fair value changes in available-for-sale investments	Revaluation surplus on land	Revaluation surplus on land related to non-current assets held for sale			
Note											
<i>(in Baht)</i>											
<b>Year ended 31 December 2015</b>											
<b>Balance at 1 January 2015</b>	<b>265,900,484</b>	<b>1,342,448,425</b>	<b>26,795,766</b>	<b>2,285,000,000</b>	<b>(501,735,576)</b>	<b>18,193,162</b>	<b>2,310,531,790</b>	<b>1,020,757,124</b>	<b>3,349,482,076</b>	<b>6,767,891,175</b>	
<b>Comprehensive income for the year</b>											
Loss	-	-	-	-	(400,413,199)	-	-	-	-	(400,413,199)	
Other comprehensive income	-	-	-	-	7,656,026	-	-	-	-	7,656,026	
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(392,757,173)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(392,757,173)</b>	
Transfer to unappropriated retained earnings	9	-	-	-	1,020,757,124	-	-	(1,020,757,124)	(1,020,757,124)	-	
<b>Balance at 31 December 2015</b>	<b>265,900,484</b>	<b>1,342,448,425</b>	<b>26,795,766</b>	<b>2,285,000,000</b>	<b>126,264,375</b>	<b>18,193,162</b>	<b>2,310,531,790</b>	<b>-</b>	<b>2,328,724,952</b>	<b>6,375,134,002</b>	

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

**Sermsuk Public Company Limited and its Subsidiaries**

**Statement of changes in equity**

	<b>Separate financial statements</b>								Total equity
	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	
<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><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>26,789,023</u></b>	<b><u>25,174,260</u></b>	<b><u>2,837,392,563</u></b>	<b><u>2,862,566,823</u></b>	<b><u>6,809,500,521</u></b>

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

# Sermsuk Public Company Limited and its Subsidiaries

## Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the nine-month period ended 30 September	For the year ended 31 December	For the nine-month period ended 30 September	For the year ended 31 December
		2016	2015	2016	2015
<i>(in Baht)</i>					
<b><i>Cash flows from operating activities</i></b>					
Loss for the period / year		(88,740,026)	(304,871,205)	(91,220,548)	(400,413,199)
<i>Adjustments for</i>					
Depreciation and amortisation		524,914,368	721,245,181	486,779,309	669,522,974
Interest income		(4,388,460)	(3,297,837)	(4,134,332)	(6,721,660)
Finance costs		-	10,548,114	-	10,548,114
Dividends income	23	(4,983,794)	(2,901,049)	(115,983,794)	(56,901,049)
Unrealised loss on exchange		73,596	266,636	73,596	266,636
(Reversal of) allowance for doubtful accounts	6, 7	(24,982,702)	7,485,878	(24,982,702)	7,485,878
(Reversal of) allowance for decline in value of inventories	8	(100,176,212)	160,865,590	(96,568,436)	155,782,656
Fair value changes in investment properties	13	(23,737,000)	(6,581,100)	(23,737,000)	(6,581,100)
Loss (gain) on disposal of plant, equipment and intangible assets	23	84,639,591	(13,542,072)	84,639,591	(13,542,072)
(Reversal of) impairment loss on equipment	14	(33,977,613)	65,125,427	(33,977,613)	65,125,427
Gain on reverse of loss from revaluation of property, plant and equipment		(8,865,691)	-	(8,865,691)	-
Gain on disposal of non-current assets held for sale	9	-	(445,765,957)	-	(445,765,957)
Provision		-	27,243,589	-	24,578,589
Employee benefit expenses		60,483,096	84,163,332	59,549,769	83,036,375
Share of profit of an associate, net of income tax	10	(105,586,085)	(105,564,305)	-	-
Income tax benefit	28	(55,444,645)	(102,672,869)	(58,956,681)	(112,795,283)
		219,228,423	91,747,353	172,615,468	(26,373,671)
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		91,558,567	238,004,355	74,395,747	292,398,005
Other receivables from related parties		(354,816,972)	(60,907,212)	(395,884,373)	(55,864,404)
Other receivables		(11,444,735)	(6,108,202)	25,093,075	(6,592,943)
Inventories		61,818,580	(125,484,397)	68,380,568	(145,628,888)
Prepaid excise taxes		(20,882,354)	(11,293,587)	(24,503,632)	(10,428,721)
Other current assets		(1,164,952)	8,969,169	(1,526,391)	3,250,587
Other non-current assets		(4,781,081)	(868,249)	(5,693,172)	(868,249)
Trade accounts payable		74,404,722	46,551,323	134,215,302	67,626,801
Other payables to related parties		55,296,138	94,321,500	59,864,383	61,271,791
Other payables		73,206,923	(239,986,503)	81,427,018	(232,557,418)
Customers' deposits on bottles and cases		(19,669,084)	(1,448,304)	(19,669,084)	(1,448,304)
Other current liabilities		(772,327)	27,628,396	(3,004,414)	31,930,179
Employee benefit paid		(23,718,816)	(34,606,803)	(23,718,816)	(42,904,720)
Cash from (used in) operating activities		138,263,032	26,518,839	141,991,679	(66,189,955)
Income tax paid		(5,431,966)	(58,939,018)	(206,191)	(43,447,225)
<b>Net cash from (used in) operating activities</b>		<b>132,831,066</b>	<b>(32,420,179)</b>	<b>141,785,488</b>	<b>(109,637,180)</b>

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

## Sermasuk Public Company Limited and its Subsidiaries

### Statement of cash flows

	<i>Note</i>	<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
		For the nine-month	For the year	For the nine-month	For the year
		period ended	ended	period ended	ended
		30 September	31 December	30 September	31 December
		2016	2015	2016	2015
<i>(in Baht)</i>					
<b><i>Cash flows from investing activities</i></b>					
Interest received		4,386,165	3,297,837	4,132,037	6,721,660
Dividends received		79,983,794	56,901,049	79,983,794	56,901,049
Restricted deposits at financial institution		-	(10,564)	-	(10,564)
Purchase of plant and equipment		(325,367,583)	(468,211,995)	(320,292,353)	(447,706,837)
Sale of plant, equipment and intangible assets		28,135,363	17,758,801	28,135,363	17,758,801
Purchase of intangible assets		(10,311,900)	(6,884,481)	(8,431,000)	(6,810,975)
Proceeds from disposal of non-current assets held for sale	9	-	1,736,270,795	-	1,736,270,795
<b>Net cash from (used in) investing activities</b>		<b>(223,174,161)</b>	<b>1,339,121,442</b>	<b>(216,472,159)</b>	<b>1,363,123,929</b>
<b><i>Cash flows from financing activities</i></b>					
Interest paid		-	(11,442,155)	-	(11,442,155)
Dividend paid to the owners of the Company		(14,535)	-	(14,535)	-
Proceeds from short-term loans from financial institutions		-	700,000,000	-	700,000,000
Repayment of short-term loans from financial institutions		-	(1,700,000,000)	-	(1,700,000,000)
<b>Net cash used in financing activities</b>		<b>(14,535)</b>	<b>(1,011,442,155)</b>	<b>(14,535)</b>	<b>(1,011,442,155)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(90,357,630)</b>	<b>295,259,108</b>	<b>(74,701,206)</b>	<b>242,044,594</b>
Cash and cash equivalents at 1 January		520,895,498	225,534,056	427,869,163	185,824,569
Foreign currency translation difference for foreign operation		-	102,334	-	-
<b>Cash and cash equivalents at 30 September and 31 December</b>	5	<b>430,537,868</b>	<b>520,895,498</b>	<b>353,167,957</b>	<b>427,869,163</b>
<b><i>Non-cash transactions</i></b>					
Increase (decrease) in payables for acquisition of machinery and equipment		9,918,858	(45,188,732)	9,682,871	(44,818,866)
Reclassified from short-term loan to long-term loan from a related party		-	-	-	1,530,968,165

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

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# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 16 November 2016.

### 1 General information

Sermsuk Public Company Limited, “the Company”, is incorporated in Thailand and has its registered office at 252/35-36, Muang Thai-Phatra Complex, Tower 1, 27-28th Floor, Rachadapisek Road, Huay Kwang, Bangkok. The Company has its factories and warehouses in the important regions in Thailand.

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

The immediate and ultimate parent companies during the 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, soda and other beverages, including as distributor of energy drinks and tea. Details of the Company’s subsidiaries as at 30 September 2016 and 31 December 2015 were as follows:

Name of the entities	Type of business	Country of incorporation	Ownership interest (%)	
			30 September 2016	31 December 2015
<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, fruit juice and sports drinks	Thailand	99.99	99.99
Wrangyer Beverage (2008) Co., Ltd.	Produce and distribute energy drink	Thailand	99.99	99.99

### 2 Basis of preparation of the financial statements

#### (a) Statement of compliance

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 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 34.

### (b) *Basis of measurement*

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

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

### (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.

#### *Assumptions and estimation uncertainties*

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

Note 3 (s)	Current and deferred taxation
Note 13	Valuation of investment properties
Note 16	Utilisation of tax losses
Note 19	Measurement of defined benefit obligations
Note 33	Provisions and contingencies

#### *Measurement of fair values*

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

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to chief 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 13 investment properties
- Note 14 property, plant and equipment
- Note 30 financial instruments

#### (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.



# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

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

The Group incurred a net loss of Baht 88.74 million for the nine-month period ended 30 September 2016 (*For the year ended 31 December 2015: Baht 304.87 million*) and the Company incurred a net loss of Baht 91.22 million for the nine-month period ended 30 September 2016 (*For the year ended 31 December 2015: Baht 400.41 million*). As of that date, the Group's and the Company's current liabilities exceeded current assets by Baht 198.33 million and 474.89 million, respectively (*31 December 2015: Baht 283.88 million and Baht 519.77 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.

##### *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.

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

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.

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.

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

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

#### **(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) *Non-current assets held for sale***

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

#### **(g) *Investments***

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

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

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

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

#### *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.

#### **(h) *Investment properties***

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

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

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

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

#### **(i) *Property, plant and equipment***

##### *Recognition and measurement*

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

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:

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

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

Container	12 - 15 years
Marketing promotion equipment	5 years

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

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

#### (j) *Intangible assets*

##### *Trademarks*

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

##### *Other intangible assets*

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

##### *Subsequent expenditure*

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

##### *Amortisation*

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

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

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

#### (k) *Impairment*

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that has been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the

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

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

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.

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

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

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

Trade and other accounts payable are stated at cost.

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

##### *Defined contribution plans*

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

##### *Defined benefit plans*

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

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

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

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

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, the resulting change in benefit that relates to past service 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.

#### **(o) Provisions**

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

#### **(p) Revenue**

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

#### *Sale of goods and services rendered*

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



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

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

#### *Loyalty programmes*

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

#### *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.

#### **(q) 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.

#### **(r) Lease payments**

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

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

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

#### *Determining whether an arrangement contains a lease*

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

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

#### (s) **Income tax**

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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (t) *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.

### (u) *Segment reporting*

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

## 4 Related parties

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

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

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group.
Thai Beverage Can Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold 50% indirectly
Bangkok Glass PLC.	Thailand	The Company hold ordinary shares
Petpack Co., Ltd.	Thailand	The Company hold ordinary shares
Beer Thai (1991) PLC.	Thailand	Direct subsidiary of the ultimate parent company
Beer Thip Brewery (1991) Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Cosmos Brewery (Thailand) Co.,Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Sang Som Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Sura Bangyikhan Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Piromsurang Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Sunthronpirom 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

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

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Nature of relationships</b>
Pomklung Co., Ltd	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Logistics Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Recycle Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Marketing Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Dhospaak Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Drinks Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Cash Van Management Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Oishi Group PLC.	Thailand	Direct subsidiary of the ultimate parent company
Oishi Trading Co., Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
Oishi Ramen Co., Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
Chang International Co., Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
InterBev (Singapore) Limited	Singapore	Indirect subsidiary of the ultimate parent company
Super Brands Company Pte Ltd.	Singapore	Indirect subsidiary of the ultimate parent company
Fraser and Neave, Limited	Singapore	Associated of the ultimate parent company
F&N Interflavine Pte Ltd.	Singapore	Affiliated company in associate of the ultimate parent company
F&N Beverages Manufacturing Sdn Bhd	Malaysia	Affiliated company in associate of the ultimate parent company
The Southeast Insurance PLC.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.
The Southeast Capital Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.
The Southeast Life Insurance PLC.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.
F & B International Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.
T.C.C. Technology Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly.
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
Muangthai Life Insurance PLC.	Thailand	The directors hold ordinary shares and common director
Supcharoennakorn Co., Ltd	Thailand	Ultimate parent company has common controlling equity holders
Phatra-leasing PLC.	Thailand	Common director
Berli Jucker PLC.	Thailand	Common directors
Thai Malaya Glass Co., Ltd.	Thailand	Common directors
Gaew Grung Thai Co., Ltd.	Thailand	Controlling equity holder of the ultimate parent company holds substantial shares indirectly
TCC Hotel Asset Management Co., Ltd.	Thailand	Controlling equity holder of the ultimate parent company holds substantial shares indirectly

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

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

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

Significant transactions for the nine-month period ended 30 September 2016 and for the year ended 31 December 2015 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>			
<b>Subsidiaries</b>				
Sale of goods and rendering of services	-	-	84,526	220,700
Purchase of finished goods and services	-	-	348,033	566,645
Interest income	-	-	2,909	3,875
Selling and administrative expenses	-	-	37,930	38,841
<b>An associate</b>				
Purchase of raw materials	552,711	627,874	552,711	627,874
Dividend income	111,000	54,000	111,000	54,000
Other income	2,025	3,575	2,025	3,575
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	60,735	89,437	60,735	89,437
Post-employment benefits	2,673	4,093	2,673	4,093
Other long-term benefits	4	3	4	3
Directors' remunerations	5,590	7,438	5,590	7,438
<b>Total key management personnel compensation</b>	<b>69,002</b>	<b>100,971</b>	<b>69,002</b>	<b>100,971</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>			
<b>Other related parties</b>				
Sale of goods and rendering of services	2,394,082	2,856,565	2,386,998	2,799,851
Gain on disposal of non-current assets held for sale	-	445,766	-	445,766
Other income	89,928	168,608	89,928	163,408
Dividend income	4,984	2,901	4,984	2,901
Purchase of finished goods and raw materials	2,416,821	3,241,912	2,366,635	3,151,185
Subsidy for marketing expense	430,778	538,119	430,778	538,119
Selling expenses	229,828	201,400	229,822	201,400
Administrative expenses	70,831	63,590	70,573	61,917

Balances as at 30 September 2016 and 31 December 2015 with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Ultimate parent company	5	-	5	-
Subsidiaries	-	-	28,301	49,438
Other related parties	266,965	250,675	260,036	237,520
<b>Total</b>	<b>266,970</b>	<b>250,675</b>	<b>288,342</b>	<b>286,958</b>

<i>Other receivables from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	44,767	44,749
An associate	37,288	2,086	37,288	2,086
Other related parties	464,779	109,164	464,779	104,114
<b>Total</b>	<b>502,067</b>	<b>111,250</b>	<b>546,834</b>	<b>150,949</b>

<i>Loans to related parties</i>	<b>Interest rate</b>		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2016	2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<b>Short-term loan</b>						
Subsidiary	3.10	3.10	-	-	125,000	125,000
<b>Long-term loan</b>						
Other related party	4.44	4.56	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>

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

There were no movements on the short-term and long-term loans to related parties during the nine-month period ended 30 September 2016 and for the year ended 31 December 2015.

<i>Trade accounts payable to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	363,101	315,718
An associate	70,159	170,566	70,159	170,566
Other related parties	651,814	366,163	632,832	355,600
<b>Total</b>	<b>721,973</b>	<b>536,729</b>	<b>1,066,092</b>	<b>841,884</b>

<i>Other payables to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Subsidiaries	-	-	5,836	1,346
Other related parties	242,074	186,778	242,049	186,674
<b>Total</b>	<b>242,074</b>	<b>186,778</b>	<b>247,885</b>	<b>188,020</b>

<i>Long-term loans from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Subsidiary	-	-	1,530,968	1,530,968

There were no movements on the long-term loan from a related party during the nine-month period ended 30 September 2016 and for the year ended 31 December 2015.

*Employee benefit obligations*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Employee benefit obligations	88,920	73,295	88,920	73,295

*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. These agreements shall continue to be in effect for another period of five years if there is no change at the maturity date. Interests are payable quarterly at the MRR of a financial institution at the beginning of each quarter. Subsequently on 1 January 2013, the Company and Borrower agreed to change the interest rate to Money Market Rate of a financial institution at the beginning of each quarter.

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

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

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 2016, the Company had utilised loan facility totalling Baht 1,530.97 million. (31 December 2015: 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.

#### *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 31 December 2016 including a renewal option.

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.

The Company entered into an 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.

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

The Company and its subsidiary entered into a “Co-packing and Distribution” agreement with a related company to produce and distribute returnable glass bottled tea drinks. The Company and its subsidiary have to comply with certain conditions contained in the agreement for a period of five years which ends on 31 July 2017.

The Company entered into a “Co-packing and Distribution” agreement with a related company to produce and distribute carbonated soft drink under “est” trademark. The Company has to comply with conditions as specified in the agreement for a period of three years, effective from 1 January 2015 to 31 December 2017.

The Company entered into a “Co-packing and Distribution” agreement with a related company to produce and distribute product under “100 Plus” trademark. The Company has to comply with conditions as specified in the agreement for a period of three years, effective from 1 June 2015 to 31 May 2018.



# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 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 the amount of Baht 130 million per year.

The Company entered into a Software License agreement with a related company to use the software according to defined right and to be provided a system maintenance service. The agreement is for a period of three years and ends on 31 August 2018 with service fee in the amount of Baht 1.23 million per month.

### Commitments with related parties

#### Operating lease commitments

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Within one year	22,542	14,606	22,233	14,606
After one year but within five years	35,168	23,298	34,449	23,298
<b>Total</b>	<b>57,710</b>	<b>37,904</b>	<b>56,682</b>	<b>37,904</b>

#### Other commitments

As at 30 September 2016, the Company had commitments for purchase orders for goods with related parties amounting to Baht 1.83 million (31 December 2015: 146.31 million).

## 5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Cash on hand	24,247	23,822	24,217	23,792
Cash at banks - current accounts	111,487	41,483	110,436	40,309
Cash at banks - savings accounts	294,804	455,590	218,515	363,768
<b>Total</b>	<b>430,538</b>	<b>520,895</b>	<b>353,168</b>	<b>427,869</b>

The currency denomination of cash and cash equivalents was as follows:

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	398,407	487,440	353,168	427,869
Hong Kong Dollars (HKD)	32,131	33,455	-	-
<b>Total</b>	<b>430,538</b>	<b>520,895</b>	<b>353,168</b>	<b>427,869</b>

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

**6 Trade accounts receivable**

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2016	31 December 2015	30 September 2016	31 December 2015
		<i>(in thousand Baht)</i>			
Related parties	4	266,970	250,675	288,342	286,958
Other parties		231,355	339,208	231,359	307,139
<b>Total</b>		<b>498,325</b>	<b>589,883</b>	<b>519,701</b>	<b>594,097</b>
Less allowance for doubtful accounts		(32,666)	(43,934)	(32,666)	(43,934)
<b>Net</b>		<b>465,659</b>	<b>545,949</b>	<b>487,035</b>	<b>550,163</b>

	Consolidated financial statements		Separate financial statements	
	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>			
(Reversal of) bad and doubtful debts expenses	<b>(11,268)</b>	<b>3,880</b>	<b>(11,268)</b>	<b>3,880</b>

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
<b>Related parties</b>				
Within credit terms	264,440	236,337	288,342	285,775
Overdue:				
Less than 1 month	2,530	5,737	-	1,183
1 - 3 months	-	8,601	-	-
	<b>266,970</b>	<b>250,675</b>	<b>288,342</b>	<b>286,958</b>
<b>Other parties</b>				
Within credit terms	127,084	207,524	127,088	185,519
Overdue:				
Less than 1 month	56,656	67,168	56,656	57,104
1 - 3 months	19,444	26,363	19,444	26,363
Over 3 months	28,171	38,153	28,171	38,153
	<b>231,355</b>	<b>339,208</b>	<b>231,359</b>	<b>307,139</b>
Less allowance for doubtful accounts	(32,666)	(43,934)	(32,666)	(43,934)
<b>Net</b>	<b>198,689</b>	<b>295,274</b>	<b>198,683</b>	<b>263,205</b>
<b>Total</b>	<b>465,659</b>	<b>545,949</b>	<b>487,035</b>	<b>550,163</b>

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

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

Trade accounts receivable of the Group and the Company as at 30 September 2016 and 31 December 2015 were denominated entirely in Thai Baht.

**7 Other receivables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Other receivables	41,423	53,367	40,399	53,367
Less allowance for doubtful accounts	(11,992)	(25,706)	(11,992)	(25,706)
<b>Net</b>	<b>29,431</b>	<b>27,661</b>	<b>28,407</b>	<b>27,661</b>
Prepaid expenses	79,848	51,113	78,994	49,531
Advance payment	3,890	8,535	3,167	8,056
Unearned revenue	7,193	7,893	7,193	7,892
<b>Total</b>	<b>120,362</b>	<b>95,202</b>	<b>117,761</b>	<b>93,140</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>			
(Reversal) of bad and doubtful debts expenses	<b>(13,714)</b>	<b>3,605</b>	<b>(13,714)</b>	<b>3,605</b>

**8 Inventories**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Finished goods	417,370	496,535	402,400	489,382
Work in progress	3,026	3,337	3,026	3,337
Raw materials and supplies	300,878	281,515	247,507	227,573
Spare parts	114,708	117,225	110,844	112,019
Other supplies	3,237	2,425	2,578	2,425
	<b>839,219</b>	<b>901,037</b>	<b>766,355</b>	<b>834,736</b>
Less allowance for decline in value	(136,887)	(237,063)	(129,549)	(226,118)
<b>Net</b>	<b>702,332</b>	<b>663,974</b>	<b>636,806</b>	<b>608,618</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>			
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	5,888,652	8,006,288	5,975,663	8,237,074
- Write-down to net realisable value	43,105	185,734	42,318	180,651
- Reversal of write-down	(143,281)	(24,868)	(138,887)	(24,868)
<b>Net</b>	<b><u>5,788,476</u></b>	<b><u>8,167,154</u></b>	<b><u>5,879,094</u></b>	<b><u>8,392,857</u></b>

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

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

**10 Investment in an associate**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>			
At 1 January	431,274	379,710	30,000	30,000
Share of net profit of an associate	105,586	105,564	-	-
Dividend income	(111,000)	(54,000)	-	-
<b>At 30 September / 31 December</b>	<b><u>425,860</u></b>	<b><u>431,274</u></b>	<b><u>30,000</u></b>	<b><u>30,000</u></b>

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

Investment in an associate as at 30 September 2016 and 31 December 2015, and dividend income from this investment for the nine-month period ended 30 September 2016 and for the year ended 31 December 2015, were as follows:

<b>Consolidated financial statements</b>										
	Ownership interest		Paid-up capital		Cost		Equity		Dividend income	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	(%)				(in thousand Baht)					
Petform (Thailand) Limited	40	40	75,000	75,000	<u>30,000</u>	<u>30,000</u>	<u>425,860</u>	<u>431,274</u>	<u>111,000</u>	<u>54,000</u>
<b>Separate financial statements</b>										
	Ownership interest		Paid-up capital		Cost				Dividend income	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	(%)				(in thousand Baht)					
Petform (Thailand) Limited	40	40	75,000	75,000	<u>30,000</u>	<u>30,000</u>			<u>111,000</u>	<u>54,000</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**

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 nine-month period ended 30 September 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>	
Revenue	2,146,016	2,578,741
Profit from continuing operations	268,215	265,665
Other comprehensive income	-	(6,298)
<b>Total comprehensive income</b>	<b>268,215</b>	<b>259,367</b>
Attributable to NCI	162,629	153,803
Attributable to investee's shareholders	105,586	105,564
Current assets	693,979	694,707
Non-current assets	1,786,389	1,613,335
Current liabilities	(775,534)	(486,671)
Non-current liabilities	(550,630)	(747,882)
<b>Net assets</b>	<b>1,154,204</b>	<b>1,073,489</b>
Attributable to NCI	692,522	644,093
Attributable to investee's shareholders	461,682	429,396

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

**11 Investments in subsidiaries**

Investments in subsidiaries as at 30 September 2016 and 31 December 2015, and dividend income from those investments for the nine-month period ended 30 September 2016 and for the year ended 31 December 2015, were as follows:

Subsidiaries	Type of business	Ownership interest		Separate financial statements				Dividend income	
		Ownership interest		Paid-up capital		Cost		For the nine-month period ended	For the year ended
		30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015
		(%)		(in thousand Baht)					
<i>Direct subsidiaries</i>									
Sermsuk Holdings Co., Ltd	Investment and holding shares in other companies	99.99	99.99	600,000	600,000	600,000	600,000	-	-
Great Brands Limited	Manage brands	100.00	100.00	HKD 1,000	HKD 1,000	4,134	4,134	-	-
Sermsuk Training Co., Ltd.	Human resources development and organisation	99.99	99.99	2,500	2,500	2,500	2,500	-	-
<b>Total</b>						<b>606,634</b>	<b>606,634</b>	<b>-</b>	<b>-</b>

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

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

**12 Other long-term investments**

Other long-term investments as at 30 September 2016 and 31 December 2015, and dividend income from those investments for the nine-month period ended 30 September 2016 and for the year ended 31 December 2015, were as follows:

	<b>Consolidated and Separate financial statements</b>			
	Cost method		Dividend income	
	30 September 2016	31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>			
<b><i>Equity securities available for sale</i></b>				
Crown Seal Public Company Limited	63,200	54,474	1,851	1,851
<b><i>Non marketable equity securities</i></b>				
The Pet Company Limited	7,000	7,000	1,050	1,050
Bangkok Glass Public Company Limited	74,799	74,799	2,083	-
Petpack Company Limited	35,000	35,000	-	-
	<u>116,799</u>	<u>116,799</u>	<u>3,133</u>	<u>1,050</u>
<b>Total</b>	<b><u>179,999</u></b>	<b><u>171,273</u></b>	<b><u>4,984</u></b>	<b><u>2,901</u></b>

Movements during the nine-month period ended 30 September 2016 and for the year ended 31 December 2015 of other long-term investments were as follows:

	<b>Consolidated and Separate financial statements</b>	
	2016	2015
	<i>(in thousand Baht)</i>	
<b><i>Equity securities available for sale</i></b>		
At 1 January	54,474	54,474
Valuation adjustment	8,726	-
<b>At 30 September / 31 December</b>	<b><u>63,200</u></b>	<b><u>54,474</u></b>

There were no movements on the non-marketable equity securities during the nine-month period ended 30 September 2016 and for the year ended 31 December 2015.

Other long-term investments of the Group and the Company as at 30 September 2016 and 31 December 2015 were denominated entirely in Thai Baht.



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

**13 Investment properties**

	<b>Consolidated and Separate financial statements</b>		
	Land	Building	Total
	<i>(in thousand Baht)</i>		
At 1 January 2015	265,201	5,100	270,301
Fair value adjustments	6,581	-	6,581
<b>At 31 December 2015 and 1 January 2016</b>	<b>271,782</b>	<b>5,100</b>	<b>276,882</b>
Fair value adjustments	23,737	-	23,737
<b>At 30 September 2016</b>	<b>295,519</b>	<b>5,100</b>	<b>300,619</b>

Investment properties were revalued as at 30 September 2016 and 31 December 2015 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 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.

	<i>(in thousand Baht)</i>
Balance at 1 January 2016	276,882
<b>Gain included in "other income"</b>	
Changes in fair value (unrealised)	23,737
<b>Balance at 30 September 2016</b>	<b>300,619</b>

*Valuation technique and significant unobservable inputs*

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

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

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

**14 Property, plant and equipment**

	<b>Consolidated financial statements</b>											
	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 2015	480,799	3,018,790	2,365,536	171,843	5,825,479	1,776,878	321,419	352,401	1,747,839	3,839,346	516,714	20,417,044
Additions	-	-	20,248	440	85,901	7,814	12,836	3,200	16,056	183,691	122,909	453,095
Transfers	-	-	172,199	-	341,262	861	(12,618)	-	-	16,905	(518,609)	-
Disposals	-	-	-	-	(21,555)	(42,780)	(4,308)	-	(71,904)	(53,772)	-	(194,319)
<b>At 31 December 2015</b>												
<b>and 1 January 2016</b>	<b>480,799</b>	<b>3,018,790</b>	<b>2,557,983</b>	<b>172,283</b>	<b>6,231,087</b>	<b>1,742,773</b>	<b>317,329</b>	<b>355,601</b>	<b>1,691,991</b>	<b>3,986,170</b>	<b>121,014</b>	<b>20,675,820</b>
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</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>

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

	Consolidated financial statements											
	Land		Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles	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 2015	-	-	1,233,724	132,776	4,214,834	1,494,647	263,312	327,984	118,839	3,569,754	-	11,355,870
Depreciation charge for the year	-	-	88,311	3,514	303,225	56,897	22,205	8,490	122,503	112,813	-	717,958
Loss on impairment	-	-	-	-	-	-	-	-	65,125	-	-	65,125
Transfers	-	-	36	-	-	-	(201)	-	-	165	-	-
Disposals	-	-	-	-	(21,344)	(38,786)	(4,305)	-	(42,636)	(53,763)	-	(160,834)
<b>At 31 December 2015 and 1 January 2016</b>	<b>-</b>	<b>-</b>	<b>1,322,071</b>	<b>136,290</b>	<b>4,496,715</b>	<b>1,512,758</b>	<b>281,011</b>	<b>336,474</b>	<b>263,831</b>	<b>3,628,969</b>	<b>-</b>	<b>11,978,119</b>
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</b>	<b>-</b>	<b>-</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>-</b>	<b>12,311,913</b>
<i>Allowance for loss of marketing promotion equipments</i>												
At 1 January 2015	-	-	-	-	-	-	-	-	-	5,330	-	5,330
<b>At 31 December 2015 and 1 January 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,330</b>	<b>-</b>	<b>5,330</b>
<b>At 30 September 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,330</b>	<b>-</b>	<b>5,330</b>

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

	Consolidated financial statements											
	Land		Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles <i>(in thousand Baht)</i>	Furniture and office equipment	Plastic pallets	Container	Marketing promotion equipments	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation										
<i>Net book value</i>												
At 1 January 2015	<u>480,799</u>	<u>3,018,790</u>	<u>1,131,812</u>	<u>39,067</u>	<u>1,610,645</u>	<u>282,231</u>	<u>58,107</u>	<u>24,417</u>	<u>1,629,000</u>	<u>264,262</u>	<u>516,714</u>	<u>9,055,844</u>
At 31 December 2015 and 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	<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>

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

	Separate financial statements											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>Cost/revaluation</i>												
At 1 January 2015	356,296	2,898,766	2,062,805	171,843	5,264,737	1,768,978	311,820	328,541	1,716,212	3,839,346	515,210	19,234,554
Additions	-	-	16,182	440	74,567	7,684	12,454	3,200	16,056	183,691	117,719	431,993
Transfers	-	-	171,361	-	337,651	861	(12,618)	-	-	16,905	(514,160)	-
Disposals	-	-	-	-	(21,555)	(42,649)	(4,308)	-	(71,871)	(53,772)	-	(194,155)
<b>At 31 December 2015</b>												
<b>and 1 January 2016</b>	<b>356,296</b>	<b>2,898,766</b>	<b>2,250,348</b>	<b>172,283</b>	<b>5,655,400</b>	<b>1,734,874</b>	<b>307,348</b>	<b>331,741</b>	<b>1,660,397</b>	<b>3,986,170</b>	<b>118,769</b>	<b>19,472,392</b>
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</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>

**Sermsuk Public Company Limited and its Subsidiaries**  
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	Separate financial statements											
	Land		Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Vehicles <i>(in thousand Baht)</i>	Furniture and office equipment	Plastic pallets	Container	Marketing promotion equipments	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation										
<b><i>Depreciation and impairment losses</i></b>												
At 1 January 2015	-	-	1,059,573	132,776	3,775,315	1,488,531	255,218	304,125	118,839	3,569,754	-	10,704,131
Depreciation charge for the year	-	-	72,866	3,514	269,483	56,251	21,617	8,490	120,418	112,813	-	665,452
Loss on impairment	-	-	-	-	-	-	-	-	65,125	-	-	65,125
Transfers	-	-	36	-	-	-	(201)	-	-	165	-	-
Disposals	-	-	-	-	(21,344)	(38,786)	(4,305)	-	(42,635)	(53,762)	-	(160,832)
<b>At 31 December 2015 and 1 January 2016</b>	<b>-</b>	<b>-</b>	<b>1,132,475</b>	<b>136,290</b>	<b>4,023,454</b>	<b>1,505,996</b>	<b>272,329</b>	<b>312,615</b>	<b>261,747</b>	<b>3,628,970</b>	<b>-</b>	<b>11,273,876</b>
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</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>
<b><i>Allowance for loss of marketing promotion equipments</i></b>												
At 1 January 2015	-	-	-	-	-	-	-	-	-	5,330	-	5,330
<b>At 31 December 2015 and 1 January 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,330</b>	<b>-</b>	<b>5,330</b>
<b>At 30 September 2016</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,330</b>	<b>-</b>	<b>5,330</b>

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

	Land		Buildings, warehouses and improvement	Condo- miniums	Machinery, equipment and tools	Separate financial statements				Marketing promotion equipments	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation				Vehicles	Furniture and office equipment	Plastic pallets	Container			
<i>Net book value</i>												
At 1 January 2015	<u>356,296</u>	<u>2,898,766</u>	<u>1,003,232</u>	<u>39,067</u>	<u>1,489,422</u>	<u>280,447</u>	<u>56,602</u>	<u>24,416</u>	<u>1,597,373</u>	<u>264,262</u>	<u>515,210</u>	<u>8,525,093</u>
At 31 December 2015 and 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	<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>

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

The gross amount of the Group's fully depreciated buildings and equipment that was still in use as at 30 September 2016 and 31 December 2015 are summarised as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Buildings and equipment	<u><b>9,433,676</b></u>	<u><b>8,956,992</b></u>	<u><b>9,110,821</b></u>	<u><b>8,642,834</b></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 4,230.57 million and separate financial statements of Baht 3,922.50 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.

	<b>Consolidated financial statement</b>	<b>Separate financial statements</b>
	<i>(in thousand Baht)</i>	
Balance at 1 January 2016	3,499,589	3,255,062
<b>Gain included in "Other comprehensive income"</b>		
Gain on revaluation on land	722,113	658,576
<b>Gain included in "Profit or loss for the period"</b>		
Gain on revaluation on land	8,866	8,866
<b>Balance at 30 September 2016</b>	<u><b>4,230,568</b></u>	<u><b>3,922,504</b></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.

<b>Valuation technique</b>	<b>Significant unobservable inputs</b>
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**

**15 Intangible assets**

	<b>Consolidated financial statements</b>		
	Trademark	Software licenses	Total
	<i>(in thousand Baht)</i>		
<b>Cost</b>			
At 1 January 2015	2,000	69,618	71,618
Additions	-	3,088	3,088
Disposals	-	(28,643)	(28,643)
<b>At 31 December 2015 and 1 January 2016</b>	<b>2,000</b>	<b>44,063</b>	<b>46,063</b>
Additions	-	4,640	4,640
Transfer in	-	1,875	1,875
<b>At 30 September 2016</b>	<b>2,000</b>	<b>50,578</b>	<b>52,578</b>
<b>Amortisation</b>			
At 1 January 2015	-	53,570	53,570
Amortisation for the year	-	3,216	3,216
Disposals	-	(28,642)	(28,642)
<b>At 31 December 2015 and 1 January 2016</b>	<b>-</b>	<b>28,144</b>	<b>28,144</b>
Amortisation for the period	-	1,569	1,569
<b>At 30 September 2016</b>	<b>-</b>	<b>29,713</b>	<b>29,713</b>
<b>Net book value</b>			
<b>At 1 January 2015</b>	<b>2,000</b>	<b>16,048</b>	<b>18,048</b>
<b>At 31 December 2015 and 1 January 2016</b>	<b>2,000</b>	<b>15,919</b>	<b>17,919</b>
<b>At 30 September 2016</b>	<b>2,000</b>	<b>20,865</b>	<b>22,865</b>
		<b>Separate financial statements</b>	
		Software licenses	
		<i>(in thousand Baht)</i>	
<b>Cost</b>			
At 1 January 2015		68,442	
Additions		3,014	
Disposals		(28,643)	
<b>At 31 December 2015 and 1 January 2016</b>		<b>42,813</b>	
Additions		4,635	
<b>At 30 September 2016</b>		<b>47,448</b>	
<b>Amortisation</b>			
At 1 January 2015		52,425	
Amortisation for the year		3,195	
Disposal		(28,643)	
<b>At 31 December 2015 and 1 January 2016</b>		<b>26,977</b>	
Amortisation for the period		1,337	
<b>At 30 September 2016</b>		<b>28,314</b>	
<b>Net book value</b>			
<b>At 1 January 2015</b>		<b>16,017</b>	
<b>At 31 December 2015 and 1 January 2016</b>		<b>15,836</b>	

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

At 30 September 2016

19,134

**16 Deferred tax**

Deferred tax assets and liabilities as at 30 September 2016 and 31 December 2015 were as follows:

	<b>Consolidated financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Total	767,520	697,952	(886,303)	(730,555)
Set off of tax	(757,143)	(689,694)	757,143	689,694
<b>Net deferred tax assets (liabilities)</b>	<u><u>10,377</u></u>	<u><u>8,258</u></u>	<u><u>(129,160)</u></u>	<u><u>(40,861)</u></u>

  

	<b>Separate financial statements</b>			
	<b>Assets</b>		<b>Liabilities</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Total	751,792	680,984	(849,591)	(706,549)
Set off of tax	(751,792)	(680,984)	751,792	680,984
<b>Net deferred tax liabilities</b>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>(97,799)</u></u>	<u><u>(25,565)</u></u>

Movements in total deferred tax assets and liabilities for the nine-month period ended 30 September 2016 and for the year ended 31 December 2015 were as follows:

	<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 28)	Other comprehensive income	
<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>	<u><u>697,952</u></u>	<u><u>67,363</u></u>	<u><u>2,205</u></u>	<u><u>767,520</u></u>
<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>	<u><u>(730,555)</u></u>	<u><u>(9,581)</u></u>	<u><u>(146,167)</u></u>	<u><u>(886,303)</u></u>
<b>Net</b>	<u><u>(32,603)</u></u>	<u><u>57,782</u></u>	<u><u>(143,962)</u></u>	<u><u>(118,783)</u></u>

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

	<b>Consolidated financial statements</b>			<b>At 31 December 2015</b>
	(Charged) / Credited to:			
	<b>At 1 January 2015</b>	Profit or loss (Note 28) <i>(in thousand Baht)</i>	Other comprehensive income	
<i><b>Deferred tax assets</b></i>				
Inventories	40,227	8,741	-	48,968
Employee benefit obligations	209,548	7,883	(1,906)	215,525
Loss carry forward	564,808	89,665	(255,189)	399,284
Others	14,204	19,971	-	34,175
<b>Total</b>	<b>828,787</b>	<b>126,260</b>	<b>(257,095)</b>	<b>697,952</b>
<i><b>Deferred tax liabilities</b></i>				
Property, plant and equipment	(856,828)	-	255,189	(601,639)
Investment properties	(16,673)	(1,316)	-	(17,989)
Long-term investments	(4,548)	-	-	(4,548)
Others	(93,139)	(13,240)	-	(106,379)
<b>Total</b>	<b>(971,188)</b>	<b>(14,556)</b>	<b>255,189</b>	<b>(730,555)</b>
<b>Net</b>	<b>(142,401)</b>	<b>111,704</b>	<b>(1,906)</b>	<b>(32,603)</b>

	<b>Separate financial statements</b>			<b>At 30 September 2016</b>
	(Charged) / Credited to:			
	<b>At 1 January 2016</b>	Profit or loss (Note 28) <i>(in thousand Baht)</i>	Other comprehensive income	
<i><b>Deferred tax assets</b></i>				
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>
<i><b>Deferred tax liabilities</b></i>				
Property, plant and equipment	(577,633)	-	(131,715)	(709,348)
Investment properties	(17,989)	(4,747)	-	(22,736)
Long-term investments	(4,578)	-	(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>

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

	At 1 January 2015	Separate financial statements (Charged) / Credited to:		At 31 December 2015
		Profit or loss (Note 28)	Other comprehensive income	
<i>(in thousand Baht)</i>				
<b>Deferred tax assets</b>				
Inventories	38,034	7,389	-	45,423
Employee benefit obligations	208,475	7,687	(1,914)	214,248
Loss carry forward	550,023	92,837	(255,189)	387,671
Others	14,204	19,438	-	33,642
<b>Total</b>	<b>810,736</b>	<b>127,351</b>	<b>(257,103)</b>	<b>680,984</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	(832,822)	-	255,189	(577,633)
Investment properties	(16,673)	(1,316)	-	(17,989)
Long-term investments	(4,548)	-	-	(4,548)
Others	(93,139)	(13,240)	-	(106,379)
<b>Total</b>	<b>(947,182)</b>	<b>(14,556)</b>	<b>255,189</b>	<b>(706,549)</b>
<b>Net</b>	<b>(136,446)</b>	<b>112,795</b>	<b>(1,914)</b>	<b>(25,565)</b>

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.

**17 Trade accounts payable**

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2016	31 December 2015	30 September 2016	31 December 2015
<i>(in thousand Baht)</i>					
Related parties	4	721,973	536,729	1,066,092	841,884
Other parties		274,488	385,327	261,915	351,907
<b>Total</b>		<b>996,461</b>	<b>922,056</b>	<b>1,328,007</b>	<b>1,193,791</b>

Trade accounts payable of the Group and the Company as at 30 September 2016 and 31 December 2015 were denominated entirety in Thai Baht.

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

**18 Other payables**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Accrued employee benefit	310,101	304,515	306,858	300,377
Other payables	277,662	270,839	265,172	259,406
Excise taxes payable	80,799	-	80,799	-
Accrued employee expense	62,993	1,433	62,863	1,433
Accrued marketing expense	60,392	85,506	60,392	85,506
Others	77,788	93,445	72,364	81,102
<b>Total</b>	<b>869,735</b>	<b>755,738</b>	<b>848,448</b>	<b>727,824</b>

The currency denomination of other payables as at 30 September 2016 and 31 December 2015 was as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
Thai Baht (THB)	838,615	754,207	817,421	726,293
Euro (EUR)	31,027	944	31,027	944
United States Dollars (USD)	47	587	-	587
Hongkong Dollar (HKD)	28	-	-	-
Pound Sterling (GBP)	18	-	-	-
<b>Total</b>	<b>869,735</b>	<b>755,738</b>	<b>848,448</b>	<b>727,824</b>

**19 Employee benefit obligations**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
<b>Statement of financial position</b>				
<b>Obligations for:</b>				
Short-term employee benefit				
- accumulated annual leave	10,955	10,955	10,924	10,924
Long-term employee benefit				
- long service award	47,668	45,251	47,558	45,174
Post-employment benefit				
- retirement benefit	1,067,927	1,022,554	1,058,909	1,015,144
<b>Total</b>	<b>1,126,550</b>	<b>1,078,760</b>	<b>1,117,391</b>	<b>1,071,242</b>
<b>Statement of financial position</b>				
<b>Current</b>				
Accrued expenses	168,555	133,961	167,168	133,930
<b>Non-current</b>				
Employee benefit obligations	957,995	944,799	950,223	937,312
<b>Total</b>	<b>1,126,550</b>	<b>1,078,760</b>	<b>1,117,391</b>	<b>1,071,242</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
<i>(in thousand Baht)</i>				
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Short-term employee benefit				
- accumulated annual leave	-	(49)	-	(54)
Long-term employee benefits				
- long service award	4,307	6,576	4,299	6,564
- Actuarial gains	(1,890)	(1,659)	(1,916)	(1,643)
Post-employment benefit				
- retirement benefit	58,066	77,552	57,166	76,472
<b>Total</b>	<b><u>60,483</u></b>	<b><u>82,420</u></b>	<b><u>59,549</u></b>	<b><u>81,339</u></b>
<b>Recognised in other comprehensive income:</b>				
Actuarial gains (losses) recognised in the period / year	11,026	(9,443)	10,319	(9,570)
Cumulative actuarial gains recognised	<u>(279,463)</u>	<u>(290,489)</u>	<u>(280,353)</u>	<u>(290,672)</u>

***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:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
<i>(in thousand Baht)</i>				
Present value of unfunded obligations	<u>1,067,927</u>	<u>1,022,554</u>	<u>1,058,909</u>	<u>1,015,144</u>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	1,022,554	987,606	1,015,144	981,403
Benefits paid by the plan	(23,719)	(33,162)	(23,719)	(33,162)
	<u>998,825</u>	<u>954,444</u>	<u>991,425</u>	<u>948,241</u>
<b>Include in profit or loss:</b>				
Current service costs	39,305	50,530	38,558	49,637
Interest on obligation	18,761	27,022	18,608	26,835
	<u>58,066</u>	<u>77,552</u>	<u>57,166</u>	<u>76,472</u>
<b>Included in other comprehensive income</b>				
Actuarial (gains) losses	11,026	(9,443)	10,318	(9,570)
<b>Defined benefit obligations at 30 September / 31 December</b>	<b><u>1,067,927</u></b>	<b><u>1,022,554</u></b>	<b><u>1,058,909</u></b>	<b><u>1,015,144</u></b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in million Baht)</i>			
Financial assumptions	(13,882)	-	(13,882)	-
Demography assumptions	11,729	21,374	11,215	21,151
Experience adjustment	13,179	(30,817)	12,985	(30,721)
<b>Total</b>	<b><u>11,026</u></b>	<b><u>(9,443)</u></b>	<b><u>10,318</u></b>	<b><u>(9,570)</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>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	%			
Discount rate	2.25	2.75	2.25	2.75
Future salary growth	5.00	5.00	5.00	5.00

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

At 30 September 2016, the weighted-average duration of the defined benefit obligation was 7 years (31 December 2015 : 8 years).

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

*Sensitivity analysis*

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>(in thousand Baht)</i>			
<b>Defined benefit obligation 30 September 2016</b>	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(41,296)	45,221	(48,786)	44,663
Future salary growth (1% movement)	146,439	(98,408)	145,219	(97,368)

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

**20 Share capital**

	Par value per share <i>(in Baht)</i>	<b>Consolidated / Separate financial statements</b>			
		30 September 2016		31 December 2015	
		Number	Baht	Number	Baht
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	265,900	265,900	265,900	265,900
<b>At 30 September / 31 December</b>					
<b>- ordinary shares</b>	<b>1</b>	<b>265,900</b>	<b>265,900</b>	<b>265,900</b>	<b>265,900</b>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	265,900	265,900	265,900	265,900
<b>At 30 September / 31 December</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

### 21 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.

### 22 Segment information

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

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

None of the other operations segments meets the quantitative thresholds for determining reportable segments in 2016 or 2015.

## Sermsuk Public Company Limited and its Subsidiaries

### Notes to the financial statements

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 nine-month period ended 30 September 2016	For the year ended 31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	<i>(in million Baht)</i>					
External revenue	3,388	4,208	4,709	6,307	8,097	10,515
Segment profit before income tax	437	451	1,710	1,731	2,147	2,182
Depreciation and amortisation recorded in selling and administrative expenses	135	182	84	127	219	309
Selling expenses	571	757	1,049	1,283	1,620	2,040

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

	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	<i>(in million Baht)</i>	
<b>Profit or loss</b>		
Profit for reportable segments	2,147	2,182
Depreciation and amortisation recorded in selling and administrative expenses	(219)	(309)
Selling expenses	(1,620)	(2,040)
	<b>308</b>	<b>(167)</b>
Unallocated revenue and expenses		
- Other income	212	702
- Administrative expenses	(770)	(1,038)
- Finance costs	-	(11)
Share of profit of investment in an associate, net of income tax	106	106
<b>Consolidated loss before income tax</b>	<b>(144)</b>	<b>(408)</b>

#### Geographical segments

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



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

**25 Administrative expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>			
Personnel expenses	454,273	476,742	445,800	465,015
Depreciation and amortisation	77,631	122,087	76,051	120,034
Management benefit expenses	63,417	93,532	63,417	93,532
Fuel	58,703	83,460	58,450	83,460
Others	184,466	383,285	197,397	379,864
<b>Total</b>	<b>838,490</b>	<b>1,159,106</b>	<b>841,115</b>	<b>1,141,905</b>

**26 Employee benefit expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	<i>(in thousand Baht)</i>			
Salaries and wages	1,015,915	1,328,466	982,389	1,291,200
Overtime and allowance expense	103,490	133,645	100,908	127,217
Bonus	81,915	123,790	79,414	120,171
Pension costs - defined contribution plans	67,465	91,250	67,214	89,906
Pension costs - defined benefit plans	<i>19</i> 58,066	77,552	57,166	76,472
Others	176,774	249,926	172,431	233,583
<b>Total</b>	<b>1,503,625</b>	<b>2,004,629</b>	<b>1,459,522</b>	<b>1,938,549</b>

*Defined benefit plans*

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

*Defined contribution plans*

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

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



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

*Income tax recognised in other comprehensive income*

	<b>Consolidated financial statements</b>					
	For the nine-month period ended 30 September 2016			For the year ended 31 December 2015		
	Before tax	Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax	Tax (expense) benefit	Net of tax
Foreign currency translation differences for foreign operations	-	-	-	102	-	102
Net change in fair value of available-for-sale investments	8,726	(1,745)	6,981	-	-	-
Defined benefit plan actuarial gains (losses)	(11,026)	2,205	(8,821)	9,443	(1,906)	7,537
Revaluation of property, plant and equipment	722,113	(144,422)	577,691	-	-	-
<b>Total</b>	<b>719,813</b>	<b>(143,962)</b>	<b>575,851</b>	<b>9,545</b>	<b>(1,906)</b>	<b>7,639</b>

	<b>Separate financial statements</b>					
	For the nine-month period ended 30 September 2016			For the year ended 31 December 2015		
	Before tax	Tax (expense) benefit	Net of tax <i>(in thousand Baht)</i>	Before tax	Tax (expense) benefit	Net of tax
Net change in fair value of available-for-sale investments	8,726	(1,745)	6,981	-	-	-
Defined benefit plan actuarial gains (losses)	(10,318)	2,063	(8,255)	9,570	(1,914)	7,656
Revaluation of property, plant and equipment	658,576	(131,715)	526,861	-	-	-
<b>Total</b>	<b>656,984</b>	<b>(131,397)</b>	<b>525,587</b>	<b>9,570</b>	<b>(1,914)</b>	<b>7,656</b>

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

*Reconciliation of effective tax rate*

	<b>Consolidated financial statements</b>			
	For the nine-month period ended		For the year ended	
	30 September 2016		31 December 2015	
	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>
Loss before income tax expense		(144,185)		(407,544)
Income tax using the Thai corporation tax rate	20.00	(28,837)	20.00	(81,509)
Income not subject to tax		(22,114)		(22,552)
Expenses not deductible for tax purposes		3,622		5,548
Expenses for tax incentives		(2,981)		(4,160)
Over provided in prior years		(5,135)		-
<b>Total</b>	<b>38.45</b>	<b>(55,445)</b>	<b>25.19</b>	<b>(102,673)</b>

*Reconciliation of effective tax rate*

	<b>Separate financial statements</b>			
	For the nine-month period ended		For the year ended	
	30 September 2016		31 December 2015	
	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>	<i>Rate</i> (%)	<i>(in thousand</i> <i>Baht)</i>
Loss before income tax expense		(150,177)		(513,208)
Income tax using the Thai corporation tax rate	20.00	(30,035)	20.00	(102,641)
Income not subject to tax		(23,197)		(11,380)
Expenses not deductible for tax purposes		2,377		5,385
Expenses for tax incentives		(2,967)		(4,159)
Over provided in prior years		(5,135)		-
<b>Total</b>	<b>39.26</b>	<b>(58,957)</b>	<b>21.98</b>	<b>(112,795)</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**

**29 Basic losses per share**

The calculations of basic loss per share for the nine-month period ended 30 September 2016 and for the years ended 31 December 2015 were based on the loss for the period / year attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the period / year as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015	For the nine-month period ended 30 September 2016	For the year ended 31 December 2015
	<i>(in thousand Baht/thousand shares)</i>			
Loss attributable to ordinary shareholders of the Company (basic)	<u>(88,740)</u>	<u>(304,871)</u>	<u>(91,221)</u>	<u>(400,413)</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)</b> <i>(in Baht)</i>	<u><b>(0.33)</b></u>	<u><b>(1.15)</b></u>	<u><b>(0.34)</b></u>	<u><b>(1.51)</b></u>

**30 Financial instruments**

***Financial risk management policies***

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

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

***Capital management***

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

***Interest rate risk***

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



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

The effective interest rates of loans receivable as at 30 September 2016 and 31 December 2015 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 2016</b>				
<b>Non-current</b>				
Long-term loan to a related party	4.44	-	3,000	3,000
<b>At 31 December 2015</b>				
<b>Non-current</b>				
Long-term loan to a related party	4.56	-	3,000	3,000
<b>Separate financial statements</b>				
	Effective interest rate (% per annum)	Within 1 year	After 5 years	Total
		(in thousand Baht)		
<b>At 30 September 2016</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 31 December 2015</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	4.56	-	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**

At 30 September 2016 and 31 December 2015, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2016	31 December 2015	30 September 2016	31 December 2015
<i>(in million Baht)</i>					
<b>United States Dollars</b>					
Other payables- related parties	18	(47)	(587)	-	(587)
<b>Gross statement of financial position exposure</b>		<b>(47)</b>	<b>(587)</b>	<b>-</b>	<b>(587)</b>

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2016	31 December 2015	30 September 2016	31 December 2015
<i>(in million Baht)</i>					
<b>Euro</b>					
Other payables- related parties	18	(31,027)	(944)	(31,027)	(944)
<b>Gross statement of financial position exposure</b>		<b>(31,027)</b>	<b>(944)</b>	<b>(31,027)</b>	<b>(944)</b>

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2016	31 December 2015	30 September 2016	31 December 2015
<i>(in million Baht)</i>					
<b>Hong Kong Dollars</b>					
Cash and cash equivalents	5	32,131	33,455	-	-
Loans from to related parties	4	-	-	-	(1,530,968)
Other payables to related parties	18	(28)	-	-	-
<b>Gross statement of financial position exposure</b>		<b>32,103</b>	<b>33,455</b>	<b>-</b>	<b>(1,530,968)</b>

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2016	31 December 2015	30 September 2016	31 December 2015
<i>(in million Baht)</i>					
<b>Pound Sterling</b>					
Other payables- related parties	18	(18)	-	-	-
<b>Gross statement of financial position exposure</b>		<b>(18)</b>	<b>-</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.

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

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

***Liquidity risk***

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

***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 2016</b>		
<b><i>Fair values of financial assets</i></b>		
Equity securities available for sale	63,200	63,200
<b>31 December 2015</b>		
<b><i>Fair values of financial assets</i></b>		
Equity securities available for sale	54,474	54,474

	<b>Separate financial statements</b>		
	Carrying amount	Fair value	
		Level 1	Total
	<i>(in thousand Baht)</i>		
<b>30 September 2016</b>			
<b><i>Fair values of financial assets</i></b>			
Equity securities available for sale	63,200	63,200	63,200
<b><i>Fair values of financial liabilities</i></b>			
Long-term loans from related parties	1,530,968	-	1,530,968
<b>31 December 2015</b>			
<b><i>Fair values of financial assets</i></b>			
Equity securities available for sale	54,474	54,474	54,474
<b><i>Fair values of financial liabilities</i></b>			
Long-term loans from related parties	1,530,968	-	1,530,968

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

**Financial instruments carried at fair value**

*Fair value hierarchy*

The table above analyses recurring fair value measurements for financial assets. The fair value measurement of equity securities available for sale was determined to be Level 1 under the fair value hierarchy based on the inputs to valuation techniques used.

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

**31 Commitments with non-related parties**

	<b>Consolidate financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
<b>Capital commitments</b>				
<i>Contracted but not provided for:</i>				
Buildings, warehouses and improvement	7,697	2,909	7,697	2,909
Machinery, equipment and tools	56,647	21,711	56,647	21,237
Intangible assets	625	4,875	-	2,625
<b>Total</b>	<b>64,969</b>	<b>29,495</b>	<b>64,344</b>	<b>26,771</b>

	<b>Consolidate financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<i>(in thousand Baht)</i>			
<b>Future minimum lease payments under non-cancellable operating leases</b>				
Within one year	72,871	49,828	70,592	48,191
After one year but within five years	90,155	78,862	86,858	76,040
After five years	70,131	74,156	70,131	74,156
<b>Total</b>	<b>233,157</b>	<b>202,846</b>	<b>227,581</b>	<b>198,387</b>

	<b>Consolidate financial statements</b>		<b>Separate financial statements</b>	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
	<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	42,608	35,378	38,332	31,102
<b>Total</b>	<b>46,065</b>	<b>35,378</b>	<b>41,789</b>	<b>31,102</b>

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

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

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

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 2016. The amendment is currently being reviewed and signed by the Company and the parties. However, the Company is currently complying with the conditions contained in the original agreement.

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

#### ***Co-packing agreement***

A subsidiary entered into a "Co-packing agreement" with Pepsi Lipton International Ltd. And Pepsi-Cola (Thai) Trading Co., Ltd. ("the parties") to produce bottled tea drink. The subsidiary has to comply with certain conditions contained in the agreement for a period of three years from 22 December 2005 to

21 December 2008 with renewal additional terms of three years each if not less than six months' prior written notice is given by any one party to the other as stipulated in the agreement. Subsequently, the parties made an amendment to set the termination date on 31 March 2015. The parties made an amendment to extend the period of agreement ended on 30 April 2016. The amendment is currently being reviewed and signed by the Company and the parties. However, the Company is currently complying with the conditions contained in the original agreement.

#### ***Distribution agreement***

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

## **32 Credit facilities**

As at 30 September 2016 the Group and the Company had unutilised credit facilities totalling Baht 8,982 million and Baht 8,877 million, respectively (*31 December 2015: Baht 9,336 million and Baht 9,286 million, respectively*).

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

### 33 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) In 2014, 45 employees who were laid off by the Company have filed lawsuits against the Company for unfair termination. The total amount of claim is approximately of Baht 46.99 million. Before filing the lawsuits, the employees requested the Pathumthani Provincial Labour Protection and Welfare Office to seek for additional compensation from the Company. The Pathumthani Provincial Labour Protection and Welfare Office informed that the Company has already complied with the Labour Protection Law. 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. The court case is pending judgment on Civil Court. However, the Company has an insurance against some losses.

### 34 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

# Sermsuk Public Company Limited and its Subsidiaries

## Notes to the financial statements

TFRS	Topic
TSIC 32 (revised 2016)	Intangible Assets – Web Site Costs
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2016)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

### 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.

## 35 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.

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 nine-month period ended 30 September 2015, as details below:

Statement of comprehensive income	Consolidated financial statements		Separate financial statements	
	For the nine-month period ended 30 September		For the nine-month period ended 30 September	
	2016	2015 (Unaudited)	2016	2015 (Unaudited)
	<i>(in thousand Baht)</i>			
<b>Income</b>				
Revenue from sale of goods and rendering of services	8,096,708	8,006,397	8,124,356	7,991,214
Gain on disposal of non-current assets held for sale	-	445,766	-	445,766
Other income	211,656	143,273	330,080	195,539
<b>Total income</b>	<b>8,308,364</b>	<b>8,595,436</b>	<b>8,454,436</b>	<b>8,632,519</b>
<b>Expenses</b>				
Cost of sales of goods and rendering of services	5,958,148	6,270,908	6,010,913	6,316,051
Selling expenses	1,761,497	1,698,682	1,752,585	1,701,679
Administrative expenses	838,490	824,760	841,115	799,149
Finance costs	-	10,542	-	10,542
<b>Total expenses</b>	<b>8,558,135</b>	<b>8,804,892</b>	<b>8,604,613</b>	<b>8,827,421</b>
Share of profit of an associate, net of income tax	105,586	80,141	-	-
<b>Loss before income tax expense</b>	<b>(144,185)</b>	<b>(129,315)</b>	<b>(150,177)</b>	<b>(194,902)</b>
Income tax benefit	55,445	43,989	58,957	51,040
<b>Loss for the period</b>	<b>(88,740)</b>	<b>(85,326)</b>	<b>(91,220)</b>	<b>(143,862)</b>

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

Statement of comprehensive income	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	For the nine-month period ended 30 September		For the nine-month period ended 30 September	
	2016	2015 (Unaudited)	2016	2015 (Unaudited)
	<i>(in thousand Baht)</i>			
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified to profit or loss</i>				
Gain from revaluation of property, plant and equipment	722,113	-	658,576	-
Defined benefit plan actuarial losses	(11,026)	-	(10,319)	-
Income tax on other comprehensive income	<u>(142,218)</u>	<u>-</u>	<u>(129,651)</u>	<u>-</u>
	<b><u>568,869</u></b>	<b><u>-</u></b>	<b><u>518,606</u></b>	<b><u>-</u></b>
<i>Items that are or may be reclassified to profit or loss</i>				
Foreign currency translation differences for foreign operations	-	102	-	-
Net change in fair value of available- for-sale investments	8,726	(1,586)	8,726	(1,586)
Income tax on other comprehensive income	<u>(1,745)</u>	<u>317</u>	<u>(1,745)</u>	<u>317</u>
	<b><u>6,981</u></b>	<b><u>(1,167)</u></b>	<b><u>6,981</u></b>	<b><u>(1,269)</u></b>
<b>Other comprehensive income for the period, net of income tax</b>	<b><u>575,850</u></b>	<b><u>(1,167)</u></b>	<b><u>525,587</u></b>	<b><u>(1,269)</u></b>
<b>Total comprehensive income for the period / year</b>	<b><u>487,110</u></b>	<b><u>(86,493)</u></b>	<b><u>434,367</u></b>	<b><u>(145,131)</u></b>
<b>Basic losses per share (in Baht)</b>	<b><u>(0.33)</u></b>	<b><u>(0.32)</u></b>	<b><u>(0.34)</u></b>	<b><u>(0.54)</u></b>



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

Statement of cash flows	Consolidated financial statements		Separate financial statements	
	For the nine-month period ended 30 September		For the nine-month period ended 30 September	
	2016	2015 (Unaudited)	2016	2015 (Unaudited)
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Loss for the period	(88,740)	(85,326)	(91,221)	(143,862)
<b><i>Adjustments for</i></b>				
Depreciation and amortisation	524,914	536,371	486,779	496,755
Interest income	(4,388)	(1,750)	(4,134)	(4,410)
Finance costs	-	10,542	-	10,542
Dividends income	(4,984)	(2,901)	(115,984)	(56,901)
Unrealised (gain) loss on exchange	74	(2,784)	74	(386)
(Reversal of) allowance for doubtful accounts	(24,983)	14,634	(24,983)	14,634
(Reversal of) allowance for decline in value of inventories	(100,176)	52,724	(96,568)	48,609
Fair value changes in investment properties	(23,737)	-	(23,737)	-
Loss on disposal of plant equipment and intangible assets	84,640	4,161	84,640	4,161
Reversal of impairment losses on equipment	(33,978)	-	(33,978)	-
Reversal of revaluation from property, plant and equipment	(8,866)	-	(8,866)	-
Gain on disposal of non-current assets held for sale	-	(445,766)	-	(445,766)
Gain on disposal of intangible assets	-	(3,912)	-	(3,912)
Employee benefit expenses	60,488	63,096	59,550	62,277
Share of profit of an associate, net of income tax	(105,586)	(80,141)	-	-
Income tax benefit	(55,450)	(43,989)	(58,957)	(51,040)
	<u>219,228</u>	<u>14,959</u>	<u>172,615</u>	<u>(69,299)</u>
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	91,558	284,571	74,396	318,667
Other receivables from related parties	(354,817)	(278,984)	(395,884)	(281,772)
Other receivables	(11,445)	(6,426)	25,093	(7,759)
Inventories	61,819	(114,342)	68,381	(111,316)
Prepaid excise taxes	(20,882)	-	(24,504)	-
Other current assets	(1,165)	(13,441)	(1,526)	(17,259)
Other non-current assets	(4,781)	291	(5,693)	291
Trade accounts payable	74,405	128,268	134,215	145,948
Other payables to related parties	55,296	184,166	59,864	184,669
Other payables	73,207	(278,465)	81,427	(279,976)
Customers' deposits on bottles and cases	(19,669)	6,030	(19,669)	6,030
Other current liabilities	(772)	18,653	(3,004)	18,847
Employee benefit paid	(23,719)	(24,614)	(23,719)	(24,614)
Cash from (used in) operating activities	<u>138,263</u>	<u>(79,334)</u>	<u>141,992</u>	<u>(117,543)</u>
Income tax paid	<u>(5,432)</u>	<u>(38,334)</u>	<u>(206)</u>	<u>(29,526)</u>
<b>Net cash from (used in) operating activities</b>	<b><u>132,831</u></b>	<b><u>(117,668)</u></b>	<b><u>141,785</u></b>	<b><u>(147,069)</u></b>

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

Statement of cash flows (continue)	Consolidated financial statements		Separate financial statements	
	For the nine-month period ended 30 September		For the nine-month period ended 30 September	
	2016	2015 (Unaudited)	2016	2015 (Unaudited)
	<i>(in thousand Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Interest received	4,386	1,750	4,132	4,410
Dividends received	79,984	56,901	79,984	56,901
Restricted deposits at financial institution	-	(10)	-	(10)
Purchase of plant and equipment	(325,367)	(367,891)	(320,293)	(351,231)
Sale of plant, equipment and intangible assets	28,135	30,084	28,135	30,084
Purchase of intangible assets	(10,312)	(6,403)	(8,431)	(6,343)
Proceeds from disposal of non-current assets held for sale	-	1,736,271	-	1,736,271
<b>Net cash from (used in) investing activities</b>	<b>(223,174)</b>	<b>1,450,702</b>	<b>(216,473)</b>	<b>1,470,082</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	-	(11,436)	-	(11,436)
Dividend paid to the owners of the Company	(15)	-	(15)	-
Proceeds from short-term loans from financial institutions	-	700,000	-	700,000
Repayment of short-term loans from financial institutions	-	(1,700,000)	-	(1,700,000)
<b>Net cash used in financing activities</b>	<b>(15)</b>	<b>(1,011,436)</b>	<b>(15)</b>	<b>(1,011,436)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(90,358)</b>	<b>321,598</b>	<b>(74,701)</b>	<b>311,577</b>
Cash and cash equivalents at 1 January	520,895	225,534	427,869	185,824
Foreign currency translation difference for foreign operation	-	102	-	-
<b>Cash and cash equivalents at 30 September</b>	<b>430,538</b>	<b>547,234</b>	<b>353,168</b>	<b>497,401</b>
<b><i>Non-cash transactions</i></b>				
Increase (decrease) in payables for acquisition of machinery and equipment	9,919	(19,391)	9,683	(19,144)
Reclassified from short-term loan to long-term loan from a related party	-	-	-	1,530,968

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

***Information about reportable segments***

<i>For the nine-month period ended 30 September</i>	<b>Carbonated soft drink</b>		<b>Non-Carbonated soft drink</b>		<b>Total reportable segments</b>	
	2016	2015 (Unaudited)	2016	2015 (Unaudited)	2016	2015 (Unaudited)
	<i>(in million Baht)</i>					
External revenue	<u>3,388</u>	<u>3,302</u>	<u>4,709</u>	<u>4,704</u>	<u>8,097</u>	<u>8,006</u>
Segment profit before income tax	<u>438</u>	<u>423</u>	<u>1,710</u>	<u>1,312</u>	<u>2,147</u>	<u>1,735</u>
Depreciation and amortisation recorded in selling and administrative expenses	135	136	84	94	219	230
Selling expenses	571	622	1,049	938	1,620	1,560

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

<i>For the nine-month period ended 30 September</i>	2016	2015 (Unaudited)
	<i>(in million Baht)</i>	
<b>Profit or loss</b>		
Profit for reportable segments	2,147	1,735
Depreciation and amortisation recorded in selling and administrative expenses	(219)	(230)
Selling expenses	<u>(1,620)</u>	<u>(1,560)</u>
	<b>308</b>	<b>(55)</b>
Unallocated revenue and expenses		
- Other income	212	589
- Administrative expenses	(770)	(732)
- Finance costs	-	(11)
Share of profit of an associate, net of income tax	<u>106</u>	<u>80</u>
<b>Consolidated loss before income tax</b>	<b><u>(144)</u></b>	<b><u>(129)</u></b>