

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2007 and 2006

4 Business restructuring

The Company was formed in 2003 to combine the separate beverages businesses of the ultimate controlling shareholder group, the Siriwadhanabhakdi family, which were held as part of the operations of 89 separate companies, into a single group of companies. Of these, 65 businesses were transferred between 2003 and 2004, four businesses were transferred during 2005 and 20 businesses were transferred during 2006. Prior to the restructuring these business were under the common control of the ultimate controlling shareholder of the Company.

As the same ultimate controlling shareholder controlled the businesses and operations transferred to the Company both before and after the recent restructuring, the consolidated financial statements have been prepared on the basis of a business combination involving entities and businesses under common control. Accordingly, the transfer of businesses and operations has been accounted for in a manner similar to a pooling of interests and the assets, liabilities and contingent liabilities transferred have been accounted for at book values.

The difference between the cost of the combination and the carrying amounts of net identifiable assets at the date of combination (except for businesses acquired that were not under common control, whereby net identifiable assets were measured at their fair value) was recorded as "Difference arising from common control transactions", which is shown as a reduction in shareholders' equity.

In preparing the consolidated financial statements, those assets, liabilities, revenues and expenses that are clearly applicable to the businesses and operations transferred are included in the consolidated financial statements and are stated at their carrying values, after adjusting for intercompany transactions and transactions with the ultimate controlling shareholder. Expenses for which the specific identification method was not practical have been allocated on a percentage of sales basis. Management believes that this is a reasonable basis of estimating what the expenses would have been on a standalone basis.

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5 Related party transactions and balances

Related parties include subsidiary companies and those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

The followings are relationships with related parties that are being controlled by the Company or have transactions with the Group.

Name of the entity	Country of incorporation	Nature of relationships
1. Beer Thai (1991) PCL.	Thailand	Direct subsidiary, 100% shareholding
2. Beer Thip Brewery (1991) Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
3. Sangsom Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
4. Fuengfuanant Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
5. Mongkolsamai Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
6. Thanapakdi Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
7. Kanchanasingkorn Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
8. Sura Bangyikhan Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
9. Athimart Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
10. S.S. Karnsura Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
11. Kankwan Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
12. Theparunothai Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
13. Red Bull Distillery (1988) Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
14. United Winery and Distillery Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
15. Simathurakij Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
16. Nateechai Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
17. Luckchai Liquor Trading Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
18. Sura Piset Thipparat Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
19. Thai Alcohol PCL.	Thailand	Direct subsidiary, 100% shareholding
20. Pomthip Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
21. Pomkit Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
22. Pomkung Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
23. Pomchok Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
24. Pomcharoen Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
25. Pomburapa Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
26. Num Yuk Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
27. Num Kijjakarn Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
28. Num Palang Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
29. Num Muang Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
30. Num Nakorn Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
31. Num Thurakij Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
32. Thipchalothorn Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
33. Krittayabun Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
34. Surathip Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
35. Sunthronpirom Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
36. Piromsurang Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
37. Bionic Humus Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
38. Maharas Agri Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
39. Thai Molasses Co., Ltd.	Thailand	Direct subsidiary, 99.72% shareholding
40. Additive Food Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
41. Pan International (Thailand) Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
42. Charun Business 52 Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding

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Name of the entity	Country of incorporation	Nature of relationships
43. Thai Cooperage Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
44. Bang-Na Logistic Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
45. Thai Beverage Logistics Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
46. Thai Beverage Marketing Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
47. Dhanasindhi Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
48. Dhospaak Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
49. International Beverage Holdings Ltd.	Hong Kong	Direct subsidiary, 100% shareholding
50. Cosmos Brewery (Thailand) Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
51. T.C.C. Cosmo Corporation Ltd.	Thailand	Direct subsidiary, 100% shareholding
52. Beer Chang Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
53. Archa Beer Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
54. Sura Piset Phatra Lanna Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
55. Thai Thum Distillery Co., Ltd.	Thailand	Indirect subsidiary, 99.90% shareholding
56. Sura Piset Sahasan Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
57. Sura Piset Sampan Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
58. Muangkij Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
59. Sint Ek Panich Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
60. Pan Alcohol Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
61. Banglen Agriculture Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
62. Vitayathan Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
63. InterBev (Singapore) Limited	Singapore	Indirect subsidiary, 100% shareholding
64. InterBev (Cambodia) Co., Ltd.	Cambodia	Indirect subsidiary, 100% shareholding
65. InterBev Malaysia Sdn. Bhd.	Malaysia	Indirect subsidiary, 100% shareholding
66. International Beverage Holdings Limited USA, Inc. (Formerly: InterBev USA Inc.)	United States of America	Indirect subsidiary, 100% shareholding
67. Best Spirits Company Limited	Hong Kong	Indirect subsidiary, 100% shareholding
68. International Beverage Holdings (UK) Limited (Formerly: Pacific Spirits (UK) Limited)	United Kingdom	Indirect subsidiary, 100% shareholding
69. United Products Co., Ltd.	Thailand	Indirect subsidiary, 80.82% shareholding
70. S P M Foods and Beverages Co., Ltd.	Thailand	Indirect subsidiary, 83.20% shareholding
71. Blairmhor Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
72. Inver House Distillers Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
73. Blairmhor Distillers Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
74. Wee Beastie Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
75. Speyburn-Glenlivet Distillery Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
76. The Knockdhu Distillery Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
77. The Pulteney Distillery Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
78. The Balblair Distillery Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
79. R. Carmichael & Sons Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
80. J MacArthur Junior & Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
81. Mason & Summers Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
82. Hankey Bannister Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
83. James Catto & Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
84. Glen Calder Blenders Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
85. Moffat & Towers Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
86. Liquorland Limited	United Kingdom	Associates of indirect subsidiary, 49.90% shareholding
87. Inver House Polska Limited	Poland	Associates of indirect subsidiary, 40.00% shareholding
88. Inver House Distribution SA	France	Associates of indirect subsidiary, 50.00% shareholding

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Name of the entity	Country of incorporation	Nature of relationships
89. Pisetskij Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
90. Oishi Trading Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
91. PS Recycle Co., Ltd.	Thailand	Directors and controlling shareholders are relatives of controlling person
92. The Southeast Insurance (2000) Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
93. New Noble Property and Loan Fund	Thailand	Directors and controlling shareholders are the principal unit holder of this real estate investment fund
94. The Maewang Sugar Industry Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
95. The Chonburi Sugar Corp. Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
96. The Utaradit Sugar Industry Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
97. The Suphanburi Sugar Industry Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
98. Dynamic Assets Property and Loan Fund	Thailand	Directors and controlling shareholders are the principal unit holder of this real estate investment fund
99. Berli Jucker PCL.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
100. Thai Beverage Can Co., Ltd.	Thailand	Directors and controlling shareholders hold 50% shares
101. South East Capital Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
102. T.C.C. Technology Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
103. T.C.C. Capital Land Limited	Thailand	Directors and controlling shareholders hold substantial shares indirectly
104. Great Oriole Limited	British Virgin Islands	Have common controlling shareholders
105. Madrigal Trading Limited	British Virgin Islands	Directors and shareholders are the directors of subsidiary
106. Thai Glass Industries PCL.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
107. Bang-Na Glass Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
108. Plaza Athenee Hotel (Thailand) Co., Ltd.	Thailand	Directors and controlling shareholders are the directors and hold substantial shares indirectly
109. TCC Hotel Collection Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
110. Siam Realty Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly

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

Transactions	Pricing policies
Sale of finished goods	Agreed prices which approximate market prices
Rendering of services	Contractual prices
Purchase of raw materials	Agreed prices which approximate market prices
Receiving of services	Contractual prices
Purchase and sale of property, plant and equipment	Contractual prices
Purchase and sale of investments	Contractual prices
Interest income and expense	Rate as mutually agreed by shareholders with reference interest rates quoted by domestic commercial banks

Significant transactions for the years ended 31 December 2007 and 2006 with related parties were summarised as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Subsidiaries				
Management fees	-	-	2,577	3,432
Dividends	-	-	18,985	8,055
Purchases of investments	-	-	9,180	510
Interest income	-	-	773	844
Interest expense	-	-	732	885
Other income	-	-	9	5
Other expenses	-	-	67	28
Other related parties				
Revenue from sales	144	146	-	-
Service income	14	33	-	-
Purchases of raw materials and packaging	4,826	4,800	-	-
Overhead costs	225	177	-	-
Sales of property, plant and equipment	819	1	819	-
Purchases of property, plant and equipment	32	4	-	-
Other income	104	18	64	-
Other expenses	296	274	73	37
Share of profits from investments accounted for using the equity method	29	24	-	-
Consideration paid for common control transactions	-	1,505	-	-
Interest expense	66	109	-	-
Directors' remuneration	264	265	262	255

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Balances as at 31 December 2007 and 2006 with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Other related companies				
Oishi Trading Co., Ltd.	4	2	-	-
Pisetkij Co., Ltd.	3	4	-	-
PS Recycle Co., Ltd.	3	7	-	-
Others	4	8	-	-
Total	14	21	-	-

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Short-term loans to and amounts due from related parties

	Consolidated financial statements						Separate financial statements					
	2007			2006			2007			2006		
	Short-term loans to	Amounts due from	Total	Short-term loans to	Amounts due from	Total	Short-term loans to	Amounts due from	Total	Short-term loans to	Amounts due from	Total
	<i>(in million Baht)</i>											
Subsidiaries												
Beer Thai (1991) PCL.	-	-	-	-	-	-	1,786	54	1,840	1,539	136	1,675
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	-	-	-	-	26	26	-	146	146
Sangsom Co., Ltd.	-	-	-	-	-	-	-	6	6	-	47	47
Fuengfuanant Co., Ltd.	-	-	-	-	-	-	-	2	2	-	12	12
Mongkolsamai Co., Ltd.	-	-	-	-	-	-	-	1	1	-	3	3
Thanapakdi Co., Ltd.	-	-	-	-	-	-	-	1	1	-	4	4
Kanchanasingkorn Co., Ltd.	-	-	-	-	-	-	182	3	185	348	6	354
Sura Bangyikhan Co., Ltd.	-	-	-	-	-	-	-	8	8	1,494	45	1,539
Athimart Co., Ltd.	-	-	-	-	-	-	-	3	3	-	13	13
S.S. Karnsura Co., Ltd.	-	-	-	-	-	-	-	3	3	-	12	12
Kankwan Co., Ltd.	-	-	-	-	-	-	-	4	4	314	14	328
Theparunothai Co., Ltd.	-	-	-	-	-	-	-	3	3	-	10	10
Red Bull Distillery (1988) Co., Ltd.	-	-	-	-	-	-	-	9	9	2,477	32	2,509
United Winery and Distillery Co., Ltd.	-	-	-	-	-	-	-	1	1	-	7	7
Simathurakij Co., Ltd.	-	-	-	-	-	-	519	5	524	70	9	79
Nateechai Co., Ltd.	-	-	-	-	-	-	219	3	222	477	12	489
Luckchai Liquor Trading Co., Ltd.	-	-	-	-	-	-	431	7	438	197	11	208
Sura Piset Thipparat Co., Ltd.	-	-	-	-	-	-	-	3	3	760	2	762
Thai Alcohol PCL.	-	-	-	-	-	-	124	7	131	244	14	258
Pomthip Co., Ltd.	-	-	-	-	-	-	-	9	9	-	37	37
Pomkit Co., Ltd.	-	-	-	-	-	-	-	16	16	-	107	107
Pomkung Co., Ltd.	-	-	-	-	-	-	-	7	7	-	40	40
Pomchok Co., Ltd.	-	-	-	-	-	-	-	9	9	-	48	48
Pomcharoen Co., Ltd.	-	-	-	-	-	-	-	5	5	-	21	21
Pomburapa Co., Ltd.	-	-	-	-	-	-	-	7	7	-	35	35
Num Yuk Co., Ltd.	-	-	-	-	-	-	85	12	97	-	67	67

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Short-term loans to and amounts due from related parties

	Consolidated financial statements						Separate financial statements					
	Short-term loans to	2007 Amounts due from	Total	Short-term loans to	2006 Amounts due from	Total	Short-term loans to	2007 Amounts due from	Total	Short-term loans to	2006 Amounts due from	Total
	<i>(in million Baht)</i>											
Subsidiaries (continued)												
Num Kijjakarn Co., Ltd.	-	-	-	-	-	-	-	21	21	-	89	89
Num Palang Co., Ltd.	-	-	-	-	-	-	-	8	8	-	39	39
Num Muang Co., Ltd.	-	-	-	-	-	-	-	9	9	-	47	47
Num Nakorn Co., Ltd.	-	-	-	-	-	-	-	5	5	-	25	25
Num Thurakij Co., Ltd.	-	-	-	-	-	-	-	7	7	-	30	30
Thipchalothorn Co., Ltd.	-	-	-	-	-	-	120	38	158	85	203	288
Krittayabun Co., Ltd.	-	-	-	-	-	-	-	42	42	-	190	190
Surathip Co., Ltd.	-	-	-	-	-	-	-	17	17	-	72	72
Sunthronpirom Co., Ltd.	-	-	-	-	-	-	-	3	3	-	61	61
Piromsurang Co., Ltd	-	-	-	-	-	-	-	1	1	-	14	14
Bionic Humus Co., Ltd.	-	-	-	-	-	-	-	-	-	23	-	23
Maharas Agri Co., Ltd.	-	-	-	-	-	-	-	-	-	13	-	13
Thai Beverage Logistics Co., Ltd. (Formerly: Sahatipkarnkonsong Co., Ltd.)	-	-	-	-	-	-	67	-	67	50	-	50
International Beverage Holdings Ltd.	-	-	-	-	-	-	12	1	13	1,276	8	1,284
T.C.C. Cosmo Corp., Ltd.	-	-	-	-	-	-	3	-	3	-	-	-
Sura Piset Phatra Lanna Co., Ltd.	-	-	-	-	-	-	-	2	2	-	-	-
Total subsidiaries	-	-	-	-	-	-	3,548	368	3,916	9,367	1,668	11,035

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Short-term loans to and amounts due from related parties

	Consolidated financial statements						Separate financial statements					
	Short-term loans to	2007 Amounts due from	Total	Short-term loans to	2006 Amounts due from	Total	Short-term loans to	2007 Amounts due from	Total	Short-term loans to	2006 Amounts due from	Total
	<i>(in million Baht)</i>											
Related companies												
Pisetkij Co., Ltd.	-	2	2	-	7	7	-	-	-	-	-	-
New Noble Property And Loan Fund	-	-	-	-	3	3	-	-	-	-	-	-
The Maewang Sugar Industry Co., Ltd.	-	-	-	-	6	6	-	-	-	-	-	-
The Chonburi Sugar Corp. Ltd.	-	-	-	-	8	8	-	-	-	-	-	-
The Utaradit Sugar Industry Co., Ltd.	-	-	-	-	7	7	-	-	-	-	-	-
The Suphanburi Sugar Industry Co., Ltd.	-	-	-	-	12	12	-	-	-	-	-	-
Others	-	2	2	-	8	8	-	-	-	-	-	-
Total related companies	-	4	4	-	51	51	-	-	-	-	-	-
Total	-	4	4	-	51	51	3,548	368	3,916	9,367	1,668	11,035

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Long-term loans to and amounts due from related parties

	Consolidated financial statements						Separate financial statements					
	Long-term loans to	2007 Amounts due from	Total	Long-term loans to	2006 Amounts due from	Total	Long-term loans to	2007 Amounts due from	Total	Long-term loans to	2006 Amounts due from	Total
	<i>(in million Baht)</i>											
<i>Subsidiaries</i>												
Beer Thai (1991) PCL.	-	-	-	-	-	-	4,210	-	4,210	2,087	-	2,087
Thanapakdi Co., Ltd.	-	-	-	-	-	-	7	-	7	-	-	-
Kanchanasingorn Co., Ltd.	-	-	-	-	-	-	286	-	286	64	-	64
Sura Bangyikhan Co., Ltd.	-	-	-	-	-	-	785	-	785	425	-	425
Kankwan Co., Ltd.	-	-	-	-	-	-	106	-	106	16	-	16
Red Bull Distillery (1988) Co., Ltd.	-	-	-	-	-	-	565	-	565	485	-	485
Simathurakij Co., Ltd.	-	-	-	-	-	-	96	-	96	600	-	600
Nateechai Co., Ltd.	-	-	-	-	-	-	61	-	61	217	-	217
Luckchai Liquor Trading Co., Ltd.	-	-	-	-	-	-	859	-	859	963	-	963
Sura Piset Thipparat Co., Ltd.	-	-	-	-	-	-	600	-	600	-	-	-
Thai Alcohol PCL.	-	-	-	-	-	-	1,145	-	1,145	436	-	436
Num Yuk Co., Ltd.	-	-	-	-	-	-	155	-	155	-	-	-
International Beverage Holdings Ltd.	-	-	-	-	-	-	196	-	196	208	-	208
Sura Piset Phatra Lanna Co., Ltd.	-	-	-	-	-	-	340	-	340	-	-	-
Total subsidiaries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,411</u>	<u>-</u>	<u>9,411</u>	<u>5,501</u>	<u>-</u>	<u>5,501</u>
<i>Related companies</i>												
Dynamic Assets Property and Loan Fund	-	1	1	-	14	14	-	-	-	-	-	-
Total	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>14</u>	<u>14</u>	<u>9,411</u>	<u>-</u>	<u>9,411</u>	<u>5,501</u>	<u>-</u>	<u>5,501</u>

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Summary of loans to related parties

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Short-term loans	-	-	3,548	9,367
Long-term loans	-	-	9,411	5,501
Total loans to related parties	-	-	12,959	14,868

Movements during the years ended 31 December 2007 and 2006 of loans to related parties were as follows:

Loans to related parties

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			

Short-term loans

Subsidiaries

At 1 January	-	-	9,367	8,430
Increase	-	-	1,070	3,396
Decrease	-	-	(6,889)	(2,459)
At 31 December	-	-	3,548	9,367

Other related parties

At 1 January	-	41	-	-
Decrease	-	(41)	-	-
At 31 December	-	-	-	-

**Total short-term loans to
related parties**

At 1 January	-	41	9,367	8,430
Increase	-	-	1,070	3,396
Decrease	-	(41)	(6,889)	(2,459)
At 31 December	-	-	3,548	9,367

Long-term loans

Subsidiaries

At 1 January	-	-	5,501	5,310
Increase	-	-	4,686	964
Decrease	-	-	(776)	(773)
At 31 December	-	-	9,411	5,501

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<i>Trade accounts payable</i> <i>- related parties</i>	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Other related companies				
Berli Jucker PCL.	471	554	-	-
Thai Beverage Can Ltd.	139	126	-	-
PS Recycle Co., Ltd.	46	74	-	-
Pisetkij Co., Ltd.	10	60	-	-
Others	14	5	-	-
Total	680	819	-	-

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Short-term loans from and amounts due to related parties

	Consolidated financial statements						Separate financial statements					
	2007			2006			2007			2006		
	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	Total
	<i>(in million Baht)</i>											
Subsidiaries												
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	-	-	-	129	12	141	964	18	982
Sangsom Co., Ltd.	-	-	-	-	-	-	-	-	-	1,052	5	1,057
Fuengfuanant Co., Ltd.	-	-	-	-	-	-	-	-	-	200	1	201
Mongkolsamai Co., Ltd.	-	-	-	-	-	-	-	-	-	92	-	92
Thanapakdi Co., Ltd.	-	-	-	-	-	-	-	-	-	130	-	130
Athimart Co., Ltd.	-	-	-	-	-	-	45	-	45	193	1	194
S.S. Karnsura Co., Ltd.	-	-	-	-	-	-	50	-	50	396	2	398
Theparunothai Co., Ltd.	-	-	-	-	-	-	-	1	1	286	1	287
United Winery and Distillery Co., Ltd.	-	-	-	-	-	-	193	2	195	50	2	52
Pomthip Co., Ltd.	-	-	-	-	-	-	39	2	41	305	2	307
Pomkit Co., Ltd.	-	-	-	-	-	-	80	4	84	1,395	7	1,402
Pomkung Co., Ltd.	-	-	-	-	-	-	29	2	31	311	1	312
Pomchok Co., Ltd.	-	-	-	-	-	-	25	2	27	323	2	325
Pomcharoen Co., Ltd.	-	-	-	-	-	-	-	1	1	123	1	124
Pomburapa Co., Ltd.	-	-	-	-	-	-	-	1	1	333	2	335
Num Yuk Co., Ltd.	-	-	-	-	-	-	-	-	-	120	-	120
Num Kijjakarn Co., Ltd.	-	-	-	-	-	-	406	2	408	1,249	5	1,254
Num Palang Co., Ltd.	-	-	-	-	-	-	-	-	-	95	-	95
Num Muang Co., Ltd.	-	-	-	-	-	-	-	-	-	170	1	171
Num Nakorn Co., Ltd.	-	-	-	-	-	-	100	-	100	126	-	126
Num Thurakij Co., Ltd.	-	-	-	-	-	-	65	-	65	175	1	176
Krittayabun Co., Ltd.	-	-	-	-	-	-	189	9	198	474	3	477
Surathip Co., Ltd.	-	-	-	-	-	-	10	5	15	594	3	597
Sunthronpirom Co., Ltd.	-	-	-	-	-	-	81	1	82	1,012	6	1,018
Piromsurang Co., Ltd.	-	-	-	-	-	-	64	1	65	674	4	678
Bionic Humus Co., Ltd.	-	-	-	-	-	-	121	-	121	-	-	-

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Short-term loans from and amounts due to related parties

	Consolidated financial statements						Separate financial statements					
	2007			2006			2007			2006		
	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	Total
	<i>(in million Baht)</i>											
Subsidiaries (continued)												
Thai Molasses Co., Ltd.	-	-	-	-	-	-	22	-	22	61	-	61
Additive Food Co., Ltd.	-	-	-	-	-	-	-	-	-	25	-	25
Pan International (Thailand) Co., Ltd.	-	-	-	-	-	-	-	-	-	55	-	55
Thai Cooperage Co., Ltd.	-	-	-	-	-	-	-	-	-	161	1	162
Bang-Na Logistic Co., Ltd.	-	-	-	-	-	-	30	-	30	-	-	-
Thai Beverage Marketing Co., Ltd.	-	-	-	-	-	-	150	1	151	-	-	-
Dhospaak Co., Ltd.	-	-	-	-	-	-	-	14	14	30	13	43
International Beverage Holdings Ltd.	-	-	-	-	-	-	-	1	1	-	-	-
Cosmos Brewery (Thailand) Co., Ltd.	-	-	-	-	-	-	177	3	180	1,690	11	1,701
Beer Chang Co., Ltd.	-	-	-	-	-	-	-	1	1	100	1	101
Archa Beer Co., Ltd.	-	-	-	-	-	-	35	-	35	20	-	20
Total subsidiaries	-	-	-	-	-	-	2,040	65	2,105	12,984	94	13,078
Related companies												
The Southeast Insurance (2000) Co., Ltd.	-	19	19	-	41	41	-	-	-	-	-	-
South East Capital Co., Ltd.	-	14	14	-	17	17	-	2	2	-	2	2
T.C.C. Technology Co., Ltd.	-	11	11	-	10	10	-	7	7	-	5	5
TCC Hotel Collection Co., Ltd. (Formerly: Queen's Park Hotel Group Co., Ltd.)	-	10	10	-	7	7	-	1	1	-	-	-
Plaza Athenee Hotel (Thailand) Co., Ltd.	-	10	10	-	11	11	-	-	-	-	-	-
Great Oriole Limited	-	-	-	4,615	129	4,744	-	-	-	-	-	-
Others	-	5	5	-	7	7	-	-	-	-	-	-
Total related companies	-	69	69	4,615	222	4,837	-	10	10	-	7	7
Total	-	69	69	4,615	222	4,837	2,040	75	2,115	12,984	101	13,085

Thai Beverage Public Company Limited and its Subsidiaries

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For the years ended 31 December 2007 and 2006

The currency denomination of short-term loans from and amounts due to related parties as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	69	4,621	2,115	13,085
United States Dollars (USD)	-	216	-	-
Total	69	4,837	2,115	13,085

Long-term loans from related parties

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Subsidiaries				
Beer Thip Brewery (1991) Co., Ltd.	-	-	2,910	2,525
Fuengfuanant Co., Ltd.	-	-	90	-
Mongkolsamai Co., Ltd.	-	-	104	-
Theparunothai Co., Ltd.	-	-	133	-
United Winery and Distillery Co., Ltd.	-	-	210	344
Pomthip Co., Ltd.	-	-	329	140
Pomkit Co., Ltd.	-	-	682	208
Pomkung Co., Ltd.	-	-	309	-
Pomchok Co., Ltd.	-	-	426	250
Pomcharoen Co., Ltd.	-	-	115	-
Pomburapa Co., Ltd.	-	-	284	163
Krittayabun Co., Ltd.	-	-	101	-
Sunthronpirom Co., Ltd.	-	-	178	189
Piromsurang Co., Ltd.	-	-	78	99
Thai Molasses Co., Ltd.	-	-	-	22
Pan International (Thailand) Co., Ltd.	-	-	10	-
Thai Cooperage Co., Ltd.	-	-	71	15
Charun Business 52 Co., Ltd.	-	-	10	-
Thai Beverage Marketing Co., Ltd.	-	-	50	-
Dhospaak Co., Ltd.	-	-	10	10
Cosmos Brewery (Thailand) Co., Ltd.	-	-	320	407
Beer Chang Co., Ltd.	-	-	107	-
Archa Beer Co., Ltd.	-	-	13	-
Total	-	-	6,540	4,372

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Summary of loans from related parties

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Short-term loans	-	4,615	2,040	12,984
Long-term loans	-	-	6,540	4,372
Total loans from related parties	-	4,615	8,580	17,356

Movements during the years ended 31 December 2007 and 2006 of loans from related parties were as follows:

<i>Loans from related parties</i>	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
<i>Short-term loans</i>				
Subsidiaries				
At 1 January	-	-	12,984	12,808
Increase	-	-	459	3,638
Decrease	-	-	(11,403)	(3,462)
At 31 December	-	-	2,040	12,984
Other related parties				
At 1 January	4,615	4,015	-	-
Increase	-	630	-	-
Decrease	(4,615)	(30)	-	-
At 31 December	-	4,615	-	-
Total short-term loans from related parties				
At 1 January	4,615	4,015	12,984	12,808
Increase	-	630	459	3,638
Decrease	(4,615)	(30)	(11,403)	(3,462)
At 31 December	-	4,615	2,040	12,984
<i>Long-term loans</i>				
Subsidiaries				
At 1 January	-	-	4,372	2,733
Increase	-	-	2,443	1,704
Decrease	-	-	(275)	(65)
At 31 December	-	-	6,540	4,372

Thai Beverage Public Company Limited and its Subsidiaries
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Significant agreements with related parties

Supporting service agreement

The Company entered into the supporting service agreement with subsidiaries for the supporting service such as human resource, administration, accounting, finance, public relations, public coordination, technology, law, secretary and share register and internal audit for the period of one year from 1 January 2004 to 31 December 2004. Unless there are notifications to terminate the agreement within 30 days before the expiry date, this agreement continues to be in effect for the successive one year term. The subsidiaries are committed to pay a service fee at the rate of 0.5% of their principal revenue.

Up to date, supporting service fee rate was adjusted to 1% of the principal revenue. Service fee rate was adjusted for development of new goods, experiment and quality test, analysis, research and marketing survey for new products and procurement of information.

Application service provisioning agreement

The Company entered into the application service provisioning agreement with T.C.C. Technology Co., Ltd., a related party, for the providing ongoing support and maintenance of the systems and infrastructure and is committed to pay system, hardware and software rental fee and service fee on monthly basis throughout the contract period for five years.

Procurement agreement

The Group entered into the procurement agreement with Pan International (Thailand) Company Limited, the Company's subsidiary, for necessary purchase and procurement services to the Group. The Group is committed to pay procurement fee at 1% of the value of goods and services purchased under such agreement.

Molasses purchase agreement

Thai Molasses Co., Ltd., the Company's subsidiary, entered into the molasses purchase agreement with various related companies in order to sell to other subsidiary companies within the Group. The term and condition as specified in the agreements is that the sellers would sales molasses to the buyers in specified quantity, price, quality, delivery and received, payments, responsibility, weight, sample analysis on molasses, and quality control, etc. These were mutually agreed by the parties.

Glass bottle purchase and sale agreement

Bang-Na Logistic Co., Ltd., the Company's subsidiary, entered into the glass bottle purchase and sale agreement with Berli Jucker Public Company Limited, a related party, to purchase various types of new glass bottles in order to sell to other subsidiaries within the Group for a period of two years and eight months, effective date from 1 May 2007 to 31 December 2009 under the price and condition stated in the contract.

Thai Beverage Public Company Limited and its Subsidiaries

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License agreement

- Three subsidiaries entered into license agreements with Beer Chang Co., Ltd. and Archa Beer Co., Ltd., related companies, in order to receive the rights and obligations in drinking water, soda water, beer, draft beer and lager beer under the trade names of "CHANG" and "ARCHA". Subsidiaries are committed to pay fee at a rate of 2% based on net sale at price distributing at the factory (excluding VAT) after deducting the excise tax and health promotion fund.
- Sura Bangyikhan Co., Ltd., the Company's subsidiary, entered into license agreements with 12 subsidiaries to provide the rights to use trademark for white liquor and Chiang - Chun blended liquor as stipulated in the agreement. The trademark fee the rate ranging from Baht 0.50 - 1.50 per bottle based on contents of each type of bottles.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Cash on hand	33	33	-	-
Cash at banks - current accounts	1,203	1,186	1	1
Cash at banks - savings accounts	786	412	8	15
Highly liquid short-term investments	167	289	-	-
Total	2,189	1,920	9	16

The currency denomination of cash and cash equivalents as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	2,015	1,899	9	16
United States Dollars (USD)	174	15	-	-
Euro (EUR)	-	6	-	-
Total	2,189	1,920	9	16

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2007 and 2006

7 Other investments

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
<i>Current investments</i>				
Short-term deposits at financial institutions	8	4	-	-
<i>Other long-term investments</i>				
Other non-marketable equity securities	8	8	-	-
Less allowance for decline in value of investments	(4)	(4)	-	-
Net	4	4	-	-
Total	12	8	-	-

8 Trade accounts receivable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
		<i>(in million Baht)</i>			
Related parties	5	14	21	-	-
Other parties		1,608	1,321	-	-
		1,622	1,342	-	-
Less allowance for doubtful accounts		(155)	(24)	-	-
Total		1,467	1,318	-	-
Bad and doubtful debts expenses for the year		20	35	-	-

Thai Beverage Public Company Limited and its Subsidiaries
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Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Related parties				
Within credit terms	10	18	-	-
Overdue:				
Less than 3 months	4	3	-	-
	<u>14</u>	<u>21</u>	<u>-</u>	<u>-</u>
Other parties				
Within credit terms	979	940	-	-
Overdue:				
Less than 3 months	353	340	-	-
3-6 months	64	17	-	-
6-12 months	72	19	-	-
Over 12 months	140	5	-	-
	<u>1,608</u>	<u>1,321</u>	<u>-</u>	<u>-</u>
Less allowance for doubtful accounts	<u>(155)</u>	<u>(24)</u>	<u>-</u>	<u>-</u>
Net	<u>1,453</u>	<u>1,297</u>	<u>-</u>	<u>-</u>
Total	<u>1,467</u>	<u>1,318</u>	<u>-</u>	<u>-</u>

The normal credit term granted by the Group ranges from 7 days to 180 days.

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

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	1,376	1,259	-	-
United States Dollars (USD)	90	24	-	-
Australian Dollar (AUD)	1	-	-	-
Euro (EUR)	-	30	-	-
Others	-	5	-	-
Total	<u>1,467</u>	<u>1,318</u>	<u>-</u>	<u>-</u>

Thai Beverage Public Company Limited and its Subsidiaries
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9 Inventories

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Finished goods	13,487	14,659	-	-
Work in progress	3,769	3,423	-	-
Raw materials	1,938	1,390	-	-
Packaging materials	593	582	-	-
Maturing spirits	8,310	8,161	-	-
Spare parts	455	489	-	-
Others	290	251	-	-
	<u>28,842</u>	<u>28,955</u>	<u>-</u>	<u>-</u>
<i>Less</i> allowance for obsolete inventories	(785)	(640)	-	-
Net	<u>28,057</u>	<u>28,315</u>	<u>-</u>	<u>-</u>

The cost of inventories which is recognized as an expense and included in 'cost of sale of goods' for 2007 amounted to Baht 69,685 million (2006: Baht 67,560 million).

10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Prepaid excise tax	583	688	-	-
Refundable VAT	207	381	3	9
Prepaid property tax	154	152	-	-
Refundable excise tax	135	102	-	-
Prepaid expenses	103	56	4	1
Deposits	92	374	-	-
Others	148	179	1	7
	<u>1,422</u>	<u>1,932</u>	<u>8</u>	<u>17</u>
<i>Less</i> allowance for doubtful accounts	(18)	(18)	-	-
Net	<u>1,404</u>	<u>1,914</u>	<u>8</u>	<u>17</u>

The currency denomination of other current assets as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	1,403	1,913	8	17
United States Dollars (USD)	1	1	-	-
Total	<u>1,404</u>	<u>1,914</u>	<u>8</u>	<u>17</u>

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11 Investments in subsidiaries and associates

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
At 1 January	135	129	63,595	63,085
Share of profits of investments - equity method	29	24	-	-
Acquisitions	-	-	9,180	510
Disposals	(33)	(18)	-	-
Recovery of investments	-	-	(1,305)	-
Translation differences on consolidation	(7)	-	-	-
At 31 December	124	135	71,470	63,595

Thai Beverage Public Company Limited and its Subsidiaries
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Investments in subsidiaries and associates as at 31 December 2007 and 2006, and dividend income from those investments for the years then ended were as follows:

	Ownership interest		Paid-up capital		Consolidated financial statements				Dividend income	
	2007	2006	2007	2006	Cost method		Equity method		2007	2006
	(%)				2007	2006	2007	2006	(in million Baht)	
Associates										
<i>Held by subsidiaries of indirect subsidiaries</i>										
Liquorland Limited	49.49	49.49	69	69	18	51	124	135	-	17
Inver House Polska Limited	44.00	44.00	8	8	4	4	-	-	-	-
Inver House Distribution SA	50.02	50.02	2	2	1	1	-	-	-	-
Total			79	79	23	56	124	135	-	17

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	Separate financial statements (Restated)							
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2007	2006	2007	2006	2007	2006	2007	2006
		(%)			(in million Baht)			
<i>Direct subsidiaries</i>								
Beer Thai (1991) PCL.	100.00	100.00	5,550	5,550	12,500	12,500	2,259	821
Beer Thip Brewery (1991) Co., Ltd.	100.00	100.00	6,600	6,600	12,500	12,500	2,277	1,089
Sangsom Co., Ltd.	100.00	100.00	7,500	7,500	7,500	7,500	750	840
Fuengfuanant Co., Ltd.	100.00	100.00	900	900	900	900	307	104
Mongkolsamai Co., Ltd.	100.00	100.00	700	700	700	700	-	25
Thanapakdi Co., Ltd.	100.00	100.00	700	700	700	700	57	25
Kanchanasingkorn Co., Ltd.	100.00	100.00	700	700	700	700	85	32
Sura Bangyikhan Co., Ltd.	100.00	100.00	4,000	4,000	4,000	4,000	628	60
Athimart Co., Ltd.	100.00	100.00	900	900	900	900	273	109
S.S. Karnsura Co., Ltd.	100.00	100.00	800	800	800	800	398	129
Kankwan Co., Ltd.	100.00	100.00	800	800	800	800	340	122
Theparunothai Co., Ltd.	100.00	100.00	700	700	700	700	190	95
Red Bull Distillery (1988) Co., Ltd.	100.00	100.00	5,000	3,000	5,000	3,000	-	-
United Winery and Distillery Co., Ltd.	100.00	100.00	1,800	1,800	1,800	1,800	70	67
Simathurakij Co., Ltd.	100.00	100.00	900	900	889	900	138	23
Nateechai Co., Ltd.	100.00	100.00	800	800	800	800	157	38
Luckchai Liquor Trading Co., Ltd.	100.00	100.00	800	800	766	800	35	24
Sura Piset Thipparat Co., Ltd.	100.00	100.00	500	500	510	510	-	-
Thai Alcohol PCL.	100.00	100.00	800	800	1,374	1,666	66	120
Pomthip Co., Ltd.	100.00	100.00	10	10	10	10	292	100
Pomkit Co., Ltd.	100.00	100.00	10	10	10	10	570	116
Pomkung Co., Ltd.	100.00	100.00	10	10	10	10	275	74
Pomchok Co., Ltd.	100.00	100.00	10	10	10	10	534	155
Pomcharoen Co., Ltd.	100.00	100.00	10	10	10	10	26	-
Pomburapa Co., Ltd.	100.00	100.00	10	10	10	10	382	93
Num Yuk Co., Ltd.	100.00	100.00	10	10	10	10	858	247
Num Kijjakarn Co., Ltd.	100.00	100.00	10	10	10	10	1,424	604
Num Palang Co., Ltd.	100.00	100.00	10	10	10	10	387	170

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	Ownership interest		Separate financial statements (Restated)				Dividend income	
	2007	2006	Paid-up capital		Cost method		2007	2006
		(%)	2007	2006	2007	2006		
			<i>(in million Baht)</i>					
<i>Direct subsidiaries (continued)</i>								
Num Muang Co., Ltd.	100.00	100.00	10	10	10	10	528	267
Num Nakorn Co., Ltd.	100.00	100.00	10	10	10	10	238	119
Num Thurakij Co., Ltd.	100.00	100.00	10	10	10	10	413	196
Thipchalothorn Co., Ltd.	100.00	100.00	1	1	3	3	573	233
Krittayabun Co., Ltd.	100.00	100.00	5	5	27	27	359	234
Surathip Co., Ltd.	100.00	100.00	1	1	7	7	649	413
Sunthronpirom Co., Ltd.	100.00	100.00	5	5	25	25	1,075	437
Piromsurang Co., Ltd.	100.00	100.00	5	5	24	24	711	350
Bionic Humus Co., Ltd.	100.00	100.00	350	10	354	14	-	-
Maharas Agri Co., Ltd.	100.00	100.00	2	2	2	2	-	-
Thai Molasses Co., Ltd.	99.72	99.72	40	40	35	35	165	63
Additive Food Co., Ltd.	100.00	100.00	1	1	32	38	42	12
Pan International (Thailand) Co., Ltd.	100.00	100.00	1	1	34	54	60	19
Charun Business 52 Co., Ltd.	100.00	100.00	122	122	84	84	-	-
Thai Cooperage Co., Ltd.	100.00	100.00	300	300	296	300	28	8
Bang-Na Logistic Co., Ltd.	100.00	100.00	123	123	134	134	75	30
Thai Beverage Logistics Co., Ltd. (Formerly: Sahatipkarnkonsong Co., Ltd.)	100.00	100.00	12	12	12	12	118	23
Thai Beverage Marketing Co., Ltd.	100.00	100.00	300	300	300	300	100	7
Dhanasindhi Co., Ltd.	100.00	100.00	20	20	24	24	27	8
Dhospaak Co., Ltd.	100.00	100.00	25	25	61	61	20	-
International Beverage Holdings Ltd.	100.00	100.00	6,760	535	6,760	535	-	-
Cosmos Brewery (Thailand) Co., Ltd.	100.00	100.00	1,667	1,667	4,212	5,150	672	257
T.C.C. Cosmo Corp., Ltd.	100.00	100.00	5	5	39	39	5	-
Beer Chang Co., Ltd.	100.00	100.00	1	1	4,301	4,301	277	96
Archa beer Co., Ltd.	100.00	100.00	1	1	130	130	72	1
Sura Piset Phatra Lanna Co., Ltd.	100.00	100.00	600	-	615	-	-	-
Total			50,917	41,752	71,470	63,595	18,985	8,055

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12 Property, plant and equipment

	Consolidated financial statements										
	<i>Land</i>			Land improvement	Building and improvements	Machinery and equipment <i>(in million Baht)</i>	Oak barrels	Furniture fixtures and office equipment	Vehicles	Construction in progress	Total
Cost	surplus on land revaluation	Total									
<i>Cost/revaluation</i>											
At 1 January 2006	7,836	6,585	14,421	720	15,402	34,890	2,753	562	2,716	7,168	78,632
Additions	424	-	424	2	201	1,073	31	80	29	2,199	4,039
Surplus on revaluation	-	3	3	-	-	-	-	-	-	-	3
Transfers	-	-	-	434	796	5,439	-	(35)	(21)	(6,613)	-
Disposals	-	(1)	(1)	(2)	(7)	(92)	-	(11)	(25)	(1)	(139)
Translation differences on consolidation	-	-	-	-	(4)	-	-	-	-	-	(4)
At 31 December 2006 and 1 January 2007	8,260	6,587	14,847	1,154	16,388	41,310	2,784	596	2,699	2,753	82,531
Additions	357	-	357	1	85	199	26	60	23	946	1,697
Surplus on revaluation	-	731	731	-	-	-	-	-	-	-	731
Reversal of revaluation	-	(2,794)	(2,794)	-	-	-	-	-	-	-	(2,794)
Loss on revaluation	(59)	-	(59)	-	-	-	-	-	-	-	(59)
Transfers	(2)	-	(2)	145	719	2,191	-	12	(1)	(3,064)	-
Disposals	(410)	(135)	(545)	-	(12)	(85)	(5)	(9)	(26)	(210)	(892)
Translation differences on consolidation	(1)	-	(1)	(1)	(62)	(46)	(17)	-	-	-	(127)
At 31 December 2007	8,145	4,389	12,534	1,299	17,118	43,569	2,788	659	2,695	425	81,087
<i>Finance costs capitalised</i>											
Finance costs capitalised during 2006 (<i>note 24</i>)	-	-	-	-	33	121	-	-	-	-	154
Rate of interest capitalised during 2006 (<i>% per annum</i>)	-	-	-	-	5.82	5.82	-	-	-	-	5.82
Finance costs capitalised during 2007 (<i>note 24</i>)	-	-	-	-	4	9	-	-	-	-	13
Rate of interest capitalised during 2007 (<i>% per annum</i>)	-	-	-	-	5.97	5.97	-	-	-	-	5.97

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	Consolidated financial statements										
	<i>Land</i>			Land improvement	Building and improvements	Machinery and equipment <i>(in million Baht)</i>	Oak barrels	Furniture fixtures and office equipment	Vehicles	Construction in progress	Total
Cost	surplus on land revaluation	Total									
Accumulated depreciation											
At 1 January 2006	-	-	-	201	5,188	19,672	1,241	313	2,093	-	28,708
Depreciation charge for the year	-	-	-	53	733	3,171	134	76	314	-	4,481
Transfers	-	-	-	224	(261)	86	-	(34)	(15)	-	-
Disposals	-	-	-	(1)	(4)	(48)	-	(9)	(22)	-	(84)
Translation differences on consolidation	-	-	-	-	(2)	-	-	-	-	-	(2)
At 31 December 2006 and 1 January 2007	-	-	-	477	5,654	22,881	1,375	346	2,370	-	33,103
Depreciation charge for the year	-	-	-	81	792	3,666	134	83	167	-	4,923
Transfers	-	-	-	-	6	(16)	-	11	(1)	-	-
Disposals	-	-	-	-	(8)	(63)	-	(8)	(21)	-	(100)
Translation differences on consolidation	-	-	-	-	(19)	(28)	(8)	-	-	-	(55)
At 31 December 2007	-	-	-	558	6,425	26,440	1,501	432	2,515	-	37,871
Net book value											
Owned assets	8,260	6,587	14,847	677	10,734	18,429	1,409	250	318	2,753	49,417
Assets under finance leases	-	-	-	-	-	-	-	-	11	-	11
Total at 31 December 2006	8,260	6,587	14,847	677	10,734	18,429	1,409	250	329	2,753	49,428
Owned assets	8,145	4,389	12,534	741	10,693	17,129	1,287	227	171	425	43,207
Assets under finance leases	-	-	-	-	-	-	-	-	9	-	9
Total at 31 December 2007	8,145	4,389	12,534	741	10,693	17,129	1,287	227	180	425	43,216

The gross carrying amount of fully depreciated plant and equipment that was still in use as at 31 December 2007 amounted to Baht 4,264 million (2006: Baht 3,026 million).

The net book value of property, plant and equipment of certain subsidiary companies used as security under the Negative Pledge agreement as disclosed in Note 15 as at 31 December 2007 amounted to Baht 31,238 million (2006: Baht 34,530 million).

The carrying amount of idle land which is held for planned future business operations as at 31 December 2007 amounted to Baht 1,721 million (2006: Baht 1,516 million).

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	Separated financial statements						Total
	Cost	<i>Land</i> surplus on land revaluation	Total	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Vehicles	Construction in progress	
<i>Cost/revaluation</i>							
At 1 January 2006	411	134	545	68	24	121	758
Additions	-	-	-	27	-	100	127
Disposals	-	-	-	-	-	(11)	(11)
At 31 December 2006 and 1 January 2007	411	134	545	95	24	210	874
Additions	-	-	-	5	-	1	6
Disposals	(411)	(134)	(545)	-	(1)	(210)	(756)
At 31 December 2007	-	-	-	100	23	1	124
<i>Accumulated depreciation</i>							
At 1 January 2006	-	-	-	5	2	-	7
Depreciation charge for the year	-	-	-	17	4	-	21
At 31 December 2006 and 1 January 2007	-	-	-	22	6	-	28
Depreciation charge for the year	-	-	-	19	5	-	24
At 31 December 2007	-	-	-	41	11	-	52
<i>Net book value</i>							
At 31 December 2006	411	134	545	73	18	210	846
At 31 December 2007	-	-	-	59	12	1	72

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Depreciation of plant and equipment for the years ended 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Included in cost of production	3,086	2,880	-	-
Included in selling and administrative expenses	1,837	1,601	24	21
Total	4,923	4,481	24	21

13 Intangible assets

	Consolidated financial statements					Total
	Goodwill	Computer software	Trademark	Broadcasting rights	Leasehold	
	<i>(in million Baht)</i>					
Cost						
At 1 January 2006	426	16	307	162	1	912
Additions	-	9	3	-	1	13
At 31 December 2006 and 1 January 2007	426	25	310	162	2	925
Additions	659	10	17	-	-	686
Decrease	-	-	-	(162)	-	(162)
Translation differences on consolidation	(19)	-	-	-	-	(19)
At 31 December 2007	1,066	35	327	-	2	1,430
Accumulated amortisation						
At 1 January 2006	175	2	183	38	1	399
Amortisation charge for the year	18	4	25	124	-	171
At 31 December 2006 and 1 January 2007	193	6	208	162	1	570
Amortisation charge for the year	18	6	27	-	-	51
Decrease	-	-	-	(162)	-	(162)
Translation differences on consolidation	(8)	-	-	-	-	(8)
At 31 December 2007	203	12	235	-	1	451
Net book value						
At 31 December 2006	233	19	102	-	1	355
At 31 December 2007	863	23	92	-	1	979

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	Separate financial statements Computer software <i>(in million Baht)</i>
Cost	
At 1 January 2006	9
Additions	7
At 31 December 2006 and 1 January 2007	16
Additions	9
At 31 December 2007	25
Accumulated amortisation	
At 1 January 2006	1
Amortisation charge for the year	3
At 31 December 2006 and 1 January 2007	4
Amortisation charge for the year	5
At 31 December 2007	9
Net book value	
At 31 December 2006	12
At 31 December 2007	16

14 Other non-current assets

		Consolidated financial statements		Separate financial statements	
	<i>Note</i>	2007	2006	2007	2006
		<i>(in million Baht)</i>			
Advance payments to a specialist	31	1,829	1,879	343	352
Idle land		106	106	-	-
Stainless steel plates		67	71	-	-
Deposits		65	58	8	5
Others		20	13	-	-
		2,087	2,127	351	357
<i>Less allowance for impairment of assets</i>		<i>(14)</i>	<i>(5)</i>	<i>-</i>	<i>-</i>
Net		2,073	2,122	351	357

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15 Interest-bearing liabilities

		Consolidated		Separate	
	<i>Note</i>	financial statements	financial statements	financial statements	financial statements
		2007	2006	2007	2006
		<i>(in million Baht)</i>			
<i>Current</i>					
Bank overdrafts					
Secured		899	1,516	-	-
Unsecured		101	367	-	30
Short-term loans from financial institutions					
Unsecured		4,998	4,870	4,798	3,000
Bank overdraft and short-term loans from financial institutions		5,998	6,753	4,798	3,030
Short-term guaranteed bonds					
Guaranteed / Negative pledge		-	2,200	-	2,200
Current portion of long-term guaranteed bonds					
Guaranteed / Negative pledge		3,000	2,300	3,000	2,300
Current portion of long-term loans					
Guaranteed / Negative pledge		1,755	1,500	1,755	1,500
Short-term loans from related parties	5				
Unsecured		-	4,615	2,040	12,984
		10,753	17,368	11,593	22,014
<i>Non-current</i>					
Long-term guaranteed bonds					
Guaranteed / Negative pledge		-	3,000	-	3,000
Long-term loans from financial institutions					
Guaranteed / Negative pledge		-	3,755	-	3,755
Unsecured		5,400	-	5,400	-
Long-term loans from related parties	5				
Unsecured		-	-	6,540	4,372
		5,400	6,755	11,940	11,127
Total		16,153	24,123	23,533	33,141

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The periods to maturity of interest-bearing liabilities as at 31 December were as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Within one year	10,753	17,368	11,593	22,014
After one year but within five years	5,400	6,755	11,940	11,127
Total	16,153	24,123	23,533	33,141

As at 31 December 2007 the Group had unutilized credit facilities totalling Baht 24,724 million (2006: Baht 17,790 million).

The principal features of the borrowings were as follows:

- (a) Bank overdrafts are repayable on demand as at 31 December 2007, the Group has a total overdraft facilities amounting to Baht 3,714 million (2006: Baht 3,705 million) which is partially guaranteed by five subsidiaries.
- (b) Short-term loans from financial institutions as at 31 December 2007, the Group has short-term loan facilities from several financial institutions totalling Baht 25,010 million (2006: Baht 20,820 million) with money market rate quoted by bank. The Group utilized those facilities in term of promissory notes issued by the Group to several domestic financial institutions totalling Baht 3,000 million (2006: Baht 4,870 million).

In September 2007, the Company issued and offered short-term bill of exchange amounting to Baht 5,000 million to two financial institutions, the said bills represents short-term bill of exchange offered to and exchanged among institutional investors and/or substantial high net worth investors as prescribed in accordance with Notifications of the Securities and Exchange Commission. As at 31 December 2007, the outstanding balance of bill of exchange was amounting to Baht 2,000 million.

- (c) Guaranteed bonds as at 31 December 2007 and 2006 were guaranteed bonds with a full co-guarantee by four subsidiaries and negative pledge undertaken by the Company whereby 17 subsidiaries agree not to sell, transfer, mortgage, pledge, encumber or grant any preferential right in relation to their land, buildings, plants and machinery. The Company is required to maintain a consolidated debt (interest-bearing debt) to equity (excluding unrealised foreign exchange gain or loss) ratio of not more than 2.5 to 1 based on the annual consolidated financial statements prepared in accordance with generally accepted accounting standards in Thailand.

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The bonds have the following payment terms:

	Amount	Fixed interest rate	Maturity
	<i>(in million Baht)</i>	<i>(% per annum)</i>	
First tranche	2,500	4.95	22 August 2006
Second tranche	2,200	5.40	22 February 2007
Third tranche	2,300	5.55	22 August 2007
Fourth tranche	3,000	5.75	22 February 2008

The principal is to be redeemed at maturity. Interest is payable semi-annually commencing on 22 August 2006.

- (d) Long-term loan and its current portion as at 31 December 2006 were loan agreements with eight financial institutions to obtain long-term borrowings totalling Baht 26,600 million. Of this, the principal of Baht 23,600 million has a grace period of 2 years and is to be repaid in 36 monthly installments, Baht 654.22 million each for the first 35 installments and Baht 702.20 million for the last installment, from 28 April 2008 to 31 March 2011 with interest at the fixed rates of 5.75% and 6% per annum for the first and the second years, respectively, and MLR-1.5% to MLR-1.75% per annum from the third year onwards, payable monthly, commencing in March 2006. The remaining principal of Baht 3,000 million is to be repaid in eight quarterly installments, Baht 375 million each, from 28 June 2006 to 28 March 2008 with a fixed interest rate of 5.70% per annum, payable quarterly, commencing in June 2006.

The borrowings are fully co-guaranteed by four subsidiaries with a negative pledge made by 17 subsidiaries whereby these subsidiaries agree not to sell, transfer, mortgage, pledge, encumber or grant any preferential right in relation to their land, buildings, plant and machinery.

In 2006 and May 2007, the Company partially repaid long-term loans amounting to Baht 20,220 million and Baht 2,000 million, respectively, with accrued interest to seven financial institutions and the interest rate in the second year decrease from 6% to 5% per annum.

During February 2007, the Company entered into a long-term loan agreement with a financial institution in the amount of Baht 4,500 million which is to be repaid monthly in 12 installments, Baht 375 million each, commencing in February 2009. Interest is payable monthly at 5.60% per annum for the first year and 5.75% per annum afterwards.

Subsequently on 19 October 2007, the Company has been granted the reduction of interest rate to be 4.50% per annum for the first year and 4.75% per annum afterwards. The Company was charged an unwind fee of Baht 11.25 million for this change.

During December 2007, the Company entered into a long-term loan agreement with a financial institution in the amount of Baht 900 million which is to be repaid in 2009. The interest is payable monthly at 3.9625% per annum.

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16 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
		<i>(in million Baht)</i>			
Related parties	5	680	819	-	-
Other parties		1,569	1,457	-	-
Total		2,249	2,276	-	-

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

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	2,039	1,984	-	-
United States Dollars (USD)	94	104	-	-
Euro (EUR)	69	108	-	-
Great Britain Pound (GBP)	46	74	-	-
Australian Dollar (AUD)	1	6	-	-
Total	2,249	2,276	-	-

17 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Accrued expenses	737	883	9	90
Value added tax payable	672	687	35	105
Advanced payments from customers for purchase of goods	506	1,005	-	-
Assets payable	372	418	-	5
Outstanding cheque paid for excise tax	281	295	-	-
Accrued promotion expense	252	133	-	-
Withholding tax payable	128	79	30	22
Accrued interest expense	71	163	67	157
Deposits and retention payable	38	273	-	3
Others	146	167	21	12
Total	3,203	4,103	162	394

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The currency denomination of other current liabilities as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	3,126	3,829	160	357
Euro (EUR)	72	212	-	-
Great Britain Pound (GBP)	4	16	1	-
Singapore Dollars (SGD)	1	1	1	-
United States Dollars (USD)	-	42	-	37
Others	-	3	-	-
Total	3,203	4,103	162	394

18 Share capital

	<i>Par value per share (in Baht)</i>	2007		2006	
		Number	Amount <i>(million shares/million Baht)</i>	Number	Amount
Authorised					
At 1 January and 31 December	<i>1</i>	29,000	29,000	29,000	29,000
Issued and paid					
At 1 January	<i>1</i>	25,110	25,110	22,000	22,000
Issue of new shares	<i>1</i>	-	-	3,110	3,110
At 31 December	<i>1</i>	25,110	25,110	25,110	25,110

The Company listed on the SGX-ST on 29 May 2006 received net proceeds of Baht 16,191.60 million from the issue of 2,444.45 million new ordinary shares, sold to the public through an Initial Public Offering (the "IPO") at a price of Singapore Dollar 0.28 per share. Directly attributable expenses for the IPO amounting to Baht 676.49 million are accounted for as a deduction from the premium on share capital received from the IPO. The Company registered the change in paid-up capital with the Ministry of Commerce on 29 May 2006 from Baht 22,000 million to Baht 24,444.45 million.

On 3 July 2006, an over allotment option was exercised related to its recent IPO, whereby the Company sold a further 665.58 million new ordinary shares, raising Baht 4,390.54 million in proceeds. The Company registered the change in paid-up capital with the Ministry of Commerce on 3 July 2006 from Baht 24,444.45 million to Baht 25,110.03 million.

19 Reserves

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.

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Currency translation changes

The currency translation changes recognized in shareholders' equity relate to foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.

Fair value changes and revaluation surpluses

Fair value changes and revaluation surpluses recognised in shareholders' equity relate to cumulative net changes in the fair value of available-for-sale investments and surpluses arising from the revaluations of land.

Legal reserve

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

20 Segment information

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

In preparing segmental information, those liabilities and related interest expense that are not specifically attributable to a particular segment are allocated on a percentage of net assets basis. Management believes this to be a fair indication of the actual use of the liabilities.

Inter-segment transactions are eliminated on consolidation.

Business segments

The Group comprises the following main business segments:

<i>Beer/water</i>	Production and sales of branded beer and water products (mostly outside the group);
<i>Spirits</i>	Production and sales of branded spirits products (mostly outside the group); and
<i>Alcohol</i>	Production and sales of alcohol (mostly outside the group)

Geographic segments

Operating units of the Group are mainly located in Thailand. Portions of product produced from these units are exported directly or indirectly through foreign subsidiaries to external customers. Certain operating units of subsidiaries are located in foreign countries.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets are based on the geographical location of the assets.

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Business segment results

	Beer/water		Spirits		Alcohol		Elimination		Total	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	<i>(in million Baht)</i>									
Revenue from sales	47,557	46,103	52,940	51,576	966	1,205	(922)	(1,086)	100,541	97,798
Interest income	23	28	17	30	1	2	-	(4)	41	56
Other income	88	42	220	76	18	4	(69)	(20)	257	102
Total revenues	47,668	46,173	53,177	51,682	985	1,211	(991)	(1,110)	100,839	97,956
Cost of sales	37,040	35,944	33,924	33,470	972	994	(1,063)	(1,083)	70,873	69,325
Selling and administrative expenses	6,456	5,768	7,055	6,740	140	178	38	(2)	13,689	12,684
Total expenses	43,496	41,712	40,979	40,210	1,112	1,172	(1,025)	(1,085)	84,562	82,009
Profit (loss) before interest and income tax expenses	4,172	4,461	12,198	11,472	(127)	39	34	(25)	16,277	15,947
Interest expense	278	309	731	1,202	38	62	-	(4)	1,047	1,569
Income tax expense	2,192	1,989	2,652	2,325	3	9	-	-	4,847	4,323
Net profit (loss)	1,702	2,163	8,815	7,945	(168)	(32)	34	(21)	10,383	10,055

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Business segments financial position

	Beer/water		Spirits		Alcohol		Total	
	2007	2006	2007	2006	2007	2006	2007	2006
	<i>(in million Baht)</i>							
Inventories	3,588	2,838	23,988	25,202	481	275	28,057	28,315
Property, plant and equipment	17,910	20,619	23,137	26,600	2,169	2,209	43,216	49,428
Other assets	1,817	1,906	5,921	5,364	516	567	8,254	7,837
Total assets	23,315	25,363	53,046	57,166	3,166	3,051	79,527	85,580
Total debts	4,444	5,633	11,041	17,797	668	693	16,153	24,123
Other liabilities	4,065	5,249	4,357	3,604	42	50	8,464	8,903
Total liabilities	8,509	10,882	15,398	21,401	710	743	24,617	33,026
Capital expenditure								
- Property, plant and equipment	361	1,358	1,277	2,612	59	69	1,697	4,039
- Intangible assets	11	5	675	8	-	-	686	13
Depreciation	2,360	2,100	2,371	2,255	192	126	4,923	4,481
Amortisation	4	126	47	45	-	-	51	171

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Geographic segments

The segment financial information of the Group based on geographical segments for the year 2007 and 2006 was as follows:

	Consolidated financial statements		Property, plant and equipment	
	Revenue			
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thailand	97,200	95,106	41,613	47,928
Overseas	3,639	2,850	1,603	1,500
Total	100,839	97,956	43,216	49,428

21 Other income

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Revenue from sales of scraps	42	32	-	-
Gain on disposal of assets	84	2	64	-
Others	102	44	26	5
Total	228	78	90	5

22 Selling and administrative expenses

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Marketing and advertising expenses	4,205	3,993	144	98
Personnel expenses	3,498	3,095	577	522
Idle capacity	2,001	1,679	-	-
Vehicle and transportation expenses	1,228	1,118	24	19
Depreciation and amortisation	467	516	29	24
Rental	325	282	10	5
Donation	274	241	73	77
Others	1,691	1,760	297	198
Total	13,689	12,684	1,154	943

23 Personnel expenses

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Salaries and wages	3,548	3,265	342	321
Bonus	721	637	171	154
Overtime and per diem allowance	266	246	13	11
Contribution to defined contribution plans	11	9	6	5
Others	557	541	45	31
Total	5,103	4,698	577	522

	<i>(number of employees)</i>			
Number of employees as at 31 December	22,590	22,412	366	335

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The defined contribution plans comprise provident funds established by companies in the Group for their employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 3% of their basic salaries and by the Group at rates ranging from 2% to 3% 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.

24 Interest expense

		Consolidated financial statements		Separate financial statements	
	Note	2007	2006	2007	2006
		<i>(in million Baht)</i>			
Interest expense relating to:					
Related parties	5	66	109	732	885
Financial institutions		723	1,179	574	947
Others		271	435	271	421
		<u>1,060</u>	<u>1,723</u>	<u>1,577</u>	<u>2,253</u>
Capitalised as cost of assets under construction	12	<u>(13)</u>	<u>(154)</u>	<u>-</u>	<u>-</u>
Net		<u>1,047</u>	<u>1,569</u>	<u>1,577</u>	<u>2,253</u>

25 Income tax expense

The current tax expenses in the consolidated statements of income are more than the amounts determined by applying the Thai corporation tax rate to the accounting profit for the year principally because:

- (a) the different treatments for accounting and taxation purposes of certain items of income and expense for 2007 amounted to Baht 233 million (2006: Baht (102) million).
- (b) unutilised tax losses brought forward from the previous years have been utilised during the year to set-off against the current year's tax charge for 2007 amounted to Baht 64 million (2006: Baht 31 million).
- (c) losses suffered by certain subsidiaries cannot be set-off against the profits of other subsidiaries for tax purposes for 2007 amounted to Baht 103 million (2006: Baht 144 million).

The current tax expenses in the separate statements of income are more than the amounts determined by applying the Thai corporation tax rate to the accounting profit for the year principally because:

- (a) dividends are not subject to tax for 2007 amounted to Baht 5,696 million (2006: Baht 2,417 million).
- (b) the different treatments for accounting and taxation purposes of certain items of income and expense for 2007 amounted to Baht 65 million (2006: Baht (180) million).

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26 Earnings per share

The calculation of basic earnings per share for the year ended 31 December was is based on the net profit attributable to ordinary shares and the weighted average number of shares outstanding during the year as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006 (Restated)
	<i>(in million Baht)</i>			
Profit attributable to ordinary Shareholders (basic)	<u>10,383</u>	<u>10,055</u>	<u>19,418</u>	<u>9,005</u>

Weighted average number of ordinary shares (basic)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million shares)</i>			
Issued ordinary shares at 1 January	25,110	22,000	25,110	22,000
Effect of shares issued on 29 May 2006	-	1,453	-	1,453
Effect of shares issued on 3 July 2006	-	332	-	332
Weighted average number of ordinary shares (basic)	<u>25,110</u>	<u>23,785</u>	<u>25,110</u>	<u>23,785</u>

27 Promotional privileges

Promotional privileges from the Board of Investment

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, a subsidiary has been granted privileges by the Board of Investment relating to the production of alcohol and agricultural fuel. The privileges granted include:

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of eight years from the dates on which the income is first derived from such operations;
- (c) a 50% reduction in the normal tax rate on the net profit derived from certain operations for a period of five years, commencing from the expiry date in (b) above; and
- (d) exemption from income tax on dividends derived from the promoted business of its subsidiary during this eight year period.

As a promoted company, the subsidiary must comply with certain terms and conditions prescribed in the promotional certificate.

In 2007, the Board of Investment has granted same privileges as above mentioned to another subsidiary by virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520 relating to the production of bio-gas.

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Privileges granted to business operator in Free Zone

Also in 2004 another subsidiary was granted approval from the Customs Department to operate in a “Free Zone”, whereby the subsidiary obtains privileges related to the payment of import and export taxes, valued added tax and excise tax. Various other privileges are also granted.

28 Dividends

At the Board of Directors’ Meeting held on 14 August 2007, an interim dividend payment for the first half of 2007 of 25,110 million ordinary shares, Baht 0.12 per share, totalling Baht 3,013 million was approved. The interim dividend was paid to shareholders on 11 September 2007.

At the annual general meeting of the shareholders of the Company held on 20 April 2007, the shareholders approved the appropriation of dividends of Baht 0.22 per share, totalling Baht 5,524 million. On 8 September 2006, the interim dividend was paid of Baht 0.11 per share, totalling Baht 2,762 million. The remaining dividend payment of Baht 0.11 per share, totalling Baht 2,762 million was paid on 16 May 2007.

At the annual general meeting of the shareholders of the Company held on 27 March 2006, the shareholders approved the appropriation of dividends of Baht 0.24 per share, amounting to Baht 5,280 million. The dividend was paid to shareholders during 2006.

29 Changes in accounting policy

The following change of accounting policy by the Company has no effect on the consolidated financial statements of the Group.

Until 31 December 2006, the Company accounted for its investments in subsidiary companies and associates in its financial statements using the equity method.

During 2007, the FAP issued the following revised TAS which are effective for accounting periods beginning on or after 1 January 2007:

TAS 44 (revised 2007) *Consolidated and Separate Financial Statements*

TAS 45 (revised 2007) *Investment in Associates*

These revised TAS require a parent company which has an investment in a subsidiary company, or an associate company, which is not classified as a “held for sale” investment, to record such investment in accordance with either the cost method or with the recognition and measurement basis for financial instruments (when a TAS on financial instruments is issued and becomes effective), instead of the equity method currently used.

Starting from 1 January 2007, the Company has, accordingly, changed its accounting policy for its investments in subsidiary companies and associate companies in its financial statements from the equity method to the cost method. The change in accounting policy has been applied retrospectively and the Company’s 2006 financial statements, which are included in the Company’s 2007 financial statements for comparative purposes, have been restated accordingly. The effects of the change in accounting policy on the Company’s annual 2007 and 2006 financial statements are as follows:

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	Separate financial statements	
	2007	2006
	<i>(in million Baht)</i>	
<i>Investments in subsidiaries and associates</i>		
Balance at 1 January before change in accounting policy	69,391	68,046
Decrease in retained earnings	(15,567)	(14,494)
Decrease in revaluation surpluses	(6,452)	(6,450)
Increase in currency translation changes	20	5
Increase in difference arising from common control transactions	17,141	15,979
Decrease in excess of share losses over cost of investment	(938)	(1)
Net decrease	(5,796)	(4,961)
Balance at 1 January after change in accounting policy	63,595	63,085
<i>Retained earnings</i>		
Balance at 1 January before change in accounting policy	19,102	17,656
Increase in dividend income from subsidiaries and associates	14,358	6,302
Decrease in share of profits from investments accounted for using the equity method, net	(29,925)	(20,796)
Net decrease	(15,567)	(14,494)
Balance at 1 January after change in accounting policy	3,535	3,162
<i>Net profit</i>		
Net profit for the year before change in accounting policy	10,383	10,079
Increase in dividend income from subsidiaries and associates	18,985	8,055
Decrease in share of profits from investments accounted for using the equity method, net	(9,950)	(9,129)
Net increase (decrease)	9,035	(1,074)
Net profit for the year after change in accounting policy	19,418	9,005
Increase (decrease) in earnings per share (Baht)	0.36	(0.05)

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30 Financial instruments

Financial risk management policies

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

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 15). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivable mature or reprice were as follows:

	Effective interest rates (% per annum)	Separate financial statements		
		Within 1 year	After 1 year but within 5 years	Total
<i>2007</i>				
Current				
Loans receivable - Related parties	5.96	3,548	-	3,548
Non-current				
Loans receivable - Related parties	5.96	-	9,411	9,411
Total		<u>3,548</u>	<u>9,411</u>	<u>12,959</u>
<i>2006</i>				
Current				
Loans receivable - Related parties	5.68	9,367	-	9,367
Non-current				
Loans receivable - Related parties	5.68	-	5,501	5,501
Total		<u>9,367</u>	<u>5,501</u>	<u>14,868</u>

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The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or reprice were as follows:

	Effective interest rates (% per annum)	Consolidated financial statements		
		Within 1 year	After 1 year but within 5 years	Total
2007				
Current				
Bank overdrafts	6.75	1,000	-	1,000
Loans payable - Financial institutions	3.64	6,753	-	6,753
Current portion of long-term guaranteed bonds	5.75	3,000	-	3,000
Non-current				
Loans payable - Financial institutions	4.41	-	5,400	5,400
Total		10,753	5,400	16,153
2006				
Current				
Bank overdrafts	7.16	1,883	-	1,883
Loans payable - Financial institutions	5.41	6,370	-	6,370
Short-term guaranteed bonds	5.40	2,200	-	2,200
Current portion of long-term guaranteed bonds	5.55	2,300	-	2,300
Loans payable - Related parties	2.80	4,615	-	4,615
Non-current				
Loans payable - Financial institutions	5.75	-	3,755	3,755
Long-term guaranteed bonds	5.75	-	3,000	3,000
Total		17,368	6,755	24,123

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	Effective interest rates (% per annum)	Separate financial statements		
		Within 1 year	After 1 year but within 5 years	Total
<i>(in million Baht)</i>				
2007				
Current				
Loans payable - Financial institutions	4.05	6,553	-	6,553
Current portion of long-term guaranteed bonds	5.75	3,000	-	3,000
Loans payable - Related parties	5.75	2,040	-	2,040
Non-current				
Loans payable - Financial institutions	4.41	-	5,400	5,400
Loans payable - Related parties	5.75	-	6,540	6,540
Total		11,593	11,940	23,533
2006				
Current				
Bank overdrafts	8.28	30	-	30
Loans payable - Financial institutions	5.54	4,500	-	4,500
Short-term guaranteed bonds	5.40	2,200	-	2,200
Current portion of long-term guaranteed bonds	5.55	2,300	-	2,300
Loans payable - Related parties	6.00	12,984	-	12,984
Non-current				
Loans payable - Financial institutions	5.74	-	3,755	3,755
Long-term guaranteed bonds	5.75	-	3,000	3,000
Loans payable - Related parties	6.00	-	4,372	4,372
Total		22,014	11,127	33,141

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Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the balance sheet date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

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		Separate financial statements	
		2007	2006	2007	2006
<i>(in million Baht)</i>					
United States Dollars					
Cash and cash equivalents	6	174	15	-	-
Trade accounts receivable	8	90	24	-	-
Other current assets	10	1	1	-	-
Trade accounts payable	16	(94)	(104)	-	-
Short-term loans from and amount due to related parties	5	-	(216)	-	-
Other current liabilities	17	-	(42)	-	(37)
Gross balance sheet exposure		171	(322)	-	(37)
Estimated forecast sale of goods		286	-	-	-
Estimated forecast purchase of goods		(2,994)	(1,917)	-	-
Gross exposure		(2,537)	(2,239)	-	(37)
Currency forwards		2,508	1,929	-	-
Net exposure		(29)	(310)	-	(37)
Euro					
Cash and cash equivalents	6	-	6	-	-
Trade accounts receivable	8	-	30	-	-
Trade accounts payable	16	(69)	(108)	-	-
Other current liabilities	17	(72)	(212)	-	-
Gross balance sheet exposure		(141)	(284)	-	-
Estimated forecast purchase of assets		(25)	(137)	-	-
Estimated forecast purchase of goods		(1,158)	(454)	-	-
Gross exposure		(1,324)	(875)	-	-
Forwards to buy foreign currency		1,173	773	-	-
Net exposure		(151)	(102)	-	-

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		Consolidated		Separate	
		financial statements		financial statements	
	<i>Note</i>	2007	2006	2007	2006
Great Britain Pound					
					<i>(in million Baht)</i>
Trade accounts payable	16	(46)	(74)	-	-
Other current liabilities	17	(4)	(16)	(1)	-
Gross balance sheet exposure		(50)	(90)	(1)	-
Estimated forecast purchase of goods		(288)	(462)	-	-
Gross exposure		(338)	(552)	(1)	-
Forwards to buy foreign currency		287	472	-	-
Net exposure		(51)	(80)	(1)	-
Australian Dollar					
Trade accounts receivable	8	1	-	-	-
Trade accounts payable	16	(1)	(6)	-	-
Gross exposure		-	(6)	-	-
Forwards to buy foreign currency		1	25	-	-
Net exposure		1	19	-	-
Singapore Dollars					
Other current liabilities	17	(1)	(1)	(1)	-
Estimated forecast proceed from loans		-	-	208	1,484
Gross exposure		(1)	(1)	207	1,484
Forwards to buy foreign currency		-	-	(208)	(1,484)
Net exposure		(1)	(1)	(1)	-
Japanese Yen					
Estimated forecast purchase of assets		(5)	-	-	-
Forwards to buy foreign currency		5	-	-	-
Net exposure		-	-	-	-
Others					
Trade accounts receivable	8	-	5	-	-
Other current liabilities	17	-	(3)	-	-
Exposure		-	2	-	-

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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 balance sheet 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 balance sheet. 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.

Fair values

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. In determining the fair value of its financial assets and liabilities, the Group takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

31 Commitments with non-related parties

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for</i>				
Land, buildings and other constructions	217	392	-	-
Machinery and equipment	218	846	-	-
Computer software	-	11	-	11
Total	435	1,249	-	11
<i>Non-cancellable operating lease commitments</i>				
Within one year	165	142	9	-
After one year but within five years	157	70	14	1
Total	322	212	23	1

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	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
<i>Other commitments</i>				
Unused letters of credits	86	332	-	-
Forward contracts to sell foreign currencies	524	1,505	217	1,505
Forward contracts to buy foreign currencies	5,036	3,330	-	-
Bank guarantees	247	102	31	154
Goods and raw materials purchasing agreements	4,386	2,815	-	-
Molasses purchasing agreements	296	1,596	-	-
Computer system installation agreements	53	96	53	96
Advertising services and sponsorship agreements	154	105	-	-
Others	60	43	1	-
Total	10,842	9,924	302	1,755

- (a) During 2004, the Company and four subsidiaries entered into production and blending control agreements with a specialist for a period of 40 years from 1 August 2004 to 1 August 2044. Under the agreements, the Company and its subsidiaries are obliged to pay monthly service fees of Baht 4.3 million which are to be annually increased by 5% for the first 20 years from 1 August 2004 to 1 August 2024. Afterwards, the Company and its subsidiaries have to pay monthly service fees of Baht 250,000 until the expiration of the agreements. Service fee under the agreements totaled Baht 1,766.2 million. Subsequently, the addendums were made on 5 January 2006, under which the Company and its subsidiaries have to pay additional amount to this specialist amounting to Baht 2,000 million. Therefore, the total service fees under the agreements both outstanding and already paid by the Company and its subsidiaries amounted to Baht 3,766.2 million.

As at 31 December 2007 the remaining commitments to be paid, relating to these agreements, amounted to Baht 1,579 million.

- (b) During 2005, a subsidiary renewed a sponsorship agreement with Everton Football Club, in the United Kingdom, for a period of three years as from 1 June 2005 to 31 May 2008 in order to promote the Group's businesses globally. Under the agreement, the subsidiary is obliged to pay a minimum amount of GBP 0.5 million and a maximum amount of GBP 2.9 million per year, dependent on the performance of Everton football team in each year.

Subsequently, on 17 January 2008, the sponsorship agreement was extended to another period of three years as from 1 June 2008 to 31 May 2011. The subsidiary is obliged to pay a minimum amount of GBP 0.5 million and a maximum amount of GBP 3.5 million per year, dependent on the performance of Everton football team in each year.

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32 Litigation

A subsidiary filed the application to the Central Tax Court to withdraw the assessment of the property tax of 2002 up to 2007. Subsequently, on 12 and 13 February 2008, the Supreme Court has sentenced that the above subsidiary can receive the property tax back in the amount of Baht 128 million from the paid amount of Baht 128.5 million.

33 Events after the balance sheet date

- (a) On 25 January 2008, Maharas Agri Co., Ltd. the Company's subsidiary increase its authorised share capital from Baht 2 million to Baht 200 million by issuing 19.8 million ordinary shares with a Baht 10 par value, totaling Baht 198 million.

Subsequently, on 28 January 2008, the Company's subsidiary has entered into a sale and purchase agreement to acquire assets in the production and sale of energy drink and ready-to-drink coffee owned by Wrangyer Beverage Co., Ltd. at a consideration of Baht 420 million. Part of the fund will be derived from the increase of the authorised share capital in the amount of Baht 200 million.

- (b) On 31 January 2008, Pan Alcohol Co., Ltd. the Company's indirect subsidiary has entered into a memorandum of understanding to acquire majority of ordinary shares in Carabao Tawandang Co., Ltd. who is engaging in the production and sales of energy drink. The completion of the acquisition is being in the process.

- (c) The Executive Board of Directors' Meeting held on 18 February 2008 unanimously passed the following resolutions:

- Approval in principle of the decrease of authorised share capital of S P M Foods and Beverages Co., Ltd. twice at 75% each and the increase of authorized share capital afterwards. The authorised share capital will be decreased from Baht 100 million to Baht 25 million firstly and from Baht 25 million to Baht 6.25 million secondly. After that the authorised share capital will be increased by Baht 600 million to Baht 606.25 million.
- Approval in principle of the increase of authorised share capital of International Beverage Holdings Limited from HKD 1,470 million to HKD 1,490 million to increase in capital of International Beverage Holdings Limited USA, Inc.

- (d) The Board of Directors' Meeting held on 27 February 2008 unanimously agreed to propose a dividend payment of Baht 0.29 per share, totalling Baht 7,282 million. The interim dividend was paid of Baht 0.12 per share, amounting to Baht 3,013 million. The remaining is a dividend payment of Baht 0.17 per share, amounting to Baht 4,269 million.

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34 Thai Accounting Standards (TAS) not yet adopted

The Group has not adopted the following TAS that have been issued as of the balance sheet date but are not yet effective. These TAS will become effective for financial periods beginning on or after 1 January 2008.

TAS 25 (revised 2007)	<i>Cash Flows Statements</i>
TAS 29 (revised 2007)	<i>Leases</i>
TAS 31 (revised 2007)	<i>Inventories</i>
TAS 33 (revised 2007)	<i>Borrowing Costs</i>
TAS 35 (revised 2007)	<i>Presentation of Financial Statements</i>
TAS 39 (revised 2007)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
TAS 41 (revised 2007)	<i>Interim Financial Reporting</i>
TAS 43 (revised 2007)	<i>Business Combinations</i>
TAS 49 (revised 2007)	<i>Construction Contracts</i>
TAS 51	<i>Intangible Assets</i>

The adoption and initial application of these TAS is not expected to have any material impact on the consolidated or separate financial statements.

35 Reclassification of accounts

Certain accounts in the 2006 financial statements have been reclassified to conform with the presentation in the 2007 financial statements.

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36 Significant differences between Thai GAAP and IFRS (unaudited/ unreviewed)

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Thailand (“Thai GAAP”), which differ in certain significant respects from International Financial Reporting Standards (“IFRS”). The following disclosure provides a summary of certain significant differences between Thai GAAP and IFRS, as applicable to the consolidated financial statements of the Group, and a reconciliation of net profit and total shareholders’ equity from Thai GAAP to IFRS. Neither the narrative summary nor the reconciliation should be construed as being exhaustive or presented fairly in all material respects and are provided for information purposes only.

(a) Deferred tax

There is no Thai accounting standard currently effective in relation to accounting for deferred taxes. Whilst not specifically addressed in Thai GAAP, provisions for income taxes of the Group are typically based on corporate income taxes currently payable in the period under the Revenue Code of Thailand. The Group does not, therefore, recognise deferred tax assets and liabilities for the current period.

Under IFRS, provision is made for deferred tax using a balance sheet approach, with deferred tax calculated on temporary differences, being the differences between the tax and the book values of assets and liabilities. The deferred tax charge or credit is the change in the period in deferred tax liabilities and assets. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be fully utilised.

(b) Employee benefits

There is currently no Thai accounting standard in relation to accounting for employee benefits, including termination, retirement and post-retirement benefits. The Group’s primary obligations in respect of employee benefits are contributions on behalf of employees to provident funds and the payment of statutory severance benefits on retirement and terminating employment involuntarily. Severance termination and retirement benefits vary according to various factors, including the employee’s service life and salary. Whilst not specifically addressed in Thai GAAP, contributions are charged as an expense as incurred.

Under IFRS, employee benefits are accounted for in accordance with IAS No. 19 *Employee Benefits*. Accordingly, termination benefits are recognised as a liability and an expense when, and only when, the enterprise is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

Retirement benefits are recognised as a liability, being the net total of the present value of the obligation at the balance sheet date less the fair value of any plan assets and recognised as an expense the net total of current service costs, interest costs, past service costs and any actuarial gains and losses.

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(c) *Financial instruments*

Thai GAAP has certain disclosure requirements for financial instruments, but only limited guidance on the recognition and measurement of financial instruments. The Group has decided not to recognise derivative financial instruments on the balance sheet. However, foreign currency assets and liabilities hedged by these contracts are translated into Thai Baht at exchange rates prevailing on the balance sheet date.

Under IFRS, derivative financial instruments are recognised on the balance sheet as either an asset or a liability initially at cost, which is the fair value of consideration given (in the case of an asset) or received (in the case of a liability). Transaction costs are included in the initial measurement. Subsequent to initial recognition, derivative financial instruments are stated at fair value. Movements in fair values are recognised in the consolidated statement of income.

(d) *Investment in property*

In accordance with Thai GAAP, owned land held to earn rentals is classified as part of property, plant and equipment. This land is carried at a revalued amount less any subsequent accumulated impairment losses. Movements on the revaluation surplus are reflected in equity.

Under IFRS, owned property held to earn rentals is classified as part of investment property. This is covered by IAS No. 40 *Investment Property*. IAS No. 40 allows enterprises to choose either a fair value model or a cost model to measure investment property.

In accordance with the fair value model, an enterprise should measure all of its investment property at its fair value. A gain or loss arising from a change in the fair value of investment property should be included in net profit or loss for the period in which it arises.

In accordance with the cost model, land and buildings held as investment property should be measured at cost less any accumulated impairment losses.

For the purposes of disclosure under IFRS, the Group has adopted the cost model for investment property consisting of both land and buildings. For Thai GAAP, the land has been revalued while the buildings have not.

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2007 and 2006

(e) **Business combination (Goodwill)**

Thai GAAP requires goodwill acquired in business combination to be systematically amortised over its estimated useful life, although its useful life should not exceed 20 years from initial recognition.

Under IFRS, acquired goodwill is measured after initial recognition at cost less any accumulated impairment losses. Therefore, goodwill is not amortised and must be tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

	Consolidated net profit	
	2007	2006
	<i>(in million Baht)</i>	
As reported in these consolidated financial statements under Thai GAAP	10,383	10,055
<i>Add (less) : Thai GAAP/IFRS differences (net of tax effect)</i>		
(a) Deferred tax	107	16
(b) Employee benefits	(60)	(62)
(c) Financial instruments	82	(45)
(d) Investment in property	3	-
(e) Business combination (Goodwill)	29	19
Under IFRS	10,544	9,983

	Consolidated total shareholders' equity	
	2007	2006
	<i>(in million Baht)</i>	
As reported in these consolidated financial statements under Thai GAAP	54,910	52,554
<i>Add (less) : Thai GAAP/IFRS differences (net of tax effect)</i>		
(a) Deferred tax	(636)	(1,429)
(b) Employee benefits	(581)	(521)
(c) Financial instruments	12	(70)
(d) Investment in property	(47)	(51)
(e) Business combination (Goodwill)	102	73
Under IFRS	53,760	50,556

**Thai Beverage Public Company Limited
and its Subsidiaries**

Annual financial statements
and
Audit report of Certified Public Accountant

For the years ended
31 December 2006 and 2005



KPMG Phoomchai Audit Ltd.

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195 South Sathorn Road
Bangkok 10120, Thailand

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Audit Report of Certified Public Accountant

To the shareholders of Thai Beverage Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2006 and 2005, and the related statements of income, changes in shareholders' equity and cash flows for the years then ended of Thai Beverage Public Company Limited and its subsidiaries, and of Thai Beverage Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2006 and 2005 and the results of operations and cash flows for the years then ended of Thai Beverage Public Company Limited and its subsidiaries, and of Thai Beverage Public Company Limited, respectively, in accordance with generally accepted accounting principles.

Disclosure of significant differences between generally accepted accounting principles in Thailand and International Financial Reporting Standards is not a required part of the basic financial statements under generally accepted accounting principles in Thailand, but it is presented in Note 33 to the notes to financial statements for information purposes only. I have not audited or reviewed such information and therefore do not express any audit opinion or review report thereon.

(Nirand Lilamethwat)
Certified Public Accountant
Registration No. 2316

KPMG Phoomchai Audit Ltd.
Bangkok
27 February 2007

Thai Beverage Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2006 and 2005

Assets	Note	Consolidated		The Company	
		2006	2005 (Restated)	2006	2005
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	6	1,919,576,970	3,397,994,012	15,622,582	18,562,884
Current investments		4,358,600	9,999,590	-	-
Trade accounts receivable, net	7	1,317,930,493	1,463,650,900	-	-
Short-term loans to and amounts due from related parties	5	64,334,648	157,680,524	16,536,017,371	15,041,591,940
Inventories, net	8	28,315,158,270	28,747,016,796	-	-
Other current assets	9	1,914,238,542	2,572,998,766	16,988,878	9,556,739
Total current assets		33,535,597,523	36,349,340,588	16,568,628,831	15,069,711,563
Non-current assets					
Investments accounted for using the equity method	10	135,490,042	128,781,575	69,391,025,129	68,045,384,180
Other long-term investments, net	11	3,753,619	4,462,473	-	-
Property, plant and equipment, net	12	49,532,143,469	50,027,842,938	845,926,385	751,334,172
Intangible assets, net	13	355,424,945	513,688,093	12,353,346	8,271,709
Other non-current assets, net	14	2,017,102,446	112,912,559	357,128,650	68,000
Total non-current assets		52,043,914,521	50,787,687,638	70,606,433,510	68,805,058,061
Total assets	4	85,579,512,044	87,137,028,226	87,175,062,341	83,874,769,624

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

Thai Beverage Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2006 and 2005

Liabilities and shareholders' equity	Note	Consolidated		The Company	
		2006	2005 (Restated)	2006	2005
<i>(in Baht)</i>					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	15	6,753,305,295	40,158,625,134	3,029,559,265	36,600,000,000
Trade accounts payable	16	2,275,670,644	1,691,136,338	-	-
Short-term guaranteed bonds	15	2,200,000,000	-	2,200,000,000	-
Current portion of long-term guaranteed bonds	15	2,300,000,000	-	2,300,000,000	-
Current portion of long-term loans	15	1,500,000,000	1,086,600,000	1,500,000,000	-
Short-term loans from and amounts due to related parties	5	4,837,787,398	4,164,857,315	17,457,028,757	15,610,981,855
Income tax payable		2,180,870,323	2,528,980,543	47,791,738	97,049,614
Other current liabilities	17	4,103,314,358	5,597,963,143	394,209,562	186,751,240
Total current liabilities		26,150,948,018	55,228,162,473	26,928,589,322	52,494,782,709
Non-current liabilities					
Long-term guaranteed bonds	15	3,000,000,000	-	3,000,000,000	-
Long-term loans from financial institutions	15	3,755,000,000	-	3,755,000,000	-
Excess of share losses over costs of investments	10	-	-	937,917,181	677,227
Other non-current liabilities		120,008,188	194,362,158	-	13,281,250
Total non-current liabilities		6,875,008,188	194,362,158	7,692,917,181	13,958,477
Total liabilities	4	33,025,956,206	55,422,524,631	34,621,506,503	52,508,741,186
Shareholders' equity					
Share capital	18				
Authorised share capital		29,000,000,000	29,000,000,000	29,000,000,000	29,000,000,000
Issued and paid-up share capital		25,110,025,000	22,000,000,000	25,110,025,000	22,000,000,000
Difference arising from common control transactions	4	(17,141,406,365)	(15,630,789,676)	(17,141,406,365)	(15,979,264,833)
Reserves	19				
Share premium		17,215,736,603	-	17,215,736,603	-
Currency translation changes		(19,508,334)	(5,341,471)	(19,508,334)	(5,341,471)
Fair value changes and revaluation surpluses		6,586,263,579	6,584,735,444	6,586,263,579	6,584,735,444
Retained earnings					
Appropriated - legal reserve	19	1,700,000,000	1,110,000,000	1,700,000,000	1,110,000,000
Unappropriated		19,102,445,355	17,655,899,298	19,102,445,355	17,655,899,298
Total shareholders' equity	4	52,553,555,838	31,714,503,595	52,553,555,838	31,366,028,438
Total liabilities and shareholders' equity		85,579,512,044	87,137,028,226	87,175,062,341	83,874,769,624

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

Thai Beverage Public Company Limited and its Subsidiaries

Statements of income

For the years ended 31 December 2006 and 2005

	Note	Consolidated		The Company	
		2006	2005 (Restated)	2006	2005
<i>(in Baht)</i>					
Revenues	5				
Revenue from sales		97,797,921,895	94,903,412,262	-	-
Interest income		56,452,361	71,522,742	858,621,337	616,562,118
Management fees		-	-	3,432,470,973	2,349,829,494
Other income	21	77,938,829	193,261,442	4,873,832	2,026,646
Share of profits from investments accounted for using the equity method		23,684,083	22,035,776	9,128,590,784	9,812,306,781
Total revenues		97,955,997,168	95,190,232,222	13,424,556,926	12,780,725,039
Expenses	5				
Cost of sales		69,325,121,958	65,187,736,555	-	-
Selling and administrative expenses	22	12,684,556,582	13,180,252,286	943,322,290	722,625,339
Total expenses		82,009,678,540	78,367,988,841	943,322,290	722,625,339
Profit before interest and income tax expenses		15,946,318,628	16,822,243,381	12,481,234,636	12,058,099,700
Interest expense		1,568,651,172	1,741,805,230	2,253,267,473	1,775,183,024
Income tax expense		4,322,890,312	4,743,184,044	149,318,356	150,137,320
Net profit	4	10,054,777,144	10,337,254,107	10,078,648,807	10,132,779,356
Basic earnings per share	4, 24	0.42	0.47	0.42	0.46

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

Thai Beverage Public Company Limited and its Subsidiaries
Statements of changes in shareholders' equity
For the years ended 31 December 2006 and 2005

	Note	Consolidated (2005 : Restated)						Total shareholders' equity	
		Issued and paid-up share capital	Difference arising from common control transactions	Share premium	Retained earnings				
					Reserve	Currency translation changes	Fair value changes and revaluation surpluses		Legal reserve
Balance at 1 January 2005		22,000,000,000	(6,218,164,735)	-	(2,980)	6,699,299,782	2,500,000	11,270,619,942	33,754,252,009
Changes in shareholders' equity for 2005						(in Baht)			
Surplus on property revaluation	19	-	-	-	-	(114,483,767)	-	-	(114,483,767)
Unrealised loss on investment		-	-	-	-	(80,571)	-	-	(80,571)
Currency translation changes		-	(17,693,932)	-	(5,338,491)	-	-	-	(23,032,423)
Net expense recognised directly in shareholders' equity		-	(17,693,932)	-	(5,338,491)	(114,564,338)	-	-	(137,596,761)
Net profit	4	-	204,474,751	-	-	-	-	10,132,779,356	10,337,254,107
Total recognised income and expense		-	186,780,819	-	(5,338,491)	(114,564,338)	-	10,132,779,356	10,199,657,346
Consideration paid to shareholders of subsidiaries for the common control transactions	4	-	(9,645,998,710)	-	-	-	-	-	(9,645,998,710)
Increase in share capital in subsidiaries before business restructuring	4	-	46,592,950	-	-	-	-	-	46,592,950
Legal reserve		-	-	-	-	-	1,107,500,000	(1,107,500,000)	-
Dividends		-	-	-	-	-	-	(2,640,000,000)	(2,640,000,000)
Balance at 31 December 2005		22,000,000,000	(15,630,789,676)	-	(5,341,471)	6,584,735,444	1,110,000,000	17,655,899,298	31,714,503,595
Changes in shareholders' equity for 2006									
Surplus on property revaluation		-	-	-	-	1,528,135	-	-	1,528,135
Currency translation changes		-	(8,543,855)	-	(14,166,863)	-	-	-	(22,710,718)
Net expense recognised directly in shareholders' equity		-	(8,543,855)	-	(14,166,863)	1,528,135	-	-	(21,182,583)
Net profit		-	(23,871,663)	-	-	-	-	10,078,648,807	10,054,777,144
Total recognised income and expense		-	(32,415,518)	-	(14,166,863)	1,528,135	-	10,078,648,807	10,033,594,561
Consideration paid to shareholders of subsidiaries for the common control transactions	4	-	(1,505,240,976)	-	-	-	-	-	(1,505,240,976)
Increase in share capital in subsidiaries before business restructuring	4	-	27,039,805	-	-	-	-	-	27,039,805
Legal reserve		-	-	-	-	-	590,000,000	(590,000,000)	-
Dividends	26	-	-	-	-	-	-	(8,042,102,750)	(8,042,102,750)
Issue of share capital	18	3,110,025,000	-	17,215,736,603	-	-	-	-	20,325,761,603
Balance at 31 December 2006		25,110,025,000	(17,141,406,365)	17,215,736,603	(19,508,334)	6,586,263,579	1,700,000,000	19,102,445,355	52,553,555,838

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

Thai Beverage Public Company Limited and its Subsidiaries

Statements of changes in shareholders' equity

For the years ended 31 December 2006 and 2005

	Note	The Company					Total shareholders' equity		
		Issued and paid-up share capital	Difference arising from common control transactions	Share premium	Reserves	Retained earnings			
					Currency translation changes	Fair value changes and revaluation surpluses	Legal reserve	Unappropriated	
						(in Baht)			
Balance at 1 January 2005		22,000,000,000	(9,652,618,122)	-	(2,980)	6,699,299,782	2,500,000	11,270,619,942	30,319,798,622
Changes in shareholders' equity for 2005									
Surplus on property revaluation	19	-	-	-	-	(114,483,767)	-	-	(114,483,767)
Unrealised loss on investment		-	-	-	-	(80,571)	-	-	(80,571)
Currency translation changes		-	-	-	(5,338,491)	-	-	-	(5,338,491)
Net expense recognised directly in shareholders' equity		-	-	-	(5,338,491)	(114,564,338)	-	-	(119,902,829)
Net profit		-	-	-	-	-	-	10,132,779,356	10,132,779,356
Total recognised income and expense		-	-	-	(5,338,491)	(114,564,338)	-	10,132,779,356	10,012,876,527
Difference arising from common control transactions	4	-	(6,326,646,711)	-	-	-	-	(1,107,500,000)	(6,326,646,711)
Legal reserve		-	-	-	-	-	1,107,500,000	-	-
Dividends		-	-	-	-	-	-	(2,640,000,000)	(2,640,000,000)
Balance at 31 December 2005		22,000,000,000	(15,979,264,833)	-	(5,341,471)	6,584,735,444	1,110,000,000	17,655,899,298	31,366,028,438
Changes in shareholders' equity for 2006									
Surplus on property revaluation	19	-	-	-	-	1,528,135	-	-	1,528,135
Currency translation changes		-	-	-	(14,166,863)	-	-	-	(14,166,863)
Net expense recognised directly in shareholders' equity		-	-	-	(14,166,863)	1,528,135	-	-	(12,638,728)
Net profit		-	-	-	-	-	-	10,078,648,807	10,078,648,807
Total recognised income and expense		-	-	-	(14,166,863)	1,528,135	-	10,078,648,807	10,066,010,079
Difference arising from common control transactions		-	(1,162,141,532)	-	-	-	-	-	(1,162,141,532)
Legal reserve		-	-	-	-	-	590,000,000	(590,000,000)	-
Dividends	26	-	-	-	-	-	-	(8,042,102,750)	(8,042,102,750)
Issue of share capital	18	3,110,025,000	-	17,215,736,603	-	-	-	-	20,325,761,603
Balance at 31 December 2006		25,110,025,000	(17,141,406,365)	17,215,736,603	(19,508,334)	6,586,263,579	1,700,000,000	19,102,445,355	52,553,555,838

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

Thai Beverage Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2006 and 2005

	Note	Consolidated		The Company	
		2006	2005 (Restated)	2006	2005
<i>(in Baht)</i>					
Cash flows from operating activities					
Net profit		10,054,777,144	10,337,254,107	10,078,648,807	10,132,779,356
<i>Adjustments for</i>					
Depreciation and amortisation		4,652,102,246	4,432,147,625	24,071,862	7,837,319
Interest income		(56,452,361)	(71,522,742)	(858,621,337)	(616,562,118)
Interest expense		1,568,651,172	1,741,805,230	2,253,267,473	1,775,183,024
Amortisation of advance payments to a specialist		50,000,000	70,833,333	9,375,000	13,281,250
Allowance for obsolete inventories		354,960,794	179,217,640	-	-
Allowance for impairment loss on equipment		-	921,096	-	-
Loss on sale and disposal of property, plant and equipment		4,734,397	80,027,724	50,309	-
Unrealised loss on exchange rate		11,720,775	15,879,762	16,321,434	-
Loss on sale of investment		708,828	3,465,809	-	-
Allowance for decline in value of investments		-	(1,135,640)	-	-
Share of profits from investments accounted for using the equity method		(23,684,083)	(22,035,776)	(9,128,590,784)	(9,812,306,781)
Income tax expense		4,322,890,312	4,743,184,044	149,318,356	150,137,320
		<u>20,940,409,224</u>	<u>21,510,042,212</u>	<u>2,543,841,120</u>	<u>1,650,349,370</u>
Changes in operating assets and liabilities					
Trade accounts receivable		143,293,100	209,688,035	-	-
Amounts due from related parties		36,148,778	5,031,748,818	(354,909,409)	(880,381,965)
Inventories		76,897,733	4,538,613,438	-	-
Other current assets		657,219,479	963,126,112	(7,432,139)	(9,331,464)
Trade accounts payable		583,226,076	(320,059,744)	-	-
Amounts due to related parties		46,080,798	(229,335,116)	5,885,734	7,509,246
Other current liabilities		(1,637,370,959)	2,053,429,124	60,617,406	105,665,053
Other non-current liabilities		(3,520,637)	(25,705,031)	-	-
Advance payments to a specialist	28	(2,000,000,000)	-	(375,000,000)	-
Income taxes paid		(4,671,000,532)	(5,164,843,709)	(198,576,232)	(62,476,074)
Net cash provided by operating activities		<u>14,171,383,060</u>	<u>28,566,704,139</u>	<u>1,674,426,480</u>	<u>811,334,166</u>

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

Thai Beverage Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2006 and 2005

	Note	Consolidated		The Company	
		2006	2005 (Restated)	2006	2005
<i>(in Baht)</i>					
Cash flows from investing activities					
Interest received		58,093,432	69,514,872	847,583,522	573,221,540
Dividends received		16,975,616	23,385,005	8,055,408,868	5,235,676,477
Current investments		5,640,990	(8,469,902)	-	-
Short-term loans to related parties		40,850,000	376,838,008	(1,144,799,640)	1,656,000,000
Investments accounted for using the equity method		-	-	(509,999,340)	(535,046,490)
Consideration paid to shareholders of subsidiaries for the common control transactions		(1,505,240,976)	(9,645,998,710)	-	(9,619,911,346)
Increase in share capital in subsidiaries before business restructuring		27,039,805	46,592,950	-	-
Sale of long-term investments		26	1,111,381,960	-	-
Purchase of property, plant and equipment		(4,038,539,449)	(7,302,013,424)	(111,780,397)	(68,425,187)
Sale of property, plant and equipment		50,253,932	581,007,562	58,906	-
Purchase of intangible assets		(13,060,373)	(73,555,660)	(6,666,764)	(8,206,360)
Other non-current assets		(25,023,220)	9,626,623	(4,716,900)	(68,000)
Net cash provided by (used in) investing activities		(5,383,010,217)	(14,811,690,716)	7,125,088,255	(2,766,759,366)
Cash flows from financing activities					
Interest paid		(1,420,545,600)	(1,741,800,683)	(2,086,173,156)	(1,731,616,587)
Dividends paid	26	(8,042,102,750)	(2,640,000,000)	(8,042,102,750)	(2,640,000,000)
Bank overdrafts and short-term loans from financial institutions		(33,405,319,840)	(5,223,957,520)	(33,570,440,734)	(1,528,565,682)
Proceeds from short-term guaranteed bonds		4,700,000,000	-	4,700,000,000	-
Repayment of short-term guaranteed bonds		(2,500,000,000)	-	(2,500,000,000)	-
Short-term loans from related parties		629,727,420	(514,822,212)	1,815,500,000	7,856,400,000
Proceeds from long-term guaranteed bonds		5,300,000,000	-	5,300,000,000	-
Proceeds from long-term loans from financial institutions		26,600,000,000	-	26,600,000,000	-
Repayment of long-term loans from financial institutions		(22,431,600,000)	(1,320,000,000)	(21,345,000,000)	-
Proceeds from issue of shares	18	20,325,761,603	-	20,325,761,603	-
Net cash provided by (used in) financing activities		(10,244,079,167)	(11,440,580,415)	(8,802,455,037)	1,956,217,731
Currency translation changes	19	(22,710,718)	(23,032,423)	-	-
Net increase (decrease) in cash and cash equivalents		(1,478,417,042)	2,291,400,585	(2,940,302)	792,531
Cash and cash equivalents at beginning of year		3,397,994,012	1,106,593,427	18,562,884	17,770,353
Cash and cash equivalents at end of year	6	1,919,576,970	3,397,994,012	15,622,582	18,562,884

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

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2006 and 2005

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5	Related party transactions and balances
6	Cash and cash equivalents
7	Trade accounts receivable
8	Inventories
9	Other current assets
10	Investments accounted for using the equity method
11	Other long-term investments
12	Property, plant and equipment
13	Intangible assets
14	Other non-current assets
15	Interest-bearing liabilities
16	Trade accounts payable
17	Other current liabilities
18	Share capital
19	Reserves
20	Segmental information
21	Other income
22	Selling and administrative expenses
23	Personnel expenses
24	Earnings per share
25	Promotional privileges
26	Dividends
27	Financial instruments
28	Commitments
29	Litigation
30	Events after the balance sheet date
31	Reclassification of accounts
32	New and revised accounting standards not yet adopted
33	Significant differences between Thai GAAP and IFRS

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2006 and 2005

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 27 February 2007.

1 General information

Thai Beverage Public Company Limited, the “Company”, is incorporated and registered as a public company in Thailand on 29 October 2003. The registered office of the Company is at 14 Vibhavadi Rangsit Road, Chomphon, Chatuchak, Bangkok.

The Company was listed on the Singapore Exchange Securities Trading Limited (SGX-ST) in May 2006.

The principal activities of the Company and its subsidiaries are the production, distribution and marketing of alcoholic and non-alcoholic beverages, industrial alcohol and other by-products. Details of the Company’s subsidiaries are as follows:

	Type of business	Country of incorporation	Ownership interest	
			2006	2005
(%)				
<i>Direct subsidiaries</i>				
1. Beer Thai (1991) PCL.	Beer brewery	Thailand	100.00	100.00
2. Beer Thip Brewery (1991) Co., Ltd.	Beer brewery	Thailand	100.00	100.00
3. Sangsom Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
4. Fuengfuanant Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
5. Mongkolsamai Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
6. Thanapakdi Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
7. Kanchanasing Korn Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
8. Sura Bangyikhan Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
9. Athimart Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
10. S.S. Karnsura Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
11. Kankwan Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
12. Theparunothai Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
13. Red Bull Distillery (1988) Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
14. United Winery and Distillery Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
15. Simathurakij Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
16. Nateechai Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
17. Luckchai Liquor Trading Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
18. Sura Piset Thipparat Co., Ltd.*	Spirits distillery	Thailand	100.00	100.00
19. Thai Alcohol PCL.	Alcohol distillery	Thailand	100.00	100.00
20. Pomthip Co., Ltd.	Beer distributor	Thailand	100.00	100.00
21. Pomkit Co., Ltd.	Beer distributor	Thailand	100.00	100.00
22. Pomkung Co., Ltd.	Beer distributor	Thailand	100.00	100.00
23. Pomchok Co., Ltd.	Beer distributor	Thailand	100.00	100.00
24. Pomcharoen Co., Ltd.	Beer distributor	Thailand	100.00	100.00
25. Pomburapa Co., Ltd.	Beer distributor	Thailand	100.00	100.00
26. Num Yuk Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
27. Num Kijjakarn Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
28. Num Palang Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
29. Num Muang Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
30. Num Nakorn Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
31. Num Thurakij Co., Ltd.	Spirits distributor	Thailand	100.00	100.00

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	Type of business	Country of incorporation	Ownership interest	
			2006	2005
			(%)	
32. Thipchalothorn Co., Ltd.	Beer and sprits agency	Thailand	100.00	100.00
33. Krittayabun Co., Ltd.	Beer and sprits agency	Thailand	100.00	100.00
34. Surathip Co., Ltd.	Spirits agency	Thailand	100.00	100.00
35. Sunthronpirom Co., Ltd.	Spirits agency	Thailand	100.00	100.00
36. Piromsurang Co., Ltd.	Spirits agency	Thailand	100.00	100.00
37. Bionic Humus Co., Ltd.	Trading of fertilizer	Thailand	100.00	100.00
38. Maharas Agri Co., Ltd.	Japanese rice farming	Thailand	100.00	100.00
39. Thai Molasses Co., Ltd.	Trading of molasses	Thailand	99.72	99.72
40. Additive Food Co., Ltd.	Trading of feeds	Thailand	100.00	100.00
41. Pan International (Thailand) Co., Ltd.	Trading of equipment and supplies	Thailand	100.00	100.00
42. Charun Business 52 Co., Ltd.	Brick producer	Thailand	100.00	100.00
43. Thai Cooperage Co., Ltd.	Oak barrel producer	Thailand	100.00	100.00
44. Bang-Na Logistic Co., Ltd.	Trading of bottles	Thailand	100.00	100.00
45. Sahatipkarnkonsong Co., Ltd.	Transportation	Thailand	100.00	100.00
46. Thai Beverage Marketing Co., Ltd.	Import and export spirits for trading/ international marketing	Thailand	100.00	100.00
47. Dhanasindhi Co., Ltd.	Construction	Thailand	100.00	100.00
48. Dhospaak Co., Ltd.	Advertising agency	Thailand	100.00	100.00
49. International Beverage Holdings Ltd.	Holding company	Hong Kong	100.00	100.00
50. Cosmos Brewery (Thailand) Co., Ltd. **	Beer brewery	Thailand	100.00	100.00
51. T.C.C. Cosmo Corporation Ltd. **	Trademark holding	Thailand	100.00	100.00
52. Beer Chang Co., Ltd. **	Trademark holding and production of concentrate materials	Thailand	100.00	100.00
53. Archa Beer Co., Ltd. **	Trademark holding and production of concentrate materials	Thailand	100.00	100.00
Indirect subsidiaries				
54. Thai Thum Distillery Co., Ltd. #	Trading of spirits	Thailand	99.90	99.90
55. Sura Piset Sahasan Co., Ltd. #	Production and distribution of spirits	Thailand	100.00	100.00
56. Sura Piset Sampan Co., Ltd. #	Production and distribution of spirits	Thailand	100.00	100.00
57. Sura Piset Phatra Lanna Co., Ltd. #	Production and distribution of spirits	Thailand	100.00	100.00
58. Muangkij Co., Ltd. #	Import of oak woods	Thailand	100.00	100.00
59. Sint Ek Panich Co., Ltd. #	Mining	Thailand	100.00	100.00
60. Pan Alcohol Co., Ltd. #	Production and distribution of vinegar	Thailand	100.00	100.00
61. Bangien Agriculture Co., Ltd. #	Agriculture	Thailand	100.00	100.00
62. Vitayathan Co., Ltd.	Environmental public relations	Thailand	100.00	100.00
63. InterBev (Singapore) Limited	Trading of alcoholic beverages	Singapore	100.00	100.00
64. InterBev (Cambodia) Co., Ltd.	Trading of alcoholic beverages	Cambodia	100.00	-
65. InterBev Malaysia Sdn. Bhd.	Trading of alcoholic beverages	Malaysia	100.00	-
66. InterBev USA Inc.	Trading of alcoholic beverages	United States of America	100.00	-
67. Best Spirits Company Limited***	Trading of alcoholic beverages	Hong Kong	100.00	-
68. Pacific Spirits (UK) Limited***	Holding company	United Kingdom	100.00	-

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
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	Type of business	Country of incorporation	Ownership interest	
			2006	2005
			(%)	
<i>Subsidiaries of indirect subsidiaries****</i>				
69. Blaimhor Limited	Production and distribution of spirits	United Kingdom	100.00	-
70. Inver House Distillers Limited	Production and distribution of spirits	United Kingdom	100.00	-
71. Blaimhor Distillers Limited	Spirits distillery	United Kingdom	100.00	-
72. Wee Beastie Limited	Trading of alcoholic beverages	United Kingdom	100.00	-
73. Speyburn-Glenlivet Distillery Company Limited #	Dormant	United Kingdom	100.00	-
74. The Knockdhu Distillery Company Limited #	Dormant	United Kingdom	100.00	-
75. The Pulteney Distillery Company Limited #	Dormant	United Kingdom	100.00	-
76. The Balblair Distillery Company Limited #	Dormant	United Kingdom	100.00	-
77. R. Carmichael & Sons Limited #	Dormant	United Kingdom	100.00	-
78. J MacArthur Junior & Company Limited #	Dormant	United Kingdom	100.00	-
79. Mason & Summers Limited #	Dormant	United Kingdom	100.00	-
80. Hankey Bannister Limited #	Dormant	United Kingdom	100.00	-
81. James Catto & Company Limited #	Dormant	United Kingdom	100.00	-
82. Glen Calder Blenders Limited #	Dormant	United Kingdom	100.00	-
83. Moffat & Towers Limited # (Formerly: Blaimhor Blender Limited)	Dormant	United Kingdom	100.00	-
<i>Associates of indirect subsidiaries*****</i>				
84. Liquorland Limited	Off licences	United Kingdom	49.00	-
85. Inver House Polska Limited #	Spirits distillery	Poland	40.00	-
86. Inver House Distribution SA #	Spirits distillery	France	50.00	-

* These subsidiaries were changed from indirect subsidiaries to direct subsidiaries in 2006.

** These subsidiaries were transferred from ultimate controlling shareholder controlled the business to the Company in 2005.

*** These subsidiaries were transferred from ultimate controlling shareholder controlled the business to the Company in 2006.

**** Subsidiaries of Pacific Spirits (UK) Limited

***** Associates of Pacific Spirits (UK) Limited

These are currently non-trading.

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2006 and 2005

2 Basis of preparation of the financial statements

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with generally accepted accounting principles in Thailand.

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest million, unless otherwise stated. They are prepared on the historical cost basis except for the following assets which are stated at fair value: land and investments in available-for-sale securities.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

3 Significant 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 interest in associates.

Significant intra-group transactions between the Company and its subsidiaries are eliminated on consolidation.

Subsidiaries

Subsidiaries are those companies controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company 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.

Associates

Associates are those companies in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group’s share of the total recognised gains and losses of associates on an equity accounted basis, 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 associate, the Group’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Thai Beverage Public Company Limited and its Subsidiaries
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Business combinations

Business combinations involving businesses under common control have been accounted for in a manner similar to a pooling of interests, whereby the assets, liabilities and contingent liabilities transferred have been accounted for at book values.

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

(b) Foreign currencies

Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

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

Foreign entities

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

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

Foreign exchange differences arising on translation are recognised in a separate component of equity until disposal of the investments.

(c) Derivative financial instruments

Forward exchange contracts are treated as off-balance sheet items.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) Trade and other accounts receivable

Trade and other accounts receivables (including balances with related parties) 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.