



Fulfill Happiness

ANNUAL REPORT 2012

Sermsuk Public Company Limited

Message from Chief Executive Officer



Mr. Somchai Bulsook

Chairman of Executive Committee and CEO

“Message from Chief Executive Officer to Shareholders”

In 2012, Sermasuk clearly demonstrated its ability to undertake major strategic changes to its business while simultaneously executing in the market. The early part of the year saw the company recover from the effects of the 2011 floods which had affected several of its facilities in central Thailand as well as disrupted its distribution system in several provinces.

The impact of these changes has profoundly altered the nature of Sermasuk's business model, making it a more diversified, dynamic and profitable company than ever before.

The management also developed a competitive strategy to make Sermasuk Thailand's Quality Products Producer and Distributor. This strategy is based upon four pillars which are 1) expanding in the drinking water market under the Crystal brand; 2) expanding its line of non-carbonated drinks; 3) distributing both food and beverage products; and 4) manufacturing other carbonated soft drink products. In order to realize this vision we ultimately decided that a number of significant changes needed to be made.

The first change involved expanding Sermasuk's highly popular Crystal drinking water brand through the addition of new packages and promotions. This resulted in the Crystal meeting all of its growth targets.

The second change was the establishment of the strategic relationship between Sermasuk and Oishi, Thailand's leading ready-to-drink green tea brand. Sermasuk now leverages its bottling expertise in returnable bottles to produce Oishi in 400ml returnable bottles as well as providing nationwide distribution for the full portfolio of Oishi beverage products.

The third change involved the expansion of Sermasuk's non-carbonated beverage portfolio. After the distribution agreement with Carabao Tawandang Co., Ltd., expired on October 15th, Sermasuk acquired Wrangyer Beverage (2008) Co., Ltd., to build up its own energy drink brand.

The fourth change involved Sermasuk creating its own carbonated beverage brand to compete in this large and growing market segment. After the exclusive bottling agreement between Sermasuk and Pepsi expired on November 1, 2012, Sermasuk's management and staff undertook the unprecedented effort to develop an entirely new beverage product and brand, complete with production system, packaging, marketing strategy and distribution program. It is a testament to the hard work and professionalism of the Sermasuk team that on November 2nd its new 'est' brand was launched with the introduction of est Cola. From the outset est has been very well received by the Thai market. This success has continued to rapidly gain momentum to the present day. The initial success of est Cola will be followed-up with the introduction of additional flavors and packages under the unifying est brand.

Further, new strategic partnerships will be explored in order to realize the full potential of Sermasuk's logistical and manufacturing assets.

In the midst of all of these changes there have been several constants that have been critical for our success. These include the dedication and hard work of Sermasuk's management and staff, the strong commitment and guidance of our board of directors and the support of consumers across Thailand. I would like to express my sincere appreciation to each of these groups for their help in ensuring that Sermasuk emerged from this year of change as a more successful and dynamic enterprise. I also owe a debt of gratitude to our shareholders for their confidence in our business and their help in realizing our true potential.

Board of Directors



Mr. Photipong Lamsam
Independent Director and Chairman

Mr. Suchin Wanglee
Vice Chairman No.1
and Chairman of Compensation
Committee



Board of Directors



Prof. Dr. Wissanu Krea-Ngam

Vice Chairman No.2 and Chairman
of Risk Management Committee



Mr. Chotiphat Bijananda

Vice Chairman No.3, Executive Director,
Member of Compensation
Committee and Member of
Nominating and Corporate
Governance Committee

Board of Directors



Mr. Thapana Sirivadhanabhakdi

Vice Chairman No.4, Vice Chairman No. 1 of Executive Committee, Chairman of Nominating and Corporate Governance Committee, Member of Compensation Committee and Member of Risk Management Committee

Mr. Somchai Bulsook

Director, Chairman of Executive Committee and CEO, Member of Nominating and Corporate Governance Committee and Member of Risk Management Committee



Board of Directors



Mr. Dhitivute Bulsook

Director, Executive Director, Member
of Risk Management Committee
and President

Mr. Prasong Sukhum

Independent Director
and Member of Audit Committee



Board of Directors



**Prof. Khunying Suchada
Kiranandana**

Independent Director, Chairman
of Audit Committee and Vice Chairman
of Risk Management Committee

Mr.Pramoad Phornprapha

Independent Director and Member
of Audit Committee



Board of Directors



Honorary Prof. Rawat Chamchalerm
Independent Director

Mr. Sakchai Thanaboonthai
Director



Board of Directors



Mr. Rangsang Thammanee Wong
Director

Mr. Sithichai Chaikriangkrai

Director, Vice Chairman
of Executive Committee No.2
and Member of Risk Management
Committee



Board of Directors



Mr. Karn Chitaravimol
Director and Executive Director

Executives



Mr. Parinya Permpanich
Marketing and Sales Operations Director

Mr. Arthakrit Visudtibhan
Human Resources Director



Executives



Mr. Peerapong Krinchai
Operations Director



**Mr. Thanongsak
Osathanonth**
Finance Director

Executives



Mr. Pibul Voravath
General Plant Manager-Pathumthani

Mr. Kwanchai Mahapornprachak
General Plant Manager-Nakornratchasima



Executives



Mr. Amnat Peukpattanaruks
General Plant Manager-Nakornsawan



Mr. Viraj Ithikumjorn
General Plant Manager-Suratthani

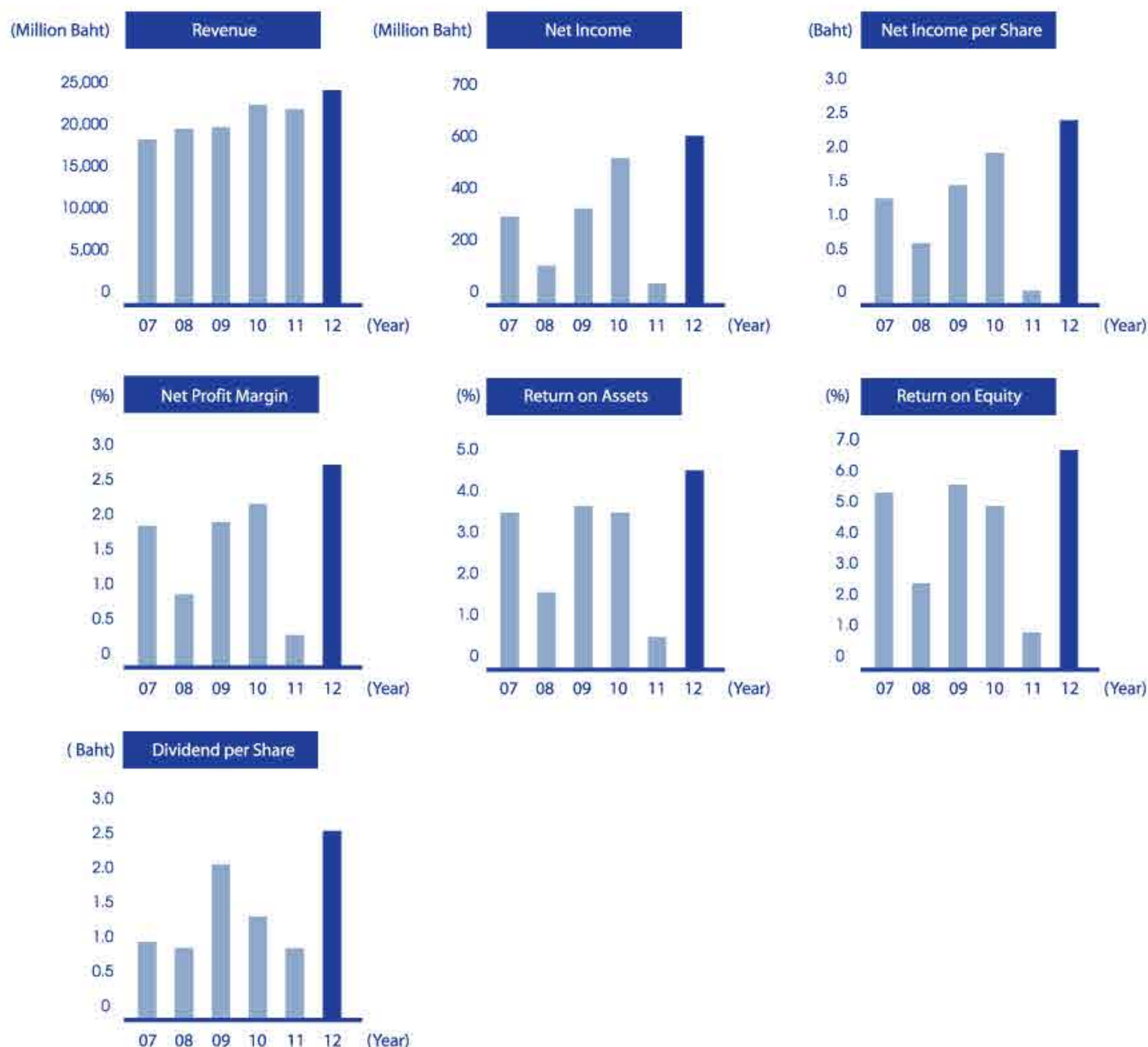
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Financial Data

Data	Year					
	2012	2011*	2010	2009	2008	2007
Revenue (Million Baht)	22,820.7	21,430.5	21,976.7	19,694.4	19,257.2	18,724.9
Net Income (Million Baht)	600.6	55.1	477.0	353.7	139.6	330.7
Net Income per Share (Baht)	2.26	0.21	1.79	1.33	0.53	1.25
Net Profit Margin	2.59%	0.25%	2.16%	1.78%	0.72%	1.75%
Return on Assets	4.41%	0.41%	3.50%	3.62%	1.51%	3.51%
Return on Equity	6.54%	0.61%	4.82%	5.54%	2.24%	5.23%
Dividend per Share (Baht)	2.50	0.75	1.25	2.00	0.75	0.90

*Restated



Financial Data

1 Liquidity Ratios

Ratio	CONSOLIDATED			THE COMPANY ONLY		
	2012	2011*	2010	2012	2011	2010
Current Ratio (Time)	1.5	1.6	1.7	1.6	1.6	1.6
Quick Ratio (Time)	0.7	0.6	0.8	0.6	0.9	0.7
Operating Cash Flow to Current Liability Ratio (Time)	0.5	0.2	0.4	0.5	0.3	0.4
Receivable Turnover Ratio (Time)	30.8	21.5	18.2	31.0	23.3	17.9
Average Collection Period (Day)	11.9	17.0	19.8	11.8	15.7	20.1
Inventory Turnover Ratio (Time)	50.7	52.1	37.1	51.5	54.7	35.9
Sales Turnover Ratio (Day)	7.2	7.0	9.7	7.1	6.6	10.0
Account Payable Turnover Ratio (Time)	14.6	12.6	9.4	14.7	13.0	12.0
Average Payment Period (Day)	25.1	29.0	38.2	24.9	28.2	30.1
Cash Cycle (Day)	(6.0)	(5.0)	(8.7)	(6.0)	(5.9)	(0.1)

2 Profitability Ratios

Ratio	CONSOLIDATED			THE COMPANY ONLY		
	2012	2011*	2010	2012	2011	2010
Gross Profit Margin (%)	20.2	19.0	20.2	19.9	18.9	23.2
Operating Profit Margin (%)	0.7	0.6	2.1	0.5	0.6	1.9
Non-operating Profit Margin (%)	2.4	0.2	0.7	1.6	1.2	0.8
Operating Cash Flow to Operating Profit (%)	966.1	587.2	269.5	1,341.0	650.8	315.5
Net Profit Margin (%)	2.6	0.3	2.2	1.6	1.2	2.0
Return on Equity (%)	6.5	0.6	4.8	4.0	3.0	4.5

3 Efficiency Ratios

Ratio	CONSOLIDATED			THE COMPANY ONLY		
	2012	2011*	2010	2012	2011	2010
Return on Assets (%)	4.4	0.4	3.5	2.7	2.0	3.2
Return on Fixed Assets (%)	7.5	0.7	6.4	4.8	3.5	6.4
Asset Turnover (Time)	1.7	1.6	1.6	1.7	1.7	1.7

4 Financial Policy Ratios

Ratio	CONSOLIDATED			THE COMPANY ONLY		
	2012	2011*	2010	2012	2011	2010
Debt to Equity Ratio (Time)	0.5	0.5	0.4	0.5	0.5	0.4
Interest Coverage Ratio (Time)	131.7	97.4	-**	-**	-**	-**
Operating Cash Flow to Total Cash Outflow Ratio (Time)	2.4	2.4	4.0	2.5	3.9	4.0
Dividend Payout Ratio (%)	111.5	319.8	69.7	184.0	75.3	76.7

* Restated

**No interest bearing loan and interest expense

Basic Information

1. Corporate Information

Business:

1. Manufacturer and Distributor

Carbonated soft drinks under the brand name of “Est”
Carbonated soft drinks under the brand name of “Pepsi”, “Pepsi Twist”,
“Pepsi Max”, “Mirinda” and “Seven-Up” (Contract ended on November 1st, 2012)

Ready-to-drink green tea in returnable bottles: Honey lemon flavor under the
brand name of “Oishi”

Ready-to-drink tea in returnable bottles: lemon flavor under the brand name of
“Lipton”

Drinking water and soda water under the brand name of “Crystal”

Sport drink under the brand name of “Gatorade”

Energy drink under the brand name of “Wrangyer”

Sport drink under the brand name of “PowerPlus”

2. Distributor

Ready-to-drink green tea in cans and PET bottles under the brand name “Oishi”
for Oishi Trading Co., Ltd.

Ready-to-drink ice tea in cans and PET bottles under the brand name “Lipton”
for Pepsi Lipton International Ltd.

Energy drink under the brand name “Red Carabao” for Carabao Tawandang
Co., Ltd.
(Contract ended on October 15th, 2012)

Fruit juice, orange flavor under the brand name “Tropicana Twister”, in non-
returnable bottles for Pepsi-Cola (Thai) Trading Ltd.

Location of Head Office: Muang Thai-Phatra Complex, Tower 1, 27-28th Floor, 252/35-36
Rachadaphisek Road, Huay Kwang, Bangkok 10310

Registration Number: 0107537001650 (previously Bor. Mor. Jor. 412)

Telephone: 0-2693-2255 - 65

Fax: 0-2693-2266

Paid-Up Capital: Ordinary shares

Issued and Paid-Up: 265,900,484 shares of Baht 1.00 each

Website: www.sermsukplc.com

Basic Information

2. Share Holding Information

2.1 Details of Businesses in which the Company holds shares of 10% or more

Sermasuk Holdings Co., Ltd. (Direct Subsidiary)

Location of Head Office: Muang Thai – Phatra Complex, Tower 1, 27-28th Floor, 252/35-36 Rachadaphisek Road, Huay Kwang, Bangkok 10310

Telephone: 0-2693-2255 – 65

Fax: 0-2693-2266

Main Business: Share holdings and investment management

Number and Type of Issued Capital		Number Owned by the Company	
Ordinary Shares	Par Value	Number of Shares	%
50,000,000 shares	10 baht	49,999,993 shares	99.99

Sermasuk Training Co., Ltd. (Direct Subsidiary)

Location of Head Office: Muang Thai – Phatra Complex, Tower 1, 27-28th Floor, 252/35-36 Rachadaphisek Road, Huay Kwang, Bangkok 10310

Telephone: 0-2693-2255-65

Fax: 0-2693-2266

Main Business: Human resource development

Number and Type of Issued Capital		Number Owned by the Company	
Ordinary Shares	Par Value	Number of Shares	%
1,000,000 shares	10 baht	999,980 shares	99.99

Great Brands Limited (Direct Subsidiary)

Location of Head Office: Room 90-12, Silvercord, Tower 1, 30 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong

Telephone: 852 2375 6648

Fax: 852 2375 6188

Main Business: Brand management

Number and Type of Issued Capital		Number Owned by the Company	
Ordinary Shares	Par Value	Number of Shares	%
1,000,000 Shares	HKD 1	1,000,000 Shares	100.00

Petform (Thailand) Co., Ltd.

Location of Head Office: 75/102, Ocean Tower 2, 3rd Floor, Sukhumvit 19, Bangkok 10110

Telephone: 0-2661-6661

Fax: 0-2661-6664-5

Main Business: Manufacture and distribution of plastic containers and PET polymers

Number and Type of Issued Capital		Number Owned by the Company	
Ordinary Shares	Par Value	Number of Shares	%
7,500,000 shares	10 baht	3,000,000 shares	40

The Pet Co., Ltd.

Location of Head Office: 23/4, Moo 2, Baan Chang, Muang Pathumthani, Pathumthani 12000

Telephone: 0-2581-7950-2, 0-2581-6386

Fax: 0-2581-5618

Main Business: Manufacture and distribution of plastic and PET bottles

Number and Type of Issued Capital		Number Owned by the Company	
Ordinary Shares	Par Value	Number of Shares	%
700,000 shares	100 baht	70,000 shares	10

Basic Information

Petpack Co., Ltd.

Location of Head Office: 170/87, Ocean Tower Building 1, 32nd Floor, New Rachadapisek Road, Klongtoey, Bangkok 10110

Telephone: 0-2261-2357

Main Business: Manufacture and distribution of plastic and PET bottles

Number and Type of Issued Capital		Number Owned by the Company	
Ordinary Shares	Par Value	Number of Shares	%
1,400,000 shares	100 baht	140,000 shares	10

2.2 Businesses in which Sermasuk Holdings Co., Ltd. holds shares of 10% or more

Sermasuk Beverage Co., Ltd. (Indirect Subsidiary)

Location of Head Office: Muang Thai – Phatra Complex, Tower 1, 27-28th Floor, 252/35-36 Rachadaphisek Road, Huay Kwang, Bangkok 10310

Telephone: 0-2693-2255-65

Fax: 0-2693-2266

Main Business: Manufacture and distribution of beverages

Number and Type of Issued Capital		Number Owned by the Company	
Ordinary Shares	Par Value	Number of Shares	%
68,958,615 shares	10 baht	68,958,609 shares	99.99

Wrangyer Beverage (2008) Co., Ltd. (Indirect Subsidiary)

Location of Head Office: 14 Vibhavadi Rangsit Road, Chomphol, Chatuchak, Bangkok 10900

Telephone: 0-2785-7000

Fax: 0-2785-7025

Main Business: Manufacture and distribution of energy drinks

Number and Type of Issued Capital		Number Owned by the Company	
Ordinary Shares	Par Value	Number of Shares	%
20,000,000 shares	10 baht	19,999,980 shares	99.99

2.3 Reference Parties

A) Securities Registrar:

Thailand Securities Depository Co., Ltd.
62 The Stock Exchange of Thailand Building
Rachadaphisek Road, Klong Toey, Bangkok 10110
Telephone: 0-2229-2800
Fax: 0-2654-5427

B) Proxy for Debenture Holder:

-None-

C) Auditors:

Mr. Nirand Lilamethwat, Certified Public Accountant No. 2316 or
Mr. Bunyarit Thanomcharoen, Certified Public Accountant No. 7900 or
Mrs. Wilai Buranakittisophon, Certified Public Accountant No. 3920
KPMG Phoomchai Audit Limited
Empire Tower, 22nd Floor, 195 South Sathorn Road, Bangkok 10120
Telephone: 0-2677-2000
Fax: 0-2677-2222

D) Legal Consultant:

Weerawong, Chinnavat & Peangpanor Ltd.
540 Mercury Tower, 22nd Floor, Ploenchit Road, Lumpini,
Bangkok 10330
Tel: 0-2264-8000
Fax: 0-2657-2222

E) Consultant or Manager under Management Contract:

-None-

Risk Factors

In running its business, the Company has encountered several internal and external risk factors which directly or indirectly impact the Company's performance and financial status as well as its efforts to achieve its goals. The risk factors are as follows:

1 Business Operation Risks:

There are several risk factors to ongoing business growth and profitability.

1.1 Prices and sufficiency of ingredients and packaging

Sugar: Sugar is one of the main ingredients of the Company's products. In 2012, the sugar selling price has not been adjusted to be higher than the rate specified by the government. The sugar volume produced continued to be enough to serve domestic consumption requirements but there might be risk in climatic changes that would affect the sufficiency in sugar available to the production. The Company has committed with its suppliers for the volume of sugar required for production to ensure access to enough sugar to reach the Company's annual sales target.

PET Bottle: Given the growing use of non-returnable products, including beverages in PET bottles, the price of PET has been another major cost of the Company. Fluctuating oil prices have directly affected the PET price. In the first two quarters of 2012, the major PET manufacturers, Petform and Petpack were not able to resume production due to the ongoing impact of the flooding in late 2011. As a result, the Company faced both a limited supply and increased cost of PET bottles available to meet the growing demand.

In addition to the aforementioned sugar and PET, other material prices, such as metal crown caps and cans vary in accordance with the prices of steel and aluminum sheets. Some packaging has been redesigned to ease the cost burden.

1.2 Wages:

The increase in basic wages announced by the Government has increased the Company's costs of production and operation. The shortage of labor in some areas, especially industrial estates or nearby communities was another problem that has become more severe. Personnel development and operating adjustments have been used to increase the Company's operating efficiency. Automation was leveraged to replace human labor and alien workers were employed in some necessary areas.

1.3 Excise tax rate:

The excise tax rate was a major external cost and is regulated by the Government. An adjustment of the tax rate and basis of calculation was a significant risk factor. A team was assigned to deal with the relevant government agencies and provide them with necessary information.

1.4 Petrol price:

Fuel was directly purchased from more than one large producer and the diesel use measure was executed together with the GPS installation to control the speed and fuel use in all trucks.

Alternative energy was leveraged under close supervision by an assigned team. Ongoing studies were conducted to determine the reduction of fuel use measures.

1.5 Consumer behavior:

Given a more diverse range of beverages available and the change in consumer behavior towards non-carbonated soft drinks, juices and functional drinks, the Company has responded by producing and promoting Crystal drinking water and a variety of non-carbonated drinks. The increasing sales of these products have increased the contribution of non-carbonated products to the Company's results.

Risk Factors

1.6 Climatic conditions:

The intensity of changes to Thailand's climate over the last several years has had significant impacts on the Company's business.

Last year, the Company expedited and completed the construction of flood prevention dams around three plants in Pathumthani, Nakhonsawan and Suratthani. This could minimize the impact on the plants due to flooding.

1.7 Change of government policies

Potential changes in the government's policies regarding tax collection, price controls, business laws and industrial regulations also lead to uncertainty and risks to the Company's operating and investment decisions.

To reduce the impact, the Company has emphasized cost reduction and expense control, revisiting and improving working procedures to generate greater efficiency and productivity in all working units.

2 Production Risks:

Due to the heavy investment in plant and machinery in the beverage industry, the Company depends on production with mass volume and high efficiency to break-even. The seasonality of the business, with its peak period in the summer, also adds complexity to the planning of production schedules and investment so as to avoid under-capacity during peak season and over-capacity for the rest of the year.

In addition, the sharp increase in demand for Crystal drinking water has led to the need to invest in additional drinking water lines. Additional investments also went to flood prevention for the Company's three major plants that were affected by the 2011 flooding, in order to protect their production lines and ensure continuous production in the event this type of incident should reoccur.

2.1 New Product Launch Risks

Regarding new product launches, the Company has recognized the risk and prepared four dimensions of risk prevention including people, equipment, raw materials and production control measures. These attributes were all in place before the new product launch was executed.

3 Management and Administration Risks:

The distribution of soft drinks and carbonated beverages still relies heavily on direct sales to customers, requiring the ability to provide fast and reliable service and high returns. To operate the business, the Company closely followed the movement of its competitors and adapted itself to changes in the market by maintaining an effective distribution network and qualified personnel. To retain and motivate good employees is another challenge for the Company.

In addition, the Company needs to maintain a well-defined operational plan and accurate and updated information to be used as management tools for decision-making. Investment in IT systems and qualified employees to implement and maintain these systems is needed.

4 Financial Risks

4.1 Credit Control and Collection:

The Company has to exercise tight control over collections and credit while constantly following-up on debts via the credit department and the management. In a situation of economic downturn or financial crisis, which will adversely affect the economy, the Company will be more cautious before extending credit and more stringent in following-up on debt repayments.

Risk Factors

4.2 Stability of Baht currency and foreign exchange risk:

They have a certain impact on the Company's operating costs. The Company has foreign currency liabilities and commitments that are limited to the import of new machines, equipment and spare parts. The majority of the Company's spending is transacted in the local currency.

4.3 Risk from non-compliance to agreements by counterparties:

Major agreements relating to the Company's business operation that have been entered into by the Company include the agreements related to the production and distribution of reliable products including carbonated beverages, Lipton ready-to-drink tea and Tropicana Twister juice beverages, and the agreement for cooperative advertising and marketing principles.

Agreements related to production

The Company entered into the Exclusive Bottling Appointment Agreement ("EBA") with PepsiCo., Inc. and Seven-up International (collectively called "Pepsi") in order to be the exclusive manufacturer, seller and distributor of carbonated beverages under the trademark of Pepsi in Thailand. On March 31, 2011, the Board of Directors resolved to terminate the EBA and the Company sent the termination letter dated April 1, 2011 to Pepsi. As a result, the EBA was to be terminated at the close of business on April 1, 2012. The 2011 Annual General Meeting of Shareholders held on April 29, 2011 approved the action taken by the Company in relation to the Agreements between the Company and Pepsi (including the termination of agreements).

In July 2011, the Company received a letter from Pepsi-Cola (Thai) Trading Company Limited, Seven-Up Nederland, B.V. (collectively referred to as "PepsiCo Group") and SS National Logistics Company Limited ("SSN"). PepsiCo Group and SSN (collectively referred to as the "Major Shareholders Group") informing the Company of their execution of the Agreement to Sell and Purchase Shares in the Company. With regards to the EBA, if the PepsiCo Group sells the shares to SSN and/or an SSN investor, there is a condition prescribing that the Company and Pepsi shall extend the period of the EBA for seven months from April 1, 2012. During the extended period, the company will apply the formula to calculate the concentrates bought from Pepsi contributing to a decrease in the price of concentrates to 8.61% per annum before discount (or equivalent to 8.8% after discount). If the PepsiCo Group purchases the shares, new agreements between the Company and Pepsi, containing several terms and conditions that are different from the existing EBA shall be entered into.

The Company held the Extraordinary General Meeting of Shareholders No.2/2011 on August 26, 2011. The Meeting approved all the procedures to complete the sale/purchase of shares, and approved the matter in relation to the EBA. Subsequently, Thai Beverage Logistics Company Limited, which is the SSN investor, acquired the shares from the PepsiCo Group and made a voluntary tender offer to the Company's shareholders. The Company executed the letter extending the effectiveness the EBA for seven months from April 1, 2012. As a result, the EBA was terminated at the close of business on November 1, 2012. The other agreement in connection with the EBA, the Agreement for Cooperative Advertising and Marketing Principles ("COOP") was terminated on the same date.

Because of the termination of the agreement, the Company's returnable bottles (RTBs) that could not be reused were valued at 615 million baht. The write down was set at approximately 478 million baht in the 9 month financial statement ended on September 30, 2012.

As at December 31, 2012, the Company had 250 million baht RTBs with the write down set at 200 million baht.

Moreover, the Extraordinary General Meeting of Shareholders No.1/2011 held on February 15, 2011 approved that the Company proceed with the future business plan, which was later amended by the resolution of the 2011 Annual General Meeting of Shareholders held on April 29, 2011 and the Extraordinary General Meeting of Shareholders No 2/2011 held on August 26, 2011. The summary of the Company's future business plan in the part that related to the Company's business plan is as follows:

The Company's Business Plan

- To expand the non-carbonated beverage market, by introducing new products under the Company's trademark to the market, or acquiring a business which has recognized products or trademarks in the market, or retaining or applying for a license, or acquiring the right to manufacture and distribute, or entering into agreements in any other form, for non-carbonated beverages under the trademark of another person:

The Company may operate any other business as long as this will not have any conflict with or be inconsistent with the future business plan, including the use of the Company's assets or the operations of any other business under the capacity of the Company, as deemed appropriate by the Board of Directors.

- To increase investment in the production line of Crystal Drinking Water in order to respond to an increase demand.
- To be a distributor of others products apart from beverage products.
- To be a manufacturer of carbonated beverages under any other trademark.

Since the termination of the EBA agreement on November 1, 2012, the Company has been the producer and distributor of the products under the "est" trademark.

The Company has retained its major income from being the manufacturer and distributor of beverages under the Agreements with Pepsi. When those agreements are terminated, the Company will no longer have the income and earnings that the Company has received under such agreements. However, the company will undertake its business under the future business plan by using its resources, assets and the capacity of its strong distribution and logistics system. The Company is confident that it will not suffer a significant impact from the termination of the agreements with Pepsi.

4.4 Interest Rate Risk:

Currently, the Company and its subsidiaries operate as debt-free entities. In the future, if loans are required for business expansion, interest rate movements may be a risk factor which the Company will need to consider and evaluate in order to minimize the cost of funds before making any investment decision.

In addition to the aforementioned factors, there may be additional potential factors such as local political crises, environmental regulations or others that may have a negative impact on the Company's business.

Business Operations

Overview of the Company's Operations

The Company operates in the beverage business, both as a manufacturer and distributor, and has an indirect subsidiary company, Sermasuk Beverage Co., Ltd., which manufactures and co-packs Lipton Ice Tea, and sells directly to the Company or through Pepsi-Cola (Thai) Trading Co., Ltd., who sells the products to the Company for distribution. Currently, 99.99 percent of Sermasuk Beverage Co., Ltd., shares are held by Sermasuk Holdings Co., Ltd., a direct subsidiary company established on November 23, 2006 with the main objective being to hold shares and manage investments in Sermasuk subsidiaries.

The Company holds 40 percent of the equity in Petform (Thailand) Co., Ltd., a manufacturer and distributor of PET polymers, PET bottles, and plastic closures.

Additionally, Sermasuk Holdings Co., Ltd., (direct subsidiary), acquired Wrangyer Beverage (2008) Co., Ltd., to produce and sell "Wrangyer" energy drink, "Power Plus" sports drink and others for Sermasuk's distribution.

Income Structure

Details of Income Structure

Million Baht	2012		2011*		2010	
	Revenue	%	Revenue	%	Revenue	%
Revenue from carbonated soft drinks	14,672	64.30%	13,981	65.24%	15,703	71.45%
Revenue from non-carbonated soft drinks	8,148	35.70%	7,450	34.76%	6,274	28.55%
Total Revenue from sale of goods and services	22,820	100.00%	21,431	100.00%	21,977	100.00%

**Restated*

Business Objectives

The Company sets the following business objectives:

1 Volume and Market Share Growth Target

To set the Company's annual growth target for volume and market share, several factors have been considered, for example the general economic situation, changes in consumer tastes and behavior, market competition, competitor's strengths and weakness, competitor's past activities, and other relevant factors. The Company's target setting is based on the analysis of market trends and future projections including the assessment of the Company's strengths and weaknesses in order that the planned activities including the introduction of new products will support the achievement of sales and market share targets.

2 Profit Maximization Target

In addition to sales growth, which results in increased profit, the Company also emphasizes efficiency and cost control. Key Performance Indicators (KPIs) have been set for each business unit as measurers of performance and efficiency.

3 People Development Target

The Company has set clear objectives in people development. Each year, budget has been set aside for training and development regarding management/administration to ensure that the employees will be equipped with new skills and shown new techniques to enhance their efficiency and performance.

4 Returns to Shareholders Target

The Company has a policy to giving returns to shareholders in the form of consistent dividend payments, at a reasonable rate corresponding to the annual operating results. This is achieved through the activation of effective marketing campaigns that create demand for the Company's products and drive production volume and sales, thus generating returns on investment for investors and shareholders.

5 Social Responsibility

The Company is committed to fulfilling the happiness of Thai people with a comprehensive range of quality and hygienic beverages that meet international quality standards. Our company has set a goal to enhance our corporate social responsibility along with other operational objectives in a fair and transparent manner.

Sermsuk is also focused on implementing environmental protection. Our corporate citizenship efforts are extended to the public through a diverse range of social activations. Ultimately, Sermsuk aims to drive sustainable social and environmental development among Thai communities.

Business Operations by Product

1 Products and Services

Manufacturing and Distribution:

The Company is the creator and sole manufacturer and distributor of “est” brand soft drinks. The sale of est commenced on November 2, 2012 and has proceeded successfully since that date.

The Company is also the manufacturer and distributor of its own drinking water and soda water under the “Crystal” brand name, “Oishi Green Tea” in returnable bottles for Oishi Trading Co., Ltd., “Lipton Ice Tea” in returnable bottles for Pepsi Lipton International Ltd., and “Gatorade Sport Drink” under license from Strokely-Van Camp Inc., USA.

In the fourth quarter of 2012 the Company acquired Wrangyer Beverage (2008) Co., Ltd., the producer and distributor of “Wrangyer” energy drink and “PowerPlus” sport drink. The production and distribution capabilities as well as Wrangyer’s products are now part of the Company’s manufacturing and distribution system.

Until the termination of the bottling contract between the Company and Pepsi-Cola International Ltd., New York on November 1, 2012, the Company manufactured and distributed carbonated soft drinks under the brand names of “Pepsi”, “Pepsi Max”, “Pepsi Twist”, “Mirinda” and “Seven-Up” as well as concentrate, under the brand names of “Pepsi”, “Mirinda”, and “Seven-Up”. The Company also ceased producing and distributing Tropicana Twister in December 2012.

Distribution:

The Company is the distributor “Oishi” ready-to-drink green tea for Oishi Trading Co., Ltd., a sole distributor of “Lipton” ready-to-drink tea in cans and PET bottles.

The Company had been the distributor of “Red Carabao” energy drink for Carabao Tawandang Co., Ltd., until the contract was ended on October 15, 2012.

2 Marketing and Competition

Carbonated Soft Drinks

The production and distribution of soft drinks is a major industry requiring modern machinery for production and quality control, and large numbers of personnel for transport and delivery of products to customers. The business is important in supporting businesses throughout an extensive value chain including those that produce sugar, glass bottles, plastic bottles, plastic cases and bottle caps.

Competition is a year-round factor in the carbonated soft drinks industry, but growth in this product category is not as high as other beverages due to new entrants in the market and changes in consumer behavior in favor of drinking water, fruit juices, mineral water and milk products. These products are now competing directly with carbonated soft drinks.

The keys to success in the soft drinks industry are the ability to offer products manufactured to high-quality standards, providing good service and responsiveness to consumer demands. Opportunity in the beverages industry depends on the increase in distribution channels and expansion in the business of established customers, such as large wholesale and retail outlets, supermarkets, convenience stores and quick serve food outlets. Ultimately, the growth rate in the industry is largely determined by the economic fundamentals of the country in which that industry operates.

Business Operations by Product

The prospects for the growth and development of an individual soft drink enterprise are impacted by its ability to execute marketing activities, including advertising, sales promotions, packaging design and the introduction of new flavors/variants that attract consumers. All of these efforts can contribute to the expansion of the business.

The carbonated soft drink competition is very intense particularly in terms of pricing with the selling focus on more volume but lower prices.

“est” Carbonated Soda Drink

The est brand was launched on November 2, 2012 with the nationwide introduction of est cola. The brand and product launch were supported by a major marketing campaign involving both above and below the line elements including broadcast, print and outdoor advertising, in-store and out-of-home activations, and public relations. In addition, the Company was able to leverage its extensive nationwide distribution network and relationships with over 200,000 local retailers to provide est with a nationwide footprint from its first day on the market.

The success of the est cola marketing program was clearly demonstrated by the fact that just six weeks after the launch of the product sales through all channels had reached 1 billion Baht. This is a record breaking achievement for the Company and creates positive momentum for the est brand.

“Crystal” Drinking Water

The success factors of Crystal drinking water are product quality, efficient distribution, customer service and engaging marketing activations. These factors are critical in the drinking water market, where a plethora of producers compete with no price differentiation. There continues to be a profusion of new brands in the market and this has a significant impact on sales of drinking water. Despite strong competition in the drinking water business, sales of Crystal drinking water continued to show very strong growth.

The success of Crystal is attributed to its high quality, including certification from NSF International, an international audit agency that inspects and certifies quality standards of bottled drinking waters. Crystal is the first bottled drinking water in Thailand to have received this certification.

Throughout 2012 the Company executed high impact marketing campaigns in support of the Crystal brand. These campaigns involved lucky draws, media tie-ins and strong advertising. Further, a new 1 liter package size was launched and promoted across the Company’s distribution network of over 200,000 eateries and retail shops.

“Oishi” Green Tea

The Company has maintained and deepened its ongoing relationship with Oishi Trading Co., Ltd., by winning the right to bottle as well as distribute Oishi Green Tea in returnable bottles in addition to its previous role as distributor for Oishi green tea products in the traditional trade channel. In the face of increasing competition, Oishi has enjoyed ongoing sales growth every year.

“Lipton” Ice Tea

In 2012, the Company continued to manufacture and distribute Lipton Ice Tea in returnable bottles, PET and cans, under the authority of Pepsi Lipton International Ltd.

“Gatorade” Sport Drink

The Company has been appointed by Stokely Van Camp Inc. as its sole manufacturer and distributor in Thailand for Gatorade Sport Drink, the world’s number one sport drink. Gatorade currently has three flavors, lemon, grape and Blue Blass and is distributed in a new 350 ml. and 500 ml. PET bottles.

“Red Carabao” Energy Drink

For most of the year the Company distributed the Red Carabao energy drink. The product is in competitive segments with several strong brands, yet the Company was successful in growing the brand through its excellent logistical capabilities and deep relationship with local retailers.

Business Operations by Product

3 Products and Services Sourcing

Sources of key materials are as follows:

- Concentrates for est Cola, Orange, Cream Soda, Lemon Lime and Strawberry are sourced from local distributors who have imported the finished concentrates.
- Concentrates for Lipton are sourced from Pepsi-Cola (Thai) Trading Co., Ltd., an importer.
- Concentrates for Oishi Green Tea in returnable bottles are sourced directly from Oishi Group Pcl., a local producer
- Concentrates for Gatorade are sourced from Pepsi-Cola (Thai) Trading Co., Ltd., an importer.
- Distributed goods such as Wrangyer and Oishi Green Tea are sourced directly from the manufacturers and product owners.
- Other materials for production such as sugar, CO2, various chemicals, bottles, crown seals, plastic cases, PET bottles, cans, shrink film, and cardboard boxes are sourced locally.

With the exception of concentrates which are supplied by the brand owners, the Company sources other raw materials and packing materials from 3-4 suppliers in order to ensure a continual supply of raw materials and packing materials at reasonable prices.

The Company operates five manufacturing facilities including

- 1) **The Pathumthani Plant:** Located at No 63, Moo 3, Bangkhayaeng Subdistrict, Muang District, Pathumthani
- 2) **The Nakhornratchasima Plant:** Located at No 211, Moo 4, Pruyai Subdistrict, Muang District, Nakhornratchasima
- 3) **The Nakhornsawan Plant:** Located at No 72, Soi Wat Chomkhiri Nakprot, Nakhornsawan Aok Subdistrict, Muang District, Nakawan
- 4) **The Suratthani Plant:** Located at No 111, Moo 5, Ta Rong Chang Subdistrict, Punpin District, Suratthani
- 5) **The Chonburi Plant:** Located at No 700/369, Moo 6, Nong Mai Daeng Subdistrict, Muang District, Chonburi

In addition to the five aforementioned plants, the Company has another subsidiary, Sermasuk Beverage Co., Ltd., that produces goods for sale. Sermasuk Beverage is located in the Amata City Industrial Estate at No. 700/368, Moo 6, Nongmaidaeng Sub-district, Muang District, Chonburi and Wrangyer Beverage (2008) Co., Ltd. is located at No 63, Moo 3, Phrapratone-Baanpaew Rd., Thanonkhad Subdistrict, Muang District, Nakhonpathom

CSD Production Capacity and Production Volume of Sermasuk Plc.

	2012	2011	2010
Full Capacity (Unit: million cases per annum)	141.411	141.411	141.411
Actual Production Volume (Unit: million cases per annum)	76.680	74.605	86.358
Average utilization per annum (%)	54.22%	52.76%	61.09%
Increase/(decrease) in production volume (%)	2.77%	(13.61%)	2.95%

Environmental Protection

To ensure effective environmental protection, Sermasuk follows strict environmental policies and operating guidelines to minimize the impact of our entire production process. We have broadened our environmental initiatives to the public through many dimensions of social activations. As a key player in driving sustainable social and environmental development in Thailand while conducting activities that deliver tangible results, the Company operates under the "5 Sermasuk Green Dimensions," which cover water, packaging, energy, environment and human resources.

The First Dimension: Water

Water is Sermasuk's top priority. It's a major part of our business and a key element in everybody's lives. We have focused on conserving water for almost 60 years. Sermasuk was among the first companies in Thailand to introduce an innovative water treatment system to treat wastewater before releasing it from our production facilities. It serves as a showcase for the Thai public, attracting ongoing visits by students and other interested parties. Sermasuk shares our knowledge of wastewater treatment for the benefit of society.

Sermasuk expanded our business by establishing several regional production facilities around Thailand. Each is equipped with an efficient and effective wastewater treatment system. At our Pathumthani facility, located beside the Chao Phraya River, Sermasuk has invested more than 50 million Baht on a high-performance wastewater system to ensure that high-quality water is released into the river.

We monitor our wastewater treatment systems 24 hours a day, seven days a week. Water is analyzed throughout the treatment process and prior to release. Sermasuk's wastewater quality control process meets and exceeds the standards set by the Department of Industrial Works; the Ministry of Industry; and the Marine Department of the Ministry of Transportation, which are:

Parameter	PH	BOD	COD	TSS	TDS	TKN	Grease & Oil
Standard	5.5 - 9.0	≤ 20 ppm	≤ 120 ppm	≤ 50 ppm	≤ 3000 ppm	≤ 100 ppm	≤ 5 ppm

With these stringent controls, treated wastewater from Sermasuk's production facilities contain less than 5mg/l BOD (Biochemical Oxygen Demand). This is five times cleaner than required by the Department of Industrial Works and 50 times cleaner than typical wastewater from residential households. Since 2006, Sermasuk has invested to install a high-precision BOD online examination system in our production facilities. This computerized system monitors water quality around the clock, sending data directly to the Department of Industrial Works to facilitate effective real-time water management.

This ensures the wastewater is always clean and friendly to the environment. . This was attributable to the Company's determination and commitment to social responsibility and sustainable environmental protection.

The Second Dimension: Packaging

To ensure sustainability regarding packaging, Sermasuk is applying the 3R concept: Reduce; Reuse; and Recycle. We incorporate the 3Rs into our upstream to downstream packaging procedures in several ways:

1. Reducing the amount of packaging material we use by developing a lighter PET bottle. By cutting back the amount of plastic needed, the company's plastic consumption has dropped by 1,000 tons per year. Sermasuk has also reduced the amount of paper required for product trays and minimized the thickness of aluminum cans to conserve resources.
2. Reusing packaging by promoting the use of returnable bottles which can be 100% reused.
3. Recycling by sorting materials that can no longer be used and sending them to recycling facilities.

In 2006, Sermasuk joined with leading companies and major industrial groups to establish the **Thailand Institute of Packaging and Recycling Management for Sustainable Environment**. Under the supervision of the Federation of Thai Industries, the Institute's objective is to manage the country's used packaging materials correctly and sustainably and promote recycling for sustainable environmental protection. The institute has successfully reduced

Environmental Protection

the used packages from 31% (data as at 2004) to 16% (data as at 2012) (Remark ; The goal is 19% of the total waste nationwide. This has driven state agencies to be aware of the importance of used packages and recycled materials management and the achievements made via stringent implementations. This marked the notable social achievement Sermasuk PCL has contributed via the institute for quality communities and people in Thailand.

The Third Dimension: Energy

River Transportation System to Reduce Air Pollution

In 1980, Sermasuk became one of the first Thai companies to ship manufactured goods via a river transportation system. Sermasuk currently operates three tug boats and four barges. Each can carry 8,640 cases of beverages, equivalent to 20 transport trucks. Highly-efficient river transportation saves 240,000 liters of fuel per year compared to trucks while reducing air pollution and relieving traffic congestion.

The Use of Alternative Energy

Sermasuk is using methane gas, a bio-fuel that is a by-product of our wastewater treatment system, to replace bunker oil in the company's boiler system. This saves over 200,000 litres of bunker oil annually. Sermasuk also has facilitated the use of alternative energy such as NGV, LPG and diesel B5 in our entire fleet of vehicles.

Renewable Energy

The Company joined with Department of Alternative Energy Development and Efficiency, Ministry of Energy to organize the Solar Hot Water project, which uses the thermal energy that is left over from the air pressure system as the renewable energy source that replaces bunker oil. It also promotes increasing water temperature prior to it passing to the steaming boiler which further reduces the use of bunker oil by approximately 180,000 liters annually. The initiative has reduced Sermasuk's fuel expenditures while helping to sustainably reduce the amount of greenhouse gases that contribute to climate change and global warming.

The Fourth and Fifth Dimensions: Environment and Human Resources

Human resources are a key element for the success of environmental sustainability programs. A company requires the support of its people to put best practices into place. It also needs commitment from employees who genuinely care about the environment.

Sermasuk promotes environmental awareness among our people on an ongoing basis. We have appointed teams of over 30 environmental crews. They are certified by the Department of Industrial Works and the Thailand Environment Institute to handle environmental issues and the wastewater treatment system. We also enhanced our employees' knowledge about environmental protection through continuing education with internal and external organizations to build understanding and provide experience in support of Sermasuk's operations.

The company is introducing more green space to create an employee-friendly working environment. Our employees can relax and enjoy recreational activities at our facilities including tree growing, lotus ponds, football fields, canals and gardens. Sermasuk believes that good environment is beneficial to our people's well being and helps them to work better.

Sermasuk provides an opportunity for the public, including academics and students, to visit our wastewater treatment system. The program welcomes more than 1,000 visitors every year. Sermasuk has shared knowledge about anaerobic wastewater management with many organizations to spread awareness about environmental protection. Sermasuk has also provided information on wastewater management as well as microbes generated from the wastewater treatment system to several companies.

In 2012, Sermasuk PCL was a leading participant in the, "Together We Protect Rivers in Honor of His Majesty and The Royal Family" (or "Usahagam Ruam Jai Phak Rak Mae Num") project. It was among 12 companies to be awarded a flag by the Ministry of Industry in recognition of its leadership in environmental protection, river conservation and rehabilitation via its on-going CSR activations.

Sermasuk has joined the CSR-DIW project, which promotes the development of green industry, since 2009 and received the project's plaques for four consecutive years. On December 19, 2012, the executives from Sermasuk's head office and its five plants received the 2012 CSR-DIW plaques from Mr Arthit Wuthikaro, Deputy Permanent Secretary of the Ministry of Industry. Sermasuk was Thailand's only beverage company where all of its plants meet the Industry Ministry's CSR standards.

Assets Employed for Operations

1. Land, Buildings and Machinery

1.1 Land: Net book value as at December 31, 2012 was Baht 4,297.25 million. The land is located as follows:

• Head Office	Shared ownership of property on the two floors of the office condominium complex with shared common service area including Floors 27 and 28 The space on Floor 27 is 1,266.42 square meters. The space on Floor 28 is 1,266.42 square meters.
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The Pathumthani Plant

• Pathumthani Branch	164 Rai, 88 Sq. wah of land at No 63, Moo 3, Bangkhayaeng Subdistrict, Muang District, Pathumthani
• Thonburi Branch	10 Rai, 4 Sq. wah of land at No 721, Charoen Nakhon Road, Kwaeng Klong Ton Sai, Khet Klong Sarn, Bangkok
• Klong Tan Branch	8 Rai, 1 Ngan, 3 Sq. wah of land at No 74, Phatthanakarn 20 – 4 th Junction, Phatthanakarn Road, Kwaeng Suan Luang, Khet Suan Luang, Bangkok
• Sriracha Branch	5 Rai, 2 Ngan, 49 Sq. wah of land at No 30, Sukhumvit Rd., Sriracha, Chonburi
• Prachinburi Branch	4 Rai, 19 Sq. wah of land at No 3/, Ban Phra Subdistrict, Muang District, Prachinburi
• Bang Khen Branch	24 Rai, 1 Ngan, 30.5 Sq. wah of land at No 15/1, Vipavadee-Rngsit Road, Kwaeng Lad Yao, Khet Bang Khen, Bangkok
• Uthong Branch	4 Rai, 98 Sq. wah of land at No 229 Chorakhae Samphan Subdistrict, Uthong District, Suphan Buri
• Chanthaburi Branch	3 Rai, 3 Ngan, 14 Sq. wah of land at No 76/10, Tachang Subdistrict, Muang District, Chantaburi
• Rayong Branch	9 Rai, 1 Ngan, 40 Sq. wah of land at No 59/29, Nam Khok Subdistrict, Muang District, Rayong
• Pranburi Branch	10 Rai, 3 Ngan, 93.9 Sq. wah of land at No 344, Nong Ta Tam Subdistrict, Pranburi District, Prachuab Khirikhan
• Ratchaburi Branch	18 Rai, 53 Sq. wah of land at No 109, Koh Plabpla Subdistrict, Muang District, Ratchaburi
• Trad Branch	2 Rai, 2 Ngan, 81 Sq. wah of land at No 149, Moo 2, Nueansai Subdistrict, Muang District, Trad

The Nakhonratchasima Plant

• The Nakhonratchasima Plant	31 Rai, 1 Ngan, 69 Sq. wah land at No 211, Moo 4, Pruyai Subdistrict, Muang District, Nakhonratchasima
• Khon Khaen Branch	3 Rai, 30.3 Sq. wah of land at No 193, Moo 5, Muang Kao Subdistrict, Muang District, Khon Khaen
• Undeveloped land in Chum Phae District	3 Rai, 3 Ngan, 98 Sq. wah of land, Chum Phae Subdistrict, Muang District, Khon Khaen
• Loei Branch	3 Rai, 1 Ngan, 91.4 Sq. wah of land at No 219, Muang Subdistrict, Muang District, Loei
• Pak Chong Branch	4 Rai, 2 Ngan, 24 Sq. wah of land at No 57, Mitrpharb Road, Pak Chong Subdistrict, Pak Chong Dist., Nakhonratchasima

Assets Employed for Operations

• Undeveloped land in Pak Chong District	1 Ngan, 63 Sq. wah of land on Thanarat Road, Pak Chong Subdistrict, Pak Chong District, Nakhonratchasima
• Surin Branch	8 Rai, 1 Ngan, 125.7 Sq. wah of land at No 84, Chanieng Subdistrict, Muang District, Surin
• Mukdaharn Branch	6 Rai, 2 Ngan, 64 Sq. wah of land at No 130, Chayangkoon Road, Mukdaharn Subdistrict, Muang District, Mukdaharn

The Nakhonsawan Plant

• The Nakhonsawan Plant	24 Rai, 1 Ngan, 89.8 Sq. wah land at No 72, Soi Wat Jomkhiri Nakprot, Nakhonsawan Aok Subdistrict, Muang District, Nakhonsawan
• Kamphaeng Phet Branch	3 Rai, 3 Ngan, 21.1 Sq. wah of land at No 555/3, Moo 5, Nakhon Chum Subdistrict, Muang District, Kamphang Phet
• Chiang Mai Branch	9 Rai, 2 Ngan, 26 Sq. wah of land at No 70, Moo 3, Changphuak Subdistrict, Muang District, Chiang Mai
• Lampang Branch	3 Rai, 1 Ngan, 68.3 Sq. wah of land at No 380, Moo 13, Chompu Subdistrict, Muang District, Lampang
• Phitsanulok Branch	2 Rai, 98 Sq. wah of land at No 815, Nai Muang Subdistrict, Muang District, Phitsanulok
• Chiang Rai Branch	6 Rai, 6.1 Sq. wah of land at No 85, Moo 13, Nanglae Subdistrict, Muang District, Chiang Rai
• Uttaradit Branch	3 Rai, 1 Ngan, 3.4 Sq. wah of land at No 279, Moo 3, Khungtapao Subdistrict, Muang District, Uttaradit

The Suratthani Plant

• The Suratthani Plant	67 Rai, 1 Ngan, 78 Sq. wah of land at No 111, Moo 5, Tha Rong Zang Subdistrict, Phunphin District, Suratthani
• Housing of Suratthani Plant's Manager	1 Ngan, 41.6 Sq. wah of land at No 98/96, Moo 5, Bangkung Subdistrict, Muang District, Suratthani
• Chumphon Branch	2 Rai, 32.8 Sq. wah of land at No 309/1 Takdaed Subdistrict, Muang District, Chumphon
• Undeveloped land in Bangluek Subdistrict	7 Rai, 83.3 Sq. wah of land, Muang District, Chumphon
• Nakhon Si Thammarat Branch	15 Rai, 3 Ngan, 27.5 Sq. wah of land at No 383, Tarua Subdistrict, Muang District, Nakhon Si Thammarat

The Chonburi Plant

• The Chonburi Plant	42 Rai, 3 Ngan, 72 sq. wah land at No 700/369, Moo 6, Nong Mai Daeng Subdistrict, Muang Chonburi District, Chonburi
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Subsidiary Company

• Wrangyer Beverage (2008) Co., Ltd.	34 Rai, 2 Ngan, 18 Sq. wah of land at No 63, Moo 3, Phrapratone-Baanpaew Rd., Thanonkhad Subdistrict, Muang District, Nakhonpathaom
• Sermuk Beverage Co., Ltd.	25 Rai, 3 Ngan, 14 Sq. wah of land at Nong Mai Daeng Subdistrict, Muang Chonburi District, Chonburi

Assets Employed for Operations

1.2 Buildings and Warehouses (including rental right): Net book value as at December 31, 2012 of Baht 989.9 million at the following locations:

Patumthani, Rama II, Thonburi, Klong Ton, Bang Khen, Theparak, Ratchaburi, Sriracha, Rayong, Prachinburi, Uthong, Chantaburi, Pranburi, Phetchaburi, Nakhonpathom, Kanchanaburi, Nonthaburi, Ayutthaya

Nakhonratchasima, Khon Kaen, Udon Thani, Ubon Ratchathani, Surin, Roi Et, Sakonnakhon, Buriram, Loei, Pak Chong, Srisaket, Mukdaharn, Chaiphum

Nakhonsawan, Lopburi, Chiang Mai, Lampang, Phitsanulok, Phetchabun, Chiang Rai, Kampaeng Phet, Saraburi, Uttaradit, Sing Buri, Vichienburi

Suratthani, Chumphon, Phuket, Nakhon Si Thammarat, Samui, Chonburi

Plant buildings and warehouses of the Subsidiary Company

1.3 Plant, Machinery, and Equipment: Net book value as at December 31, 2012 of Baht 1,569.2 million

The Pathumthani Plant	12 Production Lines
The Nakhonratchasima Plant	4 Production Lines
The Nakhonsawan Plant	5 Production Lines
The Suratthani Plant	2 Production Lines
The Chonburi Plant	4 Production Lines

The Company estimated useful life of the machinery at 10-20 years. However, some of the above machinery has been in the operation for over 10 years with regular preventive maintenance, overhaul and reconditioning to maintain optimal working condition.

Remark: Sermsuk Beverage Co., Ltd. operates the production machinery in two production lines (including 1 production line belonging to Pepsi-Cola (Thai) Trading Co., Ltd.)

Wrangyer Beverage (2008) Co., Ltd. operates the production machinery in five production lines

1.4 Other Fixed Assets consist of:

Fixed assets	Value: Million Baht
Condominium	27.6
Vehicles	401.4
Furniture & Fixtures	44.1
Plastic pallets	17.5
Assets under construction	361.8
High voltage equipment	14.1
Market Promotion Equipment	260.3

Assets Employed for Operations

Investment

Name of the Company	Type of Business	Paid up Capital Bht (mil)	Investment Proportion (%)	Investment Cost Bht (mil)	Investment Value Bht (mil)	Other Major Shareholders
Sermsuk Holdings Co., Ltd.	Shareholding and investment management	350.0	99.99%	350.0	349.9	None
Sermsuk Beverage Co., Ltd.	Manufacture and sales of Beverages	689.6	99.99%*	689.6	337.9	None
Wrangyer Beverage (2008) Co., Ltd.	Manufacture and sales of Energy Drinks	200	99.99%*	248.0	248.0	None
Sermsuk Training Co., Ltd.	Human resource development	2.5	100%	2.5	2.5	None
Great Brands Limited	Brand management	1.0**	100%	1.0**	1.0**	None
Petform (Thailand) Co., Ltd.	Manufacture and sales of PET polymers	75.0	40.00%	30.0	195.1	Indorama Polymers PCL.
The Pet Co., Ltd.	Manufacture of Plastic and PET Bottles	70.0	10.00%	7.0	7.0	Thai Metal Drum Industry Co., Ltd.
Bangkok Glass Co., Ltd.	Manufacture of Glass Bottles	2,850.0	0.96%	27.29	52.4	Boon Rawd Brewery Co., Ltd.
Petpack Co., Ltd.	Manufacture of Plastic and PET Bottles	140.0	10.00%	14	35	Bangkok Glass Co., Ltd. Boon Rawd Brewery Co., Ltd.

* Shares held by Sermsuk Holdings Co., Ltd. a wholly owned (99.99 percent) subsidiary of Sermsuk Plc.

**HK Dollars (mil)

Investment policy in subsidiary, associated, and other related companies: The Company emphasizes investment in related businesses such as manufacturers and suppliers of raw materials, packaging materials, and production supplies. Thus, the Company can be assured of access to quality materials and supplies without any interruption even during periods of shortage or crisis.

- Direct Subsidiary Company: Sermsuk Holdings Co., Ltd. The company designated 2 executives to be members on the board of directors
- Indirect Subsidiary Company: Sermsuk Beverage Co., Ltd. The company designated 2 executives to be members on the board of directors
- Indirect Subsidiary Company: Wrangyer Beverage (2008) Co., Ltd. The company designated 2 executives to be members on the board of directors
- Direct Subsidiary Company: Sermsuk Training Co., Ltd. The company designated 3 executives to be members on the board of directors
- Direct Subsidiary Company: Great Brands Limited, The company designated 1 executive to be a member on the board of directors
- Associated Company: Petform (Thailand) Co., Ltd. The company designated 2 executives to be members on the board of directors

Assets Employed for Operations

The designated directors are involved in setting and overseeing policies for the subsidiary and associated companies through regular attendance at Board of Directors Meetings and Working Committee Meetings, as well as exercising their voting rights according to the proportion of share holdings.

Proportion of Net Investment in the Subsidiary and Associated Company to Total Assets

Investment value per equity method:

- | | |
|--|-------|
| • Subsidiary Company: Sermsuk Holdings Co., Ltd. | 2.57% |
| • Subsidiary Company: Sermsuk Training Co., Ltd. | 0.02% |
| • Subsidiary Company: Great Brand Limited | 0.03% |
| • Associated Company: Petform (Thailand) Co., Ltd. | 1.44% |

Legal Disputes

The Company has liabilities that may arise from the lawsuit filed against the Company for compensation of 10.6 million baht to offset the goods that remain undelivered and staff dismissal. The case is under the court's procedures. However, the Company has used its deposit of 2.49 million baht as collateral with the court.

Capital Structure

1 Securities

Capital-Ordinary Shares

As at December 31, 2012, the Company's registered share capital was Baht 265,900,484 consisting of 265,900,484 ordinary shares with the par value of Baht 1 each. Paid-up capital is Baht 265,900,484 consisting of 265,900,484 ordinary shares with the par value of Baht 1 each.

2 Shareholders

Major Shareholders:

As of the close of the Share Register Book on March 13, 2013 for invitation to the Annual General Meeting of shareholders No. 1/2013:

	Name	Number of Shares	% of Total Shares
1.	Thai Beverage Logistics Co., Ltd.	171,923,138	64.66 %
2.	SS National Logistics Co., Ltd.	86,732,207	32.62 %
3.	Mrs. Duangkaew Trakulpipat	576,500	0.22 %
4.	Captain Narong Phatralaoha	508,600	0.19 %
5.	Miss Nanthana Yaemmanas	300,000	0.11 %
6.	SS Integration Co., Ltd.	214,900	0.08 %
7.	Thai NVDR, Co., Ltd.	210,370	0.08 %
8.	Thanathip Co., Ltd.	187,500	0.07 %
9.	Ms. Chiraboonnee Isarankurn Na Ayudhaya	161,220	0.06 %
10.	Mrs. Jairak Snidvongs na Ayudhya	161,220	0.06 %

3 Dividend Pay-out Policy

Dividend policy for Sermasuk Public Co., Ltd., and its subsidiary company:

- There will be no payment of dividends from funds other than profit.
- There will be no dividend payment if the Company carries accumulated losses.
- Dividends will be paid for each share equally.
- The Board of Directors may declare an interim dividend payment to the shareholders if the Company has sufficient profit for the payment and has to report such a payment to the shareholders in the subsequent shareholders' meeting.
- Dividend payment must be made within 1 month after approval from the shareholders' meeting or, in the case of an interim dividend, the Board of Directors. Notification of such dividend payment must be sent to the shareholders and published in a Thai newspaper for 3 consecutive days.
- In case the Company has not fully issued all its registered shares or the Company has registered for a share capital increase, with approval from the shareholders' meeting, the Company may pay part or all of the dividends by issuing new ordinary shares to the shareholders.
- The Company has a policy to pay dividends with a payout ratio of not less than 40% of its net profit for each fiscal year after providing a legal reserve and carrying forward losses (if any) as required by law. However, the actual dividend payment will depend on the Company's cash flow position, investment plan, obligations and other conditions of the agreements as well as other necessities and appropriateness in the future.

The Management

1 Management Structure

The Board of Directors of the Company

The Board of Directors as at December 31, 2012 consisted of following Directors:

Name	Position
Mr. Photipong Lamsam	Independent Director and Chairman
Mr. Suchin Wanglee	Vice Chairman No.1 and Chairman of Compensation Committee
Prof. Dr. Wissanu Krea-Ngam	Vice Chairman No.2 and Chairman of Risk Management Committee
Mr. Chotiphat Bijananda	Vice Chairman No.3, Executive Director, Member of Compensation Committee and Member of Nominating and Corporate Governance Committee
Mr. Thapana Sirivadhanabhakdi	Vice Chairman No.4, Vice Chairman No. 1 of Executive Committee, Chairman of Nominating and Corporate Governance Committee, Member of Compensation Committee and Member of Risk Management Committee
Mr. Somchai Bulsook	Director, Chairman of Executive Committee and CEO, Member of Nominating and Corporate Governance Committee and Member of Risk Management Committee
Mr. Dhitivute Bulsook	Director, Executive Director, Member of Risk Management Committee and President
Mr. Prasong Sukhum	Independent Director and Member of Audit Committee
Prof. Khunying Suchada Kiranandana	Independent Director, Chairman of Audit Committee and Vice Chairman of Risk Management Committee
Mr. Pramoad Phornprapha ¹	Independent Director and Member of Audit Committee
Honorary Prof. Rawat Chamchalerm	Independent Director
Mr. Sakchai Thanaboonchai	Director
Mr. Rangsan Thammanee Wong	Director
Mr. Sithichai Chaikriangkrai	Director, Vice Chairman of Executive Committee No.2 and Member of Risk Management Committee
Mr. Karn Chitaravimol	Director and Executive Director

Remark:

¹ Appointed as Independent Director on April 19, 2012

The Management

Names and Number of Authorized Directors

1. Anyone out of the following six directors – Mr. Somchai Bulsook, Mr. Suchin Wanglee, Prof. Dr. Wissanu Krea-Ngam, Mr. Thapana Sirivadhanabhakdi, Mr. Dhitivute Bulsook and Mr. Sakchai Thanaboonchai, together with anyone out of the following four directors – Mr. Chotiphat Bijananda, Mr. Rangsan Thammanee Wong, Mr. Sithichai Chaikriangkrai and Mr. Karn Chitaravimol may sign and affix the Company seal to legally bind the Company.
2. Two out of the following ten directors – Mr. Somchai Bulsook, Mr. Suchin Wanglee, Prof. Dr. Wissanu Krea-Ngam, Mr. Thapana Sirivadhanabhakdi, Mr. Dhitivute Bulsook, Mr. Sakchai Thanaboonchai, Mr. Chotiphat Bijananda, Mr. Rangsan Thammanee Wong, Mr. Sithichai Chaikriangkrai and Mr. Karn Chitaravimol, may sign and affix the Company seal to legally bind the Company in the application form for permits or for the tender of document with the Revenue Department; the Customs Department; the Ministry of Commerce's Department of Business Development; Office of Foreign Workers under the Immigration Bureau; the Department of Skill Development under the Ministry of Industry; the Ministry of Public Health and other related state agencies that are involved in tax payment reporting, import and export documentation, corporate establishment registration, amendments to corporate registration, visa renewal, work permits and corporate business permits.

Executive Committee

The Company's executive committee as appointed on December 31, 2012 is composed of the following members

(1) Mr. Somchai Bulsook	Chairman of Executive Committee
(2) Mr. Thapana Sirivadhanabhakdi	Vice Chairman of Executive Committee No 1
(3) Mr. Sithichai Chaikriangkrai	Vice Chairman of Executive Committee No 2
(4) Mr. Dhitivute Bulsook	Director
(5) Mr. Chotiphat Bijananda	Director
(6) Mr. Karn Chitaravimol	Director

The Executives of the Company as at December 31, 2012 are as follows:

Name	Position
Mr. Somchai Bulsook	Chief Executive Officer
Mr. Dhitivute Bulsook	President
Mr. Thanongsak Osathanonth	Finance Director
Mr. Arthakrit Visudtibhan	Human Resources Director
Mr. Parinya Permpanich	Marketing and Sales Operations Director
Mr. Peerapong Krinchai	Operations Director
Mr. Pibul Voravath	General Plant Manager, Pathumthani
Mr. Amnat Peukpattanaruks	General Plant Manager, Nakhonsawan
Mr. Kwanchai Mahapornprachak	General Plant Manager, Nakhonratchasima
Mr. Viraj Ithikumjorn	General Plant Manager, Suratthani

The Management

2 Nomination and Appointment of Directors

The Nominating and Corporate Governance Committee is responsible for the selection of qualified and experienced individuals for the Board of Directors. These are then considered by the Company's Board of Directors and shareholders and elected as appropriate.

The Board of Directors is elected by the shareholders at a General Meeting according to the Company's Articles of Association, which set forth the following procedures:

- 1) Members of the Company's Board of Directors must be elected by the shareholders. A Shareholder shall have a number of votes which is equivalent to the number of shares held by him/her;
- 2) Each Shareholder may exercise all the votes he/she has to elect one or more persons as Directors, but he/she may not split his/her votes among any such persons;
- 3) The persons receiving the highest number of votes in respective order shall be appointed as Directors. The number of Directors will depend on the requirements set at such time. In the event that a number of persons receive an equal number of votes for the last directorship, resulting in the number of Directors being more than is required at such time, the Chairman of the meeting shall have the deciding vote.

If a directorship becomes vacant for any reason other than by rotation, the Board of Directors shall elect a person, who is qualified and does not have any prohibited characteristics as provided in Sections 68 of the Public Limited Company Act B.E. 2535, as a director to fill the vacancy. The election shall take place at the subsequent Board of Directors' meeting unless the remaining term of the director is less than 2 months. The Director who fills the vacancy shall retain his office only for the remaining term of the office of the Director whom he replaces.

For these purposes the resolution of the Board of Directors shall require not less than three-fourths of the votes of the remaining directors.

3 Directors and Management's Fees and Remuneration

3.1 Fees and Remuneration in the form of cash

a) Directors Fees

The director fees include annual fee, meeting allowance and director bonus upon the approval by the Company's shareholders, as detailed under Item 10 of the 15 Principles of Good Governance.

Remuneration	2012		2011	
	No. of Executives	Total Amount (Baht)	No. of Executive	Total Amount (Baht)
Annual fee		7,427,472		6,395,760
Director bonus		9,800,000		18,000,000
Total	18*	17,227,472	24**	24,395,760

The paid director bonus did not include the 2012 annual bonus that was reserved for the approval by the shareholder meeting

* Inclusive of three directors who completed their directorship terms and resigned from directorship during the year

** Inclusive of nine directors who completed completed their directorship terms and resigned from directorship during the year

Detail of Director's remuneration paid in 2012:

Directors	Remuneration	Amount	Total Amount
Pol Capt. Prasit Tantsetthi ¹	<ul style="list-style-type: none"> Director fee Meeting allowance 2011 Director bonus 	- - 441,711	441,711
Mr. Photipong Lamsam	<ul style="list-style-type: none"> Director fee Meeting allowance Annual fee and meeting allowance Audit Committee 2011 Director bonus 	240,000 320,000 78,352 1,232,487	1,870,839
Mr. Somchai Bulsook	<ul style="list-style-type: none"> Director fee Meeting allowance Annual fee and meeting allowance Nominating and Corporate Annual fee and meeting allowance Executive Committee Annual fee and meeting allowance Risk Management Committee 2011 Director bonus 	240,000 320,000 40,000 280,000 70,000 1,366,310	2,316,310
Mr. Jakkris Bulsook ¹	<ul style="list-style-type: none"> Director fee Meeting allowance 2011 Director bonus 	- - 220,856	220,856
Mr. Suchin Wanglee	<ul style="list-style-type: none"> Director fee Meeting allowance Annual fee and meeting allowance Compensation Committee 2011 Director bonus 	160,000 200,000 111,648 890,909	1,362,557

The Management

Directors	Remuneration	Amount	Total Amount
Mr. Prasong Sukhum	<ul style="list-style-type: none"> Director fee Meeting allowance Annual fee and meeting allowance Audit Committee 2011 Director bonus 	120,000 40,000 130,000 683,155	973,155
Prof. Khunying Suchada Kiranandana	<ul style="list-style-type: none"> Director fee Meeting allowance Annual fee and meeting allowance Audit Committee Annual fee and meeting allowance Risk Management Committee 2011 Director bonus 	120,000 140,000 460,000 100,000 683,155	1,503,155
Mr. Dhitivute Bulsook	<ul style="list-style-type: none"> Director fee Meeting allowance Annual fee and meeting allowance Executive Committee Annual fee and meeting allowance Risk Management Committee 2011 Director bonus 	120,000 160,000 160,000 70,000 683,155	1,193,155
Mr. Pramoad Phornprapha ³	<ul style="list-style-type: none"> Director fee Meeting allowance Annual fee and meeting allowance Audit Committee 2011 Director bonus 	90,000 80,000 101,648 -	271,648
Mr. William Ellwood Heinecke ²	<ul style="list-style-type: none"> Director fee Meeting allowance Annual fee and meeting allowance Compensation Committee 2011 Director bonus 	30,000 40,000 20,000 683,155	773,155
Mr. Thapana Sirivadhanabhakdi	<ul style="list-style-type: none"> Director fee Meeting allowance Annual fee and meeting allowance Compensation Committee Annual fee and meeting allowance Nominating and Corporate Annual fee and meeting allowance Executive Committee Annual fee and meeting allowance Risk Management Committee 2011 Director bonus 	160,000 140,000 70,000 80,000 140,000 55,000 287,300	932,300
Mr. Chotipat Bijananda	<ul style="list-style-type: none"> Director fee Meeting allowance Annual fee and meeting allowance Nominating and Corporate Annual fee and meeting allowance Compensation Committee Annual fee and meeting allowance Executive Committee 2011 Director bonus 	160,000 140,000 40,000 40,824 55,000 287,300	723,124

The Management

Directors	Remuneration	Amount	Total Amount
Mr. Sithichai Chaikriangkrai	<ul style="list-style-type: none"> Director fee Meeting allowance Annual fee and meeting allowance Executive Committee Annual fee and meeting allowance Risk Management Committee 2011 Director bonus 	120,000 160,000 220,000 55,000 204,011	759,011
Mr. Karn Chitaravimol	<ul style="list-style-type: none"> Director fee Meeting allowance Annual fee and meeting allowance Executive Committee 2011 Director bonus 	120,000 160,000 160,000 204,011	644,011
Prof. Dr. Wissanu Krea-Ngam	<ul style="list-style-type: none"> Director fee Meeting allowance Annual fee and meeting allowance Risk Management Committee 2011 Director bonus 	160,000 200,000 130,000 545,588	1,035,588
Honorary Professor Rawat Chamchalerm	<ul style="list-style-type: none"> Director fee Meeting allowance 2011 Director bonus 	120,000 140,000 462,299	722,299
Mr. Sakchai Thanaboonchai	<ul style="list-style-type: none"> Director fee Meeting allowance 2011 Director bonus 	120,000 160,000 462,299	742,299
Mr. Rangsan Thammaneeuwong	<ul style="list-style-type: none"> Director fee Meeting allowance 2011 Director bonus 	120,000 160,000 462,299	742,299
Total Director Compensation paid in 2012		17,227,472	17,227,472

¹ Completed directorship term on April 29, 2011

² Completed directorship term on April 19, 2012

³ Appointed as director on April 19, 2012

b) Executive remuneration and compensation

Chief Executive Officer and 9 other executives are remunerated as follows:

	2012		2011	
	No. of Executives	Total Amount (Baht)	No. of Executives	Total Amount (Baht)
Salary	10	61,739,316.48	10	57,199,164.17
Provident Fund		3,314,877.87		3,171,022.60
Remuneration/Bonus		15,814,593.92		29,927,462.69
Total		80,868,788.27		90,297,649.46

The Management

3.2 Other Compensation

Executives Long-Term Incentive Plan (Phantom Plan)

The Board of Directors' meeting No. 4/2006 held on June 13, 2006 passed a resolution approving the establishment of a new long-term incentive program to the Company's executives (Phantom Plan) replacing the Executive Stock Incentive Plan (ESIP) of which the final allotment for its 5th year was completed in 2005. The new incentive program is a 5 year program covering 2006 – 2010 giving each executive the non-transferable incentive units calculated as a fixed percentage of salary divided by the conversion price. The conversion price is set at the earnings per share of the year prior to the grant date multiplied by approved target growth and a tenfold price earnings ratio. The incentive payment will be made in the form of cash payment to each executive 3 years after the granting date of the incentive units. The payment will equal the number of incentive units multiplied by the redemption price whereas the redemption price is calculated from the 3 year average EPS multiplied by 10 times of the price earnings ratio.

The Company's Board of Directors has approved the fourth compensation payment under the program and the payment was made to the executives in 2012.

4 Corporate Governance

The Company's Board of Directors consists of 15 members elected by the resolution of the Shareholders' meeting as mandated by the Company's Articles of Association. With extensive knowledge and experience in the business area, the Board of Directors defines the policies, vision, strategies, objectives and business trends for the Company and enables the Company's management to run the Company's business in an efficient manner in accordance with the Company's business objectives. The Board of Directors appoints the Chairman of the Board and the Chairman of Executive Committee & Chief Executive Officer and the President. The Chairman of Executive Committee & Chief Executive Officer is authorized to manage the Company's business under usual business norms and the direction from the Board of Directors.

A minimum of three Board of Directors meetings are required every month. However, in order to resolve any urgent issues, a special meeting may be called as necessary. In 2012, there were a total of 8 meetings.

The Board of Directors appoints an Audit Committee, a Compensation Committee, a Nominating and Corporate Governance Committee, an Executive Committee and a Risk Management Committee. The composition and responsibility of these committees are set out under Item 12 of the 15 Principles of Good Governance.

The Board of Directors exercises its managerial role through the review of management reports made at the Board of Directors meetings as to the Company's operations and performance, compared to the operating plan and performance of the previous year. Moreover, the Board's approval or ratification is required for the implementation of important policies and projects, for example, projects involving substantial investment, transactions with related parties, etc.

The Board of Directors is committed to adhering to the Code of Best Practices for the Directors. Review and scrutiny of the Company's management has been carried out regularly and honestly to ensure compliance with laws, the Company's objectives and regulations, and the resolutions of the shareholders' meeting, with due care for the Company's benefits and responsibility to the shareholders. As required by the Securities Exchange Commission and Stock Exchange of Thailand that all listed companies disclose their compliance with the 15 Principles of Good Governance, the Company summarizes its compliance status as follows:

1. Policy on Corporate Governance

The Board of Directors Meeting has approved the Company's Corporate Governance Policy as follows:

The Board of Directors believes in the principles of good corporate governance and recognizes its importance in strengthening the trust of its shareholders, its stakeholders and the public at large, and increasing shareholder value. The Board of Directors is thus committed to compliance with corporate governance guidelines issued by the regulatory bodies that govern the operations of public companies, and to the implementation of such other standards that are appropriate to the proper conduct of the business of the Company.

2. Shareholders – Rights and Equitable Treatment

The Company encourages shareholders to exercise their legal rights, such as rights to receive their share of profits in the form of dividends, rights to freely transfer the Company's stock, rights to access the Company's news and information, rights to attend and vote in the shareholders' meetings.

To ensure shareholders' access to updated news and information, the Company announces its operating results and important information to the shareholders the Securities Exchange of Thailand and on the Company's website.

For each shareholders' meeting, the Company will send shareholders an invitation letter at least fourteen days before the meeting, setting out the meeting agenda and including the supporting documents (via the Company Registrar), so as to provide Shareholders enough time to review the detailed information. The invitation letter and other Annual General Shareholders' Meeting materials will also be posted on the Company's website. The Company also publishes the Shareholder invitation letter in a daily newspaper, both Thai and English, 3 days before the meeting.

In 2013, the Annual General Meeting of Shareholders will be held on April 29, 2013.

3. Stakeholders' Rights

The Company recognizes the Stakeholders' rights and the protection of their interests in the Company as per the following policies:

- **Shareholders:** The Company acknowledges the responsibility to increase the shareholders' benefit and provide sufficient information on the Company's operations and performance to all shareholders. With this objective, the business operations of the company have been conducted carefully and transparently in order to increase sales, profits and financial strength. The Company has also continuously improved its business processes to increase operating efficiency and cost control, which has resulted in better performance.
- **Employees:** Employees' ethics and discipline in the operation of the business are strongly stressed, as they result in a good reputation and image for both the Company and its employees. The Company provides a good working environment, equal opportunity and fair treatment to all employees, with no discrimination on the basis of sex, race or religion.
- **Customers:** The Company realizes the importance of customers and consumers' rights to receive good quality products at a fair price, including product trial opportunities and the benefits from sales promotion campaigns. The Company has established an active system to receive customer complaints regarding products and services, providing quick responses and corrective actions.
- **Suppliers, Business Partners, and Competitors:** The Company has a purchasing policy for suppliers to allow open bids, in order to ensure a fair deal based on good quality products and services at a reasonable price. The Company is committed to free trade and fair competition according to the law.
- **Community:** The Company is highly cognizant of its social responsibility with activities contributing to the wellness of society, such as the Song Bulsook Foundation's scholarships to students, the "Dek Thai Kai Jai Kheng Rang Project", an initiative to promote health among youth through sports; the Green Community Project for environmental protection and sustainability; occupational promotion and income generation for communities by providing support via the company's channels of product distribution.
- **Environmental Protection:** The Company recognizes the importance of environmental protection and actively participates in environmental protection and energy saving programs to prevent air and water pollution and manage unused materials by using Clean Technology and the 3R (Reduce, Reuse and Recycle) concept in all of its manufacturing and distribution procedures. The Company has operated under the 5 Sermsuk Green Dimensions which are water, packaging, energy, environment and human resources. The Company has broadened its environmental activation to the public by being an environmental conservation and protection model for external parties and other enterprises, aiming to form a major force that drives environmental and social sustainability in Thailand and allows Sermsuk to grow in a good and sustainable environment in Thailand.

4. Shareholders' Meetings

The Company allocates enough time at Shareholders' meetings for Shareholders to express their opinions and question the Chairman, Board Members, and Board Committees about the Company's operations.

The Management

5. Leadership and Vision of the Board of Directors

The members of the Board of Directors are qualified and experienced individuals who have vision, exercise independence in making important decisions, and set up policies and directions for the benefit of the Company and shareholders.

6. Conflicts of Interest

The Company believes in the need for the independence of its directors and management, to prevent any conflict of interest, and to strictly comply with the direction and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand – especially, conflict of interest regarding connected persons from connected transactions or the conflict of interest of an employee from his responsible duty. The Company Code of Conduct for Directors provides that at a Board of Directors meeting, a director who has an interest in any item on the agenda is not permitted to attend the meeting during the discussion of such matter and is not entitled to vote.

7. Business Ethics

The Company emphasizes business ethics throughout its operations by cooperating with governmental agencies and ensuring regular compliance with laws and regulations. The Company Code of Conduct for Directors and the Employee's Code of Conduct contain specific provisions in this respect with annual review and written acknowledgement by the Company's executives.

8. Balance of Power for Non-Executive Directors

Definition of "Independent Director":

An Independent Director is the director elected by shareholders who:

- *Holds shares of not more than 1 percent of paid-up capital of the Company, affiliated company, associated company or related company, which shall be inclusive of the shares held by related persons;*
- *Does not take part in the management, or being an employee, staff member or advisor who receives a regular salary, or having direct or indirect benefit or interest in the finance and management of the Company, affiliated company, associated company or majority shareholder of the company;*
- *Is not a related person or close relative of any management member or majority shareholder of the Company;*
- *Is not appointed as a representative to safeguard interests of the Company's directors, majority shareholders or shareholders who are related to the Company's majority shareholders;*
- *Is capable of performing duties, giving opinions as a director free and clear of the control of the management or the majority shareholders of the Company including related persons or close relatives of the said persons.*

The Company acknowledges the need to appoint outside and independent directors. The Board of Directors as at December 31, 2012 consisted of 6 executive directors, 4 non-executive directors and 5 independent directors.

9. Aggregation or Segregation of Duties

The positions of Chairman of the Board of Directors and the Chief Executive Officer are held by different persons, in order to clearly segregate duties in setting corporate policy and daily management. Approval from the Board of Directors and/or shareholders is required on major and material matters. The Company's operating performance is regularly reported at least on a quarterly basis at the Board of Directors Meetings, and the Board is able to review and ask questions about operating performance and the management.

10. Directors Fees and Management Remuneration

Directors' remuneration consists of directors' fees and directors' bonuses, as approved by the shareholders in the Annual General Meeting No. 1/2012 held on April 19, 2012.

- The Chairman of the Board and the Chairman of the Executive Committee & Chief Executive Officer each receives an annual fee of Baht 240,000 and a meeting allowance of Baht 40,000/meeting.
- The Vice Chairman of the Board receives an annual fee of Baht 180,000 and a meeting allowance of 30,000/meeting
- And other directors each receive an annual fee of Baht 120,000 and a meeting allowance of 20,000/meeting.

The Management

In addition, the Board of Directors received a total bonus of Baht 9.8 million for 2011 performance, which was allocated between directors in proportion to their annual director's fees, as agreed by the Company's shareholders. The eligible directors were those who assumed the position until December 31, 2011 and directors who ended their term of duty at the Company's 2011 general shareholders meeting and notified their intention not to be elected to sit on the Company's board again.

Sub-committees' remuneration was approved by the shareholders in the Annual General Meeting No. 1/2012 held on April 19, 2012 as follows:

The Audit Committee:

The Chairman of the Audit Committee receives a Baht 160,000 annual fee and meeting allowance of Baht 50,000 per meeting. Members of the Audit Committee each receive a Baht 80,000 annual fee and meeting allowance of Baht 25,000 per meeting.

The Compensation Committee:

The Chairman of the Compensation Committee receives a Baht 80,000 annual fee and meeting allowance of Baht 25,000 per meeting. Members of the Compensation Committee each receive a Baht 40,000 annual fee and meeting allowance of Baht 15,000 per meeting.

The Nominating and Corporate Governance Committee:

The Chairman of the Nominating and Corporate Governance Committee receives a Baht 80,000 annual fee and meeting allowance of Baht 25,000 per meeting. Members of the Nominating and Corporate Governance Committee each receive a Baht 40,000 annual fee and meeting allowance of Baht 15,000 per meeting.

Risk Management Committee:

The Chairman of the Risk Management Committee receives a Baht 80,000 annual fee and meeting allowance of Baht 25,000 per meeting. The Vice Chairman of the Risk Management Committee receives a Baht 60,000 annual fee and meeting allowance of Baht 20,000 per meeting. Members of the Risk Management Committee each receive a Baht 40,000 annual fee and meeting allowance of Baht 15,000 per meeting.

Executive Committee:

The Chairman of the Executive Committee receives a Baht 80,000 annual fee and meeting allowance of Baht 25,000 per meeting. The Vice Chairman of the Executive Committee receives a Baht 60,000 annual fee and meeting allowance of Baht 20,000 per meeting. Members of the Executive Committee each receive a Baht 40,000 annual fee and meeting allowance of Baht 15,000 per meeting.

The Management's remuneration is recommended by the Compensation Committee for approval by the Board of Directors and/or the shareholders, as appropriate.

11. Board of Directors' and Board Committee Meetings

The Board holds at least four meetings annually. The Directors' meetings are pre-scheduled with notices of the meeting sent out to Directors at least 7 days prior to the meetings. Chairman of the Board of Directors and Chairman of the Executive Committee jointly proposed the topics of discussion contained in the Agenda and opened a chance for other directors or members of the subcommittees to propose their topics for inclusion in the agenda. There is enough time provided for discussion. Questions raised by the directors are explained and clarified by the responsible executives. The written minutes of the meetings as approved by the Board of Directors are maintained for future verification. In 2012, there were 8 Board of Directors meetings.

Other sub-committee meetings were held as appropriate. In 2012 there were 6 Audit Committee meetings, 2 Compensation Committee meetings, 2 Risk Management Committee meetings and 12 Executive Committee meetings with the attendance of directors and members of committees as follows:

The Management

Board of Directors Meetings 2012

Directors	Meetings					
	Board of Directors	Audit Committee	Compensation Committee	Risk Management Committee	Executive Committee	Annual General Shareholders
Mr. Photipong Lamsam ¹	8/8	1/1				1/1
Mr. Somchai Bulsook	8/8			2/2	12/12	1/1
Mr. Suchin Wanglee	6/8		2/2			1/1
Prof. Khunying Suchada Kiranandana ¹	7/8	6/6		2/2		1/1
Mr. Prasong Sukhum ¹	2/8	2/6				1/1
Mr. Pramoad Phornprapha ^{1,2}	4/6	3/5				-
Honorary Professor Rawat Chamchalerm	7/8					1/1
Prof. Dr. Wissanu Krea-Ngam	6/8			2/2		1/1
Mr. Sakchai Thanaboonchai	8/8					1/1
Mr. Rangsan Thammaneeuwong	8/8					0/1
Mr. Thapana Sirivadhanabhakdi	4/8		2/2	1/2	7/12	1/1
Mr. Chotipat Bijananda	4/8		1/2		4/12	1/1
Mr. Sithichai Chaikriangkrai	8/8			1/2	11/12	1/1
Mr. Karn Chitaravimol	8/8				11/12	1/1
Mr. William Ellwood Heinecke ³	2/2					-
Mr. Dhitivute Bulsook	8/8			2/2	12/12	1/1

¹ Independent Director

² Appointed as director on April 19, 2012

³ Completed directorship term on April 19, 2012

12. **Committees – several subcommittees are required to screen assignments for the Board of Directors including the Audit Committee, the Nominating and Corporate Governance Committees and the Compensation Committee:**

The Board of Directors has set up the following sub-committees to work in particular areas:

Audit Committee

The Audit Committee consists of three members as follows:

Prof. Khunying Suchada Kiranandana	Chairman
Mr. Prasong Sukhum	Director
Mr. Pramoad Phornprapha	Director

The Management

The Audit Committee is responsible for the review of the Company's financial statements and internal control, including review of compliance with rules and regulations set by the Securities and Exchange Commission and Stock Exchange of Thailand, or related laws. The Audit Committee also reviews the Company's Internal Audit operations as well as considers and recommends the appointment of the Company's auditors and the disclosure of related transactions to ensure their accuracy and correctness. The Audit Committee also prepares the Audit Committee Report to summarize the completion of the activities assigned by the Board of Directors.

In the 2012 accounting period, there were 6 Audit Committee meetings including 4 regular meetings. The four regular meetings were held to review and examine the operations of the Company and its subsidiaries. The areas of review were the sufficiency and effectiveness of the internal control system, internal audit plan, audit report, while monitoring amendments made based on comments made and proposing solutions to significant issues as featured in the audit report. The meetings also facilitated proper risk management and reviewed quarterly and annual financial statements, together with the management as well as external and internal auditors. The emphasis was on the correctness of the balance sheet, its compliance with Generally Accepted Accounting Principles, sufficient disclosure of the financial statements, comments on connected transactions, or transactions that would cause a conflict of interest, reviews of operations to ensure compliance with relevant laws, appointment of external auditors and review of the audit fee.

Two exclusive meetings were held to review the independent financial advisor's report on connected transactions

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee consists of three members as follows:

Mr. Thapana Sirivadhanabhakdi	Chairman
Mr. Somchai Bulsook	Director
Mr. Chotiphat Bijananda	Director

The Nominating and Corporate Governance Committee is responsible for the selection of qualified and experienced individuals to propose to the Board of Directors and shareholders for election as Directors; to make proposals for evaluation of Directors, and to develop and recommend to the Board appropriate actions to ensure good corporate governance. The committee also reviews many issues relating to corporate governance, including the Company's Corporate Governance Policy, the Directors Code of Conduct, and the Charter of the Compensation Committee; the nature of connected transactions in order to avoid a conflict of interest of the executives and persons involved with setting policy; the qualifications of independent directors; the policy for nominating directors and committee members; evaluating Board performance; preparation of the Director's Manual; directors' training with the IOD; and the disclosure of information on the Company's website.

Compensation Committee

The Compensation Committee consists of three members as follows:

Mr. Suchin Wanglee ¹	Chairman
Mr. Thapana Sirivadhanabhakdi	Director
Mr. Chotiphat Bijananda ²	Director

¹ Appointed as Chairman of Compensation Committee on May 5, 2012

² Appointed as Director of Compensation Committee on May 5, 2012

³ Mr. William Ellwood Heinecke completed directorship term on April 19, 2012

The Compensation Committee is responsible for setting the policy and compensation structure to ensure fairness to, and motivation of, the employees and management. The Compensation Committee considers the annual salary adjustment, bonus payment, and the allocation of securities to the Company's executives and makes proposals to the Board of Directors and shareholders for approval.

In 2012, there were two meetings to review and approve the merit increase and bonus payment for the Chairman of the Executive Committee & CEO and to review and approve the bonus payment for employees.

The Management

Risk Management Committee

The Corporate Board of Directors has approved the forming of the Risk Management Committee that consists of six members as follows:

Prof. Dr. Wissanu Krea-Ngam	Chairman
Prof. Khunying Suchada Kiranandana	Vice Chairman
Mr. Somchai Bulsook	Director
Mr. Thapana Sirivadhanabhakdi	Director
Mr. Sithichai Chaikriangkrai	Director
Mr. Dhitivute Bulsook	Director

Remark: The Risk Management Committee also includes four directors by positions including Finance Director, Marketing and Sales Operation Director, Human Resources Director and Operations Director.

The Risk Management Committee is responsible for determining the strategy, policy and objectives to manage risk for the entire Company and to serve as guidelines for the Management of the Company to undertake more efficient risk management in the same direction and develop the Integrated Risk Management principles for all major risk factors facing the Company including business risk and operational risk.

In 2012, there were two meetings.

Executive Committee

The Corporate Board of Directors has approved the forming of the Executive Committee that consists of six members as follows:

Mr. Somchai Bulsook	Chairman
Mr. Thapana Sirivadhanabhakdi	Vice Chairman
Mr. Sithichai Chaikriangkrai	Vice Chairman
Mr. Chotiphat Bijananda	Director
Mr. Karn Chitaravimol	Director
Mr. Dhitivute Bulsook	Director

The Executive Committee is responsible for

- Implementing the corporate board of directors' policy that is in accordance with the Company's by-laws, terms, rules and regulations, except the items that legitimately require prior approval by the shareholders
- Preparing, proposing and defining the Company's business policy and strategy to the Company's board of directors
- Determining the Company's business plan, management authority, annual business budget and annual expenditure budget for further presentation to the Company's board of directors for approval and following the Company's business plan and strategy in compliance with the policies and business directions as informed to the Company's board of directors
- Overseeing the operations of the Company and its subsidiaries to ensure compliance with the Company's business policy, goals, action plan, business strategy, budgeting and authorities as approved by the Company's board of directors for the Company's benefits, as well as undertaking activities that are related to the Company's general administration and performing other duties as assigned by the Company's board of directors. In 2012, there were 12 meetings

13. Control System and Internal Audit

The audits of the Company's operations are conducted by the internal audit team, who work closely with the system's development team to implement policies and procedures for good internal control and effectiveness of the operations of all units. The audit findings together with audit recommendation are reported to the President and CEO after completion of the audit, and reported to the Audit Committee on a quarterly basis.

The Management

Other duties of the audit team are to evaluate the internal control run by many departments and propose recommendations on what needs further improvement to related agencies. Moreover, the Company's system's development and management team is responsible for improving operating procedures to enhance the efficiency in coordination and cross-checking assignments among departments in the Company.

14. Directors' Report

The authorized directors are responsible for the preparation of the Company's financial statements, and are required to certify that report individually in Section 2 of Annual Report Form 56-1 submitted to the Stock Exchange of Thailand. In addition, the Management (i.e. Chairman of the Executive Committee & CEO and Finance Director) also certify quarterly as to the correctness of the financial statements and the responsibility to disclose information in compliance with the rules and regulations of the Stock Exchange of Thailand.

15. Relations with Investors

The Company reports its performance and important information to the Securities and Exchange Commission and the Stock Exchange of Thailand via the assigned media on a regular basis, and arranges meetings with individual investors by designated representatives of the Company.

Control of Internal Information

The Company employs a strict policy on the use of internal information, particularly confidential information about operations, business plans and performance of the Company which, if released inaccurately or prematurely, would cause damage to the Company and/or its shareholders.

The Company has established control measures for its directors, executives, and employees to prevent unauthorized use information for their own or other parties' benefit. The Company also requires its directors and executives to inform the Securities and Exchange Commission and the Stock Exchange of Thailand about their holdings and trading of the Company's stocks to ensure transparency and fairness.

To restrict the release of internal information and that related to information technology, the Company has established a strict control on the use, access, and prevention of loss of information. Authorized personnel are equipped with passwords to operate and use information at different levels. For confidential information and information the release of which is prohibited by the Securities and Exchange Commission regulations, directors and management are obliged not to release or comment on that information outside the Company.

Moreover the Company has, in the Employee's Code of Conduct, stated that it would take disciplinary actions against the management and employees for the improper use of information, including the use of information for their own benefit. In line with the Securities and Exchange Commission regulations, Directors and management are required to file a report with the SEC to declare the status of their holdings of the Company's stock every time they buy or sell such stock, and are not to allow any act that impact on the share transactions of the Company and its related company.

Personnel

As of December 31, 2012 Sermsuk Plc. had a total of 7,205 registered employees. A total employee cost paid by the company last year baht 2,343 million. Numbers of personnel in each function are as follows:

○ Production	1,307
○ General Administration	767
○ Fleet	255
○ Sales and Warehouses	4,876

There are no significant employee disputes.

Internal Control

The Company values the importance of internal controls in protecting it from possible damage. The Company sets clear objectives, operating plans, strategies, and procedures as operating and measurement tools.

To ensure a good internal control and audit system, the Audit Committee is assigned to make regular assessments to the Company's internal control system, at least once a year, and to report the findings to the Board of Directors after each assessment.

In 2012, the Audit Committee assessed the Company's internal control system by questioning and having discussions with management. Such assessment revealed that the Company had sufficient internal controls over the 5 major parts of its operations, namely, the organizational structure and environment, risk management, control over management, operations, information technology and communication, and follow-up procedures.

Organizational Structure and Environment

The structure and operating environment of the Company promotes effective operations and sufficient internal controls. Clear segregation of duties creates a check and control system in each working process. Operating manuals and procedures ensure standard practice in each of the operating units. Sub-system process and reduction of double work are reviewed regularly for efficiency improvement. The Company also sets clear and attainable annual targets and undertakes measurement of results, taking into account all variable factors such as the economic situation, market conditions and competition.

Risk Management

The Company closely follows the changes in risk factors such as taxation, the increase of raw material prices and other costs, in order to assess the impact and set up action plans for the survival of the business. The Company holds meetings with its management and employees on a regular basis to communicate the situation and the impact of external risks influencing the Company's operations and continuously sets up measurements to minimize the impact of those risks. In each operating unit, the head of the unit is responsible for risk management and prevention in his/her own unit.

Management Control

The Company sets clear responsibilities, duties, and authorization of the management emphasizing the segregation of duties for authorization, recording, and safeguarding of assets. The transactions with major shareholders, directors, and management require approval from the Board of Directors to ensure no conflict of interest in the authorized transactions and to ensure the greatest benefit to the Company. The Company has an operating manual of authorization limits and approvals, and has set up a physical asset verification procedure to ensure the completed count on every item is done within three years and there is a sample count by the internal audit function to reconcile with the fixed asset register and accounting record.

Information System and Communication

The Company submits sufficient and accurate information necessary for Board of Directors' decisions. Record keeping and accounting transactions are prepared according to recognized accounting standards, and are audited and reviewed by the Audit Committee and the external auditors.

Follow-up Procedures

The Company monitors its performance compared to its objectives and reports the results to the Board of Directors' meeting 6 times a year. Any major changes in factors affecting the Company's operations will result in a modification of the operating plan.

Connected Transactions

1. Related Parties

- **Thai Beverage Logistics Co., Ltd.**

Main Business	Transportation and distribution
Relationship	Major shareholder and incurs space rental transactions with Sermasuk Plc.
- **Pepsi-Cola (Thai) Trading Co., Ltd.***

Main Business	Importing, producing, buying, selling, distributing, packing in cartons, bottling, and exporting all types of beverages, including raw materials or ingredients used in production.
Relationship	Major shareholder and incurs business transactions.
- **Seven-Up Nederland, B.V.***

Main Business	Foreign Investment
Relationship	Major shareholder
- **Sermasuk Holdings Co., Ltd. – Direct Subsidiary**

Main Business	Shareholding and investment management for Sermasuk group
Relationship	99.99% owned subsidiary company of Sermasuk Public Co., Ltd.
- **Sermasuk Training Co., Ltd. – Direct Subsidiary**

Main Business	Human resource development
Relationship	99.99% owned subsidiary company of Sermasuk Public Co., Ltd.
- **Great Brands Limited – Direct Subsidiary**

Main Business	Brand management
Relationship	Wholly owned subsidiary company of Sermasuk Public Co., Ltd., and Great Brands Limited's brand was used by Sermasuk Plc.
- **Sermasuk Beverage Co., Ltd.– Indirect Subsidiary**

Main Business	Manufacture, distribution, and import and export agent for all types of beverages
Relationship	Wholly owned subsidiary company of Sermasuk Holdings Co., Ltd., and incurs business transactions with Sermasuk Public Co., Ltd.
- **Wrangyer Beverage (2008) Co., Ltd. – Indirect Subsidiary**

Main Business	Manufacture and distribution of energy drinks
Relationship	99.99% owned subsidiary company of Sermasuk Public Co., Ltd.
- **Petform (Thailand) Co., Ltd.**

Main Business	Manufacture and distribution of plastic containers and PET polymers
Relationship	An associated company of Sermasuk Plc. and a supplier of plastic performs, PET bottles and closures has invested 40% and incurs business transactions.
- **Crown Seal Public Co., Ltd.**

Main Business	Manufacture and distribution of crown seal, aluminum caps, lids, and other metal products for local market and export.
Relationship	A company in which Sermasuk Public Co., Ltd., has invested and incurs business transactions.

Connected Transactions

- **Petpack Co., Ltd.**

Main Business Buying and selling plastic and all plastic products both raw materials and finished products, construction material, tools of all kinds, paint, painting tools, and decorating materials.

Relationship A company in which Sermasuk Public Co., Ltd., has invested and incurs business transactions.

- **The Pet Co., Ltd.**

Main Business Manufacture and distribution of packaging products made from plastic, PVC, metal, paper, foam, or other recycled materials.

Relationship A company in which Sermasuk Public Co., Ltd. has invested and incurs business transactions.

Sermasuk also offered long term loans to this company.

**Termination of major shareholder on September 15, 2011*

- A direct subsidiary company, Sermasuk Holdings Co., Ltd., was set up with Baht 500 million registered capital (50 million ordinary shares at par value of Baht 10 each) of which Baht 350 million shares were issued and paid up. The Company holds a total of 49,999,993 shares of the registered capital. The business objective of this newly set up company is to hold shares and manage investment of the Sermasuk group of companies. In November 2006, the Company sold and transferred shares in Sermasuk Beverage Co., Ltd. (indirect subsidiary) to Sermasuk Holdings Co., Ltd., for Baht 337.9 million and incurred Baht 172.4 million losses on the transaction.
- On November 8, 2012, Sermasuk Holdings Co., Ltd., (a direct subsidiary company), reached an agreement to acquire 19,999,980 shares of Wrangyer Beverage (2008) Co., Ltd., owned by Thai Beverage PCL at the price of Baht 12.40 apiece with a total value of Baht 248 million.

The ownership of the shares that were sold was transferred on November 30, 2012.

- Purchase of raw materials and finished products, subsidy of marketing expenses, license fees and selling and administrative expenses in 2012 equaled Baht 3,126.2 million.
 - Purchase of raw materials and finished products, marketing subsidy, and selling and administrative expenses were made according to the conditions and sum specified in the relevant agreements. These connected transactions with the major shareholders, the company where Sermasuk Public Co., Ltd. has an investment or joint directors/management, have been recorded according to the agreed amount and in accordance with the regular business norms.
 - The fee for use of the trademark of a subsidiary – Great Brands Limited was recorded as mutually agreed in the contract.
 - Transactions with the indirect subsidiary company (Sermasuk Beverage Co., Ltd.) were the purchase of the manufactured or co-packed products such as Lipton Ice Tea in returnable glass bottles, Lipton in PET bottles, Tropicana Twister fruit juice both in the returnable bottles and non-returnable PET and glass bottles, Gatorade in the PET bottles, directly from the indirect subsidiary or through Pepsi-Cola (Thai) Trading Co. Ltd. Sales revenues of Sermasuk Beverage Co., Ltd., therefore derived from sales of the manufactured products to the Company or Pepsi-Cola (Thai) Trading Co., Ltd., for resale to the Company for distribution. The sales were recorded as cost of sales for Sermasuk Public Company Limited.
 - Transactions with the associated company in which the Company holding 40 per cent share were the purchases of raw materials which have been included as production costs of the Company.

- Sales of products or services Baht 347 million
- Purchase of assets
 - In December 2012, the Company bought machinery from a connected company for Baht 3 million.
- Sales of assets to related parties - none -
- Borrowing, lending, or guaranteeing

Connected Transactions

The loan of 5.0 million baht was given to the Company's associated company, The Pet Co., Ltd., under a long-term lending agreement. The payments of Baht 3.0 million and Baht 2.0 million are required within May 20, 2014 and January 31, 2015, respectively. The subordinated loan agreement shall continue to be in effect for five years if there is no change at each maturity date. The interest payment shall be made on a quarterly basis with the MLR rate of a commercial bank at every first date of each quarter + 3% per annum. On April 1, 2011, the Company and the borrower have agreed with the change to the MRR rate of a commercial bank at every starting date of each quarter.

On November 30, 2012, the Company agreed to Sermsuk Holdings Co., Ltd., (a direct subsidiary company) borrowing Baht 244 million via a loan agreement with the repayment due on November 30, 2013 plus an interest payment at the rate of 2.7% per annum. The payment will be made on an annual basis. The Company is eligible to ask for the repayment of the loan at any time via written notification seven days in advance.

On December 12, 2012, the Company agreed to Wrangyer (2008) Co., Ltd., (an indirect subsidiary company), borrowing Baht 125 million via a loan agreement with the interest of 2.7% per annum. The Company is eligible to ask for the repayment of the loan at any time via written notification seven days in advance. The payment will be made every three months on the 25th of March, June, September and December.

- Interest income for 2012 Baht 0.4 million
- Guarantee on bank loans to the subsidiary - none -
- Potential competing products or services - none -
- Agreements for management or assistance: Advertising and marketing agreement, as per conditions and sum specified in the agreement.
- Transactions with subsidiary and associated companies:
Purchase of goods from indirect subsidiary companies for distribution, and purchase of raw materials from associated company have been presented with amounts combined.

2 Necessity for the Connected Transactions

Sermsuk Public Co., Ltd. has been licensed to manufacture and distribute the products under brand names belonging to Pepsi-Cola International Ltd., Pepsi Lipton International Ltd., and Stokely Van Camp Inc. To maintain the quality of the products as specified by the licensor, the Company needs to source major raw materials from the licensor or its representative. In fixing the purchase price, the Company has bargained and made agreements for reasonable prices and support for marketing, and sales and administrative expenses from the seller in order to maximize the Company's benefits. The purchase from the indirect subsidiary company is planned to facilitate the expansion of product lines distributed by the Company. Both parties negotiated and entered into a distribution agreement for the acceptable prices and margin. Purchase of raw materials and products with other related parties is to ensure the uninterrupted and consistent supply of quality raw materials.

3 Procedure for the Approval of Connected Transactions

Every connected transaction has been carefully considered and analyzed by the management for its pros and cons before entering into an agreement. All connected transactions with the related parties which have significant legal implications, have to be proposed to the Board of Directors for approval before any commitment is made.

4 Policy or Trend for Future Connected Transactions

The trend for future connected transactions continue to be the purchase of raw materials and finished products including marketing support between the Company, its associate and subsidiary companies, as well as the major shareholders, which were the normal business transactions of the Company.

Financial Status and Operating Results

The financial statements have been audited by the auditors of KPMG Phoomchai Audit Ltd., who express unqualified opinion on these financial statements.

Asset Composition and Capital Structure

The Company's assets as stated in the consolidated financial statements were mainly land, buildings, machinery and equipment, (representing 58.7% of total assets), inventories 14.9%, cash, bank deposits and short-term investments 11.4%, trade account receivables 5.4% and others 9.6%.

The debt to equity ratio was 1:2, demonstrating the stability in the Company's financial status. The total liabilities included customers' deposits on bottles and cases 15.7%, trade accounts payable and other payables 39.1%, accrued expenses and income tax payable 17.1%, other liabilities 3.1% and employee benefit projection 25.0%.

The major equity structure was composed of paid-up share capital of Baht 266 million, premium on ordinary shares of Baht 1,342 million, surpluses on land revaluation of Baht 3,643 million and retained earnings of Baht 3,910 million.

The Corporate Performance

The 2012 net profit stated in the Company's consolidated financial statements was Baht 600.6 million, a Baht 545.5 million or a 989.4% increase from the net profit of the year before.

Revenues

- **Net revenue**
In 2012, the Company's net revenue was Baht 22,820.7 million, Baht 1,390.1 million or a 6.5% increase.
- **Other income**
Other 2012 revenue of the Company was Baht 385.8 million, Baht 155.7 million or a 67.7% increase. This was attributable to the recognized compensation on flooding insurance and revenue generated from sales of returnable bottles that cannot remain in use.

Cost of Goods Sold

In 2012, the Company reported Baht 18,219.7 million in cost of goods sold, that increased to Baht 870.7 million or 5% from 2011, Major contributors that caused the increase in the cost of goods sold to be less than the increase in revenues were the different proportion of sales of particular products and reduced concentrate price. The reserve for reduced value of returnable bottles that cannot remain in use as a result of the termination of the Exclusive Bottling Agreement (EBA) on November 1, 2012 was also recorded.

Selling and Administrative Expenses

The Company's 2012 selling and administrative expenses were Baht 4,435.1 million, a Baht 488.8 million or a 12.4% increase. The increase was largely due to the sales and marketing promotional expenses for the market launch of new carbonated soft drink products.

Share of Profit (Loss) of an Associate

In 2012, the share of profit of an Associate was Baht 176.6 million, Baht 373.0 million increased. This was largely attributable to the gain that was recognized from the flood insurance compensation.

Financial Status and Operating Results

Income Tax Expense

In 2012, the income tax expense was Baht 132.1 million, a Baht 25.5 million or a 24% increase.

In 2012, the basic earnings per share were 2.26 baht, a 2.05 baht increase from last year.

Financial status defined in the Company's consolidated balance sheet for the year ended 31 December 2012

The Company had total assets of 13,592.5 million. Cash, bank deposits and short term investments were Baht 1,544.5 million in total which all were current surpluses from operating activities and investments in permanent assets and projects that are necessary to the Company's operations. Trade accounts payable were Baht 735.6 million, Baht 254.4 million decline from last year. Inventories were Baht 2,018.7 million, which is a Baht 256.1 million reduction, while land, buildings and equipment were Baht 7,983.3 million, down Baht 20.5 million.

Total liabilities were Baht 4,410.7 million a Baht 37 million decline from last year. This was attributable to a Baht 131.6 million decrease in trade accounts payable. Accrued expenses grew by Baht 385.8 million from increased staff benefits and increasing accrued marketing expenses. While liabilities and equity were Baht 13,592.5 million, a Baht 150 million increase.

The Company had expenses in investment activities defined in the statement of cash flows. The important items stated in the statements were expenses for purchase of permanent assets of Baht 600.2 million. Such expenses were mainly for purchases of machinery and production equipment, maintenance expenses, plant and branch expansion and investments in marketing materials for sales and distribution promotion.

Auditor's Remuneration

1 Audit Fees 2011

▪ Sermasuk Plc.	1,370,000 baht
▪ Sermasuk Beverage Co., Ltd.	590,000 baht
▪ Sermasuk Holdings Co., Ltd.	140,000 baht
▪ Sermasuk Training Co., Ltd.	30,000 baht
▪ Wrangyer Beverage (2008) Co., Ltd.	560,000 baht
▪ Great Brands Limited	48,000 HKD

2 Other Services

- None -

Information of the Company's Directors, Management and Controlling Parties

Information of the Company's Directors, Management and Controlling Parties

Mr. Photipong Lamsam	Independent Director and Chairman
• Share Holding	- shares
• Relation to the Management	-None-
• Educational Credential	MBA, Temple University, U.S.A
• Past 5 Years Working History	Chairman of the Board of Directors <ul style="list-style-type: none"> ○ Muang Thai Life Insurance Pcl. ○ Muang Thai Insurance Pcl. ○ Muang Thai Group Holding Co., Ltd.
• The past 10 year history of legal misconducts	-None-
• Interest in the Company's Business	-None-
Mr. Suchin Wanglee	Vice Chairman No.1 and Chairman of Compensation Committee
• Share Holding	- shares
• Relation to the Management	-None-
• Educational Credential	BA in Electrical Engineering, Northrop Institute of technology, USA
• Past 5 Years Working History	Chairman of the Board of Directors <ul style="list-style-type: none"> ○ The Navakij Insurance Pcl. ○ Thai Reinsurance Pcl. ○ The Sathorn Thani Co.,Ltd. ○ Rangsit Plaza Co.,Ltd. ○ The Falcon Insurance Pcl. ○ Thaire Life Insurance Pcl. Vice Chairman of the Board of Directors <ul style="list-style-type: none"> ○ Thai Metal Drums Co., Ltd. Independent Director <ul style="list-style-type: none"> ○ Thai-German Ceramics Industry Pcl. ○ Varopakorn Co., Ltd. Independent Director, and Member of Audit Committee <ul style="list-style-type: none"> ○ BTS Group Holdings Pcl. Director <ul style="list-style-type: none"> ○ Rajadamri Hotel Pcl. ○ The Pet Co., Ltd. ○ Wanglee Co., Ltd. ○ Aqua Infinite Co., Ltd. ○ Wanglee Pattana Co., Ltd. ○ Nuchapon Co., Ltd.

Information of the Company's Directors, Management and Controlling Parties

	Fellow Member
	o Thai Institute of Directors
• The past 10 year history of legal misconducts	-None-
• Interest in the Company's Business	-None-
Prof. Dr. Wissanu Krea-Ngam	Vice Chairman No.2 and Chairman of Risk Management Committee
• Share Holding	- shares
• Relation to the Management	-None-
• Educational Credentials	LL.B. (HONS. 1 st class) Thammasat University BARRISTER-AT-LAW (THAI) LL.M. University of California, Berkeley J.S.D. University of California, Berkeley LL.D. (Honoris Causa) Chulalongkorn University Certificate National Defense College of Thailand Director Accreditation Program (DAP) 68/2008
• Past 5 Years Working History	Chairman of the Board of Directors o Sikarin Public Company Limited o Bangkok First Investment and Trust Pcl. o Namyong Terminal Company Director o Loxley Public Company Limited o Post Publishing Public Company Limited Professor of Law, Chulalongkorn University Secretary – General of the Cabinet Member of University Councils o Chulalongkorn University o Thaksin University o Chiangrai Rajabhat University o Chiangmai University o Kasem Bandit University o King Prajadhipok's Institute o Phranakhon Rajabhat University President o Songkhla Rajabhat University Council o Rampaipannee Rajabhat University Council o Bundit Patanasilp Institute o Rajamangala University of Technology Suvarnabhumi Chairman of the 2 nd Board of Directors, the Council of State

Information of the Company's Directors, Management and Controlling Parties

- The past 10 year history of legal misconducts -None-
- Interest in the Company's Business -None-

Mr. Chotiphat Bijananda

Vice Chairman No.3, Executive Director, Member of Compensation Committee and Member of Nominating and Corporate Governance Committee

- Share Holding - shares
- Relation to the Management -None-
- Educational Credential MBA in Finance And Banking University of Missouri, USA
- Past 5 Years Working History
 - President
Southeast Group Co., Ltd.
 - Chairman of Executive Board
 - Southeast Insurance Pcl.
 - Southeast Life Insurance Pcl.
 - Southeast Capital Co., Ltd.
 - Advisor
TCC Holding Co., Ltd
- The past 10 year history of legal misconducts -None-
- Interest in the Company's Business -None-

Mr. Thapana Sirivadhanabhakdi

Vice Chairman No.4, Vice Chairman No.1 of Executive Committee, Chairman of Nominating and Corporate Governance Committee, Member of Compensation Committee and Member of Risk Management Committee

- Share Holding - shares
- Relation to the Management -None-
- Educational Credentials
 - Master of Science Administration in Financial Economics
Boston University, USA
 - Director Accreditation Program (DAP)
- Past 5 Years Working History
 - President and CEO
Thai Beverage Public Company Limited
 - Vice Chairman and Chairman of the Executive Committee
 - Thai Beverage Logistics Co., Ltd.
 - Oishi Group Pcl.
 - Chairman
 - Thai Beverage Marketing Co., Ltd.

Information of the Company's Directors, Management and Controlling Parties

- Thai Drink Co., Ltd.

Vice Chairman

- Siam Food Products Pcl.
- Cosmos Brewery (Thailand) Co., Ltd.
- Southeast Group Co., Ltd.

Director and Vice Chairman of the Executive Committee
Beer Thai (1991) Co., Ltd.

Director

- Sermasuk Holdings Co., Ltd.
- Sermasuk Training Co., Ltd.
- Sermasuk Beverage Co., Ltd.
- Great Brands Limited
- Wrangyer (2008) Co., Ltd.
- Berli Jucker Pcl.
- Univentures Pcl.

President

International Beverage Holdings Limited

- The past 10 year history of legal misconducts -None-
- Interest in the Company's Business -None-

Mr. Somchai Bulsook

Director, Chairman of Executive Committee and CEO, Member of Nominating and Corporate Governance Committee and Member of Risk Management Committee

- Share Holding - shares

- Relation to the Management Relative of President

- Educational Credential Menlo School of Business Administration, Menlo Park California

Director Accreditation Program (DAP) (2003)

Certificate of Chief Executive, Class 15 (2012)
Capital Market Academy

- Past 5 Years Working History

Chairman

- Sermasuk Holdings Co., Ltd.
- Sermasuk Beverage Co., Ltd.
- Petform (Thailand) Co., Ltd.

Vice Chairman, Independent Director, Member of Audit Committee, and Chairman of Human Resources and Remuneration Committee, Kasikorn Bank Pcl.

Independent Director

Royal Orchid Hotel (Thailand) Public Co., Ltd.

Information of the Company's Directors, Management and Controlling Parties

Director

- Wrangyer 2008 Co., Ltd.
- Sheraton Royal Orchid Co., Ltd.
- Thai Royal Orchid Real Estate Co., Ltd.
- Ngow Hock Co., Ltd.
- Ngow Hock Agency Co., Ltd.
- Panjamitr Holding Co., Ltd.

Director

- Bangkok Glass Co., Ltd. (1992 – 2011)

President & CEO

- Sermasuk Plc. (January 1996 – October 4, 2011)

• The past 10 year history of legal misconducts -None-

• Interest in the Company's Business -None-

Mr. Dhitivute Bulsook

Director, Executive Director , Member of Risk Management Committee and President

• Share Holding - shares

• Relation to the Management Relative of CEO

• Educational Credential MBA, Babson College, USA

• Past 5 Years Working History
 President
 Sermasuk Plc. (4 October 2011 – present)
 General Plant Manager – Pathumthani
 Sermasuk Plc. (1 January 2008 – 3 October 2011)
 Deputy General Plant Manager – Pathumthani, Sermasuk Plc.
 (15 August 2006-31 December 2007)

Director

- The Bangkok Thonburi Insurance Co., Ltd.
- Crown Seal Pcl.
- Petform (Thailand) Co., Ltd.
- Sermasuk Holdings Co., Ltd.
- Sermasuk Beverage Co.,Ltd.
- Sermasuk Training Co.,Ltd.
- Great Brands Limited
- Wrangyer 2008 Co., Ltd.

• The past 10 year history of legal misconducts -None-

• Interest in the Company's Business -None-

Information of the Company's Directors, Management and Controlling Parties

Mr. Prasong Sukhum

Independent Director and Member of Audit Committee

- Share Holding - shares
- Relation to the Management -None-
- Educational Credential MBA, Graduate School of Business, Harvard University
- Past 5 Years Working History
 - Vice Chairman
Osotspa Co., Ltd.
 - Chairman of Audit Committee
Union Textile Industries Pcl. (Previous)
 - Director
White Group Pcl. (Previous)
 - Secretary, Rural Development Program (Previous)
 - Deputy Minister, Ministry of Transportation and Communication (Previous)
 - Deputy Minister, Ministry of Commerce (Previous)
- The past 10 year history of legal misconducts -None-
- Interest in the Company's Business -None-

Prof. Khunying Suchada Kiranandana

Independent Director, Chairman of Audit Committee and Vice Chairman of Risk Management Committee

- Share Holding - shares
- Relation to the Management -None-
- Educational Credentials
 - Master and Ph.D (Statistics) Harvard University, U.S.A
 - Bachelor of Commerce (First Honor)
Chulalongkorn University
 - Directors Certification Program (DCP)
Thai Institute of Directors
- Past 5 Years Working History
 - Chairperson of the Chulalongkorn University Council
 - Professor in Statistics, Chulalongkorn University
 - Independent Director and Chairman of Audit Committee of
Kasikorn Bank Pcl.
 - Chairman of the Working Committee of PHUFA, Remote Area
Children and Youth Development Fund
 - Director and Member of Audit Committee, Thai Red Cross
Society
 - Chairman of Executive Committee, Mahidol Wittayanusorn
School

Information of the Company's Directors, Management and Controlling Parties

	Chairman of the Statistics Association, Thailand (September 1999 – August 2011) Member of the National Legislative Assembly (October 2006-2 March 2008) Rector of Chulalongkorn University (April 1, 2004-March 31, 2008)
• The past 10 year history of legal misconducts	-None-
• Interest in the Company's Business	-None-
Mr. Pramoad Phornprapha	Independent Director and Member of Audit Committee
• Share Holding	- shares
• Relation to the Management	-None-
• Educational Credentials	Master of Marketing Kellogg School of Management, Northwestern University Master of Public Administration Kenedy School of Government, Harvard University
• Past 5 Years Working History	Managing Partner, Claris Co., Ltd. Advisor to the President Muang Thai Life Assurance Pcl. Independent Director and Member of Audit Committee Thai Summit Harness Pcl. Director The Progress Watch Co., Ltd.
• The past 10 year history of legal misconducts	-None-
• Interest in the Company's Business	-None-
Honorary Prof. Rawat Chamchalerm	Independent Director
• Share Holding	- shares
• Relation to the Management	-None-
• Educational Credentials	Thai Barrister-at-Law Bachelor of Laws, Thammasat University

Information of the Company's Directors, Management and Controlling Parties

	Master of Laws, Chulalongkorn University National Defence College of Thailand (Joint Public - Private Sector Course-Class 1)
	Directors Certification Program (DCP) Thai Institute of Directors
• Past 5 Years Working History	Chairman of the Board of Directors <ul style="list-style-type: none"> ○ Sino-Thai Engineering and Construction Pcl. ○ MCOT Pcl. Vice-Chairman <ul style="list-style-type: none"> ○ Don Muang Tollway Pcl. ○ Siam City Leasing-Factoring Company Limited Honorary Professor <ul style="list-style-type: none"> ○ Faculty of Laws, Chulalongkorn Univeristy ○ Institute of Legal Education, Thai Bar Association ○ Faculty of Laws, Mahidol Univeristy ○ Faculty of Laws, Mae Fah Luang Univeristy Director <ul style="list-style-type: none"> ○ Metropolitan Waterworks Authority ○ Provincial Waterworks Authority ○ Communications Authority of Thailand ○ Krung Thai Bank Pcl. ○ Sports Authority of Thailand Legal Counsel of the <ul style="list-style-type: none"> ○ Director of Anti-Communist Activities ○ Supreme Commander ○ Army Commander Member of the Study Committee The National Monetary Policy Improvement Board, Ministry of Finance Member of Correctional Advisory Council Corrections Department Chairman, Alumni Association of Bangkok Christian College Adjunct Lecturer, Faculty of Laws <ul style="list-style-type: none"> ○ Bangkok University ○ Bangkok Thonburi University
• The past 10 year history of legal misconducts	-None-
• Interest in the Company's Business	-None-

Information of the Company's Directors, Management and Controlling Parties

Mr. Sakchai Thanaboonchai

Director

- Share Holding
- Relation to the Management
- Educational Credentials

- shares

-None-

Certificate in Applied Social Sciences, Thammasat University

Honorary Doctorate Degree in Education Management from the United States

Top Executive Program Class 2,
Commerce and Trade (TEPCoT),

Certificate of Chief Executive, Class 9
Capital Market Academy

Directors Certification Program (DCP)
Thai Institute of Directors

- Past 5 Years Working History

Chairman of Executive Committee

- S.A.S WEAVING Co., Ltd.
- S.A.S.TEXTILE CORPORATION

Vice Chairman of Executive Committee of Sikarin Public Company Limited

Executive Board of King Prajadhipok's Institute

Advisor

- Board of Director Industrial Estate Authority of Thailand
- The Thai-Vietnam Friendship Association
- S.A.S. CTAMAD Co.,Ltd.
- (Malia Hanoi Hotel) Socialist Republic of Vietnam

Director
Meechai-Khunying Amporn Ruchupan Foundation

Director and Secretary
Ramathibodi Foundation

- The past 10 year history of legal misconducts -None-
- Interest in the Company's Business -None-

Information of the Company's Directors, Management and Controlling Parties

Mr. Rangsak Thammawong	Director
• Share Holding	- shares
• Relation to the Management	-None-
• Educational Credentials	Master of Business Administration, Joseph M. Katz , Graduate School of Business, University of Pittsburgh, Pittsburgh, Pennsylvania, USA Bachelor of Science, Brigham Young University, Provo, Utah, USA
• Past 5 Years Working History	President, Prudent Advisory Limited (1998 – Present) Director, Prudent Capital Limited (2000 – Present) Chartered Member, Society for Advancement for Consulting, USA (2004 – Present) Fund manager and the person who converted Thailand's national airline pension funds into a registered provident fund Advisor to Tanayong Pcl. with respect to the arrangement of project financing of the BTS
• The past 10 year history of legal misconducts	-None-
• Interest in the Company's Business	-None-
Mr. Sithichai Chaikriangkrai	Director, Vice Chairman of Executive Committee No.2 and Member of Risk Management Committee
• Share Holding	- shares
• Relation to the Management	-None-
• Educational Credentials	Bachelor of Accountancy (1st Class Honours) Thammasat University Diploma in Computer Management Chulalongkorn University Certification of the Mini MBA in Leadership Management Kasetsart University Director Certification Program (DCP) 2003 Thai Institute of Directors
• Past 5 Years Working History	Director and Executive Vice President Thai Beverage Public Company Limited Vice Chairman and Executive Vice Chairman Thai Beverage Logistics Company Limited

Information of the Company's Directors, Management and Controlling Parties

Director/ Executive Vice Chairman

- Oishi Group Pcl.

Director/Executive Director

- Berli Jucker Pcl.
- Siam Food products Pcl.
- Univentures Pcl.

Director

- Sermasuk Holdings Co., Ltd.
- Sermasuk Beverage Co., Ltd.
- Sermasuk Training Co., Ltd.
- Great Brands Limited
- Wrangyer Beverage (2008) Co., Ltd.
- Petform (Thailand) Co., Ltd.
- Golden Land Property Development Pcl.

• The past 10 year history of legal misconducts -None-

• Interest in the Company's Business -None-

Mr. Karn Chitaravimol

Director and Executive Director

• Share Holding - shares

• Relation to the Management -None-

• Educational Credentials MBA in Marketing, Oklahoma State University, USA

Director Accreditation Program (DAP)
Thai Institute of Directors

• Past 5 Years Working History Senior Vice President – Non Alcohol Business
Thai Beverage Company Limited

Managing Director
○ Thai Drinks Co., Ltd.
○ SPM Foods and Beverages Company Limited

Director
○ Sermasuk Holdings Co., Ltd.
○ Sermasuk Beverage Co., Ltd.
○ Wrangyer Beverage (2008) Co., Ltd.

• The past 10 year history of legal misconducts -None-

• Interest in the Company's Business -None-

Information of the Company's Directors, Management and Controlling Parties

Mr. Parinya Permpanich

Marketing and Sales Operations Director

- Share Holding - shares
- Relation to the Management -None-
- Educational Credential MBA, Kasetsart University
- Past 5 Years Working History
 - Marketing and Sales Operations Director
Sermasuk Plc.
 - Sales Operations Director
Sermasuk Plc. (Previous)
 - Marketing Manager
Sermasuk Plc. (Previous)
- The past 10 year history of legal misconducts -None-
- Interest in the Company's Business -None-

Mr. Arthakrit Visudtibhan

Human Resources Director

- Share Holding - shares
- Relation to the Management -None-
- Educational Credential Master Degree, Public Administration University of Southern California, U.S.A.
- Past 5 Years Working History
 - Human Resources Director
Sermasuk Plc.
 - Head of Human Resources (Previous)
Standard Charter Nakornthon Bank Pcl.
 - Director
 - Sermasuk Training Co., Ltd.
- The past 10 year history of legal misconducts -None-
- Interest in the Company's Business -None-

Information of the Company's Directors, Management and Controlling Parties

Mr. Thanongsak Osathanonth

Finance Director

- Share Holding

- shares

- Relation to the Management

-None-

- Educational Credential

BA in Accounting, Thammasat University

- Past 5 Years Working History

Finance Director

Sermsuk Plc.

Director

Beer Thip Brewery (1991) Co., Ltd. (Previous)

SVP – Accounting, Finance and Budgeting

Beer Thip Brewery (1991) Co., Ltd. (Previous)

Director

Sermsuk Training Co., Ltd.

Accounting and Finance Manager

○ Carlsberg Brewery (Thailand) Co., Ltd. (Previous)

○ Beer Thai (1991) Pcl. (Previous)

- The past 10 year history of legal misconducts

-None-

- Interest in the Company's Business

-None-

Mr. Peerapong Krinchai

Operations Director

- Share Holding

- shares

- Relation to the Management

-None-

- Educational Credential

Master of Engineering, Cornell University

- Past 5 Years Working History

Operations Director

Sermsuk Plc.

Factory & Supply Chain Director

DSG International (Thailand) Pcl. (Previous)

Director-QA/KOS

Kohler Asia Pacific Co., Ltd. (Previous)

Operations Manager

Mars Petcare Thailand (Previous)

Information of the Company's Directors, Management and Controlling Parties

- The past 10 year history of legal misconducts -None-

- Interest in the Company's Business -None-

Mr. Sin Kusri

General Plant Manager – Nakhornsawan
(1st January 2012 – 31st August 2012)

- Share Holding - shares

- Relation to the Management -None-

- Educational Credential Vocational Certificate(Accounting),Silom Commercial College

- Past 5 Years Working History General Plant Manager – Nakhornsawan
Sermsuk Plc.

General Plant Manager – Suratthani
Sermsuk Plc. (Previous)

- The past 10 year history of legal misconducts -None-

- Interest in the Company's Business -None-

Mr. Kwanchai Mahapornprachak

General Plant Manager – Nakhornratchasima

- Share Holding - shares

- Relation to the Management -None-

- Educational Credential BA in Marketing
Assumption Business Administration College

- Past 5 Years Working History General Plant Manager – Nakhornratchasima
Sermsuk Plc.

Sales Manager (Previous)
Green Spot (Thailand) Co. Ltd.

Regional Sales Manager

- Nestle (Thai) Co. Ltd. (Previous)
- Dumex Co., Ltd. (Previous)

- The past 10 year history of legal misconducts -None-

- Interest in the Company's Business -None-

Information of the Company's Directors, Management and Controlling Parties

Mr. Viraj Ithikumjorn

- Share Holding - shares
- Relation to the Management -None-
- Educational Credential BA in Marketing, Assumption Business Administration College
- Past 5 Years Working History General Plant Manager – Suratthani Sermasuk Plc.
Regional Sales Manager
Nestle Thailand Co., Ltd. (Previous)
Product Group Manager
Thai City Electrics Co., Ltd. (Previous)
- The past 10 year history of legal misconducts -None-
- Interest in the Company's Business -None-

Mr. Pibul Voravath

- Share Holding - shares
- Relation to the Management -None-
- Educational Credential Bachelor of Administration in Marketing, Rajamangala Institute of Technology
- Past 5 Years Working History General Plant Manager, Pathumthani Sermasuk Plc.
Assistant General Plant Manager – Sales Department Sermasuk Plc. (Previous)
- The past 10 year history of legal misconducts -None-
- Interest in the Company's Business -None-

Mr. Amnat Peukpattanaruks

- Share Holding - shares
- Relation to the Management -None-
- Educational Credential MBA, Ramkhamhaeng University
- Past 5 Years Working History General Plant Manager, Nakhornsawan Sermasuk Plc.
Marketing and Sales Director
True Line Med Co., Ltd. (Previous)
Head of Sales
Syngenta Crop Protection Co., Ltd. (Previous)
Regional Sales Manager (Grocery)
Nestle (Thai) Co., Ltd. (Previous)
- The past 10 year history of legal misconducts -None-
- Interest in the Company's Business -None-

Report of the Board of Directors' Responsibility on the Financial Statement

Report of the Board of Directors' Responsibility on the Financial Statement

The Board of Directors of Sermasuk Plc. is responsible for the financial statements of Sermasuk Plc. and the consolidated financial statements of the Company and its subsidiaries including all financial information disclosed in the Company's annual report. The financial statements were prepared in accordance with Thailand's Generally Accepted Accounting Principles, as part of the Accounting Act B.E. 2543 and in line with the Securities Exchange Commission Act B.E. 2535, using appropriate and consistent accounting policies. The Management exercised due care in the preparation and disclosure of all significant financial information for the benefit of the Company's shareholders and general investors. The financial statements were examined by an independent certified public accountant who expressed unqualified opinion in the Auditor's report.

The Board of Directors oversees corporate governance, ensuring the existence of appropriate and efficient risk management and internal control systems. This is to make sure that the accounting information of the Company and its subsidiaries are kept and recorded in an accurate, comprehensive, timely and sufficient manner while preventing significant corruption or irregularities.

To provide an ongoing review of the Company's internal control system and examine the Company's operations on the regular basis, the Board of Directors has appointed the Audit Committee that consists of independent directors to oversee and ensure the quality, effectiveness and reliability of the Company's internal control and examination operations. The Audit Committee has expressed opinion about such matters in the Audit Committee's report as stated in the Company's Annual Report 2012.

The Board of Directors is of the opinion that the internal control system of the Company and its subsidiaries and the internal auditing system of the Company as a whole, are satisfactory, reasonably ensuring the accuracy of the core content of the financial status and operating results contained in the financial statements of the Company and its subsidiaries as at December 31, 2012.

Report of the Audit Committee

(Translation)

REPORT OF THE AUDIT COMMITTEE

To The shareholders
Sermasuk Public Company Limited

The Audit Committee, appointed by the Board of Directors on May 9, 2012, consists of three independent directors including Professor Khunying Suchada Kiranandana, Mr. Prasong Sukhum and Mr. Pramoad Phornprapha, replacing Mr. Photipong Lamsam who tendered his resignation from the Audit Committee. The record of meeting attendance is as follows:

1) Professor Khunying Suchada Kiranandana	6 of 6 meetings
2) Mr. Prasong Sukhum	2 of 6 meetings
3) Mr. Pramoad Phornprapha	2 of 4 meetings
4) Mr. Photipong Lamsam	2 of 2 meetings

In 2012, the Audit Committee held 6 meetings : 4 Ordinary meetings and 2 Extraordinary meetings. The four ordinary meetings reviewed the operations of the Company and its subsidiaries, including the assessment of the adequacy and efficiency of the internal control system, the review of the internal audit plan and audit reports, the following-up on the issues raised by the auditors and providing corrective suggestions; provided the review of the quarterly and annual financial statements to ensure the adequacy and correctness of the financial statements and the disclosures according to the generally accepted accounting principles, including the review of the connected transactions or transactions which could possibly lead to conflict of interest; considered overall operations to ensure compliance with related laws and regulatory requirements; and recommended the appointment of the external auditor and annual audit fee to the Board of Directors.

The two extraordinary meetings considered and provided opinions to the Board of Directors about the report of the independent financial advisor regarding the acquisition of related companies as well as gave comments on the potential contract manufacturing of Crystal drinking water in PET bottles.

The operations of the Company and its subsidiaries in 2012 revealed that the company has an adequate internal control system. The financial statements and disclosures were prepared and reported according to the generally accepted accounting principles and complied with the appropriate laws and regulatory requirements.

Professor Khunying Suchada Kiranandana
Chairman of Audit Committee
February 22, 2013

Report of the Risk Management Committee

(Translation)

REPORT OF THE RISK MANAGEMENT COMMITTEE

To The shareholders
Sermasuk Public Company Limited

The Risk Management Committee, appointed by the Board of Directors Meeting Resolution No 13/2554 on December 6, 2011, consists of six directors and four directors by position including Finance Director, Marketing and Sales Operation Director, Human Resources Director and Technical Director.

The Risk Management Committee performed the duties assigned by the Company's Board of Directors. In 2012, the Risk Management Committee held two meetings, developed the principles and guidelines to undertake more efficient risk management on a continual basis and reviewed risk factors as well as external and internal risk levels.

Given the operations of the Company and its subsidiaries in 2012, the Risk Management Committee revealed that the Company has prepared the risk management plan and implemented the policy to manage risk more efficiently and continually in line with the good corporate governance requirements while undertaking adequate internal control that best suited the Company's businesses.

Professor Dr. Wissanu Krea-Ngam
Chairman of Risk Management Committee
February 19, 2013

Audit Report of Certified Public Accountant

To the Shareholders of Serm Suk Public Company Limited

To the Shareholders of Serm Suk Public Company Limited

I have audited the accompanying consolidated and separate financial statements of Serm Suk Public Company Limited and its subsidiaries, and of Serm Suk Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2012, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of Serm Suk Public Company Limited and its subsidiaries, and of Serm Suk Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.



(Nirand Lilamethwat)
Certified Public Accountant
Registration No. 2316

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2013

Statement of financial Position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
		(Restated)			
(in Baht)					
Current assets					
Cash and cash equivalents	8	1,544,538,609	976,480,680	1,373,162,370	873,059,845
Current investments	9	-	12,000,000	-	-
Trade accounts receivable	7, 10	735,615,200	990,087,809	725,105,177	915,698,950
Accounts receivable from related parties	7	64,947,154	9,974,739	110,299,751	54,593,428
Other receivables	11	406,161,591	499,857,494	403,786,414	493,716,776
Short-term loans to related parties	7	-	-	369,000,000	-
Inventories	12	2,018,772,822	2,274,854,825	1,879,889,871	2,165,175,431
Prepaid crown tax and lids taxes		188,524,353	391,967,356	183,710,960	387,719,689
Other current assets		148,976,114	37,551,163	119,570,998	19,798,162
Total current assets		5,107,535,843	5,192,774,066	5,164,525,541	4,909,762,281
Non-current assets					
Restricted deposits at financial institution	37	2,494,309	2,443,105	2,494,309	2,443,105
Investment in an associate	13	195,067,129	18,375,183	30,000,000	30,000,000
Investment in subsidiaries	14	-	-	356,634,067	350,000,000
Other long-term investments	15	214,099,170	126,166,556	214,099,170	126,166,556
Advance payment to related party	7	86,465	86,465	-	-
Long-term loans to a related party	7	5,000,000	5,000,000	5,000,000	5,000,000
Investment properties	16	33,157,000	29,645,240	33,157,000	29,645,240
Property, plant and equipment	17	7,983,366,698	8,003,892,838	7,508,888,440	7,498,538,437
Intangible assets	18	19,064,851	39,902,329	17,043,239	37,797,144
Other non-current assets	19	32,705,728	24,201,569	30,994,502	23,801,221
Total non-current assets		8,485,041,350	8,249,713,285	8,198,310,727	8,103,391,703
Total assets		13,592,577,193	13,442,487,351	13,362,836,268	13,013,153,984

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

Statement of financial Position

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2012	2011	2012	2011
		(Restated)			
(in Baht)					
<i>Current liabilities</i>					
Trade accounts payable	7, 20	1,237,512,691	1,369,178,326	1,222,697,457	1,334,959,332
Accounts payable to related parties	7	50,247,865	26,232,951	87,161,253	24,620,827
Other payables		438,596,760	369,249,820	430,610,771	364,471,533
Short-term loan from related party	7	-	129,600,000	-	-
Accrued expenses		755,240,186	369,345,171	739,502,886	353,965,098
Income tax payable		-	14,301,820	-	11,549,710
Dividends payable	33	75,030,411	74,884,378	75,030,411	74,884,378
Customers' deposits on bottles and cases		691,829,511	851,553,518	691,829,511	851,553,518
Other current liabilities		59,437,133	78,171,377	57,624,613	75,436,346
Total current liabilities		3,307,894,557	3,282,517,361	3,304,456,902	3,091,440,742
<i>Non-current liabilities</i>					
Employee benefits obligations	21, 22	1,102,898,801	1,155,352,263	1,098,148,270	1,151,686,999
Long-term provision	22	-	9,967,175	-	9,967,175
Total non-current liabilities		1,102,898,801	1,165,319,438	1,098,148,270	1,161,654,174
Total liabilities		4,410,793,358	4,447,836,799	4,402,605,172	4,253,094,916

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

Statement of financial Position

		Consolidated financial statements		Separate financial statements	
		31 December		31 December	
Liabilities and equity	Note	2012	2011 (Restated)	2012	2011
		(in Baht)			
Equity					
Share capital:	23				
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	23	1,342,448,425	1,342,448,425	1,342,448,425	1,342,448,425
Retained earnings:					
Appropriated:	24				
Legal reserve		26,795,766	26,795,766	26,795,766	26,795,766
General reserve		3,089,000,000	3,089,000,000	3,089,000,000	3,089,000,000
Unappropriated		794,755,287	396,160,012	584,782,086	425,474,972
Other components of equity	24	3,662,883,873	3,854,200,771	3,651,304,335	3,610,439,421
Equity attributable to owners of the Company		9,181,783,835	8,974,505,458	8,960,231,096	8,760,059,068
Non-controlling interests		-	20,145,094	-	-
Total equity		9,181,783,835	8,994,650,552	8,960,231,096	8,760,059,068
Total liabilities and equity		13,592,577,193	13,442,487,351	13,362,836,268	13,013,153,984

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

Statement of comprehensive income

		Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	Note	2012	2011 (Restated)	2012	2011
		(in Baht)			
Income					
Revenue from sale of goods and rendering of services	7,25	22,820,675,158	21,430,537,218	22,492,324,526	21,333,628,746
Other income	7, 26	385,813,854	230,062,504	371,744,131	249,469,680
Total income		23,206,489,012	21,660,599,722	22,864,068,657	21,583,098,426
Expenses					
Cost of sales of goods and rendering of services	7	18,219,775,074	17,349,064,683	18,021,349,665	17,311,056,993
Selling expenses	7, 27	3,222,915,382	2,867,199,342	3,188,674,618	2,847,189,259
Administrative expenses	7, 28	1,206,740,541	1,077,425,763	1,159,250,266	1,056,791,171
Finance costs		5,488,671	1,715,507	-	-
Total expenses		22,654,919,668	21,295,405,295	22,369,274,549	21,215,037,423
Share of profit (loss) of an associate, net of income tax	13	176,691,945	(196,271,860)	-	-
Profit before income tax expense		728,261,289	168,922,567	494,794,108	368,061,003
Income tax expense	31	132,114,981	106,560,892	133,519,812	103,139,260
Profit for the year		596,146,308	62,361,675	361,274,296	264,921,743
Other comprehensive income					
Foreign currency translation differences for foreign operation		(218,396)	-	-	-
Net change in fair value of available-for-sale investments	15	40,864,914	2,577,822	40,864,914	2,577,822
Revaluation of property, plant and equipment		369,499	-	-	-
Defined benefit plan actuarial gain (loss)					
- Retirement benefit	21	(2,607,437)	34,212,372	(2,545,577)	34,144,077
Other comprehensive income for the year		38,408,580	36,790,194	38,319,337	36,721,899
Total comprehensive income for the year		634,554,888	99,151,869	399,593,633	301,643,642

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

Statement of comprehensive income

		Consolidated financial statements For the year ended 31 December		Separate financial statements For the year ended 31 December	
	Note	2012	2011 (Restated)	2012	2011
		(in Baht)			
Profit attributable to:					
Owners of the Company		600,624,317	55,131,234	361,274,296	264,921,743
Non-controlling interests		(4,478,009)	7,230,441	-	-
Profit for the year		<u>596,146,308</u>	<u>62,361,675</u>	<u>361,274,296</u>	<u>264,921,743</u>
Total comprehensive income attributable to:					
Owners of the Company		38,408,580	36,721,899	38,319,337	36,721,899
Non-controlling interests		-	68,295	-	-
Total comprehensive income for the year		<u>38,408,580</u>	<u>36,790,194</u>	<u>38,319,337</u>	<u>36,721,899</u>
Basic earnings per share	32	2.26	0.21	1.36	1.00

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

Statement of changes in equity

Consolidated financial statements (Restated)

		Retained earnings (Deficit)					Other components of equity						
		Issued and	Premium on	Legal	General		Fair value	Share premium from	Total	Equity	Non-		
Note		paid-up	ordinary shares	reserve	reserve	Unappropriated	changes in	Surpluses	business combination	other	attributable to	controlling	Total
		share capital					available-for-sale	on land	under common	components	owners of	interests	equity
							investments	revaluation	control	of equity	the Company		
<i>(in Baht)</i>													
Year ended 31 December 2011													
Balance at 1 January 2011		265,900,484	1,342,448,425	26,795,766	4,089,000,000	(360,749,981)	8,822,178	3,642,800,771	-	3,651,622,949	9,015,017,643	-	9,015,017,643
Transactions with owners, recorded directly in equity													
Distribution to owners of the Company													
Dividends to owners of the Company	33	-	-	-	-	(332,365,318)	-	-	-	-	(332,365,318)	-	(332,365,318)
Comprehensive income for the year													
Profit		-	-	-	-	55,131,234	-	-	-	-	55,131,234	7,230,441	62,361,675
Other comprehensive income	15,24	-	-	-	-	34,144,077	2,577,822	-	-	2,577,822	36,721,899	68,295	36,790,194
Total comprehensive income for the year		-	-	-	-	89,275,311	2,577,822	-	-	2,577,822	91,853,133	7,298,736	99,151,869
Acquisitions through business combination under common control													
	6	-	-	-	-	-	-	-	200,000,000	200,000,000	200,000,000	12,846,358	212,846,358
Transfer from general reserve		-	-	-	(1,000,000,000)	1,000,000,000	-	-	-	-	-	-	-
Balance at 31 December 2011		265,900,484	1,342,448,425	26,795,766	3,089,000,000	396,160,012	11,400,000	3,642,800,771	200,000,000	3,854,200,771	8,974,505,458	20,145,094	8,994,650,552

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

Statement of changes in equity

Consolidated financial statements (Restated)														

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

Statement of changes in equity

		Separate financial statements								
		Retained earnings (Deficit)					Other components of equity			
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve	Unappropriated	Fair value changes in available-for-sale investments	Surplus on land revaluation	Total other components of equity	Total equity
Note		(in Baht)								
Year ended 31 December 2011										
Balance at 1 January 2011		265,900,484	1,342,448,425	26,795,766	4,089,000,000	(541,225,530)	8,822,178	3,599,039,421	3,607,861,599	8,790,780,744
Transactions with owners, recorded directly in equity										
Distributions to owners of the Company										
Dividends to owners of the Company	33	-	-	-	-	(332,365,318)	-	-	-	(332,365,318)
Comprehensive income for the year										
Profit		-	-	-	-	264,921,743	-	-	-	264,921,743
Other comprehensive income	15, 24	-	-	-	-	34,144,077	2,577,822	-	2,577,822	36,721,899
Total comprehensive income for the year		-	-	-	-	299,065,820	2,577,822	-	2,577,822	301,643,642
Transfer from general reserve		24	-	-	-	(1,000,000,000)	1,000,000,000	-	-	-
Investment in an associate										
Balance at 31 December 2011		265,900,484	1,342,448,425	26,795,766	3,089,000,000	425,474,972	11,400,000	3,599,039,421	3,610,439,421	8,760,059,068

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

Statement of changes in equity

		Separate financial statements								
		Retained earnings					Other components of equity			
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve	Unappropriated	Fair value changes in available-for-sale investments	Surplus on land revaluation	Total other components of equity	Total equity
Note		(in Baht)								
Year ended 31 December 2012										
Balance at 1 January 2012		265,900,484	1,342,448,425	26,795,766	3,089,000,000	425,474,972	11,400,000	3,599,039,421	3,610,439,421	8,760,059,068
Transactions with owners, recorded directly in equity										
Distributions to owner of the Company										
Dividends to owners of the Company	33	-	-	-	-	(199,421,605)	-	-	-	(199,421,605)
Comprehensive income for the year										
Profit		-	-	-	-	361,274,296	-	-	-	361,274,296
Other comprehensive income	15, 24	-	-	-	-	(2,545,577)	40,864,914	-	40,864,914	38,319,337
Total comprehensive income for the year		-	-	-	-	358,728,719	40,864,914	-	40,864,914	399,593,633
Balance at 31 December 2012		265,900,484	1,342,448,425	26,795,766	3,089,000,000	584,782,086	52,264,914	3,599,039,421	3,651,304,335	8,960,231,096

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

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
<i>Note</i>	2012	2011	2012	2011
		(Restated)		
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit for the year	596,146,308	62,361,675	361,274,296	264,921,743
<i>Adjustments for</i>				
Depreciation and amortisation	643,568,855	646,655,345	593,490,164	616,785,882
Interest income	(29,487,327)	(9,087,413)	(27,983,566)	(8,000,257)
Finance costs	5,488,671	1,715,507	-	-
Dividend income	(6,135,318)	(10,384,660)	(6,135,318)	(37,564,540)
Unrealised loss on exchange	845,264	396,249	845,264	396,249
(Reversal of) allowance for doubtful accounts	418,283	(11,649,360)	418,283	(11,649,360)
(Reversal of) allowance for				
devaluation of inventories	164,326,244	(9,587,320)	164,154,350	(9,147,009)
Fair value changes in investment property	(3,511,760)	5,160,795	(3,511,760)	5,160,795
Loss on write off fixed assets	-	520,225	-	-
Gain on disposal of				
equipment	(29,284,803)	(34,028,589)	(29,210,041)	(34,140,599)
Employee benefits obligations	95,838,235	133,437,444	95,053,303	135,479,579
Provision	8,693,057	9,218,602	8,693,057	9,218,602
Share of (profit) loss of an associate,				
net of income tax	(176,691,945)	196,271,860	-	-
Income tax expense	132,114,981	106,560,892	133,519,812	103,139,260
	<u>1,402,328,745</u>	<u>1,087,561,252</u>	<u>1,290,607,844</u>	<u>1,034,600,345</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	264,943,000	256,923,713	201,064,164	324,330,690
Accounts receivables from related parties	(54,972,415)	331,488,973	(54,943,813)	331,488,161
Other receivables	82,833,637	9,452,496	79,249,717	-
Inventories	91,755,759	135,619,315	121,131,210	133,228,921
Prepaid crown tax and lid taxes	203,443,004	(148,530,524)	204,008,729	(145,294,608)
Other current assets	3,229,783	(349,972,768)	7,292,216	(344,767,679)
Trade accounts payable	(131,665,635)	(25,116,184)	(112,261,875)	(58,307,704)
Accounts payable to related parties	(105,733,482)	1,456,147	62,540,426	1,410,827
Other payables	68,431,676	(89,488,520)	65,293,974	(87,924,111)
Accrued expenses	314,057,235	(193,956,492)	311,061,633	(193,878,812)
Customers' deposits on bottles and cases	(159,724,007)	(45,193,936)	(159,724,007)	(45,193,936)
Other current liabilities	(18,777,281)	(4,323,740)	(17,854,770)	(4,778,994)
Employee benefits obligations paid	(79,061,356)	(54,437,343)	(76,661,456)	(54,437,343)
Provision paid	(18,617,194)	(17,497,914)	(18,617,193)	(17,497,914)
Cash generated from operating activities	<u>1,862,471,469</u>	<u>893,984,475</u>	<u>1,902,186,799</u>	<u>872,977,843</u>
Income tax paid	<u>(261,071,536)</u>	<u>(100,472,067)</u>	<u>(252,134,574)</u>	<u>(111,001,846)</u>
Net cash from operating activities	<u>1,601,399,933</u>	<u>793,512,408</u>	<u>1,650,052,225</u>	<u>761,975,997</u>

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

Statement of cash flows

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended		For the year ended	
	31 December		31 December	
Note	2012	2011	2012	2011
	(Restated)			
	(in Baht)			
Cash flows from investing activities				
Interest received	29,460,920	9,241,701	27,013,027	8,301,082
Dividends received	6,135,318	37,564,660	6,135,318	37,564,540
Current investments	12,000,000	-	-	-
Restricted deposits at financial institution	(51,204)	(28,352)	(51,204)	(28,352)
Cash paid for short-term loan to related parties	-	(10,000,000)	(369,000,000)	-
Purchase of long-term investments	(47,066,122)	(1,470,096)	(47,067,700)	(1,470,096)
Purchase of property, plant and equipment	(600,239,818)	(970,234,192)	(581,505,908)	(963,121,860)
Sale of spare parts and equipment	36,132,837	35,573,326	36,058,071	35,499,573
Purchase of intangible assets	(6,943,043)	(13,195,648)	(6,927,473)	(13,195,647)
Purchase of investment in subsidiaries	-	-	(6,633,943)	-
Net cash outflow on acquisition of subsidiary	(248,000,000)	-	(124)	-
Other non-current assets	(10,006,649)	(4,158,370)	(8,694,192)	(4,158,371)
Net cash used in investing activities	(828,577,761)	(916,706,971)	(950,674,128)	(900,609,131)
Cash flows from financing activities				
Interest paid	(5,488,671)	(2,469,253)	-	-
Dividends paid to the owners of the Company	(199,275,572)	(332,533,144)	(199,275,572)	(332,533,144)
Net cash used in financing activities	(204,764,243)	(335,002,397)	(199,275,572)	(332,533,144)
Net increase (decrease) in cash and cash equivalents	568,057,929	(458,196,960)	500,102,525	(471,166,278)
Cash and cash equivalents at 1 January	976,480,680	1,434,677,640	873,059,845	1,344,226,123
Cash and cash equivalents at 31 December	8 1,544,538,609	976,480,680	1,373,162,370	873,059,845
Non-cash transactions				
Investment properties	-	29,645,240	-	29,645,240

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were approved and authorized for issue by the Board of Directors on 26 February 2013.

1 General information

Serm Suk 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 10310. The Company also has 5 factories for producing and distributing as follows:

- | | | |
|---------------------|---|--|
| 1) Patumtani | : | 63 Nontaburi-Patumtani Road, Thumbon Bang Kayang, Amphur Muang, Patumtani |
| 2) Nakornratchasima | : | 211 Moo 4, Nakornratchasima-Kabinburi Road, Amphur Muang, Nakornratchasima |
| 3) Nakornsawan | : | 72 Paholyothin Road, Thumbon Nakornsawan Ook, Amphur Muang, Nakornsawan |
| 4) Surattani | : | 11 Moo 5, Asia Road 41, Thumbon Ta Rongchang, Amphur Punpin, Surattani |
| 5) Chonburi | : | 700/369 Moo 6, Thumbon Nhongmaidang, Amphur Muang, Chonburi |

The Company's warehouses are located in the important regions in Thailand.

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

The immediate and ultimate parent companies were Thai Beverage Logistics Co., Ltd. and Thai Beverage Public Company Limited. Both were incorporated in Thailand.

The principal businesses of the Company are to produce and distribute soft drinks, drinking water, mixers and other beverages, including as distributor of energy drinks and tea. Details of the Company's subsidiaries as at 31 December 2012 and 2011 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2012	2011
<i>Direct subsidiaries</i>				
Serm Suk Holdings Co., Ltd.	Investment and holding shares in other companies	Thailand	99.99	99.99
Great Brands Limited	Manage brands	Hong Kong	100.00	-
Serm Suk Training Co., Ltd.*	Human resources development and organization	Thailand	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
Wranger Beverage (2008) Co., Ltd.	Produce and distribute energy drink	Thailand	100.00	-

* Non operating company

Notes to the financial statements

On 1 June 2012, Great Brands Limited, the Company's subsidiary, was incorporated in Hong Kong Special Administrative Region of the People's Republic of China with an authorised share capital of HKD 1 million and issued 1 million ordinary shares as par value of HKD 1 each.

On 5 June 2012, Serm Suk Training Co., Ltd., the Company's subsidiary, was incorporated in Thailand with an authorised share capital of Baht 10 million and issued 1 million ordinary shares at par value of Baht 10 each. The initial paid up share capital was Baht 2.50 per share.

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.

As at 31 December 2012, the FAP has issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 38.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- Available-for-sale financial assets are measured at fair value;
- Investment properties are measured at fair value;
- The defined benefit asset is recognised as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Notes to the financial statements

Note 3	Impact of severe flooding in Thailand during 2011
Note 16	Valuation of investment properties
Note 21	Measurement of defined benefit obligations
Notes 22 & 37	Provisions and contingencies

3. Impact of severe flooding in Thailand in 2011

In September 2011, the Group was affected by severe flooding in Thailand. The flood flowed into the beverage plants and branches located in Pathumthani, Nakorn Sawan, Lopburi and Ayuthaya province. The production plants and distribution of the branches were temporarily shutdown during such period. Currently, the productions and distribution have recommenced normal business. The Group and the Company have recognised the following expenses and reimbursements resulting from the flood damage as follows:

	Consolidated and Separate financial statements	
<i>Year ended 31 December</i>	2012	2011
	<i>(in thousand Baht)</i>	
Not yet received	-	65,755
Insurance reimbursement received prior to 31 December	94,171	-
Government reimbursement received prior to 31 December	7,118	-
Reimbursement recognised	101,289	65,755
Impairment of inventories	(5,592)	(80,206)
Other flood related expenses	(26,724)	(22,213)
Total flood related expenses	(32,316)	(102,419)
Net impact	68,973	(36,664)

The flood related expenses are attributable to the following functions presented in the statement of comprehensive income:

	Consolidated and Separate financial statements	
<i>Year ended 31 December</i>	2012	2011
	<i>(in thousand Baht)</i>	
Cost of sales of goods and cost of rendering of services	23,101	80,206
Selling expenses	6,840	-
Administrative expenses	2,375	22,213
Total flood related expenses	32,316	102,419

4 The effect of the termination of the EBA contract

The termination of the Exclusive Bottling Appointment (EBA) with PepsiCo Inc. was effective from the close of business on 1 April 2012, as confirmed by the Annual General Meeting of Shareholders for the year 2011 held on 29 April 2011. At the Extraordinary General Meeting of Shareholders no. 2/2011, on 26 August 2011, the shareholders approved to extend the period for the termination of the agreement for 7 months to 1 November 2012. The effect of the termination of the contract was the Company's returnable glass bottles could not be reused with total value of Baht 615 million. The Company has recorded an allowance for decline in value of inventory of approximately Baht 478 million in the financial statements for the nine-month period ended 30 September 2012.

Notes to the financial statements

At 31 December 2012, The Company has returnable glass bottles of Baht 250 million and recorded an allowance for decline in value of inventory of Baht 200 million.

After the termination of the EBA on 1 November 2012, the Company commenced production and distribution of carbonated beverages under the name “est”.

5 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 associates.

Acquisitions from entities under common control

Business combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2009 by the FAP.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder’s consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity except that any share capital of the acquired entities is recognised as part of share premium. Any cash paid for the acquisition is recognised directly in equity.

Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group’s share of profit or loss and other comprehensive income of equity accounted investees from the date that significant influence

Notes to the financial statements

commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount of that interest is reduced to zero and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

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

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Foreign entities

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

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

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

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

(c) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments. 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.

Notes to the financial statements

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

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

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

(f) Investments

Investments in associate and subsidiaries

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

Investments in other debt and equity securities

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less any impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Marketable equity securities, other than those securities held for trading or intended to be held to maturity, 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. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable are stated at cost less any impairment losses.

The fair value of securities classified as available-for-sale is determined as the quoted bid price at the reporting date.

Notes to the financial statements

Disposal of investments

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

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

(g) Investment properties

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

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

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

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

(h) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation 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 self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

Notes to the financial statements

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 remaining 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. Property that is being constructed for future use as investment property is accounted for at fair value. 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
High voltage equipment	10	years
Vehicles	5-10	years
Furniture and office equipment	3-5	years
Plastic pallets	5	years
Marketing promotion equipments	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.

Notes to the financial statements

(i) *Intangible assets*

Trademarks

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

Other intangible assets

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

Amortisation

Amortisation is based on over 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:

Rights for distribution of goods	2-15 years
Software licences	10 years

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

(j) *Impairment*

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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

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

Calculation of recoverable amount

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

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

Notes to the financial statements

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 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 amortization, if no impairment loss had been recognised.

(k) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(l) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating 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. Any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and 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. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

Notes to the financial statements

The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in profit or loss.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans 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, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans 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.

(m) 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.

Provision for long-term executive incentive plan

Provision for long-term executive incentive plan is an estimation of the Company's liabilities under a incentive program for executives. This program is for a period of 5 years and gives incentive in the form of non-transferable incentive units. Such incentive units are calculated as fixed percentage of salary divided by the conversion price which equals 3 years average EPS multiplied by 10 times the price:earnings ratio. The incentive payment will be made 3 years after the grant date of the incentive units.

(n) Revenue

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

Sale of goods and services rendered

Notes to the financial statements

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

associated costs or the probable return of goods. Service income is recognised as services are provided.

Investments

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

Rental income

Rental income from investment property is recognized in profit or loss on a straight-line basis over the term of lease.

Dividend income

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

Interest income and other income

Interest income and other income are recognised in profit or loss as it accrues.

(o) Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration that are recognised in profit or loss.

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

(p) 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.

Other expenses recognized on an accrual basis.

(q) Income tax

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

In determining the amount of current 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

Notes to the financial statements

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.

6 Business combination under common control

On 30 November 2012, the Group acquired a 100% interest in Wranger Beverage (2008) Co., Ltd. ("Wranger"), a company engaged in the production and distribution of energy drink, from the ultimate parent company and two related companies which are under common control with the Group. The consideration payable by the Company for the acquisition amounted to Baht 248 million.

The consolidated financial statements have been prepared on the basis of a business combination involving an entity under common control. Accordingly, the business combination has been accounted for by the Company in a manner similar to a pooling of interest and the assets, liabilities and contingent liabilities of Wranger acquired by the Group have been accounted for at book values.

In preparing the consolidated financial statements of the Group, the assets, liabilities, revenues and expenses of Wranger are included in the consolidated financial statements and are stated at their carrying values. The consolidated financial statements have been prepared as if the transfers were completed on 30 September 2011, the date that common control was first established.

The consolidated statement of financial position at 31 December 2011 and the consolidated statement of comprehensive income for the year ended 31 December 2011 have been restated accordingly. The effects of the restatement on the consolidated statement of financial position as at 31 December 2011 and the consolidated statement of comprehensive income for the year ended 31 December 2011 are summarised as follows:

	Consolidated financial statements		
	As previously reported	Effect of the restatement (in thousand Baht)	As restated
Statement of financial position			
Total assets	13,018,657	423,830	13,442,487
Total liabilities	4,244,151	203,686	4,447,837
Total equity	8,774,506	220,145	8,994,651
Statement of comprehensive income			
Total income	21,521,050	139,550	21,660,600
Cost of sales of goods and rendering of services	17,227,997	121,068	17,349,065
Selling expenses	2,865,553	1,646	2,867,199
Administrative expenses	1,072,889	4,537	1,077,426
Profit for the year	55,131	7,231	62,362
Profit attributable to:			
Owners of the Company	55,131	-	55,131
Non-controlling interests	-	7,231	7,231
Profit for the year	55,131	7,231	62,362
Basic earnings per share (Baht)	0.21	-	0.21

The difference of Baht 32 million between the consideration of Baht 248 million payable by the Group for the acquisition of the 100% interest in Wranger and the carrying amount of the net identifiable assets of Wranger at the date of the transaction and attributable to the Company's equity interest of Baht 216 million is recorded as "Share premium from business combination under common control" detailed as follows:

Notes to the financial statements

	<i>(in thousand Baht)</i>
Compensation	248,000
Wranger's book value as at 30 November 2012	
Total assets	360,556
Total liabilities	(144,889)
Shares holder equity	215,667
premium from business combination under common control	<u>32,333</u>

7 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 or joint 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 subsidiaries and associates are described in notes 1 and 13. Relationship with key management and other related parties were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
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.
Pepsi-Cola (Thai) Trading Co., Ltd.*	Thailand	Major shareholder
Bangkok Glass Co., Ltd.	Thailand	The Company and directors hold ordinary shares
PepsiCo, Inc.*	USA	Shareholder of the major shareholder
The Pet Co., Ltd.	Thailand	The Company and director hold ordinary shares and common directors
Crown Seal Public Company Limited	Thailand	The Company hold ordinary shares and common director
Petpack Co., Ltd.	Thailand	The Company hold ordinary shares
Minor International Public Company Limited **	Thailand	The directors hold ordinary shares and common director
The Minor Food Group Public Company Limited **	Thailand	Common director
Navakij Insurance Public Company Limited	Thailand	The directors hold ordinary shares and common director
Muangthai Insurance Public Company Limited	Thailand	The directors hold ordinary shares and common director
Muangthai Life Insurance Public. Company Limited	Thailand	The directors hold ordinary shares and common director
The Bangkok Thonburi Insurance Co., Ltd.	Thailand	The directors hold ordinary shares and common director
Phatra-Leasing Public Company Limited	Thailand	Common director
Thai Beverage Can Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold 50% substantial shares indirectly
Kankwan Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company

Notes to the financial statements

Name of entities	Country of incorporation/ nationality	Nature of relationships
Numrungroj Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
International Beverage Holdings Ltd.	Hongkong	Direct subsidiary of the ultimate parent company
Thai Beverage Recycle Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Sunthronpirom 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
Oishi Group Public Company Limited	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
S.P.M. Foods and Beverage Co., Ltd.	Thailand	Indirect subsidiary of the ultimate parent company
Berli Jucker Public Company Limited	Thailand	Common directors
Thai Malaya Glass Co., Ltd.	Thailand	Common directors
The Southeast Insurance Public Company Limited	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly
The South East Capital Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly
Gaew Grung Thai Co., Ltd.	Thailand	Common director
Plaza Athenee Hotel (Thailand) Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company are director and hold substantial shares indirectly
Food & Fun Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly
F & B International Co., Ltd.	Thailand	Directors and controlling equity holder of the ultimate parent company hold substantial shares indirectly

* Termination of major shareholder on 15 September 2011.

** Termination of related parties on April 2012.

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sales of goods and rendering of services	Cost plus gross profit margin
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 expenses representing salary, director bonus and meeting allowance	Approval by the Company's directors and shareholders

Notes to the financial statements

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

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated) (in thousand Baht)	2012	2011
Associate				
Purchase of raw materials	590,589	853,781	590,589	853,781
Dividend income	-	27,180	-	27,180
Subsidiaries				
Sale of goods and rendering of services	-	-	191,195	215,264
Purchase of finished goods and services	-	-	446,506	339,462
Trademark fee	-	-	33,066	-
Interest income	-	-	763	-
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	83,924	81,032	83,924	81,032
Post employment benefits	3,436	3,704	3,436	3,704
Other long-term benefits	8,698	9,218	8,698	9,218
Directors' remunerations	18,727	24,339	18,727	24,339
Total key management personnel compensation	<u>114,785</u>	<u>118,293</u>	<u>114,785</u>	<u>118,293</u>
Other related parties				
Sale of goods and rendering of services	347,032	267,969	29,970	-
Purchase of finished goods and raw materials	2,450,977	3,357,457	2,265,215	3,283,754
Subsidy for marketing expense	14,792	469,546	14,792	469,546
Selling expense	16,883	9,176	16,883	8,480
Administrative expense	52,916	30,177	49,706	29,171
Interest income	415	417	415	417
Dividend income	2,017	6,918	2,016	6,917
Other income	46,924	6,947	42,482	6,346
Interest expense	4,810	7,751	-	-

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

<i>Trade accounts receivable from related parties</i>	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated) (in thousand Baht)	2012	2011
Subsidiary				
Serm Suk Beverage Co., Ltd.	-	-	38,152	40,709
Other related party				
Oishi Group Public Co., Ltd.	5,744	3,861	5,744	3,861
Suthornpirom Co., Ltd.	20,060	17,632	-	-
Numrungraj Co., Ltd.	-	53,720	-	-
Others	1,687	5,911	450	325
Total	<u>27,491</u>	<u>81,124</u>	<u>44,346</u>	<u>44,895</u>

Notes to the financial statements

Accounts receivable from related parties

	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated)	2012	2011
	<i>(in thousand Baht)</i>			
Subsidiaries				
Serm Suk Beverage Co., Ltd.	-	-	44,727	44,727
Others	-	-	762	-
Other related parties				
Oishi Trading Co., Ltd.	12,916	9,754	12,916	9,754
Gaew Grung Thai Co., Ltd.	45,456	-	45,456	-
Others	6,575	220	6,439	112
Total	64,947	9,974	110,300	54,593

Advance payment to related party

	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated)	2012	2011
	<i>(in thousand Baht)</i>			
Other related party				
Thai Beverage Recycle Co., Ltd	87	87	-	-

Loans to related parties

	Interest rate		Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011	2012	2011
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
Short-term loans						
Subsidiaries						
Serm Suk Holdings Co., Ltd.	2.7	-	-	-	244,000	-
Wranger Beverage (2008) Co., Ltd.	2.7	-	-	-	125,000	-
Total			-	-	369,000	-
Long-term loan						
Other related party						
The Pet Co., Ltd.	8.28	8.35	5,000	5,000	5,000	5,000

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

Short-term loan to related parties

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Subsidiaries				
At 1 January	-	-	-	-
Increased	-	-	369,000	-
At 31 December	-	-	369,000	-

Notes to the financial statements

Long-term loan to a related party

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in thousand Baht)			
Other related party				
At 1 January	5,000	5,000	5,000	5,000
At 31 December	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>

Trade accounts payable to related parties

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(Restated) (in thousand Baht)			
Associate				
Petform (Thailand) Co., Ltd.	146,760	31,296	146,760	31,296
Subsidiary				
Serm Suk Beverage Co., Ltd.	-	-	51,415	52,677
Other related parties				
Bangkok Glass Co., Ltd.	53,155	30,693	53,155	30,693
The Pet Co., Ltd.	58,448	58,247	58,448	58,247
Crown Seal Public Co., Ltd.	36,682	29,781	34,740	27,539
Thai Beverage Can Co., Ltd.	41,430	5,299	41,430	5,299
Oishi Trading Co., Ltd.	79,132	35,457	79,132	35,457
Thai Malaya Glass Co., Ltd.	59,825	-	56,194	-
Kankwan Co., Ltd.	-	42,572	-	-
Others	36,180	7,674	6,343	-
Total	<u>511,612</u>	<u>241,019</u>	<u>527,617</u>	<u>241,208</u>

Accounts payable to related parties

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(Restated) (in thousand Baht)			
Subsidiary				
Great Brands Limited	-	-	37,200	-
Key management personnel				
Directors' remuneration	22,970	21,215	22,970	21,215
Other related parties				
Oishi Group Public Co., Ltd.	2,656	2,565	2,656	2,565
Crown Seal Public Co., Ltd.	3,589	-	3,589	-
Beer Thip Brewery (1991) Co., Ltd.	3,240	64	3,240	64
The Southeast insurance Public Co., Ltd.	11,781	38	11,745	-
Dhospaak Co., Ltd.	4,165	-	4,165	-
Others	1,847	2,351	1,596	777
Total	<u>50,248</u>	<u>26,233</u>	<u>87,161</u>	<u>24,621</u>

Loan from related party

<i>Loan from related party</i>	Interest rate		Consolidated		Separate	
	2012	2011	financial statements	financial statements	2012	2011
			2012	2011		
				(Restated)		
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>			
<i>Short-term loans</i>						
<i>Ultimate parent company</i>						
Thai Beverage Public						
Company Limited	-	5	-	129,600	-	-

Notes to the financial statements

Movement during the years ended 31 December of loan from related party was as follows:

<i>Loan from related party</i>	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated) (in thousand Baht)	2012	2011
Short-term loans				
Ultimate parent company				
At 1 January	-	-	-	-
Increase from business combination under common control	-	139,600	-	-
Decrease	-	(10,000)	-	-
At 31 December	-	129,600	-	-

Key management personnel balances

Balances relating to key management personnel over which they have control or significant influence were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011 (in thousand Baht)	2012	2011
Accounts payable to related parties	22,970	21,215	22,970	21,215
Other current liabilities	17,871	17,828	17,871	17,828
Employee benefit obligations	65,064	55,212	65,064	55,212
Long-term provision	-	9,967	-	9,967

Significant agreements with related parties

Loan agreements

On 21 May 2009 and 31 January 2010, the Company and a related company, "Borrower", agreed to change subordinated loan agreements totalling Baht 5 million to long-term loan agreements in the amount of Baht 3 million and Baht 2 million, respectively, and repay the loans within 20 May 2014 and 31 January 2015, respectively. These agreements shall continue to be in effect for another period of five years if there is no change at the maturity date. Interest is payable quarterly at the MLR of a domestic commercial bank at the beginning of each quarter plus 3% p.a. On 1 April 2011, the Company and Borrower agreed to change the interest rate from MLR to MRR of a domestic commercial bank at the beginning of each quarter.

On 30 November 2012, the Company entered into a loan agreement with Serm Suk Holdings Co., Ltd. for Baht 244 million, repayable by 30 November 2013. Interest is payable annually at 2.7% p.a.

On 12 December 2012, the Company entered into a loan agreement with Wranger Beverage (2008) Co., Ltd. for Baht 125 million, repayable at call. Interest is payable quarterly within 25th of the last month in each quarter at 2.7% p.a. The Company may determine the interest rate every 3 months from the loan date.

Distributorship agreement

The Company entered into an agreement with a related company to be appointed to distribute bottled green tea. The Company has to comply with certain conditions contained in the agreement for a period of 3 years including a renewal option.

Notes to the financial statements

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 green tea drinks. The Company and its subsidiary have to comply with certain conditions contained in the agreement for a period of 5 years which ends on 31 July 2017.

Trademark license agreement

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

Commitments with related parties

Capital commitments

	Consolidated and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Machinery and equipment	3,025	-

Operating lease commitments

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
		(Restated)		
	<i>(in thousand Baht)</i>			
Within 1 year	10,959	3,976	10,089	3,521
After 1 year but within 5 years	19,371	5,236	18,843	4,945
Total	30,330	9,212	28,932	8,466

Other commitment

As at 31 December 2012, the Company had a commitment for purchase orders for goods with related parties amounting to Baht 26.41 million.

8 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
		(Restated)		
	<i>(in thousand Baht)</i>			
Cash on hand	82,082	54,712	82,051	54,682
Call deposits	950,009	821,769	778,663	718,378
Bills of exchange	-	100,000	-	100,000
Government bonds	512,448	-	512,448	-
Total	1,544,539	976,481	1,373,162	873,060

Cash and cash equivalents of the Group and the Company as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

Notes to the financial statements

9 Current investments

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Bill of exchange	-	12,000	-	-

Current investments of the Group and the Company as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

10 Trade accounts receivable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
		<i>(Restated)</i>			
		<i>(in thousand Baht)</i>			
Related parties	7	27,491	81,124	44,346	44,895
Other parties		727,357	938,668	699,992	900,508
Total		754,848	1,019,792	744,338	945,403
Less: allowance for doubtful accounts		(19,233)	(29,704)	(19,233)	(29,704)
Net		735,615	990,088	725,105	915,699
Reverse bad and doubtful debts expenses for the year		(10,470)	(11,665)	(10,470)	(11,665)

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(Restated)</i>			
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	27,491	80,960	44,346	44,895
Overdue:				
Not over 1 month	-	164	-	-
	27,491	81,124	44,346	44,895
Other parties				
Within credit terms	623,968	825,844	606,009	796,384
Overdue:				
Not over 1 month	71,541	63,501	69,149	62,166
More than 1 month to 3 months	20,748	35,353	13,734	27,988
Over 3 months	11,100	13,970	11,100	13,970
	727,357	938,668	699,992	900,508
Less: allowance for doubtful accounts	(19,233)	(29,704)	(19,233)	(29,704)
Net	708,124	908,964	680,759	870,804
Total	735,615	990,088	725,105	915,699

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

Notes to the financial statements

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

	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated)	2012	2011
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	734,378	989,680	725,105	915,699
Hong Kong Dollars (HKD)	1,237	408	-	-
Total	735,615	990,088	725,105	915,699

11 Other receivables

	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated)	2012	2011
	<i>(in thousand Baht)</i>			
Other receivables	372,343	416,080	371,746	415,376
Less allowance for doubtful accounts	(36,968)	(26,080)	(36,968)	(26,080)
Net	335,375	390,000	334,778	389,296
Advance payment	8,426	9,257	8,276	9,107
Prepaid expenses	40,594	34,614	38,965	29,327
Unearned revenue	21,767	65,987	21,767	65,987
Total	406,162	499,858	403,786	493,717
Bad and doubtful debts expense for the year	10,888	16	10,888	16

12 Inventories

	Consolidated financial statements		Separate Financial statements	
	2012	2011 (Restated)	2012	2011
	<i>(in thousand Baht)</i>			
Finished goods	356,303	329,898	349,712	316,411
Work in progress	7,302	27,630	7,302	27,630
Raw materials and supplies	254,744	344,203	156,019	267,646
Spare parts	107,286	115,355	105,125	109,334
Other supplies	4,097	5,605	4,097	3,892
Bottles and cases	1,626,760	1,625,557	1,594,687	1,613,160
	2,356,492	2,448,248	2,216,942	2,338,073
Less allowance for decline in value	(337,719)	(173,393)	(337,052)	(172,898)
Net	2,018,773	2,274,855	1,879,890	2,165,175
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	17,979,515	16,997,558	17,939,284	17,239,371
- Write-down to net realisable value	731,041	234,907	730,385	234,435
- Reversal of write-down	(566,715)	(177,967)	(566,231)	(177,826)
Net	18,143,841	17,054,498	18,103,438	17,295,980

Notes to the financial statements

13 Investment in an associate

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
At 1 January	18,375	241,827	30,000	30,000
Share of net profit (loss) of investment - equity method	176,692	(196,272)	-	-
Dividend income	-	(27,180)	-	-
At 31 December	195,067	18,375	30,000	30,000

Notes to the financial statements

Investment in an associate in equity method as at 31 December 2012 and 2011, and dividend income from this investment for the years then ended were as follows:

	Consolidated financial statements									
	Ownership interest		Paid-up share capital		Cost method		Equity method		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	(%)						(in thousand Baht)			
Petform (Thailand) Company Limited	40	40	75,000	75,000	30,000	30,000	195,067	18,375	-	27,180
Total			75,000	75,000	30,000	30,000	195,067	18,375	-	27,180

	Separate financial statements							
	Ownership interest		Paid-up share capital		Cost method		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011
	(%)						(in thousand Baht)	
Petform (Thailand) Company Limited	40	40	75,000	75,000	30,000	30,000	-	27,180
Total			75,000	75,000	30,000	30,000	-	27,180

Notes to the financial statements

The following summarised financial information on an associated company which has been accounted for using the equity method is not adjusted for the percentage of ownership held by the Group:

	Owner- ship (%)	Total assets	Total liabilities <i>(in million Baht)</i>	Total income	Net profit (loss)
2012					
Petform (Thailand) Company Limited	40	<u>1,818.00</u>	<u>1,330.00</u>	<u>1,376.00</u>	<u>486.78</u>
2011					
Petform (Thailand) Company Limited	40	<u>684.78</u>	<u>639.19</u>	<u>1,235.46</u>	<u>(491.18)</u>

Notes to the financial statements

14 Investment in subsidiaries

	Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
At 1 January	350,000	350,000
Acquisitions	6,634	-
At 31 December	356,634	350,000

Investment in subsidiaries as at 31 December 2012 and 2011, and dividend income from those investments for the years then ended were as follows:

	Ownership interest		Paid-up share capital		Cost method		Dividend income	
	2012	2011	2012	2011	2012	2011	2012	2011
	<i>(%)</i>				<i>(in thousand Baht)</i>			
Serm Suk Holdings Co., Ltd.	100	100	350,000	350,000	350,000	350,000	-	-
Great Brands Limited	100	-	1,000*	-	4,134	-	-	-
Serm Suk Training Co., Ltd.	100	-	2,500	-	2,500	-	-	-
Total					356,634	350,000	-	-

* Hong Kong Dollar

Notes to the financial statements

15 Other long-term investments

Other long-term investments as at 31 December 2012 and 2011, and dividend income from these investments for the years then ended were as follows:

	Consolidated and Separate financial statements			
	Cost method		Dividend income	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<i>Equity securities available for sale</i>				
Crown Seal Public Company Limited	31,732	31,732	1,058	1,269
Future Park Property Fund	35,703	30,000	4,119	3,468
	<u>67,435</u>	<u>61,732</u>	<u>5,177</u>	<u>4,737</u>
Add valuation adjustment	52,265	11,400	-	-
	<u>119,700</u>	<u>73,132</u>	<u>5,177</u>	<u>4,737</u>
<i>Non marketable equity securities</i>				
The Pet Company Limited	7,000	7,000	700	700
Bangkok Glass Company Limited	52,399	38,034	258	947
Petpack Company Limited	35,000	8,000	-	4,000
	<u>94,399</u>	<u>53,034</u>	<u>958</u>	<u>5,647</u>
Total	<u>214,099</u>	<u>126,166</u>	<u>6,135</u>	<u>10,384</u>

Movements during the years ended 31 December of equity securities were as follows:

	Consolidated and Separate financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
<i>Equity securities available for sale</i>		
At 1 January	73,132	70,554
Purchase during the year	5,703	-
Valuation adjustment	40,865	2,578
At 31 December	<u>119,700</u>	<u>73,132</u>
<i>Non marketable equity securities</i>		
At 1 January	53,034	51,564
Purchases during the year	41,365	1,470
At 31 December	<u>94,399</u>	<u>53,034</u>

Other long-term investments of the Group and the Company as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

Notes to the financial statements

16 Investment properties

	Consolidated and Separate financial statements		
	Land	Building	Total
	<i>(in thousand Baht)</i>		
Fair value method			
At 1 January 2011	32,226	2,580	34,806
Fair value adjustments	(5,222)	61	(5,161)
At 31 December 2011 and 1 January 2012	27,004	2,641	29,645
Fair value adjustments	3,672	(160)	3,512
At 31 December 2012	30,676	2,481	33,157

During 2012 and 2011, investment properties were revalued by C.I.T. Appraisal Co., Ltd. a firm of independent professional valuers, at open market values on an existing use basis.

Investment properties comprise idle lands, and land and building that are leased to third parties for a period of 3 years.

Notes to the financial statements

17 Property, plant and equipment

	Consolidated financial statements (restated)											Total
	Land		Buildings, warehouses and improvement	Condo-miniums	Machinery, equipment and tools	High voltage equipment	Vehicles	Furniture and office equipment	Plastic pallets	Marketing promotion equipments	Assets under construction and installation	
	Historical cost	Surplus on revaluation										
<i>(in thousand Baht)</i>												
Cost/revaluation												
At 1 January 2011	417,768	3,643,742	1,777,830	142,150	4,750,399	40,107	1,890,741	273,815	337,519	3,641,776	270,111	17,185,958
Additions	122,394	-	8,057	-	136,155	1,086	15,821	10,475	9,785	117,693	547,364	968,830
Acquisitions through business combinations under common control	54,810	-	122,623	-	194,308	-	2,966	1,729	-	-	520	376,956
Transfers	14,900	-	181,896	-	177,172	-	212,388	1,646	-	17,548	(604,834)	716
Disposals	-	-	(2,892)	-	(251,993)	-	(63,150)	(17,062)	(3)	(39,388)	-	(374,488)
At 31 December 2011 and 1 January 2012	609,872	3,643,742	2,087,514	142,150	5,006,041	41,193	2,058,766	270,603	347,301	3,737,629	213,161	18,157,972
Additions	43,172	462	15,721	-	96,885	556	38,161	13,653	3,187	24,625	364,657	601,079
Transfers	-	-	20,030	-	179,507	100	6,831	8,412	-	1,903	(215,989)	794
Disposals	-	-	-	-	(20,219)	-	(84,905)	(9,770)	(11,850)	(52,497)	-	(179,241)
At 31 December 2012	653,044	3,644,204	2,123,265	142,150	5,262,214	41,849	2,018,853	282,898	338,638	3,711,660	361,829	18,580,604

Notes to the financial statements

	Consolidated financial statements (restated)											
	Land		Buildings, warehouses and improvement	Condo-miniums	Machinery, equipment and tools	High voltage equipment	Vehicles	Furniture and office equipment	Plastic pallets	Marketing promotion equipments	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation					(in thousand Baht)					
<i>Depreciation</i>												
At 1 January 2011	-	-	978,471	109,855	3,396,876	22,999	1,548,003	220,336	304,671	3,217,540	-	9,798,751
Depreciation charge for the year	-	-	64,441	2,349	231,449	2,336	113,038	23,018	16,449	171,974	-	625,054
Acquisitions through business combinations under common control	-	-	22,296	-	72,200	-	2,173	1,217	-	-	-	97,886
Transfers	-	-	-	-	117	-	-	(109)	-	(8)	-	-
Disposals	-	-	(2,892)	-	(251,368)	-	(62,316)	(16,981)	(3)	(39,382)	-	(372,942)
At 31 December 2011 and 1 January 2012	-	-	1,062,316	112,204	3,449,274	25,335	1,600,898	227,481	321,117	3,350,124	-	10,148,749
Depreciation charge for the year	-	-	70,987	2,358	260,173	2,346	98,225	19,985	11,819	148,397	-	614,290
Transfers	-	-	-	-	15	-	-	1,021	-	(17)	-	1,019
Disposals	-	-	-	-	(16,434)	-	(81,656)	(9,722)	(11,849)	(52,490)	-	(172,151)
At 31 December 2012	-	-	1,133,303	114,562	3,693,028	27,681	1,617,467	238,765	321,087	3,446,014	-	10,591,907
<i>Allowance for loss of marketing promotion equipment</i>												
At 1 January 2011	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 31 December 2011 and 1 January 2012	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 31 December 2012	-	-	-	-	-	-	-	-	-	5,330	-	5,330
<i>Net book value</i>												
At 1 January 2011	417,768	3,643,742	799,359	32,295	1,353,523	17,108	342,738	53,479	32,848	418,906	270,111	7,381,877
At 31 December 2011 and 1 January 2012	609,872	3,643,742	1,025,198	29,946	1,556,767	15,858	457,868	43,122	26,184	382,175	213,161	8,003,893
At 31 December 2012	653,044	3,644,204	989,962	27,588	1,569,186	14,168	401,386	44,133	17,551	260,316	361,829	7,983,367

Notes to the financial statements

	Separate financial statements											Assets under construction and installation	Total
	Land		Buildings, warehouses and improvement	Condo-miniums	Machinery and equipment	High voltage equipment	Vehicles	Furniture and office equipment	Plastic pallets	Marketing promotion equipments			
	Historical cost	Surplus on revaluation											
	(in thousand Baht)												
Cost/revaluation	-												
At 1 January 2011	348,075	3,599,981	1,605,965	142,150	4,443,216	40,107	1,879,620	267,995	313,659	3,641,776	270,110	16,552,654	
Additions	122,394	-	6,768	-	133,117	1,086	15,821	10,269	9,785	117,693	545,642	962,575	
Transfers	14,900	-	181,896	-	175,067	-	212,388	1,646	-	17,548	(602,729)	716	
Disposals	-	-	(2,892)	-	(251,247)	-	(63,149)	(17,035)	(3)	(39,388)	-	(373,714)	
At 31 December 2011 and 1 January 2012	485,369	3,599,981	1,791,737	142,150	4,500,153	41,193	2,044,680	262,875	323,441	3,737,629	213,023	17,142,231	
Additions	43,172	-	15,066	-	94,525	556	38,161	13,197	3,187	24,625	349,242	581,731	
Transfers	-	-	20,030	-	165,152	100	6,831	8,035	-	1,903	(201,256)	795	
Disposals	-	-	-	-	(18,559)	-	(81,342)	(9,489)	(11,850)	(52,497)	-	(173,737)	
At 31 December 2012	528,541	3,599,981	1,826,833	142,150	4,741,271	41,849	2,008,330	274,618	314,778	3,711,660	361,009	17,551,020	
Depreciation													
At 1 January 2011	-	-	882,024	109,855	3,144,730	22,999	1,541,504	215,209	281,497	3,217,540	-	9,415,358	
Depreciation charge for the year	-	-	54,158	2,349	214,346	2,336	111,910	22,522	15,764	171,974	-	595,359	
Transfers	-	-	-	-	117	-	-	(109)	-	(8)	-	-	
Disposals	-	-	(2,892)	-	(250,802)	-	(62,316)	(16,959)	(3)	(39,382)	-	(372,354)	
At 31 December 2011 and 1 January 2012	-	-	933,290	112,204	3,108,391	25,335	1,591,098	220,663	297,258	3,350,124	-	9,638,363	
Depreciation charge for the year	-	-	56,025	2,358	227,258	2,346	96,711	19,397	11,819	148,397	-	564,311	
Transfers	-	-	-	-	15	-	-	1,021	-	(17)	-	1,019	
Disposals	-	-	-	-	(14,976)	-	(78,093)	(9,483)	(11,849)	(52,490)	-	(166,891)	
At 31 December 2012	-	-	989,315	114,562	3,320,688	27,681	1,609,716	231,598	297,228	3,446,014	-	10,036,802	

Notes to the financial statements

	Separate financial statements										Assets under construction and installation	Total
	Land	Land	Buildings, warehouses and improvement	Condo-miniums	Machinery and equipment	High voltage equipment	Vehicles	Furniture and office equipment	Plastic pallets	Marketing promotion equipments		
	Historical cost	Surplus on revaluation										
<i>(in thousand Baht)</i>												
Allowance for loss of marketing promotion equipment												
At 1 January 2011	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 31 December 2011 and 1 January 2012	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 31 December 2012	-	-	-	-	-	-	-	-	-	5,330	-	5,330
Net book value												
At 1 January 2011	348,075	3,599,981	723,941	32,295	1,298,486	17,108	338,116	52,786	32,162	418,906	270,110	7,131,966
At 31 December 2011 and 1 January 2012	485,369	3,599,981	858,447	29,946	1,391,762	15,858	453,582	42,212	26,183	382,175	213,023	7,498,538
At 31 December 2012	528,541	3,599,981	837,518	27,588	1,420,583	14,168	398,614	43,020	17,550	260,316	361,009	7,508,888

Notes to the financial statements

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2012 and 2011 is summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Buildings and equipment	8,002,826	7,127,452	7,737,977	6,861,763

18 Intangible assets

	Consolidated financial statements (restated)			
	Trademark	Software licenses <i>(in thousand Baht)</i>	Right for distribution of goods	Total
Cost				
At 1 January 2011	-	36,332	102,500	138,832
Acquisitions through business Combinations under common control	2,000	-	-	2,000
Additions	-	13,912	-	13,912
Transfers	-	(716)	-	(716)
At 31 December 2011 and 1 January 2012	2,000	49,528	102,500	154,028
Additions	-	6,943	-	6,943
Transfers	-	(1,019)	-	(1,019)
At 31 December 2012	2,000	55,452	102,500	159,952
Amortization				
At 1 January 2011	-	21,981	71,499	93,480
Amortization charge for the year	-	7,037	13,609	20,646
At 31 December 2011 and 1 January 2012	-	29,018	85,108	114,126
Amortization charge for the year	-	10,388	17,392	27,780
Transfers	-	(1,019)	-	(1,019)
At 31 December 2012	-	38,387	102,500	140,887
Net book value				
At 1 January 2011	-	14,351	31,001	45,352
At 31 December 2011 and 1 January 2012	2,000	20,510	17,392	39,902
At 31 December 2012	2,000	17,065	-	19,065

	Separate financial statements		
	Software licenses	Right for distribution of goods <i>(in thousand Baht)</i>	Total
Cost			
At 1 January 2011	35,214	102,500	137,714
Additions	13,912	-	13,912
Transfers	(716)	-	(716)
At 31 December 2011 and 1 January 2012	48,410	102,500	150,910
Additions	6,927	-	6,927
Transfers	(1,019)	-	(1,019)
At 31 December 2012	54,318	102,500	156,818

Notes to the financial statements

	Separate financial statements		
	Software licenses	Right for distribution of goods (in thousand Baht)	Total
Amortization			
At 1 January 2011	21,140	71,499	92,639
Amortization charge for the year	6,865	13,609	20,474
At 31 December 2011 and 1 January 2012	28,005	85,108	113,113
Amortization charge for the year	10,289	17,392	27,681
Transfer	(1,019)	-	(1,019)
At 31 December 2012	37,275	102,500	139,775
Net book value			
At 1 January 2011	14,074	31,001	45,075
At 31 December 2011 and 1 January 2012	20,405	17,392	37,797
At 31 December 2012	17,043	-	17,043

19 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated) (in thousand Baht)	2012	2011
Deferred moulds and packaging cylinders	-	3,525	-	-
Less Accumulated amortization	-	(2,453)	-	-
Allowance for impairment loss	-	(1,072)	-	-
Net	-	-	-	-
Rental payment in advance - net	13,710	15,210	13,710	15,210
Loans to employees	3,238	1,757	3,238	1,757
Deposits	14,081	6,869	14,047	6,834
Others	1,677	366	-	-
Total	32,706	24,202	30,995	23,801

The rental payments in advance as at 31 December 2012 and 2011 were shown net of accumulated amortization of Baht 6.19 million and Baht 4.68 million, respectively. The amortization is charged to profit or loss over the period of the contract.

20 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011 (Restated) (in thousand Baht)	2012	2011
Related parties	7	511,612	241,019	527,617	241,208
Other parties		725,901	1,128,159	695,080	1,093,751
Total		1,237,513	1,369,178	1,222,697	1,334,959

Trade accounts payable of the Group and the Company as at 31 December 2012 and 2011 were denominated entirely in Thai Baht.

Notes to the financial statements

21 Employee benefit obligations

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011 (Restated)	2012	2011
<i>(in thousand Baht)</i>					
Statement of financial position					
Obligation for:					
Short-term employee benefit					
- accumulated annual leave		8,626	5,787	8,626	5,787
Long-term employee benefit					
- long service award		67,727	82,876	67,727	82,876
- provision for executive incentive	22	17,871	27,795	17,871	27,795
- provident fund		1,899	1,814	1,899	1,814
Post-employment benefit					
- retirement benefit		1,130,710	1,099,101	1,125,959	1,092,797
Total		1,226,833	1,217,373	1,222,082	1,211,069

	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated)	2012	2011
	(in thousand Baht)			
<i>Statement of financial position</i>				
<i>Current</i>				
Accrued expenses	106,063	34,225	106,063	31,587
Other current liabilities	17,871	17,828	17,871	17,828
	<u>123,934</u>	<u>52,053</u>	<u>123,934</u>	<u>49,415</u>
<i>Non-current</i>				
Employee benefit obligation	1,102,899	1,155,353	1,098,148	1,151,687
Long-term provision	-	9,967	-	9,967
	<u>1,102,899</u>	<u>1,165,320</u>	<u>1,098,148</u>	<u>1,161,654</u>
Total	1,226,833	1,217,373	1,222,082	1,211,069

	Consolidated financial statements		Separate financial statements	
<i>Year ended 31 December</i>	2012	2011 (Restated) <i>(in thousand Baht)</i>	2012	2011
<i>Statement of comprehensive income:</i>				
<i>Recognized in profit or loss:</i>				
Post-employment benefit				
- retirement benefit	92,644	99,231	91,859	98,618
Long-term employee benefits				
- long service award	11,343	11,773	11,343	11,773
- provident fund	85	67	85	67
Total	104,072	111,071	103,287	110,458
<i>Recognised in other comprehensive income:</i>				
Actuarial (gains) losses recognised in the year	2,607	(34,212)	2,546	(34,144)
Cumulative actuarial (gains) losses recognised	(31,605)	(34,212)	(31,598)	(34,144)

Notes to the financial statements

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011. The short-term employee benefit - accumulated annual leave and long-term employee benefit - long service award, the Group has opted to apply the new standard retrospectively and adjusted the prior year's financial statements accordingly. For post - employment benefit - retirement benefit, the Group has opted to record the entire amount of the transitional obligation as at 1 January 2011, totaling Baht 888.40 million for the Group and Baht 884.45 million for the Company, as an adjustment to retained earnings as at 1 January 2011.

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 statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated)	2012	2011
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	1,130,710	1,099,101	1,125,959	1,092,797
Statement of financial position obligation	1,130,710	1,099,101	1,125,959	1,092,797

Movement in the present value of the defined benefit obligations:

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011 (Restated)	2012	2011
		<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January		1,099,101	1,072,255	1,092,797	1,068,305
Increase from business combination under common control	6	-	1,826	-	-
Benefits paid by the plan		(69,425)	(34,199)	(67,025)	(34,199)
Current service costs and interest		92,644	99,231	91,859	98,618
Actuarial (gains) losses in other comprehensive income		8,390	(40,012)	8,328	(39,927)
Defined benefit obligations at 31 December		1,130,710	1,099,101	1,125,959	1,092,797

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated)	2012	2011
	<i>(in thousand Baht)</i>			
Current service costs	55,880	58,011	55,288	57,523
Interest on obligation	36,764	41,220	36,571	41,095
Total	92,644	99,231	91,859	98,618

Notes to the financial statements

The expense is recognised in the following line items in the statement of comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated)	2012	2011
		<i>(in thousand Baht)</i>		
Cost of sales of goods	11,234	12,061	11,234	12,061
Selling expenses	62,432	67,025	62,432	67,025
Administrative expenses	15,537	16,441	14,752	15,828
Management personal	3,441	3,704	3,441	3,704
Total	92,644	99,231	91,859	98,618

Actuarial gains and losses recognised in other comprehensive income:

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011 (Restated)	2012	2011
			<i>(in thousand Baht)</i>		
Included in retained earnings:					
At 1 January		40,012	-	39,927	-
Increase from business combination under common control	6	-	85	-	-
Recognised during the year		(8,390)	39,927	(8,328)	39,927
At 31 December		31,622	40,012	31,599	39,927

Principal actuarial assumptions at the reporting date:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Discount rate at 31 December	3.5	3.5	3.5	3.5
Future salary increases	5.0	5.0	5.0	5.0

Assumptions regarding future mortality are based on published statistics and mortality tables.

22 Provision

	Consolidated and Separate financial statements (in thousand Baht)
Provision for executive incentive plan	
At 1 January 2011	36,075
Provisions made	9,218
Provisions used	(17,498)
At 31 December 2011 and 1 January 2012	27,795
Provisions made	8,693
Provisions used	(18,617)
At 31 December 2012	17,871

Notes to the financial statements

Consolidated and Separate financial statements (in thousand Baht)

At 31 December 2011 and 1 January 2012

Current	17,828
Non-current	9,967
Total	27,795

At 31 December 2012

Current	17,871
Non-current	-
Total	17,871

23 Share capital

	Par value per share (in Baht)	2012		2011	
		Number	Baht (thousand shares / thousand Baht)	Number	Baht
Authorised					
At 1 January					
Ordinary shares	1	265,900	265,900	265,900	265,900
At 31 December					
Ordinary shares	1	265,900	265,900	265,900	265,900
Issued and paid-up					
At 1 January					
Ordinary shares	1	265,900	265,900	265,900	265,900
At 31 December					
Ordinary shares	1	265,900	265,900	265,900	265,900

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

Share premium

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

24 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, 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.

Notes to the financial statements

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

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.

Surplus on land revaluation

Surplus on land revaluation within equity comprises the cumulative net change in land revaluation included in the financial statements at valuation until such land is sold or otherwise disposed of.

In May 2010, the Group appraised its land based on the depreciated replacement cost approach by C.I.T. Appraisal Co., Ltd., an independent professional valuer. The Group made adjustments to increase the value of land in the consolidated and separate financial statements by Baht 3,636.24 million and Baht 3,592.48 million, respectively. The Group recognised surplus on land revaluation under equity in the consolidated and separate financial statements by Baht 3,655.70 million and Baht 3,611.94 million, respectively, and recognised loss on land revaluation of Baht 19.46 million in the consolidated and separate statements of comprehensive income.

On 1 January 2011, The Group and the Company reclassified the investment properties using fair value method. The valuation surplus of Baht 12.90 million was credited to retained earnings.

Surplus on land revaluation is not available for dividend distribution.

25 Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments is based on the Group's management and internal reporting structure.

Business segments

The Group comprises the following main business segments:

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

In presenting information on the basis of business segments, segment revenue is based on the type of business.

Geographical segments

Management considers that the Group operates in a single geographical area, namely in Thailand, and has, therefore, only on major geographical segment.

Notes to the financial statements

Revenue from sale of goods and rendering of services for year ended 31 December

	Consolidated financial statements	
	2012	2011
	<i>(in thousand Baht)</i>	
Carbonated soft drink	14,671,690	13,981,076
Non-Carbonated soft drink	8,148,985	7,449,461
Total	22,820,675	21,430,537

26 Other income

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(Restated)</i>			
	<i>(in thousand Baht)</i>			
Sale of scrap	120,922	55,941	118,409	54,197
Interest income	29,733	9,087	27,984	8,000
Gain on disposal of fixed assets	29,285	34,141	29,210	34,141
Dividend income	6,135	10,384	6,135	37,564
Compensation from flood	3	65,755	101,289	65,755
Fair value adjustments on investment properties	16	3,512	3,512	-
Sale of by product	18,607	15,018	18,607	15,018
Others	76,330	39,736	66,598	34,795
Total	385,813	230,062	371,744	249,470

27 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(Restated)</i>			
	<i>(in thousand Baht)</i>			
Personnel expenses	1,238,162	1,194,284	1,235,893	1,192,031
Marketing expenses	843,984	497,861	835,146	497,312
Depreciation and amortization	267,362	315,193	267,303	315,134
Distribution	277,640	235,031	255,034	218,015
Fuel	232,083	283,855	232,083	283,855
Others	363,684	340,975	363,216	340,842
Total	3,222,915	2,867,199	3,188,675	2,847,189

28 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(Restated)</i>			
	<i>(in thousand Baht)</i>			
Management benefit expenses	29	96,058	93,954	96,058
Directors' remunerations	7	18,727	24,339	18,727
Personnel expenses	519,181	450,518	502,370	438,637
Depreciation and amortization	73,733	62,732	71,040	60,516
Fuel	156,452	130,854	155,845	130,704
Net loss on foreign exchange	207	55	165	57

Notes to the financial statements

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2012	2011 (Restated)	2012	2011
		<i>(in thousand Baht)</i>			
Fair value adjustments on investment properties	16	-	5,161	-	5,161
Others		342,383	309,813	315,045	303,423
Total		1,206,741	1,077,426	1,159,250	1,056,791

29 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated)	2012	2011
	(in thousand Baht)			
Management				
Salaries, wages and other benefits	80,551	77,742	80,551	77,742
Management personal provisions	8,693	9,218	8,693	9,218
Pension costs - defined benefit plans	3,436	3,704	3,436	3,704
Pension costs - defined contribution plans	3,315	3,171	3,315	3,171
Increase in liability for long-service leave	6	47	6	47
Contribution to social fund	57	72	57	72
	<u>96,058</u>	<u>93,954</u>	<u>96,058</u>	<u>93,954</u>
Other employees				
Salaries, wages and other benefits	2,015,535	1,827,774	1,953,954	1,783,316
Pension costs - defined benefit plans	89,149	95,526	88,424	94,913
Pension costs - defined contribution plans	84,406	85,059	82,947	83,689
Increase in liability for long-service leave	11,337	11,726	11,337	11,726
Contribution to social fund	46,528	61,404	45,408	60,376
	<u>2,246,955</u>	<u>2,081,489</u>	<u>2,182,070</u>	<u>2,034,020</u>
Total	2,343,013	2,175,443	2,278,128	2,127,974

Defined benefit plans

Details of the defined benefit plans are given in note 21.

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.

Notes to the financial statements

30 Expenses by nature

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

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2012	2011 (Restated) <i>(in thousand Baht)</i>	2012	2011
Changes in inventories of finished goods and work in progress		4,430,361	5,307,069	4,725,282	5,498,594
Raw materials and consumables used		11,293,643	10,108,015	10,813,562	9,930,000
Employee benefit expenses	29	2,343,013	2,175,443	2,278,128	2,127,974
Directors' remunerations	7	18,727	24,339	18,727	24,339
Depreciation and amortisation		638,925	646,655	588,847	616,786
Marketing expenses	27	843,984	497,861	835,146	497,312
Distribution	27	277,640	235,031	255,034	218,015
Fuel		426,579	425,600	396,634	425,019
Others		2,382,048	1,875,392	2,457,914	1,876,998
Total expenses		22,654,920	21,295,405	22,369,274	21,215,037

31 Income tax expense

Income tax recognised in profit or loss

	Consolidated financial statements		Separate financial statements	
	2012	2011 (Restated) <i>(in thousand Baht)</i>	2012	2011
Current tax expense				
Current year	124,930	105,459	126,335	102,037
Adjustment for prior years	7,185	1,102	7,185	1,102
Total income tax expense	132,115	106,561	133,520	103,139

Reconciliation of effective tax rate

	Consolidated financial statements			
	2012		2011 (Restated)	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit for the year		596,146		62,362
Income tax expense		132,115		106,561
Profit before total income tax expense		728,261		168,923
Income tax using the Thai corporation tax rate	23.00	167,500	30.00	50,677
Income not subject to tax		(52,747)		36,059
Expenses not deductible for tax purposes		16,289		24,447
Expenses for tax incentives		(1,100)		(1,198)
Recognition of previously unrecognised tax losses		(5,275)		(4,662)
Under provided in prior year		7,185		1,102
Effected from eliminations		263		136
Total	18.14	132,115	63.08	106,561

Notes to the financial statements

Reconciliation of effective tax rate

	Separate financial statements			
	2012		2011	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit for the year		361,274		264,922
Income tax expense		133,520		103,139
Profit before income tax expense		494,794		368,061
Income tax using the Thai corporation tax rate	23.00	113,803	30.00	110,418
Income not subject to tax		(3,048)		(30,996)
Expenses not deductible for tax purposes		16,592		23,799
Expenses for tax incentives		(1,012)		(1,184)
Under provided in prior year		7,185		1,102
Total	26.98	133,520	28.02	103,139

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively.

It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution dated 11 October 2011 to increase Thailand's tax competitiveness.

32 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2012 and 2011 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(in thousand Baht/thousand shares)			
Profit attributable to ordinary shareholders of the Company (basic)	600,624	55,131	361,274	264,922
Number of ordinary shares outstanding	265,900	265,900	265,900	265,900
Earnings per share (basic) (in Baht)	2.26	0.21	1.36	1.00

33 Dividends

At the annual general meeting of the shareholders of the Company held on 19 April 2012, the shareholders approved the appropriation of dividend of Baht 0.75 per share on 265.90 million shares, amounting to Baht 199.43 million. The dividend was paid to shareholders during the year 2012 and uncollected dividend was shown as accrued dividend in the statement of financial position.

Notes to the financial statements

At the annual general meeting of the shareholders of the Company held on 29 April 2011, the shareholders approved the appropriation of dividends of Baht 1.25 per share on 265.89 million shares amounting to Baht 332.37 million. The dividend was paid to shareholders during the year 2011 and uncollected dividend was shown as accrued dividend in the statement of financial position.

34 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 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. The Group is primarily exposed to interest rate risk from its loans to and loans from related parties (see note 7). The Group does not expect that changes in interest rates will materially affect its operations.

Foreign currency risk

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

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

	<i>Note</i>	Consolidated and Separate financial statements	
		2012	2011
		<i>(in thousand Baht)</i>	
<i>Hong Kong Dollars</i>			
Trade accounts receivable	10	1,237	408
Gross balance sheet exposure		1,237	408
Total exposure		1,237	408

Notes to the financial statements

		Consolidated and Separate financial statements	
	Note	2012	2011
		(in thousand Baht)	
<i>Euro</i>			
Other payables		(38,087)	(12,844)
Gross balance sheet exposure		(38,087)	(12,844)
Estimated forecast purchases of fixed assets		(9,725)	-
Total exposure		(47,812)	(12,844)
<i>United States Dollars</i>			
Other payables		(1,901)	(9,656)
Gross balance sheet exposure		(1,901)	(9,656)
Estimate forecast purchases of fixed assets		(6,918)	(9,091)
Total exposure		(8,819)	(18,747)

Credit risk

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

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

Liquidity risk

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

Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

Notes to the financial statements

The fair value of investments in equity securities, which are available for sales, are determined by reference to their quoted bid price at the reporting date.

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

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

Although the management uses its best judgment in estimating fair values of financial instruments, estimation methodologies and assumptions used to estimate fair values are inherently subjective. Accordingly, the use of different estimation methodologies and or market assumptions may have a significant effect on the estimated fair values.

35 Commitments with non-related parties

	Consolidate financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Capital commitments				
<i>Contracted but not provided for:</i>				
Land	-	40,798	-	40,798
Buildings, warehouses and improvement	130,836	12,184	130,836	12,184
Machinery, equipment and tools	83,045	9,091	81,134	9,091
Vehicle	192	-	192	-
Intangible assets	6,399	13,500	6,399	13,500
Total	220,472	75,573	218,561	75,573

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
Non-cancellable operating lease commitments				
Within one year	18,540	13,347	18,312	13,347
After one year but within five years	39,177	21,489	38,360	21,489
After five years	74,014	77,967	74,014	77,967
Total	131,731	112,803	130,686	112,803

Notes to the financial statements

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand)</i>			
<i>Other commitments</i>				
<i>Thai Baht</i>				
Unused letters of credits for goods and supplies	16,643	9,091	16,643	9,091
Bank guarantees	104,209	51,939	100,790	48,412
Total	120,852	61,030	117,433	57,503
 <i>Euro</i>				
Unused letters of credits for fixed assets	238	-	238	-
 <i>United States Dollars</i>				
Unused letters of credits for fixed assets	225	286	225	286

The Company entered into land, building, 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 PepsiCo, Inc. to be appointed to bottle, sell and distribute carbonated drinks solely in the whole Kingdom of Thailand. The Company has to comply with certain conditions contained in the agreement for which the duration is not specified. On 31 March 2011, the Board of Directors approved to terminate the agreement to be effective as of the close of business on 1 April 2012. Subsequently, at the Extraordinary General Meeting of Shareholders no.2/2011 on 26 August 2011, the shareholders approved to extend the period of the effectiveness of the termination of the agreement for 7 months, from 1 April 2012 to 1 November 2012.

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

Co-packing agreements

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 drinks. The subsidiary has to comply with certain conditions contained in the agreement for a period of 3 years. On 1 June 2012, the parties made an amendment to set the termination date on 31 December 2013.

Distributorship agreement

The Company entered into an agreement with Pepsi-Cola (Thai) Trading Co., Ltd. ("The parties") to be appointed to distribute bottled tea and fruit juices solely in the whole Kingdom of Thailand. The Company has to comply with certain conditions contained in the agreement for a period of 3 years including a renewal option. On 1 June 2012 the parties entered into the attached agreement. The agreement ends on 31 December 2013.

Cooperative advertising and marketing agreement

The Company entered into an agreement with Pepsi-Cola (Thai) Trading Co., Ltd. for both parties to participate in a Cooperative Advertising and Marketing Program in the territory. Both parties agree to spend for advertising and marketing of the products for the term and the amount as specified in the agreement. Each agreement is effective for a period of 1 year which ended on 1 November 2012.

36 Credit facilities

As at 31 December 2012 the Group and the Company had unutilised credit facilities totalling Baht 6,239 million and Baht 6,289 million, respectively (2011: Baht 1,477 million and Baht 1,427 million, respectively).

37 Contingent liabilities

The Company had a contingent liability arising from a claim for compensation and unfair lay off employees of Baht 10.63 million in connection with undelivered goods. The court case is pending judgment. However, the Company's fixed deposit of Baht 2.49 million has been pledged with the court.

38 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS that relevant to the Group's operations are expected to become effective for annual financial periods beginning on or after 1 January 2013 were as follows:

TFRS	Topic
TAS 12	Income Taxes
TAS 21 (revised 2011)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating segments

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 12 – Income taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. Currently, the Group does not recognise deferred tax in the financial statements.

The Group will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2012 will be adjusted accordingly. Management estimates that the impact on the statements of financial position as at 31 December 2012 and 2011 will be as follows:

Notes to the financial statements

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	<i>(in thousand Baht)</i>			
<i>Statement of financial position</i>				
Estimated changes as a result of the adoption retrospectively of TAS 12 - Income taxes:				
Increase in deferred tax assets	341,549	314,209	336,731	304,081
Increase in deferred tax liabilities	790,467	769,306	781,623	760,554
Decrease in other components of equity	(739,105)	(730,840)	(730,261)	(722,088)
Decrease in retained earnings	290,187	275,743	285,369	265,615
Decrease in total equity	(448,918)	(455,097)	(444,892)	(456,473)

The impact on the statements of comprehensive income for 2013 and subsequent periods is not presently determinable.

TAS 21 (revised 2009) - The effects of changes in foreign exchange rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Group is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Group's reported assets, liabilities or retained earnings.

TFRS 8 - Operating segments

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Group's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no impact on the Group's financial statements.

Activities **Marketing**

SERMSUK

Fulfill Happiness



Activities

Marketing

Win One of **100 Smart Phones**

While Looking **Good with Crystal**



Activities

Marketing

Sernsuk executes its plan to expand the drinking water market, under its new business direction, with the launch of **1 liter Crystal**. It aims to penetrate 200,000 eateries & retail shops.



Activities

Marketing

Crystal joins with **Broadcast Thai Television** to kick-off the Freshy Gang Hunting campaign for Channel 3's star hunt.



Activities

Marketing

“Looking Good” program “Drink Crystal & Win 5 All-New Suzuki Swift Eco-Cars”



Activities

Marketing

Sermsuk Shakes Up Thailand's Beverage Industry with the Launch of the **"est" Brand, a Full-Range** Carbonated Soft Drink Line, creating the "Cool-est" phenomenon

Sermsuk plc announced on 'est Day', November 2, 2012, its move to change the dynamics of the entire Thai beverage industry with the launch of the "est" brand, Thailand's own world-class line of quality carbonated soft drinks (CSDs). The Company turned the new "est" cola, the first product in its CSD line, into the "cool-est" phenomenon in Thailand. The CEO of Sermsuk plc and celebrities joined the event to make beverage history.



Activities

Marketing



Activities

Marketing

“est” Enjoys Sales of One

Billion Baht in Just 6 Weeks

Sermsuk has driven ‘est’ to be the ‘one billion baht cola’ in just 6 weeks since its market debut on November 2, 2012. Reaching sales of one billion baht this fast was a new market phenomenon. The major milestone was attributable to the solid support of retailers and positive acceptance from all groups of consumers nationwide, ranging from teens, working people to carbonated soft drink fans who have all switched to ‘est’. In order to thank ‘est’ fans across Thailand for their support there were a number of New Year’s celebration activities organized.



Activities

Marketing

Sermsuk implemented its new business direction
with the **248-million** baht acquisition of **Wrangyer**
Beverage Company to penetrate the non-carbonated beverage market



Activities

Marketing

Sermsuk expands its customer with the introduction

Oishi Green Tea Returnable Bottle in Honey and Lemon Flavors.

This move creates the green tea returnable bottle segment.



Activities

Marketing

YOU & I Meet and Greet Mike De Angelo



Activities CSR



Activities

CSR

Crystal Reforestation with the gang of new stars

Crystal brand drinking water kicked off the "Crystal Star Hunt" program in collaboration with Broadcast Thai television Co., Ltd, and Channel 3. Under the program, Crystal joined in hunting for new stars and invited them to join its Mangrove Reforestation CSR activation at the Nature Education Center for Mangrove Conservation and Ecotourism in Chonburi where these young people worked with the community relations team of Sermasuk to conserve the environment. The mangrove reforestation is a CSR initiative that the Sermasuk Chonburi plant has launched on a continual basis.



Activities

CSR

CSR-DIW 2012 Awards

As the 2012 flagship project of the Department of Industrial Works and the Ministry of Industry, the CSR-DIW Awards program was designed to develop participatory socially responsible industrial plants. Sermsuk joined the program since 2009 and received the awards for four years in-a-row, reaffirming Sermsuk as Thailand's only beverage company to meet the quality standards for all of its plants on a continual basis.

Several changes were noted in 2012 but Sermsuk remains focused on operating its business in the socially responsible manner.

This mission has been unchanged and developed on a continual basis to boost the sustainable growth of both Sermsuk and the society.



Activities

CSR

The “Usahagam Ruam Jai Phak Rak Mae Num” program

The Ministry of Industry announced its strategy on integrated river protection and rehabilitation in celebration of Their Majesties the King and Queen and the Crown Prince’s birthday anniversaries by introducing an initiative entitled, “Together We Protect Rivers in Honor of His Majesty and His Royal Family” (or “Usahagam Ruam Jai Phak Rak Mae Num”).



The objective of the initiative is to mobilize efforts from all sectors to protect the rivers to pay tribute to His Majesty and his royal family using a proactive plan and encouraging industries and the public to conserve and revive the water resources nationwide with a major focus on six main rivers including Chao Phraya River, Tha Jeen River, Mae Klong River, Lamtakhong River, Songkhla Lake and Bang Pakong River. The 2-year project, which runs from 2012 until 2014, is poised to rehabilitate these rivers in compliance with His Majesty’s remark addressing his concern about the quality of major rivers that is being deteriorated.

Sermsuk PCL was among the 12 companies to be awarded the project’s flags by the Ministry of Industry in recognition of its environmental protection conservation and river conservation and rehabilitation.

Activities CSR

'est' creates the cool-est phenomenon with Mike opening up the fun and exciting experience for Baan Pakkred orphan children at Safari World

On December 19, 2012, 'est' ran an activation with Mike Pirat Nithipaisarnkul, one of the 'est' cola presenters by organizing a study tour to Safari World open zoo for the children of Baan Pakkred. The event brought the smiles of happiness to 50 Pakkred orphans and gave happiness to more than 200 participating people including Mike fans who joined the trip to take care of the children.



Sermasuk

Activities



Sermsuk

Activities

Sermsuk announces new corporate vision as 'Thailand's Quality Products Producer & Distributor'

Introduces new culture & identity to fulfill happiness of Thai people
Sermsuk announced its new corporate vision as Thailand's 'Quality Products Producer and Distributor'. In support of its new vision the company has launched a new corporate identity which symbolizes Sermsuk's strong corporate culture under the 'Fulfill Happiness' concept. This reflects Sermsuk's readiness to utilize its considerable resources in providing a variety of quality products that make Thai consumers feel happy.



To meet the ongoing market changes, including consumer demands for a variety of alternative products, Sermsuk has changed our corporate identity to reflect our new business direction as a 'Quality Product Producer and Distributor' under the 'Fulfill Happiness' concept. This is a true mission for every one of us at Sermsuk to start fulfilling happiness from the inside out, from our 8,000 employees to over 200,000 retail shops and millions of consumers as we share the same goal of making Sermsuk a strong and sustainably healthy organization.

To reflect its new business focus, Sermsuk's new corporate identity highlights modernization in every aspect of the company. The infinity design also symbolizes the company's sustainable presence in the Thai society, while the blue color reflects the refreshment that Sermsuk delivers to consumers and the green color represents its environmentally friendly working style. The new corporate culture reflects Sermsuk's readiness to demonstrate its potential to deliver quality products and to fulfill a wide range of happiness that hits the hearts of Thai consumers under the 'Fulfill Happiness' mission.

Sermsuk

Activities

Crystal the only drinking water brand in Thailand to receive the FDA Quality Award for two consecutive years

Crystal brand drinking water is the only bottled beverage in Thailand to win the Food and Drug Administration's (FDA) Quality Award 2012. The reward recognizes Sermsuk PCL (SSC) as a qualified company that produces and sells food products that are hygienic and safe for consumers and meet FDA standards. It further notes SSC's high quality manufacturing processes that are conducted in an ethical and socially responsible manner. Winning the FDA Quality Award for two years in-a-row reinforces SSC's commitment to be the quality producer and distributor that has worked for environmental sustainability for almost 60 years.



The FDA Quality Award was initiated by the Food and Drug Administration (FDA) under the supervision of the Ministry of Public Health. It was given to 32 companies across Thailand that stand out in terms of ethical manufacturing practices for food, drugs, cosmetics, medical equipment and hazardous substances for household use. The award boosts the spirits of companies that are focused on doing the right thing with regards to safety and benefit of consumers, while highlighting the selected companies as good role models for others to follow.



Sermsuk

Activities

Sermsuk ready to 'Fight to the Fullest' in the cola war

Sermsuk Company Limited announced the company's readiness to penetrate the cola market by uniting Sermsuk's 8,000 employees to "Fight to the Fullest" in selling 'est', Sermsuk's own carbonated soft drink brand.





Fulfill Happiness

