



Fulfill Happiness

ANNUAL REPORT

Sermsuk Public Company Limited

2013

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Policy and Business Overview

1. Policy and Business Overview

Business Overview and Development

Sermsuk Public Company Limited was established to operate the beverage business by a group of 7 founders who tendered an application to register the company with start-up capital of eight million baht. The Company was opened on April 18, 1952 with the “Pepsi” beverage product, which was first produced at Silom Plant and available in the Thai market on March 18, 1953.

On March 31, 2011, the Board of Directors resolved to terminate the Exclusive Bottling Appointment Agreement (“EBA”) with Pepsi in Thailand. 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 PepsiCo (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**”) informing the Company that PepsiCo Group and SSN (collectively referred to as the “**Major Shareholders Group**”) executed an Agreement to Sell and Purchase Shares in the Company. With regards to the EBA, if the PepsiCo Group sold the shares to SSN and/or an SSN investor, there was a condition prescribing that the Company and Pepsi shall extend the period of the EBA for seven months from April 1, 2012.

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

Currently, the Company operates under its future business plan utilizing a variety of resources and assets as well as its strong product distribution and delivery network to enhance steady and sustainable growth.

1.1 Vision, Business Objectives, Goals and Strategies of the Company

Vision

Sermsuk Public Company Limited has its new corporate vision to be Thailand’s ‘**Quality Products Producer and Distributor**’.

Mission

The Company's mission is “To Fulfill Happiness” with high quality food and beverage products for Thai consumers in order to enhance the stability and sustainability in its business growth.

Business Objectives and Plan

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 is as follows:

The Company’s Business Plan with a Focus on Four Business Pillars

1st Business Pillar: 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

Policy and Business Overview

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.

2nd Business Pillar: To increase investment in the production line of Crystal Drinking Water in order to respond to increased demand.

3rd Business Pillar: To be a distributor of other products apart from beverage products.

4th Business Pillar: To be a manufacturer of carbonated beverages under any other trademark.

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

Business Objectives

The Company sets the following business objectives:

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, market share and volume targets.

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.

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 employees will be equipped with new skills and shown new techniques to enhance their efficiency and performance. The development of its people via on-the-job training is also a Company focus area and this utilizes advice and instructions by supervisors.

Returns to Shareholders Target

The Company has a policy to return profit 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.

Social Responsibility

The Company is committed to providing happiness to Thai people through 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. Our corporate citizenship efforts are extended to the public through a diverse range of social activations. Ultimately, Sermasuk aims to drive sustainable social and environmental development among Thai communities.

Policy and Business Overview

1.2 Major Corporate Change and Development

Investment

Beginning with the initial start-up capital in 1952, the Company has increased its capital sequentially:

- 1952 The registered capital of 8 million baht; 100 baht per share
- 1953 The registered capital increased to 15 million baht; 100 baht per share
- 1966 The registered capital doubled to 30 million baht; 100 baht per share
- 1969 The registered capital grew to 45 million baht; 100 baht per share
- 1986 The registered capital of 105 million baht; 100 baht per share
- 1991 The par value was changed from 100 baht per share to 10 baht per share
- 1994 Sermsuk became a listed company with a registered capital of 260 million baht
- 1997 The registered capital of 265 million baht; 10 baht per share
- 2001 With 542,340 baht in lower registered capital (54,234 shares), the Company's registered capital was 264,457,660 baht (26,445,766 shares). Later the Company's capital increased by 3.5 million baht to 267,957,660 baht (26,795,766 shares)
- 2003 The par value of the Company's ordinary shares was changed from 10 baht per share to 1 baht per share.
- 2009 The value of the Company's registered capital was 2,057,176 million baht lower to reach 265,900,484 baht (265,900,484 shares).

Business Expansion

- 1952 The Company's Silom Plant started operations
- 1967 The Sermsuk Bangkhen Plant was opened on a 24 rai, 1 ngan and 30 5/10 square wah site with the relocation of equipment from the Silom Plant to the Bangkhen facility
- 1969 The Nakhon Ratchasima Plant was opened on a 31 rai, 1 ngan and 69 square wah site while the land on Silom was sold
- 1973 The Nakhonsawan Plant opened on a 24 rai, 1 ngan and 89 8/10 square wah site
- 1975 Being a listed company in Thailand
- 1978 The Pathum Thani Plant was opened on a 164 rai and 88 square wah site
- 1985 Appointed as the distributor of "M-100" and "M-150" products for Osothsapha Co., Ltd.
- 1993 Appointed as the distributor of Volvic mineral water for France-based BSN Group
- 1993 Began the production of drinking water under the "Crystal" brand
- 1995 Provide the distribution for "M Sport" and "M Coffee" beverage for Osothsapha Co., Ltd.
- 1997 The producer and distributor of "Lipton" tea beverage for Unilever Thai Holdings Co., Ltd.
- 1997 The opening of a plastic blow molding plant at its Pathum Thani Plant
- 1998 The Surat Thani Plant was opened on a 67 rai, 1 ngan and 78 square wah site
- 1999 The distributor of "Yo" beverage products for Sermsuk YHS Beverage Co., Ltd. (Currently known as Sermsuk Beverage Co., Ltd.)
- 2002 The Chon Buri Plant was opened on a 42 rai, 3 ngan and 72 square wah site
- 2002 The Company returned its distributorship rights for the "M" products to Osothsapha Co., Ltd., and reached an agreement to be the distributor of Carabao Daeng drinks for Carabao Tawandaeng Co., Ltd.

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- 2003 The authorized producer and distributor of “Gatorade” sport drinks for Stokely Van Camp Inc, USA.
- 2004 Terminated the distribution of Yo soya milk product
- 2005 Signed an agreement to sell "Oishi" beverage products for Oishi Trading Co., Ltd.
- 2006 Signed an agreement to sell "Tropicana Twister" juice beverages in bottles for Pepsi Cola (Thai) Trading Co., Ltd.
- 2012 Terminated the distribution of Carabao Daeng and other beverage products under Pepsi Cola (Thai) Trading Co., Ltd., including Pepsi, Mirinda, Seven-Up and Tropicana Twister.
Started the production and distribution of "est" products on November 2, 2012
Sermasuk Holdings Co., Ltd., took over Wrangyer Beverage (2008) Co., Ltd. to produce and sell beverage products under the Wrangyer, Power Plus and other brands
- 2013 Added two new packagings for “est” include 250 ml. can and 850 ml. glass bottle
Began producing and distributing “est” orange, strawberry, cream soda and lemon lime flavours.
Added 1L PET bottle packaging for drinking water “Crystal”
The distributor of “Wrangyer” energy beverage
The distributor of fried seaweed “Onori”

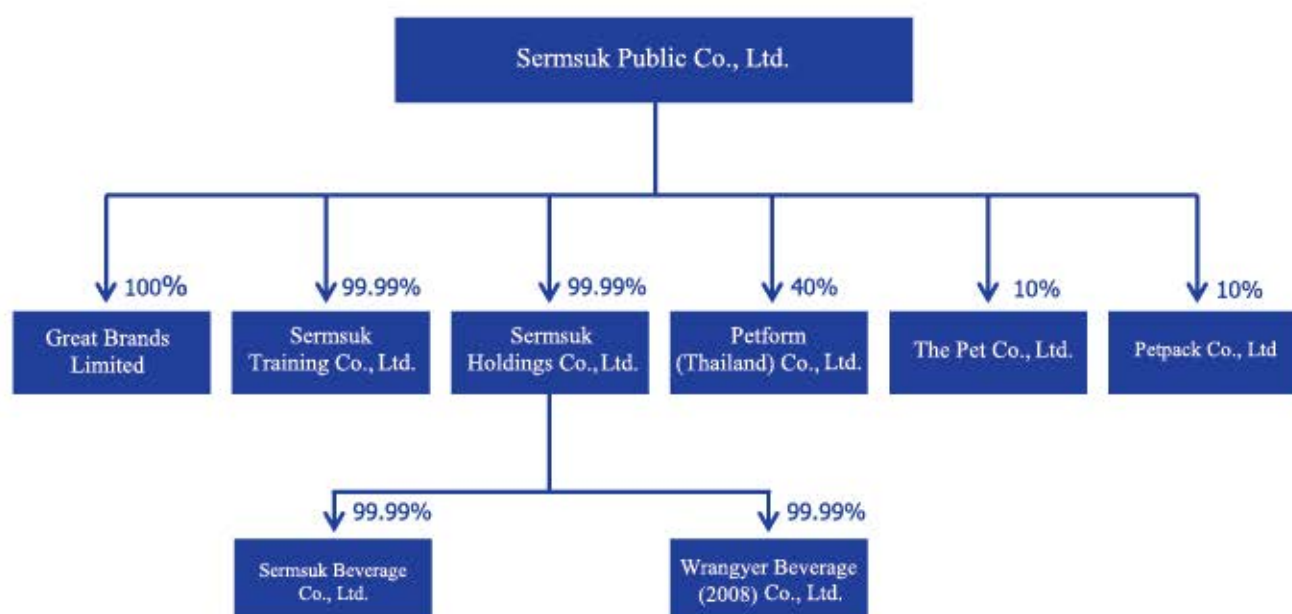
Policy and Business Overview

1.3 The Company's Shareholding Structure

Sermsuk PCL is primarily owned by two companies which are Thai Beverage Logistic Co., Ltd., and SS National Logistics Co., Ltd.

The Company has an indirect subsidiary company, Sermsuk 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 Sermsuk Beverage Co., Ltd., shares are held by Sermsuk Holdings Co., Ltd., a direct subsidiary company established on November 23, 2006 with the main objectives being to hold shares and manage investments in Sermsuk 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, Sermsuk 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 Sermsuk's distribution.



Policy and Business Overview

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

Sermsuk 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	10 baht	49,999,993	99.99

Sermsuk 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	10 baht	999,980	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	Ordinary Shares	%
1,000,000	HKD 1	1,000,000	100

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	10 baht	3,000,000	40

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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	Ordinary Shares	%
700,000	100 baht	70,000	10

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	Ordinary Shares	%
1,400,000	100 baht	140,000	10

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

Sermsuk 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	Ordinary Shares	%
68,958,615	10 baht	68,958,609	99.99

Wrangyer Beverage (2008) 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: 0-2785-7000
 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	Ordinary Shares	%
20,000,000	10 baht	19,999,980	99.99

Policy and Business Overview

1.4 Related parties of the Company and its subsidiaries

The related parties of the Company and its subsidiaries are;

1. *Petform Co., Ltd., (Sermasuk PCL owns a 40% stake)*

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

Relationship: The Company has reached deals with Petform for the following purchase volume of plastic perform and PET bottles

- Plastic preform accounting for 100% of total annual purchases that had a value of 200 million baht
- PET bottles accounting for 50% of total annual purchases that had value a of 350 million baht

The purchasing approach: The Company has reviewed the price structure in comparison with market prices and purchases were made in volume and maintained at the mutually agreed prices.

2. *Thai Beverage Can Co., Ltd., (With a stake owned by a subsidiary of TCC)*

Main Business: Distribution of aluminium cans

Relationship: With the aluminum cans that are used for packaging, the Company has made purchases accounting for 80% of the total annual purchases that had a value of 160 million baht

The purchasing approach: The Company has reviewed the price structure in comparison with market prices and purchases were made in volume and maintained at the mutually agreed prices for 6 - 12 months.

3. *The Southeast Insurance Public Company Limited (With a stake owned by a subsidiary of TCC)*

Main Business: A professional insurance service provider

Relationship: The Company has insured its assets and vehicles with the Southeast Insurance PCL

The purchasing approach: The Company has reviewed the price in comparison with several competitive offers. The Southeast Insurance is considered as an insurance service provider and the bidding will be held once annually.

Business Operations

2. Business Operations

Income Structure

Details of Income Structure

Unit: million baht

Revenues	2013		2012		2011*	
	Revenue	%	Revenue	%	Revenue	%
Revenue from carbonated soft drinks	5,814	52.04%	14,672	64.30%	13,981	65.24%
Revenue from non-carbonated drinks	5,358	47.96%	8,148	35.70%	7,450	34.76%
Total	11,172	100%	22,821	100%	21,431	100%

**Restated*

2.1 Business Operations by Product

The Company's products and services are clustered around 4 business pillars as follows:

1. Manufacturer and distributor of carbonated beverages

Carbonated soft drinks under the "est" trademark

2. Manufacturer and distributor of drinking water

Drinking water and soda water under the "Crystal" trademark

3. Manufacturer and distributor of non-carbonated beverages

Ready-to-drink green tea in returnable bottles: honey lemon flavor under the "Oishi" trademark

Ready-to-drink black tea in returnable bottles: lemon flavor under the "Lipton" trademark

Sport drinks under the "Gatorade" trademark

Energy drinks under the "Wrangyer" trademark

Sport drinks under the "PowerPlus" trademark

4. Food and beverage distributor

Ready-to-drink green tea in cans and PET bottles under the "Oishi" trademark

Fried seaweed under "Onori" trademark for Oishi Trading Company Limited

Ready-to-drink black tea in cans and PET bottles: lemon flavor under the "Lipton" trademark for Pepsi

Lipton International Company Limited

Business Operations

2.2 Marketing and Competition

(A) Competition and distribution policies

Target group

The Company strives to penetrate the consumer food and beverage segment with over 200,000 eateries and retail stores nationwide.

The Company operates on four business pillars including

- 1) Expanding in the drinking water market under the Crystal brand;
- 2) Expanding its line of non-carbonated drinks with Oishi Green Tea in returnable bottles; Lipton tea in glass bottles, Wrangyer energy drinks and Power Plus sport drinks
- 3) Distributing both food and beverage products; and
- 4) Manufacturing and distributing carbonated soft drink products under the "est" brand

Distributor of the products

The Company is the distributor of many products that will be supplied to eateries and retail stores for consumers nationwide via its solid network of 1,000 trucks.

(B) Marketing and Competition

Overview of carbonated soft drink market

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 rapid responsiveness to consumer demands. Opportunity in the beverages industry depends on increases 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 the industry operates.

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 at lower prices.

Business Operations

Overview and market competition

“est” Carbonated Soft 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.

Marketing and sales promotional activities were executed throughout 2013 to promote brand “est” and expand its regular consumer base. The success of “est” was clearly demonstrated by its first year sales of over six billion baht, which was a record breaking achievement for a beverage that had been in the market for just one year and enjoyed the highest sales in the Thai non-alcoholic beverage segment. “est” received the “Best Marketing Strategy 2012” award from the Mass Media Communications Radio Station 100.5 FM, in partnership with Chulalongkorn Business School.

“Crystal” Drinking Water

The success factors of Crystal drinking water are product quality, efficient distribution, excellent 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. Additionally, Crystal received the FDA Quality Award for three consecutive years (2011 - 2013).

In 2013, the Company implemented many high impact marketing campaigns in celebration of the 20th anniversary of the Crystal brand with an objective to expand its position in the drinking water segment. These activations included a lucky draw to win a Vespa Limited Edition scooter and a marketing campaign called “Drink Crystal and Win 100,000 Baht Crystal Debit Card” with 56 prizes for a total value of 5.6 million baht.

“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 2013, 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 350 ml. and 500 ml. PET bottles.

“Wrangyer” Energy Drink

Following its acquisition of Wrangyer Beverage (2008) Co., Ltd., in 2012, the Company launched a new 150ml size of Wrangyer energy drink in the first quarter of 2013. As a new entry in a highly competitive market segment which features a number of strong players, Wrangyer has received a positive consumer response in the first year of its market debut.

Business Operations

2.3 Products and Services Sourcing

Sources of key materials are as follows:

- Concentrates for est Cola, Orange, Cream Soda, Strawberry and Lemon Lime are sourced from local distributors who have imported the finished concentrates
- Concentrates for Warngyer energy drink 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 Oishi Green Tea are sourced directly from the manufacturers and product owners
- Other materials for production such as sugar, CO2, various chemicals, glass bottles, crown seals, screw caps, plastic cases, PET bottles, cans, and cardboard boxes are sourced locally

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

The Company operates five manufacturing facilities which are:

- 1) **The Pathumthani Plant:** Located at No. 63, Moo 3, Bangkhayaeng Subdistrict, Muang District, Pathum Thani
- 2) **The Nakhon Ratchasima Plant:** Located at No. 211, Moo 4, Pruyai Subdistrict, Muang District, Nakhon Ratchasima
- 3) **The Nakhon Sawan Plant:** Located at No. 72, Soi Wat Chomkhiri Nakprot, Nakhon Sawan Aok Subdistrict, Muang District, Nakhon Sawan
- 4) **The Surat Thani Plant:** Located at No. 111, Moo 5, Ta Rong Chang Subdistrict, Punpin District, Surat Thani
- 5) **The Chonburi Plant:** Located at No. 700/369, Moo 6, Nong Mai Daeng Subdistrict, Muang District, Chon Buri

In addition to the five plants, the Company has two subsidiaries with manufacturing facilities, which are Sermasuk Beverage Co., Ltd., 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., located at No. 63, Moo 3, Phrapratone-Baanpaew Rd., Thanonkhad Subdistrict, Muang District, Nakhon Pathom.

CSD Production Capacity and Production Volume of Sermasuk Plc.

	2013	2012	2011	2010
Full Capacity (Unit: million cases per annum)	141.411	141.411	141.411	141.411
Actual Production Volume (Unit: million cases per annum)	35.866	76.680	74.605	86.358
Average utilization per annum (%)	25.30%	54.22%	52.76%	61.09%
Increase/(decrease) in production volume (%)	(53.23)%	2.77%	(13.61)%	2.95%

Risk Factors

3. 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:

3.1 Business Operation Risks:

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

3.1.1 Prices and sufficiency of ingredients and packaging

Sugar: Sugar is one of the main ingredients of the Company's products. In previous year, 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. Last year, the price for bottles was lower due to intense pricing competition. Moreover, the Company has co-developed the bottles to be lighter with reduced resin use and this has helped lower the price of bottles.

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. However, the purchasing strategy has been changed and now involves establishing a pricing structure based on high volume which subsequently lowers prices.

3.1.2 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. 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.

3.1.3 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.

3.1.4 Petrol price:

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

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

3.1.5 Consumer behavior:

Given the enhanced focus on health among consumers and subsequent change in consumer behavior towards non-carbonated beverages, juice and functional drinks, the Company has responded by producing and promoting a variety of beverages to completely meet all customer demands, including Crystal drinking water, Oishi, Lipton and other non-carbonated drinks. The increasing sales of these products have increased the contribution of non-carbonated products to the Company's results.

Risk Factors

3.1.6 Climatic conditions

The intensity of changes to Thailand's climate over the last several years has had significant impacts on the Company's business. Severe flooding in various provinces in 2011 and 2012 affected the Company's sales and expenses.

Last year, the Company completed the construction of flood prevention dams around three plants in Pathum Thani, Nakhon Sawan and Surat Thani. These structures can mitigate the potential impact on the plants in the event of future floods.

3.1.7 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.

3.2 Production Risks:

Due to the heavy investment in plant and machinery in the beverage industry, the Company depends on high-volume production and high efficiency to break-even. In addition, the sharp increase in demand for Crystal drinking water has led to the need to invest in additional drinking water lines to address 2014 market needs. The flood prevention installations for the Company's three major plants that were affected by the 2011 flooding were fully completed, in order to protect their production lines and ensure continuous production in the event this type of incident should reoccur.

3.2.1 New Product Launch Risk

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.

3.3 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. The company has continued to invest in IT systems and staff training programs to maximize working efficiency to meet the Company's requirements and respond to the changes in the market competition.

3.4 Financial Risks

3.4.1 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. The credit line for customers is regularly reviewed every six months. 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 collection.

Risk Factors

3.4.2 Stability of the Baht and foreign exchange risk:

Currency fluctuations 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.

3.4.3 Interest Rate Risk:

Currently, the Company has short term loans for business expansion and enhanced liquidity. 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.

3.5 Risks that affect shareholders' rights or investment

3.5.1 Risk for the company that is more than 50% owned by a major shareholder

As of 31 December 2013, Thai Beverage Logistics PCL held 171,923,138 company shares or 64.66% of total shares outstanding. As a result, Thai Beverage Logistics PCL has almost total control of the resolutions at each meeting.

3.6 Other risks:

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

Basic and Significant Information

4. Basic and Significant Information

Head Office	:	Muang Thai-Phatra Complex, Tower 1, 27-28 th 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

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: 0-2359-1259
B) Proxy for Debenture Holder	:	-None-
C) Auditors	:	Mr. Nirand Lilamethwat, Certified Public Accountant No. 2316 or Mrs. Wilai Buranakittisophon, Certified Public Accountant No. 3920 or Mr. Bunyarit Thanomcharoen, Certified Public Accountant No. 7900 or KPMG Phoomchai Audit Limited Empire Tower, 50th Floor, 195 South Sathorn Road, Bangkok 10120 Telephone: 0-2677-2000 Fax: 0-2677-2222
D) Legal Consultant	:	Weerawong, Chinnavat & Peangpanor Ltd. 22 nd Floor, 540 Mercury Tower, Ploenchit Road, Lumpini, Bangkok 10330 Tel: 0-2264-8000 Fax: 0-2657-2222
E) Consultant or Manager under Management Contract	:	-None-

Shareholders

5. Shareholders

5.1 Paid-up capital investment

Capital investment – ordinary shares

As of December 31, 2013, the company had a registered capital of 265,900,484 baht with 265,900,484 ordinary shares valued at 1 baht per share and paid-up capital of 265,900,484 baht with 265,900,484 baht ordinary shares valued at 1 baht.

5.2 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.	63,419,107	23.85 %
3.	DBS Vickers Securitoes (Singapore) Pte Ltd	12,500,000	4.70 %
4.	UBS AG Singapore Brand	10,800,000	4.06 %
5.	Mrs. Duangkaew Trakulpipat	576,500	0.22 %
6.	Captain Narong Phatralaoha	508,600	0.19 %
7.	Miss Nanthana Yaemmanas	300,000	0.11 %
8.	SS Integration Co., Ltd.	214,900	0.08 %
9.	Thai NVDR, Co., Ltd.	195,270	0.07 %
10.	Thanathip Co., Ltd.	187,500	0.07 %

5.3 Issuance of other instruments

Neither convertible securities nor debt instruments were issued for the third parties.

Dividend Pay-out Policy

6. Dividend Pay-out Policy

Dividend policy for Sermsuk Public Co., Ltd., and its subsidiaries:

- 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 consolidated 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.

Management Structure

7. Management Structure

7.1 The Board of Directors of the Company

The Board of Directors as at December 31, 2013 consisted of the following Directors:

Name	Position
Mr. Photipong Lamsam	Chairman and Independent Director
Mr. Suchin Wanglee ¹	Vice Chairman No.1, Independent Director and Chairman of Compensation Committee and Member of Audit 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 of Executive Committee No.1, 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 ²	Independent Director and Member of Audit Committee
Prof. Dr. Khunying Suchada Kiranandana	Independent Director, Chairman of Audit Committee and Vice Chairman of Risk Management Committee
Mr. Pramoad Phornprapha ³	Director
Honorary Prof. Rawat Chamchalerm	Independent Director
Mr. Sakchai Thanaboonchai	Director
Mr. Rangsak Thammaneeuwong	Director
Mr. Sithichai Chaikriangkrai	Director, Vice Chairman of Executive Committee No.2 and Member of Risk Management Committee
Mr. Karn Chitaravimol ⁴	Director and Executive Director
Mr. Marut Buranasetkul ⁵	Director and Executive Director
Mrs. Siripen Sitasuwan ⁶	Independent Director and Member of Audit Committee

Remark: ¹Appointed as Member of Audit Committee and changed from Director to Independent Director on August 13, 2013

²Resigned as Independent Director and Member of Audit Committee on August 13, 2013

³Changed from Independent Director to Director and completed his term as Member of Audit Committee on August 13, 2013

⁴Resigned as Director and Executive Director on July 1, 2013

⁵Appointed as Director and Executive Director on August 13, 2013

⁶Appointed as Independent Director and Member of Audit Committee on August 13, 2013

Management Structure

Names and Number of Authorized Directors

- (1) Anyone out of the following five directors – Mr. Somchai Bulsook, 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. Marut Buranasetkul may sign and affix the Company seal to legally bind the Company.
- (2) Two out of the following nine directors – Mr. Somchai Bulsook, 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. Marut Buranasetkul, may sign and affix the Company seal to legally bind the Company in an application form for permits or for the tender of documents 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, amendments to corporate registration, visa renewal, work permits and corporate business permits.

Executive Committee

The Company's executive committee as appointed on December 31, 2013 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	Executive Director
(5) Mr. Chotiphat Bijananda	Executive Director
(6) Mr. Karn Chitaravimol ¹	Executive Director
(7) Mr. Marut Buranasetkul ²	Executive Director

Remark: ¹Resigned from Executive Director on July 1, 2013

²Appointed as Executive Director on August 13, 2013

Management Structure

Board of Directors Meetings 2013

The Board of Directors

Name	Positions	Number of Board of Directors Meetings	Number of meetings attended
Mr. Photipong Lamsam	Chairman and Independent Director	6	3
Mr. Suchin Wanglee ¹	Vice Chairman No.1, Independent Director and Chairman of Compensation Committee and Member of Audit Committee	6	6
Prof. Dr. Wissanu Krea-Ngam	Vice Chairman No.2 and Chairman of Risk Management Committee	6	6
Mr. Chotiphat Bijananda	Vice Chairman No.3, Executive Director, Member of Compensation Committee and Member of Nominating and Corporate Governance Committee	6	5
Mr. Thapana Sirivadhanabhakdi	Vice Chairman No.4, Vice Chairman of Executive Committee No.1, Chairman of Nominating and Corporate Governance Committee, Member of Compensation Committee and Member of Risk Management Committee	6	5
Mr. Somchai Bulsook	Director, Chairman of Executive Committee and CEO, Member of Nominating and Corporate Governance Committee and Member of Risk Management Committee	6	6
Mr. Dhitivute Bulsook	Director, Executive Director, Member of Risk Management Committee and President	6	5
Mr. Prasong Sukhum ²	Independent Director and Member of Audit Committee	5	0
Prof. Dr. Khunying Suchada Kiranandana	Independent Director, Chairman of Audit Committee and Vice Chairman of Risk Management Committee	6	6
Mr. Pramoad Phornprapha ³	Director	6	6
Honorary Prof. Rawat Chamchalerm	Independent Director	6	6
Mr. Sakchai Thanaboonchai	Director	6	6
Mr. Rangsan Thammaneeuwong	Director	6	6
Mr. Sithichai Chaikriangkrai	Director, Vice Chairman of Executive Committee No.2 and Member of Risk Management Committee	6	5
Mr. Karn Chitaravimol ⁴	Director and Executive Director	3	3
Mr. Marut Buranasetkul ⁵	Director and Executive Director	2	2
Mrs. Siripen Sitasuwan ⁶	Independent Director and Member of Audit Committee	2	1

Remark: ¹ Appointed as Member of Audit Committee and changed from Director to Independent Director on August 13, 2013

² Resigned as Independent Director and Member of Audit Committee on August 13, 2013

³ Changed from Independent Director to Director and completed his term as Member of Audit Committee on August 13, 2013

⁴ Resigned as Director and Executive Director on July 1, 2013

⁵ Appointed as Director and Executive Director on August 13, 2013

⁶ Appointed as Independent Director and Member of Audit Committee on August 13, 2013

Management Structure

7.2 The Company Executives

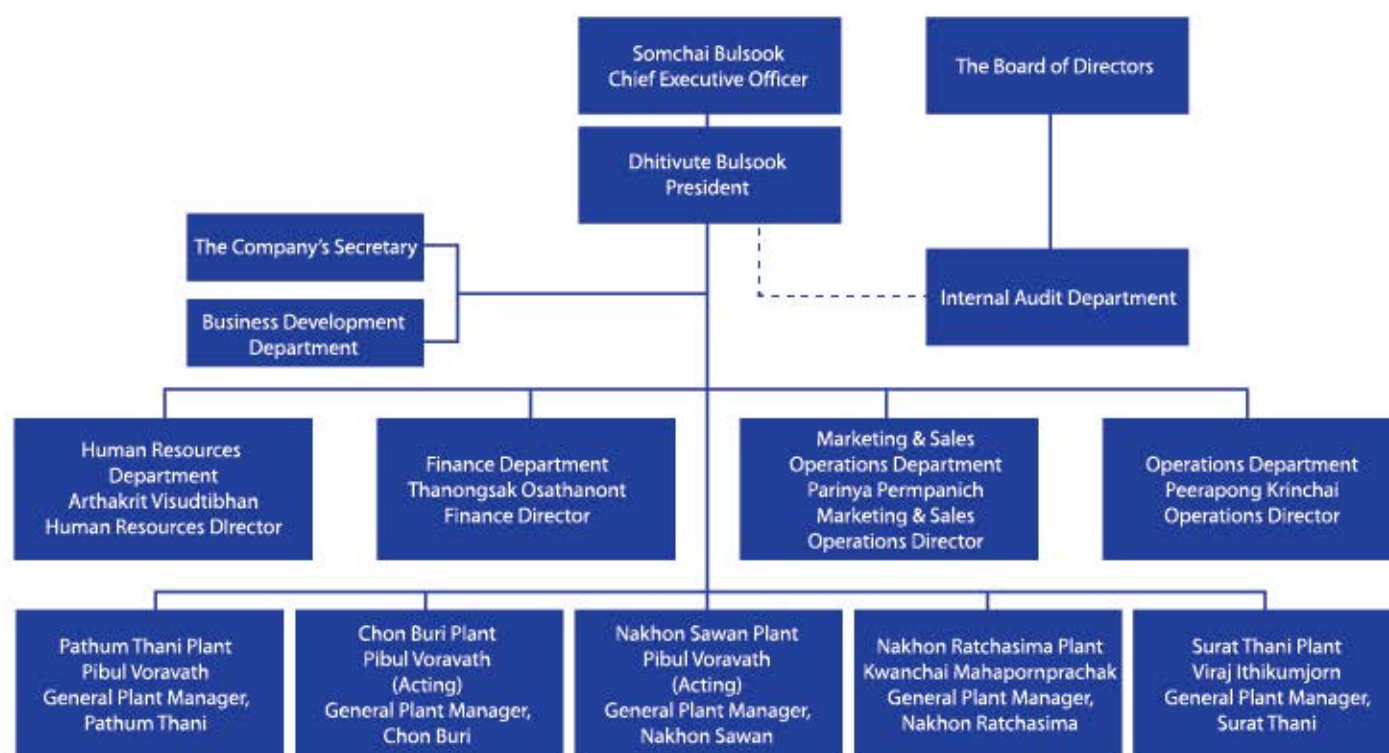
The disclosure of the names and positions of the Company' Executive Committee and its management structure.

The ten executives of the company as at December 31, 2013 are as follows:

Names	Positions
1.Mr. Somchai Bulsook	Chief Executive Officer
2. Mr. Dhitivute Bulsook	President
3. Mr. Thanongsak Osathanonth	Finance Director
4. Mr. Arthakrit Visudtibhan	Human Resources Director
5. Mr. Parinya Permpanich	Marketing and Sales Operations Director
6. Mr. Peerapong Krinchai	Operations Director
7. Mr. Pibul Voravath	General Plant Manager, Pathum Thani
8. Mr. Amnat Peukpattanaruks ¹	General Plant Manager, Nakhon Sawan
9. Mr. Kwanchai Mahapornprachak	General Plant Manager, Nakhon Ratchasima
10. Mr. Viraj Ithikumjorn	General Plant Manager, Surat Thani

Remark: ¹Resigned as General Plant Manager, Nakhon Sawan on July 16, 2013

Management Structure of Sermasuk Public Company Limited



Management Structure

7.3 The Company Secretary

The Company's committee had appointed Ms. Aroonrat Tangthiraphatrakij as the Company's secretary effective from 13 August 2013.

7.4 Fees and Remuneration

Directors and Management's Fees and Remuneration

7.4.1 Fees and Remuneration in the form of cash

a) Directors Fees

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

Remuneration	2013		2012	
	No. of Executives	Total Amount (Baht)	No. of Executives	Total Amount (Baht)
Annual fee		7,570,537		7,427,472
Director's bonus		23,000,000		9,800,000
Total	17*	30,570,537	18**	17,227,472

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

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

Management Structure

Detail of Directors' remuneration paid in 2013:

Names	Positions	Remuneration (Baht)								
		Director Fee	Meeting Allowance	2012 Director Bonus	Audit Committee	Compensation Committee	Risk Management Committee	Nominating Committee	Executive Committee	Total
Mr. Photipong Lamsam	Chairman and Independent Director	240,000	120,000	2,358,974	-	-	-	-	-	2,718,974
Mr. Somchai Bulsook	Director, Chairman of Executive Committee and CEO, Member of Nominating and Corporate Governance Committee and Member of Risk Management Committee	240,000	240,000	2,358,974	-	-	100,000	70,000	380,000	3,388,974
Mr. Suchin Wanglee ¹	Vice Chairman No.1, Independent Director and Chairman of Compensation Committee and Member of Audit Committee	180,000	180,000	1,769,231	45,000	130,000	-	-	-	2,304,231
Mr. Prasong Sukhum ²	Independent Director and Member of Audit Committee	74,194	-	1,179,487	99,462	-	-	-	-	1,353,143
Prof. Dr. Khunying Suchada Kiranandana	Independent Director, Chairman of Audit Committee and Vice Chairman of Risk Management Committee	120,000	120,000	1,769,231	360,000	-	120,000	-	-	2,489,231
Mr. Dhitivute Bulsook	Director, Executive Director, Member of Risk Management Committee and President	120,000	100,000	1,179,487	-	-	100,000	-	220,000	1,719,487
Mr. Pramoad Phornprapha ³	Director	120,000	120,000	828,220	135,000	-	-	-	-	1,203,220
Mr. Thapana Sirivadhanabhakdi	Vice Chairman No.4, Vice Chairman of Executive Committee No.1, Chairman of Nominating and Corporate Governance Committee, Member of Compensation Committee and Member of Risk Management Committee	180,000	150,000	1,769,231	-	70,000	70,000	130,000	280,000	2,649,231
Mr. Chotiphat Bijananda	Vice Chairman No.3, Executive Director, Member of Compensation Committee and Member of Nominating and Corporate Governance Committee	180,000	150,000	1,769,231	-	70,000	-	70,000	130,000	2,369,231
Mr. Sithichai Chaikriangkrai	Director, Vice Chairman of Executive Committee No.2 and Member of Risk Management Committee	120,000	100,000	1,179,487	-	-	100,000	-	260,000	1,759,487

Management Structure

Names	Positions	Remuneration (Baht)								
		Director Fee	Meeting Allowance	2012 Director Bonus	Audit Committee	Compensation Committee	Risk Management Committee	Nominating Committee	Executive Committee	Total
Mr. Karn Chitaravimol ⁴	Director and Executive Director	60,000	60,000	1,179,487	-	-	-	-	110,000	1,409,487
Prof. Dr. Wissanu Krea-Ngam	Vice Chairman No.2 and Chairman of Risk Management Committee	180,000	180,000	1,769,231	-	-	180,000	-	-	2,309,231
Honorary Prof. Rawat Chamchalerm	Independent Director	120,000	120,000	1,179,487	-	-	-	-	-	1,419,487
Mr. Sakchai Thanaboonchai	Director	120,000	120,000	1,179,487	-	-	-	-	-	1,419,487
Mr. Rangsan Thammaneeuwong	Director	120,000	120,000	1,179,487	-	-	-	-	-	1,419,487
Mr. Marut Buranasetkul ⁵	Director and Executive Director	45,806	40,000	-	-	-	-	-	90,269	176,075
Mrs. Siripen Sitasuwan ⁶	Independent Director and Member of Audit Committee	45,806	20,000	-	45,000	-	-	-	-	110,806
Mr. William Ellwood Heinecke ⁷	Director	-	-	351,268	-	-	-	-	-	351,268
										30,570,537

Remark: ¹ Appointed as Member of Audit Committee and changed from Director to Independent Director on August 13, 2013

² Resigned as Independent Director and Member of Audit Committee on August 13, 2013

³ Changed from Independent Director to Director and completed his term as Member of Audit Committee Director on August 13, 2013

⁴ Resigned as Director and Executive Director on July 1, 2013

⁵ Appointed as Director and Executive Director on August 13, 2013

⁶ Appointed as Independent Director and Member of Audit Committee on August 13, 2013

⁷ Completed directorship term on April 19, 2012

Management Structure

b) Executive remuneration and compensation

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

Remuneration	2013		2012	
	No. of Executives	Total Amount (Baht)	No. of Executives	Total Amount (Baht)
Salary		64,687,743.45		61,739,316.48
Provident Fund		3,728,030.20		3,314,877.87
Remuneration/Bonus		42,083,312.58		15,814,593.92
Total	10	110,499,086.23	10	80,868,788.27

7.4.2 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 Executives 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 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 average 3 year EPS multiplied by 10 times of the price earnings ratio.

The Company's Board of Directors has approved the fifth compensation payment under the program and the payment was made to the executives in 2013.

7.5 Personnel

As of December 31, 2013, Sermasuk Plc., had a total of 6,699 registered employees. The total employee cost paid by the company last year was Baht 1,938 million. Numbers of personnel in each function were as follows:

○ Production	1,104
○ General Administration	736
○ Fleet	214
○ Sales and Warehouses	4,645

There are no significant employee disputes.

Corporate Governance

8. Corporate Governance

8.1 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.

8.2 The Sub-committees

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 2013, there were a total of 6 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.

Corporate Governance

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 was 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 disciplines 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, as well as relief efforts for people in need and victims of natural disasters.

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 3Rs (Reduce, Reuse and Recycle) concept in all of its manufacturing and distribution procedures. The Company has operated under the 5 Sermasuk Green Dimensions which are water, packaging, energy, environment and human resources. The Company has broadened its environmental activation to the public by being a model of environmental conservation and protection for external parties and other enterprises, aiming to form a major force that drives environmental and social sustainability in Thailand and allows Sermasuk to grow in a good and sustainable environment.

Corporate Governance

4. Shareholders' Meeting

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.

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 its 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 area of responsibility. 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 that 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 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 reviews 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, 2013 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.

Corporate Governance

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. 1/2013 held on April 29, 2013.

- 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 Baht 30,000/meeting
- And other directors each receive an annual fee of Baht 120,000 and a meeting allowance of Baht 20,000/meeting.

In addition, the Board of Directors received a total bonus of Baht 23 million for 2012 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, 2012 and directors who ended their term of duty at the Company's 2012 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. 1/2013 held on April 29, 2013 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.

Corporate Governance

11. Board of Directors' and Board Committee Meetings

The Board holds at least three 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. The 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 2013, there were 8 Board of Directors meetings. Other sub-committee meetings were held as appropriate. In 2013, there were 4 Audit Committee meetings, 2 compensation Committee meetings, 4 Risk Management Committee meetings and 12 Executive Committee meetings with the attendance of directors and members of committees.

12. Sub-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 ¹	Director
Mr. Pramoad Phornprapha ²	Director
Mr. Suchin Wanglee ³	Director
Mrs. Siripen Sitasuwan ⁴	Director

Remark: ¹ Resigned as Independent Director and Member of Audit Committee on August 13, 2013

² Changed from Independent Director to Director on August 13, 2013

³ Appointed as Member of Audit Committee on August 13, 2013

⁴ Appointed as Independent Director and Member of Audit Committee on August 13, 2013

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 2013 accounting period, there were 4 Audit Committee meetings which were all 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.

The Audit Chairman, Professor Dr. Khunying Suchada Kiranandana, Mr. Suchin Wanglee and Mrs Siripen Sitasuwan have extensive expertise and experience in reviewing the Company's financial statements.

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

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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.

In 2013, two meetings for the Nominating and Corporate Governance Committee were held.

Compensation Committee

The Compensation Committee consists of three members as follows:

Mr. Suchin Wanglee	Chairman
Mr. Thapana Sirivadhanaphakdi	Director
Mr. Chotiphat Bijananda	Director

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 2013, 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 annual bonus payment for employees.

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. Dr. 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 provide 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 2013, there were four 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 No.1
Mr. Sithichai Chaikriangkrai	Vice Chairman No.2

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Mr. Chotiphat Bijananda	Director
Mr. Karn Chitaravimol ¹	Director
Mr. Dhitivute Bulsook	Director
Mr. Marut Buranasetkul ²	Director

Remark: ¹ Resigned from directorship on July 1, 2013

² Appointed as Director on August 13, 2013

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 benefit, 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 2013, there were 12 meetings.

13. Control System and Internal Audit

The audits of the Company's operations are conducted by the internal audit team, that works 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 recommendations are reported to the President and CEO after completion of the audit, and reported to the Audit Committee on a quarterly basis.

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 3 of Annual Report Form 56-1 submitted to the Securities and Exchange Commission and 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. Investor Relations

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.

8.3 Nomination and Appointment of Directors and CEO

1. Independent Director

Requirements:

- 1) Hold no more than 0.5% of the shares with voting rights in the company, subsidiaries, affiliates, or other juridical persons that may potentially lead to conflicts of interest. This shareholding also includes shares held by related persons.
(Related persons refer to the person as described in Article 258 of the Stock and Exchange Act)
- 2) Not currently be an executive director / employee / worker / salaried consultant or controlling person of the company, parent company, subsidiary, or affiliate of equal level, or juridical person that may potentially lead to conflicts of interest. (For the present period and two years prior to appointment)
- 3) Have no relations by blood or by the registration as parents, spouse, siblings, or children of an executive, major shareholder, controlling person, person going to be nominated as executive or authorized person of the company or subsidiary.
- 4) Business relations with the company
 - a) Type of relation
 - Having a relation as a provider of a professional service
- 5) Hold no more than one percent of shares with voting rights of the company, parent company, subsidiary, affiliate, major shareholder, or controlling person. This includes the shareholding of persons related to this director. **[This appears to contradict article 1 above where it says .5%]**
- 6) Not currently hold position or used to be an executive director, employee, worker, salaried consultant, or controlling person of the company, parent company, subsidiary, or affiliate of equal level, major shareholder or controlling person of company, except for that the position has ended for no less than two years prior to the date of application submission to the Security and Exchange Commission.
- 7) Have no relations by blood or by legal registration as parents, spouse, siblings, as well as children's spouse of other executives, major shareholders, controlling persons, persons going to be nominated as director, executive or controlling person of the company or subsidiary.
- 8) Have no current or past business relations with the company, parent company, subsidiary, or affiliate, major shareholder, controlling person, in a way that may obstruct independent judgment. Also, the person shall not be or used to be a significant shareholder or controlling person over the person with business relation to the company, parent company, subsidiary, or affiliate, major shareholder, or controlling person, except for that the position has ended for no less than two years prior to the date of application submission to the Security and Exchange Commission (SEC).
- 9) Not currently or previously have been an auditor of the company, parent company, subsidiary, or affiliate, major shareholder, controlling person. Also, the person shall not be or used to be a significant shareholder, controlling person, or shareholder of the audit agency in which the auditor for the company, parent company, subsidiary, affiliate, major shareholder, or controlling person, is employed, except for a position has ended not less than two years prior to the date of application submission to the SEC.
- 10) Not currently be or used to be a provider of any professional services including legal or financial consultancy, with more than two million baht fee per annum from the company, parent company, subsidiary, affiliate, major shareholder, or controlling person of the company. Also, the person shall not be or used to be a significant shareholder, controlling person, or shareholder of the service provider except for that the position has ended for no less than two years prior to the date of application submission to the SEC.
- 11) Not currently an appointed director who represents the company's director, major shareholder, or shareholder related to the major shareholder.

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- 12) Not operating a similar business and significantly competing with the applicant business or subsidiary, or not currently a significant partner in a partnership company, not currently an executive director, worker, employee, salaried consultant, or hold more than one percent of shares with voting rights of other companies operating a similar business and significantly competing with the company or subsidiary.
- 13) Have no other conditions that may prevent the person from expressing independent views towards the company's operations.

Nomination process: The Nominating and Corporate Governance Committee will nominate and select persons as qualified by the Board of Director's requirements, which are in line with the SET and SEC guidelines. Afterwards the Committee shall seek approval at the Shareholders' Meeting.

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

2. Nomination of directors and top executives:

Nomination and appointment of the directors

The company's directors will delegate the Nominating and Corporate Governance Committee to lay out the policy and requirements on selecting directors for the company and its subsidiaries. The factors taken into account will be the number of directors, the board structure, and composition. The Committee will determine the director qualifications, select and nominate qualified persons for the director position that has been expired and/or made vacant and/or been added. The Committee may propose to the Board of Directors for appointment and/or seek approval at the Shareholders' Meetings depending on the case. The Committee shall provide sufficient details for the company's directors and shareholders to make informed decisions.

Selection and appointment of top executive

The selection and appointment of the company's top executive must be in line with rules on approval and processing as follows:

- Employment and appointment of Chief Executive Officer and/or Managing Director must be proposed to the Board of Directors for approval.

To appoint the director, the appointment should be made individually. The company's articles require that the director election be done at the Shareholders' Meeting as follows:

- 1) One shareholder has one voting right. One share per one vote
- 2) Each shareholder will exercise their votes as per (1) to elect one or several directors, but cannot cast more or less votes to a particular person
- 3) The person receiving the highest votes and runners up will be elected as per the required number of directors for that election event.

In case persons receiving equal votes are more than the number of directors required, the meeting chairman will make the final decision.

How to vote:

- 1) At the meeting, the shareholders will have voting rights equal to the shares held. One share per one vote.
- 2) When there are shareholders with objections or abstentions, the votes for approval will be counted as voting agreement on the proposed agenda.

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8.4 Oversight of Subsidiaries and Associated Companies' Operations

1. Oversee 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
2. The Executive Committee has the authority to approve the following transactions and items of the Company's subsidiaries;
 - Requests for loans or borrowings from financial institutes, surety, payments in support of the Company's regular operations, such as payments for investment, branch expansion and others
 - the annual budgets for the Company' subsidiaries
3. Approve the appointment of the Company's representatives to assume directorship in the committees and/or subcommittees of the Company's subsidiaries to oversee and ensure the greatest efficiency in, and optimum benefits of, all initiatives as approved by the Company

8.5 Control of Internal Information

The Company has announced the schedule during which share trading is prohibited before the quarterly and annual financial statements are announced and this was in accordance with the Stock Exchange of Thailand's regulations.

Buying and selling shares using insider information, and the disclosure of information affecting stock trading

Trading shares using insider information refers to the use of information which is not publicly and widely known, and relevant to the share prices, for the sake of personal interest.

The company will take all legal actions relevant to the protection of investment in the public company on the stock exchange due to the disclosure of significant information.

Significant information refers to the information which investors deem important to their decisions in buying, selling, or holding of shares. For example, the company's sales forecast that has significantly increased or decreased, major organizational restructuring, change in executives or management, or the buying or selling major business units or assets.

The employees shall not take any action which may affect the transactions to trade shares of the company or other related companies, when possessing significant information that has not yet been publicly disclosed.

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 2013, 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.

Organizationa 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.

Corporate Governance

Risk Management

The Company closely follows the changes in risk factors such as taxation, changes in 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. 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 at the Board of Directors' meetings 6 times a year. Any major changes in factors affecting the Company's operations will result in a modification of the operating plan.

8.6 Auditor's Remuneration

8.6.1 Audit Fee 2013

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

8.6.2 Non-audit Fee

Observation fee: product demolition and financial audit

▪ Sermsuk Plc.	490,865	baht
▪ Sermsuk Beverage Co., Ltd.	25,020	baht
▪ Wrangyer Beverage (2008) Co., Ltd.	18,600	baht

Corporate Governance

8.7 Other activities in compliance with Good Corporate Governance principles

Details of company directors' attendance at sub-committee meetings in compliance with good corporate governance

Directors (number of meetings attended /number of total meetings)	Audit Committee	Compensation Committee	Risk Management Committee	Nominating and Corporate Governance Committee	Executive Committee	Annual General Shareholders
Mr. Photipong Lamsam	-	-	-	-	-	1/1
Mr. Somchai Bulsook	-	-	4/4	2/2	12/12	1/1
Mr. Suchin Wanglee ¹	1/1	2/2	-	-	-	1/1
Mr. Prasong Sukhum ²	2/3	-	-	-	-	0/1
Prof. Dr. Khunying Suchada Kiranandana	4/4	-	3/4	-	-	1/1
Mr. Dhitivute Bulsook	-	-	4/4	-	12/12	1/1
Mr. Pramoad Phornprapha ³	3/3	-	-	-	-	1/1
Mr. Thapana Sirivadhanabhakdi	-	2/2	2/4	2/2	11/12	0/1
Mr. Chotiphat Bijananda	-	2/2	-	2/2	6/12	0/1
Mr. Sithichai Chaikriangkrai	-	-	4/4	-	10/12	1/1
Mr. Karn Chitaravimol ⁴	-	-	-	-	-	1/1
Prof. Dr. Wissanu Krea-Ngam	-	-	4/4	-	-	1/1
Honorary Professor Rawat Chamchalerm	-	-	-	-	-	1/1
Mr. Sakchai Thanaboonthai	-	-	-	-	-	1/1
Mr. Rangsak Thammaneeuwong	-	-	-	-	-	1/1
Mr. Marut Buranasetkul ⁵	-	-	-	-	5/12	-
Mrs. Siripen Sitasuwan ⁶	1/1	-	-	-	-	-

Remark: ¹Appointed as Member of Audit Committee and changed from Director to Independent Director on August 13, 2013

²Resigned as Independent Director and Member of Audit Committee on August 13, 2013

³Changed from Independent Director to Director and completed his term as Member of Audit Committee on August 13, 2013

⁴Resigned as Director and Executive Director on July 1, 2013

⁵Appointed as Director and Executive Director on August 13, 2013

⁶Appointed as Independent Director and Member of Audit Committee on August 13, 2013

Corporate Social Responsibility : CSR

9. Corporate Social Responsibilities (CSR)

9.1 CSR Policy

Sermsuk Public Company Limited has complied with good corporate governance principles in its management policy for the Company & its subsidiaries to ensure that the business is conducted effectively and with transparency, accountability and fairness to all stakeholders, as well as being socially and environmentally responsible. Together this promotes the Company's and Thai society's sustainability under the "Sermsuk Fulfill Happiness" concept.

The Company's committees have incorporated social, environmental and stakeholder responsibility policies into the Company's & subsidiaries's code of conduct under eight CSR principles as follows;

1. Fair Operating Practices

Sermsuk has continued to incorporate good corporate governance practices into its business conduct to ensure efficiency, transparency and accountability across all operating process.

2. Anti-Corruption Practices

Gifts and financial support in business

The company's business decisions are based on business logic guided by appropriate ethical and legal principles. The company will therefore avoid giving or offering any valuable items to customers or public officers, directly or indirectly, as a motive or reward for an inappropriate action. Also, the company will avoid any form of giving for the sake of business advantage that may cause a negative image to the company.

However the employees may provide receptions or gifts to customers or potential customers as deemed appropriate in some cases or circumstances. Giving gifts must be reasonable and not against the law.

Conflicts of interest

The company's policy on conflicts of interest is clear and straightforward. The employees are prohibited from operating the business or take any actions that may conflict or compete with the company, directly and indirectly. Also, employees are prohibited from taking action in the name of the company or subsidiaries or the company's joint venture, directly or indirectly, for the sake of their own interests, family, or partisan.

Examples of a conflict of interests that must be disclosed:

- The employee's own or family's interest is involved in a company transaction:
 - Mutual benefits with competitors, suppliers, or customers of the company
 - Mutual benefits with enterprises or organizations that has an intention to do business with the company
 - Joint investing in companies that the company intends to invest in
- Receiving gifts and support e.g. loans, special services, debt payments, special treatment in any form from individuals or organizations that currently deal or intend to deal with the company or compete with the company. The following are gifts and support that are not subject to conflicts of interest:
 - a) An act that is in line with good governance practices
 - b) An act that is not deemed to be motivated by business
 - c) Gifts of little value or inappropriate to the employee's status
 - d) An act that does not damage the company's good image if such transaction is disclosed to the public.

Corporate Social Responsibility : CSR

- Work for or provide consulting to an individual, group of individuals, or juridical persons operating similar business or related business, and/or gain a reward either in the form of money or objects.

3. Respect For Human Rights

Sermsuk has conducted its business with respect for the human rights of all stakeholders including employees, customers, suppliers and consumers. The Company has also adhered to international human rights principles and ethical practices.

Employees' Rights: Employees are the key resource to drive our business to successfully achieve the Company's goals. The Company has recognized employees as the most important resource and provided fundamental rights to our employees as follows;

- The Company has provided a diverse range of training programs for employees including in-house training, external training, fam trips abroad, and assignment of teamwork practices in order to develop knowledge and skills.
- Fair hiring rights include the right to take leave and transfer. Channels for communication between employees and high-level executives have been established to allow executives to understand and directly listen to problems and suggestions from employees.
- The Company also provided employees' welfare including hospital fees for employees, life and health insurance for employees, provident fund, scholarships for employees and their children, and home loans. Caring for the safety of its employees, the Company organizes regular fire drills, accident prevention systems, and activities related to safety.

Shareholder's Rights: The Company gives importance to and recognizes the rights of all shareholders equally. The Company will not perform any duties that are considered as preferential treatment or which will lead to unfair treatment of shareholders under related laws and regulations. Sermsuk is committed to conducting its business effectively with transparency, prudence, good operating results and sustainable growth, in order to increase shareholder value in the long run.

4. Fair and equitable employee treatment

Employees are the Company's most important asset. In addition to undertaking staff development initiatives to enhance their knowledge, skills and capabilities, treating its employees with fairness and equity in all of its employment practices is the Company's focus. The Company is committed to providing equal pay for work of equal value by determining wages and other benefits in accordance with appropriate laws, regulations and general employment requirements, providing job assignments in a fair and unbiased manner and giving equal opportunity in the employees' career growth that is influenced by their particular abilities. All employees are equitably treated as members of the organization and given freedom to show their different ideas in a creative manner. To ensure equitable treatment for employees, clear written procedures are incorporated into the corporate rules and regulations. The employees have freedom to tender their complaints about unfair and inequitable treatments they have received via their superiors, the employee committee or the call for fairness channel. The complaints can be delivered at a cross sectional level or directly to the Human Resource Development Department and they will receive a rapid response and solutions with high concentration and consideration.

5. Customers' Rights:

The Company cares for customers with the highest responsibility in providing high quality products, value for money, fast and effective distribution and development of new products to provide the greatest **customer** satisfaction as well as building sustainable relations with **customers**. The Company also has many contact channels for consumers to search for related information, business contact, and complaint through its corporate website and call center.

Corporate Social Responsibility : CSR

6. 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.

In 2013, the Company invested in a new and high performance Activated Sludge water treatment solution, replacing its existing Aerated Lagoon system to meet the needs of its increased production capacity and the growing areas of cities and communities nearby the Nakhon Ratchasima Plant. The waste water that was treated with this innovative technology was cleaner than standard requirements. With a smaller space required for the system, the Nakhon Ratchasima Plant has reduced the area of water treatment implementation by 6 rai and this has prevented negative impacts and disputes between the community and the plant.

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

Corporate Social Responsibility : CSR

sustainably and promote recycling for sustainable environmental protection. The institute has successfully reduced 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. The recycle learning centers were established in all four regions of Thailand to serve as models for waste and recycling management and became the ideal site for study tours and further learning about sustainability in waste management and recycling. 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 Sermsuk 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, Sermsuk became one of the first Thai companies to ship manufactured goods via a river transportation system. Sermsuk 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

Sermsuk 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. Sermsuk 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 Sermsuk'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.

Sermsuk 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 Sermsuk'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. Sermsuk believes that good environment is beneficial to our people's well being and helps them to work better.

Sermsuk 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. Sermsuk has shared knowledge about anaerobic wastewater management with many organizations to spread awareness about environmental protection. Sermsuk has also provided information on wastewater management as well as microbes generated from the wastewater treatment system to several companies.

Sermsuk has joined the CSR-DIW project, which promotes the development of green industry, since 2009 and received the project's plaques for five consecutive years. On September 11, 2013, the executives from Sermsuk's head office and its five plants received CSR-DIW plaques from Mr. Arthit Wuthikaro, Deputy Permanent Secretary

Corporate Social Responsibility : CSR

of the Ministry of Industry. Sermasuk was Thailand's only beverage Company to have all of its plants meet the Industry Ministry's CSR-DIW standards. The awards demonstrate economic, social and environmental sustainability in the Company's business operations to ensure sustainable acceptance and co-existence.

7. Contribution to community/social development

Sermasuk operates its business with efficiency and ethics. As a good corporate citizen, the Company is focused on supporting the development of communities and society while promoting well-beings for needy people by implementing philanthropic initiatives on atangible and continual basis. The Company's employees are encouraged to undertake activations via several volunteer initiatives.

Sermasuk has a policy that is committed to business development along with social responsibility. The company operates with high trust in good governance principles and placing importance on the promotion of stakeholder's benefits. Also, benefits to the community and society will be driven in line with the ultimate goal of developing the quality Thai society.

Sermasuk operates with efficiency and integrity and has demonstrated its good citizenship by taking part in the development of communities next to its plants nationwide. This also extends to an improvement of the underprivileged's quality of life. Sermasuk has been hosting several public projects in various areas e.g. community involvement, education and culture, job creation and skills development, technology development and access, income creation and community economy, healthcare, and social investment.

Sermasuk provides opportunities for employees to take part in community and society development by supporting several volunteer projects. This is to encourage more involvement and enhance awareness in public contributions, hence strengthening the community and society and leading eventually to sustainable development.

8. Innovations and promotion

Innovation and its distribution as a result of being a responsible organization towards society, the environment and stakeholders

As an organization that places equal importance on social responsibility and business development, it becomes the mission for Sermasuk to achieve the balancing of these goals. Innovation has become an integral part of operations as well as CSR initiatives and will lead to balanced and sustainable development of community and society.

Sermasuk's energy innovation initiative has been a key business process and the company has transferred this know-to externally as a model of a socially responsible business as follows:

Energy: Sermasuk has collaborated with the Department of Alternative Energy Development and Efficiency (DEDE), Ministry of Energy, in the 'Solar Hot Water' project, and a project to recycle the residual heat from air compressors in the plant's boiler to be used instead of the fuel oil. This can be processed by increasing the water temperature (by +20°C) before it enters the boiler system. The recycled energy can replace 160,000 liters of fuel oil a year. The project not only reduced energy costs, but also helps reduce carbon emissions, an important factor to climate change or global warming.

Following the project's success, Sermasuk received a plaque of recognition from DEDE and publicized its success on the "CSR Thailand: 50 Good Practices in 2012" program by the CSR Club of Listed Companies Association.

CSR – DIW: Corporate Social Responsibility – Department of Industrial Works: Sermasuk has collaborated with the Department of Industrial Works and Management System Certification Institute (Thailand) in the project "Standard of Social Responsibility for Industry Operators", in line with "ISO 26000" standards. These standards comprise 7 major topics: corporate governance, human rights, labor

Corporate Social Responsibility : CSR

treatment, environment, fair operation, consumer issues, and involvement in community development. Sermasuk has been initiating the CSR-DIW project since 2009, and has been awarded for five consecutive years. On 11 September 2013, Sermasuk representatives from headquarters and five plants, received the plaque in recognition for its CSR – DIW standard from the Deputy Permanent Secretary, Ministry of Industries. Sermasuk is the only drinks operators receiving constant certification of CSR-DIW standards which apply to all five plants. This prize shows that Sermasuk has been operating based on the sustainable path which include economic, social, and environmental aspects. The path is sought to lead to mutual acceptance and peaceful living.

9.2 Operations and reporting

(1) Reporting process

Sermasuk includes its social responsibility report in its annual report every year. The company has analyzed and prioritized its stakeholders, internally and externally. The process includes identification of stakeholders, issue prioritization, keeping records, and assesses the advantages and effects in line with company's activities, products, services, and value chain. The practice is based on respect for stakeholder benefits and demands, sustainable development, and potential effects of company decisions in the view of the stakeholders.

Additionally Sermasuk has produced a Self Assessment Report as per the Corporate Social Responsibility standard issued by the Department of Industrial Works (CSR-DIW). The report is in line with international standard, ISO 26000 – Social Responsibility. The Sermasuk report has been reviewed by specialists and certified as per CSR – DIW standard from 2009 to present.

(2) Business operations in line with the policies that the Company has announced

Sermasuk has written a policy on social responsibility and has been communicating about this to its stakeholders as well as the public. Its socially responsible operation is in line with social responsibility principles: Accountability, Transparency, Ethical Behaviour, Respect for Stakeholder Interests, Respect for the Rule of Law, Respect for International Norms of Behaviour, Respect for Human Rights. These principles have been applied to company's policy and practices, and have been constantly reviewed to ensure that the company always operates with social responsibility.

Sermasuk has adopted socially responsible practices covering 7 areas: corporate governance, human rights, labor treatment, environment, fair operation, consumer issues, and involvement in community development. The company has appointed a Social Responsibility Committee with members from all departments, so as to create fair treatment, constant review and improvement, and finally lead to measurable outcomes for its CSR initiatives.

9.3 Business operations that have adverse impacts on social responsibility – None

9.4 Activities for social and environmental benefit

Sermasuk has conducted its business in line with corporate social responsibility. In addition to regular working processes, the Company had initiated and implemented many CSR activities and programs to reflect its policy of participation in community, social and environmental development. In 2013, the Company had undertaken a wide range of CSR initiatives between headquarters and production plants nationwide in partnership with community and society. The initiatives are as follows:

- Sermasuk receives CSR-DIW Awards for fifth year
- Crystal wins FDA Quality Award 3 years in a row
- Sermasuk receives Thailand's Top Corporate Brand Rising Star 2013 Award
- Sermasuk supports Thailand Institute of Packaging and Recycling Management for Sustainable Environment
- Sermasuk cooperative effort with Highway Police during Songkran holiday

Internal Control and Risk Management

- Sermsuk delivers happiness to southern border children
- The Pathumthani Plant visits soldiers stationed at Thai-Cambodian border areas to boost their morale
- Sermsuk hosts lunch for Baan Nontapum children
- Sermsuk presents Crystal drinking water to the Ministry of Labor to help flood victims
- The Nakhon Ratchasima Plant helps to establish community enterprise for the environment (Material Recycling Bank)
- The Nakhon Ratchasima Plant participates in the Tree Growing in Honor of HM the Queen Program
- The Nakhonsawan Plant organizes the Sermsuk Ruam Jai Phak Rak Mae Num program
- The Chonburi Plant announces "800 Million Young Mangrove Seedlings in Honor of 80th Birthday Anniversary of HM the Queen" Initiative
- Sermsuk announces winter relief initiative donating blankets and sports equipment to bring warmth to needy hill tribe and Tai Yai children in Chiang Mai

10. Internal Control and Risk Management

10.1 Opinions about the Company's Internal Control System

The Audit Committee has examined the sufficiency in the Company's internal control system and stated that the Company had an adequate, sufficient and efficient internal control system. The financial statements were prepared and reported accurately according to the generally accepted accounting principles. The disclosures of information and connected transactions are adequately clear and the operations of the Company and its subsidiaries complied with the appropriate laws and regulatory requirements.

10.2 Opinions that are different from those given by the Company's Board of Directors and Auditor

There are no different opinions in relation to the internal control system as stated in the report of the Audit Committee enclosed at the end of the annual report.

10.3 Internal Audit Executive

- 1) Name of the Company's Internal Audit
Mrs. Panida Suesakulchokechai assumed the position of Internal Audit Manager.
- 2) Opinions of the Audit Committee about the qualifications of the executive who assumes such position
The person is qualified to assume the position with adequate and sufficient expertise and experience to perform such duties.
- 3) Appointment, removal and transfer of the person who assumes the position
This needs prior approval from the Audit Committee.

Connected Transactions

11. Connected Transactions

11.1 Related Parties

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

Main Business	Transportation and distribution
Relationship	Major shareholder and incurs space rental transactions with Sermsuk Plc.

- **Sermsuk Holdings Co., Ltd. – Direct Subsidiary**

Main Business	Shareholding and investment management for Sermsuk group
Relationship	99.99% owned subsidiary company of Sermsuk Public Co., Ltd.

- **Sermsuk Training Co., Ltd. – Direct Subsidiary**

Main Business	Human resources and corporate development
Relationship	99.99% owned subsidiary company of Sermsuk Public Co., Ltd.

- **Great Brands Limited – Direct Subsidiary**

Main Business	Brand management
Relationship	Wholly owned subsidiary company of Sermsuk Public Co., Ltd., and Great Brands Limited's brand was used by Sermsuk Plc

- **Sermsuk 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 Sermsuk Holdings Co., Ltd., and incurs business transactions with Sermsuk 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 Sermsuk Public Co., Ltd.

- **Petform (Thailand) Co., Ltd.**

Main Business	Manufacture and distribution of plastic containers and PET polymers
Relationship	An associated company of Sermsuk Public Co., Ltd., 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 seals, aluminum caps, lids, and other metal products for local market and export.
Relationship	A company in which Sermsuk Public Co., Ltd., has invested and incurs business 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 Sermsuk Public Co., Ltd., has invested and incurs business transactions

Internal Control and Risk Management

- **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 Sermsuk Public Co., Ltd. has invested and incurs business transactions. Sermsuk also offered long term loans to this company.

Details of connected transactions

- A direct subsidiary company, Sermsuk 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 company is to hold shares and manage investment of the Sermsuk group of companies. In November 2006, the Company sold and transferred shares in Sermsuk Beverage Co., Ltd. (indirect subsidiary) to Sermsuk Holdings Co., Ltd., for Baht 337.9 million and incurred Baht 172.4 million losses on the transaction.
- On November 8, 2012, Sermsuk 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, and selling and administrative expenses in 2013 equaled Baht 2,856.9 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 Sermsuk 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 (Sermsuk 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 Sermsuk 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
 - 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 44.0 million
- Purchase of assets
In 2013, the Company bought machinery from a connected company for Baht 4.0 million.
- Sales of assets to related parties - none -

Connected Transactions

- Borrowing, lending, or guaranteeing

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., 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. Afterwards, the company signed an agreement to amend the loan contract annex, so that the loan principal would be due on 30 November 2014, with interest at 3.2% per annum. Payment shall be made annually.

On December 12, 2012, the Company agreed to Wrangyer (2008) Co., Ltd., (a direct 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. On 21 May 2013, the company lent to Wrangler (2008) in the form of promissory notes the amount of 15.60 million baht. The loan will be due upon call. The interest rate was 3.1% per annum.

- Interest income for 2013 Baht 0.18 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.

11.2 Necessary connected transactions

As Sermsuk Public Co., Ltd., received copyrights to produce and distribute products under the trademarks of Pepsi-Cola International Ltd., Pepsi-Lipton International Ltd., and Strokely Van Camp Inc., the production of licensed products in line with quality standards requires partial purchasing of materials from copyrights owners via companies or representatives specified by them. Concerning pricing, the company has negotiated with as well as gained support on marketing and sales & administrative expenses, so as to maximize benefits based on the agreement. As for indirect purchase via subsidiaries for future distribution, it is a way to maximize subsidiaries' production capacity. The prices and distribution profits are clear and been agreed upon. Material and product purchasing from other related companies are to identify resources for quality materials, and constant supply even in times of crisis.

11.3 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.

11.4 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 Information and Financial Statements

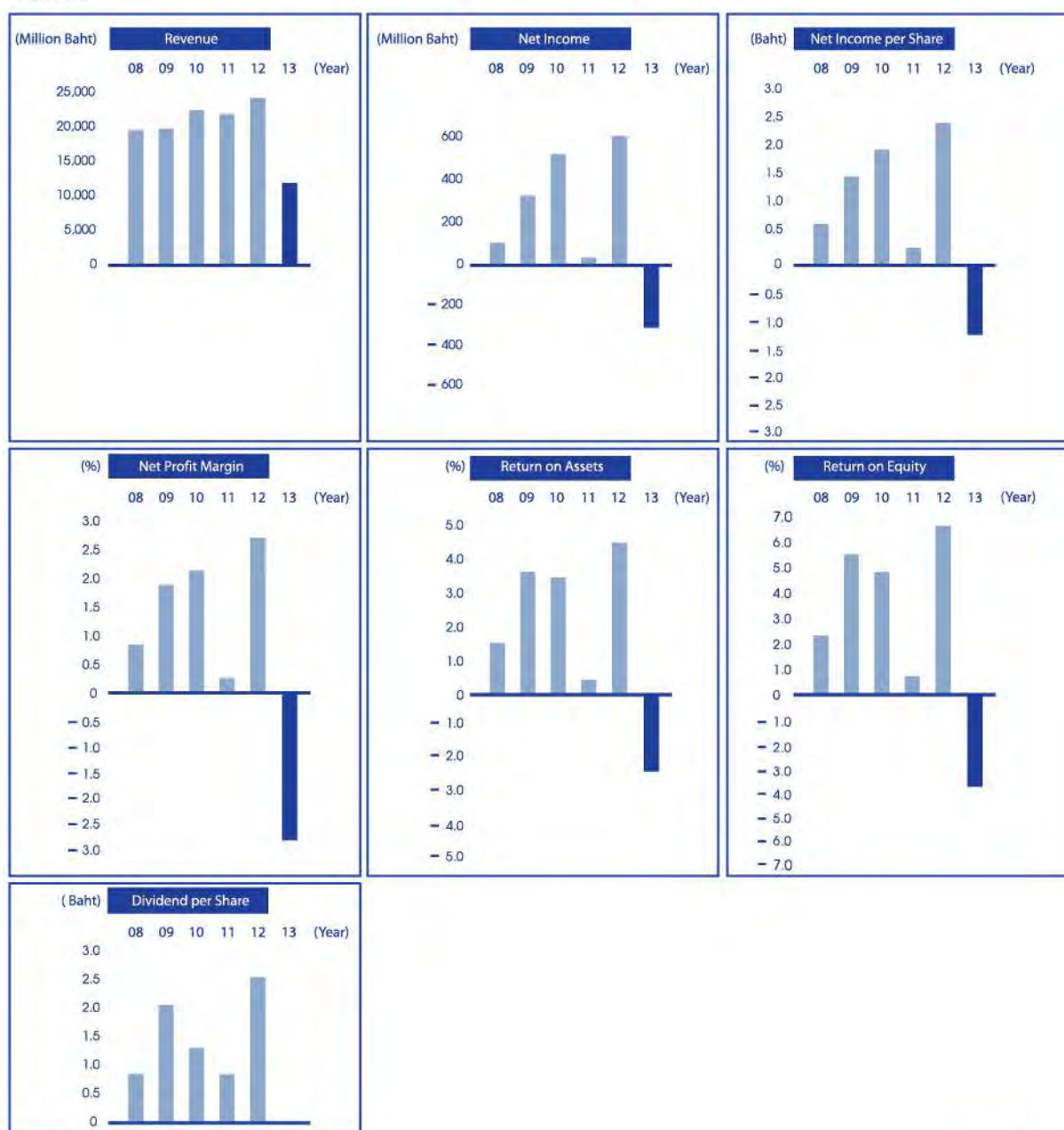
12. Financial Information and Financial Statements

The Financial Statements have approved by KPMG Poomchai Audit Ltd, which without qualifying opinion

12.1 Financial Information

Data	Year					
	2013	2012*	2011*	2010	2009	2008
Revenue (Million Baht)	11,171.9	22,820.7	21,430.5	21,976.7	19,694.4	19,257.2
Net Income (Million Baht)	(328.53)	600.2	55.1	477.0	353.7	139.6
Net Income per Share (Baht)	(1.24)	2.27	0.21	1.79	1.33	0.53
Net Profit Margin	(2.87%)	2.59%	0.25%	2.16%	1.78%	0.72%
Return on Assets	(2.50%)	4.41%	0.41%	3.50%	3.62%	1.51%
Return on Equity	(3.84%)	6.95%	0.68%	4.82%	5.54%	2.24%
Dividend per Share (Baht)	—	2.50	0.75	1.25	2.00	0.75

*Restated



Financial Information and Financial Statements

12.2 Financial Ratio

12.2.1 Liquidity Ratio

Ratio	CONSOLIDATED			THE COMPANY ONLY		
	2013	2012	2011	2013	2012	2011
Current Ratio (Time)	1.1	1.5	1.6	1.1	1.6	1.6
Quick Ratio (Time)	0.2	0.7	0.6	0.2	0.6	0.9
Operating Cash Flow to Current Liability Ratio (Time)	(0.2)	0.5	0.2	(0.2)	0.5	0.3
Receivable Turnover Ratio (Time)	22.4	30.8	21.5	21.9	31.0	23.3
Average Collection Period (Day)	16.2	11.9	17.0	16.6	11.8	15.7
Inventory Turnover Ratio (Time)	22.5	50.7	52.1	25.6	51.5	54.7
Sales Turnover Ratio (Day)	16.1	7.2	7.0	14.2	7.1	6.6
Account Payable Turnover Ratio (Time)	10.3	14.6	12.6	9.7	14.7	13.0
Average Payment Period (Day)	35.2	25.1	29.0	37.5	24.9	28.2
Cash Cycle (Day)	(2.8)	(6.0)	(5.0)	(6.7)	(6.0)	(5.9)

12.2.2 Profitability Ratio

Ratio	CONSOLIDATED			THE COMPANY ONLY		
	2013	2012*	2011	2013	2012*	2011
Gross Profit Margin (%)	27.3	20.2	19.0	25.6	19.9	18.9
Operating Profit Margin (%)	(8.3)	0.7	0.6	(9.1)	0.5	0.6
Non-operating Profit Margin (%)	3.9	2.4	0.2	3.1	1.6	1.2
Operating Cash Flow to Operating Profit (%)	93.1	1,038.2	587.2	76.6	1,333.9	650.8
Net Profit Margin (%)	(2.8)	2.6	0.3	(4.3)	1.6	1.2
Return on Equity (%)	(3.8)	6.9	0.7	(6.1)	4.4	3.0

12.2.3 Efficiency Ratio

Ratio	CONSOLIDATED			THE COMPANY ONLY		
	2013	2012	2011	2013	2012	2011
Return on Assets (%)	(2.5)	4.4	0.5	(3.9)	2.7	2.0
Return on Fixed Assets (%)	(3.9)	7.5	0.8	(6.4)	4.8	3.7
Asset Turnover (Time)	0.9	1.7	1.6	0.9	1.7	1.7

12.2.4 Financial Policy Ratio

Ratio	CONSOLIDATED			THE COMPANY ONLY		
	2013	2012*	2011*	2013	2012*	2011*
Debt to Equity Ratio (Time)	0.5	0.5	0.5	0.5	0.5	0.5
Interest Coverage Ratio (Time)	(51.1)	131.7	97.4	(69.2)	—**	—**
Operating Cash Flow to Total Cash Outflow Ratio (Time)	(0.6)	8.43	1.7	(0.5)	8.2	2.2
Dividend Payout Ratio (%)	-	110.7	319.5	-	179	75.2

* Restated

**No interest bearing loan and interest expense

Independent Auditor's Report

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 (the "Group") and of Serm Suk Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2013, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and Separate Financial Statements

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report

Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw attention to notes 2 and 5 to the financial statements describing the effect of the Company's adoption from 1 January 2013 of certain new accounting policies. The corresponding figures presented are based on the audited financial statements as at and for the year ended 31 December 2012 after making the adjustments described in notes 2 and 5.



(Nirand Lilamethwat)
Certified Public Accountant
Registration No. 2316

KPMG Phoomchai Audit Ltd.
Bangkok
25 February 2014

Statement of financial Position

Assets	Note	Consolidated			Separate		
		financial statements			financial statements		
		31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
(in Baht)							
Current assets							
Cash and cash equivalents	9	186,256,297	1,544,538,609	976,480,680	139,683,614	1,373,162,370	873,059,845
Current investments		-	-	12,000,000	-	-	-
Trade accounts receivable	8, 10	489,729,373	735,615,200	990,087,809	511,062,789	725,105,177	915,698,950
Other receivable from related parties	8	23,069,357	64,947,154	9,974,739	65,917,526	110,299,751	54,593,428
Other receivables	11	147,703,894	406,161,591	499,857,494	144,854,372	403,786,414	493,716,776
Short-term loans to related parties	8	-	-	-	384,600,000	369,000,000	-
Inventories	12	2,226,289,983	2,018,772,822	2,274,854,825	2,034,331,092	1,879,889,871	2,165,175,431
Prepaid crown tax and lids taxes		92,173,879	188,524,353	391,967,356	80,254,863	183,710,960	387,719,689
Other current assets		164,809,085	148,976,114	37,551,163	135,222,421	119,570,998	19,798,162
Total current assets		3,330,031,868	5,107,535,843	5,192,774,066	3,495,926,677	5,164,525,541	4,909,762,281
Non-current assets							
Restricted deposits at financial institution	39	830,263	2,494,309	2,443,105	830,263	2,494,309	2,443,105
Investment in an associate	13	276,307,785	195,067,129	18,375,183	30,000,000	30,000,000	30,000,000
Investment in subsidiaries	14	-	-	-	356,634,074	356,634,067	350,000,000
Other long-term investments	15	174,446,315	214,099,170	126,166,556	174,446,315	214,099,170	126,166,556
Advance payment to a related party	8	-	86,465	86,465	-	-	-
Long-term loans to a related party	8	3,000,000	5,000,000	5,000,000	3,000,000	5,000,000	5,000,000
Investment properties	16	232,148,400	33,157,000	29,645,240	232,148,400	33,157,000	29,645,240
Property, plant and equipment	17	8,636,645,339	7,983,366,698	8,003,892,838	8,108,076,860	7,508,888,440	7,498,538,437
Intangible assets	18	21,317,623	19,064,851	39,902,329	16,504,125	17,043,239	37,797,144
Deferred tax assets	19	3,966,372	2,690,770	1,283,694	-	-	-
Other non-current assets	20	22,287,345	31,028,941	23,837,237	22,252,905	30,994,502	23,801,221
Total non-current assets		9,370,949,442	8,486,055,333	8,250,632,647	8,943,892,942	8,198,310,727	8,103,391,703
Total assets		12,700,981,310	13,593,591,176	13,443,406,713	12,439,819,619	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 2013	31 December 2012 (Restated)	1 January 2012 (Restated)	31 December 2013	31 December 2012 (Restated)	1 January 2012 (Restated)
		(in Baht)					
<i>Current liabilities</i>							
Trade accounts payable	8, 21	766,244,851	1,237,512,691	1,369,178,326	860,160,641	1,222,697,457	1,334,959,332
Other payable to related parties	8	24,658,795	50,247,865	26,232,951	194,056,966	87,161,253	24,620,827
Other payables		331,437,356	438,596,760	369,249,820	324,257,768	430,610,771	364,471,533
Short-term loans from financial institutions	22	700,000,000	-	-	700,000,000	-	-
Short-term loan from related party	8	-	-	129,600,000	-	-	-
Accrued expenses		447,801,724	755,240,186	369,345,171	438,103,416	739,502,886	353,965,098
Income tax payable		-	-	14,301,820	-	-	11,549,710
Dividends payable	35	73,586,615	75,030,411	74,884,378	73,586,615	75,030,411	74,884,378
Customers' deposits on bottles and cases		522,184,823	691,829,511	851,553,518	522,184,823	691,829,511	851,553,518
Other current liabilities		43,468,561	59,437,133	78,171,377	23,925,627	57,624,613	75,436,346
Total current liabilities		2,909,382,725	3,307,894,557	3,282,517,361	3,136,275,856	3,304,456,902	3,091,440,742
<i>Non-current liabilities</i>							
Deferred tax liabilities	19	463,455,429	453,367,540	449,700,769	446,951,428	447,335,111	449,700,769
Employee benefits obligations	23, 24	925,548,183	1,102,898,801	1,155,352,263	920,935,876	1,098,148,270	1,151,686,999
Long-term provision	24	-	-	9,967,175	-	-	9,967,175
Total non-current liabilities		1,389,003,612	1,556,266,341	1,615,020,207	1,367,887,304	1,545,483,381	1,611,354,943
Total liabilities		4,298,386,337	4,864,160,898	4,897,537,568	4,504,163,160	4,849,940,283	4,702,795,685

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	1 January	31 December	31 December	1 January
		2013	2012	2012	2013	2012	2012
		(Restated)	(Restated)		(Restated)	(Restated)	
(in Baht)							
Equity							
Share capital:	25						
Authorised share capital		265,900,484	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	265,900,484	
Premium on ordinary shares	25	1,342,448,425	1,342,448,425	1,342,448,425	1,342,448,425	1,342,448,425	
Retained earnings:							
Appropriated:	26						
Legal reserve		26,795,766	26,795,766	26,795,766	26,795,766	26,795,766	
General reserve		2,785,000,000	3,089,000,000	3,089,000,000	2,785,000,000	3,089,000,000	
Unappropriated		555,950,971	1,081,414,867	678,218,759	163,491,127	867,707,842	
Other components of equity	26	3,426,499,327	2,923,870,736	3,123,360,617	3,352,020,657	2,921,043,468	
Equity attributable to owners of the Company		8,402,594,973	8,729,430,278	8,525,724,051	7,935,656,459	8,512,895,985	
Non-controlling interests		-	-	20,145,094	-	-	
Total equity		8,402,594,973	8,729,430,278	8,545,869,145	7,935,656,459	8,512,895,985	
Total liabilities and equity		12,700,981,310	13,593,591,176	13,443,406,713	12,439,819,619	13,362,836,268	

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

Statement of Comprehensive Income

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2013	2012	2013	2012
			(Restated)		(Restated)
		(in Baht)			
Income					
Revenue from sale of goods and rendering of services	8, 27	11,171,987,254	22,820,675,158	11,233,666,481	22,492,324,526
Other income	8, 28	285,538,200	385,813,854	369,904,865	371,744,131
Total income		11,457,525,454	23,206,489,012	11,603,571,346	22,864,068,657
Expenses					
Cost of sales of goods and rendering of services	8	8,114,736,550	18,219,775,074	8,357,713,164	18,021,349,665
Selling expenses	8, 29	2,949,971,598	3,222,915,382	2,927,097,886	3,188,674,618
Administrative expenses	8, 30	1,024,899,437	1,206,740,541	961,944,996	1,159,250,266
Finance costs		9,563,452	5,488,671	9,563,230	-
Total expenses		12,099,171,037	22,654,919,668	12,256,319,276	22,369,274,549
Share of profit of an associate, net of income tax	13	162,240,656	176,691,945	-	-
Profit (loss) before income tax expense		(479,404,927)	728,261,289	(652,747,930)	494,794,108
Income tax revenue (expense)	33	150,872,391	(128,035,636)	145,995,158	(123,490,286)
Profit (loss) for the year		(328,532,536)	600,225,653	(506,752,772)	371,303,822
Other comprehensive income					
Foreign currency translation differences for foreign operation		11,010,602	(218,396)	-	-
Net change in fair value of available-for-sale investments	15	(26,350,235)	40,864,914	(26,350,235)	40,864,914
Revaluation of land		641,651,521	461,874	565,850,521	-
Defined benefit plan actuarial gain (loss)					
- Retirement benefit	23	203,996,014	(2,607,437)	203,330,284	(2,545,577)
Income tax on other comprehensive income		(163,859,461)	(7,743,870)	(148,566,114)	(7,663,868)
Other comprehensive income for the year		666,448,441	30,757,085	594,264,456	30,655,469
Total comprehensive income for the year		337,915,905	630,982,738	87,511,684	401,959,291

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

Statement of Comprehensive Income

		Consolidated		Separate	
		financial statements		financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	<i>Note</i>	2013	2012	2013	2012
			(Restated)		(Restated)
		<i>(in Baht)</i>			
Profit (loss) attributable to:					
Owners of the Company		(328,532,536)	604,703,662	(506,752,772)	371,303,822
Non-controlling interests		-	(4,478,009)	-	-
Profit (loss) for the year		<u>(328,532,536)</u>	<u>600,225,653</u>	<u>(506,752,772)</u>	<u>371,303,822</u>
Total comprehensive income attributable to:					
Owners of the Company		337,915,905	630,982,738	87,511,684	401,959,291
Non-controlling interests		-	-	-	-
Total comprehensive income for the year		<u>337,915,905</u>	<u>630,982,738</u>	<u>87,511,684</u>	<u>401,959,291</u>
Basic earnings (losses) per share	<i>34</i>	<u>(1.24)</u>	<u>2.27</u>	<u>(1.91)</u>	<u>1.40</u>

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

Statement of Changes in Equity

Consolidated financial statements (Restated)													
Note	Retained earnings					Other components of equity							Total equity
	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve	Unappropriated	Currency translation differences	Fair value	Surpluses on land revaluation	Share premium from business combination under common control	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	
							changes in						
							available-for-sale investments						
(in Baht)													
Year ended 31 December 2012													
Balance at 31 December 2011 - as reported	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
Impact of changes in accounting policies	5	-	-	-	282,058,747	-	(2,280,000)	(728,560,154)	-	(730,840,154)	(448,781,407)	-	(448,781,407)
Balance at 31 December 2011 restated and 1 January 2012	265,900,484	1,342,448,425	26,795,766	3,089,000,000	678,218,759	-	9,120,000	2,914,240,617	200,000,000	3,123,360,617	8,525,724,051	20,145,094	8,545,869,145
Transactions with owners, recorded directly in equity													
Distribution to owners of the Company													
Dividends to owners of the Company	35	-	-	-	(199,421,605)	-	-	-	-	-	(199,421,605)	-	(199,421,605)
Comprehensive income for the year													
Profit		-	-	-	604,703,662	-	-	-	-	-	604,703,662	(4,478,009)	600,225,653
Other comprehensive income	15, 26	-	-	-	(2,085,949)	(218,396)	32,691,931	369,499	-	32,843,034	30,757,085	-	30,757,085
Total comprehensive income for the year		-	-	-	602,617,713	(218,396)	32,691,931	369,499	-	32,843,034	635,460,747	(4,478,009)	630,982,738
Share premium from business combination under common control													
	7	-	-	-	-	-	-	-	(232,332,915)	(232,332,915)	(232,332,915)	(15,667,085)	(248,000,000)
Balance at 31 December 2012	265,900,484	1,342,448,425	26,795,766	3,089,000,000	1,081,414,867	(218,396)	41,811,931	2,914,610,116	(32,332,915)	2,923,870,736	8,729,430,278	-	8,729,430,278

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

Statement of Changes in Equity

Consolidated financial statements (Restated)												
		Retained earnings				Other components of equity						
	Note	Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve	Unappropriated	Currency translation differences	Fair value changes in available-for-sale investments	Surpluses on land revaluation	Share premium from business combination under common control	Total other components of equity	Total equity
Year ended 31 December 2013												
Balance at 31 December 2012 - as reported		265,900,484	1,342,448,425	26,795,766	3,089,000,000	794,755,287	(218,396)	52,264,914	3,643,170,270	(32,332,915)	3,662,883,873	9,181,783,835
Impact of change in accounting policies	5	-	-	-	-	286,659,580	-	(10,452,983)	(728,560,154)	-	(739,013,137)	(452,353,557)
Balance at 31 December 2012 - restated and 1 January 2013		265,900,484	1,342,448,425	26,795,766	3,089,000,000	1,081,414,867	(218,396)	41,811,931	2,914,610,116	(32,332,915)	2,923,870,736	8,729,430,278
Transactions with owners, recorded directly in equity												
Distribution to owners of the Company												
Dividends to owners of the Company	35	-	-	-	-	(664,751,210)	-	-	-	-	-	(664,751,210)
Comprehensive income for the year												
Loss		-	-	-	-	(328,532,536)	-	-	-	-	-	(328,532,536)
Other comprehensive income	15, 26	-	-	-	-	163,196,810	11,010,602	(21,080,188)	513,321,217	-	503,251,631	666,448,441
Total comprehensive income for the year		-	-	-	-	(165,335,726)	11,010,602	(21,080,188)	513,321,217	-	503,251,631	337,915,905
Transfer to unappropriated retained earnings		-	-	-	(304,000,000)	304,000,000	-	-	-	-	-	-
Transfer surplus on disposal of land revaluation to retained earnings		-	-	-	-	623,040	-	-	(623,040)	-	(623,040)	-
Balance at 31 December 2013		265,900,484	1,342,448,425	26,795,766	2,785,000,000	555,950,971	10,792,206	20,731,743	3,427,308,293	(32,332,915)	3,426,499,327	8,402,594,973

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

Statement of Changes in Equity

	Note	Separate financial statements (Restated)								
		Retained earnings				Other components of equity				
		Issued and paid-up share capital	Premium on ordinary shares	Legal reserve	General reserve	Unappropriated (in Baht)	Fair value changes in available-for-sale investments	Surplus on land revaluation	Total other components of equity	Total equity
Year ended 31 December 2012										
Balance at 31 December 2011 - as reported		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
Impact of change in accounting policies		-	-	-	-	272,387,115	(2,280,000)	(719,807,884)	(722,087,884)	(449,700,769)
Balance at 31 December 2011 - restated and 1 January 2012		265,900,484	1,342,448,425	26,795,766	3,089,000,000	697,862,087	9,120,000	2,879,231,537	2,888,351,537	8,310,358,299
Transactions with owners, recorded directly in equity										
<i>Distributions to owner of the Company</i>										
Dividends to owners of the Company	35	-	-	-	-	(199,421,605)	-	-	-	(199,421,605)
Comprehensive income for the year										
Profit		-	-	-	-	371,303,822	-	-	-	371,303,822
Other comprehensive income	15, 26	-	-	-	-	(2,036,462)	32,691,931	-	32,691,931	30,655,469
Total comprehensive income for the year		-	-	-	-	369,267,360	32,691,931	-	32,691,931	401,959,291
Balance at 31 December 2012		265,900,484	1,342,448,425	26,795,766	3,089,000,000	867,707,842	41,811,931	2,879,231,537	2,921,043,468	8,512,895,985

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

Statement of Changes in Equity

	Note	Separate financial statements (Restated)								
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings			Other components of equity			Total equity
				Legal reserve	General reserve	Unappropriated (in Baht)	Fair value changes in available-for-sale investments	Surplus on land revaluation	Total other components of equity	
Year ended 31 December 2013										
Balance at 31 December 2012 - as reported		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
Impact of change in accounting policies	5	-	-	-	-	282,925,756	(10,452,983)	(719,807,884)	(730,260,867)	(447,335,111)
Balance at 31 December 2012 - restated and 1 January 2013		265,900,484	1,342,448,425	26,795,766	3,089,000,000	867,707,842	41,811,931	2,879,231,537	2,921,043,468	8,512,895,985
Transactions with owners, recorded directly in equity										
Distributions to owner of the Company										
Dividends to owners of the Company	35	-	-	-	-	(664,751,210)	-	-	-	(664,751,210)
Comprehensive income for the year										
Loss		-	-	-	-	(506,752,772)	-	-	-	(506,752,772)
Other comprehensive income	15, 26	-	-	-	-	162,664,227	(21,080,188)	452,680,417	431,600,229	594,264,456
Total comprehensive income for the year		-	-	-	-	(344,088,545)	(21,080,188)	452,680,417	431,600,229	87,511,684
Transfer to unappropriated retained earnings		-	-	-	(304,000,000)	304,000,000	-	-	-	-
Transfer surplus on disposal of land revaluation to retained earnings		-	-	-	-	623,040	-	(623,040)	(623,040)	-
Balance at 31 December 2013		265,900,484	1,342,448,425	26,795,766	2,785,000,000	163,491,127	20,731,743	3,331,288,914	3,352,020,657	7,935,656,459

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

Statement of Cash Flows

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2013	2012 (Restated)	2013	2012 (Restated)
	<i>(in Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit (loss) for the year	(328,532,536)	600,225,653	(506,752,772)	371,303,822
<i>Adjustments for</i>				
Depreciation and amortisation	570,958,006	643,568,855	520,478,332	593,490,164
Interest income	(9,365,486)	(29,487,327)	(18,487,517)	(27,983,566)
Finance costs	9,563,452	5,488,671	9,563,230	-
Dividend income	(22,738,005)	(6,135,318)	(103,738,005)	(6,135,318)
Unrealised loss on exchange	12,714,298	845,264	12,714,298	845,264
(Reversal of) allowance for doubtful accounts	(17,920,848)	418,283	(17,920,848)	418,283
Allowance for devaluation of inventories	57,546,693	164,326,244	58,085,691	164,154,350
Fair value changes in investment property	(33,425,730)	(3,511,760)	(33,425,730)	(3,511,760)
Reversal of recognised loss on land revaluation	(9,659,809)	-	(9,659,809)	-
Gain on disposal and write off of fixed assets	(61,521,582)	(29,284,803)	(61,194,750)	(29,210,041)
Gain on disposal of other long-term investments	(24,746,559)	-	(24,746,559)	-
Employee benefits obligations	106,921,294	95,838,235	106,152,898	95,053,303
(Reversal of) provision	(3,358,523)	8,693,057	(3,358,523)	8,693,057
Share of profit of an associate, net of income tax	(162,240,656)	(176,691,945)	-	-
Income tax (revenue) expense	(150,872,391)	128,035,636	(145,995,158)	123,490,286
	(66,678,382)	1,402,328,745	(218,285,222)	1,290,607,844
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	248,553,011	264,943,000	216,709,573	201,064,164
Other receivable from related parties	41,877,797	74,627,585	44,304,253	(54,943,813)
Other receivables	273,344,245	82,833,637	273,818,589	79,249,717
Inventories	(265,063,854)	91,755,759	(212,526,913)	121,131,210
Prepaid crown tax and lid taxes	96,350,474	203,443,004	103,456,097	204,008,729
Other current assets	4,294,628	3,229,783	(1,137,232)	7,292,216
Other non-current assets	7,952,666	(10,005,071)	7,952,665	(8,694,192)
Trade accounts payable	(471,267,839)	(131,665,635)	(362,536,816)	(112,261,875)
Other payable to related parties	(14,578,469)	(105,733,482)	106,895,713	62,540,426
Other payables	(119,873,702)	68,431,676	(119,067,301)	65,293,974
Accrued expenses	(323,156,681)	314,057,235	(317,057,687)	311,061,633
Customers' deposits on bottles and cases	(169,644,688)	(159,724,007)	(169,644,688)	(159,724,007)
Other current liabilities	1,902,528	(18,777,281)	(15,827,886)	(17,854,770)
Employee benefits obligations paid	(67,387,089)	(79,061,356)	(67,206,201)	(76,661,456)
Provision paid	(14,512,578)	(18,617,194)	(14,512,578)	(18,617,193)
Provident fund paid	(1,125,009)	-	(1,125,009)	-
Cash generated from (used in) operating activities	(839,012,942)	1,982,066,398	(745,790,643)	1,893,492,607
Income tax paid	(24,302,382)	(261,071,536)	(17,468,829)	(252,134,574)
Net cash from (used in) operating activities	(863,315,324)	1,720,994,862	(763,259,472)	1,641,358,033

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	2013	2012	2013	2012
			(Restated)		(Restated)
		(in Baht)			
Cash flows from investing activities					
Interest received		9,732,601	29,460,920	18,932,605	27,013,027
Dividends received		103,738,005	6,135,318	103,738,005	6,135,318
Current investments		-	12,000,000	-	-
Cash paid for short-term loan to subsidiary		-	-	(15,600,000)	(369,000,000)
Cash received for long-term loan from related party		2,000,000	-	2,000,000	-
Cash received for advance payment to related party		86,465	-	-	-
Purchase of investment in subsidiaries		-	-	-	(6,633,943)
Cash received for sale of long-term investments		60,448,959	-	60,448,959	-
Purchase of long-term investments		(22,399,780)	(47,067,700)	(22,399,780)	(47,067,700)
Restricted deposits at financial institution		1,664,046	(51,204)	1,664,046	(51,204)
Purchase of property, plant and equipment		(738,513,059)	(600,239,818)	(710,088,457)	(581,505,908)
Sale of property, plant and equipment		72,647,121	36,132,837	72,226,772	36,058,071
Purchase of intangible assets		(12,567,308)	(6,943,043)	(9,337,611)	(6,927,473)
Net cash outflow on acquisition of subsidiary		-	(248,000,000)	(7)	(124)
Net cash used in investing activities		(523,162,950)	(818,572,690)	(498,415,468)	(941,979,936)
Cash flows from financing activities					
Interest paid		(5,609,032)	(5,488,671)	(5,608,810)	-
Dividends paid to the owners of the Company		(666,195,006)	(199,275,572)	(666,195,006)	(199,275,572)
Proceeds from short-term borrowing from related party		-	10,000,000	-	-
Repayment of short-term borrowings from related party		-	(139,600,000)	-	-
Proceeds from short-term borrowings from financial institutions		1,500,000,000	-	1,500,000,000	-
Repayment of short-term borrowings from financial institutions		(800,000,000)	-	(800,000,000)	-
Net cash from (used in) financing activities		28,195,962	(334,364,243)	28,196,184	(199,275,572)
Net increase (decrease) in cash and cash equivalents		(1,358,282,312)	568,057,929	(1,233,478,756)	500,102,525
Cash and cash equivalents at 1 January		1,544,538,609	976,480,680	1,373,162,370	873,059,845
Cash and cash equivalents at 31 December	9	186,256,297	1,544,538,609	139,683,614	1,373,162,370

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 issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorized for issue by the Board of Directors on 25 February 2014.

1 General information

Sermsuk Public Company Limited, “the Company”, is incorporated in Thailand and has its registered office at 252/35-36 Muang Thai-Phatra Complex, Tower 1, 27-28th Floor, Rachadapisek Road, Huay Kwang, Bangkok 10310. The Company also have 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) Nakorn sawan : 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 activities 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 2013 and 2012 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2013	2012
<i>Direct subsidiaries</i>				
Sermsuk Holdings Co., Ltd.	Investment and holding shares in other companies	Thailand	99.99	99.99
Great Brands Limited	Manage brands	Hong Kong	100.00	100.00
Sermsuk Training Co., Ltd.	Human resources development and organization	Thailand	99.99	99.99
<i>Indirect subsidiaries</i>				
Serm Suk Beverage Co., Ltd.	Produce and distribute tea, fruit juice and sports drinks	Thailand	99.99	99.99
Wranger Beverage (2008) Co., Ltd.	Produce and distribute energy drink	Thailand	100.00	100.00

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, Sermsuk 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.

The FAP has issued the following new and revised TFRS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2013:

TFRS	Topic
TAS 12	Income taxes
TAS 21 (revised 2009)	The Effects of changes in Foreign Exchange Rates
TFRS 8	Operating Segments

The adopting of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 5.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for financial statements beginning on or after 1 January 2014 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group's operations are disclosed in note 40.

(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) *Functional and presentation currency*

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

Notes to the financial statements

(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:

Note 6 (q)	Current and deferred taxation
Note 16	Valuation of investment properties
Note 19	Utilisation of tax losses
Note 23	Measurement of defined benefit obligations
Note 24 and 39	Provisions and contingencies

3. Impact of severe flooding in Thailand

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 shut down during such period and normally continue to produce and distribute products in January 2012. The Group and the Company have recognised the following expenses and reimbursements resulting from the flood damage as follows:

<i>Year ended 31 December</i>	Consolidated and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Insurance reimbursement received prior to 31 December	-	94,171
Government reimbursement received prior to 31 December	-	7,118
Insurance reimbursement recognised	-	101,289
Impairment of inventories	-	(5,592)
Other flood related expenses	-	(26,724)
Total flood related expenses	-	(32,316)
Net impact	-	68,973

Notes to the financial statements

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

<i>Year ended 31 December</i>	Consolidated and Separate financial statements	
	2013	2012
	<i>(in thousand Baht)</i>	
Cost of sales of goods and cost of rendering of services	-	23,101
Selling expenses	-	6,840
Administrative expenses	-	2,375
Total flood related expenses	-	32,316

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.

At 31 December 2013, The Company has returnable glass bottles of Baht 5.2 million and recorded an allowance for decline in value of inventory of Baht 4.81 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 Changes in accounting policies

(a) Overview

From 1 January 2013, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Accounting for income tax
- Accounting for the effects of changes in foreign exchange rates
- Presentation of information on operating segments

Details of the new accounting policies adopted by the Group are included in notes 5(b) to 5(d) below. Other new and revised TFRS did not have any impact on the accounting policies, financial position or performance of the Group.

(b) Accounting for income tax

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 liabilities or assets in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carry forward of unused tax losses. The accounting policy for deferred tax is described in note 6 (q).

Notes to the financial statements

The Group adopted TAS 12 with effect from 1 January 2013. The effects of the change are recognised retrospectively in the financial statements. The impact of the change on the financial statements is as follows:

	Consolidated financial statements			Separate financial statements		
	31 December 2013	31 December 2012	1 January 2012 (in thousand Baht)	31 December 2013	31 December 2012	1 January 2012
Statement of financial position as at						
Increase in deferred tax assets	3,966	2,691	1,284	-	-	-
Decrease in other non-current assets	-	1,677	364	-	-	-
Increase in deferred tax liabilities	463,455	453,368	449,701	446,951	447,335	449,701
Decrease in fair value changes in available for sale investments	5,183	10,453	2,280	5,183	10,453	2,280
Decrease in surplus on land revaluation	856,827	728,560	728,560	832,822	719,808	719,808
Increase in retained earnings	402,521	286,660	282,059	391,054	282,926	272,387
Effect on equity :						
Decrease in owners of the Company	459,489	452,353	448,781	446,951	447,335	449,701
Decrease in non-controlling interests	-	-	-	-	-	-
Decrease in total equity	<u>459,489</u>	<u>452,353</u>	<u>448,781</u>	<u>446,951</u>	<u>447,335</u>	<u>449,701</u>

	Consolidated financial statements		Separate financial statements	
	2013	2012 (in thousand Baht)	2013	2012
Statement of comprehensive income for the year ended 31 December				
Decrease in income tax expense	<u>155,059</u>	<u>4,079</u>	<u>148,950</u>	<u>10,030</u>
Increase in profit for the year	<u>155,059</u>	<u>4,079</u>	<u>148,950</u>	<u>10,030</u>
Increase in basic earnings per share (Baht)	<u>0.58</u>	<u>0.02</u>	<u>0.56</u>	<u>0.04</u>

(c) Accounting for the effects of changes in foreign exchange rates

From 1 January 2013, the Group has adopted TAS 21 (revised 2009) Accounting for the effects of changes in foreign exchange rates.

The principal change introduced by TAS 21 (revised 2009) 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 (revised 2009) 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 (revised 2009). Foreign currencies are defined by TAS 21 (revised 2009) as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Company is Thai Baht and that the adoption of TAS 21 (revised 2009) from 1 January 2013 has not had a significant impact on the Group's reported assets, liabilities or retained earnings.

Notes to the financial statements

(d) *Presentation of information on operating segments*

From 1 January 2013, the Group has adopted TFRS 8 Operating Segments. The new policy for presentation of information on operating segments, together with information on the previous policy, is given below. The new policy has been applied retrospectively and segment information included in the financial statements for the year ended 31 December 2012, which are included in the Group's 2013 financial statements for comparative purposes, has been re-presented accordingly. The change in policy only impacts presentational aspects and has no impact on the Group's reported assets, liabilities, results or earnings per share.

TFRS 8 introduces the "management approach" to segment reporting. It requires a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group's Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to those segments. Previously the Group presented segment information in respect of its business and geographical segments in accordance with TAS 14 Segment Reporting.

The change in basis of presentation and disclosure of segment information has had no significant effect on the segment information reported in the Group's financial statements.

Segment 1	Carbonated soft drink
Segment 2	Non-Carbonated soft drink

6 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 5, which addresses changes in accounting policies.

(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.

Notes to the financial statements

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 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 the functional currency at the dates of the transactions.

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

Foreign operations

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

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

Notes to the financial statements

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 statements 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.

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.

Notes to the financial statements

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.

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

Notes to the financial statements

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

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

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

Revalued assets

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

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any 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 recognized 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 derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized 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:

Notes to the financial statements

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.

(i) *Intangible assets*

Trademarks

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

Other intangible assets

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

Amortisation

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

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

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

Notes to the financial statements

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

Calculation of recoverable amount

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

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

Reversals of impairment

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

(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

Notes to the financial statements

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.

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.

Notes to the financial statements

(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

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 recognised 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 recognised on an accrual basis.

(q) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in the statement of income except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Notes to the financial statements

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

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

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

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

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

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

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

7 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 financial statements as at 1 January 2011 have not restated to be comparison.

Notes to the financial statements

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	423,831	13,442,488
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	<u>55,131</u>	<u>7,231</u>	<u>62,362</u>
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:

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

Notes to the financial statements

8 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
Bangkok Glass Co., Ltd.	Thailand	The Company and directors hold ordinary shares
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
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
Sangsom Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Krittayabun Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Beer Thai (1991) Public Company Limited.	Thailand	Direct subsidiary of the ultimate parent company
Beer Thip Brewery (1991) Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Pomklung Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Pan International (Thailand) 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
Thai Drinks Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Surathip Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Piromsurang Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thipchalothorn Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
Thai Beverage Traning Co., Ltd.	Thailand	Direct subsidiary of the ultimate parent company
United Winery and Distillery 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
InterBev (Singapore) Limited	Singapore	Indirect subsidiary of the ultimate parent company
Berli Jucker Public Company Limited.	Thailand	Common directors
Thai Malaya Glass Co., Ltd.	Thailand	Common directors
Gaew Grung Thai Co., Ltd.	Thailand	Common director
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
Dhanasindhi 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 related parties on April 2012.

Notes to the financial statements

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

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

Year ended 31 December	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Ultimate Parent Company				
Sales of goods or rendering of service	29	65	29	65
Parent				
Dividend paid	429,808	128,942	429,808	128,942
Others revenue	61	1	-	-
Selling expense	4	-	-	-
Administrative expense	128	520	115	491
Associate				
Purchase of raw materials	617,295	590,589	617,295	590,589
Dividend income	81,000	-	81,000	-
Subsidiaries				
Sale of goods and rendering of services	-	-	263,769	191,195
Purchase of finished goods and services	-	-	628,062	446,506
Trademark fee	-	-	141,101	33,066
Other revenue	-	-	106	-
Interest income	-	-	11,309	763
Key management personnel				
Key management personnel compensation				
Short-term employee benefit	70,597	83,924	70,597	83,924
Post employment benefits	4,968	3,436	4,968	3,436
Other long-term benefits	4	8,698	4	8,698
Directors' remunerations	7,571	18,727	7,571	18,727
Total key management personnel compensation	<u>83,140</u>	<u>114,785</u>	<u>83,140</u>	<u>114,785</u>

Notes to the financial statements

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Other related parties				
Sale of goods and rendering of services	44,407	346,967	32,897	29,905
Purchase of finished goods and raw materials	2,098,952	2,450,977	1,996,133	2,265,215
Purchase of machinery	4,000	-	4,000	-
Subsidy for marketing expense	69,692	14,792	67,735	14,792
Selling expense	32,105	16,883	32,105	16,883
Administrative expense	38,803	52,396	38,254	49,215
Interest income	188	415	188	415
Dividend income	22,402	2,017	22,402	2,016
Other income	9,534	46,923	9,161	42,482
Interest expense	-	4,810	-	-

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	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Ultimate Parent Company				
Thai Beverage Public Company Limited	18	-	18	-
Subsidiary				
Sermsuk Beverage Co., Ltd.	-	-	44,285	38,152
Other related party				
Oishi Group Public Company Limited	5,270	5,744	5,270	5,744
Beer Thip Brewery (1991) Co., Ltd.	2,779	-	2,779	-
Suthornpirom Co., Ltd.	-	20,060	-	-
Others	304	1,687	304	450
Total	8,371	27,491	52,656	44,346

<i>Other receivable from related parties</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Subsidiaries				
Serm Suk Beverage Co., Ltd.	-	-	44,727	44,727
Others	-	-	790	762
Other related parties				
Oishi Goup Public Company Limited.	11,078	-	8,409	-
Oishi Trading Co., Ltd.	10,971	12,916	10,971	12,916
Gaew Grung Thai Co., Ltd.	60	45,456	60	45,456
Others	960	6,575	961	6,439
Total	23,069	64,947	65,918	110,300

Notes to the financial statements

<i>Advance payment to related party</i>		Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Other related party					
Thai Beverage Recycle Co., Ltd		-	87	-	-
Loans to related parties					
	Interest rate	Consolidated financial statements		Separate financial statements	
	2013 2012 <i>(% per annum)</i>	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Short-term loans					
Subsidiaries					
Sermsuk Holdings Co., Ltd.	3.2 2.7	-	-	244,000	244,000
Wranger Beverage (2008) Co., Ltd.	3.1 2.7	-	-	140,600	125,000
Total		-	-	384,600	369,000
Long-term loan					
Other related party					
The Pet Co., Ltd.	5.25 8.28	3,000	5,000	3,000	5,000

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

<i>Short-term loan to related parties</i>		Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Subsidiaries					
At 1 January		-	-	369,000	-
Increased		-	-	15,600	369,000
At 31 December		-	-	384,600	369,000
Long-term loan to a related party					
		Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Other related party					
At 1 January		5,000	5,000	5,000	5,000
Decrease		(2,000)	-	(2,000)	-
At 31 December		3,000	5,000	3,000	5,000

Notes to the financial statements

Trade accounts payable to related parties

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Associate				
Petform (Thailand) Co., Ltd.	72,364	146,760	72,364	146,760
Subsidiary				
Sermsuk Beverage Co., Ltd.	-	-	118,683	51,415
Waranger Beverage (2008) Co., Ltd.	-	-	19,214	-
Other related parties				
The Pet Co., Ltd.	92,275	58,448	92,275	58,448
Berli Jucker Public Company Limited.	46,080	-	28,399	-
Oishi Trading Co., Ltd.	44,366	79,132	44,366	79,132
Petpack Co., Ltd.	33,632	-	33,632	-
Thai Beverage Can Co., Ltd.	28,018	41,430	28,018	41,430
Crown Seal Public Company Limited.	20,347	36,682	20,347	34,740
Beer Thip Brewery (1991) Co., Ltd.	17,991	-	17,991	-
Bangkok Glass Co., Ltd.	16,459	53,155	16,459	53,155
Oishi Group Public Company Limited.	8,037	-	8,037	-
Thai Malaya Glass Co., Ltd.	-	59,825	-	56,194
Others	-	36,180	-	6,343
Total	379,569	511,612	499,785	527,617

Other payable to related parties

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Subsidiary				
Great Brands Limited	-	-	170,024	37,200
Sermsuk Traning Co., Ltd.	-	-	4,965	-
Key management personnel				
Directors' remuneration	-	22,970	-	22,970
Other related parties				
The Southeast insurance Public Company Limited.	9,728	11,781	9,728	11,745
Dhanasindhi Co., Ltd.	5,567	-	-	-
Beer Thip Brewery (1991) Co., Ltd.	4,294	3,240	4,294	3,240
F&B International Co., Ltd.	1,802	-	1,802	-
Oishi Group Public Company Limited.	1,679	2,656	1,679	2,656
Dhospaak Co., Ltd.	-	4,165	-	4,165
Crown Seal Public Company Limited.	-	3,589	-	3,589
Others	1,589	1,847	1,566	1,596
Total	24,659	50,248	194,058	87,161

Notes to the financial statements

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	
	2013	2012	2013	2012
		<i>(in thousand Baht)</i>		
Accounts payable to related parties	-	22,970	-	22,970
Other current liabilities	-	17,871	-	17,871
Employee benefit obligations	69,910	65,064	69,910	65,064

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. Interests are payable quarterly at the MRR of a domestic commercial bank at the beginning of each quarter. On 1 January 2013, the Company and Borrower agreed to change the interest rate from MRR to Money Market Rate of a domestic commercial bank at the beginning of each quarter. On 1 April 2013, the borrower repaid Baht 2 million of the loan to the Company.

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 2014. Interest is payable annually at rate as stipulated in the agreement.

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 at rate as stipulated in the agreement.

The Company entered into a promissory note with Wrangyer Beverage (2008) Co., Ltd. for Baht 15.60 million, repayable at call. Interest is payable monthly at rate as stipulated in the promissory note.

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.

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.

Notes to the financial statements

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	
	2013	2012
	<i>(in thousand Baht)</i>	
Machinery and equipment	-	3,025

Operating lease commitments

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Within one year	8,144	10,959	7,868	10,089
After one year but within five years	13,529	19,371	13,277	18,843
Total	21,673	30,330	21,145	28,932

Other commitment

As at 31 December 2013 and 2012, the Company had a commitment for purchase orders for goods with related parties amounting to Baht 174.45 million and 26.41 million respectively.

9 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Cash on hand	63,334	82,082	56,528	82,051
Call deposits	122,922	950,009	83,156	778,663
Government bonds	-	512,448	-	512,448
Total	186,256	1,544,539	139,684	1,373,162

Cash and cash equivalents of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

Notes to the financial statements

10 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	8	8,371	27,491	52,656	44,346
Other parties		497,924	727,357	474,973	699,992
Total		506,295	754,848	527,629	744,338
Less allowance for doubtful accounts		(16,566)	(19,233)	(16,566)	(19,233)
Net		489,729	735,615	511,063	725,105
Reverse bad and doubtful debts expenses for the year		(2,667)	(10,470)	(2,667)	(10,470)

Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	8,371	27,491	52,656	44,346
Other parties				
Within credit terms	405,676	623,968	386,019	606,009
Overdue:				
Not over 1 month	53,316	71,541	50,270	69,149
More than 1 month to 3 months	29,484	20,748	29,236	13,734
Over 3 months	9,448	11,100	9,448	11,100
	497,924	727,357	474,973	699,992
Less allowance for doubtful accounts	(16,566)	(19,233)	(16,566)	(19,233)
Net	481,358	708,124	458,407	680,759
Total	489,729	735,615	511,063	725,105

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

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Thai Baht (THB)	489,729	734,378	511,063	725,105
Hong Kong Dollars (HKD)	-	1,237	-	-
Total	489,729	735,615	511,063	725,105

Notes to the financial statements

11 Other receivables

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Other receivables	93,514	372,343	93,502	371,746
Less allowance for doubtful accounts	(21,715)	(36,968)	(21,715)	(36,968)
Net	71,799	335,375	71,787	334,778
Prepaid expenses	68,790	40,594	66,495	38,965
Advance payment	6,907	8,426	6,364	8,276
Unearned revenue	208	21,767	208	21,767
Total	147,704	406,162	144,854	403,786
Bad and doubtful debts expense for the year	15,253	10,888	15,253	10,888

12 Inventories

	Consolidated financial statements		Separate Financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Finished goods	351,362	356,303	325,953	349,712
Work in progress	4,366	7,302	4,366	7,302
Raw materials and supplies	260,835	251,133	132,057	156,019
Spare parts	120,432	110,897	114,292	105,125
Other supplies	3,816	4,097	3,816	4,097
Bottles and cases	1,566,906	1,626,760	1,535,146	1,594,687
	2,307,717	2,356,492	2,115,630	2,216,942
Less allowance for decline in value	(81,427)	(337,719)	(81,299)	(337,052)
Net	2,226,290	2,018,773	2,034,331	1,879,890
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	7,837,665	17,979,515	8,257,526	17,939,284
- Write-down to net realisable value	272,900	731,041	272,388	730,385
- Reversal of write-down	(215,353)	(566,715)	(214,303)	(566,231)
Net	7,895,212	18,143,841	8,315,611	18,103,438

13 Investment in an associate

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
At 1 January	195,067	18,375	30,000	30,000
Share of net profit of investment				
- equity method	162,241	176,692	-	-
Dividend income	(81,000)	-	-	-
At 31 December	276,308	195,067	30,000	30,000

Notes to the financial statements

Investment in an associate in equity method as at 31 December 2013 and 2012, and dividend income from this investment for the years then ended were as follows:

	Consolidated financial statements									
	Ownership interest		Paid-up share capital		Cost		Equity		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	(%)						(in thousand Baht)			
Petform (Thailand) Company Limited	40	40	75,000	75,000	30,000	30,000	276,308	195,067	81,000	-
Total			75,000	75,000	30,000	30,000	276,308	195,067	81,000	-

	Separate financial statements							
	Ownership interest		Paid-up share capital		Cost		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012
	(%)						(in thousand Baht)	
Petform (Thailand) Company Limited	40	40	75,000	75,000	30,000	30,000	81,000	-
Total			75,000	75,000	30,000	30,000	81,000	-

Petform (Thailand) Co., Ltd. produce and distribute perform, bottle caps, and bottles for the carbonated and non-carbonated soft drink, water and edible oil industries in Thailand.

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 (in million Baht)	Total income	Net profit
2013					
Petform (Thailand) Company Limited	40	<u>2,014.87</u>	<u>1,413.59</u>	<u>2,186.79</u>	<u>405.44</u>
2012					
Petform (Thailand) Company Limited	40	<u>1,818.00</u>	<u>1,330.00</u>	<u>1,376.00</u>	<u>321.68</u>

Notes to the financial statements

14 Investment in subsidiaries

	Separate financial statements	
	2013	2012
	(in thousand Baht)	
At 1 January	356,634	350,000
Acquisitions	-	6,634
At 31 December	356,634	356,634

Investment in subsidiaries as at 31 December 2013 and 2012, and dividend income from those investments for the years then ended were as follows:

	Ownership interest		Paid-up share capital		Cost		Dividend income	
	2013	2012	2013	2012	2013	2012	2013	2012
	2013		2013		2013		2013	
	(%)				(in thousand Baht)			
Direct subsidiaries								
Sermsuk Holdings Co., Ltd.	100	100	350,000	350,000	350,000	350,000	-	-
Great Brands Limited	100	100	1,000*	1,000*	4,134	4,134	-	-
Sermsuk Training Co., Ltd.	100	100	2,500	2,500	2,500	2,500	-	-
Total					356,634	356,634	-	-

* Hong Kong Dollar

Notes to the financial statements

15 Other long-term investments

Other long-term investments as at 31 December 2013 and 2012, and dividend income from these investments for the years then ended were as follows:

	Consolidated and Separate financial statements			
	Cost method		Dividend income	
	2013	2012	2013	2012
	(in thousand Baht)			
<i>Equity securities available for sale</i>				
Crown Seal Public Company Limited	31,732	31,732	1,586	1,058
Future Park Property Fund	-	35,703	336	4,119
	<u>31,732</u>	<u>67,435</u>	<u>1,922</u>	<u>5,177</u>
Add valuation adjustment	25,915	52,265	-	-
	<u>57,647</u>	<u>119,700</u>	<u>1,922</u>	<u>5,177</u>
<i>Non marketable equity securities</i>				
The Pet Company Limited	7,000	7,000	700	700
Bangkok Glass Company Limited	74,799	52,399	20,116	258
Petpack Company Limited	35,000	35,000	-	-
	<u>116,799</u>	<u>94,399</u>	<u>20,816</u>	<u>958</u>
Total	<u>174,446</u>	<u>214,099</u>	<u>22,738</u>	<u>6,135</u>

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

	Consolidated and Separate financial statements	
	2013	2012
	(in thousand Baht)	
<i>Equity securities available for sale</i>		
At 1 January	119,700	73,132
Purchase during the year	-	5,703
Selling during the year	(35,703)	-
Valuation adjustment	(26,350)	40,865
At 31 December	<u>57,647</u>	<u>119,700</u>
<i>Non marketable equity securities</i>		
At 1 January	94,399	53,034
Purchases during the year	22,400	41,365
At 31 December	<u>116,799</u>	<u>94,399</u>

Other long-term investments of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

Notes to the financial statements

16 Investment properties

		Consolidated and Separate financial statements		
	<i>Note</i>	Land	Building	Total
		<i>(in thousand Baht)</i>		
Fair value method				
At 1 January 2012		27,004	2,641	29,645
Fair value adjustments		3,672	(160)	3,512
At 31 December 2012 and 1 January 2013		30,676	2,481	33,157
Transfer from property, plant and equipment	17	165,566	-	165,566
Fair value adjustments		33,324	102	33,426
At 31 December 2013		229,566	2,583	232,149

During 2013 and 2012, 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										Assets under construction and installation		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			
	Historical cost	Surplus on revaluation											
	(in thousand Baht)												
Cost/revaluation													
At 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													
and 1 January 2013	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
Additions	-	651,311	15,711	-	86,394	39	3,842	15,103	-	105,249	513,078		1,390,727
Transfers	-	-	163,791	13,050	271,883	-	12,312	1,116	-	-	(462,152)		-
Transfer to investment property	(165,566)	-	-	-	-	-	-	-	-	-	-		(165,566)
Disposals	(1,345)	(779)	(6,015)	-	(25,245)	-	(213,120)	(10,378)	(6,354)	(69,911)	(372)		(333,519)
At 31 December 2013	486,133	4,294,736	2,296,752	155,200	5,595,246	41,888	1,821,887	288,739	332,284	3,746,998	412,383		19,472,246
Depreciation													
At 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													
and 1 January 2013	-	-	1,133,303	114,562	3,693,028	27,681	1,617,467	238,765	321,087	3,446,014	-		10,591,907
Depreciation charge for the year	-	-	68,475	7,201	258,955	2,231	75,686	20,094	7,642	119,567	-		559,851
Transfers	-	-	-	-	56	-	-	(55)	-	(1)	-		-
Disposals	-	-	(3,851)	-	(23,755)	-	(207,301)	(10,338)	(6,352)	(69,890)	-		(321,487)
At 31 December 2013	-	-	1,197,927	121,763	3,928,284	29,912	1,485,852	248,466	322,377	3,495,690	-		10,830,271

Notes to the financial statements

	Consolidated financial statements											
	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)											
Allowance for loss of marketing promotion equipment												
At 1 January 2012	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 31 December 2012 and 1 January 2013	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 31 December 2013	-	-	-	-	-	-	-	-	-	5,330	-	5,330
Net book value												
At 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 and 1 January 2013	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
At 31 December 2013	486,133	4,294,736	1,098,825	33,437	1,666,962	11,976	336,035	40,273	9,907	245,978	412,383	8,636,645

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 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 and 1 January 2013	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
Additions	-	575,510	14,476	-	83,374	39	3,842	14,507	-	105,249	488,599	1,285,596
Transfers	-	-	163,264	13,050	252,377	-	12,312	824	-	-	(441,827)	-
Transfer to investment												
Property	(165,566)	-	-	-	-	-	-	-	-	-	-	(165,566)
Disposals	(1,345)	(779)	(6,015)	-	(24,530)	-	(212,646)	(10,378)	(6,354)	(69,911)	-	(331,958)
At 31 December 2013	361,630	4,174,712	1,998,558	155,200	5,052,492	41,888	1,811,838	279,571	308,424	3,746,998	407,781	18,339,092
Depreciation												
At 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 and 1 January 2013	-	-	989,315	114,562	3,320,688	27,681	1,609,716	231,598	297,228	3,446,014	-	10,036,802
Depreciation charge for the year	-	-	58,319	2,351	225,326	2,231	74,719	19,653	7,644	119,569	-	509,812
Transfers	-	-	-	-	56	-	-	(55)	-	(1)	-	-
Disposals	-	-	(3,851)	-	(23,668)	-	(206,826)	(10,338)	(6,354)	(69,892)	-	(320,929)
At 31 December 2013	-	-	1,043,783	116,913	3,522,402	29,912	1,477,609	240,858	298,518	3,495,690	-	10,225,685

Notes to the financial statements

	Separate financial statements											
	Land		Buildings, warehouses and	Condo- miniums	Machinery and equipment	High voltage equipment	Vehicles	Furniture and office equipment	Plastic pallets	Marketing promotion equipments	Assets under construction and installation	Total
	Historical cost	Surplus on revaluation	improvement									
	(in thousand Baht)											
Allowance for loss of marketing promotion equipment												
At 1 January 2012	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 31 December 2012 and 1 January 2013	-	-	-	-	-	-	-	-	-	5,330	-	5,330
At 31 December 2013	-	-	-	-	-	-	-	-	-	5,330	-	5,330
Net book value												
At 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 and 1 January 2013	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
At 31 December 2013	361,630	4,174,712	954,775	38,287	1,530,090	11,976	334,229	38,713	9,906	245,978	407,781	8,108,077

Notes to the financial statements

The gross amount of the Group's fully depreciated buildings and equipments that was still in use as at 31 December 2013 and 2012 is summarised as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Buildings and equipment	8,102,238	8,002,826	7,825,475	7,737,977

18 Intangible assets

	Consolidated financial statements			
	Trademark	Software licenses	Right for distribution of goods	Total
	<i>(in thousand Baht)</i>			
Cost				
At 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 and 1 January 2013	2,000	55,452	102,500	159,952
Additions	3,188	563	-	3,751
Transfers	-	8,817	-	8,817
At 31 December 2013	5,188	64,832	102,500	172,520
Amortisation				
At 1 January 2012	-	29,018	85,108	114,126
Amortisation charge for the year	-	10,388	17,392	27,780
Transfers	-	(1,019)	-	(1,019)
At 31 December 2012 and 1 January 2013	-	38,387	102,500	140,887
Amortisation charge for the year	419	9,896	-	10,315
At 31 December 2013	419	48,283	102,500	151,202
Net book value				
At 1 January 2012	2,000	20,510	17,392	39,902
At 31 December 2012 and 1 January 2013	2,000	17,065	-	19,065
At 31 December 2013	4,769	16,549	-	21,318

	Separate financial statements		
	Software licenses	Right for distribution of goods	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2012	48,410	102,500	150,910
Additions	6,927	-	6,927
Transfers	(1,019)	-	(1,019)
At 31 December 2012 and 1 January 2013	54,318	102,500	156,818
Additions	521	-	521
Transfers	8,817	-	8,817
At 31 December 2013	63,656	102,500	166,156

Notes to the financial statements

	Separate financial statements		
	Software licenses	Right for distribution of goods (in thousand Baht)	Total
Amortisation			
At 1 January 2012	28,005	85,108	113,113
Amortisation charge for the year	10,289	17,392	27,681
Transfers	(1,019)	-	(1,019)
At 31 December 2012 and 1 January 2013	37,275	102,500	139,775
Amortisation charge for the year	9,877	-	9,877
At 31 December 2013	47,152	102,500	149,652
Net book value			
At 1 January 2012	20,405	17,392	37,797
At 31 December 2012 and 1 January 2013	17,043	-	17,043
At 31 December 2013	16,504	-	16,504

19 Deferred tax

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

	Consolidated financial statements			
	Assets		Liabilities	
	2013	2012 (Restated)	2013	2012 (Restated)
		(in thousand Baht)		
Total	483,276	339,791	(942,765)	(790,468)
Set off of tax	(479,310)	(337,100)	479,310	337,100
Net deferred tax assets (liabilities)	3,966	2,691	(463,455)	(453,368)

	Separate financial statements			
	Assets		Liabilities	
	2013	2012 (Restated)	2013	2012 (Restated)
		(in thousand Baht)		
Total	471,808	334,288	(918,759)	(781,623)
Set off of tax	(471,808)	(334,288)	471,808	334,288
Net deferred tax liabilities	-	-	(446,951)	(447,335)

Notes to the financial statements

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

Consolidated financial statements (Charged) / Credited to:			
At 31 December 2012 restated and 1 January 2013	Profit or loss	Other comprehensive income	At 31 December 2013
<i>(in thousand Baht)</i>			
Deferred tax assets			
Inventories	68,428	(51,414)	17,014
Employee benefit obligations	244,987	753	204,929
Loss carry forward	3,735	246,669	250,404
Others	22,641	(11,712)	10,929
Total	339,791	184,296	483,276

Consolidated financial statements (Charged) / Credited to:			
At 31 December 2012 restated and 1 January 2013	Profit or loss	Other comprehensive income	At 31 December 2013
<i>(in thousand Baht)</i>			
Deferred tax liabilities			
Property, plant and equipment	(728,653)	155	(856,828)
Investment properties	(2,357)	(6,685)	(9,042)
Long-term investments	(10,453)	-	(5,183)
Others	(49,005)	5,270	(71,712)
Total	(790,468)	(123,060)	(942,765)
Net	(450,677)	155,059	(459,489)

Consolidated financial statements (Charged) / Credited to:			
At 31 December 2011 restated and 1 January 2012	Profit or loss	Other comprehensive income	At 31 December 2012
<i>(in thousand Baht)</i>			
Deferred tax assets			
Inventories	34,477	33,951	68,428
Employee benefit obligations	244,594	(129)	244,987
Loss carry forward	9,132	(5,397)	3,735
Others	19,712	2,929	22,641
Total	307,915	31,354	339,791

Notes to the financial statements

Consolidated financial statements

(Charged) / Credited to:

	At 31 December 2011 restated and 1 January 2012	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2012
Deferred tax liabilities				
Property, plant and equipment	(728,560)	-	(93)	(728,653)
Investment properties	(1,655)	(702)	-	(2,357)
Long-term investments	(2,280)	-	(8,173)	(10,453)
Others	(23,837)	(25,168)	-	(49,005)
Total	(756,332)	(25,870)	(8,266)	(790,468)
Net	(448,417)	5,484	(7,744)	(450,677)

Separate financial statements

(Charged) / Credited to:

	At 31 December 2012 restated and 1 January 2013	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2013
Deferred tax assets				
Inventories	67,610	(51,151)	-	16,459
Employee benefit obligations	244,037	767	(40,666)	204,138
Loss carry forward	-	240,282	-	240,282
Others	22,641	(11,712)	-	10,929
Total	334,288	178,186	(40,666)	471,808

Separate financial statements

(Charged) / Credited to:

	At 31 December 2012 restated and 1 January 2013	Profit or loss (in thousand Baht)	Other comprehensive income	At 31 December 2013
Deferred tax liabilities				
Property, plant and equipment	(719,808)	156	(113,170)	(832,822)
Investment properties	(2,357)	(6,685)	-	(9,042)
Long-term investments	(10,453)	-	5,270	(5,183)
Others	(49,005)	(22,707)	-	(71,712)
Total	(781,623)	(29,236)	(107,900)	(918,759)
Net	(447,335)	148,950	(148,566)	(446,951)

Notes to the financial statements

Separate financial statements (Charged) / Credited to:

	At 31 December 2011 restated and 1 January 2012	Profit or loss	Other comprehensive income	At 31 December 2012
		<i>(in thousand Baht)</i>		
Deferred tax assets				
Inventories	34,834	32,776	-	67,610
Employee benefit obligations	243,333	195	509	244,037
Others	19,712	2,929	-	22,641
Total	297,879	35,900	509	334,288

Separate financial statements (Charged) / Credited to:

	At 31 December 2011 restated and 1 January 2012	Profit or loss	Other comprehensive income	At 31 December 2012
		<i>(in thousand Baht)</i>		
Deferred tax liabilities				
Property, plant and equipment	(719,808)	-	-	(719,808)
Investment properties	(1,655)	(702)	-	(2,357)
Long-term investments	(2,280)	-	(8,173)	(10,453)
Others	(23,837)	(25,168)	-	(49,005)
Total	(747,580)	(25,870)	(8,173)	(781,623)
Net	(449,701)	10,030	(7,664)	(447,335)

20 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012
		<i>(in thousand Baht)</i>		
Rental payment in advance - net	12,920	13,710	12,920	13,710
Deposits	9,085	14,081	9,051	14,047
Loans to employees	282	3,238	282	3,238
Total	22,287	31,029	22,253	30,995

The rental payments in advance as at 31 December 2013 and 2012 were shown net of accumulated amortisation of Baht 6.97 million and Baht 6.19 million, respectively. The amortisation is charged to profit or loss over the period of the contract.

Notes to the financial statements

21 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Related parties	8	379,569	511,612	499,785	527,617
Other parties		386,676	725,901	360,376	695,080
Total		766,245	1,237,513	860,161	1,222,697

Trade accounts payable of the Group and the Company as at 31 December 2013 and 2012 were denominated entirely in Thai Baht.

22 Short-term loans from financial institutions

Short-term loans from financial institutions as at 31 December 2013 and 2012, the Group has short-term loan facilities from several financial institutions totalling Baht 3,515 million with interest rate quoted by bank. In 2013, the Group had utilised loan facilities totalling Baht 700 million (2012: nil). The repayment schedule will be in April 2014 and the settle in August 2014.

23 Employee benefit obligations

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		(in thousand Baht)			
Statement of financial position					
Obligations for:					
Short-term employee benefit					
- accumulated annual leave		9,335	8,626	9,335	8,626
Long-term employee benefit					
- long service award		51,960	67,727	51,895	67,727
- provision for executive incentive	24	-	17,871	-	17,871
- provident fund		-	1,899	-	1,899
Post-employment benefit					
- retirement benefit		964,005	1,130,710	959,458	1,125,959
Total		1,025,300	1,226,833	1,020,688	1,222,082

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
<i>Statement of financial position</i>				
<i>Current</i>				
Accrued expenses	99,752	106,063	99,752	106,063
Other current liabilities	-	17,871	-	17,871
	<u>99,752</u>	<u>123,934</u>	<u>99,752</u>	<u>123,934</u>
<i>Non-current</i>				
Employee benefit obligations	<u>925,548</u>	<u>1,102,899</u>	<u>920,936</u>	<u>1,098,148</u>
	925,548	1,102,899	920,936	1,098,148
Total	1,025,300	1,226,833	1,020,688	1,222,082

Notes to the financial statements

<i>Year ended 31 December</i>	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Statement of comprehensive income:				
Recognised in profit or loss:				
Short-term employee benefit				
- accumulated annual leave	709	2,839	709	2,839
Post-employment benefit				
- retirement benefit	97,566	92,644	96,798	91,859
Long-term employee benefits				
- long service award	9,420	11,343	9,420	11,343
- Reversal provision for executive incentive	(3,359)	-	(3,359)	-
- (Reversal) provident fund	(775)	85	(775)	85
Total	103,561	106,911	102,793	106,126
Recognised in other comprehensive income:				
Actuarial (gains) losses recognised in the year	(203,996)	2,607	(203,330)	2,546
Cumulative actuarial (gains) losses recognised	(235,618)	(31,622)	(234,929)	(31,599)

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 obligations 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	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Present value of unfunded obligations	964,005	1,130,710	959,458	1,125,959
Statement of financial position obligation	964,005	1,130,710	959,458	1,125,959

Notes to the financial statements

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Defined benefit obligations at 1 January	1,130,710	1,099,101	1,125,959	1,092,797
Benefits paid by the plan	(60,275)	(69,425)	(59,379)	(67,025)
Current service costs and interest	97,566	92,644	96,798	91,859
Transferred to subsidiary	-	-	(590)	-
Actuarial (gains) losses in other comprehensive income	(203,996)	8,390	(203,330)	8,328
Defined benefit obligations at 31 December	964,005	1,130,710	959,458	1,125,959

Expense recognised in profit or loss:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Current service costs	58,591	55,880	57,983	55,288
Interest on obligation	38,975	36,764	38,815	36,571
Total	97,566	92,644	96,798	91,859

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

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Cost of sales of goods	11,965	11,234	11,838	11,234
Selling expenses	65,789	62,432	65,789	62,432
Administrative expenses	14,840	15,537	14,199	14,752
Management personal	4,972	3,441	4,972	3,441
Total	97,566	92,644	96,798	91,859

Actuarial gains and losses recognised in other comprehensive income:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Included in retained earnings:				
At 1 January	31,622	40,012	31,599	39,927
Recognised during the year	203,996	(8,390)	203,330	(8,328)
At 31 December	235,618	31,622	234,929	31,599

Notes to the financial statements

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(%)		
Discount rate	4.25	3.5	4.25	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.

24 Provision

	Consolidated and Separate financial statements (in thousand Baht)
<i>Provision for executive incentive plan</i>	
At 1 January 2012	27,795
Provisions made	8,693
Provisions used	(18,617)
At 31 December 2012 and 1 January 2013	17,871
Provisions used	(17,871)
At 31 December 2013	-
At 31 December 2012 and 1 January 2013	
Current	17,871
Non-current	-
Total	17,871
At 31 December 2013	
Current	-
Non-current	-
Total	-

25 Share capital

	Par value per share (in Baht)	2013		2012	
		Number	Baht	Number	Baht
		(thousand shares / thousand Baht)			
<i>Authorised</i>					
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
<i>Issued and paid-up</i>					
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

Notes to the financial statements

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.

26 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

General reserve

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

Other components of equity

Currency translation differences

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

Fair value changes

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 November 2013, 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 651.31 million and Baht 575.51 million, respectively. The Group recognised surplus on land revaluation under equity in the consolidated and separate financial statements by Baht 641.65 million and Baht 565.85 million, respectively, and recognised loss on land revaluation of Baht 9.66 million in the consolidated and separate statements of comprehensive income.

Notes to the financial statements

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.

27 Operating information

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

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

Other operations include. None of these segments meets the quantitative thresholds for determining reportable segments in 2013 or 2012.

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

Notes to the financial statements

Information about reportable segments

	Carbonated soft drink		Non-Carbonated soft drink		Consolidated financial statements	
	2013	2012	2013	2012	2013	2012
	<i>(in million Baht)</i>					
Revenue from sales of goods and rendering of services	5,814	14,672	5,358	8,149	11,172	22,821
Cost of sales of goods and rendering of services	4,051	11,473	4,064	6,747	8,115	18,220
Gross profit	<u>1,763</u>	<u>3,199</u>	<u>1,294</u>	<u>1,402</u>	<u>3,057</u>	<u>4,601</u>
Other income					286	386
Selling expenses					2,950	3,223
Administrative expenses					1,025	1,207
Finance costs					10	6
Share of profit of an associate, net of income tax					162	177
Profit (loss) before income tax					<u>(480)</u>	<u>728</u>
Segment assets as at 31 December	<u>9,323</u>	<u>10,001</u>	<u>3,378</u>	<u>3,593</u>	<u>12,701</u>	<u>13,594</u>

28 Other income

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Sale of scrap		103,169	120,922	101,186	118,409
Interest income		9,365	29,733	18,488	27,984
Gain on disposal of fixed assets		61,522	29,285	61,195	29,210
Gain on disposal of investments		24,747	-	24,747	-
Dividend income	13, 15	22,738	6,135	103,738	6,135
Compensation from flood	3	-	101,289	-	101,289
Fair value adjustments on investment properties	16	33,426	3,512	33,426	3,512
Reversal of recognised loss on land revaluation	26	9,659	-	9,659	-
Sale of by product		7,751	18,607	7,767	18,607
Others		13,161	76,331	9,699	66,598
Total		<u>285,538</u>	<u>385,814</u>	<u>369,905</u>	<u>371,744</u>

Notes to the financial statements

29 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Personnel expenses	1,065,020	1,238,162	1,063,124	1,235,893
Marketing expenses	1,020,220	843,984	1,018,486	835,146
Distribution	209,248	277,640	190,722	255,034
Fuel	209,205	232,083	209,205	232,083
Depreciation and amortisation	201,141	267,362	201,046	267,303
Others	245,138	363,684	244,515	363,216
Total	2,949,972	3,222,915	2,927,098	3,188,675

30 Administrative expenses

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Personnel expenses		434,487	519,181	420,174	502,370
Fuel		103,630	156,452	103,267	155,845
Management benefit expenses	31	75,569	96,058	75,569	96,058
Depreciation and amortisation		67,992	73,733	65,666	71,040
Net loss on foreign exchange		12,132	207	12,132	165
Directors' remunerations	8	7,571	18,727	7,571	18,727
Others		323,518	342,383	277,566	315,045
Total		1,024,899	1,206,741	961,945	1,159,250

31 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	<i>(in thousand Baht)</i>			
Management				
Salaries, wages and other benefits	66,800	80,551	66,800	80,551
Management personal provisions	-	8,693	-	8,693
Pension costs - defined benefit plans	4,968	3,436	4,968	3,436
Pension costs - defined contribution plans	3,728	3,315	3,728	3,315
Liability for long-service leave	4	6	4	6
Contribution to social fund	69	57	69	57
	75,569	96,058	75,569	96,058
Other employees				
Salaries, wages and other benefits	1,631,533	2,015,535	1,572,611	1,953,954
Pension costs - defined benefit plans	92,598	89,149	91,830	88,424
Pension costs - defined contribution plans	83,292	84,406	81,346	82,947
Liability for long-service leave	9,416	11,337	9,416	11,337
Contribution to social fund	45,799	46,528	44,357	45,408
	1,862,638	2,246,955	1,799,560	2,182,070
Total	1,938,207	2,343,013	1,875,129	2,278,128

Notes to the financial statements

Defined benefit plans

Details of the defined benefit plans are given in note 23.

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.

32 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:

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2013	2012	2013	2012
		<i>(in thousand Baht)</i>			
Changes in inventories of finished goods and work in progress		1,365,965	4,430,361	1,941,420	4,725,282
Raw materials and consumables used		5,038,410	11,293,643	4,774,532	10,813,562
Employee benefit expenses	31	1,938,207	2,343,013	1,875,129	2,278,128
Directors' remunerations	8	7,571	18,727	7,571	18,727
Depreciation and amortisation	17,18,20	570,958	643,569	520,478	593,490
Marketing expenses	29	1,020,220	843,984	1,018,486	835,146
Distribution	29	209,248	277,640	190,722	255,034
Fuel		314,230	426,579	313,867	396,634
Others		1,634,362	2,377,404	1,614,114	2,453,271
Total expenses		12,099,171	22,654,920	12,256,319	22,369,274

Notes to the financial statements

33 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012 (Restated)	2013	2012 (Restated)
		(in thousand Baht)			
Current tax expense					
Current year		1,221	126,355	-	126,335
Adjustment for prior years		2,966	7,185	2,955	7,185
		<u>4,187</u>	<u>133,520</u>	<u>2,955</u>	<u>133,520</u>
Deferred tax expense					
	19				
Movements in temporary differences		(155,059)	(5,484)	(148,950)	(10,030)
Income tax (benefit) expenses		(150,872)	128,036	(145,995)	123,490

Reconciliation of effective tax rate

	Consolidated financial statements			
	2013		2012 (Restated)	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before total income tax expense		(479,405)		728,261
Income tax using the Thai corporation tax rate	20.00	(95,881)	23.00	167,500
Income not subject to tax		(60,298)		(52,747)
Expenses not deductible for tax purposes		4,310		12,210
Expenses for tax incentives		(1,813)		(1,100)
Recognition of previously unrecognised tax losses		-		(5,275)
Under provided in prior year		2,966		7,185
Effected from eliminations		(156)		263
Total	<u>31.47</u>	<u>(150,872)</u>	<u>17.58</u>	<u>128,036</u>

Reconciliation of effective tax rate

	Separate financial statements			
	2013		2012 (Restated)	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit (loss) before income tax expense		(652,748)		494,794
Income tax using the Thai corporation tax rate	20.00	(130,550)	23.00	113,803
Income not subject to tax		(20,748)		(3,048)
Expenses not deductible for tax purposes		4,154		6,562
Expenses for tax incentives		(1,806)		(1,012)
Under provided in prior year		2,955		7,185
Total	<u>22.37</u>	<u>(145,995)</u>	<u>24.96</u>	<u>123,490</u>

Income tax reduction

Notes to the financial statements

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.

34 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share for the years ended 31 December 2013 and 2012 were based on the profit (loss) for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
	<i>(in thousand Baht/thousand shares)</i>			
Profit (loss) attributable to ordinary shareholders of the Company (basic)	<u>(328,533)</u>	<u>604,704</u>	<u>(506,753)</u>	<u>371,304</u>
Number of ordinary shares outstanding	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>	<u>265,900</u>
Earnings (loss) per share (basic) (in Baht)	<u>(1.24)</u>	<u>2.27</u>	<u>(1.91)</u>	<u>1.40</u>

35 Dividends

At the annual general meeting of the shareholders of the Company held on 29 April 2013, the shareholders approved the appropriation of dividend of Baht 2.50 per share on 265.90 million shares, amounting to Baht 664.75 million. The dividend was paid to shareholders during the year 2013 and uncollected dividend was shown as accrued dividend in the statement of financial position.

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.

36 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.

Notes to the financial statements

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 8, 22). 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:

	Note	Consolidated financial statements	
		2013	2012
		<i>(in thousand Baht)</i>	
Hong Kong Dollars			
Trade accounts receivable	10	-	1,237
Gross balance sheet exposure		<u>-</u>	<u>1,237</u>
Total exposure		<u>-</u>	<u>1,237</u>
		Consolidated and Separate financial statements	
		2013	2012
		<i>(in thousand Baht)</i>	
Euro			
Other payables		(24,187)	(38,087)
Gross balance sheet exposure		<u>(24,187)</u>	<u>(38,087)</u>
Estimated forecast purchases of fixed assets		-	(9,725)
Total exposure		<u>(24,187)</u>	<u>(47,812)</u>
United States Dollars			
Other payables		(920)	(1,901)
Gross balance sheet exposure		<u>(920)</u>	<u>(1,901)</u>
Estimate forecast purchases of fixed assets		-	(6,918)
Total exposure		<u>(920)</u>	<u>(8,819)</u>

Notes to the financial statements

Consolidated and Separate financial statements

2013 2012
(in thousand Baht)

Pound Sterling

Other payables

(4,727)

-

Gross balance sheet exposure

(4,727)

-

Total exposure

(4,727)

-

Separate financial statements

2013 2012
(in thousand Baht)

Hong Kong Dollars

Other payables

(170,024)

-

Gross balance sheet exposure

(170,024)

-

Total exposure

(170,024)

-

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

37 Commitments with non-related parties

	Consolidate financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Capital commitments				
<i>Contracted but not provided for:</i>				
Buildings, warehouses and improvement	82,009	130,836	82,009	130,836
Machinery, equipment and tools	16,481	83,045	5,436	81,134
Vehicle	-	192	-	192
Intangible assets	4,104	6,399	4,104	6,399
Total	102,594	220,472	91,549	218,561

	Consolidate financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand Baht)			
Non-cancellable operating lease commitments				
Within one year	46,147	18,540	45,696	18,312
After one year but within five years	145,026	39,177	143,805	38,360
After five years	83,848	74,014	83,848	74,014
Total	275,021	131,731	273,349	130,686

	Consolidate financial statements		Separate financial statements	
	2013	2012	2013	2012
	(in thousand)			
Other commitments				
Thai Baht				
Unused letters of credits for goods and supplies	-	16,643	-	16,643
Bank guarantees	34,633	104,209	30,934	100,790
Total	34,633	120,852	30,934	117,433

Euro				
Unused letters of credits for fixed assets	-	238	-	238
United States Dollars				
Unused letters of credits for fixed assets	-	225	-	225

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.

Notes to the financial statements

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 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 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.

38 Credit facilities

As at 31 December 2013 the Group and the Company had unutilised credit facilities totalling Baht 7,648 million and Baht 7,598 million, respectively (2012: Baht 6,289 million and Baht 6,239 million, respectively).

39 Contingent liabilities

The Company had a contingent liability arising from a claim for compensation and unfair lay off employees of Baht 21.70 million in connection with undelivered goods. The court case is pending judgment. However, the Company’s fixed deposit of Baht 0.83 million has been pledged with the court.

Notes to the financial statements

40 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the new and revised TFRS that have been issued but are not yet effective. Those new and revised TFRS that are applicable to the Group, which become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table, are as follows:

TFRS	Topic	Year effective
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue Recognition	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investments in Associates	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 36 (revised 2012)	Impairment of Assets	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 13	Customer Loyalty Programmes	2014
TIC 15	Operating Leases-Incentives	2014
TIC 32	Intangible Assets-Web Site Costs	2014

Management expects to adopt and apply these new and revised 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 these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

TFRIC 13 - Customer Loyalty Programmes

TFRIC 13 addresses the accounting for an entity's obligation to provide free or discounted goods or services ('awards') in the future under a customer loyalty programme. TFRIC 13 requires that award credits are accounted for as a separately identified component of the sales transactions in which they are granted (the 'initial sale'). The fair value of the consideration received or receivable in respect of the initial sale is allocated between the award credits and the other components of the sale. The revenue and costs ascribed to the awards are only recognised when the award credits are redeemed or the entity otherwise fulfils its obligations in respect of the awards.

Management has made a preliminary assessment of the potential initial impact on the consolidated and separate financial statements from adopted TFRIC 13 for the period started from 1 January 2014 and expect that there will be no material impact on assets liabilities and retain earning in the period of initial application.

13. Management Discussion and Analysis: MD&A

This discussion was prepared to enhance the understanding of Sermsuk Plc's Financial statements.

Overview

Currently, the Company operates under its new business plan utilizing its strong product distribution and delivery network to enhance steady and sustainable growth. The Company has the following four key business groups.

1. Manufacturer and Distributor of carbonated soft drinks

Carbonated soft drinks under the “est” trademark

2. Manufacturer and Distributor of drinking water

Drinking water and soda water under the "Crystal" trademark

3. Manufacturer and Distributor of non-carbonated soft drinks

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

Ready-to-drink black tea in returnable bottles: lemon flavor under the “Lipton” trademark

Sport drink under the “Gatorade” trademark

Energy drink under the “Wrangyer” trademark

Sport drink under the “Power Plus” trademark

4. Distributor of food and beverages

Ready-to-drink green tea in cans and PET bottles under the “Oishi” trademark

Crispy fried seaweed under the "Onori" trademark for Oishi Trading Co., Ltd.

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

Additionally, the Company is committed to becoming a producer and distributor of wide portfolio of beverages based on efficiency in production cost management and enhanced satisfaction that meets customer and consumer needs.

The 2013 overview

The Company believes in the favorable growth potential of its carbonated and non-carbonated soft drinks lines, given the market entry of its new carbonated soft drink products under the 'est' trademark since November 2, 2012, its strength in high potential distribution coverage and growing sales of its highly trusted Crystal drinking water. The Company continues to launch a variety of new products into the Thai market via a wide range of distribution channels to enhance customer reach and ensure successful market share growth.

Management Discussion and Analysis: MD&A

Annual Performance

Transactions	2556	2555	Change	%
Total revenue	11,457	23,206	(11,749)	-50.6%
Cost of goods sold	8,115	18,220	(10,105)	-55.5%
Gross profit	3,057	4,601	(1,544)	-33.6%
Selling and administrative expenses	3,975	4,430	(455)	-10.3%
Profit (Loss) from operation	(641)	551	(1,192)	-216.3%
Income tax	(151)	128	(279)	-217.8%
Net income (loss)	(328)	605	(933)	-154.3%
Earnings (Losses) per share (Baht)	(1.24)	2.27	(3.51)	-154.3%

Sermsuk Public Company Limited's operating results for the year ended December 31, 2013 as reported in the consolidated financial statements shown net loss of Baht 328.5 million which has been impacted on the profit decreased by Baht 933.2 million or 154.3 percent compared to the same period of prior year. The significant factors are as follows:

1. Revenue decreased by Baht 11,749.0 million or 50.6 percent, due to the termination of the old brand of carbonated soft drink and energy drink products at the end of Y2012 and started selling new brand of carbonated soft drink and energy drink products.
2. Cost of sales decreased by Baht 10,105.0 million or 55.5 percent. The decrease of cost of sales was higher than the decrease of revenue due to more efficiency in managing of production cost. In addition, there was an effect from recognition of allowance for devaluation of circulated bottle which could not be used in the prior year.
3. Selling and administrative expenses decreased by Baht 454.8 million or 10.3 percent. The decrease of selling and administrative expense was less than the decrease of revenue mainly due to promotional sale and marketing expenses for launching campaign of a new brand which is carbonated soft drink products and impacts from the minimum wage adjustment.

The operating results for the year ended December 31, 2013 reflected to the basic net loss per share of Baht 1.24 or decrease of Baht 3.51 per share compared to the same period of prior year.

Dividend policy

The Company has a policy to pay dividends with a payout ratio of not less than 40% of consolidated 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.

Management Discussion and Analysis: MD&A

Financial status

Transactions	2556	2555	Change	%
Assets				
Current assets	3,330	5,108	(1,778)	-34.8%
Non – current assets	9,371	8,486	885	10.4%
Total assets	12,701	13,594	(893)	-6.6%
Liabilities				
Current liabilities	2,909	3,308	(339)	-12.1%
Non – current liabilities	1,389	1,557	(168)	-10.8%
Total liabilities	4,298	4,865	(567)	-11.7%
Equity				
Total equity	8,403	8,729	(326)	-3.7%
Total liabilities and equity	12,701	13,594	(893)	-6.6%
Liabilities/Equity	0.51	0.56	(0.05)	

The financial status of the Company as at December 31, 2013 has been continually strong to support the business expansion in the future. The cash flow for the year ended December 31, 2013 of the Company had inadequate due to loss from operation. Then, the Company has utilized finance facility from the finance institution for dividend payment and fixed assets investment.

Forward looking

Vision of the Company focus on four business pillars as following;

1. To be a manufacturer and distributor of carbonated beverages under any other trademark
2. To expand the water drink marketing (Crystal)
3. To expand the non-carbonated beverage market
4. To be a distributor of other products apart from food and beverage products

To deliver as per company mission, we must respond to the competitive factors, investment in brand building, looking for new channel including OEM, export market. Moreover our costing of product and distribution are subject to company result due to the resource utilization. Change in the economic and political environment do effect consumer confidence. Thus our financial success will depend on our ability to address global, regional and local political and economic uncertainties.

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

14. Information of the Company's Directors, Management and Company Secretary

14.1 Information of the Company's Directors, Management Controlling Parties (if applicable) and Company Secretary

14.1.1 Details of the Company's Directors, Management Controlling Parties and the Company's Secretary are presented in the following table:

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Mr. Photipong Lamsam Independent Director and Chairman Date Appointed : 20 November 1998	79	MBA, Temple University, U.S.A	- shares	-None-		Chairman of the Board of Directors	Muang Thai Life Insurance Pcl
							Muang Thai Insurance Pcl
							Muang Thai Group Holding Co., Ltd.
Mr. Suchin Wanglee Vice Chairman No.1, Independent Director and Chairman of Compensation Committee and Member of Audit Committee Date Appointed : 20 April 2010	78	BA in Electrical Engineering, Northrop Institute of technology, USA	- shares	- None-	2001-Present	Chairman	The Navakij Insurance Pcl.
					1978-Present	Chairman	Thai Reinsurance Pcl.
					1982-Present	Chairman	The Sathorn Thani Co.,Ltd.
					1991-Present	Chairman	Rangsit Plaza Co.,Ltd.
					2007-Present	Chairman	The Falcon Insurance Pcl.
					1999-Present	Chairman	Thaire Life Insurance Pcl.
					2010-Present	Vice Chairman	Thai Metal Drums Co., Ltd.
					1994-Present	Independent Director	Varopakorn Co., Ltd.
					2010-Present	Independent Director, and Member of Audit Committee	BTS Group Holdings Pcl.
					2005-Present	Director	Rajadamri Hotel Pcl.
					1988-Present	Director	The Pet Co., Ltd.
					1968-Present	Director	Wanglee Co., Ltd.
					2007-Present	Director	Aqua Infinite Co., Ltd.
					2006-Present	Director	Wanglee Pattana Co., Ltd.
					1990-Present	Director	Nuchapon Co., Ltd.
						Fellow Member	Thai Institute of Directors

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Prof. Dr. Wissanu Krea-Ngam Vice Chairman No.2 and Chairman of Risk Management Committee Date Appointed : 29 April 2011	62	- Saengthong Vitthaya School, Hat Yai - Prakanongpittayalai School, Bangkok - LL.B. (HONS. 1st 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 -Hon. LL.D. from Surattani Rajabhat University 2013 -Hon. D.A. in Buddhist Studies (Public Administration) from Mahachulalongkornrajavidyalaya University 2013 -Director Accreditation Program (DAP) 68/2008	- shares	-None-		Working History	Teacher at Faculty of Law, Ramkhamhaeng University, Thammasart University and Chulalongkorn University Professor of Law, Chulalongkorn University Deputy Secretary – General of the Cabinet Secretary – General of the Cabinet Senator Deputy Prime Minister Member of The National Legislative Assembly
					1991-1993 1993-2002 1992-1996, 1996-2004 2002-2005, 2005-2006 2006-2008	Present Positions	Chairman of the 2nd Board of Directors, the Council of State Strategic Committee for Reconstruction and Future Development Member of University Councils, - Chiangmai University - Chiangrai University - Thaksin University - Kasem Bandit University - Chulalongkorn University - Mahamakut Buddhist University - King Prajadhipok's Institute President, - Songkhla Rajabhat University Council - Bundit Patanasilp Institute - Rajamangala University of Technology Suvarnabhumi Director, Public Sector Development Commission Director, Law Reform Commission Office of the Council of state Director, the Police Commission Fellow of Social Science in Law, the Moral and Political Sciences Division

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Prof. Dr. Wissanu Krea-Ngam					2013-Present	Positions in listed companies	Vice Chairman, AEC Securities Pcl.
					2013-Present		Chairman, Namyong Terminal Company
					2013-Present		Chairman, Mill Con Steel Industried Pcl.
					2011-Present		Vice Chairman No.2, Sermasuk Plc.
					2009-Present		Chairman, Amata Corporation PCL.
					2008-Present		Chairman, Bangkok First Investment & Trust PCL.
					2008-Present		Director, Loxley Public Company Limited
					2007-Present		Director, Amata Corporation PCL.
					2006-Present		Chairman, Sikarin Public Company Limited
					2010-Present		Director, Post Publishing Public Company Limited
Mr. Chotiphat Bijananda Vice Chairman No.3, Executive Director, Member of Compensation Committee and Member of Nominating and Corporate Governance Committee Date Appointed : 14 September 2011	50	MBA in Finance And Banking University of Missouri, USA	- shares	-None-	2008	President	Southeast Group Co., Ltd.
					2008	Chairman of Executive Board	Southeast Insurance Pcl.
					2008	Chairman of Executive Board	Southeast Life Insurance Pcl.
					2008	Chairman of Executive Board	Southeast Capital Co., Ltd.
					2007	Advisor	TCC Holding Co., Ltd
Mr. Thapana Sirivadhanabhakdi Vice Chairman No.4, Vice Chairman of Executive Committee No.1, Chairman of Nominating and Corporate Governance Committee, Member of Compensation Committee and Member of Risk Management Committee Date Appointed : 14 September 2011	39	- Master of Science Administration in Financial Economics, Boston University, USA - Director Accreditation Program (DAP)	- shares	-None-	2008-Present	President and CEO	Thai Beverage Public Company Limited
					2004-Present	Vice Chairman and Chairman of the Executive Committee	Thai Beverage Logistics Co., Ltd.
					2001-Present	Vice Chairman and Chairman of the Executive Committee	Oishi Group Pcl.
					2012-Present	Chairman	Modern Trade Management Co., Ltd.
					2010-Present	Chairman	Thai Beverage Training Co. Ltd.
					2006-Present	Chairman	Oishi Ramen Co. Ltd.

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Mr. Thapana Sirivadhanabhakdi					2006-Present	Chairman	Olshi Trading Co. Ltd.
					2004-Present	Chairman	Thai Cooperage Co., Ltd.
					2004-Present	Chairman	Thai Beverage Energy Co. Ltd.
					2004-Present	Chairman	Charun Business 52 Co., Ltd.
					2004-Present	Chairman	Feed Addition Co., Ltd.
					2004-Present	Chairman	Thai Beverage Recycle Co. Ltd.
					2003-Present	Chairman	Thai Molasses Co., Ltd.
					2003-Present	Chairman	Thai Beverage Marketing Co. Ltd.
					2008-Present	Chairman	Thai Drinks Co. Ltd.
					2009-Present	Vice Chairman	International Beverage Holdings (China) Limited
					2008-Present	Vice Chairman	Southeast Group Co., Ltd.
					2550 – ปัจจุบัน	Vice Chairman	Siam Food Products Pcl.
					2003-Present	Vice Chairman	Cosmos Brewery (Thailand) Co., Ltd.
					2004-Present	Vice Chairman	Red Bull Distillery Group of Companies
					2004-Present	Vice Chairman	Dhospaak Co., Ltd.
					2007-Present	Director and Chairman of the Executive Committee	Univentures Public Company Limited
					2004-Present	Director and Vice Chairman of the Executive Committee	Beer Thai (1991) Co., Ltd.
					2013-Present	Director	Fraser and Neave, Limited
					2013-Present	Director	Time Publishing Limited
					2012-Present	Director	InterBev Investment Limited
					2012-Present	Director	Great Brands Limited
					2012-Present	Director	Sermsuk Training Co., Ltd.
					2011-Present	Director	Sermsuk Holdings Co., Ltd.

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Mr. Thapana Sirivadhanabhakdi					2011-Present	Director	Sermsuk Beverage Co., Ltd.
					2010-Present	Director	Best Spirits Company Limited
					2010-Present	Director	Super Brands Company Limited Pte. Ltd.
					2006-Present	Director	InterBev Malaysia Sdn, Bhd.
					2005-Present	Director	InterBev (Singapore) Limited
					2004-Present	Director	Wrangyer (2008) Co., Ltd.
					2002-Present	Director	Chang Beer Co., Ltd.
					2001-Present	Director	Thai Beverage Brand Co., Ltd.
					2001-Present	Director	Blairmhor Distillers Limited
					2001-Present	Director	Blairmhor Limited
					2001-Present	Director	International Beverage Holdings (UK) Limited
					2001-Present	Director	Inver House Distillers Limited
					2001-Present	Director	Berli Jucker Pcl.
					2003-Present	President	International Beverage Holdings Limited
Mr. Somchai Bulsook Director, Chairman of Executive Committee and CEO, Member of Nominating and Corporate Government Committee and Member of Risk Management Committee Date Appointed : 3 January 1996	71	- Menlo School of Business Administration, Menlo Park California - Director Certification Program (DCP), Class 37/2003, Thai Institute of Directors - Certificate of Chief Executive, Class 15 (2012), Capital Market Academy	- shares	Relative of President	2011-Present	Chairman of Executive Committee and CEO	Sermsuk PLC.
					1996 –2011	Chairman of Executive Committee	Sermsuk PLC.
					1983-Present	Director	Sermsuk PLC.
					2011-Present	Member of Risk Management Committee	Sermsuk PLC.
					2002-Present	Member of Nominating and Corporate Government Committee	Sermsuk PLC.
					2013-Present	Chairman	Wrangyer (2008) Co., Ltd.
					2006-Present	Director	Sermsuk Holdings Co., Ltd.

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Mr. Somchai Bulsook					2002-Present	Chairman	Petform (Thailand) Co., Ltd.
					1997-Present	Director	Sermsuk Beverage Co., Ltd.
					2003-Present	Vice Chairman	Kasikorn Bank Public Company Limited
					2003-Present	Chairman of the Board of Independent Directors	Kasikorn Bank Public Company Limited
					2011-Present	Chairman of Human Resources and Remuneration Committee	Kasikorn Bank Public Company Limited
					1998-Present	Member of Audit Committee	Kasikorn Bank Public Company Limited
					1993 - 2013	Director	Kasikorn Bank Public Company Limited
					2009-2011	Director of Human Resources and Remuneration Committee	Kasikorn Bank Public Company Limited
					2009-Present	Independent Director	Royal Orchid Hotel (Thailand) Public Co., Ltd.
					2003-Present	Director	Sheraton Royal Orchid Co., Ltd.
					2003-Present	Director	Thai Royal Orchid Real Estate Co., Ltd.
					1995-Present	Director	Ngow Hock Co., Ltd.
					1995-Present	Director	Ngow Hock Agency Co., Ltd.
					1995-Present	Director	Panjamitr Holding Co., Ltd.
					1992-2011	Director	Bangkok Glass, Co., Ltd.
Mr. Dhitivute Bulsook Director, Executive Director, Member of Risk Management Committee and President Date Appointed : 20 April 2010	45	MBA, Babson College, USA	- shares	Relative of CEO	4 October 2011 – present	Managing Director	Sermsuk Plc.
					1 January 2008 – 3 October 2011	General Plant Manager – Pathumthani	Sermsuk Plc.
					15 August 2006-31	Deputy General Plant	Sermsuk Plc.

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Mr. Dhitivute Bulsook					December 2007	Manager – Pathumthani, Sermasuk Plc.	
						Director	Crown Seal Pcl.
						Director	Petform (Thailand) Co., Ltd.
						Director	Sermasuk Holdings Co., Ltd.
						Director	Sermasuk Beverage Co.,Ltd.
						Director	Sermasuk Training Co.,Ltd.
						Director	Great Brands Limited
						Director	Wrangyer 2008 Co., Ltd.
Prof. Dr. Khunying Suchada Kiranandana Independent Director, Chairman of Audit Committee and Vice Chairman of Risk Management Committee Date Appointed : 5 February 2008	68	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	- shares	-None-	February 2012 - Present	Chairperson	Chulalongkorn University Council
					July 2008 - Present	Professor in Statistics	Chulalongkorn University
					April 2000 – November 2001	Independent Director and Member of Audit Committee	Kasikorn Bank Pcl.
					November 2011- Present	Independent Director and Chairman of Audit Committee	Kasikorn Bank Pcl.
					2008 –	Independent	Sermasuk Plc.
					December 2011	Director and Member of Audit Committee	
					2008 – December 2011	Independent Director and Vice Chairman of Risk Management Committee	Sermasuk Plc.
					December 2011 – Present	Chairman of Audit Committee	Sermasuk Plc.
					August 2001 - Present	Chairman of the Working Committee	PHUFA, Remote Area Children and Youth Development Fund
					2006- Present	Director and Member of Audit Committee	Thai Red Cross Society

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Prof. Dr. Khunying Suchada Kiranandana					October 2013 - Present	Chairman of Human Resources Committee	Thai Red Cross Society
					July 2009 – July 2013	Chairman of Executive Committee	Mahidol Wittayanusorn School
					September 1999 – August 2011	Chairman	Statistics Association, Thailand
					October 2006 - 2 March 2008		Member of the National Legislative Assembly
					1 April 2004 - 31 March 2008		Rector of Chulalongkorn University
Mrs. Siripen Sitasuwan Independent Director and Member of Audit Committee Date Appointed : 13 August 2013	65	BBA Chulalongkorn University Certificate, Audit Committee Program (ACP), Class 32/2010, Thai Institute of Directors Certificate, Role of the Compensation Committee (RCC), Class 4/2007, Thai Institute of Directors Certificate, Directors Certification Program (DCP), Class 33/2003, Thai Institute of Directors Listed Company Director Essential – Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know, Singapore Institute of Directors	- shares	-None-	Present	Independent Director	Thanachart Capital Public Company Limited.
					Present	Chairman of Audit Committee	Thanachart Capital Public Company Limited.
					Present	Member of Nominating Committee	Thanachart Capital Public Company Limited.
					Present	Member of Remuneration Committee	Thanachart Capital Public Company Limited.
					31 May 2013	Independent Director	Fraser and Neave, Limited – Singapore
					8 Jan 2014	Chairman of Audit Committee	Fraser and Neave, Limited – Singapore
					8 Jan 2014	Member of Nominating Committee	Fraser and Neave, Limited – Singapore
					28 June 2013	Member of Remuneration Committee	Fraser and Neave, Limited – Singapore
						Independent Director, Chairman of Audit Committee	Thai Solar Energy Public Company Limited
						Chairman	Solaris Asset Management Co.,Ltd (Changed name from Seamico Securities Public Company Limited since 26 April 2012)
					January 2000 – June 2007	Managing Director	SHIN CORPORATION PUBLIC COMPANY LIMITED

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Mrs. Siripen Sitasuwan					1995 – 2000	Deputy Managing Director for Finance	Shinawatra Computer and Communications Co., Ltd.
					1991– 1995	Assistant Managing Director for Finance	Shinawatra Computer and Communications Co., Ltd.
					1983 - 1991	Executive Director	OCEAN FINANCE COMPANY LIMITED
					1975 – 1983	Vice Managing Director	OCEAN FINANCE COMPANY LIMITED
					1973 – 1975	Finance Manager	Siam Capital Co., Ltd.
							Ocean Life Insurance Co., Ltd.
					1972-1973	Investment Officer	SHIN CORPORATION PUBLIC COMPANY LIMITED
					2000 – June 2007	Director	Advanced Info Service PLC
					1999-2007	Director	Shin Satellite Public Company Limited
					2000-2007	Director	CS LOXINFO PCL.
Mr. Pramoad Phornprapha Director Date Appointed : 19 April 2012	48	Master of Marketing Kellogg School of Management, Northwestern University Master of Public Administration Kenedy School of Government, Harvard University	- shares	-None-	2005-Present	Managing Director	Claris Co., Ltd.
						Advisor to the President	Muang Thai Life Assurance PCL.
						Member of Audit Committee and Independent Director	Thai Summit Harness PCL.
						Director	The Progress Watch Co., Ltd.
					1998-2000	Honorable President	Phatra Insurance Public Co., Ltd.
						Honorable Chairman	Muang Thai Insurance Co., Ltd.
					1963-1997	Chairman, CEO	Muang Thai Life Assurance PCL.
					1987-1997	Chairman	Phatra Capital Public Company Limited
					1993-2006	Chairman	Siam Food Products Public Company Limited
					1960-1997	Director	Sermsuk Plc.
					1984-1997	Director	SINGER Thailand Public Company Limited.

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
					1990-1997	Director	Industrial Finance Corp. of Thailand (IFCT)
					1992-1997	Director	TT&T PUBLIC COMPANY LIMITED
					1980-1994	Director	Nakhonthon Bank PCL.
Honorary Prof. Rawat Chamchalerm Independent Director Date Appointed : 29 April 2011	70	Thai Barrister-at-Law Bachelor of Laws, Thammasat University 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	- shares	-None-		Current special official assignments	Distinguished advisor for the Commission of Justice Administration under the Operation Center for Driving Policy and Strategy in Southern Border Provinces Member of the Independent National Board of Rule of Law Promotion Member of the Thai Red Cross Committee and Member of Thai Red Cross Asset Management Committee Member of the National Commission for Justice Administration Development Member of the National Police Policy Commission Member of the Special Investigation Commission, Department of Special Investigation Specialized Committee Member, Ministry of Public Health Specialized Committee Member, the Office of Small and Medium Enterprises Promotion Executive Director, National Science and Technology Development Agency Honorable Director, Rajamangala University of Technology Phra Nakhon Council Chairman of the Examination Board, Rangsit University Chairman of the Examination Board, Christian University of Thailand Honorable Director, Olympic Committee Of Thailand

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Honorary Prof. Rawat Chamchalerm							<p>Advisor, Athletic Association of Thailand</p> <p>Specialized Member of the University Sports Board of Thailand (according to the board command No 2/2548 dated 6 July 2005)</p> <p>Chairman of the Benefits Subcommittee (according to the board command No 3/2548 dated 27 April 2005)</p> <p>Independent Director for Investigation into the Takbai, Narathiwat crisis (according to the announcement No. NorRor 335/2547 dated November 2, 2004)</p> <p>Member of the Special Juridical Board, (the Office of the Council of State)</p> <p>Member of the 11th group of the Juridical Board (Office of the Council of State)</p> <p>Member of the Commission for Information Disclosure Tribunal for Social Affairs, Public Administration and Law Enforcement</p> <p>Distinguished Director in Law, Ministry of Agriculture and Cooperatives</p> <p>Chairman of the Law Subcommittee, Organ Donate Center, Thai Red Cross Society</p> <p>Member of the Subcommittee for Recruitment of National Outstanding People and Organizations, the National Identity Committee, the Office of the Prime Minister</p> <p>Legal Advisory Chairman, the Office for National Education Standards and Quality Assessment (Public Organization)</p>

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Honorary Prof. Rawat Chamchalerm						Director (Present)	Member of the Managing Board for The School of Politics and Administration, Mahasarakham University
							Director of the Saengchai Sunthornwat Foundation
							Executive Director (The Parent-Teacher Association of Rajinee School)
							Executive Director, Parent-Teacher Association, Triam Udom Suksa School
							Vice Chairman, Don Muang Tollway Pcl.
						Teacher (present)	Vice-Chairman, Siam
							City Leasing-Factoring Company Limited
							Director, True Corporation, Co., Ltd.
							Chairman, Sino-Thai Engineering and Construction Pcl.
							Honorary Professor, Faculty of Laws, Chulalongkorn Univeristy
						Work History	Honorary Professor, Institute of Legal Education, Thai Bar Association
							Honorary Professor, Faculty of Laws, Mahidol Univeristy
							Honorary Professor, Faculty of Laws, Mae Fah Luang Univeristy
							Chairman, MCOT Pcl
							Director, Metropolitan Waterworks Authority
							Director, Provincial Waterworks Authority
							Director, Communications Authority of Thailand
							Director, Krung Thai Bank Pcl.

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

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Mr. Rangsan Thammanee Wong Director Date Appointed : 29 April 2011	52	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	- shares	-None-	1998- Present	President	Prudent Advisory Limited
					2000 – Present	Director	Prudent Capital Limited (2000 – Present)
					2004 – Present	Chartered Member	Society for Advancement for Consulting, USA
					1995	Advisor	Tanayong Pcl. with respect to the arrangement of project financing of the BTS
					1987-1990		Fund manager and the person who converted Thailand's national airline pension funds into a registered provident fund
Mr. Sithichai Chaikriangkrai Director, Vice Chairman of Executive Committee No.2 and Member of Risk Management Committee Date Appointed : 14 September 2011	59	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) Class 26/2003, Thai Institute of Directors DCP Refresher Course (DCP-Re), Class 2/2006, Thai Institute of Directors	- shares	-None-	2010- Present	Director and Executive Vice President	Thai Beverage Public Company Limited
					2008- Present	Vice Chairman and Executive Vice Chairman	Thai Beverage Logistics Company Limited
					2006- Present	Director/ Executive Vice Chairman	Oishi Group Pcl.
					2012- Present	Director and Executive Director	Golden Land Property Development Pcl.
					2007- Present	Director and Executive Director	Siam Food Products Pcl.
					2007- Present	Director and Executive Director	Univentures Pcl.
					2001- Present	Director and Executive Director	Berli Jucker Pcl.
					2013- Present	Director	Fraser and Neave, Limited
					2013- Present	Director	Fraser's Centrepont Limited
					2012- Present	Director	Sermasuk Training Co., Ltd.
					2012- Present	Director	Great Brands Limited

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Mr. Sithichai Chaikriangkrai					2012-Present	Director	Petform (Thailand) Co., Ltd.
					2011-Present	Director	Sermsuk Holdings Co., Ltd.
					2011-Present	Director	Sermsuk Beverage Co., Ltd.
					2004-Present	Director	Wrangyer Beverage (2008) Co., Ltd.
					2003-2010	Director	Senior Vice President, Thai Beverage Public Company Limited
Mr. Marut Buranasetkul Director Date Appointed : 13 August 2013	46	Director Certification Program (DCP) Class 180, Thai Institute of Directors Senior Level Executive Program Class13, Capital Market Academy Executive Development Program 2, Capital Market Academy B.Sc. in Computer Science (Applied Statistics in Business), Chulalongkorn University MBA, Marketing and General Management, Cleveland University, USA Certificate, Business and Administration Extension School, Harvard University, USA	- shares	-None-	August 2013-Present	Company Director	Thai Drink Co., Ltd.
					August 2013 - Present	Company Director/ Executive Director	Sermsuk Pcl.
					August 2013 - Present	Company Director	Oishi Ramen Co., Ltd.
					August 2013 - Present	Company Director	Oishi Trading Co., Ltd.
					August 2013 - Present	Company Director/ Managing Director	Oishi Group Pcl.
					September 2012 - Present	Vice Chairman / Chairman of Executive Board / Managing Director	Thai Beverage Marketing Co., Ltd.
					September 2012 - Present	Executive Director and Senior Vice President, Marketing Management	Thai Beverage Public Company Limited
					October 2012 - Present	Director and Chairman of Executive Board	Dhosapaak Co., Ltd.
					December 2012 - Present	Vice Chairman	Modern Trade Management Co., Ltd.
					December 2011 - Present	Specialized Committee Member	Member of the SMEs Promotion Committee
					2011 - April 2013	Deputy Chairman of the Membership Expansion Committee	The Thai Chamber of Commerce and Board of Trade of Thailand

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Mr. Marut Buranasetkul					May 2010 – August 2012	Assistant President & CEO for Support	Thai Beverage Public Company Limited
					January 2009 – June 2012	Director, the President & CEO Office	Thai Beverage Public Company Limited
					May 2009 – February 2011	Director and Managing Director	Thai Drink Co., Ltd.
					January 2009 – January 2011	Deputy Managing Director	Thai Beverage Marketing Co., Ltd.
					2005 – 2009	Vice President, Business Marketing and Sale	CAT Telecom Public Company Limited
					2007 – 2008	Director	CAT BUZZ TV Co., Ltd.
					2006 – 2008	Director	Hutchison CAT wireless MultiMedia Ltd
					2004 – 2005	Marketing Manager, Digital Business	GMM Grammy Public Company Limited
					2001 – 2004	Marketing Manager, Channel Distribution Management	Advanced Info Service PLC
					1999 – 2001	Business Planning Manager, ASEAN Business Office	Ford Motor Company (Thailand) Ltd.
					1996 – 1999	Marketing Manager, Automobile Sales & Marketing	ASIAN HONDA MOTOR CO., LTD.
					1993 – 1995	Marketing Executives,	IBC Co., Ltd.
					1990 – 1991	Corporate Account Relationship Assistant to the Marketing Section - Research & Development	Siam Cement Group

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Mr. Parinya Permpanich Marketing and Sales Operations Director Date Appointed : 1 January 1997	56	MBA, Kasetsart University	- shares	-None-		Marketing and Sales Operations Director	Sermsuk Plc.
						Sales Operations Director (previous)	Sermsuk Plc.
						Marketing Manager (Previous)	Sermsuk Plc.
Mr. Arthakrit Visudtibhan Human Resources Director Date Appointed : 26 November 2002	57	Master Degree, Public Administration University of Southern California, U.S.A.	- shares	-None-		Human Resources Director	Sermsuk Plc.
						Head of Human Resources (Previous)	Standard Charter Nakornthon Bank Plc.
						Director	Sermsuk Training Co., Ltd.
Mr. Thanongsak Osathanonth Finance Director Date Appointed : 1 November 2011	53	BA in Accounting, Thammasat University	- shares	-None-	1 November 2011- Present	Finance Director	Sermsuk Plc.
					1 September 2004 - 31 October 2011	Director, Accounting, Finance and Budgeting (Previous)	Beer Thip Brewery (1991) Co., Ltd.
					15 March 2000 - 31 August 2004	SVP, Accounting, Finance and Budgeting (Previous)	Beer Thip Brewery (1991) Co., Ltd.
					16 October 1998 - 30 June 1999	Accounting and Finance Manager (Previous)	Carlsberg Brewery (Thailand) Co., Ltd.
					1 July 1999 - 14 March 2000	Accounting and Finance Manager (Previous)	Beer Thai (1991) Pcl.
					5 June 2012 - Present	Director	Sermsuk Training Co., Ltd.
Mr. Peerapong Krinchai Operations Director Date Appointed : 23 April 2012	48	Master of Engineering, Cornell University	- shares	-None-	23 April 2012 - Present	Operations Director	Sermsuk Plc.
					Feb 2011 - March 2012	Factory & Supply Chain Director	DSG International (Thailand) Pcl. (Previous)
					Feb 2006 - Jan 2011	Director-QA/KOS	Kohler Asia Pacific Co., Ltd. (Previous)
					March 2000 - March 2006	Operations Manager	Mars Petcare Thailand (Previous)

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

Name / Positions / Date Appointed (1)	Age	Educational Credentials (2)	Share Holding (%) (3)	Relation to the Management (4)	Working History (5)		
					Year	Positions	Company / Business Type
Mr. Kwanchai Mahapornprachak General Plant Manager – Nakhornratchasima Date Appointed : 1 January 2009	54	BA in Marketing Assumption Business Administration College	- shares	-None-	1 Jan 2009 -Present	General Plant Manager – Nakhorn-ratchasima	Sermsuk Plc.
					1 Jan - Dec 2008	Sales Manager	Green Spot (Thailand) Co. Ltd.
					1 Jan – Dec 2003	Regional Sales Manager	Nestle (Thai) Co. Ltd.
					1 Jan – Dec 2000	Regional Sales Manager	Dumex Co., Ltd.
Mr. Viraj Ithikumjorn General Plant Manager – Suratthani Date Appointed : 16 April 2011	53	BA in Marketing, Assumption Business Administration College	- shares	-None-	March 2011 - Present	General Plant Manager – Suratthani	Sermsuk Plc.
					June 2003- Feb 2011	Regional Sales Manager	Nestle Thailand Co., Ltd. (Previous)
					Nov 1994 - May 2003	Product Group Manager	Thai City Electrics Co., Ltd. (Previous)
Mr. Pibul Voravath General Plant Manager, Pathumthani Plant Date Appointed : 1 December 2011	52	Bachelor of Administration in Marketing, Rajamangala Institute of Technology	- shares	-None-	1 Dec 2011 -Present	General Plant Manager, Pathumthani	Sermsuk Plc.
					1 Dec 1996 -2011	Assistant General Plant Manager – Sales Department (Previous)	Sermsuk Plc.
Miss Arunrat Tungteerapatharakij Secretary Date Appointed : 13 August 2013 Responsibilities: Prepare and collect the following documents; - Registration of directors - Invitation letters for board meetings, meeting minutes and the Company's annual report - Invitation letters for shareholder meetings and minutes of shareholder meetings The Company Secretary also performs other duties as assigned by the Company (or the Company's Board of Directors), as follows: - Provide legal advice and other information on related regulations and corporate governance practices and ensure the operation of the Board of Directors in compliance with the law - Arrange the meetings for the board of directors and shareholders - Work with internal sections to ensure the compliance of the Board of Directors' and Shareholder Meetings' resolutions - Work with oversight organizations such as the Securities and Exchange Commission and oversee the information disclosure and information reporting to the oversight organizations and the public in a legally accurate and complete manner - Undertake other duties as assigned by the Company.	38	2543-2544 Case Western Reserve School of Law Cleveland Ohio, USA Master of Laws (LL.M.) 2536-2540 Assumption University , Bachelors of Laws (LL.B.) -The Rector's Certificate of Honors	- shares	-None-	16 October 2013	Legal Manager and Company Secretary	Sermsuk Plc.
					1 December 2006	Senior Legal Officer	Sermsuk Plc.
					2006	Legal Unit, Manager of General Contact Division	Total Access Communication Public Co., Ltd. (DTAC)
					2002-2006	Litigation and Intellectual Property department	Dej-Udom & Associates Co., Ltd.

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

15. Report of the Board of Directors' Responsibility on the Financial Statements

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 2013.

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, 2013.

Report of the Audit Committee

16. REPORT OF THE AUDIT COMMITTEE

(Translation)

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 Dr. Khunying Suchada Kiranandana, Mr. Suchin Wanglee, (replacing Mr. Prasong Sukhum who tendered his resignation from the Audit Committee), and Mrs. Siripen Sitasuwan, (replacing Mr. Pramoad Phornprapha). The record of meeting attendance is as follows:

1) Professor Khunying Suchada Kiranandana	4 of 4 meetings
2) Mr. Prasong Sukhum	2 of 3 meetings
3) Mr. Pramoad Phornprapha	3 of 3 meetings
4) Mr. Suchin Wanglee	1 of 1 meeting
5) Mrs. Siripen Sitasuwan	1 of 1 meeting

In 2013, the Audit Committee held 4 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; ensuring adequate risk management; provided the review of the quarterly and annual financial statements by working with the management, auditor and internal auditor, 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 operations of the Company and its subsidiaries in 2013 revealed that the company had 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 20, 2014

17. REPORT OF THE RISK MANAGEMENT COMMITTEE

(Translation)

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 2013, the Risk Management Committee held four 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 2013, 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 20, 2014

Sermsuk Public Company Limited
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