

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

Annual financial statements  
and  
Audit report of Certified Public Accountant

For the years ended  
31 December 2011 and 2010



**KPMG Phoomchai Audit Ltd.**

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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 statements of financial position as at 31 December 2011 and 2010, and the related statements of income and comprehensive income, changes in 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 audit 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 2011 and 2010 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 Financial Reporting Standards in Thailand.

As explained in notes 2 and 4 to the financial statements, with effect from 1 January 2011 the Company has adopted certain new and revised financial reporting standards and early-adopted Thai Financial Reporting Standard TAS 12 Income Taxes. The consolidated and separate financial statements for the year ended 31 December 2010 have been restated accordingly.

(Nittaya Chetchotiros)  
Certified Public Accountant  
Registration No. 4439

KPMG Phoomchai Audit Ltd.  
Bangkok  
28 February 2012

# Thai Beverage Public Company Limited and its Subsidiaries

## Statements of financial position

As at 31 December 2011 and 2010

Assets	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
<i>(in Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents	8	3,442,422,619	3,358,696,022	11,187,992	22,849,120
Current investments	9	12,803,522	795,459	-	-
Trade accounts receivable	7, 10	3,618,526,367	1,921,770,225	-	-
Other receivables	11	962,737,424	293,960,263	12,255,732	12,124,788
Short-term loans to and other receivables from related parties	7	2,289,737,843	790,866,676	15,237,613,199	2,370,666,238
Inventories	12	31,645,700,715	27,146,320,485	-	-
Other current assets		4,297,832,545	1,676,711,805	17,671,516	6,776,762
<b>Total current assets</b>		<b>46,269,761,035</b>	<b>35,189,120,935</b>	<b>15,278,728,439</b>	<b>2,412,416,908</b>
<b>Non-current assets</b>					
Available-for-sale investments	9	73,132,260	-	-	-
Investments in subsidiaries	13	-	-	80,189,701,542	80,047,424,542
Investments in associates	14	149,161,455	122,755,082	-	-
Other long-term investments	9	66,884,774	13,797,886	-	-
Long-term loans to and other receivables from related parties	7	53,460,732	39,405,277	645,565,026	2,502,181,738
Investment properties	15	678,274,253	786,323,452	-	-
Property, plant and equipment	16	42,672,615,052	35,113,743,385	52,799,296	47,129,294
Goodwill	17	7,158,840,161	3,049,309,616	-	-
Other intangible assets	18	271,363,047	152,404,565	14,318,248	24,042,689
Leasehold rights	19	191,671,594	194,091,836	-	-
Deferred tax assets	20	341,087,881	387,102,949	30,840,315	3,671,151
Other non-current assets	21	1,965,366,581	1,985,425,605	305,917,936	314,936,650
<b>Total non-current assets</b>		<b>53,621,857,790</b>	<b>41,844,359,653</b>	<b>81,239,142,363</b>	<b>82,939,386,064</b>
<b>Total assets</b>		<b>99,891,618,825</b>	<b>77,033,480,588</b>	<b>96,517,870,802</b>	<b>85,351,802,972</b>

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

# Thai Beverage Public Company Limited and its Subsidiaries

## Statements of financial position

As at 31 December 2011 and 2010

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	22	5,226,897,105	6,262,242,793	3,500,000,000	5,000,000,000
Trade accounts payable	7, 23	5,297,250,236	3,757,164,726	-	-
Other payables	24	3,756,488,768	2,355,050,743	153,597,117	81,788,587
Current portion of long-term loans					
from financial institutions	22	1,800,000,000	2,500,000,000	1,200,000,000	2,500,000,000
Short-term loans from and					
other payables to related parties	7, 22	145,911,355	163,275,883	8,924,329,506	6,083,425,215
Income tax payable		2,925,761,074	2,225,876,373	50,791,448	144,375,369
Short-term provisions		44,958,407	-	-	-
Other current liabilities		2,112,480,620	1,104,386,768	62,457,965	62,444,852
<b>Total current liabilities</b>		<b>21,309,747,565</b>	<b>18,367,997,286</b>	<b>13,891,176,036</b>	<b>13,872,034,023</b>
<b>Non-current liabilities</b>					
Long-term loans from and					
other payables to related parties	7, 22	448,693	285,526	10,528,000,000	10,402,800,000
Long-term loans from					
financial institutions	22	11,200,000,000	600,000,000	11,200,000,000	-
Deferred tax liabilities	20	1,299,035,768	1,081,010,904	-	-
Employee benefit obligations	25	2,340,531,896	-	139,313,483	-
Other non-current liabilities		224,915,470	103,702,329	-	-
<b>Total non-current liabilities</b>		<b>15,064,931,827</b>	<b>1,784,998,759</b>	<b>21,867,313,483</b>	<b>10,402,800,000</b>
<b>Total liabilities</b>		<b>36,374,679,392</b>	<b>20,152,996,045</b>	<b>35,758,489,519</b>	<b>24,274,834,023</b>

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

# Thai Beverage Public Company Limited and its Subsidiaries

## Statements of financial position

As at 31 December 2011 and 2010

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
<i>(in Baht)</i>					
<b>Equity</b>					
Share capital:	26				
Authorised share capital		<u>29,000,000,000</u>	<u>29,000,000,000</u>	<u>29,000,000,000</u>	<u>29,000,000,000</u>
Issued and paid-up share capital		25,110,025,000	25,110,025,000	25,110,025,000	25,110,025,000
Difference arising from common control transactions	6	(19,732,320,907)	(19,732,320,907)	-	-
Premium on ordinary shares	27	17,215,736,603	17,215,736,603	17,215,736,603	17,215,736,603
Retained earnings:					
Appropriated - legal reserve	27	2,900,000,000	2,900,000,000	2,900,000,000	2,900,000,000
Unappropriated		33,203,551,282	30,472,307,286	15,533,619,680	15,851,207,346
Other components of equity	27	<u>1,300,857,497</u>	<u>632,129,219</u>	<u>-</u>	<u>-</u>
<b>Equity attributable to owners of the Company</b>		<b><u>59,997,849,475</u></b>	<b><u>56,597,877,201</u></b>	<b><u>60,759,381,283</u></b>	<b><u>61,076,968,949</u></b>
Non-controlling interests	6	<u>3,519,089,958</u>	<u>282,607,342</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<b><u>63,516,939,433</u></b>	<b><u>56,880,484,543</u></b>	<b><u>60,759,381,283</u></b>	<b><u>61,076,968,949</u></b>
<b>Total liabilities and equity</b>		<b><u>99,891,618,825</u></b>	<b><u>77,033,480,588</u></b>	<b><u>96,517,870,802</u></b>	<b><u>85,351,802,972</u></b>

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 2011 and 2010

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010 (Restated)	2011	2010 (Restated)
		(in Baht)			
<b>Income</b>	7, 28				
Revenue from sale of goods	36	132,186,529,415	120,471,765,751	-	-
Management fees		-	-	3,083,243,209	2,903,484,765
Dividends	13	-	-	8,117,842,575	8,289,511,707
Interest income		37,554,172	12,672,997	373,120,179	252,462,454
Other income	29	760,784,133	341,706,701	7,027,853	58,083,605
<b>Total income</b>		<b>132,984,867,720</b>	<b>120,826,145,449</b>	<b>11,581,233,816</b>	<b>11,503,542,531</b>
<b>Expenses</b>	7, 28, 33				
Cost of sale of goods		97,341,946,738	89,825,190,090	-	-
Cost of rendering of services		-	-	1,168,965,942	935,658,232
Selling expenses	30	8,279,274,990	6,973,295,816	-	-
Administrative expenses	31	9,066,158,902	8,974,478,467	390,546,906	393,555,355
Net loss from floods	3	160,276,539	-	-	-
Finance costs	34	454,770,186	258,712,073	1,191,468,009	950,846,638
<b>Total expenses</b>		<b>115,302,427,355</b>	<b>106,031,676,446</b>	<b>2,750,980,857</b>	<b>2,280,060,225</b>
Share of profit (loss) of associates, net of income tax	14	(231,161,506)	10,422,725	-	-
<b>Profit before income tax expense</b>		<b>17,451,278,859</b>	<b>14,804,891,728</b>	<b>8,830,252,959</b>	<b>9,223,482,306</b>
Income tax expense	35	(5,467,002,341)	(4,146,316,184)	(271,077,866)	(294,933,121)
<b>Profit for the year</b>		<b>11,984,276,518</b>	<b>10,658,575,544</b>	<b>8,559,175,093</b>	<b>8,928,549,185</b>
<b>Profit attributable to:</b>					
Owners of the Company		12,042,388,442	10,550,513,384	8,559,175,093	8,928,549,185
Non-controlling interests		(58,111,924)	108,062,160	-	-
<b>Profit for the year</b>		<b>11,984,276,518</b>	<b>10,658,575,544</b>	<b>8,559,175,093</b>	<b>8,928,549,185</b>
<b>Basic earnings per share</b>	37	<b>0.48</b>	<b>0.42</b>	<b>0.34</b>	<b>0.36</b>

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

## Thai Beverage Public Company Limited and its Subsidiaries

### Statements of comprehensive income

For the years ended 31 December 2011 and 2010

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2011	2010 (Restated)	2011	2010 (Restated)
<i>(in Baht)</i>					
<b>Profit for the year</b>		<b>11,984,276,518</b>	<b>10,658,575,544</b>	<b>8,559,175,093</b>	<b>8,928,549,185</b>
<b>Other comprehensive income</b>					
Foreign currency translation differences for foreign operations		291,896,729	(591,995,956)	-	-
Revaluation of property, plant and equipment	16	46,074,269	-	-	-
Defined benefit plan actuarial gains (losses)	25	(22,148,414)	-	35,387,307	-
Net change in fair value of available-for-sale investments		2,344,355	-	-	-
Income tax on other comprehensive income	35	709,136,221	-	(7,077,462)	-
<b>Other comprehensive income for the year, net of income tax</b>		<b>1,027,303,160</b>	<b>(591,995,956)</b>	<b>28,309,845</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>13,011,579,678</b>	<b>10,066,579,588</b>	<b>8,587,484,938</b>	<b>8,928,549,185</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		12,919,640,199	9,958,517,428	8,587,484,938	8,928,549,185
Non-controlling interests		91,939,479	108,062,160	-	-
<b>Total comprehensive income for the year</b>		<b>13,011,579,678</b>	<b>10,066,579,588</b>	<b>8,587,484,938</b>	<b>8,928,549,185</b>

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

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

**Statements of changes in equity**

For the years ended 31 December 2011 and 2010

Consolidated financial statements (Restated)													
Note	Retained earnings					Other components of equity					Equity attributable to owners of the Company	Non-controlling interests	Total equity
	Issued and paid-up share capital	Difference arising from common control transactions	Ordinary share premium	Legal reserve	Unappropriated	Currency translation differences	Revaluation surplus	Fair value changes in available-for-sale investments	Total other components of equity				
(in Baht)													
<b>Balance at 1 January 2010</b>													
- as reported	25,110,025,000	(19,732,233,059)	17,215,736,603	2,900,000,000	27,785,867,220	(1,331,393,075)	4,262,882,677	-	2,931,489,602	56,210,885,366	232,695,379	56,443,580,745	
Impact of changes in accounting policies	4	-	-	-	422,234,932	-	(1,707,364,427)	-	(1,707,364,427)	(1,285,129,495)	(419,265)	(1,285,548,760)	
<b>Balance at 1 January 2010 - restated</b>	<b>25,110,025,000</b>	<b>(19,732,233,059)</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>28,208,102,152</b>	<b>(1,331,393,075)</b>	<b>2,555,518,250</b>	<b>-</b>	<b>1,224,125,175</b>	<b>54,925,755,871</b>	<b>232,276,114</b>	<b>55,158,031,985</b>	
<b>Transactions with owners, recorded directly in equity</b>													
Dividends to owners of the Company	38	-	-	-	(8,286,308,250)	-	-	-	-	(8,286,308,250)	(67,452,521)	(8,353,760,771)	
Acquisition of non-controlling interests without a change in control		-	(87,848)	-	-	-	-	-	-	(87,848)	9,721,589	9,633,741	
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>(87,848)</b>	<b>-</b>	<b>(8,286,308,250)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,286,396,098)</b>	<b>(57,730,932)</b>	<b>(8,344,127,030)</b>	
<b>Comprehensive income for the year</b>													
Profit		-	-	-	10,550,513,384	-	-	-	-	10,550,513,384	108,062,160	10,658,575,544	
Other comprehensive income		-	-	-	-	(591,995,956)	-	-	(591,995,956)	(591,995,956)	-	(591,995,956)	
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>10,550,513,384</b>	<b>(591,995,956)</b>	<b>-</b>	<b>-</b>	<b>(591,995,956)</b>	<b>9,958,517,428</b>	<b>108,062,160</b>	<b>10,066,579,588</b>	
<b>Balance at 31 December 2010</b>		<b>25,110,025,000</b>	<b>(19,732,320,907)</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>30,472,307,286</b>	<b>(1,923,389,031)</b>	<b>2,555,518,250</b>	<b>-</b>	<b>632,129,219</b>	<b>56,597,877,201</b>	<b>282,607,342</b>	<b>56,880,484,543</b>

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



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

**Statements of changes in equity**

For the years ended 31 December 2011 and 2010

	Note	Consolidated financial statements											
		Retained earnings					Other components of equity						
		Issued and paid-up share capital	Difference arising from common control transactions	Ordinary share premium	Legal reserve	Unappropriated	Currency translation differences	Revaluation surplus	Fair value changes in available-for-sale investments	Total other components of equity	Equity attributable to owners of the Company	Non-controlling interests	Total equity
(in Baht)													
<b>Balance at 31 December 2010</b>													
- as reported		25,110,025,000	(19,732,320,907)	17,215,736,603	2,900,000,000	30,111,160,538	(1,923,389,031)	4,262,882,677	-	2,339,493,646	57,944,094,880	284,274,019	58,228,368,899
Impact of changes in accounting policies	4	-	-	-	-	361,146,748	-	(1,707,364,427)	-	(1,707,364,427)	(1,346,217,679)	(1,666,677)	(1,347,884,356)
<b>Balance at 31 December 2010</b>													
- restated		25,110,025,000	(19,732,320,907)	17,215,736,603	2,900,000,000	30,472,307,286	(1,923,389,031)	2,555,518,250	-	632,129,219	56,597,877,201	282,607,342	56,880,484,543
Impact of changes in accounting policies	4	-	-	-	-	(731,081,986)	-	-	-	-	(731,081,986)	-	(731,081,986)
<b>Balance at 1 January 2011 - restated</b>		<b>25,110,025,000</b>	<b>(19,732,320,907)</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>29,741,225,300</b>	<b>(1,923,389,031)</b>	<b>2,555,518,250</b>	<b>-</b>	<b>632,129,219</b>	<b>55,866,795,215</b>	<b>282,607,342</b>	<b>56,149,402,557</b>
<b>Transactions with owners, recorded directly in equity</b>													
Dividends to owners of the Company	38	-	-	-	-	(8,788,508,750)	-	-	-	-	(8,788,508,750)	(64,734,432)	(8,853,243,182)
Acquisition of non-controlling interests without a change in control		-	-	-	-	(77,189)	-	-	-	-	(77,189)	(30,311)	(107,500)
Acquisition of non-controlling interests with a change in control	6	-	-	-	-	-	-	-	-	-	-	3,209,307,880	3,209,307,880
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,788,585,939)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,788,585,939)</b>	<b>3,144,543,137</b>	<b>(5,644,042,802)</b>
<b>Comprehensive income for the year</b>													
Profit		-	-	-	-	12,042,388,442	-	-	-	-	12,042,388,442	(58,111,924)	11,984,276,518
Other comprehensive income		-	-	-	-	208,523,479	291,896,729	375,033,408	1,798,141	668,728,278	877,251,757	150,051,403	1,027,303,160
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,250,911,921</b>	<b>291,896,729</b>	<b>375,033,408</b>	<b>1,798,141</b>	<b>668,728,278</b>	<b>12,919,640,199</b>	<b>91,939,479</b>	<b>13,011,579,678</b>
<b>Balance at 31 December 2011</b>		<b>25,110,025,000</b>	<b>(19,732,320,907)</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>33,203,551,282</b>	<b>(1,631,492,302)</b>	<b>2,930,551,658</b>	<b>1,798,141</b>	<b>1,300,857,497</b>	<b>59,997,849,475</b>	<b>3,519,089,958</b>	<b>63,516,939,433</b>

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

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

**Statements of changes in equity**

**For the years ended 31 December 2011 and 2010**

	<i>Note</i>	<b>Separate financial statements (Restated)</b>				Total equity
		Issued and paid-up share capital	Ordinary share premium	Retained earnings		
				Legal reserve <i>(in Baht)</i>	Unappropriated	
<b>Balance at 1 January 2010 - as reported</b>		<b>25,110,025,000</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>15,206,658,555</b>	<b>60,432,420,158</b>
Impact of changes in accounting policies	4	-	-	-	2,307,856	2,307,856
<b>Balance at 1 January 2010 - restated</b>		<b>25,110,025,000</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>15,208,966,411</b>	<b>60,434,728,014</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends to owners of the Company	38	-	-	-	(8,286,308,250)	(8,286,308,250)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,286,308,250)</b>	<b>(8,286,308,250)</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	-	8,928,549,185	8,928,549,185
<b>Balance at 31 December 2010</b>		<b>25,110,025,000</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>15,851,207,346</b>	<b>61,076,968,949</b>

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

## Thai Beverage Public Company Limited and its Subsidiaries

### Statements of changes in equity

For the years ended 31 December 2011 and 2010

	Note	Separate financial statements				Total equity
		Issued and paid-up share capital	Ordinary share premium	Legal reserve (in Baht)	Retained earnings Unappropriated	
<b>Balance at 31 December 2010 - as reported</b>		<b>25,110,025,000</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>15,847,536,195</b>	<b>61,073,297,798</b>
Impact of changes in accounting policies	4	-	-	-	3,671,151	3,671,151
<b>Balance at 31 December 2010 - as restated</b>		<b>25,110,025,000</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>15,851,207,346</b>	<b>61,076,968,949</b>
Impact of changes in accounting policies	4	-	-	-	(116,563,854)	(116,563,854)
<b>Balance at 1 January 2011 - restated</b>		<b>25,110,025,000</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>15,734,643,492</b>	<b>60,960,405,095</b>
<b>Transactions with owners, recorded directly in equity</b>						
Dividends to owners of the Company	38	-	-	-	(8,788,508,750)	(8,788,508,750)
<b>Total transactions with owners, recorded directly in equity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,788,508,750)</b>	<b>(8,788,508,750)</b>
<b>Comprehensive income for the year</b>						
Profit		-	-	-	8,559,175,093	8,559,175,093
Other comprehensive income		-	-	-	28,309,845	28,309,845
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>8,587,484,938</b>	<b>8,587,484,938</b>
<b>Balance at 31 December 2011</b>		<b>25,110,025,000</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>15,533,619,680</b>	<b>60,759,381,283</b>

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 2011 and 2010

	Consolidated		Separate	
	financial statements		financial statements	
Note	2011	2010	2011	2010
		(Restated)		(Restated)
	<i>(in Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Profit for the year	11,984,276,518	10,658,575,544	8,559,175,093	8,928,549,185
<i>Adjustments for</i>				
Depreciation and amortisation	3,331,414,190	4,492,427,645	24,024,376	35,096,090
Interest income	(37,554,172)	(12,672,997)	(373,120,179)	(252,462,454)
Finance costs	454,770,186	258,712,073	1,191,468,009	950,846,638
Unrealised (gain) loss on exchange	34,916,902	14,298,232	-	(33,825)
(Reversal of) bad and doubtful debts expense	16,363,930	(2,940,252)	-	-
Amortisation of advance payments to a specialist	50,000,000	50,000,000	9,375,000	9,375,000
Write-off and (reversal of) allowance for obsolete inventories	288,021,469	(90,886,558)	-	-
Reversal of investment properties revaluation	5,160,795	-	-	-
Gain on sale of investment properties	(139,453,649)	-	-	-
(Gain) loss on disposal and write-off of property, plant and equipment and intangible assets	234,457,441	(102,153,207)	1,818,730	(18,554)
Impairment loss on plant and equipment	588,270,132	-	-	-
Gain on sale of investment	-	(53,017,401)	-	(49,047,500)
Dividends	-	-	(8,117,842,575)	(8,289,511,707)
Employee benefit	160,681,931	-	26,460,615	-
Share of profit of associates, net of income tax	14 231,161,506	(10,422,725)	-	-
Income tax expense	35 5,467,002,341	4,146,316,184	271,077,866	294,933,121
	22,669,489,520	19,348,236,538	1,592,436,935	1,627,725,994
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	(571,850,713)	131,617,693	-	-
Other receivables from related parties	(1,535,293,147)	(274,595,642)	(42,609,305)	(46,123,999)
Inventories	(2,390,397,336)	(861,223,393)	-	-
Other current assets	(2,427,782,964)	176,038,015	(11,025,698)	(5,052,528)
Trade accounts payable	266,283,532	612,480,745	-	-
Other payables to related parties	(32,074,723)	9,054,372	123,939,862	(1,685,375)
Other current liabilities	604,800,201	162,055,040	4,071,832	(11,046,586)
Employee benefit paid	(103,143,093)	-	(18,279,615)	-
Other non-current liabilities	119,875,494	(10,785,555)	-	-
Cash generated from operating activities	16,599,906,771	19,292,877,813	1,648,534,011	1,563,817,506
Income tax paid	(4,353,916,561)	(4,080,328,408)	(348,952,475)	(176,666,868)
<b>Net cash from operating activities</b>	<b>12,245,990,210</b>	<b>15,212,549,405</b>	<b>1,299,581,536</b>	<b>1,387,150,638</b>

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 2011 and 2010

Note	Consolidated financial statements		Separate financial statements	
	2011	2010 (Restated)	2011	2010 (Restated)
	<i>(in Baht)</i>			
<b><i>Cash flows from investing activities</i></b>				
Interest received	37,376,507	12,554,868	317,799,234	265,678,783
Dividends received	-	-	8,117,842,575	8,289,511,707
Current investments	(8,063)	2,948,778	-	-
Loans to related parties	-	-	(10,912,400,000)	1,621,400,000
Long-term investments	-	(3,427,172)	(142,277,000)	-
Sale of investment properties	273,217,000	-	-	-
Purchase of property, plant and equipment	(3,164,562,273)	(3,109,959,947)	(18,788,451)	(16,038,852)
Sale of property, plant and equipment	49,528,781	145,105,057	2,237,607	24,701
Purchase of intangible assets	(130,019,967)	(30,583,006)	(1,954,917)	(2,061,932)
Decrease in intangible assets	2,538,294	-	-	-
(Increase) decrease in other non-current assets	(2,225,020)	72,214,924	(356,285)	1,504,600
Net cash outflow on acquisition of subsidiaries	-	-	-	(2,499,995)
Net cash outflow on acquisition of indirect subsidiary	6 (9,057,106,475)	(2,033,127)	-	-
Net cash inflow on disposal of subsidiaries	-	95,410,000	-	95,410,000
<b>Net cash from (used in) investing activities</b>	<b>(11,991,261,216)</b>	<b>(2,817,769,625)</b>	<b>(2,637,897,237)</b>	<b>10,252,929,012</b>
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(388,672,982)	(257,970,707)	(1,107,556,677)	(950,685,515)
Dividends paid to owners of the Company	(8,788,508,750)	(8,286,308,250)	(8,788,508,750)	(8,286,308,250)
Dividends paid to non-controlling interests	(64,734,432)	(67,452,521)	-	-
Bank overdrafts and short-term loans from financial institutions	(1,035,345,688)	543,766,420	(1,500,000,000)	1,900,000,000
Loans from related parties	-	-	2,822,720,000	(643,900,000)
Repayment of short-term loans from other party	-	(2,200,000)	-	-
Proceeds from long-term loans from financial institutions	12,400,000,000	600,000,000	12,400,000,000	-
Repayment of long-term loans from financial institutions	(2,500,000,000)	(3,765,000,000)	(2,500,000,000)	(3,765,000,000)
<b>Net cash from (used in) financing activities</b>	<b>(377,261,852)</b>	<b>(11,235,165,058)</b>	<b>1,326,654,573</b>	<b>(11,745,893,765)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>				
	<b>(122,532,858)</b>	<b>1,159,614,722</b>	<b>(11,661,128)</b>	<b>(105,814,115)</b>
Cash and cash equivalents at 1 January	3,358,696,022	2,590,213,439	22,849,120	128,663,235
Effect of exchange rate changes on balances held in foreign currencies	206,259,455	(391,132,139)	-	-
<b>Cash and cash equivalents at 31 December</b>	<b>8 3,442,422,619</b>	<b>3,358,696,022</b>	<b>11,187,992</b>	<b>22,849,120</b>

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 2011 and 2010**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the financial statements
3	Impact of severe flooding in Thailand
4	Changes in accounting policies
5	Significant accounting policies
6	Common control transactions and acquisitions of subsidiary and non-controlling interests
7	Related parties
8	Cash and cash equivalents
9	Other investments
10	Trade accounts receivable
11	Inventories
12	Other current assets
13	Investments in subsidiaries
14	Investments in associates
15	Investment properties
16	Property, plant and equipment
17	Goodwill
18	Other intangible assets
19	Leasehold rights
20	Deferred tax
21	Other non-current assets
22	Interest-bearing liabilities
23	Trade accounts payable
24	Other payables
25	Employee benefit obligations
26	Share capital
27	Reserves
28	Segment information
29	Other income
30	Selling expenses
31	Administrative expenses
32	Employee benefit expenses
33	Expenses by nature
34	Finance costs
35	Income tax expense
36	Promotional privileges
37	Basic earnings per share
38	Dividends
39	Financial instruments
40	Commitments with non-related parties
41	Events after the reporting period
42	Thai Financial Reporting Standards (TFRS) not yet adopted
43	Reclassification of accounts

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 28 February 2012.

### 1 General information

Thai Beverage Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office 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 businesses of the Group are the production, distribution of alcoholic and non-alcoholic beverages, Japanese restaurants. Details of the Company’s subsidiaries and associates as at 31 December 2011 and 2010 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
<i>Direct subsidiaries</i>				
1. Beer Thai (1991) PCL.	Beer brewery and production of drinking water and soda water	Thailand	100.00	100.00
2. Beer Thip Brewery (1991) Co., Ltd.	Beer brewery and production of drinking water and soda water	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. Kanchanasingkorn 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. Pomthip Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
20. Pomkit Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
21. Pomklung Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
22. Pomchok Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
23. Pomcharoen Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
24. Pomburapa Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
<i>Direct subsidiaries (continued)</i>				
25. Pompalang Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
26. Pomnakorn Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
27. Num Yuk Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
28. Num Kijjakarn Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
29. Num Palang Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
30. Num Muang Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
31. Num Nakorn Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
32. Num Thurakij Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
33. Numrungsrod Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
34. Numthip Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
35. Thipchalothorn Co., Ltd.	Beer, spirits and non-alcoholic beverages agency	Thailand	100.00	100.00
36. Krittayabun Co., Ltd.	Beer, spirits and non-alcoholic beverages agency	Thailand	100.00	100.00
37. Surathip Co., Ltd.	Beer, spirits and non-alcoholic beverages agency	Thailand	100.00	100.00
38. Sunthronpirom Co., Ltd.	Beer, spirits and non-alcoholic beverages agency	Thailand	100.00	100.00
39. Piromsurang Co., Ltd.	Beer, spirits and non-alcoholic beverages agency	Thailand	100.00	100.00
40. Thai Beverage Energy Co., Ltd.	Trading of bio gas	Thailand	100.00	100.00
41. Wrangyer Beverage (2008) Co., Ltd.	Production and distribution of energy drink	Thailand	100.00	100.00
42. Thai Molasses Co., Ltd.	Trading of molasses	Thailand	99.72	99.72
43. Feed Addition Co., Ltd.	Trading of feeds and fertilizer	Thailand	100.00	100.00
44. Pan International (Thailand) Co., Ltd.	Trading of supplies and procurement	Thailand	100.00	100.00
45. Charun Business 52 Co., Ltd.	Brick producer and distribution of spirits	Thailand	100.00	100.00
46. Thai Cooperage Co., Ltd.	Oak barrel producer	Thailand	100.00	100.00
47. Thai Beverage Recycle Co., Ltd.	Trading of bottles	Thailand	100.00	100.00
48. Thai Beverage Logistics Co., Ltd.	Transportation and distribution	Thailand	100.00	100.00
49. Thai Beverage Marketing Co., Ltd.	Import and export spirits for trading/ international marketing and non-alcoholic beverages agency	Thailand	100.00	100.00
50. Dhanasindhi Co., Ltd.	Construction	Thailand	100.00	100.00
51. Dhospaak Co., Ltd.	Advertising agency	Thailand	100.00	100.00
52. Thai Beverage Training Co., Ltd.	Training	Thailand	100.00	100.00
53. International Beverage Holdings Limited	Holding company	Hong Kong	100.00	100.00
54. Cosmos Brewery (Thailand) Co., Ltd.	Beer brewery and production of drinking water and soda water	Thailand	100.00	100.00
55. Thai Beverage Brands Co., Ltd.	Trademark holding	Thailand	100.00	100.00
56. Beer Chang Co., Ltd.	Trademark holding and production of concentrate materials	Thailand	100.00	100.00
57. Archa Beer Co., Ltd.	Trademark holding and production of concentrate materials	Thailand	100.00	100.00
58. Sura Piset Phatra Lanna Co., Ltd.	Holding company	Thailand	100.00	100.00
59. Thai Drinks Co., Ltd.	Distribution of beverages	Thailand	100.00	100.00
60. Oishi Group PCL.	Japanese restaurants and distribution of food and beverage	Thailand	89.26	89.26



# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
<i>Indirect subsidiaries</i>				
61. Thai Thum Distillery Co., Ltd. #	Production and distribution of spirits	Thailand	99.90	99.90
62. Sura Piset Sahasan Co., Ltd. #	Trading of spirits	Thailand	100.00	100.00
63. Sura Piset Sampan Co., Ltd. #	Trading of spirits	Thailand	100.00	100.00
64. Vitayathan Co., Ltd.	Environmental public relations	Thailand	100.00	100.00
65. InterBev (Singapore) Limited	Trading of alcoholic beverages	Singapore	100.00	100.00
66. InterBev (Cambodia) Co., Ltd.	Trading of alcoholic beverages	Cambodia	100.00	100.00
67. InterBev Malaysia Sdn. Bhd.	Trading of alcoholic beverages	Malaysia	100.00	100.00
68. Best Spirits Company Limited	Trading of alcoholic beverages	Hong Kong	100.00	100.00
69. International Beverage Holdings (UK) Limited	Holding company	United Kingdom	100.00	100.00
70. International Beverage Holdings (China) Limited	Holding company	Hong Kong	100.00	100.00
71. United Products Co., Ltd.	Production and distribution of spirits	Thailand	100.00	99.99
72. S P M Foods & Beverages Co., Ltd.	Production and distribution of drinking water and energy drinks and spirits agency	Thailand	99.84	99.83
73. Oishi Trading Co., Ltd.	Production and distribution of food and beverage	Thailand	89.26	89.26
74. Oishi Ramen Co., Ltd.	Japanese ramen restaurants	Thailand	89.26	89.26
75. Chang Beer International Co., Ltd. #	Dormant	Thailand	100.00	100.00
76. Maekhong Distillery Limited	Consultancy service	Thailand	100.00	100.00
77. Chang International Co., Ltd.	Advertising and marketing services	Thailand	100.00	100.00
78. Chang Corp Co., Ltd.	Advertising and marketing services	Thailand	100.00	100.00
79. Super Brands Company Pte. Ltd.	Trademark holding	Singapore	100.00	100.00
80. Beer Chang International Limited	Not yet operated	Singapore	100.00	100.00
81. International Beverage Trading Limited	Trading of alcoholic beverages	Bermuda	100.00	-
82. Serm Suk PCL.	Production and distribution of beverages	Thailand	64.66	-
<i>Subsidiaries of indirect subsidiaries</i>				
83. International Beverage Holdings Limited USA, Inc. *	Trading of alcoholic beverages	United States of America	100.00	100.00
84. Blairmhor Limited *#	Holding Company	United Kingdom	100.00	100.00
85. Inver House Distillers Limited *	Production and distribution of spirits	United Kingdom	100.00	100.00
86. InterBev Trading (China) Limited **	Trading of alcoholic beverages	People's Republic of China	100.00	100.00
87. Yunnan Yulinquan Liquor Co., Ltd.**	Spirits distillery	People's Republic of China	100.00	100.00
88. Blairmhor Distillers Limited **	Dormant	United Kingdom	100.00	100.00
89. Wee Beastie Limited **	Dormant	United Kingdom	100.00	100.00
90. Moffat & Towers Limited **	Dormant	United Kingdom	100.00	100.00
91. Glen Calder Blenders Limited **	Dormant	United Kingdom	100.00	100.00
92. Hankey Bannister & Company Limited **	Dormant	United Kingdom	100.00	100.00
93. R. Carmichael & Sons Limited **	Dormant	United Kingdom	100.00	100.00
94. J MacArthur Junior & Company Limited **	Dormant	United Kingdom	100.00	100.00
95. Mason & Summers Limited **	Dormant	United Kingdom	100.00	100.00
96. James Catto & Company Limited **	Dormant	United Kingdom	100.00	100.00
97. The Knockdhu Distillery Co., Ltd. **	Dormant	United Kingdom	100.00	100.00
98. Speyburn-Glenlivet Distillery Co., Ltd. **	Dormant	United Kingdom	100.00	100.00
99. The Pulteney Distillery Co., Ltd. **	Dormant	United Kingdom	100.00	100.00

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2011	2010
<i>Subsidiaries of indirect subsidiaries (continued)</i>				
100. The Balblair Distillery Co., Ltd. *#	Dormant	United Kingdom	100.00	100.00
101. Serm Suk Holdings Co., Ltd. ***	Holding company	Thailand	64.66	-
102. Serm Suk Beverage Co., Ltd. ***	Production and distribution of beverages	Thailand	64.66	-
<i>Associates of indirect subsidiaries</i>				
103. Liquorland Limited ****	Off licences	United Kingdom	49.49	49.49
104. Inver House Polska Limited ****	Trading of alcoholic beverages	Poland	84.00	44.00
105. Inver House Distribution SA ****#	Dormant	France	50.02	50.02
106. Petform (Thailand) Co., Ltd. ****	Manufacture and distribution of plastic packaging	Thailand	25.86	-

- \* Subsidiaries of International Beverage Holdings (UK) Limited
- \*\* Subsidiaries of International Beverage Holdings (China) Limited
- \*\*\* Subsidiaries of Serm Suk PCL.
- \*\*\*\* Associates of International Beverage Holdings (UK) Limited
- \*\*\*\*\* Associates of Serm Suk PCL.
- # These are currently non-trading.

On 5 January 2011 International Beverage Trading Limited (“IBTL”) was incorporated in Bermuda with an authorised share capital of USD 0.1 million by issuing 100,000 ordinary shares with a USD 1 par value. International Beverage Holdings Limited, the Company’s subsidiary, holds the entire shares.

At the Executive Board of Directors’ meeting held on 24 January 2011, the directors approved in principle for Charun Business 52 Co., Ltd. to sell its entire assets.

On 5 July 2011, an indirect subsidiary’s aseptic tanks at a factory in Pathumthani province collapsed, which resulted in interruption of the Cold Aseptic Filling production line. The subsidiary and the vendor have investigated the cause of this incident and discussed about the responsibility with all parties concerned, along with the restoration of some production lines. Afterwards, the vendor agreed with the subsidiary to deliver new tanks for replacement free of charge while the subsidiary paid installation charges.

At the Board of Directors’ meeting held on 9 September 2011, the directors approved for Thai Beverage Logistics Co., Ltd., the Company’s subsidiary, to acquire all 265,900,484 common shares of Serm Suk Public Company Limited, “Serm Suk”, representing 100% of issued and paid up capital of Serm Suk at the offer price of Baht 58 per share from all existing shareholders. The purchase of shares was made by voluntary tender offer. As at 31 December 2011, the subsidiary held 64.66% of the issued and paid up capital of Serm Suk.

At the Executive Board of Directors’ meeting held on 26 December 2011, the directors approved for the Company to sell 19,998 common shares of Dhanasindhi Co., Ltd., the Company’s subsidiary, representing 99.99% of total shares at the price of Baht 1,995.98 per share, equal to appraisal value by the financial advisor.

At the Executive Board of Directors’ meeting held on 26 December 2011, the directors approved for Feed Addition Co., Ltd., the Company’s subsidiary, to sell its assets related to production and distribution of fertilizer amounting to Baht 14,687,205.21, equal to appraisal value by the financial advisor.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

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

*(a) Statement of compliance*

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

During 2010 and 2011, the FAP issued the following new and revised TFRS relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2011:

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 3 (revised 2009)	Business Combinations

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

TFRS	Topic
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TIC 31	Revenue - Barter Transactions Involving Advertising Services
FAP Announcement no. 16/2554	Disclosure Guidance on Related Party Transactions with Government
FAP Announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits
FAP Announcement no. 18/2554	Accounting Guidance on Revaluation of Assets
FAP Announcement no. 19/2554	Accounting Guidance for Condominiums

The FAP has also issued TAS 12 Income Taxes, which is effective from 1 January 2013. However, the Group has early-adopted TAS 12 with effect from 1 January 2011.

The adoption of these new and revised TFRS has resulted in changes in the Group's accounting policies. The effects of these changes are disclosed in note 4.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 42.

(b) *Basis of measurement*

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

- available-for-sale financial assets are measured at fair value;
- the employee benefit obligations are measured based on actuarial valuation using the projected unit credit method.

(c) *Presentation currency*

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

(d) *Use of estimates and judgements*

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

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

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

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

Note 3	Impact of severe flooding in Thailand
Note 5 (v)	Current and deferred taxation
Note 6	Business combination
Note 13	Key assumptions used in discounted cash flow projections
Note 16	Valuation of land
Note 20	Utilisation of tax losses
Note 25	Measurement of defined benefit obligations

### 3 Impact of severe flooding in Thailand

During March 2011, the Southern area of Thailand was affected by flooding. One of the Company's distilleries in Surat Thani province was temporary closed by the impact of the flood for renovation and restoration. The Company has Industrial All Risks (IAR) and Business Interruption (BI) insurance cover for this distillery. The Company has surveyed the damages together with the insurance company and believes that all damages are covered by the aforementioned insurance policies. As at 31 December 2011, the Group had recognised expected compensation from the insurer of approximately Baht 193.04 million and recognised allowance for damage to inventories and equipment in the same amount.

In September 2011, the Central area of Thailand was affected by flooding. The Company's brewery in Ayutthaya province and a food and non-alcoholic beverage factory in Pathumthani province were temporarily closed by the impact of the flooding. However, the Company has Industrial All Risks (IAR) and Business Interruption (BI) insurance cover and believes that all damages are covered by the aforementioned insurance policies.

In October 2011, a subsidiary's operations in Pathumthani province were adversely affected by the flooding in parts of Thailand. The production at this plant has ceased. Management is currently concentrating its efforts on minimizing the effects of the flooding on the subsidiary's assets and operations. As at the date of approval of these financial statements it is too early to make an informed assessment of the financial impact of the flooding on the subsidiary's assets and operations.

The Group has recognised loss resulting from the flood damage for the year ended 31 December 2011 as follows:

<i>Net flood related losses</i>	<b>Consolidated financial statements</b> <i>(in million Baht)</i>
<i>Insurance reimbursement</i>	
Received prior to 31 December	139
Received after 31 December	55
Not yet received	1,440
<b>Insurance reimbursement recognised</b>	<b>1,634</b>
Write-off inventories loss from flood	(229)
Write-off assets loss from flood	(319)
Impairment of inventories	(250)
Impairment of property and equipment	(589)
Loss from business interruption	(173)
Other flood related expenses	(234)
<b>Total flood related expenses</b>	<b>(1,794)</b>
<b>Net flood related loss recognised</b>	<b>(160)</b>

These financial statements do not include any adjustments that might have been required had the assessment of the damage, and the extent of the insurance coverage, been finalized.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

**4 Changes in accounting policies**

**(a) Overview**

From 1 January 2011, consequent to the adoption of new and revised TFRS as set out in note 2, the Group has changed its accounting policies in the following areas:

- Presentation of financial statements
- Accounting for business combinations
- Accounting for acquisitions of non-controlling interests
- Accounting for property, plant and equipment
- Accounting for investment properties
- Accounting for borrowing costs
- Accounting for employee benefits
- Accounting for income taxes

Details of the new accounting policies adopted by the Group and the impact of the changes on the financial statements are included in notes 4(b) to 4(i) below. The impact of the changes on the financial statements for the years ended 31 December 2011 and 2010 is summarised as follows:

<i>For the year ended 31 December 2010</i>	<i>Note</i>	<b>Consolidated financial statements 2010 (in million Baht)</b>	<b>Separate financial statements 2010</b>
<b>Statement of financial position</b>			
Equity at 1 January 2010 - as reported		56,444	60,433
Changes as a result of the adoption retrospectively of:			
TAS 12 Income taxes	4(i)	(632)	2
TAS 40 Investment Property	4(f)	(654)	-
<b>Equity at 1 January 2010 - restated</b>		<b><u>55,158</u></b>	<b><u>60,435</u></b>
Equity at 31 December 2010 - as reported		58,228	61,073
Changes as a result of the adoption retrospectively of:			
TAS 12 Income taxes	4(i)	(694)	4
TAS 40 Investment Property	4(f)	(654)	-
<b>Equity at 31 December 2010 - restated</b>		<b><u>56,880</u></b>	<b><u>61,077</u></b>
<b>Statement of comprehensive income for the year ended 31 December 2010</b>			
Profit before income tax - as reported		14,805	9,223
Income tax expense - as reported		(4,084)	(296)
Changes to income tax expense as a result of the adoption retrospectively of:			
TAS 12 Income taxes	4(i)	(62)	1
<b>Income tax expense - restated</b>		<b><u>(4,146)</u></b>	<b><u>(295)</u></b>
<b>Profit - restated</b>		<b><u>10,659</u></b>	<b><u>8,928</u></b>
<b>Increase (decrease) in basic earnings per share (in Baht)</b>		<b><u>(0.002)</u></b>	<b><u>-</u></b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

<i>For the year ended 31 December 2011</i>		<b>Consolidated financial statements</b> 2011	<b>Separate financial statements</b> 2011
	<i>Note</i>	<i>(in million Baht)</i>	
<b>Statement of financial position</b>			
<b>Equity at 31 December 2010 - restated</b>		<b>56,880</b>	<b>61,077</b>
Impact of the adjustment to retained earnings as at 1 January 2011:			
TAS 19 Employee benefits, net of income tax	4(h)	(731)	(117)
<b>Equity at 1 January 2011</b>		<b>56,149</b>	<b>60,960</b>
<b>Statement of comprehensive income for the year ended 31 December 2011</b>			
Increase (decrease) in profit before income tax as a result of the adoption of:			
TAS 16 Property, plant and equipment	4(e)	569	-
TAS 19 Employee benefits	4(h)	(161)	(25)
<b>Increase (decrease) in profit before income tax</b>		<b>408</b>	<b>(25)</b>
(Increase) decrease in income tax expense as a result of the adoption of:			
TAS 12 Income taxes	4(i)	(485)	(25)
TAS 16 Property, plant and equipment	4(e)	(171)	-
TAS 19 Employee benefits	4(h)	48	8
<b>(Increase) decrease in income tax expense</b>		<b>(608)</b>	<b>(17)</b>
<b>Increase (decrease) in profit</b>		<b>(200)</b>	<b>(42)</b>
 <b>Increase in basic earnings per share (in Baht)</b>		 <b>0.008</b>	 <b>(0.002)</b>

### (b) *Presentation of financial statements*

The Group has adopted TAS 1 Presentation of Financial Statements (Revised 2009). Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Group presents all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

*(c) Accounting for business combinations*

The Group has adopted TFRS 3 Business Combinations (revised 2009) and TAS 27 Consolidated and Separate Financial Statements (revised 2009) for all business combinations on or after 1 January 2011. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standards.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

*Acquisitions on or after 1 January 2011*

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus  
if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

*Acquisitions between 1 January 2008 and 31 December 2010*

Goodwill represented the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

*Acquisitions prior to 1 January 2008*

Goodwill was measured in the same way as described in the preceding paragraph. However, both positive and negative goodwill were amortised over their estimated useful life of 20 years. On 1 January 2008, on adoption of the former TAS 43 (revised 2007), the Group discontinued amortising goodwill. Negative goodwill carried in the financial statements as at 31 December 2007 was derecognised by crediting unappropriated retained earnings on 1 January 2008.



# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

**(d) Accounting for acquisitions of non-controlling interests (previously termed 'minority interests')**

The Group has adopted TAS 27 Consolidated and Separate Financial Statements (revised 2009) for all acquisitions of non-controlling interests in subsidiaries. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standard.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

**(e) Accounting for property, plant and equipment**

The Group has adopted TAS 16 (revised 2009) Property, Plant and Equipment in determining and accounting for the cost and depreciable amount of property, plant and equipment.

The principal changes introduced by the revised TAS 16 and affecting the Group are that: (i) costs of asset dismantlement, removal and restoration have to be included as asset costs and subject to annual depreciation; (ii) the depreciation charge has to be determined separately for each significant part of an asset; and (iii) in determining the depreciable amount, the residual value of an item of property, plant and equipment has to be measured at the amount estimated receivable currently for the asset if the asset were already of the age and in the condition expected at the end of its useful life. Furthermore, the residual value and useful life of an asset have to be reviewed at least at each financial year-end.

The changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that consideration of the costs of asset dismantlement, removal and restoration, have been applied retrospectively. The changes have had no impact on the profit and earnings per share for the year ended 31 December 2010 and the following impact on the 2011 financial statements:

	<b>31 December 2011</b>	
	<b>Consolidated</b>	<b>Separate</b>
	<b>financial statements</b>	<b>financial statements</b>
	<i>(in million Baht)</i>	
<b>Statement of financial position</b>		
Decrease in accumulated depreciation	569	-
Increase in carrying amount of property, plant and equipment	569	-
Increase in income tax payable	(171)	-
<b>Increase in retained earnings</b>	<b>398</b>	<b>-</b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

	<i>31 December 2011</i>	
	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in million Baht)</i>	
<i>Statement of comprehensive income for the year ended 31 December 2011</i>		
Decrease in depreciation	569	-
<b>Increase in profit before income tax</b>	<b>569</b>	-
Increase in income tax expense	(171)	-
<b>Increase in profit</b>	<b>398</b>	-
<b>Increase in basic earnings per share (in Baht)</b>	<b>0.016</b>	-

The Group has adopted FAP announcement number 19/2554 “Accounting Treatment for Condominiums”. This announcement requires the Company to recognise the acquisition cost of condominiums and similar types of asset as a single asset under the classification “condominiums” unless the Company has separate title deeds for the land and the condominium, when the land and building costs can be recognised separately. Previously, condominiums and associated land held under common title were recognised separately in the financial statements. The change in accounting policy has been applied retrospectively with the following impact on the 2011 and 2010 financial statements:

	<b>Consolidated financial statements</b>		
	31 December 2011	31 December 2010 and 1 January 2011	1 January 2010
	<i>(in million Baht)</i>		
<i>Statement of financial position</i>			
Increase in accumulated depreciation	(12)	(11)	(11)
Decrease in carrying amount of property, plant and equipment	(12)	(11)	(11)
<b>Decrease in retained earnings</b>	<b>(12)</b>	<b>(11)</b>	<b>(11)</b>

	<b>Consolidated financial statements 2011</b>
	<i>(in million Baht)</i>
<i>Statement of comprehensive income for the year ended 31 December</i>	
Increase in depreciation charge resulting in increase in administrative expenses	1
<b>Decrease in profit</b>	<b>1</b>
<b>Decrease in basic earnings per share (in Baht)</b>	<b>-</b>

(f) *Accounting for investment properties*

The Group has adopted TAS 40 (revised 2009) Investment Property.

Under the revised standard, investment property, defined as property owned to earn rentals; capital appreciation; or both, is disclosed in the financial statements separately from other property, plant and equipment and measured using the cost model with changes in fair value being recognised in profit or loss.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

Previously, investment properties were included in property, plant and equipment. Plant and equipment were measured using the cost model and land was measured using the revaluation model. Revaluation changes were recognised in equity or profit or loss in accordance with the provisions of TAS 16 Property, Plant and Equipment.

The Group has selected the cost model for accounting for its investment properties under the revised standard. The change in accounting policy has been applied retrospectively and the financial statements for the year ended 31 December 2010, which are included in the Group's 2011 financial statements for comparative purposes, have been adjusted accordingly. The carrying amounts as at 1 January 2010 and 31 December 2010 of the Group's investment property previously included in property, plant and equipment, have been reclassified to a separate account, 'Investment property' and then restated at cost less the accumulated depreciation that would have been charged had the properties been accounted for under the cost method since acquisition. Any revaluation surplus for these properties carried in equity has been reclassified to retained earnings. The difference between the carrying amount of the property under the revaluation model previously used and the new cost model, has been taken to retained earnings. The depreciation charge for 2010 under the revaluation method previously used has been adjusted to the appropriate charge under the cost method. From 1 January 2011, the depreciable amount and useful life of the investment property have been reassessed in accordance with the requirements of TAS 16 (Revised 2009) - see note 4(e). The change in accounting policy in this regard has been applied prospectively in accordance with TAS 16 (Revised 2009). The impact on the 2011 and 2010 financial statements was as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Statement of financial position</b>				
<b>as at 31 December</b>				
Decrease in revaluation reserve	(654)	(654)	-	-
Decrease in property, plant and equipment	(681)	(681)	-	-
Decrease other non-current assets	(106)	(106)	-	-
Increase in investment properties	787	787	-	-
<b>Decrease in equity</b>	<b>(654)</b>	<b>(654)</b>	<b>-</b>	<b>-</b>

**(g) Accounting for borrowing costs**

The Group has adopted TAS 23 (revised 2009) Borrowing Costs.

Under the revised standard, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Under the former standard, there was also an option to expense borrowing costs on qualifying assets when incurred.

It was the Group's policy under the former TAS 23 to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. Consequently the adoption of the revised standard has had no impact on reported profit or earnings per share.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### (h) Accounting for employee benefits

The Group has adopted TAS 19 Employee Benefits.

Under the new policy, the Group's obligation in respect of post-employment benefits was as follows:

- Short-term employee benefit - accumulated annual leave recognised in the financial statements based on calculations of the accumulated unused annual leave at end of period multiply daily employee's wage.
- Long-term employee benefit - long service award recognised in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, this obligation was recognised as and when payments were made.
- Post-employment benefit recognised in the financial statements based on calculations performed annually by a qualified actuary using the projected unit credit method. Previously, this obligation was recognised only for employees who are due to retire within 5 years from the reporting date and when payments were made.

The Group's and the Company's liability for post-employment benefit and other long-term employee benefit obligations as at 1 January 2011 has been determined to be Baht 1,044 million and Baht 167 million, respectively. The Group has opted to record this liability as an adjustment to retained earnings as at 1 January 2011, in accordance with the transitional provisions of TAS 19. The impact on the 2011 financial statements was as follows:

	<b>Consolidated financial statements</b>	<b>Separate financial statements</b>
	<i>(in million Baht)</i>	
<b>Statement of financial position</b>		
Retained earnings at 31 December 2010 - restated	30,472	15,851
Increase in employee benefit obligations	(1,044)	(167)
Increase in deferred tax asset	313	50
<b>Retained earnings at 1 January 2011</b>	<b>29,741</b>	<b>15,734</b>
<b>Statement of comprehensive income for the year ended 31 December 2011</b>		
Increase in employee expenses resulting in:		
Increase in cost of sales and cost of rendering of services	(55)	(24)
Increase in selling expenses	(33)	-
Increase in administrative expenses	(73)	(1)
<b>Decrease in profit before income tax</b>	<b>(161)</b>	<b>(25)</b>
Decrease in deferred tax expense	48	8
<b>Decrease in profit</b>	<b>(113)</b>	<b>(17)</b>
<b>Decrease in basic earnings per share (in Baht)</b>	<b>(0.005)</b>	<b>(0.001)</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

**(i) Income tax**

From 1 January 2011, the Group has early-adopted TAS 12 Income taxes.

Under TAS 12, income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

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

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

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

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

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

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

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

The change in accounting policy has been applied retrospectively and the Group's 2010 financial statements, which are included in the Group's 2011 financial statements for comparative purposes, have been restated accordingly. The impact on the 2011 and 2010 financial statements was as follows:

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

	<b>Consolidated financial statements</b>			
	31 December 2011	1 January 2011	31 December 2010	1 January 2010
	<i>(in million Baht)</i>			
<b>Statement of financial position</b>				
Increase in deferred tax asset	341	542	387	424
Increase in deferred tax liability	(1,299)	(923)	(1,081)	(1,056)
<b>Increase (decrease) in equity</b>	<b>(958)</b>	<b>(381)</b>	<b>(694)</b>	<b>(632)</b>

	<b>Separate financial statements</b>			
	31 December 2011	1 January 2011	31 December 2010	1 January 2010
	<i>(in million Baht)</i>			
<b>Statement of financial position</b>				
Increase in deferred tax asset	31	54	4	2
<b>Increase in equity</b>	<b>31</b>	<b>54</b>	<b>4</b>	<b>2</b>

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Statement of comprehensive income for the year ended 31 December</b>				
Increase (decrease) in deferred tax expense	437	62	17	(1)
<b>Increase (decrease) in profit</b>	<b>(437)</b>	<b>(62)</b>	<b>(17)</b>	<b>1</b>
<b>Increase (decrease) in basic earnings per share (in Baht)</b>	<b>(0.017)</b>	<b>(0.002)</b>	<b>(0.001)</b>	<b>-</b>

## 5 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 4, which addresses changes in accounting policies.

### (a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

#### *Business combinations*

The accounting policy for business combinations has been changed from 1 January 2011. See note 4(c) for details.

The Group applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

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

## **Notes to the financial statements**

### **For the years ended 31 December 2011 and 2010**

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination. If a business combination results in the termination of pre-existing relationships between the Group and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognised in other expenses.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

#### *Acquisitions from entities under common control*

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

#### *Subsidiaries*

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

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

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### *Loss of control*

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

### *Associates*

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

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

The consolidated financial statements include the Group's share of profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, 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.

### *Transactions eliminated on consolidation*

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

## **(b) Foreign currencies**

### *Foreign currency transactions*

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

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

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

### *Foreign entities*

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



# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on the reporting date.

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

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

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

**(c) *Derivative financial instruments***

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

**(d) *Cash and cash equivalents***

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

**(e) *Trade and other accounts receivable***

Trade and other accounts receivable (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.

**(f) *Inventories***

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

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

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

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

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and investment properties. Impairment losses on initial

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

### (h) *Investments*

#### *Investments in subsidiaries and associates*

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method. Investments in associates in the consolidated financial statements are accounted for using the equity method.

#### *Investments in other debt and equity securities*

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

Marketable equity securities are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

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

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

#### *Disposal of investments*

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

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

### (i) *Investment properties*

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

Investment properties are stated at cost less accumulated depreciation and impairment losses.

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

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Buildings 20 years

*Reclassification to property, plant and equipment*

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

**(j) Property, plant and equipment**

*Recognition and measurement*

*Owned assets*

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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

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

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### *Revalued assets*

Revaluations are performed by independent professional valuers with sufficient regularity. The Group's policy requires an appraisal to be conducted every three to five years or when there are factors that might materially impact the value of the land, to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

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

### *Subsequent costs*

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

### *Depreciation*

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

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

Land improvement	3-30 years
Buildings and constructions	10-40 years
Building improvements	1-30 years
Machinery and equipment	3-40 years
Oak barrels	10-20 years
Furniture, fixtures and office equipment	3-10 years
Vehicles	3-10 years

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

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

### **(k) Intangible assets**

#### *Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 5(a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### *Research and development*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

### *Other intangible assets*

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

### *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

### *Amortisation*

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

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

Computer software	3-10 years
Trademarks	3-20 years
Licences	10 years

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

### **(l) Leasehold rights**

Leasehold rights are stated at cost less accumulated amortisation and impairment losses.

Amortisation is recognised in profit or loss on a straight-line basis over the agreement period.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### *(m) Impairment*

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

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

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

#### *Calculation of recoverable amount*

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

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

#### *Reversals of impairment*

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

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

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

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

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

Trade and other accounts payable (including balances with related parties) are stated at cost.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

**(p) Employee benefits**

*Defined contribution plans*

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

*Defined benefit plans*

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

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

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

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

*Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognised in profit or loss in the period in which they arise.

*Termination benefits*

Termination benefits are recognised as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

### *Short-term employee benefits*

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

### **(q) Provisions**

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

### **(r) Difference arising from common control transactions**

Difference arising from common control transactions relates to the restructuring of businesses under the common control of the ultimate majority equity holder of the Company and arises from 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 are not under common control, net identifiable assets are measured at the fair value). The Company recognises the difference arising from common control transactions under equity until disposal of the investment.

### **(s) Revenue**

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

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

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

When the outcome of a contract for the rendering of services can be estimated reliably, contract revenue is recognised in profit or loss by reference to the stage of completion of the contract activity at the reporting date. When the outcome of the contract cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.



# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### *Construction contracts*

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

The stage of completion is assessed by reference to surveys of work performed. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

### *Commissions*

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

### *Rental income*

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

### *Interest and dividend income*

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established.

### **(t) Finance costs**

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, fair value losses on financial assets at fair value through profit or loss and impairment losses recognised on financial assets (other than trade receivables) that are recognised in profit or loss.

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

### **(u) Lease payments**

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

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

### **(v) Income tax**

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

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

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

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

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

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

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

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

### (w) *Earnings per share*

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

## 6 **Common control transactions and acquisitions of subsidiary and non-controlling interests**

### *Common control transactions*

On 15 September 2010, International Beverage Holdings Limited, the Company's direct subsidiary, acquired the entire 2 ordinary issued shares of Beer Chang International Limited from the existing equity holders for a total amount of SGD 4,000. The said acquired company has not undertaken any business since incorporation, therefore the consolidated financial statements have not been revised as if the acquisition had taken place at the beginning of 2009. The difference between the consideration to be paid by the Company for the acquisition and the carrying amount of the net identifiable assets is included in "Difference arising from common control transactions".

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### *Acquisition of subsidiary*

During the year, Thai Beverage Logistics Co., Ltd., a subsidiary of the Company, made a voluntary tender offer for all 265,900,484 ordinary shares of Serm Suk Public Company Ltd, “Serm Suk”, a company incorporated in Thailand and listed on the Stock Exchange of Thailand. Serm Suk produces and distributes soft drinks, drinking water, soda water and other beverages. The acquisition will enable the Group to expand its non-alcoholic product portfolio and broaden its logistic network. The tender offer period was a total of 25 business days from 15 September 2011 to 19 October 2011.

As at 30 September 2011, the subsidiary had acquired 138,890,750 ordinary shares in Serm Suk, representing a 52.2% equity interest, for a purchase price of Baht 8,056 million. Serm Suk thereby became a subsidiary of the Group from 1 October 2011.

As at 31 December 2011, the subsidiary had acquired a total 171,923,138 ordinary shares in Serm Suk, representing a 64.7% equity interest, for a total purchase price of Baht 9,972 million. Acquisition related costs totalling Baht 24.6 million, principally comprising charges for a letter of financial support and fees for the tender offer, are included in administrative expenses in the consolidated statement of comprehensive income.

Net assets at the acquisition date comprised the following:

	<b>Carrying amounts</b>	<b>Fair value adjustments</b>	<b>Recognised values</b>
		<i>(in million Baht)</i>	
Cash and cash equivalents	915	-	915
Trade receivables - net	1,138	-	1,138
Inventories	2,397	-	2,397
Property, plant and equipment – net	7,776	922	8,698
Intangible assets	36	-	36
Deferred tax assets	458	-	458
Other assets	1,129	-	1,129
Trade accounts payable	(1,266)	-	(1,266)
Deferred tax liabilities	(1,124)	(184)	(1,308)
Other liabilities	(3,116)	-	(3,116)
<b>Net identifiable assets and liabilities</b>	<b>8,343</b>	<b>738</b>	<b>9,081</b>
Goodwill on acquisition			4,100
Non-controlling interests			(3,209)
Consideration paid			9,972
Cash acquired			(915)
<b>Net cash outflow</b>			<b>9,057</b>

The goodwill is mainly attributable to Serm Suk’s Management and employees’ skills and talents to produce beverages and to Serm Suk’s distribution and logistic network.

The recognized values of Serm Suk’s assets and liabilities at the acquisition date constitute provisional amounts for items for which the fair value accounting is incomplete. These provisional amounts will be adjusted, and additional assets or liabilities will be recognized, during the measurement period to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognized, or would have resulted in the recognition of those additional assets or liabilities, as of that date.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

In the three months period from 1 October 2011 to 31 December 2011, Serm Suk contributed revenue of Baht 4,150 million and loss of Baht 401 million to the Group's results. Serm Suk's results for the three month period ended 31 December 2011 were adversely affected by the severe flooding occurring in parts of Thailand. If the acquisition had occurred on 1 January 2011, management estimates that the Group's consolidated revenue would have been Baht 150,269 million and the Group's consolidated profit for the year would have been Baht 12,441 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2011.

### 7 Related parties

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

Relationships with related parties other than direct subsidiaries, indirect subsidiaries, subsidiaries of indirect subsidiaries and associates of indirect subsidiaries (as presented in note 1) were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
1. Thai Alcohol PCL.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
2. Sint Ek Panich Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
3. Banglen Agriculture Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
4. Pisetkij Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
5. The Maewang Sugar Industry Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
6. The Chonburi Sugar Corp. Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
7. Thip Sugar Sukhothai Co., Ltd. (formerly: The Uttaradit Sugar Industry Co., Ltd.)	Thailand	Directors and controlling equity holders hold substantial shares indirectly
8. The Suphanburi Sugar Industry Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
9. The Southeast Insurance Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
10. The Southeast Life Insurance Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
11. Southeast Capital Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
12. T.C.C. Technology Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
13. Thai Glass Industries PCL.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
14. Bang-Na Glass Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
15. TCC Hotel Collection Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

Name of entities	Country of incorporation/ nationality	Nature of relationships
16. Terragro Fertilizer Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
17. Permkha Commercial Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
18. BJC Industrial and Trading Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
19. North Park Real Estate Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
20. TCC PD 11 Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
21. Thippatana Arcade Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
22. Siam Food Products PCL.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
23. BJC Healthcare Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
24. Wattanapat Trading Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
25. Silvercord Capital (Singapore) Limited	Singapore	Directors and controlling equity holders hold substantial shares indirectly
26. Plantheon Trading Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
27. New Noble Property and Loan Fund	Thailand	Directors and controlling equity holders are the principal unit holder of this real estate investment fund
28. Dynamic Assets Property and Loan Fund	Thailand	Directors and controlling equity holders are the principal unit holder of this real estate investment fund
29. Best Fortune Property and Loan Fund	Thailand	Directors and controlling equity holders are the principal unit holder of this real estate investment fund
30. Regent Gold Property Fund	Thailand	Directors and controlling equity holders are the principal unit holder of this real estate investment fund
31. Plaza Athenee Hotel (Thailand) Co., Ltd.	Thailand	Directors and controlling equity holders are the directors and hold substantial shares indirectly
32. North Park Golf And Sports Club Co., Ltd.	Thailand	Directors and controlling equity holders are the directors and hold substantial shares indirectly
33. Berli Jucker PCL.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
34. Thai Beverage Can Co., Ltd.	Thailand	Directors and controlling equity holders hold 50% shares
35. PS Recycle Co., Ltd.	Thailand	Directors and controlling equity holders are relatives of controlling person
36. T.C.C. International Limited	Hong Kong	Controlling equity holders hold substantial shares indirectly
37. Best wishes Co., Ltd.	Hong Kong	Controlling equity holders hold substantial shares indirectly
38. Bangkok Glass Co., Ltd.	Thailand	A subsidiary holds shares
39. The Pet Co., Ltd.	Thailand	A subsidiary holds shares
40. Crown Seal Public Company Limited	Thailand	A subsidiary holds shares
41. Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group/Company.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

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

<b>Transactions</b>	<b>Pricing policies</b>
Sale of goods	Agreed prices which approximate market prices
Rendering of services	Contractual prices
Purchase of goods/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 interest expense	Rate as mutually agreed by equity holders with reference interest rates quoted by financial institutions

Significant transactions for the years ended 31 December 2011 and 2010 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Subsidiaries</b>				
Management fees	-	-	3,083	2,903
Cost of rendering of services	-	-	315	124
Interest income	-	-	363	252
Interest expense	-	-	830	728
Dividends	-	-	8,118	8,290
Other income	-	-	1	1
Administrative expenses	-	-	6	3
Purchases of investments	-	-	-	2
Increase in share capital in subsidiaries	-	-	143	-
<b>Associates</b>				
Share of profit of associates, net of income tax	(231)	10	-	-
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefit	423	418	358	374
Post-employment benefits	9	-	9	-
Total key management personnel compensation	<u>432</u>	<u>418</u>	<u>367</u>	<u>374</u>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Other related parties</b>				
Sales of goods	1,192	930	-	-
Income of rendering of services	111	42	-	-
Purchases of raw materials and packaging	10,620	6,924	-	-
Overhead costs	232	217	-	-
Cost of rendering of services	-	-	103	109
Other income	354	27	4	7
Selling and administrative expenses	495	477	2	2
Purchases of plant and equipment	30	15	-	-
Sales of plant and equipment	-	2	-	-

Balances as at 31 December 2011 and 2010 with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Other related companies</b>				
Thai Alcohol PCL.	221	-	-	-
PS Recycle Co., Ltd.	10	4	-	-
Pisetkit Co., Ltd.	5	-	-	-
The Sugar Sukhothai Co., Ltd. (formerly: The Uttaradit Sugar Industry Co., Ltd.)	-	11	-	-
Others	5	6	-	-
<b>Total</b>	<b>241</b>	<b>21</b>	<b>-</b>	<b>-</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

*Short-term loans to and other receivables from related parties*

	Consolidated financial statements						Separate financial statements					
	Short-term loans to	2011 Other receivables	Total	Short-term loans to	2010 Other receivables	Total	Short-term loans to	2011 Other receivables	Total	Short-term loans to	2010 Other receivables	Total
<i>Subsidiaries</i>												
Beer Thai (1991) PCL.	-	-	-	-	-	-	1,230	24	1,254	537	18	555
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	-	-	-	-	18	18	-	17	17
Cosmos Brewery (Thailand) Co., Ltd.	-	-	-	-	-	-	-	4	4	-	5	5
Sangsom Co., Ltd.	-	-	-	-	-	-	-	7	7	-	6	6
Fuengfuanant Co., Ltd.	-	-	-	-	-	-	-	3	3	-	3	3
Mongkolsamai Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Thanapakdi Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Kanchanasing Korn Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Sura Bangyikhan Co., Ltd.	-	-	-	-	-	-	-	24	24	-	21	21
Athimart Co., Ltd.	-	-	-	-	-	-	-	4	4	-	5	5
S.S. Karnsura Co., Ltd.	-	-	-	-	-	-	68	5	73	-	4	4
Kankwan Co., Ltd.	-	-	-	-	-	-	-	6	6	-	5	5
Theparunothai Co., Ltd.	-	-	-	-	-	-	-	4	4	-	4	4
Red Bull Distillery (1988) Co., Ltd.	-	-	-	-	-	-	1,121	25	1,146	592	19	611
United Winery and Distillery Co., Ltd.	-	-	-	-	-	-	-	2	2	-	1	1
Simathurakij Co., Ltd.	-	-	-	-	-	-	-	2	2	-	2	2
Nateechai Co., Ltd.	-	-	-	-	-	-	107	2	109	-	3	3
Luckchai Liquor Trading Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Sura Piset Phatra Lanna Co., Ltd.	-	-	-	-	-	-	-	-	-	7	-	7
Pomthip Co., Ltd.	-	-	-	-	-	-	-	11	11	279	11	290
Pomkit Co., Ltd.	-	-	-	-	-	-	-	5	5	-	5	5
Pomklung Co., Ltd.	-	-	-	-	-	-	-	6	6	-	5	5
Pomchok Co., Ltd.	-	-	-	-	-	-	-	5	5	-	5	5
Pomcharoen Co., Ltd.	-	-	-	-	-	-	-	5	5	-	4	4
Pomburapa Co., Ltd.	-	-	-	-	-	-	-	5	5	-	5	5
Pompalang Co., Ltd.	-	-	-	-	-	-	-	4	4	13	4	17
Pomnakorn Co., Ltd.	-	-	-	-	-	-	-	5	5	-	4	4
Num Yuk Co., Ltd.	-	-	-	-	-	-	-	25	25	30	22	52



**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

*Short-term loans to and other receivables from related parties*

	Consolidated financial statements						Separate financial statements					
	Short-term loans to	2011 Other receivables	Total	Short-term loans to	2010 Other receivables	Total	Short-term loans to	2011 Other receivables	Total	Short-term loans to	2010 Other receivables	Total
<i>Subsidiaries (continued)</i>												
Num Kijjakarn Co., Ltd.	-	-	-	-	-	-	-	19	19	-	19	19
Num Palang Co., Ltd.	-	-	-	-	-	-	-	9	9	-	8	8
Num Muang Co., Ltd.	-	-	-	-	-	-	-	12	12	-	12	12
Num Nakorn Co., Ltd.	-	-	-	-	-	-	-	8	8	-	8	8
Num Thurakij Co., Ltd.	-	-	-	-	-	-	-	12	12	-	10	10
Numrungrad Co., Ltd.	-	-	-	-	-	-	-	16	16	-	15	15
Numthip Co., Ltd.	-	-	-	-	-	-	-	10	10	-	9	9
Thipchalothorn Co., Ltd.	-	-	-	-	-	-	-	24	24	-	22	22
Krittayabun Co., Ltd.	-	-	-	-	-	-	-	43	43	-	29	29
Surathip Co., Ltd.	-	-	-	-	-	-	213	28	241	-	25	25
Sunthronpirom Co., Ltd.	-	-	-	-	-	-	379	32	411	-	25	25
Piromsurang Co., Ltd.	-	-	-	-	-	-	-	15	15	-	11	11
Wrangyer Beverage (2008) Co., Ltd.	-	-	-	-	-	-	11	1	12	-	1	1
Thai Molasses Co., Ltd.	-	-	-	-	-	-	155	-	155	-	-	-
Dhanasindhi Co., Ltd.	-	-	-	-	-	-	5	1	6	5	-	5
Thai Beverage Recycle Co., Ltd.	-	-	-	-	-	-	411	3	414	281	2	283
Thai Beverage Logistics Co., Ltd.	-	-	-	-	-	-	10,825	45	10,870	182	2	184
Dhospaak Co., Ltd.	-	-	-	-	-	-	228	1	229	48	-	48
Thai Beverage Brands Co., Ltd.	-	-	-	-	-	-	-	-	-	3	-	3
<b>Total subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,753</b>	<b>484</b>	<b>15,237</b>	<b>1,977</b>	<b>380</b>	<b>2,357</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

*Short-term loans to and other receivables from related parties*

	Consolidated financial statements						Separate financial statements					
	Short-term loans to	2011 Other receivables	Total	Short-term loans to	2010 Other receivables	Total	Short-term loans to	2011 Other receivables	Total	Short-term loans to	2010 Other receivables	Total
	<i>(in million Baht)</i>											
<b>Related companies</b>												
The Southeast Insurance Co., Ltd.	-	1,460	1,460	-	-	-	-	-	-	-	-	-
Plantheon Trading Co., Ltd.	-	531	531	-	759	759	-	-	-	-	-	-
Thai Alcohol PCL.	-	225	225	-	-	-	-	-	-	-	-	-
Thip Sugar Sukhothai Co., Ltd. (formerly: The Uttaradit Sugar industry Co., Ltd.)	-	36	36	-	3	3	-	-	-	-	-	-
The Suphanburi Sugar Industry Co., Ltd.	-	15	15	-	-	-	-	-	-	-	-	-
Best Fortune Property and Loan Fund	-	9	9	-	9	9	-	-	-	-	-	-
The Maewang Sugar Industry Co., Ltd.	-	8	8	-	-	-	-	-	-	-	-	-
T.C.C. Technology Co., Ltd.	-	-	-	-	14	14	-	-	-	-	14	14
New Noble Property And Loan Fund	-	-	-	-	4	4	-	-	-	-	-	-
Others	-	6	6	-	2	2	-	1	1	-	-	-
<b>Total related companies</b>	-	<b>2,290</b>	<b>2,290</b>	-	<b>791</b>	<b>791</b>	-	<b>1</b>	<b>1</b>	-	<b>14</b>	<b>14</b>
<b>Total</b>	-	<b>2,290</b>	<b>2,290</b>	-	<b>791</b>	<b>791</b>	<b>14,753</b>	<b>485</b>	<b>15,238</b>	<b>1,977</b>	<b>394</b>	<b>2,371</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

*Long-term loans to and other receivables from related parties*

	Consolidated financial statements						Separate financial statements					
	2011 Long-term loans to	2011 Other receivables	Total	2010 Long-term loans to	2010 Other receivables	Total	2011 Long-term loans to	2011 Other receivables	Total	2010 Long-term loans to	2010 Other receivables	Total
	<i>(in million Baht)</i>											
<b>Subsidiaries</b>												
Beer Thai (1991) PCL.	-	-	-	-	-	-	449	-	449	1,605	-	1,605
Red Bull Distillery (1988) Co., Ltd.	-	-	-	-	-	-	67	-	67	192	-	192
Wrangyer Beverage (2008) Co., Ltd.	-	-	-	-	-	-	119	-	119	165	-	165
Thai Beverage Recycle Co., Ltd.	-	-	-	-	-	-	-	-	-	20	-	20
Pompalang Co., Ltd.	-	-	-	-	-	-	-	-	-	113	-	113
Thai Beverage Logistics Co., Ltd.	-	-	-	-	-	-	-	-	-	395	-	395
Thai Beverage Brands Co., Ltd.	-	-	-	-	-	-	-	-	-	9	-	9
Pan International (Thailand) Co., Ltd.	-	-	-	-	-	-	-	1	1	-	-	-
<b>Total subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>635</b>	<b>1</b>	<b>636</b>	<b>2,499</b>	<b>-</b>	<b>2,499</b>
<b>Related companies</b>												
North Park Real Estate Co., Ltd.	-	30	30	-	29	29	-	3	3	-	3	3
T.C.C. Technology Co., Ltd.	-	7	7	-	-	-	-	7	7	-	-	-
The Pet Co., Ltd.	-	5	5	-	-	-	-	-	-	-	-	-
New Noble Property And Loan Fund	-	4	4	-	-	-	-	-	-	-	-	-
TCC PD 11 Co., Ltd.	-	-	-	-	3	3	-	-	-	-	-	-
Others	-	7	7	-	7	7	-	-	-	-	-	-
<b>Total related companies</b>	<b>-</b>	<b>53</b>	<b>53</b>	<b>-</b>	<b>39</b>	<b>39</b>	<b>-</b>	<b>10</b>	<b>10</b>	<b>-</b>	<b>3</b>	<b>3</b>
<b>Total</b>	<b>-</b>	<b>53</b>	<b>53</b>	<b>-</b>	<b>39</b>	<b>39</b>	<b>635</b>	<b>11</b>	<b>646</b>	<b>2,499</b>	<b>3</b>	<b>2,502</b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

<i>Summary of loans to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Short-term loans	-	-	14,753	1,977
Long-term loans	-	-	635	2,499
<b>Total loans to related parties</b>	<b>-</b>	<b>-</b>	<b>15,388</b>	<b>4,476</b>

Movements during the years ended 31 December 2011 and 2010 of loans to related parties were as follows:

<i>Loans to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Short-term loans</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	1,977	2,642
Increase	-	-	13,108	877
Decrease	-	-	(332)	(1,542)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>14,753</b>	<b>1,977</b>
<b>Long-term loans</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	2,499	3,455
Increase	-	-	-	529
Decrease	-	-	(1,864)	(1,485)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>635</b>	<b>2,499</b>

Loans to and other receivables from related parties of the Group and the Company as at 31 December 2011 and 2010 were denominated entirely in Thai Baht and other functional currencies of foreign subsidiaries.

<i>Trade accounts payable to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Other related companies</b>				
Thai Malaya Glass Co., Ltd.	903	-	-	-
Thai Beverage Can Ltd.	158	85	-	-
Plantheon Trading Co., Ltd.	113	63	-	-
Crown Seal Public Co., Ltd.	105	-	-	-
The Pet Co., Ltd.	58	-	-	-
Petform (Thailand) Co., Ltd.	31	-	-	-
Bangkok Glass Co., Ltd.	31	-	-	-
Pisetkij Co., Ltd.	21	22	-	-
PS Recycle Co., Ltd.	17	20	-	-
Berli Jucker PCL.	-	792	-	-
Others	1	8	-	-
<b>Total</b>	<b>1,438</b>	<b>990</b>	<b>-</b>	<b>-</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

*Short-term loans from and other payables to related parties*

	Consolidated financial statements						Separate financial statements					
	Short-term loans from	2011 Other payables	Total	Short-term loans from	2010 Other payables	Total	Short-term loans from	2011 Other payables	Total	Short-term loans from	2010 Other payables	Total
<i>Subsidiaries</i>												
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	-	-	-	132	15	147	82	15	97
Sangsom Co., Ltd.	-	-	-	-	-	-	279	7	286	626	6	632
Fuengfuanant Co., Ltd.	-	-	-	-	-	-	97	1	98	90	1	91
Mongkolsamai Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Thanapakdi Co., Ltd.	-	-	-	-	-	-	-	-	-	63	1	64
Kanchanasingkorn Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Sura Piset Thipparat Co., Ltd.	-	-	-	-	-	-	5	-	5	61	-	61
Sura Bangyikhan Co., Ltd.	-	-	-	-	-	-	320	6	326	-	-	-
Athimart Co., Ltd.	-	-	-	-	-	-	-	-	-	432	1	433
S.S. Karnsura Co., Ltd.	-	-	-	-	-	-	-	-	-	22	1	23
Kankwan Co., Ltd.	-	-	-	-	-	-	-	-	-	322	2	324
Theparunothai Co., Ltd.	-	-	-	-	-	-	-	-	-	-	1	1
Simathurakij Co., Ltd.	-	-	-	-	-	-	-	2	2	39	2	41
Nateechai Co., Ltd.	-	-	-	-	-	-	-	-	-	194	1	195
Luckchai Liquor Trading Co., Ltd.	-	-	-	-	-	-	18	1	19	75	-	75
Sura Piset Phatra Lanna Co., Ltd.	-	-	-	-	-	-	10	-	10	-	-	-
Pomthip Co., Ltd.	-	-	-	-	-	-	78	1	79	-	-	-
Pomkit Co., Ltd.	-	-	-	-	-	-	230	2	232	188	1	189
Pomklung Co., Ltd.	-	-	-	-	-	-	299	2	301	113	1	114
Pomchok Co., Ltd.	-	-	-	-	-	-	124	2	126	-	1	1
Pomcharoen Co., Ltd.	-	-	-	-	-	-	266	1	267	65	-	65
Pomburapa Co., Ltd.	-	-	-	-	-	-	183	2	185	133	1	134
Pompalang Co., Ltd.	-	-	-	-	-	-	103	-	103	-	1	1
Pomnakorn Co., Ltd.	-	-	-	-	-	-	158	1	159	-	-	-
Num Yuk Co., Ltd.	-	-	-	-	-	-	1,105	4	1,109	-	-	-
Num Kijjakarn Co., Ltd.	-	-	-	-	-	-	590	7	597	429	5	434
Num Palang Co., Ltd.	-	-	-	-	-	-	466	2	468	193	1	194
Num Muang Co., Ltd.	-	-	-	-	-	-	617	4	621	392	2	394
Num Nakorn Co., Ltd.	-	-	-	-	-	-	585	3	588	235	1	236
Num Thurakij Co., Ltd.	-	-	-	-	-	-	489	4	493	143	2	145

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

*Short-term loans from and other payables to related parties*

	Consolidated financial statements						Separate financial statements					
	Short-term loans from	2011 Other payables	Total	Short-term loans from	2010 Other payables	Total	Short-term loans from	2011 Other payables	Total	Short-term loans from	2010 Other payables	Total
<i>Subsidiaries (continued)</i>												
Numrungrod Co., Ltd.	-	-	-	-	-	-	761	4	765	266	3	269
Numthip Co., Ltd.	-	-	-	-	-	-	486	2	488	223	1	224
Thipchalothorn Co., Ltd.	-	-	-	-	-	-	28	1	29	133	1	134
Krittayabun Co., Ltd.	-	-	-	-	-	-	405	2	407	-	1	1
Surathip Co., Ltd.	-	-	-	-	-	-	-	-	-	75	-	75
Sunthronpirom Co., Ltd.	-	-	-	-	-	-	-	-	-	85	1	86
Piromsurang Co., Ltd.	-	-	-	-	-	-	137	1	138	-	1	1
Thai Beverage Brands Co., Ltd.	-	-	-	-	-	-	14	-	14	-	-	-
Thai Beverage Energy Co., Ltd.	-	-	-	-	-	-	255	1	256	152	1	153
Thai Molasses Co., Ltd.	-	-	-	-	-	-	-	-	-	127	-	127
Thai Cooperage Co., Ltd.	-	-	-	-	-	-	146	1	147	1	-	1
Feed Addition Co., Ltd.	-	-	-	-	-	-	13	-	13	29	-	29
Pan International (Thailand) Co., Ltd.	-	-	-	-	-	-	25	2	27	14	-	14
Charun Business 52 Co., Ltd.	-	-	-	-	-	-	8	-	8	8	-	8
Thai Beverage Logistics Co., Ltd.	-	-	-	-	-	-	-	-	-	-	1	1
Thai Beverage Marketing Co., Ltd.	-	-	-	-	-	-	84	125	209	663	1	664
Dhanasindhi Co., Ltd.	-	-	-	-	-	-	-	1	1	-	-	-
Dhospaak Co., Ltd.	-	-	-	-	-	-	-	48	48	-	44	44
Thai Beverage Training Co., Ltd.	-	-	-	-	-	-	-	1	1	-	17	17
Cosmos Brewery (Thailand) Co., Ltd.	-	-	-	-	-	-	84	3	87	210	3	213
Beer Chang Co., Ltd.	-	-	-	-	-	-	1	1	2	7	1	8
Thai Drinks Co., Ltd.	-	-	-	-	-	-	25	2	27	48	2	50
Archa Beer Co., Ltd.	-	-	-	-	-	-	10	-	10	-	-	-
Oishi Group PCL.	-	-	-	-	-	-	-	11	11	-	-	-
<b>Total subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,636</b>	<b>275</b>	<b>8,911</b>	<b>5,938</b>	<b>127</b>	<b>6,065</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

*Short-term loans from and other payables to related parties*

	Consolidated financial statements						Separate financial statements					
	Short-term loans from	2011 Other payables	Total	Short-term loans from	2010 Other payables	Total	Short-term loans from	2011 Other payables	Total	Short-term loans from	2010 Other payables	Total
	<i>(in million Baht)</i>											
<b>Related companies</b>												
Plaza Athenee Hotel (Thailand) Co., Ltd.	-	31	31	-	17	17	-	1	1	-	4	4
The Southeast Insurance Co., Ltd.	-	21	21	-	12	12	-	-	-	-	-	-
Berli Jucker PCL.	-	13	13	-	2	2	-	-	-	-	-	-
Thai Malaya Glass Co., Ltd.	-	11	11	-	-	-	-	-	-	-	-	-
TCC. Hotel Collection Co., Ltd.	-	10	10	-	5	5	-	2	2	-	-	-
Southeast Capital Co., Ltd.	-	9	9	-	14	14	-	3	3	-	3	3
Eastern Chemical Co., Ltd.	-	7	7	-	-	-	-	-	-	-	-	-
T.C.C. Technology Co., Ltd.	-	7	7	-	10	10	-	5	5	-	10	10
Thai Alcohol PCL.	-	-	-	-	86	86	-	-	-	-	-	-
Others	-	37	37	-	17	17	-	2	2	-	1	1
<b>Total related companies</b>	-	<b>146</b>	<b>146</b>	-	<b>163</b>	<b>163</b>	-	<b>13</b>	<b>13</b>	-	<b>18</b>	<b>18</b>
<b>Total</b>	-	<b>146</b>	<b>146</b>	-	<b>163</b>	<b>163</b>	<b>8,636</b>	<b>288</b>	<b>8,924</b>	<b>5,938</b>	<b>145</b>	<b>6,083</b>

Short-term loans from and other payables to related parties of the Group and the Company as at 31 December 2011 and 2010 were denominated entirely in Thai Baht and other functional currencies of foreign subsidiaries.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

*Long-term loans from and other payables to related parties*

	Consolidated financial statements					Separate financial statements						
	2011	2011	2010	2011	2010	2011	2011	2010	2011	2010	2010	2010
	Long-term	Other	Long-term	Other	Long-term	Other	Long-term	Other	Long-term	Other	Long-term	Other
	loans from	payables	loans from	payables	loans from	payables	loans from	payables	loans from	payables	loans from	payables
	Total		Total		Total		Total		Total		Total	
	<i>(in million Baht)</i>											
<b>Subsidiaries</b>												
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	-	-	-	3,090	-	3,090	3,564	-	3,564
Fuengfuanant Co., Ltd.	-	-	-	-	-	-	158	-	158	151	-	151
Thanapakdi Co., Ltd.	-	-	-	-	-	-	79	-	79	176	-	176
Mongkolsamai Co., Ltd.	-	-	-	-	-	-	77	-	77	241	-	241
Kanchanasingkorn Co., Ltd.	-	-	-	-	-	-	157	-	157	219	-	219
Sura Piset Thipparat Co., Ltd.	-	-	-	-	-	-	109	-	109	-	-	-
Sura BangyiKhan Co., Ltd.	-	-	-	-	-	-	1,018	-	1,018	-	-	-
Athimart Co., Ltd.	-	-	-	-	-	-	98	-	98	-	-	-
S.S. Karnsura Co., Ltd.	-	-	-	-	-	-	-	-	-	155	-	155
Kankwan Co., Ltd.	-	-	-	-	-	-	70	-	70	90	-	90
Theparunothai Co., Ltd.	-	-	-	-	-	-	18	-	18	241	-	241
United Winery and Distillery Co., Ltd.	-	-	-	-	-	-	73	-	73	176	-	176
Simathurakij Co., Ltd.	-	-	-	-	-	-	302	-	302	401	-	401
Luckchai Liquor Trading Co., Ltd.	-	-	-	-	-	-	130	-	130	-	-	-
Pomkit Co., Ltd.	-	-	-	-	-	-	309	-	309	195	-	195
Pomklung Co., Ltd.	-	-	-	-	-	-	76	-	76	20	-	20
Pomchok Co., Ltd.	-	-	-	-	-	-	352	-	352	330	-	330
Pom Charoen Co., Ltd.	-	-	-	-	-	-	48	-	48	-	-	-
Pomburapa Co., Ltd.	-	-	-	-	-	-	372	-	372	221	-	221
Pomnakorn Co., Ltd.	-	-	-	-	-	-	146	-	146	92	-	92
Num Yuk Co., Ltd.	-	-	-	-	-	-	110	-	110	-	-	-
Num Thurakij Co., Ltd.	-	-	-	-	-	-	525	-	525	286	-	286
Num Muang Co., Ltd.	-	-	-	-	-	-	375	-	375	235	-	235
Num Nakorn Co., Ltd.	-	-	-	-	-	-	163	-	163	168	-	168
Num Kijjakarn Co., Ltd.	-	-	-	-	-	-	1,275	-	1,275	947	-	947



**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

*Long-term loans from and other payables to related parties*

	Consolidated financial statements					Separate financial statements						
	2011		Total	2010		Total	2011		Total	2010		Total
Long-term loans from	Other payables	Long-term loans from		Other payables	Long-term loans from		Other payables	Long-term loans from		Other payables	Long-term loans from	
<i>Subsidiaries (continued)</i>												
Numrungrod Co., Ltd.	-	-	-	-	-	-	319	-	319	490	-	490
Numthip Co., Ltd.	-	-	-	-	-	-	177	-	177	64	-	64
Thipchalothorn Co., Ltd.	-	-	-	-	-	-	-	-	-	140	-	140
Krittayabun Co., Ltd.	-	-	-	-	-	-	-	-	-	145	-	145
Surathip Co., Ltd.	-	-	-	-	-	-	-	-	-	149	-	149
Sunthronpirom Co., Ltd.	-	-	-	-	-	-	-	-	-	411	-	411
Piromsurang Co., Ltd.	-	-	-	-	-	-	-	-	-	162	-	162
Thai Molasses Co., Ltd.	-	-	-	-	-	-	-	-	-	80	-	80
Feed Addition Co., Ltd.	-	-	-	-	-	-	20	-	20	10	-	10
Pan International (Thailand) Co., Ltd.	-	-	-	-	-	-	23	-	23	23	-	23
Charun Business 52 Co., Ltd.	-	-	-	-	-	-	32	-	32	28	-	28
Thai Cooperage Co., Ltd.	-	-	-	-	-	-	59	-	59	58	-	58
Cosmos Brewery (Thailand) Co., Ltd.	-	-	-	-	-	-	458	-	458	471	-	471
Beer Chang Co., Ltd.	-	-	-	-	-	-	246	-	246	195	-	195
Archa Beer Co., Ltd.	-	-	-	-	-	-	64	-	64	69	-	69
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,528</b>	<b>-</b>	<b>10,528</b>	<b>10,403</b>	<b>-</b>	<b>10,403</b>

Long-term loans from and other payables to related parties of the Group and the Company as at 31 December 2011 and 2010 were denominated entirely in Thai Baht.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

<i>Summary of loans from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Short-term loans	-	-	8,636	5,938
Long-term loans	-	-	10,528	10,403
<b>Total loans from related parties</b>	<b>-</b>	<b>-</b>	<b>19,164</b>	<b>16,341</b>

Movements during the years ended 31 December 2011 and 2010 of loans from related parties were as follows:

<i>Loans from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Short-term loans</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	5,938	7,259
Increase	-	-	5,371	2,106
Decrease	-	-	(2,673)	(3,427)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>8,636</b>	<b>5,938</b>
<b>Long-term loans</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	10,403	9,743
Increase	-	-	2,803	1,965
Decrease	-	-	(2,678)	(1,305)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>10,528</b>	<b>10,403</b>

### *Significant agreements with related parties*

#### *Supporting service agreements*

The Company entered into supporting service agreements with subsidiaries for supporting service such as human resource, administration, accounting, finance, public relations, public co-ordination, 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.

With effect from 1 January 2007, the supporting service fee rate was adjusted to 1% of the principal revenue. Service fee rate was adjusted for development of new product, 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 provision of ongoing support and maintenance of the systems and infrastructure and is committed to pay system, hardware and software rental fee and service fee on a monthly basis throughout the contract period for five years, effective from 31 May 2006, under the fees and conditions stated in the contract. Subsequently, the Company entered into additional agreements based on the number of users and renewed the agreements ended 31 August 2014.

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

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

**For the years ended 31 December 2011 and 2010**

#### *Procurement agreement*

Pan International (Thailand) Co., Ltd., the Company's subsidiary, entered into the procurement agreements with other subsidiaries, for necessary purchase and procurement services to the later subsidiaries. The procurement fee is 1% of the value of goods and services purchased under such agreement.

#### *Molasses purchase agreements*

Thai Molasses Co., Ltd., the Company's subsidiary, entered into molasses purchase and sale agreements with various related companies in order to sell to other subsidiaries within the Group. The terms and conditions of these agreements specify that the seller would sell molasses to the buyers in specified quantity, price, quality, delivery and received, payments, responsibility, weight, sample analysis on molasses, and quality control, etc.

#### *Glass bottle purchase and sale agreement*

Thai Beverage Recycle Co., Ltd., the Company's subsidiary, entered into the glass bottle purchase and sale agreement with Berli Jucker PCL., 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 from 1 May 2007 to 31 December 2009, under the prices and conditions stated in the contract.

On 23 December 2009, the subsidiary entered into a new glass bottle purchase and sale agreement for a period of three years, effective from 1 January 2010 to 31 December 2012, under the prices and conditions stated in the contract.

#### *License agreements*

- Three subsidiaries entered into license agreements with Beer Chang Co., Ltd., Archa Beer Co., Ltd., and Thai Beverage Brands Co., Ltd., the Company's subsidiaries, for rights and obligations for the sale of drinking water, soda water, beer, draft beer and lager beer under the trade names of "CHANG", "ARCHA" and "FEDERBRAU". The subsidiaries are committed to pay fees at a rate of 2% based on net sales at price, ex factory, excluding VAT and after deducting excise tax, contributions to the health promotion fund and Thai Public Broadcasting Service.
- Sura Bangyikhan Co., Ltd., the Company's subsidiary, entered into license agreements with 12 subsidiaries for the rights to use trademarks for white spirits and Chiang - Chun blended spirits as stipulated in the agreement. The trademark fee is from Baht 0.50 - 1.50 per bottle, based on the contents and size of the bottle. With effective from January 2010, the trademark fee was adjusted to Baht 0.50 – 1.20 per bottle, based on the contents and size of the bottle.

#### *Sales Distributor Agreements*

Thai Beverage Marketing Co., Ltd., the Company's subsidiary, entered into sales distributor agreements with two subsidiaries to sell beverage products under the prices and conditions stated in the agreements for five years, effective from 3 October 2008 to 2 October 2013.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### *Biogas purchase and sale agreement*

Thai Beverage Energy Co., Ltd., the Company's subsidiary, entered into biogas purchase and sale agreements with three related companies for a period of 19 years, effective from the year 2009 to 2028, to supply biogas to use as a fuel source in spirits distillery process under the price and conditions stated in the agreements. Subsequently in 2010, the aforementioned agreements were made with additional two related companies for a period of 18 years, effective from the year 2010 to 2028.

### *Revolving loan agreement*

In June 2011, the Company entered into revolving joint loan agreement with subsidiaries for lending loans with joint credit limit not exceeding Baht 10,000 million, interest rate 5.00 % per annum and repayable at call. Subsequently in September 2011, the Company entered into revolving loan agreement with a subsidiary to lend loans with credit limit of Baht 15,000 million, interest rate 5.00 % per annum and repayable at call.

In 2011, the Company entered into revolving loan agreements with subsidiaries to borrow loans with total credit limit of Baht 55,900 million, interest rate 5.00% per annum and repayable at call.

### *Commitments with related parties*

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b><i>Non-cancellable operating lease commitments</i></b>				
Within one year	214	216	52	43
After one year but within five years	317	316	56	55
<b>Total</b>	<b>531</b>	<b>532</b>	<b>108</b>	<b>98</b>
<b><i>Other commitments</i></b>				
Purchase molasses	1,421	1,613	-	-
Sale molasses	-	171	-	-
Application service provisioning agreement	109	27	109	27
Brewing supervision agreement	24	26	-	-
Other agreements	18	9	56	33
<b>Total</b>	<b>1,572</b>	<b>1,846</b>	<b>165</b>	<b>60</b>

## 8 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Cash on hand	55	47	-	-
Cash at banks - current accounts	895	822	1	1
Cash at banks - saving accounts	2,112	1,387	10	22
Highly liquid short-term investments	380	1,103	-	-
<b>Total</b>	<b>3,442</b>	<b>3,359</b>	<b>11</b>	<b>23</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

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

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	3,217	3,057	11	23
Hong Kong Dollars (HKD)	215	273	-	-
United States Dollars (USD)	7	28	-	-
Others	3	1	-	-
<b>Total</b>	<b>3,442</b>	<b>3,359</b>	<b>11</b>	<b>23</b>

**9 Other investments**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b><i>Current investments</i></b>				
Short-term deposits at financial institutions	1	1	-	-
Others	12	-	-	-
	<b>13</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b><i>Other long-term investments</i></b>				
Equity securities available for sale	73	-	-	-
Investment in government bonds	12	12	-	-
Other non marketable equity securities	60	6	-	-
Less allowance for decline in value of investments	(5)	(4)	-	-
	<b>67</b>	<b>14</b>	<b>-</b>	<b>-</b>
	<b>140</b>	<b>14</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>153</b>	<b>15</b>	<b>-</b>	<b>-</b>

As at 31 December 2009, an indirect subsidiary invested in government bonds in the amount of Baht 8.5 million, bearing interest rates at 5.90% and 4.25% per annum and maturity in 2013 and 2014. The bonds have been pledged as collateral for electricity utilisation. Subsequently during 2010, the aforementioned indirect subsidiary invested additionally in government bonds in the amount of Baht 3.66 million, bearing interest rate at 4.125% per annum and maturity in 2016. The bonds have been pledged as collateral for natural gas utilisation.

Other investments of the Group as at 31 December 2011 and 2010 were denominated entirely in Thai Baht.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

**10 Trade accounts receivable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2011	2010	2011	2010
		<i>(in million Baht)</i>			
Related parties	7	241	21	-	-
Other parties		3,459	1,937	-	-
<b>Total</b>		<b>3,700</b>	<b>1,958</b>	<b>-</b>	<b>-</b>
<i>Less</i> allowance for doubtful accounts		(81)	(36)	-	-
<b>Net</b>		<b>3,619</b>	<b>1,922</b>	<b>-</b>	<b>-</b>
Bad debts and (reversal of) doubtful debts expense for the year		<b>16</b>	<b>(3)</b>	<b>-</b>	<b>-</b>

Aging analyses for trade accounts receivable were as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
<b>Related parties</b>					
Within credit terms		102	21	-	-
Overdue:					
Less than 3 months		135	-	-	-
6-12 months		4	-	-	-
		<b>241</b>	<b>21</b>	<b>-</b>	<b>-</b>
<b>Other parties</b>					
Within credit terms		3,101	1,750	-	-
Overdue:					
Less than 3 months		299	158	-	-
3-6 months		40	7	-	-
6-12 months		5	10	-	-
Over 12 months		14	12	-	-
		<b>3,459</b>	<b>1,937</b>	<b>-</b>	<b>-</b>
<i>Less</i> allowance for doubtful accounts		(81)	(36)	-	-
		<b>3,378</b>	<b>1,901</b>	<b>-</b>	<b>-</b>
<b>Net</b>		<b>3,619</b>	<b>1,922</b>	<b>-</b>	<b>-</b>

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

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

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

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	3,604	1,919	-	-
United States Dollars (USD)	12	3	-	-
Euro	3	-	-	-
<b>Total</b>	<b>3,619</b>	<b>1,922</b>	<b>-</b>	<b>-</b>

### 11 Inventories

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Finished goods	11,860	10,017	-	-
Maturing spirits	9,316	9,028	-	-
Work in progress	4,060	3,867	-	-
Raw materials	2,971	2,548	-	-
Packaging materials	2,607	823	-	-
Spare parts	526	428	-	-
Others	767	608	-	-
	32,107	27,319	-	-
Less allowance for decline in value	(461)	(173)	-	-
<b>Net</b>	<b>31,646</b>	<b>27,146</b>	<b>-</b>	<b>-</b>
Inventories recognised as an expense in 'cost of sales of goods':				
- Cost	97,172	89,914	-	-
- Write-down to net realisable value	445	84	-	-
- Reversal of write-down	(275)	(173)	-	-
<b>Net total</b>	<b>97,342</b>	<b>89,825</b>	<b>-</b>	<b>-</b>

### 12 Other current assets

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Prepaid excise tax	2,948	743	-	-
Refundable VAT	478	367	17	5
Refundable excise tax	522	231	-	-
Others	350	336	1	2
<b>Total</b>	<b>4,298</b>	<b>1,677</b>	<b>18</b>	<b>7</b>

Other current assets of the Group and the Company as at 31 December 2011 and 2010 were denominated entirely in Thai Baht and other functional currencies of foreign subsidiaries.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### 13 Investments in subsidiaries

	Separate financial statements	
	2011	2010
	<i>(in million Baht)</i>	
At 1 January	80,047	80,091
Increase in share capital in subsidiary	143	-
Acquisitions	-	2
Disposals	-	(46)
<b>At 31 December</b>	<b>80,190</b>	<b>80,047</b>

The Executive Board of Directors' meeting held on 25 April 2011 unanimously approved in principle for International Beverage Holdings Limited, the Company's subsidiary, to increase its authorised share capital amounting to HKD 36.5 million; InterBev (Singapore) Limited, the Company's indirect subsidiary, to increase its authorised share capital amounting to SGD 6 million; and Super Brands Company Pte. Ltd., the Company's subsidiary of indirect subsidiary, to increase its authorised share capital amounting to SGD 8.2 million. The increase in share capital of International Beverage Holdings Limited, the Company's subsidiary, InterBev (Singapore) Limited, the Company's indirect subsidiary, and Super Brands Company Pte. Ltd., the Company's subsidiary of indirect subsidiary, was completed on 31 May 2011, 20 June 2011 and 27 June 2011, respectively.



**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

Investments in subsidiaries as at 31 December 2011 and 2010, and dividend income from those investments for the years then ended were as follows:

	<b>Separate financial statements</b>							
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010
	(%)		(in million Baht)					
<b>Subsidiaries</b>								
Beer Thai (1991) PCL.	100.00	100.00	5,550	5,550	12,500	12,500	78	-
Beer Thip Brewery (1991) Co., Ltd.	100.00	100.00	6,600	6,600	12,500	12,500	462	541
Sangsom Co., Ltd.	100.00	100.00	7,500	7,500	7,500	7,500	90	135
Fuengfuanant Co., Ltd.	100.00	100.00	900	900	900	900	29	87
Mongkolsamai Co., Ltd.	100.00	100.00	700	700	691	691	6	10
Thanapakdi Co., Ltd.	100.00	100.00	700	700	697	697	11	-
Kanchanasingkorn Co., Ltd.	100.00	100.00	700	700	700	700	8	48
Sura Bangyikhan Co., Ltd.	100.00	100.00	4,000	4,000	4,000	4,000	1,092	968
Athimart Co., Ltd.	100.00	100.00	900	900	900	900	52	104
S.S. Karnsura Co., Ltd.	100.00	100.00	800	800	800	800	41	142
Kankwan Co., Ltd.	100.00	100.00	800	800	800	800	74	158
Theparunothai Co., Ltd.	100.00	100.00	700	700	700	700	52	121
Red Bull Distillery (1988) Co., Ltd.	100.00	100.00	5,000	5,000	5,000	5,000	305	395
United Winery and Distillery Co., Ltd.	100.00	100.00	1,800	1,800	1,800	1,800	76	95
Simathurakij Co., Ltd.	100.00	100.00	900	900	888	888	114	124
Nateechai Co., Ltd.	100.00	100.00	800	800	800	800	-	62
Luckchai Liquor Trading Co., Ltd.	100.00	100.00	800	800	766	766	27	26
Sura Piset Thipparat Co., Ltd.	100.00	100.00	1,000	1,000	1,010	1,010	-	-
Pomthip Co., Ltd.	100.00	100.00	10	10	10	10	-	11
Pomkit Co., Ltd.	100.00	100.00	10	10	10	10	74	34
Pomklung Co., Ltd.	100.00	100.00	10	10	10	10	-	-
Pomchok Co., Ltd.	100.00	100.00	10	10	10	10	25	91
Pomcharoen Co., Ltd.	100.00	100.00	10	10	10	10	39	19
Pomburapa Co., Ltd.	100.00	100.00	10	10	10	10	83	81
Pompalang Co., Ltd.	100.00	100.00	10	10	10	10	-	-
Pomnakorn Co., Ltd.	100.00	100.00	10	10	10	10	25	21

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

	<b>Separate financial statements</b>									
	Ownership interest		Paid-up capital		Cost method		Dividend income			
	2011	2010	2011	2010	2011	2010	2011	2010		
	(%)		(in million Baht)							
<i>Subsidiaries (continued)</i>										
Num Yuk Co., Ltd.	100.00	100.00	10	10	10	10	454	364		
Num Kijjakarn Co., Ltd.	100.00	100.00	10	10	10	10	586	681		
Num Palang Co., Ltd.	100.00	100.00	10	10	10	10	102	129		
Num Muang Co., Ltd.	100.00	100.00	10	10	10	10	339	354		
Num Nakorn Co., Ltd.	100.00	100.00	10	10	10	10	215	212		
Num Thurakij Co., Ltd.	100.00	100.00	10	10	10	10	319	291		
Numrungrad Co., Ltd.	100.00	100.00	10	10	10	10	460	409		
Numthip Co., Ltd.	100.00	100.00	10	10	10	10	214	171		
Thipchalothon Co., Ltd.	100.00	100.00	1	1	3	3	192	340		
Krittayabun Co., Ltd.	100.00	100.00	5	5	27	27	382	375		
Surathip Co., Ltd.	100.00	100.00	1	1	7	7	204	150		
Sunthronpirom Co., Ltd.	100.00	100.00	5	5	25	25	295	209		
Piromsurang Co., Ltd.	100.00	100.00	5	5	24	24	147	118		
Thai Beverage Energy Co., Ltd.	100.00	100.00	860	860	864	864	-	-		
Wrangyer Beverage (2008) Co., Ltd.	100.00	100.00	200	200	200	200	-	-		
Thai Molasses Co., Ltd.	99.72	99.72	40	40	35	35	103	74		
Feed Addition Co., Ltd.	100.00	100.00	1	1	32	32	37	28		
Pan International (Thailand) Co., Ltd.	100.00	100.00	1	1	34	34	26	29		
Charun Business 52 Co., Ltd.	100.00	100.00	122	122	84	84	-	-		
Thai Cooperage Co., Ltd.	100.00	100.00	300	300	296	296	-	-		
Thai Beverage Recycle Co., Ltd.	100.00	100.00	123	123	134	134	136	128		
Thai Beverage Logistics Co., Ltd.	100.00	100.00	1,012	1,012	1,012	1,012	-	-		
Thai Beverage Marketing Co., Ltd.	100.00	100.00	300	300	300	300	327	124		
Dhanasindhi Co., Ltd.	100.00	100.00	20	20	24	24	31	29		
Dhospaak Co., Ltd.	100.00	100.00	25	25	61	61	15	17		
Thai Beverage Training Co., Ltd.	100.00	100.00	3	3	3	3	16	-		
International Beverage Holdings Limited	100.00	100.00	8,006	7,863	8,006	7,863	-	-		
Cosmos Brewery (Thailand) Co., Ltd.	100.00	100.00	1,667	1,667	4,139	4,139	70	22		

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

	<b>Separate financial statements</b>							
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010
	( <i>%</i> )		( <i>in million Baht</i> )					
<b><i>Subsidiaries (continued)</i></b>								
Thai Beverage Brands Co., Ltd.	100.00	100.00	5	5	39	39	-	-
Beer Chang Co., Ltd.	100.00	100.00	1	1	4,318	4,318	118	119
Archa beer Co., Ltd.	100.00	100.00	1	1	130	130	31	44
Sura Piset Phatra Lanna Co., Ltd.	100.00	100.00	1,000	1,000	1,015	1,015	-	-
Oishi Group PCL.	89.26	89.26	375	375	6,206	6,206	536	600
Thai Drinks Co., Ltd.	100.00	100.00	60	60	60	60	-	-
<b>Total</b>			<b><u>54,449</u></b>	<b><u>54,306</u></b>	<b><u>80,190</u></b>	<b><u>80,047</u></b>	<b><u>8,118</u></b>	<b><u>8,290</u></b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### 14 Investments in associates

	<b>Consolidated financial statements</b>	
	2011	2010
	<i>(in million Baht)</i>	
At 1 January	123	128
Acquisitions through business combinations	252	-
Share of net profit (loss) of equity-accounted associates	(231)	11
Translation of financial statement differences	5	(16)
<b>At 31 December</b>	<b>149</b>	<b>123</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

Investments in associates as at 31 December 2011 and 2010, and dividend income from those investments for the years then ended were as follows:

	<b>Consolidated financial statements</b>													
	Ownership interest		Paid-up capital		Cost method		Impairment		At cost - net		Equity method		Dividend income	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(%)		(in million Baht)											
<i>Associates</i>														
<i>Held by subsidiaries of indirect subsidiaries</i>														
Liquorland Limited	49.49	49.49	69	69	18	18	-	-	18	18	128	123	-	-
Inver House Polska Limited	84.00	44.00	8	8	7	4	(7)	(4)	-	-	-	-	-	-
Inver House Distribution SA	50.02	50.02	2	2	1	1	-	-	1	1	-	-	-	-
Petform (Thailand) Co., Ltd.	25.86	-	75	-	30	-	-	-	30	-	21	-	-	-
<b>Total</b>			<b>154</b>	<b>79</b>	<b>56</b>	<b>23</b>	<b>(7)</b>	<b>(4)</b>	<b>49</b>	<b>19</b>	<b>149</b>	<b>123</b>	<b>-</b>	<b>-</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

**15 Investment properties**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
<b><i>Cost</i></b>					
At 1 January		912	912	-	-
Acquired in business combinations		30	-	-	-
Disposals		(134)	-	-	-
<b>At 31 December</b>		<b>808</b>	<b>912</b>	<b>-</b>	<b>-</b>
<b><i>Depreciation and impairment losses</i></b>					
At 1 January		126	126	-	-
Depreciation charge for the year		4	-	-	-
<b>At 31 December</b>		<b>130</b>	<b>126</b>	<b>-</b>	<b>-</b>
<b><i>Net book value</i></b>					
<b>At 1 January 2010</b>		<b>-</b>	<b>786</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2010 and 1 January 2011</b>		<b>786</b>	<b>786</b>	<b>-</b>	<b>-</b>
<b>At 31 December 2011</b>		<b>678</b>	<b>-</b>	<b>-</b>	<b>-</b>

The Group's investment properties were revalued by the Treasury Department, Ministry of Finance and Thai Property Appraisal Lynn Phillips Co., Ltd. as at 31 December 2011 at Baht 906.83 million.

Investment properties comprise of a number of commercial properties that are leased to third parties and idle land.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

**16 Property, plant and equipment**

	<b>Consolidated financial statements</b>								
	Land	Land improvement	Building, buildings and leasehold improvements	Machinery and equipment	Oak barrels <i>(in million Baht)</i>	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>Cost/ revaluation</i>									
At 1 January 2010	10,807	1,465	18,030	43,749	2,740	1,035	2,819	990	81,635
Additions	154	2	209	354	10	141	425	2,016	3,311
Transfers	-	26	1,135	486	-	(78)	-	(1,569)	-
Disposals	-	-	(22)	(192)	(6)	(38)	(93)	-	(351)
Effect of movements in exchange rates	(2)	(1)	(118)	(120)	(35)	(1)	(1)	(6)	(284)
<b>At 31 December 2010 and 1 January 2011</b>	<b>10,959</b>	<b>1,492</b>	<b>19,234</b>	<b>44,277</b>	<b>2,709</b>	<b>1,059</b>	<b>3,150</b>	<b>1,431</b>	<b>84,311</b>
Additions	11	4	164	399	19	149	208	2,135	3,089
Acquisitions through business combinations	4,184	15	818	2,841	-	46	472	322	8,698
Surplus on land revaluation	46	-	-	-	-	-	-	-	46
Transfers	-	38	836	2,231	-	18	11	(3,134)	-
Disposals	-	-	(87)	(885)	(18)	(60)	(41)	(1)	(1,092)
Effect of movements in exchange rates	-	-	87	85	12	2	7	1	194
<b>At 31 December 2011</b>	<b>15,200</b>	<b>1,549</b>	<b>21,052</b>	<b>48,948</b>	<b>2,722</b>	<b>1,214</b>	<b>3,807</b>	<b>754</b>	<b>95,246</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

	<b>Consolidated financial statements</b>								
	Land	Land improvement	Building, buildings and leasehold improvements	Machinery and equipment	Oak barrels <i>(in million Baht)</i>	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<b><i>Depreciation and impairment losses</i></b>									
At 1 January 2010	-	734	7,961	31,646	1,731	652	2,494	-	45,218
Depreciation charge for the year	-	90	901	3,105	128	121	79	-	4,424
Disposals	-	-	(16)	(166)	(4)	(37)	(85)	-	(308)
Effect of movements in exchange rates	-	(1)	(48)	(68)	(20)	-	-	-	(137)
<b>At 31 December 2010 and 1 January 2011</b>	<b>-</b>	<b>823</b>	<b>8,798</b>	<b>34,517</b>	<b>1,835</b>	<b>736</b>	<b>2,488</b>	<b>-</b>	<b>49,197</b>
Depreciation charge for the year	-	70	873	1,908	131	135	160	-	3,277
Impairment losses	-	-	64	524	-	-	-	-	588
Disposals	-	-	(58)	(464)	(11)	(54)	(38)	-	(625)
Effect of movements in exchange rates	-	1	56	64	7	2	6	-	136
<b>At 31 December 2011</b>	<b>-</b>	<b>894</b>	<b>9,733</b>	<b>36,549</b>	<b>1,962</b>	<b>819</b>	<b>2,616</b>	<b>-</b>	<b>52,573</b>
<b><i>Net book value</i></b>									
<b>At 1 January 2010</b>									
Owned assets	10,807	731	10,069	12,093	1,009	383	323	990	36,405
Assets under finance leases	-	-	-	10	-	-	2	-	12
	<b>10,807</b>	<b>731</b>	<b>10,069</b>	<b>12,103</b>	<b>1,009</b>	<b>383</b>	<b>325</b>	<b>990</b>	<b>36,417</b>
<b>At 31 December 2010 and 1 January 2011</b>									
Owned assets	10,959	669	10,436	9,760	874	323	659	1,431	35,111
Assets under finance leases	-	-	-	-	-	-	3	-	3
	<b>10,959</b>	<b>669</b>	<b>10,436</b>	<b>9,760</b>	<b>874</b>	<b>323</b>	<b>662</b>	<b>1,431</b>	<b>35,114</b>
<b>At 31 December 2011</b>									
Owned assets	15,200	655	11,304	12,399	760	395	1,191	754	42,658
Assets under finance leases	-	-	15	-	-	-	-	-	15
	<b>15,200</b>	<b>655</b>	<b>11,319</b>	<b>12,399</b>	<b>760</b>	<b>395</b>	<b>1,191</b>	<b>754</b>	<b>42,673</b>



**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

*Property, plant and equipment under construction*

As at 31 December 2011, an indirect subsidiary had assets under construction and installation for PET bottling beverage production by Cold Aseptic Filling project and UHT packing machine project totalling Baht 898.69 million (2010: Baht 1,244.13 million).

Capitalised borrowing costs relating to the acquisition of the aforementioned project amounted to Baht 15.37 million (2010: Baht 4.98 million), with a capitalization rate of 2.05%-3.70% per annum (2010: 1.30%-2.92% per annum) (see note 34).

On 27 January 2011, an indirect subsidiary revalued its land by professional appraisal by the market value basis. The said indirect subsidiary has recognised the revaluation surplus on land by Baht 46.07 million and has recognised in other comprehensive income and presented in the revaluation reserve in equity in the same amount, the related deferred tax liability of Baht 9.21 million.

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2011 amounted to Baht 30,916 million (2010: Baht 23,865 million).

	<b>Separate financial statements</b>				Total
	Leasehold improvements	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	
	<i>(in million Baht)</i>				
<b>Cost</b>					
At 1 January 2010	-	123	18	18	159
Additions	2	8	-	1	11
Transfers	8	8	-	(16)	-
Disposals	-	(1)	-	-	(1)
<b>At 31 December 2010 and 1 January 2011</b>	<b>10</b>	<b>138</b>	<b>18</b>	<b>3</b>	<b>169</b>
Additions	2	18	1	1	22
Transfers	1	-	-	(1)	-
Disposals	-	(1)	(4)	-	(5)
<b>At 31 December 2011</b>	<b>13</b>	<b>155</b>	<b>15</b>	<b>3</b>	<b>186</b>
<b>Depreciation and impairment losses</b>					
At 1 January 2010	-	84	12	-	96
Depreciation charge for the year	2	22	3	-	27
Disposals	-	(1)	-	-	(1)
<b>At 31 December 2010 and 1 January 2011</b>	<b>2</b>	<b>105</b>	<b>15</b>	<b>-</b>	<b>122</b>
Depreciation charge for the year	2	13	1	-	16
Disposals	-	(1)	(4)	-	(5)
<b>At 31 December 2011</b>	<b>4</b>	<b>117</b>	<b>12</b>	<b>-</b>	<b>133</b>
<b>Net book value</b>					
At 1 January 2010	-	39	6	18	63
At 31 December 2010 and 1 January 2011	8	33	3	3	47
At 31 December 2011	9	38	3	3	53

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

The gross amount of the Company's fully depreciated leasehold improvements and equipment that was still in use as at 31 December 2011 amounted to Baht 102 million (2010: Baht 79 million).

### 17 Goodwill

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<i>(in million Baht)</i>					
<b>Cost</b>					
At 1 January		3,203	3,275	-	-
Acquired through business combinations	6	4,100	1	-	-
Disposals		-	(32)	-	-
Effect of movements in exchange rates		15	(41)	-	-
<b>At 31 December</b>		<b>7,318</b>	<b>3,203</b>	<b>-</b>	<b>-</b>
<b>Amortisation and impairment losses</b>					
At 1 January		154	170	-	-
Effect of movements in exchange rates		5	(16)	-	-
<b>At 31 December</b>		<b>159</b>	<b>154</b>	<b>-</b>	<b>-</b>
<b>Net book value</b>					
At 1 January		<b>3,049</b>	<b>3,105</b>	<b>-</b>	<b>-</b>
<b>At 31 December</b>		<b>7,159</b>	<b>3,049</b>	<b>-</b>	<b>-</b>

### 18 Other intangible assets

	Consolidated financial statements			
	Computer software	Trademarks	Licences	Total
<i>(in million Baht)</i>				
<b>Cost</b>				
At 1 January 2010	108	385	18	511
Additions	28	2	-	30
Effect of movements in exchange rates	-	(7)	-	(7)
<b>At 31 December 2010</b>	<b>136</b>	<b>380</b>	<b>18</b>	<b>534</b>
Acquisitions through business combinations	15	-	21	36
Additions	29	102	-	131
Disposals	(7)	-	(8)	(15)
Effect of movements in exchange rates	1	3	-	4
<b>At 31 December 2011</b>	<b>174</b>	<b>485</b>	<b>31</b>	<b>690</b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

	<b>Consolidated financial statements</b>			
	Computer software	Trademarks	Licences	Total
	<i>(in million Baht)</i>			
<b><i>Amortisation and impairment losses</i></b>				
At 1 January 2010	42	285	2	329
Amortisation for the year	17	37	1	55
Effect of movements in exchange rates	-	(2)	-	(2)
<b>At 31 December 2010</b>	<b>59</b>	<b>320</b>	<b>3</b>	<b>382</b>
Amortisation for the year	20	13	5	38
Disposals	-	-	(2)	(2)
Effect of movements in exchange rates	-	1	-	1
<b>At 31 December 2011</b>	<b>79</b>	<b>334</b>	<b>6</b>	<b>419</b>
<b><i>Net book value</i></b>				
<b>At 1 January 2010</b>	<b>66</b>	<b>100</b>	<b>16</b>	<b>182</b>
<b>At 31 December 2010 and 1 January 2011</b>	<b>78</b>	<b>60</b>	<b>15</b>	<b>153</b>
<b>At 31 December 2011</b>	<b>95</b>	<b>151</b>	<b>25</b>	<b>271</b>

The amortisation of patents and trademarks is allocated to the cost of inventory and is recognised as cost of sales as inventory is sold; the amortisation of other intangible assets is included in cost of sales. The impairment loss is recognised in cost of sales in the statement of comprehensive income.

	<b>Separate financial statements</b>
	Computer software <i>(in million Baht)</i>
<b><i>Cost</i></b>	
At 1 January 2010	55
Additions	2
<b>At 31 December 2010 and 1 January 2011</b>	<b>57</b>
Additions	2
Disposals	(4)
<b>At 31 December 2011</b>	<b>55</b>
<b><i>Amortisation and impairment losses</i></b>	
At 1 January 2010	24
Amortisation for the year	9
<b>At 31 December 2010 and 1 January 2011</b>	<b>33</b>
Amortisation for the year	8
<b>At 31 December 2011</b>	<b>41</b>
<b><i>Net book value</i></b>	
<b>At 1 January 2010</b>	<b>31</b>
<b>At 31 December 2010 and 1 January 2011</b>	<b>24</b>
<b>At 31 December 2011</b>	<b>14</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

**19 Leasehold rights**

	<b>Consolidated financial statements</b> <i>(in million Baht)</i>
<i>Cost</i>	
At 1 January 2010	269
Effect of movements in exchange rates	<u>(7)</u>
<b>At 31 December 2010 and 1 January 2011</b>	<b>262</b>
Effect of movements in exchange rates	<u>14</u>
<b>At 31 December 2011</b>	<b>276</b>
 <i>Amortisation and impairment losses</i>	
At 1 January 2010	56
Amortisation for the year	<u>12</u>
<b>At 31 December 2010 and 1 January 2011</b>	<b>68</b>
Amortisation for the year	<u>12</u>
Effect of movements in exchange rates	<u>4</u>
<b>At 31 December 2011</b>	<b>84</b>
 <i>Net book value</i>	
At 1 January 2010	<u>213</u>
<b>At 31 December 2010 and 1 January 2011</b>	<b>194</b>
<b>At 31 December 2011</b>	<b>192</b>

**20 Deferred tax**

Deferred tax assets and liabilities determined after appropriate offsetting are included in the statement of financial position as at 31 December 2011 and 2010 were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	31	31	31	31
<i>Note</i>	December	December	December	December
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Deferred tax assets	341	387	31	4
Deferred tax liabilities	<u>(1,299)</u>	<u>(1,081)</u>	<u>-</u>	<u>-</u>
<b>Net</b>	<b><u>(958)</u></b>	<b><u>(694)</u></b>	<b><u>31</u></b>	<b><u>4</u></b>
 <b>Impact of the adjustment to retained earnings as at 1 January 2011:</b>				
TAS 19 Employee benefits	<i>4(h)</i>	<u>313</u>		<u>50</u>
<b>Deferred tax asset at 1 January 2011</b>		<b><u>(381)</u></b>		<b><u>54</u></b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

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

	<b>Consolidated financial statements</b>				<b>At 31 December 2011</b>
	<b>At 1 January 2011</b>	<b>(Charged) / credited to:</b>		<b>Acquisition of subsidiary</b>	
		Profit or loss	Other comprehensive income		
		<i>(in million Baht)</i>			
<b><i>Deferred tax assets</i></b>					
Property, plant and equipment	64	30	-	6	100
Investment properties	22	-	-	-	22
Long-term investment	1	-	-	-	1
Inventories	299	(20)	-	45	324
Provisions	12	1	-	4	17
Employee benefit obligations	313	10	7	373	703
Others	11	1	-	17	29
Loss carry forward	89	(73)	-	13	29
Income tax reduction	-	(371)	(2)	-	(373)
<b>Total</b>	<b>811</b>	<b>(422)</b>	<b>5</b>	<b>458</b>	<b>852</b>
Set off of tax					(511)
					<b>341</b>
<b><i>Deferred tax liabilities</i></b>					
Property, plant and equipment	(1,192)	(40)	(14)	(1,301)	(2,547)
Other	-	1	(1)	(7)	(7)
Income tax reduction	-	25	719	-	744
<b>Total</b>	<b>(1,192)</b>	<b>(14)</b>	<b>704</b>	<b>(1,308)</b>	<b>(1,810)</b>
Set off of tax					511
					<b>(1,299)</b>
<b>Net</b>	<b>(381)</b>	<b>(436)</b>	<b>709</b>	<b>(850)</b>	<b>(958)</b>

	<b>Consolidated financial statements</b>			<b>At 31 December 2010</b>
	<b>At 1 January 2010</b>	<b>(Charged) / credited to:</b>		
		Profit or loss		
		<i>(in million Baht)</i>		
<b><i>Deferred tax assets</i></b>				
Property, plant and equipment	63	1		64
Investment properties	22	-		22
Long-term investment	1	-		1
Inventories	297	2		299
Provisions	12	-		12
Others	8	3		11
Loss carry forward	157	(68)		89
<b>Total</b>	<b>560</b>	<b>(62)</b>		<b>498</b>
Set off of tax				(111)
				<b>387</b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

	<b>Consolidated financial statements</b>		
	<b>At 1 January 2010</b>	<u>(Charged) / credited to:</u> Profit or loss <i>(in million Baht)</i>	<b>At 31 December 2010</b>
<i>Deferred tax liabilities</i>			
Property, plant and equipment	(1,192)	-	(1,192)
<b>Total</b>	<b>(1,192)</b>	<b>-</b>	<b>(1,192)</b>
Set off of tax			111
			<b>(1,081)</b>
<b>Net</b>	<b>(632)</b>	<b>(62)</b>	<b>(694)</b>

	<b>Separate financial statements</b>			
	<b>At 1 January 2011</b>	<u>(Charged) / credited to:</u> Profit or loss Other comprehensive income <i>(in million Baht)</i>		<b>At 31 December 2011</b>
<i>Deferred tax assets</i>				
Intangible asset	4	1	-	5
Employee benefit obligations	50	2	(11)	41
Income tax reduction	-	(19)	4	(15)
<b>Total</b>	<b>54</b>	<b>(16)</b>	<b>(7)</b>	<b>31</b>

	<b>Separate financial statements</b>			
	<b>At 1 January 2010</b>	<u>(Charged) / credited to:</u> Profit or loss <i>(in million Baht)</i>		<b>At 31 December 2010</b>
<i>Deferred tax assets</i>				
Intangible asset	2	2		4
<b>Total</b>	<b>2</b>	<b>2</b>		<b>4</b>

## 21 Other non-current assets

	Note	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
Advance payments to a specialist	40	1,629	1,679	305	315
Deposits		218	187	-	-
Others		118	119	1	-
<b>Total</b>		<b>1,965</b>	<b>1,985</b>	<b>306</b>	<b>315</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

**22 Interest-bearing liabilities**

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<i>(in million Baht)</i>					
<b>Current</b>					
Bank overdrafts					
Secured		336	566	-	-
Letter of comfort		39	-	-	-
Unsecured		3	2	-	-
Short-term loans from financial institutions					
Letter of comfort		268	94	-	-
Unsecured		4,581	5,600	3,500	5,000
<b>Bank overdrafts and short-term loans from financial institutions</b>		<b>5,227</b>	<b>6,262</b>	<b>3,500</b>	<b>5,000</b>
Current portion of long-term loans from financial institutions					
Unsecured		1,800	2,500	1,200	2,500
Short-term loans from related parties					
Unsecured	7	-	-	8,636	5,938
		<b>7,027</b>	<b>8,762</b>	<b>13,336</b>	<b>13,438</b>
<b>Non-current</b>					
Long-term loans from financial institutions					
Unsecured		11,200	600	11,200	-
Long-term loans from related parties					
Unsecured	7	-	-	10,528	10,403
		<b>11,200</b>	<b>600</b>	<b>21,728</b>	<b>10,403</b>
<b>Total</b>		<b>18,227</b>	<b>9,362</b>	<b>35,064</b>	<b>23,841</b>

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

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<i>(in million Baht)</i>				
Within one year	7,027	8,762	13,336	13,438
After one year but within five years	11,200	600	21,728	10,403
<b>Total</b>	<b>18,227</b>	<b>9,362</b>	<b>35,064</b>	<b>23,841</b>

The principal features of the borrowings were as follows:

- (a) Bank overdrafts are repayable on demand. As at 31 December 2011, the Group had total overdraft facilities amounting to Baht 4,612 million (2010: Baht 4,411 million) which are partially supported by letters of comfort issued by the Company.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

- (b) Short-term loans from financial institutions. As at 31 December 2011, the Group had short-term loan facilities from several financial institutions totalling Baht 41,335 million (2010: Baht 37,671 million) of money market rates quoted by banks. The facilities are supported by unsecured promissory notes issued by the Group to several domestic financial institution totalling Baht 4,581 million (2010: Baht 5,600 million) and to an overseas financial institution amounting to Baht 268 million (2010: Baht 94 million) and by a letter of comfort issued by the Company, totalling Baht 4,849 million (2010: Baht 5,694 million).

On 27 February 2009, the Board of Directors approved the issuance and offering of short-term bill of exchange in the amount not exceeding Baht 10,000 million.

- (c) In November 2009, the Company entered into long term loans agreement with two financial institutions amounting to Baht 3,000 million which is to be repaid monthly in 6 installments, Baht 500 million each, commencing from December 2010 to May 2011, interest is payable monthly at 2.11% per annum. The last installment for long-term loan was paid in May 2011.

In November 2010, an indirect subsidiary entered into long term loans agreement with a financial institution amounting to Baht 600 million which is to be repaid monthly in 6 installments, Baht 100 million each, commencing from May 2012 to October 2012, interest is payable monthly at 2.92% per annum.

In August 2011, the Company entered into long term loans agreement with a financial institution amounting to Baht 2,400 million which is to be repaid monthly in 12 installments, Baht 200 million each, commencing from July 2012 to June 2013, interest is payable monthly at 4.07% per annum.

In November 2011, the Company entered into long-term loan agreements with three financial institutions in the amount of Baht 10,000 million which will be repaid commencing from November 2013 to November 2016 with fixed interest payable monthly, every six months and every three months for the financial institution No. 1, 2 and 3, respectively. Details are as follows:

Financial institution	Amount (in million Baht)	Fixed interest rate (% per annum)	Number of installments	Repayment Each installment	
				Each installments (in million Baht)	Payment Due
No. 1	2,000	4.30	12	166.60	30 Nov 13 to 13 Nov 14
				(last installment 167.40)	
No. 2					
Tranche A	1,500	3.00	1	1,500	14 Nov 14
Tranche B	1,500	3.04	1	1,500	14 May 15
Tranche C	1,000	3.08	1	1,000	16 Nov 15
No. 3					
Tranche A	1,000	3.37	1	1,000	4 Feb 16
Tranche B	1,000	3.43	1	1,000	4 May 16
Tranche C	1,000	3.35	1	1,000	4 Aug 16
Tranche D	1,000	3.35	1	1,000	4 Nov 16
<b>Total</b>	<b>10,000</b>				

The aforementioned long-term loans from financial institutions are unsecured.



# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

Interest-bearing liabilities of the Group and the Company as at 31 December 2011 and 2010 were denominated entirely in Thai Baht and other functional currencies of foreign subsidiaries.

### 23 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
Related parties	7	1,438	990	-	-
Other parties		3,859	2,767	-	-
<b>Total</b>		<b>5,297</b>	<b>3,757</b>	<b>-</b>	<b>-</b>

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

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	4,971	3,465	-	-
Australia Dollars (AUD)	144	225	-	-
Euro (EUR)	159	56	-	-
Others	23	11	-	-
<b>Total</b>	<b>5,297</b>	<b>3,757</b>	<b>-</b>	<b>-</b>

### 24 Other payables

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Accrued expenses	1,520	795	78	75
Accrued promotion expense	1,007	459	-	-
Assets payable	473	550	6	3
Advanced payments from customers for purchase of goods	267	425	-	-
Others	489	126	70	4
<b>Total</b>	<b>3,756</b>	<b>2,355</b>	<b>154</b>	<b>82</b>

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

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	3,537	2,069	154	82
Japanese (Yen)	161	253	-	-
Others	58	33	-	-
<b>Total</b>	<b>3,756</b>	<b>2,355</b>	<b>154</b>	<b>82</b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### 25 Employee benefit obligations

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Statement of financial position</b>				
<b>obligation for:</b>				
Short-term employee benefit				
- accumulated annual leave	6	-	-	-
Long-term employee benefit				
- long service award	83	-	-	-
- provision for executive incentive plan	27	-	-	-
Post-employment benefit				
- provident fund	2	-	-	-
- compensation plan based on Thai Labour law	2,250	-	139	-
<b>Total</b>	<b>2,368</b>	<b>-</b>	<b>139</b>	<b>-</b>
<b>Current</b>				
Short-term provisions	27	-	-	-
<b>Non-current</b>				
Employee benefit obligation	2,341	-	139	-
<b>Total</b>	<b>2,368</b>	<b>-</b>	<b>139</b>	<b>-</b>
<b>Year ended 31 December</b>				
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Compensation plan based on Thai Labour law	161	-	25	-
	<b>161</b>	<b>-</b>	<b>25</b>	<b>-</b>
<b>Recognised in other comprehensive income:</b>				
Actuarial (gains) losses recognised in the year	22	-	(35)	-
Cumulative actuarial (gains) losses recognised	22	-	(35)	-

The Group adopted TAS 19 - Employee Benefits with effect from 1 January 2011; the effect on the financial statements is discussed in note 4(h). As stated in note 4(h), the Group and the Company have opted to record the transitional obligation as at 1 January 2011, totalling Baht 1,044 million for the Group and Baht 167 million for the Company, as an adjustment to retained earnings as at 1 January 2011.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### *Compensation plan based on Thai Labour law*

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

The statement of financial position obligation was determined as follows:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Present value of unfunded obligations	2,319	-	174	-
Unrecognised actuarial (gains) losses	22	-	(35)	-
<b>Statement of financial position obligation</b>	<b>2,341</b>	<b>-</b>	<b>139</b>	<b>-</b>

Movement in the present value of the defined benefit obligations:

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	1,044	-	167	-
Benefits paid by the plan	(103)	-	(18)	-
Current service costs and interest	161	-	25	-
Actuarial (gains) losses in other comprehensive income	22	-	(35)	-
Acquisition of subsidiary	1,217	-	-	-
<b>Defined benefit obligations at 31 December</b>	<b>2,341</b>	<b>-</b>	<b>139</b>	<b>-</b>

Expense recognised in profit or loss (note 33):

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Current service costs	118	-	17	-
Interest on obligation	43	-	8	-
<b>Total</b>	<b>161</b>	<b>-</b>	<b>25</b>	<b>-</b>

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

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Cost of sales and cost of rendering of services	55	-	24	-
Selling expenses	33	-	-	-
Administrative expenses	73	-	1	-
<b>Total</b>	<b>161</b>	<b>-</b>	<b>25</b>	<b>-</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

Actuarial (gains) and losses recognised in other comprehensive income

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Included in retained earnings:				
At 1 January	-	-	-	-
Recognised during the year	22	-	(35)	-
<b>At 31 December</b>	<b>22</b>	<b>-</b>	<b>(35)</b>	<b>-</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(% per annum)</i>			
Discount rate	3.5 - 3.6	4.1	3.6	4.1
Future salary increases	5.0 - 6.5	5.0	5.0	5.0

**26 Share capital**

	Par value per share <i>(in Baht)</i>	2011		2010	
		Number	Baht	Number	Baht
		<i>(million shares / million Baht)</i>			
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	29,000	29,000	29,000	29,000
<b>At 31 December</b>					
- ordinary shares	1	<b>29,000</b>	<b>29,000</b>	<b>29,000</b>	<b>29,000</b>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	25,110	25,110	25,110	25,110
<b>At 31 December</b>					
- ordinary shares	1	<b>25,110</b>	<b>25,110</b>	<b>25,110</b>	<b>25,110</b>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's shares that are held by the Group all rights are suspended until those shares are reissued.

**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.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

**27 Reserves**

Reserves comprise:

*Appropriations of profit and/or retained earnings*

**Legal reserve**

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

*Other components of equity*

**Currency translation differences**

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

**Fair value changes in available-for-sale investments**

The fair value changes in available-for-sale investments account within equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

**Valuation surplus**

The valuation surplus account within equity comprises the cumulative net change in the valuation of property, plant and equipment included in the financial statements at valuation until such property, plant and equipment is sold or otherwise disposed of.

**Movements in reserves**

Movements in reserves are shown in the statements of changes in equity.

**28 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.

Inter-segment pricing is determined on mutually agreed terms.

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.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### *Business segments*

The Group comprises the following main business segments:

<i>Spirits</i>	Production and sales of branded spirits products (mostly outside the group);
<i>Beer</i>	Production and sales of branded beer products (mostly outside the group);
<i>Non-alcoholic beverages</i>	Production and sales of branded water, soda, ready-to-drink coffee, energy drink, green tea and fruit juice flavour (mostly outside the group); and
<i>Food</i>	Japanese restaurants, bakery shops and distribution of food and beverage (mostly outside the group)

### *Geographical 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.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

*Business segment results*

	<b>Spirits</b>		<b>Beer</b>		<b>Non-alcoholic beverages</b>		<b>Food</b>		<b>Elimination</b>		<b>Total</b>	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>											
Revenue from sale of goods	84,764	76,763	32,855	33,671	10,862	6,487	4,126	3,639	(421)	(88)	132,186	120,472
Interest income	23	8	8	3	6	1	1	2	-	(1)	38	13
Other income	334	264	200	86	18	26	30	17	(52)	(41)	530	352
<b>Total income</b>	<b>85,121</b>	<b>77,035</b>	<b>33,063</b>	<b>33,760</b>	<b>10,886</b>	<b>6,514</b>	<b>4,157</b>	<b>3,658</b>	<b>(473)</b>	<b>(130)</b>	<b>132,754</b>	<b>120,837</b>
Cost of sale of goods	57,488	52,257	29,472	30,701	8,281	4,787	2,512	2,179	(411)	(99)	97,342	89,825
Selling expenses	3,089	2,594	2,870	3,146	1,932	854	428	408	(39)	(29)	8,280	6,973
Administrative expenses	5,225	5,315	1,921	2,223	1,088	591	1,015	847	(23)	(2)	9,226	8,974
Finance costs	228	161	115	73	105	21	7	4	-	-	455	259
<b>Total expenses</b>	<b>66,030</b>	<b>60,327</b>	<b>34,378</b>	<b>36,143</b>	<b>11,406</b>	<b>6,253</b>	<b>3,962</b>	<b>3,438</b>	<b>(473)</b>	<b>(130)</b>	<b>115,303</b>	<b>106,031</b>
<b>Profit (loss) before</b>												
<b>income tax expense</b>	<b>19,091</b>	<b>16,708</b>	<b>(1,315)</b>	<b>(2,383)</b>	<b>(520)</b>	<b>261</b>	<b>195</b>	<b>220</b>	<b>-</b>	<b>-</b>	<b>17,451</b>	<b>14,806</b>
Income tax expense (income)	5,736	4,936	(284)	(740)	(73)	(108)	88	59	-	-	5,467	4,147
<b>Profit (loss) for the year</b>	<b>13,355</b>	<b>11,772</b>	<b>(1,031)</b>	<b>(1,643)</b>	<b>(447)</b>	<b>369</b>	<b>107</b>	<b>161</b>	<b>-</b>	<b>-</b>	<b>11,984</b>	<b>10,659</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

***Business segment financial position***

	<b>Spirits</b>		<b>Beer</b>		<b>Non-alcoholic beverages</b>		<b>Food</b>		<b>Total</b>	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>									
Inventories	24,428	21,712	4,135	4,331	2,985	1,000	98	103	31,646	27,146
Property, plant and equipment	17,226	17,635	11,740	12,745	12,821	3,969	885	765	42,672	35,114
Other assets	9,950	8,869	3,576	2,007	11,030	2,722	1,018	1,175	25,574	14,773
<b>Total assets</b>	<b>51,604</b>	<b>48,216</b>	<b>19,451</b>	<b>19,083</b>	<b>26,836</b>	<b>7,691</b>	<b>2,001</b>	<b>2,043</b>	<b>99,892</b>	<b>77,033</b>
Interest-bearing liabilities	9,080	5,808	3,751	2,109	5,109	1,288	287	157	18,227	9,362
Other liabilities	9,353	7,747	2,201	1,265	6,027	1,112	567	666	18,148	10,790
<b>Total liabilities</b>	<b>18,433</b>	<b>13,555</b>	<b>5,952</b>	<b>3,374</b>	<b>11,136</b>	<b>2,400</b>	<b>854</b>	<b>823</b>	<b>36,375</b>	<b>20,152</b>
Capital expenditure	1,063	1,032	166	436	13,550	1,561	352	313	15,131	3,342
Depreciation	1,427	2,257	1,051	1,615	599	378	204	175	3,281	4,425
Amortisation	20	45	7	5	11	4	13	13	51	67
Impairment losses	(1)	-	-	-	589	-	-	-	588	-
Gain on disposal of property, plant and equipment	20	75	10	33	115	11	-	-	145	119



# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### Geographical segments

The segment financial information of the Group based on geographical segments in the consolidated financial statements for the years ended 31 December was as follows:

	Consolidated financial statements		Property, plant and equipment	
	Income			
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Thailand	127,875	116,946	41,214	33,759
Overseas	4,879	3,891	1,458	1,355
<b>Total</b>	<b>132,754</b>	<b>120,837</b>	<b>42,672</b>	<b>35,114</b>

### 29 Other income

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Gain on disposal of assets	292	119	2	-
Gain on sale of investment	-	53	-	49
Revenue from sales of scraps	45	28	-	-
Net gain on foreign exchange	84	-	-	1
Others	340	142	5	8
<b>Total</b>	<b>761</b>	<b>342</b>	<b>7</b>	<b>58</b>

### 30 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Personnel	2,125	1,499	-	-
Marketing and advertising	3,022	3,164	-	-
Travelling	1,303	945	-	-
Transportation	753	559	-	-
Commission	206	223	-	-
Others	870	583	-	-
<b>Total</b>	<b>8,279</b>	<b>6,973</b>	<b>-</b>	<b>-</b>

### 31 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Management personnel compensation	-	-	367	374
Personnel	3,301	3,100	8	7
Idle capacity	1,328	1,985	-	-
Travelling	212	208	1	1
Rental	445	262	1	1
Depreciation and amortisation	575	475	-	1
Donation	604	596	3	2
Hire and services	695	488	-	-
Others	1,906	1,860	11	8
<b>Total</b>	<b>9,066</b>	<b>8,974</b>	<b>391</b>	<b>394</b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### 32 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Management</b>				
Salaries and wages	219	234	219	234
Bonus	122	123	122	123
Pension costs - defined contribution plans	3	3	3	3
Others	88	58	23	14
	<b>432</b>	<b>418</b>	<b>367</b>	<b>374</b>
<b>Other employees</b>				
Salaries and wages	5,275	4,555	237	211
Bonus	767	758	52	56
Overtime and per diem allowance	492	382	11	10
Pension costs - defined contribution plans	96	93	5	5
Others	1,112	960	90	59
	<b>7,742</b>	<b>6,748</b>	<b>395</b>	<b>341</b>
<b>Total employee benefit expenses</b>	<b>8,174</b>	<b>7,166</b>	<b>762</b>	<b>715</b>

#### *Defined benefit plans*

Details of the defined benefit plans are given in note 25.

#### *Defined contribution plans*

The defined contribution plans comprise provident funds established by the Group for its 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.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### 33 Expenses by nature

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

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b><i>Included in cost of sales of goods and cost of rendering of services:</i></b>				
Changes in inventories of finished goods and work in progress	(971)	124	-	-
Raw materials, consumables and excise tax used	90,074	82,330	-	-
Employee benefit expenses	2,468	2,379	387	334
Depreciation and amortisation	2,154	3,975	24	34
<b><i>Included in selling expenses:</i></b>				
Marketing and sales promotion expenses	839	2,619	-	-
Advertising and public relations	2,183	545	-	-
<b><i>Included in administrative expenses:</i></b>				
Employee benefit expenses	3,301	3,100	375	381
Depreciation and amortisation	575	475	-	1
Rental	445	262	1	1

### 34 Finance costs

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
		<i>(in million Baht)</i>			
<b><i>Interest expense:</i></b>					
Related parties	7	-	-	830	728
Financial institutions		413	264	312	223
Others		8	-	-	-
<b>Total interest expense</b>		<b>421</b>	<b>264</b>	<b>1,142</b>	<b>951</b>
Finance costs		49	-	49	-
		<b>470</b>	<b>264</b>	<b>1,191</b>	<b>951</b>
Less property, plant and equipment under construction		(15)	(5)	-	-
<b>Net</b>		<b>455</b>	<b>259</b>	<b>1,191</b>	<b>951</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

**35 Income tax expense**

*Income tax recognised in profit or loss*

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<i>(in million Baht)</i>					
<b>Current tax expense</b>					
Current year		5,027	4,083	247	297
Adjustment for prior years		4	1	8	-
		<u>5,031</u>	<u>4,084</u>	<u>255</u>	<u>297</u>
<b>Deferred tax expense</b>					
	20				
Movements in temporary differences		17	(6)	(3)	(2)
Income tax reduction – deferred		346	-	19	-
Recognition of previously unrecognised tax losses		73	68	-	-
		<u>436</u>	<u>62</u>	<u>16</u>	<u>(2)</u>
<b>Total income tax expense</b>		<u>5,467</u>	<u>4,146</u>	<u>271</u>	<u>295</u>

*Income tax recognised in other comprehensive income*

	Consolidated financial statements					
	2011			2010		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<i>(in million Baht)</i>						
Foreign currency translation differences for foreign operations	292	-	292	(592)	-	(592)
Revaluation of property, plant and equipment	46	340	386	-	-	-
Available-for-sale financial assets	2	-	2	-	-	-
Defined benefit plan actuarial gains (losses)	(22)	6	(16)	-	-	-
Others	-	363	363	-	-	-
<b>Total</b>	<u>318</u>	<u>709</u>	<u>1,027</u>	<u>(592)</u>	<u>-</u>	<u>(592)</u>

	Separate financial statements					
	2011			2010		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<i>(in million Baht)</i>						
Defined benefit plan actuarial gains (losses)	35	(7)	28	-	-	-
<b>Total</b>	<u>35</u>	<u>(7)</u>	<u>28</u>	<u>-</u>	<u>-</u>	<u>-</u>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### Reconciliation of effective tax rate

	Consolidated financial statements			
	2011		2010	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit (loss) for the year		11,984		10,659
Total income tax expense		5,467		4,146
Profit before total income tax expense		<u>17,451</u>		<u>14,805</u>
Income tax using the Thai corporation tax rate	30.00	5,235	30.00	4,442
Income tax reduction - deferred		346		-
Effect of different tax rates in foreign jurisdictions		31		(66)
Income not subject to tax		(189)		(231)
Expenses not deductible for tax purposes		70		-
Recognition of previously unrecognised tax losses		(5)		(12)
Current year losses for which no deferred tax asset was recognised		(25)		13
Under (over) provided in prior years		4		-
<b>Total</b>	<b>31.33</b>	<b>5,467</b>	<b>28.00</b>	<b>4,146</b>

### Separate financial statements

	Separate financial statements			
	2011		2010	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit (loss) for the year		8,559		8,928
Total income tax expense		271		295
Profit before total income tax expense		<u>8,830</u>		<u>9,223</u>
Income tax using the Thai corporation tax rate	30.00	2,649	30.00	2,767
Income tax reduction - deferred		19		-
Income not subject to tax		(2,435)		(2,487)
Expenses not deductible for tax purposes		30		15
Under (over) provided in prior years		8		-
<b>Total</b>	<b>3.07</b>	<b>271</b>	<b>3.20</b>	<b>295</b>

### Income tax reduction - current

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment. Listed companies that received income tax reduction under this Royal Decree are also eligible to continue the period of tax reduction under Royal Decree No. 475 but not beyond the 2010 accounting period ending on or after 31 December 2010.

### Income tax reduction - deferred

On 11 October 2011, the Cabinet passed a resolution regarding tax measures to increase Thailand's competitiveness and approved the reduction of the corporate income tax rate from 30% to 23% of net taxable profit for the accounting period 2012 which ends on or after 31 December 2012 and to 20% of net taxable profit for the accounting period which begins on or after 1 January 2013 and onwards.

In order to give effect to the above Cabinet resolution, the Government has issued a Royal Decree under the Revenue Code regarding the Reduction and Exemption in Income Taxes (No. 530) B.E. 2554 to reduce the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

2014, respectively. It is understood that the Government will proceed to amend the law in order to maintain the corporate income tax rate at not higher than 20% for the accounting period 2015 which begins on or after 1 January 2015 and onwards in order to give full effect to the Cabinet resolution.

Such announcement on the reduction of income tax rate has an impact on the measurement of deferred tax assets and deferred tax liabilities since Thai Accounting Standard No. 12 *Income Taxes* paragraph 47 states that deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

The Federation of Accounting Professions has considered this matter and has resolved that the substantively enacted tax rates which should be applied in measuring deferred tax assets and liabilities shall be the reduced rates as approved by the Cabinet; i.e. 23% shall be applied for the accounting period 2012 and 20% shall be applied for accounting periods 2013 onwards.

### 36 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, two subsidiaries have been granted privileges by the Board of Investment relating to the production of bio-gas and the production of beverage. The privileges granted include:

#### *The production of bio-gas*

- (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 date 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 dividend income derived from certain promoted operations of its subsidiaries for a period of eight years.

#### *The production of beverage*

- (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 date on which the income is first derived from such operations; and
- (c) exemption from income tax on dividend income derived from certain promoted operations of its subsidiaries for a period of eight years.

As promoted companies, the aforementioned subsidiaries must comply with certain terms and conditions prescribed in the promotional certificates.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

Summary of revenue from promoted and non-promoted businesses:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Promoted businesses	4,796	4,057	-	-
Non-promoted businesses	127,390	116,414	-	-
<b>Total income</b>	<b>132,186</b>	<b>120,471</b>	<b>-</b>	<b>-</b>

***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.

**37 Basic earnings per share**

The calculations of basic earnings per share for the years ended 31 December 2011 and 2010 were based on the profit for the years attributable to ordinary shareholders of the Company and the number of ordinary shares outstanding during the years as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht / million shares)</i>			
Profit attributable to ordinary shareholders of the Company (basic)	12,042	10,550	8,559	8,928
Number of ordinary shares outstanding	25,110	25,110	25,110	25,110
<b>Basic earnings per share (in Baht)</b>	<b>0.48</b>	<b>0.42</b>	<b>0.34</b>	<b>0.36</b>

**38 Dividends**

At the meeting of the Board of Directors held on 11 August 2011, the directors adopted a resolution to approve the interim dividend payment for the year 2011 of 25,110 million ordinary shares at Baht 0.15 per share, totalling Baht 3,766 million. The interim dividend was paid to shareholders on 8 September 2011.

At the annual general meeting of the shareholders of the Company held on 29 April 2011, the shareholders approved the appropriation of dividend of Baht 0.35 per share, amounting to Baht 8,788 million. On 8 September 2010, the interim dividend of Baht 0.15 per share was paid, totalling Baht 3,766 million. The remaining dividend of Baht 0.20 per share, totalling Baht 5,022 million, was paid on 26 May 2011.

At the annual general meeting of the shareholders of the Company held on 29 April 2010, the shareholders approved the appropriation of dividend of Baht 0.33 per share, amounting to Baht 8,286 million. On 10 September 2009, the interim dividend of Baht 0.15 per share was paid, totalling Baht 3,766 million. The remaining dividend of Baht 0.18 per share, totalling Baht 4,520 million, was paid on 26 May 2010.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### 39 Financial instruments

#### *Financial risk management policies*

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

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

#### *Capital management*

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

#### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 22). 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 re-price were as follows:

	Effective interest rate (% per annum)	Separate financial statements		
		Within 1 year	After 1 year but within 5 years	Total
<b>2011</b>				
<b>Current</b>				
Loans receivable - Related parties	5.00	14,753	-	14,753
<b>Non-current</b>				
Loans receivable - Related parties	5.00	-	635	635
<b>Total</b>		<b>14,753</b>	<b>635</b>	<b>15,388</b>
<b>2010</b>				
<b>Current</b>				
Loans receivable - Related parties	5.00	1,977	-	1,977
<b>Non-current</b>				
Loans receivable - Related parties	5.00	-	2,499	2,499
<b>Total</b>		<b>1,977</b>	<b>2,499</b>	<b>4,476</b>



# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

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

	<b>Consolidated financial statements</b>			
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	Total
		<i>(in million Baht)</i>		
<b>2011</b>				
<b>Current</b>				
Bank overdrafts	2.46	378	-	378
Loans payable - Financial institutions	3.41	4,849	-	4,849
Current portion of long-term loans	3.69	1,800	-	1,800
<b>Non-current</b>				
Loans payable - Financial institutions	3.49	-	11,200	11,200
<b>Total</b>		<b>7,027</b>	<b>11,200</b>	<b>18,227</b>
<b>2010</b>				
<b>Current</b>				
Bank overdrafts	2.52	568	-	568
Loans payable - Financial institutions	1.93	5,694	-	5,694
Current portion of long-term loans	2.11	2,500	-	2,500
<b>Non-current</b>				
Loans payable - Financial institutions	2.92	-	600	600
<b>Total</b>		<b>8,762</b>	<b>600</b>	<b>9,362</b>
<b>Separate financial statements</b>				
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years	Total
		<i>(in million Baht)</i>		
<b>2011</b>				
<b>Current</b>				
Loans payable - Financial institutions	3.45	3,500	-	3,500
Current portion of long-term loans	4.07	1,200	-	1,200
Loans payable - Related parties	5.00	8,636	-	8,636
<b>Non-current</b>				
Loans payable - Financial institutions	3.49	-	11,200	11,200
Loans payable - Related parties	5.00	-	10,528	10,528
<b>Total</b>		<b>13,336</b>	<b>21,728</b>	<b>35,064</b>
<b>2010</b>				
<b>Current</b>				
Loans payable - Financial institutions	1.91	5,000	-	5,000
Current portion of long-term loans	2.11	2,500	-	2,500
Loans payable - Related parties	5.00	5,955	-	5,955
<b>Non-current</b>				
Loans payable - Related parties	5.00	-	10,403	10,403
<b>Total</b>		<b>13,455</b>	<b>10,403</b>	<b>23,858</b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### *Foreign currency risk*

The Group is exposed to foreign currency risk relating to purchases and sales of goods 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 reporting 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:

		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
	<i>Note</i>	2011	2010	2011	2010
		<i>(in million Baht)</i>			
<b>United States Dollars</b>					
Cash and cash equivalents	8	7	28	-	-
Trade accounts receivable	10	12	3	-	-
Other receivables		2	1	-	-
Trade accounts payable		(12)	(7)	-	-
Other payables		(27)	(9)	(1)	-
<b>Gross balance sheet exposure</b>		<b>(18)</b>	<b>16</b>	<b>(1)</b>	<b>-</b>
Estimated forecast purchase of assets		(95)	-	-	-
Estimated forecast purchase of goods		(707)	(749)	-	-
Estimated forecast other liabilities		(2)	(4)	-	-
<b>Gross exposure</b>		<b>(822)</b>	<b>(737)</b>	<b>(1)</b>	<b>-</b>
Forwards to buy foreign currency		499	652	-	-
<b>Net exposure</b>		<b>(323)</b>	<b>(85)</b>	<b>(1)</b>	<b>-</b>
<b>Euro</b>					
Trade accounts receivable	10	3	-	-	-
Trade accounts payable	23	(159)	(56)	-	-
Other payables		(30)	(21)	-	-
<b>Gross balance sheet exposure</b>		<b>(186)</b>	<b>(77)</b>	<b>-</b>	<b>-</b>
Estimated forecast purchase of goods		(691)	(813)	-	-
Estimated forecast purchase of assets		(645)	(718)	-	-
<b>Gross exposure</b>		<b>(1,522)</b>	<b>(1,608)</b>	<b>-</b>	<b>-</b>
Forwards to buy foreign currency		633	1,352	-	-
<b>Net exposure</b>		<b>(889)</b>	<b>(256)</b>	<b>-</b>	<b>-</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2011	2010	2011	2010
		<i>(in million Baht)</i>			
<b>Great Britain Pound</b>					
Cash and cash equivalents		3	1	-	-
Short-term loans from financial institutions		(221)	-	-	-
Trade accounts payable		(10)	(4)	-	-
Other payables		(1)	(1)	-	-
<b>Gross balance sheet exposure</b>		<b>(229)</b>	<b>(4)</b>	<b>-</b>	<b>-</b>
Estimated forecast purchase of goods		-	(119)	-	-
Estimated forecast purchase of advertising		(59)	(52)	-	-
Estimated forecast purchase of assets		-	(3)	-	-
<b>Gross exposure</b>		<b>(288)</b>	<b>(178)</b>	<b>-</b>	<b>-</b>
Forwards to buy foreign currency		59	177	-	-
<b>Net exposure</b>		<b>(229)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
<b>Australia Dollars</b>					
Trade accounts payable	23	(144)	(225)	-	-
<b>Gross balance sheet exposure</b>		<b>(144)</b>	<b>(225)</b>	<b>-</b>	<b>-</b>
Estimated forecast purchase of goods		(868)	(1,094)	-	-
<b>Gross exposure</b>		<b>(1,012)</b>	<b>(1,319)</b>	<b>-</b>	<b>-</b>
Forwards to buy foreign currency		782	773	-	-
<b>Net exposure</b>		<b>(230)</b>	<b>(546)</b>	<b>-</b>	<b>-</b>
<b>Hong Kong Dollars</b>					
Cash and cash equivalents	8	215	273	-	-
<b>Gross exposure</b>		<b>215</b>	<b>273</b>	<b>-</b>	<b>-</b>
<b>Japanese Yen</b>					
Other payables	24	(161)	(253)	-	-
<b>Gross balance sheet exposure</b>		<b>(161)</b>	<b>(253)</b>	<b>-</b>	<b>-</b>
Estimated forecast purchase of machinery		(8)	(79)	-	-
<b>Gross exposure</b>		<b>(169)</b>	<b>(332)</b>	<b>-</b>	<b>-</b>
Forwards to buy foreign currency		160	203	-	-
<b>Net exposure</b>		<b>(9)</b>	<b>(129)</b>	<b>-</b>	<b>-</b>
<b>Other foreign currencies</b>					
Other payables		-	(2)	-	(1)
<b>Gross balance sheet exposure</b>		<b>-</b>	<b>(2)</b>	<b>-</b>	<b>(1)</b>
<b>Net exposure</b>		<b>-</b>	<b>(2)</b>	<b>-</b>	<b>(1)</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

***Credit risk***

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

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the 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.

***Determination of fair values***

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

The fair value of trade and other short-term receivables and loans to and other receivables from related parties is taken to approximate the carrying value.

The fair value of other long-term investments is taken to approximate the carrying value. Interest rates of investment in government bonds are fixed.

The fair value of trade accounts payable, loans from related parties and other payable, other payables from related parties, and other current liabilities is taken to approximate the carrying value.

The fair value of loans is taken to approximate the carrying value. The loans are bearing interest at rates closed to current market rate.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price at the reporting date for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

Fair value of forward exchange contracts at 31 December was as follows:

	<b>Currency denomination</b>		<b>Consolidated financial statements</b>	
	2011	2010	2011	2010
	<i>(in million)</i>		<i>(in million Baht)</i>	
<b>Currency forwards</b>				
<b>Assets</b>				
Singapore Dollars	0.70	-	17	-
Great Britain Pound	0.04	-	2	-
<b>Total</b>			<b>19</b>	<b>-</b>
<b>Liabilities</b>				
Euro	15	34	636	1,348
Great Britain Pound	4	17	183	788
Australia Dollars	24	25	769	753
United States Dollars	16	22	504	658
Japanese Yen	387	542	159	201
<b>Total</b>			<b>2,251</b>	<b>3,748</b>

**40 Commitments with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<b>Capital commitments</b>				
<i>Contracted but not provided for:</i>				
Land	86	-	-	-
Buildings and other constructions	131	319	-	-
Machinery and equipment	251	907	-	-
Computer software	14	-	-	-
<b>Total</b>	<b>482</b>	<b>1,226</b>	<b>-</b>	<b>-</b>
<b>Non-cancellable operating lease commitments</b>				
Within one year	365	348	6	6
After one year but within five years	342	300	10	11
After five years	113	19	-	-
<b>Total</b>	<b>820</b>	<b>667</b>	<b>16</b>	<b>17</b>
<b>Other commitments</b>				
Forward contracts to buy foreign currencies	2,226	3,831	-	-
Forward contracts to sell foreign currencies	(19)	-	-	-
Goods and raw materials purchase agreements	2,365	2,777	-	-
Specialist agreements	1,316	1,386	222	234
Unused letters of credit for goods and supplies	219	801	-	-
Service agreements	525	560	8	6
Advertising services and sponsorship agreements	270	327	-	-
Molasses purchase agreements	195	191	-	-
Bank guarantees	296	191	34	37
Other agreements	4	3	-	-
<b>Total</b>	<b>7,397</b>	<b>10,067</b>	<b>264</b>	<b>277</b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### *Significant capital commitments*

An indirect subsidiary has entered into factory building construction and machinery installation agreements with several companies due to in 2009, the said indirect subsidiary has invested in Cold-Aseptic-Filling beverage and PET bottle production project in the amount not exceeding Baht 1,430 million. Subsequently in 2010, the said indirect subsidiary has also invested in UHT packaging machine project in the amount not exceeding Baht 980 million. The aforementioned project have already operated in 2011.

### *Significant other commitments*

#### *Specialist agreements*

In 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 0.25 million until the expiration of the agreements. Service fee under the agreements totalled 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 2011 the remaining commitments to be paid, relating to these agreements, amounted to Baht 1,315.8 million.

#### *Sponsorship agreement*

In 2010, a subsidiary renewed a sponsorship agreement with Everton Football Club, in the United Kingdom, for a period of three years from 1 June 2011 to 31 May 2014 in order to promote the Group's businesses globally. Under the agreement, the subsidiary is obliged to pay a minimum amount of GBP 0.6 million and a maximum amount of GBP 2.6 million per year, dependent on the performance of Everton football team in each year.

#### *Distributor agreement*

In 2008, an indirect subsidiary renewed a distributor agreement with a local company to act as a distributor for green tea products for a period of three years from 4 November 2008 to 3 November 2011.

#### *Hot-fill PET bottle trading agreement*

In 2005, an indirect subsidiary entered into a hot-fill PET bottle trading agreement with a local bottle manufacturing company according to the quantity required from the indirect subsidiary on a monthly basis at the price specified in the agreement. The agreement is for a 15-year period, commencing 150 days after the agreement date.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

*Material and package trading agreement*

In 2007, a subsidiary and an indirect subsidiary entered into a material and package trading agreement with a local company for distribution of products to the Group's shops and for materials and packaging management. The two subsidiaries committed to pay the service charge at the rate specified in the agreement for a period of three years from 1 April 2007 to 31 March 2010 with the renewal option for another three years. Subsequently in April 2010, the said subsidiaries entered into new agreements for a period of two years and eight months from 1 May 2010 to 31 December 2012.

*Transportation agreement*

In 2007, a subsidiary and an indirect subsidiary entered into a transportation agreement with a local company to transport products from factory to the destination. Transportation cost is calculated for each trip at the rate stated in the agreement. The term of the agreement is three years from 1 November 2007 to 31 October 2010. Subsequently, on 1 February 2010, the said subsidiaries entered into a new agreement due to the transportation fee rate adjustment. The term of the agreement is three years from 1 January 2010 to 31 December 2012 and may be extended for successive terms of one year each or terminated if any party does not comply with the terms and conditions stated in the agreement or if not less than 30 days prior written notice is given by any one party to the other.

*License agreement*

A subsidiary entered into a license agreement with an overseas company for operating Japanese restaurants in the Kingdom of Thailand as the master license for a period of 10 years from 20 May 2008. Unless there is a notification to terminate the agreement within 180 days before the expiration, this agreement continues to be in effect for the successive 10 years term. The subsidiary committed to pay Initial License Fee, License Fee and Royalty Fee as stated in the agreement. Subsequently at the Executive Board of Directors' meeting held on 10 August 2011, the directors agreed to terminate the aforementioned agreement. The subsidiary was not subject to pay for any compensation for termination before the expiration.

On 29 June 2009, the said subsidiary entered into a license agreement with another overseas company for operating Japanese restaurants in the Kingdom of Thailand as the master license for a period of 10 years from 29 June 2009. Unless there is a notification to terminate the agreement within 180 days before the expiration, this agreement continues to be in effect for the successive 10 years term. The subsidiary committed to pay Initial License Fee, License Fee and Royalty Fee as stated in the agreement.

*Natural gas trading agreement*

On 30 September 2009, an indirect subsidiary entered into a natural gas trading agreement with a local company at the condition specified in the agreement for a period of 7 years from 21 December 2009 to 30 November 2016 with the renewal option by written notice not less than 90 days before the expiration.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2011 and 2010**

**41 Events after the reporting period**

- (a) At the Board of Directors of direct subsidiary' meeting held on 22 February 2012, the directors agreed to propose issuance of the debentures totalling principal amount up to Baht 3,000 million with a maturity of up to ten years. The proceed will be used for continuing and enhancing business purposes. In addition, the debentures will be issued as a revolving terms and conditions. The direct subsidiary could possibly issue addition debentures after the redemption aforementioned amount.
- (b) At the Board of Directors' meeting held on 28 February 2012, the directors agreed to propose a dividend payment for the year of Baht 0.37 per share, totalling Baht 9,291 million. The interim dividend paid was Baht 0.15 per share, totalling Baht 3,767 million. The remaining dividend payment is Baht 0.22 per share, totalling Baht 5,524 million.
- (c) On 10 February 2012, a subsidiary has entered into a sponsorship agreement with two football clubs in Spain, for a period of three years from 27 February 2012 to 30 June 2015 and from 1 January 2012 to 31 December 2014 respectively in order to promote trade name and logo "Chang" and goods in the territory specified in the agreements. The subsidiary is obliged to pay total amounts of Euro 6.55 million during three years at the condition specified in the agreements.

**42 Thai Financial Reporting Standards (TFRS) not yet adopted**

The Group has not adopted TAS 21 (revised 2009) *The Effects of Changes in Foreign Exchange Rates*, which is expected to become effective for annual financial periods beginning on or after 1 January 2013.

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

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

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

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



# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2011 and 2010

### 43 Reclassification of accounts

Certain accounts in the 2010 financial statements have been reclassified to conform to the presentation in the 2011 financial statements. These reclassifications have principally been made following changes in accounting policies consequent to the adoption of new or revised TFRS as disclosed in note 4. Other significant reclassifications were as follows:

	2010					
	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
			<i>(in million Baht)</i>			
<b><i>Statement of financial position</i></b>						
Other receivables	-	294	294	-	12	12
Other current assets	1,971	(294)	1,677	19	(12)	7
Other payables	-	2,355	2,355	-	82	82
Other current liabilities	3,459	<u>(2,355)</u>	1,104	144	<u>(82)</u>	62
		<u>-</u>			<u>-</u>	
<b><i>Statement of income</i></b>						
Revenue from sale of goods	121,361	(889)	120,472	-	-	-
Other Income	351	(9)	342	-	-	-
Cost of sales of goods	88,097	1,728	89,825	-	-	-
Cost of rendering of services	-	-	-	1,014	(78)	936
Selling expenses	7,287	(314)	6,973	-	-	-
Administrative expenses	10,949	(1,974)	8,975	316	78	394
Management benefit expenses	338	<u>(338)</u>	-	-	<u>-</u>	-
		<u>-</u>			<u>-</u>	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business.