

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

Annual financial statements  
and  
Audit report of Certified Public Accountant

For the years ended  
31 December 2008 and 2007



**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 balance sheets as at 31 December 2008, and the related statements of income, changes in equity and cash flows for the year 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. The consolidated and separate financial statements of Thai Beverage Public Company Limited and its subsidiaries, and of Thai Beverage Public Company Limited, respectively, for the year ended 31 December 2007 were audited by another auditor whose report dated 27 February 2008 expressed an unqualified opinion on those statements.

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 2008 and the results of operations and cash flows for the year then ended of Thai Beverage Public Company Limited and its subsidiaries, and of Thai Beverage Public Company Limited, respectively, in accordance with generally accepted accounting principles.

Disclosure of significant differences between generally accepted accounting principles in Thailand and International Financial Reporting Standards is not a required part of the basic financial statements under generally accepted accounting principles in Thailand, but it is presented in Note 35 to the financial statements for information purposes only. I have not audited or reviewed such information and therefore do not express any audit opinion or review report thereon.

(Nittaya Chetchotiros)  
Certified Public Accountant  
Registration No. 4439

KPMG Phoomchai Audit Ltd.  
Bangkok  
27 February 2009

# Thai Beverage Public Company Limited and its Subsidiaries

## Balance sheets

As at 31 December 2008 and 2007

Assets	Note	Consolidated financial statements		Separate financial statements	
		2008	2007 (Restated)	2008	2007
<i>(in Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents	6	1,916,991,944	2,587,796,039	3,964,488	9,168,240
Current investments	7	9,122,852	114,185,085	-	-
Trade accounts receivable	5, 8	1,514,403,074	1,956,547,276	-	-
Short-term loans to and amounts due from related parties	5	41,437,542	4,371,057	3,648,410,367	3,916,012,461
Inventories	9	29,729,437,189	28,277,662,781	-	-
Other current assets	10	1,726,518,933	1,428,372,765	13,657,399	8,481,487
<b>Total current assets</b>		<b>34,937,911,534</b>	<b>34,368,935,003</b>	<b>3,666,032,254</b>	<b>3,933,662,188</b>
<b>Non-current assets</b>					
Investments in subsidiaries and associates	11	111,655,630	124,518,368	77,161,702,065	71,470,329,894
Other long-term investments	7	10,518,325	5,633,579	-	-
Long-term loans to and amounts due from related parties	5	57,898,194	5,797,615	5,588,704,560	9,418,243,969
Property, plant and equipment	12	39,578,157,819	44,639,782,574	55,517,479	71,600,623
Intangible assets	13	3,178,327,451	1,007,145,861	36,299,363	16,165,989
Leasehold rights	14	111,853,986	121,927,347	-	-
Other non-current assets	15	2,068,924,619	2,132,228,836	335,191,250	344,564,250
<b>Total non-current assets</b>		<b>45,117,336,024</b>	<b>48,037,034,180</b>	<b>83,177,414,717</b>	<b>81,320,904,725</b>
<b>Total assets</b>		<b>80,055,247,558</b>	<b>82,405,969,183</b>	<b>86,843,446,971</b>	<b>85,254,566,913</b>

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

# Thai Beverage Public Company Limited and its Subsidiaries

## Balance sheets

As at 31 December 2008 and 2007

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2008	2007 (Restated)	2008	2007
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	16	8,701,361,743	5,998,233,815	5,246,160,794	4,797,684,522
Trade accounts payable	5, 17	3,389,385,495	2,640,052,639	-	-
Current portion of long-term					
guaranteed bonds	16	-	3,000,000,000	-	3,000,000,000
Current portion of long-term loans	16	5,325,000,000	1,755,000,000	5,325,000,000	1,755,000,000
Short-term loans from and					
amounts due to related parties	5, 16	126,227,153	69,686,546	3,931,773,159	2,115,288,548
Other short-term loans		7,000,000	7,000,000	-	-
Income tax payable		2,189,514,076	2,783,232,721	137,920,639	146,248,940
Other current liabilities	18	2,982,587,156	3,497,752,050	137,146,461	161,542,579
<b>Total current liabilities</b>		<b>22,721,075,623</b>	<b>19,750,957,771</b>	<b>14,778,001,053</b>	<b>11,975,764,589</b>
<b>Non-current liabilities</b>					
Long-term loans from					
financial institutions	16	3,265,000,000	5,400,000,000	3,265,000,000	5,400,000,000
Long-term loans from and					
amounts due to related parties	5, 16	2,221,378	270,000	8,725,000,000	6,540,500,000
Other non-current liabilities		69,617,368	160,106,627	-	117,900
<b>Total non-current liabilities</b>		<b>3,336,838,746</b>	<b>5,560,376,627</b>	<b>11,990,000,000</b>	<b>11,940,617,900</b>
<b>Total liabilities</b>		<b>26,057,914,369</b>	<b>25,311,334,398</b>	<b>26,768,001,053</b>	<b>23,916,382,489</b>

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

# Thai Beverage Public Company Limited and its Subsidiaries

## Balance sheets

As at 31 December 2008 and 2007

Liabilities and equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
			(Restated)		
		<i>(in Baht)</i>			
<b>Equity</b>					
Share capital					
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	4	(19,732,229,338)	(16,201,122,879)	-	-
Reserves					
Share premium	19	17,215,736,603	17,215,736,603	17,215,736,603	17,215,736,603
Currency translation changes		(1,503,025,118)	(208,076,374)	-	-
Fair value changes and revaluation surpluses		4,262,802,105	4,388,935,374	-	-
Retained earnings					
Appropriated - legal reserve	19	2,900,000,000	2,900,000,000	2,900,000,000	2,900,000,000
Unappropriated		<u>25,505,762,741</u>	<u>22,644,726,217</u>	<u>14,849,684,315</u>	<u>16,112,422,821</u>
<b>Total equity attributable to equity holders of the Company</b>		<b>53,759,071,993</b>	<b>55,850,223,941</b>	<b>60,075,445,918</b>	<b>61,338,184,424</b>
Minority interests		<u>238,261,196</u>	<u>1,244,410,844</u>	-	-
<b>Total equity</b>		<b><u>53,997,333,189</u></b>	<b><u>57,094,634,785</u></b>	<b><u>60,075,445,918</u></b>	<b><u>61,338,184,424</u></b>
<b>Total liabilities and equity</b>		<b><u>80,055,247,558</u></b>	<b><u>82,405,969,183</u></b>	<b><u>86,843,446,971</u></b>	<b><u>85,254,566,913</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 2008 and 2007

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
			(Restated)		
		(in Baht)			
<b>Revenues</b>	5				
Revenue from sales		105,257,338,378	105,107,854,242	-	-
Management fees		-	-	2,522,777,132	2,577,305,358
Interest income		36,544,092	46,293,684	509,518,424	775,352,387
Dividends		100,029	22,189,477	5,345,108,398	18,985,153,408
Gain on sale of investment	11	525,878,633	-	216,460,581	6,044
Other income	21	379,825,875	292,199,091	13,125,293	89,521,384
Share of profits from investments accounted for using the equity method		26,603,216	28,641,891	-	-
<b>Total revenues</b>		<b>106,226,290,223</b>	<b>105,497,178,385</b>	<b>8,606,989,828</b>	<b>22,427,338,581</b>
<b>Expenses</b>	5				
Cost of sales		76,555,924,169	73,824,389,203	-	-
Selling and administrative expenses	22	14,079,091,867	14,737,703,236	1,217,013,424	1,154,217,891
Other expenses		5,280,526	73,499,244	-	-
<b>Total expenses</b>		<b>90,640,296,562</b>	<b>88,635,591,683</b>	<b>1,217,013,424</b>	<b>1,154,217,891</b>
<b>Profit before interest and income tax expenses</b>		<b>15,585,993,661</b>	<b>16,861,586,702</b>	<b>7,389,976,404</b>	<b>21,273,120,690</b>
Interest expense	24	680,941,746	1,050,194,743	1,050,321,180	1,577,560,366
Income tax expense	25	4,298,961,167	4,868,398,343	320,486,480	277,248,227
<b>Profit for the year</b>		<b>10,606,090,748</b>	<b>10,942,993,616</b>	<b>6,019,168,744</b>	<b>19,418,312,097</b>
<b>Attributable to:</b>					
Equity holders of the Company		10,341,843,037	10,628,197,372	6,019,168,744	19,418,312,097
Minority interests		264,247,711	314,796,244	-	-
<b>Profit for the year</b>		<b>10,606,090,748</b>	<b>10,942,993,616</b>	<b>6,019,168,744</b>	<b>19,418,312,097</b>
<b>Basic earnings per share</b>	27	<b>0.41</b>	<b>0.42</b>	<b>0.24</b>	<b>0.77</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 2008 and 2007**

<b>Consolidated financial statements (Restated)</b>											
(in Baht)											
	Note	Issued and paid-up share capital	Difference arising from common control transactions	Reserves			Retained earnings		Total equity attributable to equity holders of the Company	Minority interests	Total equity
				Share premium	Currency translation changes	Fair value changes and revaluation surpluses	Appropriated to legal reserve	Unappropriated			
<b>Balance at 1 January 2007</b>		<b>25,110,025,000</b>	<b>(17,141,406,365)</b>	<b>17,215,736,603</b>	<b>(19,508,334)</b>	<b>6,586,263,579</b>	<b>1,700,000,000</b>	<b>19,102,445,355</b>	<b>52,553,555,838</b>	<b>505,629</b>	<b>52,554,061,467</b>
Difference arising from common control transactions	4	-	795,570,699	-	-	-	-	-	795,570,699	1,016,618,394	1,812,189,093
<b>Restated balance</b>		<b>25,110,025,000</b>	<b>(16,345,835,666)</b>	<b>17,215,736,603</b>	<b>(19,508,334)</b>	<b>6,586,263,579</b>	<b>1,700,000,000</b>	<b>19,102,445,355</b>	<b>53,349,126,537</b>	<b>1,017,124,023</b>	<b>54,366,250,560</b>
<b>Changes in equity for 2007</b>											
Net surplus on property revaluation		-	-	-	-	(2,197,328,205)	-	134,521,429	(2,062,806,776)	134,636	(2,062,672,140)
Translation loss relating to financial statements of foreign operations		-	-	-	(188,568,040)	-	-	-	(188,568,040)	-	(188,568,040)
Net expense recognised directly in equity		-	-	-	(188,568,040)	(2,197,328,205)	-	134,521,429	(2,251,374,816)	134,636	(2,251,240,180)
Profit for the year	4	-	245,132,189	-	-	-	-	10,383,065,183	10,628,197,372	314,796,244	10,942,993,616
<b>Total recognised income and expense</b>		<b>-</b>	<b>245,132,189</b>	<b>-</b>	<b>(188,568,040)</b>	<b>(2,197,328,205)</b>	<b>-</b>	<b>10,517,586,612</b>	<b>8,376,822,556</b>	<b>314,930,880</b>	<b>8,691,753,436</b>
Effects of change to percentage of holding		-	-	-	-	-	-	-	-	41,163,464	41,163,464
Consideration paid to shareholder of subsidiary for common control transactions		-	-	-	-	-	-	-	-	(21,326)	(21,326)
Legal reserve		-	-	-	-	-	1,200,000,000	(1,200,000,000)	-	-	-
Dividends	28	-	-	-	-	-	-	(5,775,305,750)	(5,775,305,750)	(465,469)	(5,775,771,219)
Dividends paid by subsidiaries before business restructuring		-	(100,419,402)	-	-	-	-	-	(100,419,402)	(128,320,728)	(228,740,130)
<b>Balance at 31 December 2007</b>		<b>25,110,025,000</b>	<b>(16,201,122,879)</b>	<b>17,215,736,603</b>	<b>(208,076,374)</b>	<b>4,388,935,374</b>	<b>2,900,000,000</b>	<b>22,644,726,217</b>	<b>55,850,223,941</b>	<b>1,244,410,844</b>	<b>57,094,634,785</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 2008 and 2007

	Note	Separate financial statements				Total equity attributable to equity holders of the Company	
		Issued and paid-up share capital	Share premium	Reserves	Retained earnings		
				Fair value changes and revaluation surpluses	Appropriated to legal reserve		Unappropriated
<i>(in Baht)</i>							
<b>Balance at 1 January 2007</b>		<b>25,110,025,000</b>	<b>17,215,736,603</b>	<b>134,521,429</b>	<b>1,700,000,000</b>	<b>3,534,895,045</b>	<b>47,695,178,077</b>
Net surplus on property revaluation		-	-	(134,521,429)	-	134,521,429	-
Profit for the year		-	-	-	-	19,418,312,097	19,418,312,097
<b>Total recognised income and expense</b>		<b>-</b>	<b>-</b>	<b>(134,521,429)</b>	<b>-</b>	<b>19,552,833,526</b>	<b>19,418,312,097</b>
Legal reserve		-	-	-	1,200,000,000	(1,200,000,000)	-
Dividends	28	-	-	-	-	(5,775,305,750)	(5,775,305,750)
<b>Balance at 31 December 2007 and 1 January 2008</b>		<b>25,110,025,000</b>	<b>17,215,736,603</b>	<b>-</b>	<b>2,900,000,000</b>	<b>16,112,422,821</b>	<b>61,338,184,424</b>
Profit for the year		-	-	-	-	6,019,168,744	6,019,168,744
Dividends	28	-	-	-	-	(7,281,907,250)	(7,281,907,250)
<b>Balance at 31 December 2008</b>		<b>25,110,025,000</b>	<b>17,215,736,603</b>	<b>-</b>	<b>2,900,000,000</b>	<b>14,849,684,315</b>	<b>60,075,445,918</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 2008 and 2007

	Consolidated		Separate	
		financial statements		financial statements
Note	2008	2007	2008	2007
		(Restated)		
	(in Baht)			
<b>Cash flows from operating activities</b>				
Profit for the year	10,606,090,748	10,942,993,616	6,019,168,744	19,418,312,097
<i>Adjustments for</i>				
Depreciation and amortisation	5,021,625,110	5,267,163,561	31,410,632	28,966,567
Interest income	(36,544,092)	(46,293,684)	(509,518,424)	(775,352,387)
Interest expense	680,941,746	1,050,194,743	1,050,321,179	1,577,560,366
Unrealised loss on exchange rate	7,582,893	5,840,827	1,554	1,164,320
Bad debts and allowance for doubtful accounts	11,846,875	131,528,253	-	-
Amortisation of advance payments to a specialist	50,000,000	50,000,000	9,375,000	9,375,000
(Reversal of) allowance for obsolete inventories	(347,350,371)	142,052,827	-	-
Impairment loss on property	-	58,902,936	-	-
Gain on sale and disposal of property, plant and equipment and intangible assets	(28,315,105)	(138,540,490)	(402,075)	(63,880,601)
Gain on sale of investment	(525,878,633)	-	(216,460,581)	(6,044)
Dividends	-	-	(5,345,108,398)	(18,985,153,408)
Share of profits from investments accounted for using the equity method	(26,603,216)	(28,641,891)	-	-
Income tax expense	4,298,961,167	4,868,398,343	320,486,480	277,248,227
	<u>19,712,357,122</u>	<u>22,303,599,041</u>	<u>1,359,274,111</u>	<u>1,488,234,137</u>
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable	425,929,901	(342,918,800)	-	-
Amounts due from related parties	(37,143,014)	45,410,241	25,591,633	1,293,629,337
Inventories	(1,104,424,037)	217,460,135	-	-
Other current assets	(298,351,354)	540,229,179	(5,175,912)	8,507,390
Trade accounts payable	746,387,479	37,239,921	-	-
Amounts due to related parties	59,948,269	(151,816,525)	45,171,352	16,230,422
Other current liabilities	(361,028,311)	(1,209,422,289)	34,623,593	(139,223,931)
Other non-current liabilities	(59,404,210)	(15,834,161)	(117,900)	117,900
Income taxes paid	(4,892,679,811)	(4,276,918,657)	(328,814,781)	(178,791,025)
<b>Net cash provided by operating activities</b>	<u><b>14,191,592,034</b></u>	<u><b>17,147,028,085</b></u>	<u><b>1,130,552,096</b></u>	<u><b>2,488,704,230</b></u>

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

# Thai Beverage Public Company Limited and its Subsidiaries

## Statements of cash flows

For the years ended 31 December 2008 and 2007

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
			(Restated)		
		(in Baht)			
<b>Cash flows from investing activities</b>					
Interest received		36,667,611	46,449,270	540,001,954	780,791,231
Dividends received		-	-	5,431,438,980	20,290,212,836
Current investments		105,062,233	(103,326,485)	-	-
Loans to and amounts due from related parties		296,767,769	7,765,385	4,041,066,340	1,908,300,440
Investments in subsidiaries and associates		39,465,954	39,613,566	(898,999,650)	(9,065,661,600)
Long-term investments		(4,884,746)	(1,879,961)	-	-
Purchase of property, plant and equipment		(2,514,262,039)	(1,595,906,177)	(7,023,112)	(9,205,674)
Decrease in property, plant and equipment		447,714,228	1,142,935,504	1,893,458	819,205,608
Purchase of intangible assets		(44,683,527)	(32,589,748)	(25,087,589)	(8,595,148)
Decrease in intangible assets		50,352,369	11,202,716	-	-
Leasehold right		294,800	(43,338,000)	-	-
Other non-current assets		13,304,217	(8,790,220)	(2,000)	(3,582,600)
Net cash outflow on acquisition of subsidiaries		(6,334,248,277)	(253,930,304)	(6,253,195,840)	(114,999,310)
Net cash inflow on disposal of subsidiaries		1,590,953,318	-	1,590,953,318	7,820
<b>Net cash provided by (used in) investing activities</b>		<b>(6,317,496,090)</b>	<b>(791,794,454)</b>	<b>4,421,045,859</b>	<b>14,596,473,603</b>
<b>Cash flows from financing activities</b>					
Interest paid		(730,951,187)	(1,142,353,029)	(1,106,570,730)	(1,708,451,681)
Dividends paid to equity holders of the Company		(7,281,907,250)	(5,775,305,750)	(7,281,907,250)	(5,775,305,750)
Dividends paid to minority interests		(220,784)	(465,469)	-	-
Dividends paid by subsidiary before business restructuring		(375,000,000)	(228,740,130)	-	-
Bank overdrafts and short-term loans from financial institutions		2,703,127,927	(1,158,155,126)	448,476,273	1,768,125,256
Repayment of short-term guaranteed bonds		-	(2,200,000,000)	-	(2,200,000,000)
Repayment of long-term guaranteed bonds		(3,000,000,000)	(2,300,000,000)	(3,000,000,000)	(2,300,000,000)
Loans from related parties		-	(4,615,231,380)	3,948,200,000	(8,776,000,000)
Proceeds from long-term loans from financial institutions		3,190,000,000	5,400,000,000	3,190,000,000	5,400,000,000
Repayment of long-term loans from financial institutions		(1,755,000,000)	(3,500,000,000)	(1,755,000,000)	(3,500,000,000)
<b>Net cash used in financing activities</b>		<b>(7,249,951,294)</b>	<b>(15,520,250,884)</b>	<b>(5,556,801,707)</b>	<b>(17,091,632,175)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>					
		<b>624,144,650</b>	<b>834,982,747</b>	<b>(5,203,752)</b>	<b>(6,454,342)</b>
Cash and cash equivalents at beginning of year		2,587,796,039	1,941,381,331	9,168,240	15,622,582
Effect of exchange rate changes on balances held in foreign currencies		(1,294,948,745)	(188,568,039)	-	-
<b>Cash and cash equivalents at end of year</b>	6	<b>1,916,991,944</b>	<b>2,587,796,039</b>	<b>3,964,488</b>	<b>9,168,240</b>

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

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The financial statements were authorised for issue by the directors on 27 February 2009.

**1 General information**

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

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

The principal businesses of the Company and its subsidiaries are the production, distribution of alcoholic and non-alcoholic beverages, industrial alcohol, semi-finished food, finished food, bread, ramen and other by-products including Japanese restaurants. Details of the Company’s subsidiaries as at 31 December 2008 and 2007 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2008	2007
<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. Thai Alcohol PCL.	Alcohol distillery	Thailand	-	100.00
20. Pomthip Co., Ltd.	Beer distributor	Thailand	100.00	100.00
21. Pomkit Co., Ltd.	Beer distributor	Thailand	100.00	100.00
22. Pomkung Co., Ltd.	Beer distributor	Thailand	100.00	100.00
23. Pomchok Co., Ltd.	Beer distributor	Thailand	100.00	100.00
24. Pomcharoen Co., Ltd.	Beer distributor	Thailand	100.00	100.00
25. Pomburapa Co., Ltd.	Beer distributor	Thailand	100.00	100.00
26. Num Yuk Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
27. Num Kijjakarn Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
28. Num Palang Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
29. Num Muang Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
30. Num Nakorn Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
31. Num Thurakij Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
32. Thipchalothorn Co., Ltd.	Beer and spirits agency	Thailand	100.00	100.00
33. Krittayabun Co., Ltd.	Beer and spirits agency	Thailand	100.00	100.00

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2008	2007
<i>Direct subsidiaries (continued)</i>				
34. Surathip Co., Ltd.	Spirits agency	Thailand	100.00	100.00
35. Sunthronpirom Co., Ltd.	Spirits agency	Thailand	100.00	100.00
36. Piromsurang Co., Ltd.	Spirits agency	Thailand	100.00	100.00
37. Thai Beverage Energy Co., Ltd. (Formerly: Bionic Humus Co., Ltd.)	Trading of fertilizer, bio gas and distribution of spirits	Thailand	100.00	100.00
38. Wrangyer Beverage (2008) Co., Ltd. (Formerly: Maharas Agri Co., Ltd.)	Production and distribution of energy drink	Thailand	100.00	100.00
39. Thai Molasses Co., Ltd.	Trading of molasses	Thailand	99.72	99.72
40. Feed Addition Co., Ltd. (Formerly: Additive Food Co., Ltd.)	Trading of feeds	Thailand	100.00	100.00
41. Pan International (Thailand) Co., Ltd.	Trading of supplies and procurement	Thailand	100.00	100.00
42. Charun Business 52 Co., Ltd.	Brick producer and distribution of spirits	Thailand	100.00	100.00
43. Thai Cooperage Co., Ltd.	Oak barrel producer	Thailand	100.00	100.00
44. Thai Beverage Recycle Co., Ltd. (Formerly: Bang-Na Logistic Co., Ltd.)	Trading of bottles	Thailand	100.00	100.00
45. Thai Beverage Logistics Co., Ltd.	Transportation	Thailand	100.00	100.00
46. Thai Beverage Marketing Co., Ltd.	Import and export spirits for trading/ international marketing and non-alcoholic beverages agency	Thailand	100.00	100.00
47. Dhanasindhi Co., Ltd.	Construction	Thailand	100.00	100.00
48. Dhospaak Co., Ltd.	Advertising agency	Thailand	100.00	100.00
49. International Beverage Holdings Limited	Holding company	Hong Kong	100.00	100.00
50. Cosmos Brewery (Thailand) Co., Ltd.	Beer brewery and production of drinking water and soda water	Thailand	100.00	100.00
51. Thai Beverage Brands Co., Ltd. (Formerly: T.C.C. Cosmo Corporation Ltd.)	Trademark holding	Thailand	100.00	100.00
52. Beer Chang Co., Ltd.	Trademark holding and production of concentrate materials	Thailand	100.00	100.00
53. Archa Beer Co., Ltd.	Trademark holding and production of concentrate materials	Thailand	100.00	100.00
54. Sura Piset Phatra Lanna Co., Ltd.	Holding company	Thailand	100.00	100.00
55. Thai Drinks Co., Ltd.	Production and distribution of drinking water	Thailand	100.00	-
56. Oishi Group PCL.	Japanese restaurant business and production and distribution of food and beverage	Thailand	89.93	43.90
<i>Indirect subsidiaries</i>				
57. Thai Thum Distillery Co., Ltd. #	Trading of spirits	Thailand	99.90	99.90
58. Sura Piset Sahasan Co., Ltd. #	Production and distribution of spirits	Thailand	100.00	100.00
59. Sura Piset Sampan Co., Ltd. #	Production and distribution of spirits	Thailand	100.00	100.00
60. Muangkij Co., Ltd. #	Import of oak woods	Thailand	100.00	100.00
61. Sint Ek Panich Co., Ltd. #	Mining	Thailand	-	100.00
62. Pan Alcohol Co., Ltd. #	Production and distribution of vinegar	Thailand	100.00	100.00
63. Banglen Agriculture Co., Ltd. #	Agriculture	Thailand	-	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. United Products Co., Ltd.	Production and distribution of spirits	Thailand	97.98	80.82

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2008	2007
<i>Indirect subsidiaries (continued)</i>				
71. S P M Foods and Beverages Co., Ltd.	Production and distribution of drinking water and energy drinks and spirits agency	Thailand	99.83	83.20
72. Oishi Trading Co., Ltd.	Production and distribution of food and beverage	Thailand	89.93	43.90
73. Oishi Ramen Co., Ltd.	Japanese ramen restaurants	Thailand	89.93	43.90
<i>Subsidiaries of indirect subsidiaries*</i>				
74. International Beverage Holdings Limited USA, Inc. ##	Trading of alcoholic beverages	United States of America	100.00	100.00
75. Blairmhor Limited #	Holding Company	United Kingdom	100.00	100.00
76. Inver House Distillers Limited	Production and distribution of spirits	United Kingdom	100.00	100.00
77. Blairmhor Distillers Limited #	Dormant	United Kingdom	100.00	100.00
78. Wee Beastie Limited #	Dormant	United Kingdom	100.00	100.00
79. Speyburn-Glenlivet Distillery Company Limited #	Dormant	United Kingdom	100.00	100.00
80. The Knockdhu Distillery Company Limited #	Dormant	United Kingdom	100.00	100.00
81. The Pulteney Distillery Company Limited #	Dormant	United Kingdom	100.00	100.00
82. The Balblair Distillery Company Limited #	Dormant	United Kingdom	100.00	100.00
83. R. Carmichael & Sons Limited #	Dormant	United Kingdom	100.00	100.00
84. J MacArthur Junior & Company Limited #	Dormant	United Kingdom	100.00	100.00
85. Mason & Summers Limited #	Dormant	United Kingdom	100.00	100.00
86. Hankey Bannister Limited #	Dormant	United Kingdom	100.00	100.00
87. James Catto & Company Limited #	Dormant	United Kingdom	100.00	100.00
88. Glen Calder Blenders Limited #	Dormant	United Kingdom	100.00	100.00
89. Moffat & Towers Limited #	Dormant	United Kingdom	100.00	100.00
<i>Associates of indirect subsidiaries**</i>				
90. Liquorland Limited	Off licences	United Kingdom	49.49	49.49
91. Inver House Polska Limited	Trading of alcoholic beverages	Poland	44.00	44.00
92. Inver House Distribution SA #	Dormant	France	50.02	50.02

\* Subsidiaries of International Beverage Holdings (UK) Limited

\*\* Associates of International Beverage Holdings (UK) Limited

# These are currently non-trading.

## On 20 November 2008, International Beverage Holdings (UK) Limited acquired entire ordinary shares of International Beverage Holdings Limited USA, Inc. from International Beverage Holdings Limited.

On 2 June 2008, Sura Piset Phatra Lanna Co., Ltd., the Company's subsidiary, acquired an additional 600,369 ordinary shares in United Product Co., Ltd., the Company's indirect subsidiary, from existing equity holders at Baht 135 per share, totalling Baht 81 million.

During 2008, S P M Foods and Beverages Co., Ltd., the Company's indirect subsidiary, decreased its authorised share capital in two stages of 75% each and the subsequent increase of authorised share capital. The authorised share capital will be decreased first from Baht 100 million to Baht 25 million and second from Baht 25 million to Baht 6.25 million. Subsequently, the authorised share capital will be increased by Baht 600 million to Baht 606.25 million by issuing 60.625 million ordinary shares with a Baht 10 par value.

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On 31 January 2008, Pan Alcohol Co., Ltd., the Company's indirect subsidiary, entered into a memorandum of understanding to acquire the majority of the ordinary shares in Carabao Towandaeng Co., Ltd., a company engaged in the production and sales of energy drinks. Then, the Executive Board of Directors' meeting held on 23 February 2009 unanimously approved to terminate the aforementioned memorandum.

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

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

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

The Group has adopted the following new and revised Thai Accounting Standards (TAS) which were issued by the FAP during 2007 and effective for accounting periods beginning on or after 1 January 2008:

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

The adoption of these new and revised TAS does not have any material impact on the Company's financial statements.

The FAP has issued during 2008 a number of revised TAS which are only effective for financial statements beginning on or after 1 January 2009 and have not been adopted in the preparation of these financial statements. These revised TAS are disclosed in note 33.

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest million. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These judgements, estimates and assumptions are based on historical experience and various other factors, including management's assessment of the potential impact on the Group's operations and financial position of the global economic crisis. Actual results may differ from these estimates.



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

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

Note 4	Business combination
Note 31	Valuation of financial instruments
Note 32	Lease classification

### **3 Significant accounting policies**

#### **(a) Basis of consolidation**

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

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

#### *Subsidiaries*

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

#### *Associates*

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

#### *Business combinations*

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

Business combination of businesses under common control are accounted for using a method similar to the pooling of interest method, whereby the assets, liabilities and contingent liabilities transferred have been accounted for at book values.

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**(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 balance sheet date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

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

*Foreign entities*

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

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

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

**(c) Derivative financial instruments**

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

**(d) Cash and cash equivalents**

Cash and cash equivalents 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 stated at the lower of cost and net realisable value.

Cost of raw material, packaging materials, work in progress and finished goods 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 overheads based on normal operating capacity.

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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) 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 equity securities*

Marketable equity securities are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity. The exceptions are impairment losses, which are recognised in the statement of income. When these investments are derecognised the cumulative gain or loss previously recognised directly in the equity is recognised in the statement of income.

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

The fair value of financial instruments classified as available-for-sale is determined as the quoted bid price at the balance sheet 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 the statement of income.

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

*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.

Property that is being constructed or developed for future use is classified as property, plant and equipment and stated at cost until construction or development is complete.

*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 statement of income.

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*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 balance sheet date.

Any increase in value, on revaluation, is credited to equity under the heading "revaluation surplus" unless it offsets a previous decrease in value recognised in the statement of income in respect of the same asset. A decrease in value is recognised in the statement of income to the extent it exceeds an increase previously recognised in equity in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred from equity to retained earnings and is not taken into account in calculating the gain or loss on disposal.

*Subsequent expenditure*

Subsequent expenditure relating to an item of property, plant and equipment is added to the carrying amount of the asset when it is probable that the future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

*Depreciation*

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

Land improvement	3-20 years
Building and constructions	10-40 years
Building improvements	2-30 years
Machinery and equipment	4-40 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 and assets under construction.

**(i) Intangible assets**

*Goodwill*

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired. The Group has changed its accounting policy for goodwill with effect from 1 January 2008 discussed in note 29.

*Acquisitions prior to 1 January 2008*

Goodwill represents the amount recognised under the Group's previous accounting policy under which goodwill was stated at cost less accumulated amortisation and impairment losses. Goodwill carried in the balance sheet as at 31 December 2007 was brought forward to 1 January 2008 and presented at net book value as the deemed cost of the goodwill by reversing the related accumulated amortisation against the cost of the goodwill.

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Acquisitions on or after 1 January 2008

Goodwill is stated at cost. Negative goodwill is recognised immediately in the statement of income.

Subsequent measurement

Goodwill is measured at cost less impairment losses. In respect of equity accounted investments, the carrying amount of goodwill is included in the carrying amount of the investment.

*Other intangible assets*

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

*Amortisation*

Amortisation is recognised in the statement of income on a straight-line basis and unit of production basis over the estimated useful lives of intangible assets, from the date that they are available for use. The estimated useful lives are as follows:

Computer software	3-10 years	(straight-line method)
Trademarks	10 years	(straight-line method)
Broadcasting rights	4 years	(unit of production method)
Licences	10 years	(straight-line method)

**(j) Leasehold rights**

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

Amortisation is recognised in the statement of income on a straight-line basis over the agreement period.

**(k) Impairment**

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

Goodwill and other intangible assets with indefinite useful lives, and intangible assets not yet available for use, are tested for impairment annually and when indicators of impairment are identified.

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

**(l) 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 the statement of income over the period of the borrowings on an effective interest basis.

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

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

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**(n) Provisions**

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, 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, where appropriate, the risks specific to the liability.

**(o) 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.

**(p) Revenue**

Revenue excludes value added taxes or other sales taxes and is arrived at after deduction of trade discounts.

*Sale of goods and services rendered*

Revenue is recognised in the statement of income 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 the statement of income by reference to the stage of completion of the contract activity at the balance sheet 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.

*Construction contracts*

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of income by reference to the stage of completion of the contract activity at the balance sheet date. The stage of completion is assessed the percentage of completion method, which is measured by the project engineer. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense in the statement of income.

*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 which in the case of marketable securities is usually the ex-dividend date.

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**(q) Expenses**

*Operating leases*

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

*Finance costs*

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

*Research and development*

Research and development costs, including costs of developing new beverage products and package design are expensed in the accounting period in which they are incurred.

Other income and expenses are recognised on an accrual basis.

**(r) Income tax**

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

**4 Common control transactions and acquisitions**

*Common control transactions*

The Company was formed in 2003 to combine the separate beverages businesses of the ultimate controlling equity holder group, the Siriwardhanabhakdi family, which were held as part of the operations of 89 separate companies, into a single group of companies between 2003 and 2006. Prior to the restructuring these business were under the common control of the ultimate controlling equity holder of the Company.

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

On 30 September 2008, the Company acquired 43.9% interest in Oishi Group Public Company Limited and its subsidiaries, "Oishi", from a company affiliated with the controlling equity holders of the Company, under a common ultimate controlling equity holder. As the same ultimate controlling equity holder controlled Oishi both before and after the acquisition, the consolidated financial statements have been prepared on the basis of a business combination involving an entity under common control.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the years ended 31 December 2008 and 2007

The consolidated balance sheets have been prepared to present assets and liabilities of Oishi as if the acquisition had taken place at the beginning of 2007. Therefore, the consolidated financial statements for the year ended 31 December 2007 have been revised to include the assets, liabilities and operations of Oishi acquired during 2008. The assets and liabilities acquired have been stated at their carrying values, after adjusting for intercompany transactions and transactions with the ultimate controlling equity holder. The consolidated statements of income and cash flows include the results of operations and cash flows as if the businesses and operations of Oishi had been acquired at the beginning of 2007.

The difference of Baht 2,079 million between the consideration of Baht 3,053 million to be paid by the Company for the acquisition of the 43.9% interest in Oishi and the carrying amount of the net identifiable assets of Oishi at the date of the transaction and attributable to the Company's equity interest of Baht 974 million is included in "Difference arising from common control transactions".

#### **Restatement**

The consolidated financial statements for the years ended 31 December 2007 and 2006 have been restated accordingly. The effects of the restatement on the consolidated balance sheets as at 31 December 2007 and 2006, and the consolidated statement of income for the year ended 31 December 2007 are summarized as follows:

	Balance previously reported	Consolidated Effect of the restatement <i>(in million Baht)</i>	Balance restated
<b>2007</b>			
<b>Balance sheet</b>			
Total assets	79,527	2,879	82,406
Total liabilities	24,574	737	25,311
Difference arising from common control transactions	(17,141)	940	(16,201)
Minority interests	43	1,201	1,244
Equity	54,953	2,142	57,095
<b>2006</b>			
<b>Balance sheet</b>			
Total assets	85,579	2,485	88,064
Total liabilities	33,025	673	33,698
Difference arising from common control transactions	(17,141)	795	(16,346)
Minority interests	1	1,016	1,017
Equity	52,554	1,812	54,366
<b>2007</b>			
<b>Statement of income</b>			
Profit for the year	10,385	558	10,943
Basic earnings per share (Baht)	0.41	0.01	0.42



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*Acquisitions*

On 18 November 2008, the Company paid for 86,295,662 ordinary shares in Oishi representing 46.03% interest in Oishi for the remaining shares in accordance with the Notification of the Securities and Exchange Commission to make a tender offer by paying Baht 3,199.94 million in cash for the shares which included directly attributable expenses of Baht 7 million.

The acquiree's net assets at the acquisition date comprised the followings:

	<i>(in million Baht)</i>
Cash and cash equivalents	287
Trade accounts receivable	191
Inventories	133
Property, plant and equipment	670
Intangible assets	67
Other assets	53
Trade accounts payable	(244)
Other liabilities	(135)
<b>Net identifiable assets and liabilities</b>	<b>1,022</b>
Goodwill on acquisition	2,178
Consideration paid	3,200
Cash acquired	(287)
Net cash outflow	2,913

**5 Related party transactions and balances**

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

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

Name of entities	Country of Incorporation/ nationality	Nature of relationships
1. Beer Thai (1991) PCL.	Thailand	Direct subsidiary, 100% shareholding
2. Beer Thip Brewery (1991) Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
3. Singsom Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
4. Fuengfuanant Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
5. Mongkolsamai Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
6. Thanapakdi Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
7. Kanchanasing Korn Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
8. Sura Bangyikhan Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
9. Athimart Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
10. S.S. Karnsura Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
11. Kankwan Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
12. Theparunothai Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
13. Red Bull Distillery (1988) Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
14. United Winery and Distillery Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding

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<b>Name of entities</b>	<b>Country of Incorporation/ nationality</b>	<b>Nature of relationships</b>
15. Simathurakij Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
16. Nateechai Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
17. Luckchai Liquor Trading Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
18. Sura Piset Thipparat Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
19. Pomthip Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
20. Pomkit Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
21. Pomkung Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
22. Pomchok Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
23. Pomcharoen Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
24. Pomburapa Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
25. Num Yuk Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
26. Num Kijjakarn Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
27. Num Palang Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
28. Num Muang Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
29. Num Nakorn Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
30. Num Thurakij Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
31. Thipchalothorn Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
32. Krittayabun Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
33. Surathip Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
34. Sunthronpirom Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
35. Piromsurang Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
36. Thai Beverage Energy Co., Ltd. (Formerly: Bionic Humus Co., Ltd.)	Thailand	Direct subsidiary, 100% shareholding
37. Wrangyer Beverage (2008) Co., Ltd. (Formerly: Maharas Agri Co., Ltd.)	Thailand	Direct subsidiary, 100% shareholding
38. Thai Molasses Co., Ltd.	Thailand	Direct subsidiary, 99.72% shareholding
39. Feed Addition Co., Ltd. (Formerly: Additive Food Co., Ltd.)	Thailand	Direct subsidiary, 100% shareholding
40. Pan International (Thailand) Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
41. Charun Business 52 Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
42. Thai Cooperage Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
43. Thai Beverage Recycle Co., Ltd. (Formerly: Bang-Na Logistic Co., Ltd.)	Thailand	Direct subsidiary, 100% shareholding
44. Thai Beverage Logistics Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
45. Thai Beverage Marketing Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
46. Dhanasindhi Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
47. Dhospaak Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
48. International Beverage Holdings Limited	Hong Kong	Direct subsidiary, 100% shareholding
49. Cosmos Brewery (Thailand) Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
50. Thai Beverage Brands (Formerly: T.C.C. Cosmo Corporation Ltd.)	Thailand	Direct subsidiary, 100% shareholding
51. Beer Chang Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
52. Archa Beer Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
53. Sura Piset Phatra Lanna Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
54. Thai Drinks Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
55. Oishi Group PCL.	Thailand	Direct subsidiary, 89.93% shareholding
56. Thai Thum Distillery Co., Ltd.	Thailand	Indirect subsidiary, 99.90% shareholding
57. Sura Piset Sahasan Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
58. Sura Piset Sampan Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
59. Muangkij Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
60. Pan Alcohol Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding

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<b>Name of entities</b>	<b>Country of Incorporation/ nationality</b>	<b>Nature of relationships</b>
61. Vitayathan Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
62. InterBev (Singapore) Limited	Singapore	Indirect subsidiary, 100% shareholding
63. InterBev (Cambodia) Co., Ltd.	Cambodia	Indirect subsidiary, 100% shareholding
64. InterBev Malaysia Sdn. Bhd.	Malaysia	Indirect subsidiary, 100% shareholding
65. Best Spirits Company Limited	Hong Kong	Indirect subsidiary, 100% shareholding
66. International Beverage Holdings (UK) Limited	United Kingdom	Indirect subsidiary, 100% shareholding
67. United Products Co., Ltd.	Thailand	Indirect subsidiary, 97.98% shareholding
68. S P M Foods and Beverages Co., Ltd.	Thailand	Indirect subsidiary, 99.83% shareholding
69. Oishi Trading Co., Ltd.	Thailand	Indirect subsidiary, 89.93% shareholding
70. Oishi Ramen Co., Ltd.	Thailand	Indirect subsidiary, 89.93% shareholding
71. International Beverage Holdings Limited USA, Inc.	United States of America	Subsidiary of indirect subsidiary, 100% shareholding
72. Blairmhor Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
73. Inver House Distillers Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
74. Blairmhor Distillers Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
75. Wee Beastie Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
76. Speyburn-Glenlivet Distillery Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
77. The Knockdhu Distillery Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
78. The Pulteney Distillery Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
79. The Balblair Distillery Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
80. R. Carmichael & Sons Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
81. J MacArthur Junior & Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
82. Mason & Summers Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
83. Hankey Bannister Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
84. James Catto & Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
85. Glen Calder Blenders Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
86. Moffat & Towers Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
87. Liquorland Limited	United Kingdom	Associates of indirect subsidiary, 49.90% shareholding
88. Inver House Polska Limited	Poland	Associates of indirect subsidiary, 44.00% shareholding
89. Inver House Distribution SA	France	Associates of indirect subsidiary, 50.02% shareholding
90. Thai Alcohol PCL.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
91. Sint EK Panich Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
92. Banglen Agriculture Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
93. Pisetkij Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
94. The Maewang Sugar Industry Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
95. The Chonburi Sugar Corp. Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
96. The Utaradit Sugar Industry Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
97. The Suphanburi Sugar Industry Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly

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<b>Name of entities</b>	<b>Country of Incorporation/ nationality</b>	<b>Nature of relationships</b>
98. The Southeast Insurance Co., Ltd. (Formerly: The Southeast Insurance (2000) Co., Ltd.)	Thailand	Directors and controlling equity holders hold substantial shares indirectly
99. Southeast Capital Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
100. T.C.C. Technology Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
101. TCC Capital Land Limited (Formerly: T.C.C. Capital Land Limited)	Thailand	Directors and controlling equity holders hold substantial shares indirectly
102. Thai Glass Industries PCL.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
103. Bang-Na Glass Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
104. TCC Hotel Collection Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
105. Siam Realty Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
106. Terragro Fertilizer Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
107. Dhipaya Sugar (1999) Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
108. BJC Industrial and Trading Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
109. North Park Real Estate Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
110. TCC PD 11 Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
111. Thippatana Arcade Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
112. Siam Food Products PCL.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
113. BJC Healthcare Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
114. New Noble Property and Loan Fund	Thailand	Directors and controlling equity holders are the principal unit holder of this real estate investment fund
115. Dynamic Assets Property and Loan Fund	Thailand	Directors and controlling equity holders are the principal unit holder of this real estate investment fund
116. Best Fortune Property and Loan Fund	Thailand	Directors and controlling equity holders are the principal unit holder of this real estate investment fund
117. Plaza Athenee Hotel (Thailand) Co., Ltd.	Thailand	Directors and controlling equity holders are the directors and hold substantial shares indirectly
118. North Park Golf And Sport Club Co., Ltd.	Thailand	Directors and controlling equity holders are directors and hold substantial shares indirectly
119. Berli Jucker PCL.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
120. Thai Beverage Can Co., Ltd.	Thailand	Directors and controlling equity holders hold 50% shares
121. Great Oriole Limited	British Virgin Islands	Have common controlling equity holders

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<b>Name of entities</b>	<b>Country of Incorporation/ nationality</b>	<b>Nature of relationships</b>
122. Madrigal Trading Limited	British Virgin Islands	Directors and equity holders are the directors of subsidiary
123. Kluey Kluey Co., Ltd.	Thailand	Director of direct subsidiary is director of Kluey Kluey Co., Ltd.
124. O.G.T. Co., Ltd.	Thailand	Director of subsidiary is relative of Director of O.G.T. Co., Ltd.
125. PS Recycle Co., Ltd.	Thailand	Directors and controlling equity holders are relatives of controlling person

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

<b>Transactions</b>	<b>Pricing policies</b>
Sale of finished 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 expense	Rate as mutually agreed by shareholders with reference interest rates quoted by domestic commercial banks

Significant transactions for the years ended 31 December 2008 and 2007 with related parties were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
<b>Subsidiaries</b>				
Management fees	-	-	2,523	2,577
Dividends	-	-	5,345	18,985
Purchases of investments	-	-	-	9,180
Interest income	-	-	506	773
Interest expense	-	-	549	732
Other income	-	-	4	9
Other expenses	-	-	101	67

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	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
<b>Other related parties</b>				
Sales of goods	604	471	-	-
Rendering of services	13	14	-	-
Purchases of raw materials and packaging	5,386	4,827	-	-
Overhead costs	181	225	-	-
Sales of property, plant and equipment	5	1,027	-	819
Purchases of property, plant and equipment	3	32	-	-
Sales of investment (See Note 11 to the financial statements)	1,591	-	1,591	-
Interest expense	-	66	-	-
Other income	682	173	217	64
Other expenses	410	305	81	73
Share of profits from investments accounted for using the equity method	27	29	-	-
Directors' remuneration	294	276	278	262

Balances as at 31 December 2008 and 2007 with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
<b>Other related companies</b>				
Thai Alcohol PCL.	53	-	-	-
O.G.T. Co., Ltd.	52	49	-	-
PS Recycle Co., Ltd.	6	3	-	-
Pisetkij Co., Ltd.	2	3	-	-
Others	3	5	-	-
<b>Total</b>	<b>116</b>	<b>60</b>	<b>-</b>	<b>-</b>

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*Short-term loans to and amounts due from related parties*

	Consolidated financial statements						Separate financial statements					
	2008			2007			2008			2007		
	Short-term loans to	Amounts due from	Total	Short-term loans to	Amounts due from	Total	Short-term loans to	Amounts due from	Total	Short-term loans to	Amounts due from	Total
	<i>(in million Baht)</i>											
<b>Subsidiaries</b>												
Beer Thai (1991) PCL.	-	-	-	-	-	-	1,452	34	1,486	1,786	54	1,840
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	-	-	-	-	13	13	-	26	26
Sangsom Co., Ltd.	-	-	-	-	-	-	160	7	167	-	6	6
Fuengfuanant Co., Ltd.	-	-	-	-	-	-	-	2	2	-	2	2
Mongkolsamai Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Thanapakdi Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Kanchanasingkorn Co., Ltd.	-	-	-	-	-	-	-	1	1	182	3	185
Sura Bangyikhan Co., Ltd.	-	-	-	-	-	-	614	12	626	-	8	8
Athimart Co., Ltd.	-	-	-	-	-	-	-	3	3	-	3	3
S.S. Karnsura Co., Ltd.	-	-	-	-	-	-	-	3	3	-	3	3
Kankwan Co., Ltd.	-	-	-	-	-	-	-	3	3	-	4	4
Theparunothai Co., Ltd.	-	-	-	-	-	-	-	3	3	-	3	3
Red Bull Distillery (1988) Co., Ltd.	-	-	-	-	-	-	-	12	12	-	9	9
United Winery and Distillery Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Simathurakij Co., Ltd.	-	-	-	-	-	-	243	3	246	519	5	524
Nateechai Co., Ltd.	-	-	-	-	-	-	-	2	2	219	3	222
Luckchai Liquor Trading Co., Ltd.	-	-	-	-	-	-	418	2	420	431	7	438
Sura Piset Thipparat Co., Ltd.	-	-	-	-	-	-	-	2	2	-	3	3
Thai Alcohol PCL.	-	-	-	-	-	-	-	-	-	124	7	131
Pomthip Co., Ltd.	-	-	-	-	-	-	-	9	9	-	9	9
Pomkit Co., Ltd.	-	-	-	-	-	-	-	9	9	-	16	16
Pomkung Co., Ltd.	-	-	-	-	-	-	-	7	7	-	7	7
Pomchok Co., Ltd.	-	-	-	-	-	-	-	8	8	-	9	9
Pomcharoen Co., Ltd.	-	-	-	-	-	-	-	3	3	-	5	5
Pomburapa Co., Ltd.	-	-	-	-	-	-	-	5	5	-	7	7
Num Yuk Co., Ltd.	-	-	-	-	-	-	255	15	270	85	12	97
Num Kijjakarn Co., Ltd.	-	-	-	-	-	-	-	26	26	-	21	21
Num Palang Co., Ltd.	-	-	-	-	-	-	-	10	10	-	8	8

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*Short-term loans to and amounts due from related parties*

	Consolidated financial statements						Separate financial statements					
	2008			2007			2008			2007		
	Short-term loans to	Amounts due from	Total	Short-term loans to	Amounts due from	Total	Short-term loans to	Amounts due from	Total	Short-term loans to	Amounts due from	Total
	<i>(in million Baht)</i>											
<b><i>Subsidiaries (continued)</i></b>												
Num Muang Co., Ltd.	-	-	-	-	-	-	-	11	11	-	9	9
Num Nakorn Co., Ltd.	-	-	-	-	-	-	-	6	6	-	5	5
Num Thurakij Co., Ltd.	-	-	-	-	-	-	-	8	8	-	7	7
Thipchalothorn Co., Ltd.	-	-	-	-	-	-	-	31	31	120	38	158
Krittayabun Co., Ltd.	-	-	-	-	-	-	-	38	38	-	42	42
Surathip Co., Ltd.	-	-	-	-	-	-	-	13	13	-	17	17
Sunthronpirom Co., Ltd.	-	-	-	-	-	-	-	2	2	-	3	3
Piromsurang Co., Ltd.	-	-	-	-	-	-	-	2	2	-	1	1
Thai Beverage Logistics Co., Ltd.	-	-	-	-	-	-	9	-	9	67	-	67
International Beverage Holdings Limited	-	-	-	-	-	-	-	-	-	12	1	13
Thai Beverage Brands Co., Ltd. (Formerly: T.C.C. Cosmo Corporation Co., Ltd.)	-	-	-	-	-	-	-	-	-	3	-	3
Sura Piset Phatra Lanna Co., Ltd.	-	-	-	-	-	-	-	-	-	-	2	2
Thai Beverage Recycle Co., Ltd. (Formerly: Bang-Na Logistic Co., Ltd.)	-	-	-	-	-	-	-	1	1	-	-	-
Thai Beverage Marketing Co., Ltd.	-	-	-	-	-	-	185	1	186	-	-	-
Dhospaak Co., Ltd.	-	-	-	-	-	-	-	2	2	-	-	-
<b>Total subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,336</b>	<b>312</b>	<b>3,648</b>	<b>3,548</b>	<b>368</b>	<b>3,916</b>
<b><i>Related companies</i></b>												
Thai Alcohol PCL.	-	33	33	-	-	-	-	-	-	-	-	-
Berli Jucker Public Co., Ltd.	-	2	2	-	-	-	-	-	-	-	-	-
Best Wishes Co., Ltd.	-	2	2	-	-	-	-	-	-	-	-	-
Pisetkij Co., Ltd.	-	1	1	-	2	2	-	-	-	-	-	-
Others	-	3	3	-	2	2	-	-	-	-	-	-
<b>Total related companies</b>	<b>-</b>	<b>41</b>	<b>41</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>-</b>	<b>41</b>	<b>41</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>3,336</b>	<b>312</b>	<b>3,648</b>	<b>3,548</b>	<b>368</b>	<b>3,916</b>



**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2008 and 2007**

*Long-term loans to and amounts due from related parties*

	Consolidated financial statements						Separate financial statements					
	Long-term loans to	2008 Amounts due from	Total	Long-term loans to	2007 Amounts due from	Total	Long-term loans to	2008 Amounts due from	Total	Long-term loans to	2007 Amounts due from	Total
	<i>(in million Baht)</i>											
<b>Subsidiaries</b>												
Beer Thai (1991) PCL.	-	-	-	-	-	-	2,820	-	2,820	4,210	-	4,210
Thanapakdi Co., Ltd.	-	-	-	-	-	-	-	-	-	7	-	7
Kanchanasingkorn Co., Ltd.	-	-	-	-	-	-	-	-	-	286	-	286
Sura Bangyikhan Co., Ltd.	-	-	-	-	-	-	168	-	168	785	-	785
Kankwan Co., Ltd.	-	-	-	-	-	-	-	-	-	106	-	106
Red Bull Distillery (1988) Co., Ltd.	-	-	-	-	-	-	804	-	804	565	-	565
Simathurakij Co., Ltd.	-	-	-	-	-	-	109	-	109	96	-	96
Nateechai Co., Ltd.	-	-	-	-	-	-	88	-	88	61	-	61
Luckchai Liquor Trading Co., Ltd.	-	-	-	-	-	-	-	-	-	859	-	859
Sura Piset Thipparat Co., Ltd.	-	-	-	-	-	-	540	-	540	600	-	600
Thai Alcohol Public Co., Ltd.	-	-	-	-	-	-	-	-	-	1,145	-	1,145
Num Yuk Co., Ltd.	-	-	-	-	-	-	111	-	111	155	-	155
Wrangyer Beverage (2008) Co., Ltd.	-	-	-	-	-	-	209	-	209	-	-	-
Thai Beverage Recycle Co., Ltd.	-	-	-	-	-	-	290	-	290	-	-	-
International Beverage Holdings Ltd.	-	-	-	-	-	-	-	-	-	196	-	196
Thai Beverage Brands Co., Ltd.	-	-	-	-	-	-	14	-	14	-	-	-
Sura Piset Phatra Lanna Co., Ltd.	-	-	-	-	-	-	425	-	425	340	-	340
<b>Total subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,578</b>	<b>-</b>	<b>5,578</b>	<b>9,411</b>	<b>-</b>	<b>9,411</b>
<b>Related companies</b>												
North Park Real Estate Co., Ltd.	-	26	26	-	-	-	-	3	3	-	-	-
Best Fortune Property and Loan Fund	-	9	9	-	-	-	-	-	-	-	-	-
T.C.C. Technology Co., Ltd.	-	8	8	-	-	-	-	8	8	-	7	7
TCC PD 11 Co., Ltd.	-	3	3	-	-	-	-	-	-	-	-	-
Kluey Kluey Co., Ltd.	-	-	-	-	4	4	-	-	-	-	-	-
Others	-	12	12	-	2	2	-	-	-	-	-	-
<b>Total related companies</b>	<b>-</b>	<b>58</b>	<b>58</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>-</b>	<b>11</b>	<b>11</b>	<b>-</b>	<b>7</b>	<b>7</b>
<b>Total</b>	<b>-</b>	<b>58</b>	<b>58</b>	<b>-</b>	<b>6</b>	<b>6</b>	<b>5,578</b>	<b>11</b>	<b>5,589</b>	<b>9,411</b>	<b>7</b>	<b>9,418</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2008 and 2007**

*Summary of loans to related parties*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Short-term loans	-	-	3,336	3,548
Long-term loans	-	-	5,578	9,411
<b>Total loans to related parties</b>	<b>-</b>	<b>-</b>	<b>8,914</b>	<b>12,959</b>

Movements during the years ended 31 December 2008 and 2007 of loans to related parties were as follows:

*Loans to related parties*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
<b>Short-term loans</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	3,548	9,367
Increase	-	-	1,129	1,070
Decrease	-	-	(1,341)	(6,889)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>3,336</b>	<b>3,548</b>
<b>Long-term loans</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	9,411	5,501
Increase	-	-	877	4,686
Decrease	-	-	(4,710)	(776)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>5,578</b>	<b>9,411</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	99	10	9,237	13,126
Singapore Dollars (SGD)	-	-	-	208
<b>Total</b>	<b>99</b>	<b>10</b>	<b>9,237</b>	<b>13,334</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2008 and 2007**

<i>Trade accounts payable</i> <i>- related parties</i>	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
<b>Other related companies</b>				
Berli Jucker PCL.	740	471	-	-
Thai Beverage Can Ltd.	137	139	-	-
PS Recycle Co., Ltd.	12	46	-	-
Pisetkij Co., Ltd.	12	10	-	-
Others	17	14	-	-
<b>Total</b>	<b>918</b>	<b>680</b>	<b>-</b>	<b>-</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2008 and 2007**

*Short-term loans from and amounts due to related parties*

	Consolidated financial statements						Separate financial statements					
	2008			2007			2008			2007		
	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	Total
	<i>(in million Baht)</i>											
<b>Subsidiaries</b>												
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	-	-	-	387	16	403	129	12	141
Sangsom Co., Ltd.	-	-	-	-	-	-	-	1	1	-	-	-
Fuengfuanant Co., Ltd.	-	-	-	-	-	-	57	1	58	-	-	-
Mongkolsamai Co., Ltd.	-	-	-	-	-	-	-	1	1	-	-	-
Thanapakdi Co., Ltd.	-	-	-	-	-	-	28	1	29	-	-	-
Kanchanasingorn Co., Ltd.	-	-	-	-	-	-	-	1	1	-	-	-
Athimart Co., Ltd.	-	-	-	-	-	-	118	1	119	45	-	45
S.S. Karnsura Co., Ltd.	-	-	-	-	-	-	213	1	214	50	-	50
Kankwan Co., Ltd.	-	-	-	-	-	-	203	1	204	-	-	-
Theparunothai Co., Ltd.	-	-	-	-	-	-	166	1	167	-	1	1
United Winery and Distillery Co., Ltd.	-	-	-	-	-	-	184	1	185	193	2	195
Pomthip Co., Ltd.	-	-	-	-	-	-	-	1	1	39	2	41
Pomkit Co., Ltd.	-	-	-	-	-	-	-	1	1	80	4	84
Pomkung Co., Ltd.	-	-	-	-	-	-	-	1	1	29	2	31
Pomchok Co., Ltd.	-	-	-	-	-	-	-	2	2	25	2	27
Pomcharoen Co., Ltd.	-	-	-	-	-	-	-	-	-	-	1	1
Pomburapa Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Num Kijjakarn Co., Ltd.	-	-	-	-	-	-	672	4	676	406	2	408
Num Palang Co., Ltd.	-	-	-	-	-	-	160	-	160	-	-	-
Num Muang Co., Ltd.	-	-	-	-	-	-	330	1	331	-	-	-
Num Nakorn Co., Ltd.	-	-	-	-	-	-	224	1	225	100	-	100
Num Thurakij Co., Ltd.	-	-	-	-	-	-	228	1	229	65	-	65
Thipchalothorn Co., Ltd.	-	-	-	-	-	-	94	1	95	-	-	-
Krittayabun Co., Ltd.	-	-	-	-	-	-	308	1	309	189	9	198
Surathip Co., Ltd.	-	-	-	-	-	-	132	1	133	10	5	15
Sunthronpirom Co., Ltd.	-	-	-	-	-	-	-	1	1	81	1	82
Piromsurang Co., Ltd.	-	-	-	-	-	-	32	1	33	64	1	65

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2008 and 2007**

*Short-term loans from and amounts due to related parties*

	Consolidated financial statements						Separate financial statements					
	Short-term loans from	2008 Amounts due to	Total	Short-term loans from	2007 Amounts due to	Total	Short-term loans from	2008 Amounts due to	Total	Short-term loans from	2007 Amounts due to	Total
<i>Subsidiaries (continued)</i>												
Thai Beverage Energy Co., Ltd. (Formerly: Bionic Humus Co., Ltd.)	-	-	-	-	-	-	106	-	106	121	-	121
Thai Molasses Co., Ltd.	-	-	-	-	-	-	60	-	60	22	-	22
Feed Addition Co., Ltd. (Formerly: Additive Food Co., Ltd.)	-	-	-	-	-	-	35	-	35	-	-	-
Pan International (Thailand) Co., Ltd.	-	-	-	-	-	-	10	1	11	-	-	-
Charun Business 52 Co., Ltd.	-	-	-	-	-	-	3	-	3	-	-	-
Thai Beverage Recycle Co., Ltd. (Formerly: Bang-Na Logistic Co., Ltd.)	-	-	-	-	-	-	-	-	-	30	-	30
Thai Beverage Marketing Co., Ltd.	-	-	-	-	-	-	-	-	-	150	1	151
Dhospaak Co., Ltd.	-	-	-	-	-	-	25	67	92	-	14	14
International Beverage Holdings Limited	-	-	-	-	-	-	-	-	-	-	1	1
Cosmos Brewery (Thailand) Co., Ltd.	-	-	-	-	-	-	-	1	1	177	3	180
Beer Chang Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Archa Beer Co., Ltd.	-	-	-	-	-	-	-	-	-	35	-	35
Thai Drinks Co., Ltd.	-	-	-	-	-	-	28	-	28	-	-	-
<b>Total subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,803</b>	<b>114</b>	<b>3,917</b>	<b>2,040</b>	<b>65</b>	<b>2,105</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2008 and 2007**

	Consolidated financial statements						Separate financial statements					
	2008			2007			2008			2007		
	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	Total
	<i>(in million Baht)</i>											
<b>Related companies</b>												
Thai Alcohol PCL.	-	53	53	-	-	-	-	-	-	-	-	-
Plaza Athenee Hotel (Thailand) Co., Ltd.	-	15	15	-	10	10	-	-	-	-	-	-
T.C.C. Technology Co., Ltd.	-	13	13	-	11	11	-	12	12	-	7	7
Southeast Capital Co., Ltd.	-	12	12	-	14	14	-	2	2	-	2	2
Berli Jucker PCL.	-	7	7	-	-	-	-	-	-	-	-	-
TCC Hotel Collection Co., Ltd.	-	5	5	-	10	10	-	1	1	-	1	1
The Southeast Insurance Co., Ltd. (Formerly: The Southeast Insurance (2000) Co., Ltd.)	-	2	2	-	20	20	-	-	-	-	-	-
Others	-	19	19	-	5	5	-	-	-	-	-	-
<b>Total related companies</b>	-	<b>126</b>	<b>126</b>	-	<b>70</b>	<b>70</b>	-	<b>15</b>	<b>15</b>	-	<b>10</b>	<b>10</b>
<b>Total</b>	-	<b>126</b>	<b>126</b>	-	<b>70</b>	<b>70</b>	<b>3,803</b>	<b>129</b>	<b>3,932</b>	<b>2,040</b>	<b>75</b>	<b>2,115</b>

Short-term loans from and amounts due to related parties of the Group and the Company as at 31 December 2008 and 2007 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 2008 and 2007**

*Long-term loans from and amounts due to related parties*

	Consolidated financial statements						Separate financial statements					
	Long-term loans from	2008 Amounts due to	Total	Long -term loans from	2007 Amounts due to	Total	Long -term loans from	2008 Amounts due to	Total	Long -term loans from	2007 Amounts due to	Total
<i>(in million Baht)</i>												
<b>Subsidiaries</b>												
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	-	-	-	3,418	-	3,418	2,910	-	2,910
Fuengfuanant Co., Ltd.	-	-	-	-	-	-	158	-	158	90	-	90
Thanapakdi Co., Ltd.	-	-	-	-	-	-	107	-	107	-	-	-
Mongkolsamai Co., Ltd.	-	-	-	-	-	-	154	-	154	104	-	104
Kanchanasingkorn Co., Ltd.	-	-	-	-	-	-	146	-	146	-	-	-
Athimart Co., Ltd.	-	-	-	-	-	-	151	-	151	-	-	-
Kankwan Co., Ltd.	-	-	-	-	-	-	70	-	70	-	-	-
Theparunothai Co., Ltd.	-	-	-	-	-	-	76	-	76	133	-	133
United Winery and Distillery Co., Ltd.	-	-	-	-	-	-	173	-	173	210	-	210
Pomthip Co., Ltd.	-	-	-	-	-	-	302	-	302	329	-	329
Pomkit Co., Ltd.	-	-	-	-	-	-	165	-	165	682	-	682
Pomkung Co., Ltd.	-	-	-	-	-	-	307	-	307	309	-	309
Pomchok Co., Ltd.	-	-	-	-	-	-	452	-	452	426	-	426
Pomcharoen Co., Ltd.	-	-	-	-	-	-	118	-	118	115	-	115
Pomburapa Co., Ltd.	-	-	-	-	-	-	345	-	345	284	-	284
Num Thurakij Co., Ltd.	-	-	-	-	-	-	130	-	130	-	-	-
Num Muang Co., Ltd.	-	-	-	-	-	-	40	-	40	-	-	-
Num Nakorn Co., Ltd.	-	-	-	-	-	-	80	-	80	-	-	-
Num Kijjakarn Co., Ltd.	-	-	-	-	-	-	718	-	718	-	-	-
Thipchalothorn Co., Ltd.	-	-	-	-	-	-	150	-	150	-	-	-
Krittayabun Co., Ltd.	-	-	-	-	-	-	182	-	182	101	-	101
Surathip Co., Ltd.	-	-	-	-	-	-	156	-	156	-	-	-
Sunthronpirom Co., Ltd.	-	-	-	-	-	-	296	-	296	178	-	178
Piromsurang Co., Ltd.	-	-	-	-	-	-	166	-	166	78	-	78
Thai Molasses Co., Ltd.	-	-	-	-	-	-	22	-	22	-	-	-
Feed Addition Co., Ltd. (Formerly: Additive Food Co., Ltd.)	-	-	-	-	-	-	35	-	35	-	-	-

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2008 and 2007**

	Consolidated financial statements						Separate financial statements					
	2008			2007			2008			2007		
	Long-term loans from	Amounts due to	Total	Long -term loans from	Amounts due to	Total	Long -term loans from	Amounts due to	Total	Long -term loans from	Amounts due to	Total
	<i>(in million Baht)</i>											
<b><i>Subsidiaries (continued)</i></b>												
Pan International (Thailand) Co., Ltd.	-	-	-	-	-	-	25	-	25	10	-	10
Charun Business 52 Co., Ltd.	-	-	-	-	-	-	25	-	25	10	-	10
Thai Cooperage Co., Ltd.	-	-	-	-	-	-	47	-	47	71	-	71
Thai Beverage Marketing Co., Ltd.	-	-	-	-	-	-	-	-	-	50	-	50
Dhospaak Co., Ltd.	-	-	-	-	-	-	-	-	-	10	-	10
Cosmos Brewery (Thailand) Co., Ltd.	-	-	-	-	-	-	290	-	290	320	-	320
Beer Chang Co., Ltd.	-	-	-	-	-	-	166	-	166	107	-	107
Archa Beer Co., Ltd.	-	-	-	-	-	-	55	-	55	13	-	13
<b>Total subsidiaries</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,725</u>	<u>-</u>	<u>8,725</u>	<u>6,540</u>	<u>-</u>	<u>6,540</u>
<b><i>Other related parties</i></b>												
Southeast Capital Co., Ltd.	-	2	2	-	-	-	-	-	-	-	-	-
<b>Total</b>	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,725</u>	<u>-</u>	<u>8,725</u>	<u>6,540</u>	<u>-</u>	<u>6,540</u>

Long-term loans from and amounts due to related parties of the Group and the Company as at 31 December 2008 and 2007 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 2008 and 2007**

*Summary of loans from related parties*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Short-term loans	-	-	3,803	2,040
Long-term loans	-	-	8,725	6,540
<b>Total loans from related parties</b>	<b>-</b>	<b>-</b>	<b>12,528</b>	<b>8,580</b>

Movements during the years ended 31 December 2008 and 2007 of loans from related parties were as follows:

*Loans from related parties*

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
<b>Short-term loans</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	2,040	12,984
Increase	-	-	2,465	459
Decrease	-	-	(702)	(11,403)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>3,803</b>	<b>2,040</b>
<b>Other related parties</b>				
At 1 January	-	4,615	-	-
Decrease	-	(4,615)	-	-
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total short-term loans from related parties</b>				
At 1 January	-	4,615	2,040	12,984
Increase	-	-	2,465	459
Decrease	-	(4,615)	(702)	(11,403)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>3,803</b>	<b>2,040</b>
<b>Long-term loans</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	6,540	4,372
Increase	-	-	2,939	2,443
Decrease	-	-	(754)	(275)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>8,725</b>	<b>6,540</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2008 and 2007**

*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.

*Procurement agreement*

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

*Molasses purchase agreements*

Thai Molasses Co., Ltd., the Company's subsidiary, entered into molasses purchase 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. (Formerly: Bang-Na Logistic Co., Ltd.), the Company's subsidiary, entered into the glass bottle purchase and sale agreement with Berli Jucker PLC., 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.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2008 and 2007

### *Licence agreements*

- Three subsidiaries entered into licence 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 and contributions to the health promotion fund.
- Sura Bangyikhan Co., Ltd., the Company's subsidiary, entered into licence agreements with 12 subsidiaries for the rights to use trademarks for white liquor and Chiang - Chun blended liquor 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.

### *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.

### *Commitments with related parties*

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
<b><i>Non-cancellable operating lease commitments</i></b>				
Within one year	178	146	22	22
After one year but within five years	267	256	31	32
After five years	5	23	-	-
<b>Total</b>	<b>450</b>	<b>425</b>	<b>53</b>	<b>54</b>
<b><i>Other commitments</i></b>				
Application service provisioning agreement	101	142	101	142
Brewing supervision agreement	29	30	-	-
Purchase molasses	42	-	-	-
Other agreements	-	5	17	17
<b>Total</b>	<b>172</b>	<b>177</b>	<b>118</b>	<b>159</b>

## **6 Cash and cash equivalents**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Cash on hand	27	40	-	-
Cash at banks - current accounts	379	1,204	1	1
Cash at banks - saving accounts	1,374	856	3	8
Highly liquid short-term investments	137	488	-	-
<b>Total</b>	<b>1,917</b>	<b>2,588</b>	<b>4</b>	<b>9</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2008 and 2007**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	1,770	2,414	4	9
United States Dollars (USD)	146	174	-	-
Great Britain Pound (GBP)	1	-	-	-
<b>Total</b>	<b>1,917</b>	<b>2,588</b>	<b>4</b>	<b>9</b>

**7 Other investments**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
<b><i>Current investments</i></b>				
Short-term deposits at financial institutions	9	8	-	-
Investment in government bonds	-	106	-	-
	<b>9</b>	<b>114</b>	<b>-</b>	<b>-</b>
<b><i>Other long term investments</i></b>				
Investment in government bonds	9	2	-	-
Other non marketable equity securities	6	8	-	-
Less allowance for decline in value of investments	(4)	(4)	-	-
	<b>11</b>	<b>6</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>20</b>	<b>120</b>	<b>-</b>	<b>-</b>

As at 31 December 2007, an indirect subsidiary invested in government bonds in the amount of Baht 8.5 million, bearing interest rates at 3.875% and 4.25% per annum. The bonds have 3-6 year periods, and will be withdrawn in 2008 and 2013. The indirect subsidiary has pledged the bonds as collateral for electricity utilisation.

Subsequently, during 2008, the indirect subsidiary redeemed the government bonds in the amount of Baht 6.5 million at maturity and invested in a 6-year government bond, bearing interest rate at 5.90% per annum and will be withdrawn in 2014.

Other investments of the Group as at 31 December 2008 and 2007 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 2008 and 2007**

**8 Trade accounts receivable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2008	2007	2008	2007
		<i>(in million Baht)</i>			
Related parties	5	116	60	-	-
Other parties		1,565	2,052	-	-
		<u>1,681</u>	<u>2,112</u>	-	-
<i>Less</i> allowance for doubtful accounts		<u>(167)</u>	<u>(155)</u>	-	-
<b>Total</b>		<b><u>1,514</u></b>	<b><u>1,957</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Bad and doubtful debts expenses for the year		<u>29</u>	<u>22</u>	-	-

Aging analyses for trade accounts receivable were as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2008	2007	2008	2007
		<i>(in million Baht)</i>			
<b>Related parties</b>					
Within credit terms		110	58	-	-
Overdue:					
Less than 3 months		5	2	-	-
6-12 months		1	-	-	-
		<u>116</u>	<u>60</u>	-	-
<b>Other parties</b>					
Within credit terms		1,117	1,412	-	-
Overdue:					
Less than 3 months		284	364	-	-
3-6 months		11	64	-	-
6-12 months		12	72	-	-
Over 12 months		141	140	-	-
		<u>1,565</u>	<u>2,052</u>	-	-
<i>Less</i> allowance for doubtful accounts		<u>(167)</u>	<u>(155)</u>	-	-
<b>Net</b>		<b><u>1,398</u></b>	<b><u>1,897</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total</b>		<b><u>1,514</u></b>	<b><u>1,957</u></b>	<b><u>-</u></b>	<b><u>-</u></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 2008 and 2007**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	1,501	1,866	-	-
United States Dollars (USD)	13	90	-	-
Others	-	1	-	-
<b>Total</b>	<b>1,514</b>	<b>1,957</b>	<b>-</b>	<b>-</b>

**9 Inventories**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Finished goods	14,534	13,582	-	-
Maturing spirits	8,582	8,310	-	-
Work in progress	3,656	3,769	-	-
Raw materials	1,856	2,053	-	-
Packaging materials	655	593	-	-
Spare parts	458	455	-	-
Others	436	311	-	-
	30,177	29,073	-	-
<i>Less</i> allowance for decline in value	(448)	(795)	-	-
<b>Net</b>	<b>29,729</b>	<b>28,278</b>	<b>-</b>	<b>-</b>

The cost of inventories which is recognized as an expense and included in 'cost of sale of goods' for the year ended 31 December 2008 amounted to Baht 74,926 million (2007: Baht 72,654 million).

**10 Other current assets**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Prepaid excise tax	578	583	-	-
Refundable VAT	343	214	6	3
Deposits	295	92	1	-
Refundable excise tax	226	135	-	-
Prepaid expenses	141	107	5	4
Prepaid property tax	14	154	-	-
Others	147	163	2	1
	1,744	1,448	14	8
<i>Less</i> allowance for doubtful accounts	(17)	(20)	-	-
<b>Net</b>	<b>1,727</b>	<b>1,428</b>	<b>14</b>	<b>8</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2008 and 2007**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	1,722	1,427	14	8
Euro (EUR)	5	-	-	-
United States Dollars (USD)	-	1	-	-
<b>Total</b>	<b><u>1,727</u></b>	<b><u>1,428</u></b>	<b><u>14</u></b>	<b><u>8</u></b>

**11 Investments in subsidiaries and associates**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
At 1 January	124	135	71,470	63,595
Share of profit of investment - equity method	27	29	-	-
Acquisitions	-	-	6,253	115
Increase in share capital in subsidiaries	-	-	899	9,065
Disposals	-	(34)	(1,374)	-
Recovery of investments	-	-	(86)	(1,305)
Translation differences on consolidation	(39)	(6)	-	-
<b>At 31 December</b>	<b><u>112</u></b>	<b><u>124</u></b>	<b><u>77,162</u></b>	<b><u>71,470</u></b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2008 and 2007**

Investments in subsidiaries and associates as at 31 December 2008 and 2007, 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		Equity method		Dividend income	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
<i>Associates</i>	(%)		(in million Baht)							
<i>Held by subsidiaries of indirect subsidiaries</i>										
Liquorland Limited	49.49	49.49	69	69	18	18	112	124	-	-
Inver House Polska Limited	44.00	44.00	8	8	4	4	-	-	-	-
Inver House Distribution SA	50.02	50.02	2	2	1	1	-	-	-	-
<b>Total</b>			<b>79</b>	<b>79</b>	<b>23</b>	<b>23</b>	<b>112</b>	<b>124</b>	<b>-</b>	<b>-</b>



**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2008 and 2007**

	<b>Separate financial statements</b>							
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2008	2007	2008	2007	2008	2007	2008	2007
	(%)				(in million Baht)			
<i><b>Direct subsidiaries</b></i>								
Beer Thai (1991) PCL.	100.00	100.00	5,550	5,550	12,500	12,500	117	2,259
Beer Thip Brewery (1991) Co., Ltd.	100.00	100.00	6,600	6,600	12,500	12,500	858	2,277
Sangsom Co., Ltd.	100.00	100.00	7,500	7,500	7,500	7,500	-	750
Fuengfuanant Co., Ltd.	100.00	100.00	900	900	900	900	59	307
Mongkolsamai Co., Ltd.	100.00	100.00	700	700	691	700	12	-
Thanapakdi Co., Ltd.	100.00	100.00	700	700	697	700	22	57
Kanchanasing Korn Co., Ltd.	100.00	100.00	700	700	700	700	39	85
Sura Bangyikhan Co., Ltd.	100.00	100.00	4,000	4,000	4,000	4,000	492	628
Athimart Co., Ltd.	100.00	100.00	900	900	900	900	94	273
S.S. Karnsura Co., Ltd.	100.00	100.00	800	800	800	800	132	398
Kankwan Co., Ltd.	100.00	100.00	800	800	800	800	102	340
Theparunothai Co., Ltd.	100.00	100.00	700	700	700	700	108	190
Red Bull Distillery (1988) Co., Ltd.	100.00	100.00	5,000	5,000	5,000	5,000	230	-
United Winery and Distillery Co., Ltd.	100.00	100.00	1,800	1,800	1,800	1,800	52	70
Simathurakij Co., Ltd.	100.00	100.00	900	900	888	889	99	138
Nateechai Co., Ltd.	100.00	100.00	800	800	800	800	42	157
Luckchai Liquor Trading Co., Ltd.	100.00	100.00	800	800	766	766	-	35
Sura Piset Thipparat Co., Ltd.	100.00	100.00	500	500	510	510	-	-
Thai Alcohol PCL.	-	100.00	-	800	-	1,374	-	66
Pomthip Co., Ltd.	100.00	100.00	10	10	10	10	101	292
Pomkit Co., Ltd.	100.00	100.00	10	10	10	10	126	570
Pomkung Co., Ltd.	100.00	100.00	10	10	10	10	105	275
Pomchok Co., Ltd.	100.00	100.00	10	10	10	10	161	534
Pomcharoen Co., Ltd.	100.00	100.00	10	10	10	10	33	26
Pomburapa Co., Ltd.	100.00	100.00	10	10	10	10	103	382
Num Yuk Co., Ltd.	100.00	100.00	10	10	10	10	233	858
Num Kijjakarn Co., Ltd.	100.00	100.00	10	10	10	10	333	1,424
Num Palang Co., Ltd.	100.00	100.00	10	10	10	10	138	387

**Thai Beverage Public Company Limited and its Subsidiaries**  
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**For the years ended 31 December 2008 and 2007**

	<b>Separate financial statements</b>							
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2008	2007	2008	2007	2008	2007	2008	2007
	(%)				(in million Baht)			
<b><i>Direct subsidiaries (continued)</i></b>								
Num Muang Co., Ltd.	100.00	100.00	10	10	10	10	215	528
Num Nakorn Co., Ltd.	100.00	100.00	10	10	10	10	131	238
Num Thurakij Co., Ltd.	100.00	100.00	10	10	10	10	173	413
Thipchalothorn Co., Ltd.	100.00	100.00	1	1	3	3	137	573
Krittayabun Co., Ltd.	100.00	100.00	5	5	27	27	128	359
Surathip Co., Ltd.	100.00	100.00	1	1	7	7	103	649
Sunthronpirom Co., Ltd.	100.00	100.00	5	5	25	25	102	1,075
Piromsurang Co., Ltd.	100.00	100.00	5	5	24	24	53	711
Thai Beverage Energy Co., Ltd. (Formerly: Bionic Humus Co., Ltd.)	100.00	100.00	690	350	694	354	-	-
Wrangyer Beverage (2008) Co., Ltd. (Formerly: Maharas Agri Co., Ltd.)	100.00	100.00	200	2	200	2	-	-
Thai Molasses Co., Ltd.	99.72	99.72	40	40	35	35	26	165
Feed Addition Co., Ltd. (Formerly: Additive Food Co., Ltd.)	100.00	100.00	1	1	32	32	32	42
Pan International (Thailand) Co., Ltd.	100.00	100.00	1	1	34	34	20	60
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	-	28
Thai Beverage Recycle Co., Ltd. (Formerly: Bang-Na Logistic Co., Ltd.)	100.00	100.00	123	123	134	134	7	75
Thai Beverage Logistics Co., Ltd.	100.00	100.00	262	12	262	12	-	118
Thai Beverage Marketing Co., Ltd.	100.00	100.00	300	300	300	300	107	100
Dhanasindhi Co., Ltd.	100.00	100.00	20	20	24	24	6	27
Dhospaak Co., Ltd.	100.00	100.00	25	25	61	61	14	20
International Beverage Holdings Limited	100.00	100.00	6,841	6,760	6,841	6,760	-	-
Cosmos Brewery (Thailand) Co., Ltd.	100.00	100.00	1,667	1,667	4,139	4,212	135	672

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2008 and 2007**

	Ownership interest		Separate financial statements				Dividend income	
	2008	2007	Paid-up capital		Cost method		2008	2007
		(%)	2008	2007	2008	2007		
			<i>(in million Baht)</i>					
<b>Direct subsidiaries (Continued)</b>								
Thai Beverage Brands Co., Ltd. (Formerly: T.C.C. Cosmo Corporation Ltd.)	100.00	100.00	5	5	39	39	-	5
Beer Chang Co., Ltd.	100.00	100.00	1	1	4,301	4,301	114	277
Archa beer Co., Ltd.	100.00	100.00	1	1	130	130	51	72
Sura Piset Phatra Lanna Co., Ltd.	100.00	100.00	600	600	615	615	-	-
Oishi Group PCL.*	89.93	-	375	-	6,253	-	-	-
Thai Drinks Co., Ltd.	100.00	-	30	-	30	-	-	-
<b>Total</b>			<b>51,391</b>	<b>50,917</b>	<b>77,162</b>	<b>71,470</b>	<b>5,345</b>	<b>18,985</b>

\* Investment at cost method included directly attributable expenses.

The market price of investment of Oishi Group PCL., which is a listed company in the Stock Exchange of Thailand as at 31 December 2008, amounted to Baht 5,058 million.

**Thai Beverage Public Company Limited and its Subsidiaries**  
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Significant movements during the year ended 31 December 2008 of investment in subsidiaries and associates were as follows:

- (a) On 25 January 2008, Wrangyer Beverage (2008) Co., Ltd. (formerly: Maharas Agri Co., Ltd.) increased its authorised share capital from Baht 2 million to Baht 200 million by issuing 19.8 million ordinary shares with a Baht 10 par value, totalling Baht 198 million.
- (b) On 27 February 2008, Thai Beverage Logistics Co., Ltd. increased its authorised share capital from Baht 12 million to Baht 1,012 million by issuing 100 million ordinary shares with a Baht 10 par value. The first call for the capital paid up was 25% of the increased share capital, totalling Baht 250 million.
- (c) On 20 March 2008, International Beverage Holdings Limited increased its authorised share capital from HKD 1,470 million to HKD 1,490 million to invest in the increase in capital of its subsidiary, International Beverage Holdings Limited USA, Inc.
- (d) On 10 April 2008, Thai Beverage Energy Co., Ltd. (Formerly: Bionic Humus Co., Ltd.) received the second payment for the increase in its authorised share capital at 40% of the additional authorised share capital amounting to Baht 340 million.
- (e) On 15 July 2008, Thai Drinks Co., Ltd. was incorporated with authorised share capital of Baht 1 million by issuing 10,000 ordinary shares with a Baht 100 par value. The first call for the capital paid up was Baht 25 per share and the second call was Baht 25 per share, totalling Baht 0.50 million. Subsequently, on 11 December 2008, this subsidiary increased its authorised share capital from Baht 1 million to Baht 60 million by issuing 590,000 ordinary shares with a Baht 100 par value. The first call for the capital paid up was 50% of the increased share capital, totalling Baht 29.5 million.
- (f) On 30 September 2008, the Company acquired from Yodkij Business Co., Ltd., a company affiliated with the controlling equity holders of the Company, 82,314,537 ordinary shares, representing 43.9% of the share capital of Oishi for a consideration of Baht 37 per share, totalling Baht 3,045.64 million. Subsequently, on 14 November 2008, the Company acquired 86,295,662 ordinary shares of Oishi in accordance with the Notification of the Securities and Exchange Commission to make a tender offer at Baht 37 per share, representing 46.03% of the share capital of Oishi, totalling Baht 3,192.94 million. As a result of this additional acquisition, the Company owns 89.93% of the share capital of Oishi.
- (g) On 30 September 2008, the Company sold its entire share holding of Thai Alcohol PCL. to Damrongfah Co., Ltd., a company affiliated with the controlling equity holders of the Company, for a consideration of Baht 1,590.95 million based on a discounted cash flow valuation by Prime Partners Corporate Finance Pte Ltd., an independent financial adviser licensed by the Monetary Authority of Singapore. The net gain on sale of the above investment and the investment in two subsidiaries of this company amounted to Baht 525.88 million, after transferring the net surplus on property revaluation of Baht 126.13 million and “Difference arising from common control transactions” of Baht 512.12 million, previously recorded in equity, to the statement of income.

**Thai Beverage Public Company Limited and its Subsidiaries**  
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**12 Property, plant and equipment**

	<i>Land</i>			Consolidated financial statements (Restated)							Total
	Cost	Surplus on land revaluation	Total	Land improvement	Building and improvements	Machinery and equipment <i>(in million Baht)</i>	Oak barrels	Furniture fixtures and office equipment	Vehicles	Assets under construction and installation	
<b><i>Cost/revaluation</i></b>											
At 1 January 2007	8,385	6,587	14,972	1,161	17,159	42,597	2,783	756	2,720	2,794	84,942
Additions	357	-	357	1	120	282	27	74	24	955	1,840
Surplus on revaluation	-	731	731	-	-	-	-	-	-	-	731
Reversal of surplus on revaluation	-	(2,794)	(2,794)	-	-	-	-	-	-	-	(2,794)
Loss on revaluation	(59)	-	(59)	-	-	-	-	-	-	-	(59)
Transfers	(2)	-	(2)	145	720	2,230	-	14	(2)	(3,105)	-
Disposals	(480)	(135)	(615)	-	(112)	(145)	(5)	(58)	(30)	(210)	(1,175)
Translation differences on consolidation	(1)	-	(1)	(1)	(62)	(46)	(17)	-	-	-	(127)
<b>At 31 December 2007 and 1 January 2008</b>	<b>8,200</b>	<b>4,389</b>	<b>12,589</b>	<b>1,306</b>	<b>17,825</b>	<b>44,918</b>	<b>2,788</b>	<b>786</b>	<b>2,712</b>	<b>434</b>	<b>83,358</b>
Additions	419	-	419	3	195	526	20	81	80	1,053	2,377
Transfers	-	-	-	142	172	330	-	57	-	(701)	-
Disposals	(748)	(126)	(874)	(2)	(418)	(2,800)	(1)	(64)	(178)	(33)	(4,370)
Translation differences on consolidation	(4)	-	(4)	-	(304)	(236)	(88)	-	-	-	(632)
<b>At 31 December 2008</b>	<b>7,867</b>	<b>4,263</b>	<b>12,130</b>	<b>1,449</b>	<b>17,470</b>	<b>42,738</b>	<b>2,719</b>	<b>860</b>	<b>2,614</b>	<b>753</b>	<b>80,733</b>
<b><i>Finance costs capitalised</i></b>											
Finance costs capitalised during 2007 ( <i>note 24</i> )	-	-	-	-	4	9	-	-	-	-	13
Rate of interest capitalised during 2007 ( <i>% per annum</i> )	-	-	-	-	5.97	5.97	-	-	-	-	5.97

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	<b>Consolidated financial statements (Restated)</b>										
	<i>Land</i>			Land improvement	Building and improvements	Machinery and equipment <i>(in million Baht)</i>	Oak barrels	Furniture fixtures and office equipment	Vehicles	Assets under construction and installation	Total
	Cost	Surplus on land revaluation	Total								
<b><i>Accumulated depreciation</i></b>											
At 1 January 2007	-	-	-	478	5,820	23,307	1,375	446	2,385	-	33,811
Depreciation charge for the year	-	-	-	81	851	3,859	135	109	169	-	5,204
Transfers	-	-	-	-	6	(14)	-	9	(1)	-	-
Disposals	-	-	-	-	(54)	(107)	-	(56)	(25)	-	(242)
Translation differences on consolidation	-	-	-	-	(19)	(28)	(8)	-	-	-	(55)
<b>At 31 December 2007 and 1 January 2008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>559</b>	<b>6,604</b>	<b>27,017</b>	<b>1,502</b>	<b>508</b>	<b>2,528</b>	<b>-</b>	<b>38,718</b>
Depreciation charge for the year	-	-	-	86	852	3,667	131	108	130	-	4,974
Transfers	-	-	-	-	(3)	(33)	-	32	(1)	5	-
Disposals	-	-	-	(1)	(188)	(1,832)	(1)	(56)	(167)	(2)	(2,247)
Translation differences on consolidation	-	-	-	1	(99)	(148)	(44)	-	-	-	(290)
<b>At 31 December 2008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>645</b>	<b>7,166</b>	<b>28,671</b>	<b>1,588</b>	<b>592</b>	<b>2,490</b>	<b>3</b>	<b>41,155</b>
<b><i>Net book value</i></b>											
Owned assets	8,200	4,389	12,589	747	11,221	17,901	1,286	278	175	434	44,631
Assets under finance leases	-	-	-	-	-	-	-	-	9	-	9
<b>Total at 31 December 2007</b>	<b>8,200</b>	<b>4,389</b>	<b>12,589</b>	<b>747</b>	<b>11,221</b>	<b>17,901</b>	<b>1,286</b>	<b>278</b>	<b>184</b>	<b>434</b>	<b>44,640</b>
Owned assets	7,867	4,263	12,130	804	10,304	14,067	1,131	268	117	750	39,571
Assets under finance leases	-	-	-	-	-	-	-	-	7	-	7
<b>Total at 31 December 2008</b>	<b>7,867</b>	<b>4,263</b>	<b>12,130</b>	<b>804</b>	<b>10,304</b>	<b>14,067</b>	<b>1,131</b>	<b>268</b>	<b>124</b>	<b>750</b>	<b>39,578</b>

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2008 amounted to Baht 10,276 million (2007: Baht 4,516 million).

The net book value of property, plant and equipment of certain subsidiaries used as security under the Negative Pledge agreement as disclosed in Note 16 as at 31 December 2007 amounted to Baht 31,238 million.

The carrying amount of idle land which is held for planned future business operations as at 31 December 2008 amounted to Baht 1,202 million (2007: Baht 1,721 million).

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	Separate financial statements						Total
	Cost	<i>Land</i> Surplus on land revaluation	Total	Furniture, fixtures and office equipment <i>(in million Baht)</i>	Vehicles	Assets under construction and installation	
<b><i>Cost/revaluation</i></b>							
At 1 January 2007	411	134	545	95	24	210	874
Additions	-	-	-	5	-	1	6
Disposals	(411)	(134)	(545)	-	(1)	(210)	(756)
<b>At 31 December 2007 and 1 January 2008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>23</b>	<b>1</b>	<b>124</b>
Additions	-	-	-	9	2	-	11
Transfers	-	-	-	-	-	(1)	(1)
Disposals	-	-	-	-	(3)	-	(3)
<b>At 31 December 2008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>109</b>	<b>22</b>	<b>-</b>	<b>131</b>
<b><i>Accumulated depreciation</i></b>							
At 1 January 2007	-	-	-	22	6	-	28
Depreciation charge for the year	-	-	-	19	5	-	24
<b>At 31 December 2007 and 1 January 2008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41</b>	<b>11</b>	<b>-</b>	<b>52</b>
Depreciation charge for the year	-	-	-	21	5	-	26
Disposals	-	-	-	-	(2)	-	(2)
<b>At 31 December 2008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>14</b>	<b>-</b>	<b>76</b>
<b><i>Net book value</i></b>							
<b>At 31 December 2007</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>59</b>	<b>12</b>	<b>1</b>	<b>72</b>
<b>At 31 December 2008</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>	<b>8</b>	<b>-</b>	<b>55</b>





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	<b>Separate financial statements</b> Computer software (in million Baht)
<i>Cost</i>	
At 1 January 2007	16
Additions	9
<b>At 31 December 2007 and 1 January 2008</b>	<b>25</b>
Additions	25
Transfer	1
<b>At 31 December 2008</b>	<b>51</b>
<i>Accumulated amortisation</i>	
At 1 January 2007	4
Amortisation charge for the year	5
<b>At 31 December 2007 and 1 January 2008</b>	<b>9</b>
Amortisation charge for the year	6
<b>At 31 December 2008</b>	<b>15</b>
<i>Net book value</i>	
<b>At 31 December 2007</b>	<b>16</b>
<b>At 31 December 2008</b>	<b>36</b>

**14 Leasehold rights**

	<b>Consolidated financial statements</b> (in million Baht)
<i>Cost</i>	
At 1 January 2007	115
Additions	43
<b>At 31 December 2007 and 1 January 2008</b>	<b>158</b>
Additions	-
<b>At 31 December 2008</b>	<b>158</b>
<i>Accumulated amortisation</i>	
At 1 January 2007	27
Amortisation charge for the year	9
<b>At 31 December 2007 and 1 January 2008</b>	<b>36</b>
Amortisation charge for the year	10
<b>At 31 December 2008</b>	<b>46</b>
<i>Net book value</i>	
<b>At 31 December 2007</b>	<b>122</b>
<b>At 31 December 2008</b>	<b>112</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
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**15 Other non-current assets**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2008	2007	2008	2007
		<i>(in million Baht)</i>			
Advance payments to a specialist	31	1,779	1,829	333	343
Idle land		106	106	-	-
Deposits		105	124	2	2
Others		79	88	-	-
		<u>2,069</u>	<u>2,147</u>	<u>335</u>	<u>345</u>
<i>Less</i> allowance for impairment of assets		-	(15)	-	-
<b>Net</b>		<b><u>2,069</u></b>	<b><u>2,132</u></b>	<b><u>335</u></b>	<b><u>345</u></b>

**16 Interest-bearing liabilities**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2008	2007	2008	2007
		<i>(in million Baht)</i>			
<b><i>Current</i></b>					
Bank overdrafts					
Secured		594	899	-	-
Unsecured		166	101	13	-
Short-term loans from financial institutions					
Letter of comfort		228	-	-	-
Unsecured		7,713	4,998	5,233	4,798
Bank overdrafts and short-term loans from financial institutions		<u>8,701</u>	<u>5,998</u>	<u>5,246</u>	<u>4,798</u>
Current portion of long-term guaranteed bonds					
Guaranteed / Negative pledge		-	3,000	-	3,000
Current portion of long-term loans					
Guaranteed / Negative pledge		-	1,755	-	1,755
Unsecured		5,325	-	5,325	-
		<u>5,325</u>	<u>4,755</u>	<u>5,325</u>	<u>4,755</u>
Short-term loans from related parties					
Unsecured	5	-	-	3,803	2,040
		<u>14,026</u>	<u>10,753</u>	<u>14,374</u>	<u>11,593</u>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<i>(in million Baht)</i>					
<b>Non-current</b>					
Long-term loans from financial institutions					
Unsecured		3,265	5,400	3,265	5,400
Long-term loans from related parties					
Unsecured	5	-	-	8,725	6,540
		<u>3,265</u>	<u>5,400</u>	<u>11,990</u>	<u>11,940</u>
<b>Total</b>		<u><b>17,291</b></u>	<u><b>16,153</b></u>	<u><b>26,364</b></u>	<u><b>23,533</b></u>

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

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<i>(in million Baht)</i>				
Within one year	14,026	10,753	14,374	11,593
After one year but within five years	3,265	5,400	11,990	11,940
<b>Total</b>	<u><b>17,291</b></u>	<u><b>16,153</b></u>	<u><b>26,364</b></u>	<u><b>23,533</b></u>

The principal features of the borrowings were as follows:

- (a) Bank overdrafts are repayable on demand as at 31 December 2008, the Group has total overdraft facilities amounting to Baht 3,766 million (2007: Baht 3,774 million) which is partially guaranteed by five subsidiaries and is partially supported by letter of comfort issued by the Company.
- (b) Short-term loans from financial institutions as at 31 December 2008, the Group has short-term loan facilities from several financial institutions totalling Baht 25,148 million (2007: Baht 25,950 million) with money market rate quoted by bank. The Group utilised those facilities in term of promissory notes issued by the Group to several domestic financial institutions with unsecured totalling Baht 2,780 million and to a financial institution overseas amounting to Baht 228 million with supporting by letter of comfort issued by the Company totalling Baht 3,008 million (2007: Baht 3,000 million).

In 2007, the Company issued and offered short-term bills of exchange amounting to Baht 5,000 million to two domestic financial institutions. The said bills represent short-term bill of exchange offered to and exchanged among institutional investors and/or substantial high net worth investors as prescribed in accordance with Notifications of the Securities and Exchange Commission. The Company repaid the short-term bills of exchange at maturity during November 2007 and January 2008 (2007: Baht 2,000 million).

Subsequently, on 26 September 2008, the Company issued and sold short-term bills of exchange amounting to Baht 5,000 million to two domestic financial institutions with the periods to maturity between March 2009 and June 2009. The said bills represent short-term bills of exchange offered to and exchanged among institutional investors and/or substantial high net worth investors as prescribed in accordance with Notifications of the Securities and Exchange Commission.

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

The bonds have the following payment terms:

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

The principal is to be redeemed at maturity. Interest is payable semi-annually commencing on 22 August 2006 and four tranches of bonds were repaid and redeemed at maturity.

- (d) In 2006, the Company had long-term loan agreements totalling Baht 26,600 million with eight financial institutions. Of this, the principal of Baht 23,600 million has a grace period of two years and is to be repaid in 36 monthly installments, Baht 654.22 million each for the first 35 installments and Baht 702.2 million for the last installment, from 28 April 2008 to 31 March 2011 with interest at the fixed rates of 5.75% and 6% per annum for the first and the second years, respectively, and MLR-1.5% to MLR-1.75% per annum from the third year onwards, payable monthly, commencing in March 2006. The remaining principal of Baht 3,000 million is to be repaid in eight quarterly installments, Baht 375 million each, from 28 June 2006 to 28 March 2008 with a fixed interest rate of 5.70% per annum, payable quarterly, commencing in June 2006.

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

In 2006 and 2007, the Company partially prepaid long-term loans amounting to Baht 22,220 million with accrued interest to seven financial institutions and the interest rate in the second year was decreased from 6% to 5% per annum. Subsequently, in March 2008, the Company fully prepaid the remaining long-term loans of Baht 1,380 million with accrued interest to the financial institutions. The co-guarantees by four subsidiaries and the negative pledge made by 17 subsidiaries were terminated in March 2008.

In 2007, the Company entered into a long-term loan agreement with a financial institution amounting to Baht 4,500 million which is to be repaid monthly in 12 installments, Baht 375 million each, commencing in February 2009. Interest is payable monthly at 5.60% per annum for the first year and 5.75% per annum afterwards. Subsequently, the Company has been granted the reduction of interest rate to 4.50% per annum for the first year and 4.75% per annum afterwards. In addition, the Company entered into a long-term loan agreement with a financial institution amounting to Baht 900 million which is to be repaid in 2009. The interest is payable monthly at 3.9625% per annum.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

### For the years ended 31 December 2008 and 2007

In November 2008, the Company entered into a long-term loan agreement with a financial institution amounting to Baht 3,190 million which is to be repaid monthly in 11 installments, Baht 300 million each for the first 10 installments and Baht 190 million for the last installment, from 30 December 2009 to 29 October 2010 with a fixed interest of 5% per annum.

The currency denomination of the interest-bearing liabilities as at 31 December was as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	16,519	15,401	26,364	23,533
Great Britain Pound (GBP)	544	752	-	-
United States Dollars (USD)	228	-	-	-
<b>Total</b>	<b>17,291</b>	<b>16,153</b>	<b>26,364</b>	<b>23,533</b>

#### 17 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
		<i>(in million Baht)</i>			
Related parties	5	918	680	-	-
Other parties		2,471	1,960	-	-
<b>Total</b>		<b>3,389</b>	<b>2,640</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	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	2,879	2,429	-	-
United States Dollars (USD)	248	95	-	-
Euro (EUR)	226	69	-	-
Great Britain Pound (GBP)	20	46	-	-
Others	16	1	-	-
<b>Total</b>	<b>3,389</b>	<b>2,640</b>	<b>-</b>	<b>-</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**18 Other current liabilities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Value added tax payable	726	687	18	35
Accrued expenses	681	801	76	9
Accrued promotion expense	472	375	-	-
Advanced payments from customers for purchase of goods	389	520	-	-
Assets payable	325	431	5	-
Outstanding cheque paid for excise tax	79	281	-	-
Withholding tax payable	70	140	17	30
Accrued interest expense	21	71	3	67
Others	220	192	18	21
<b>Total</b>	<b>2,983</b>	<b>3,498</b>	<b>137</b>	<b>162</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	2,963	3,421	135	160
United States Dollars (USD)	18	-	1	-
Singapore Dollars (SGD)	1	1	1	1
Euro (EUR)	-	72	-	-
Great Britain Pound (GBP)	-	4	-	1
Others	1	-	-	-
<b>Total</b>	<b>2,983</b>	<b>3,498</b>	<b>137</b>	<b>162</b>

**19 Reserves**

***Share premium***

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

***Currency translation changes***

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

**Thai Beverage Public Company Limited and its Subsidiaries**  
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*Fair value changes and revaluation surpluses*

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

*Legal reserve*

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

**20 Segment information**

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

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

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

Inter-segment transactions are eliminated on consolidation.

*Business segments*

The Group comprises the following main business segments:

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

*Geographic segments*

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

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

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*Business segment results*

	Beer		Spirits		Non-alcoholic beverages		Food		Alcohol		Elimination		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	<i>(in million Baht)</i>													
Revenue from sales	38,458	47,557	59,586	52,940	3,953	2,547	2,636	2,039	893	966	(269)	(941)	105,257	105,108
Interest income	12	23	40	17	3	1	12	4	-	1	(30)	-	37	46
Other income	61	88	338	220	14	4	12	82	529	18	(22)	(69)	932	343
<b>Total revenues</b>	<b>38,531</b>	<b>47,668</b>	<b>59,964</b>	<b>53,177</b>	<b>3,970</b>	<b>2,552</b>	<b>2,660</b>	<b>2,125</b>	<b>1,422</b>	<b>985</b>	<b>(321)</b>	<b>(1,010)</b>	<b>106,226</b>	<b>105,497</b>
Cost of sales	31,972	37,040	39,548	33,923	2,982	1,796	1,540	1,174	806	972	(292)	(1,081)	76,556	73,824
Selling and administrative expenses	5,646	6,456	6,536	7,055	794	366	968	758	138	140	2	36	14,084	14,811
<b>Total expenses</b>	<b>37,618</b>	<b>43,496</b>	<b>46,084</b>	<b>40,978</b>	<b>3,776</b>	<b>2,162</b>	<b>2,508</b>	<b>1,932</b>	<b>944</b>	<b>1,112</b>	<b>(290)</b>	<b>(1,045)</b>	<b>90,640</b>	<b>88,635</b>
<b>Profit (loss) before interest and income tax expenses</b>	<b>913</b>	<b>4,172</b>	<b>13,880</b>	<b>12,199</b>	<b>194</b>	<b>390</b>	<b>152</b>	<b>193</b>	<b>478</b>	<b>(127)</b>	<b>(31)</b>	<b>35</b>	<b>15,586</b>	<b>16,862</b>
Interest expense	226	278	400	731	66	-	10	3	9	38	(30)	-	681	1,050
Income tax expense	349	2,192	3,821	2,652	(36)	(4)	6	26	159	3	-	-	4,299	4,869
<b>Profit (loss) for the year</b>	<b>338</b>	<b>1,702</b>	<b>9,659</b>	<b>8,816</b>	<b>164</b>	<b>394</b>	<b>136</b>	<b>164</b>	<b>310</b>	<b>(168)</b>	<b>(1)</b>	<b>35</b>	<b>10,606</b>	<b>10,943</b>



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*Business segment financial position*

	Beer		Spirits		Non-alcoholic beverages		Food		Alcohol		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	<i>(in million Baht)</i>											
Inventories	5,978	3,588	23,150	23,988	529	182	72	39	-	481	29,729	28,278
Property, plant and equipment	15,333	17,910	21,258	23,137	2,621	1,181	366	243	-	2,169	39,578	44,640
Other assets	1,637	1,815	5,474	5,920	2,370	736	1,267	502	-	515	10,748	9,488
<b>Total assets</b>	<b>22,948</b>	<b>23,313</b>	<b>49,882</b>	<b>53,045</b>	<b>5,520</b>	<b>2,099</b>	<b>1,705</b>	<b>784</b>	<b>-</b>	<b>3,165</b>	<b>80,055</b>	<b>82,406</b>
Total debts	6,238	4,441	9,792	11,051	1,002	-	266	-	-	668	17,298	16,160
Other liabilities	2,263	4,065	5,489	4,307	607	368	401	369	-	42	8,760	9,151
<b>Total liabilities</b>	<b>8,501</b>	<b>8,506</b>	<b>15,281</b>	<b>15,358</b>	<b>1,609</b>	<b>368</b>	<b>667</b>	<b>369</b>	<b>-</b>	<b>710</b>	<b>26,058</b>	<b>25,311</b>
<b>Capital expenditure</b>												
- Property, plant and equipment	563	361	935	1,277	610	25	242	117	27	59	2,377	1,839
- Intangible assets	590	11	1,465	675	162	1	49	5	-	-	2,266	692
- Leasehold right	-	-	-	-	-	-	-	43	-	-	-	43
Depreciation	2,007	2,361	2,305	2,371	403	155	118	125	141	192	4,974	5,204
Amortisation	3	4	30	47	2	1	12	11	-	-	47	63

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2008 and 2007

### Geographic segments

The segment financial information based on geographical segments in the consolidated financial statements for the years ended 31 December 2008 and 2007 were as follows:

	Consolidated financial statements		Property, plant and equipment	
	Revenue			
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Thailand	102,766	101,858	38,312	43,037
Overseas	3,460	3,639	1,266	1,603
<b>Total</b>	<b>106,226</b>	<b>105,497</b>	<b>39,578</b>	<b>44,640</b>

### 21 Other income

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Revenue from sales of raw material	195	-	-	-
Gain on disposal of assets	36	153	1	64
Revenue from sales of scraps	28	42	-	-
Net gain on foreign exchange	-	-	8	17
Others	121	97	4	9
<b>Total</b>	<b>380</b>	<b>292</b>	<b>13</b>	<b>90</b>

### 22 Selling and administrative expenses

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Personnel expenses	4,092	3,824	626	577
Marketing and advertising expenses	4,016	4,536	225	144
Idle capacity	2,163	2,001	-	-
Vehicle and transportation expenses	1,257	1,256	26	24
Rental	559	489	12	10
Depreciation and amortisation	471	557	31	29
Donation	314	274	43	73
Net loss on foreign exchange	40	149	-	-
Others	1,167	1,652	254	297
<b>Total</b>	<b>14,079</b>	<b>14,738</b>	<b>1,217</b>	<b>1,154</b>

### 23 Personnel expenses

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
Salaries and wages	4,114	3,875	373	342
Bonus	793	763	180	171
Overtime and per diem allowance	300	298	13	13
Contribution to defined contribution plans	15	14	6	6
Others	774	619	54	45
<b>Total</b>	<b>5,996</b>	<b>5,569</b>	<b>626</b>	<b>577</b>

# Thai Beverage Public Company Limited and its Subsidiaries

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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.

### 24 Interest expense

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
		<i>(in million Baht)</i>			
Interest paid and payable to:					
Related parties	5	-	66	548	732
Financial institutions		655	726	477	574
Others		26	271	25	271
		<u>681</u>	<u>1,063</u>	<u>1,050</u>	<u>1,577</u>
Capitalised as cost of assets under construction	12	-	(13)	-	-
<b>Net</b>		<b><u>681</u></b>	<b><u>1,050</u></b>	<b><u>1,050</u></b>	<b><u>1,577</u></b>

### 25 Income tax expense

The current tax expense in the consolidated statement of income is less than the amount determined by applying the Thai corporation tax rate to the accounting profit for the year principally because:

- (a) the Group's unutilised tax losses brought forward from the previous year have been utilised during the year to set-off against the current year's tax charge for 2008 amounted to Baht 9 million (2007: Baht 64 million).
- (b) a significant portion of the Group's profit was derived from promoted activities for which concessionary tax rates apply for 2008 amounted to Baht 3 million (2007: 8 million).
- (c) the different treatment for accounting and taxation purposes of certain items of income and expense of the Group for 2008 amounted to Baht (385) million (2007: Baht 84 million).
- (d) losses suffered by certain subsidiaries of the Group can not be set-off against the profits of subsidiaries of the Group for tax purposes for 2008 amounted to Baht 197 million (2007: Baht 110 million).
- (e) the Group has any adjustment to tax payable in respect of previous years for 2008 amounted to Baht 26 million (2007: 3 million).

**Thai Beverage Public Company Limited and its Subsidiaries**  
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The current tax expense in the separate statement of income is less than the amount determined by applying the Thai corporation tax rate to the accounting profit for the year principally because:

- (a) dividends are not subject to tax for 2008 amounted to Baht 1,604 million (2007: Baht 5,696 million).
- (b) the different treatment for accounting and taxation purposes of certain items of income and expense for 2008 amounted to Baht 10 million (2007: Baht 65 million).
- (c) the Company has any adjustment to tax payable in respect of previous years for 2008 amounted to Baht 12 million.

## **26 Promotional privileges**

### ***Promotional privileges from the Board of Investment***

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, an indirect subsidiary has been granted privileges by the Board of Investment relating to the production of food and beverage. The privileges granted include:

- (a) exemption from payment of import duty on machinery used for production, to be imported by 3 March 2006 for promotional certificate no. 1475(2)/2546 and 2 September 2008 for promotional certificate no. 1223(4)/2549.
- (b) exemption from payment of income tax for certain promoted operations for a period of eight years from the date on which the income is first derived from such operations (18 October 2003 for promotional certificate no. 1475(2)/2546 and 28 September 2006 for promotional certificate no. 1223(4)/2549); and
- (c) exemption from income tax on dividend income derived from certain promoted operations.

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

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain promoted 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 promoted 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 subsidiary for a period of eight years.

As promoted companies, 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 2008 and 2007

### *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.

## 27 Earnings per share

The calculations of basic earnings per share for the years ended 31 December 2008 and 2007 were based on the profit for the years attributable to equity holders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	(Restated)			
	<i>(in million Baht / million shares)</i>			
Profit attributable to equity holders of the Company (basic)	<u>10,342</u>	<u>10,628</u>	<u>6,019</u>	<u>19,418</u>
Number of ordinary shares outstanding	<u>25,110</u>	<u>25,110</u>	<u>25,110</u>	<u>25,110</u>
<b>Earnings per share (basic) (in Baht)</b>	<u><b>0.41</b></u>	<u><b>0.42</b></u>	<u><b>0.24</b></u>	<u><b>0.77</b></u>

## 28 Dividends

At the Board of Directors’ meeting held on 14 August 2008, the directors approved an interim dividend payment for the first half of 2008 of Baht 0.12 per share on 25,110 million ordinary shares, totalling Baht 3,013 million. The interim dividend was paid to equity holders on 11 September 2008.

At the annual general meeting of the equity holders of the Company held on 28 April 2008, the equity holders approved the appropriation of dividend of Baht 0.29 per share, amounting to Baht 7,282 million. On 11 September 2007, the interim dividend of Baht 0.12 per share was paid, totalling Baht 3,013 million. The remaining dividend of Baht 0.17 per share, totalling Baht 4,269 million, was paid on 26 May 2008.

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

## 29 Changes in accounting policy

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

Until 31 December 2007, the Group accounted for goodwill arising from a business combination at cost less accumulated amortisation. Amortisation was charged to the statement of income over the estimated useful life of 20 years.

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During 2007, the Federation of Accounting Professions issued Thai Accounting Standard (TAS) 43 (revised 2007) "Business Combinations" which is effective for annual accounting periods beginning on or after 1 January 2008. TAS 43 (revised 2007) requires that the acquirer shall, at the acquisition date, recognise goodwill acquired in a business combination as an asset at cost. After initial recognition, goodwill shall be measured at cost less any accumulated impairment losses.

The Group has, accordingly, changed its accounting policy for goodwill prospectively from 1 January 2008. The effect of the change in accounting policy on the Group's consolidated financial statements for the year ended 31 December 2008 is to reduce the charge to the statement of income resulting from the amortisation of goodwill that would have been recognised under the previous accounting policy by approximately Baht 82 million, with a corresponding increase in reported profit for the year. Management has determined that there is no impairment in the carrying value of goodwill as at 31 December 2008.

### **30 Financial instruments**

#### ***Financial risk management policies***

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

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

#### ***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 16). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2008 and 2007

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
<i>(in million Baht)</i>				
<b>2008</b>				
<b>Current</b>				
Loans receivable - Related parties	5.00	3,336	-	3,336
<b>Non-current</b>				
Loans receivable - Related parties	5.00	-	5,578	5,578
<b>Total</b>		<b>3,336</b>	<b>5,578</b>	<b>8,914</b>
<b>2007</b>				
<b>Current</b>				
Loans receivable - Related parties	5.75	3,548	-	3,548
<b>Non-current</b>				
Loans receivable - Related parties	5.75	-	9,411	9,411
<b>Total</b>		<b>3,548</b>	<b>9,411</b>	<b>12,959</b>

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:

	Effective interest rate (% per annum)	Consolidated financial statements		
		Within 1 year	After 1 year but within 5 years	Total
<i>(in million Baht)</i>				
<b>2008</b>				
<b>Current</b>				
Bank overdrafts	4.52	760	-	760
Loans payable - Financial institutions	4.48	7,941	-	7,941
Current portion of long-term loans	4.63	5,325	-	5,325
<b>Non-current</b>				
Loans payable - Financial institutions	4.97	-	3,265	3,265
<b>Total</b>		<b>14,026</b>	<b>3,265</b>	<b>17,291</b>
<b>2007</b>				
<b>Current</b>				
Bank overdrafts	6.74	1,000	-	1,000
Loans payable - Financial institutions	3.64	4,998	-	4,998
Current portion of long-term guaranteed bonds	5.75	3,000	-	3,000
Current portion of long-term loans	5.15	1,755	-	1,755
<b>Non-current</b>				
Loans payable - Financial institutions	4.41	-	5,400	5,400
<b>Total</b>		<b>10,753</b>	<b>5,400</b>	<b>16,153</b>

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	Effective interest rate (% per annum)	Separate financial statements		
		Within 1 year	After 1 year but within 5 years	Total
		<i>(in million Baht)</i>		
<b>2008</b>				
<b>Current</b>				
Bank overdrafts	6.68	13	-	13
Loans payable - Financial institutions	4.34	5,233	-	5,233
Current portion of long-term loans	4.63	5,325	-	5,325
Loans payable - Related parties	5.00	3,803	-	3,803
<b>Non-current</b>				
Loans payable - Financial institutions	4.97	-	3,265	3,265
Loans payable - Related parties	5.00	-	8,725	8,725
<b>Total</b>		<b>14,374</b>	<b>11,990</b>	<b>26,364</b>
<b>2007</b>				
<b>Current</b>				
Loans payable - Financial institutions	3.64	4,798	-	4,798
Current portion of long-term guaranteed bonds	5.75	3,000	-	3,000
Current portion of long-term loans	5.15	1,755	-	1,755
Loans payable - Related parties	5.75	2,040	-	2,040
<b>Non-current</b>				
Loans payable - Financial institutions	4.41	-	5,400	5,400
Loans payable - Related parties	5.75	-	6,540	6,540
<b>Total</b>		<b>11,593</b>	<b>11,940</b>	<b>23,533</b>

***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 with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the balance sheet date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.



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

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2008	2007	2008	2007
		<i>(in million Baht)</i>			
<b>United States Dollars</b>					
Cash and cash equivalents	6	146	174	-	-
Trade accounts receivable	8	13	90	-	-
Other current assets	10	-	1	-	-
Trade accounts payable	17	(248)	(95)	-	-
Other current liabilities	18	(18)	-	(1)	-
<b>Gross balance sheet exposure</b>		<b>(107)</b>	<b>170</b>	<b>(1)</b>	<b>-</b>
Estimated forecast purchase of assets		(15)	-	-	-
Estimated forecast sales		-	286	-	-
Estimated forecast purchase of goods		(1,741)	(2,994)	-	-
Estimated forecast other liabilities		(2)	-	-	-
<b>Gross exposure</b>		<b>(1,865)</b>	<b>(2,538)</b>	<b>(1)</b>	<b>-</b>
Currency forwards		1,811	2,508	-	-
<b>Net exposure</b>		<b>(54)</b>	<b>(30)</b>	<b>(1)</b>	<b>-</b>
<b>Euro</b>					
Other current assets	10	5	-	-	-
Trade accounts payable	17	(226)	(69)	-	-
Other current liabilities	18	-	(72)	-	-
<b>Gross balance sheet exposure</b>		<b>(221)</b>	<b>(141)</b>	<b>-</b>	<b>-</b>
Estimated forecast purchase of assets		(62)	(25)	-	-
Estimated forecast purchase of goods		(902)	(1,158)	-	-
<b>Gross exposure</b>		<b>(1,185)</b>	<b>(1,324)</b>	<b>-</b>	<b>-</b>
Forwards to buy foreign currency		858	1,173	-	-
<b>Net exposure</b>		<b>(327)</b>	<b>(151)</b>	<b>-</b>	<b>-</b>

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		<b>Consolidated</b>		<b>Separate</b>	
		<b>financial statements</b>		<b>financial statements</b>	
	<i>Note</i>	2008	2007	2008	2007
		<i>(in million Baht)</i>			
<b>Great Britain Pound</b>					
Cash and cash equivalents	6	1	-	-	-
Trade accounts payable	17	(20)	(46)	-	-
Other current liabilities	18	-	(4)	-	(1)
<b>Gross balance sheet exposure</b>		<b>(19)</b>	<b>(50)</b>	<b>-</b>	<b>(1)</b>
Estimated forecast purchases					
Goods		(8)	(288)	-	-
Estimated forecast purchase of					
Advertising		(64)	-	-	-
<b>Gross exposure</b>		<b>(91)</b>	<b>(338)</b>	<b>-</b>	<b>(1)</b>
Forwards to buy foreign currency		74	287	-	-
<b>Net exposure</b>		<b>(17)</b>	<b>(51)</b>	<b>-</b>	<b>(1)</b>
<b>Singapore Dollars</b>					
Loan to related party	5	-	-	-	208
Other current liabilities	18	(1)	(1)	(1)	(1)
<b>Gross exposure</b>		<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>207</b>
Forwards to sell foreign currency		-	-	-	(208)
<b>Net exposure</b>		<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
<b>Japanese Yen</b>					
Estimated forecast purchase of					
assets		-	(5)	-	-
Forwards to buy foreign currency		-	5	-	-
<b>Net exposure</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Others</b>					
Trade accounts receivable	8	-	1	-	-
Trade accounts payable	17	(16)	(1)	-	-
Other current liabilities	18	(1)	-	-	-
<b>Exposure</b>		<b>(17)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Forwards to buy foreign currency		-	1	-	-
<b>Net exposure</b>		<b>(17)</b>	<b>1</b>	<b>-</b>	<b>-</b>

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

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

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

***Liquidity risk***

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

***Fair values***

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Group takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

**31 Commitments with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
<b><i>Capital commitments</i></b>				
<i>Contracted but not provided for:</i>				
Land	-	11	-	-
Buildings and other constructions	158	220	-	-
Machinery and equipment	228	218	-	-
<b>Total</b>	<b>386</b>	<b>449</b>	<b>-</b>	<b>-</b>
<b><i>Non-cancellable operating lease commitments</i></b>				
Within one year	218	246	9	9
After one year but within five years	197	223	7	14
After five years	31	30	-	-
<b>Total</b>	<b>446</b>	<b>499</b>	<b>16</b>	<b>23</b>

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	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2008	2007	2008	2007
	<i>(in million Baht)</i>			
<b><i>Other commitments</i></b>				
Unused letters of credit for goods and supplies	41	86	-	-
Goods and raw materials purchase agreements	2,651	4,386	-	-
Molasses purchase agreements	1,174	296	-	-
Computer system installation agreements	10	53	9	53
Advertising services and sponsorship agreements	615	157	-	-
Service agreements	242	190	-	-
Specialist agreements	1,518	1,579	-	-
Forward contracts to buy foreign currencies	2,993	5,036	-	-
Forward contracts to sell foreign currencies	-	524	-	217
Bank guarantees	231	247	50	31
Other agreements	-	28	-	1
<b>Total</b>	<b>9,475</b>	<b>12,582</b>	<b>59</b>	<b>302</b>

***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 totaled Baht 1,766.2 million. Subsequently, the addendums were made on 5 January 2006, under which the Company and its subsidiaries have to pay additional amount to this specialist amounting to Baht 2,000 million. Therefore, the total service fees under the agreements both outstanding and already paid by the Company and its subsidiaries amounted to Baht 3,766.2 million.

As at 31 December 2008 the remaining commitments to be paid, relating to these agreements, amounted to Baht 1,517.7 million.

***Sponsorship agreement***

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

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

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*Distributor agreement*

In 2005, a subsidiary entered into 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 2005 to 3 November 2008.

Subsequently, on 3 November 2008, the distributor agreement was extended to another period of three years from 4 November 2008 to 3 November 2011.

*Hot-fill PET bottle trading agreement*

In 2004, a subsidiary entered into a hot-fill PET bottle trading agreement with a local company, total 450 million bottles, at the price specified in the agreement for five years, commencing from 1 June 2004. During 2005, the said subsidiary entered into a hot-fill PET bottle trading agreement with another local company according to the quantity required from the 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.

*Material and package trading agreement*

In 2007, two subsidiaries 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 agreed 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.

*Transportation agreement*

In 2007, two subsidiaries 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 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 90 days prior written notice is given by any one party to the other.

*Shrink film purchase agreement*

In 2007, a subsidiary entered into an agreement with a local company for purchasing 80 million pieces of shrink film at the price stated in the agreement within five years from the date of the agreement.

*Licence agreement*

A subsidiary entered into a licence agreement for operating a chain of Japanese restaurants in the Kingdom of Thailand as the master license for the period 10 years from 20 May 2008. This agreement shall be automatically renewed for additional terms of 10 years each, unless there is a written notice not to renew this agreement at least 180 days prior to the expiration of the initial term of any renewal term. The subsidiary committed to pay Initial Licence Fee, Licence Fee and Royalty Fee as stated in the agreement.

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*Factory leasehold agreement*

In 2006, an indirect subsidiary entered into a factory leasehold agreement with a local company to conduct food and beverage business at the monthly rental fee specified in the agreement. The agreement is for 14 year and two month period from 1 December 2006 to 31 January 2021.

**32 Events after the balance sheet date**

- (a) On 30 January 2009, Thai Drinks Co., Ltd., the Company's subsidiary, received the payment of the remaining unpaid portion of all ordinary shares amounting to Baht 30 million.
- (b) On 2 February 2009, Sura Bangyikhan Co., Ltd. and other two subsidiaries of the Company acquired entire 5,000 ordinary shares of Mekhong Distillery Limited from existing equity holders at Baht 13 per share, totalling Baht 65,000.
- (c) On 2 February 2009, Beer Chang Co., Ltd. and other two subsidiaries of the Company acquired entire 100,000 ordinary shares of Chang Beer International Co., Ltd. from existing equity holders at Baht 39 per share, totalling Baht 3.9 million.
- (d) The Executive Board of Directors' meeting held on 23 February 2009 unanimously passed the following resolutions:
  - Approval in principal for installation Aseptic system filling line for non-alcoholic beverages project of a subsidiary under the budget of Baht 1,430 million.
  - Approval in principal for issuing and selling the additional of short-term bills of exchange amounting to Baht 5,000 million to two domestic financial institutions. Total revolving amounts of the short-term bills of exchange will not exceed Baht 10,000 million.
- (e) The Board of Directors' meeting held on 27 February 2009 unanimously agreed to propose a dividend payment of Baht 0.30 per share, totalling Baht 7,533 million. The interim dividend was paid of Baht 0.12 per share, amounting to Baht 3,013 million. The remaining is a dividend payment of Baht 0.18 per share, amounting to Baht 4,520 million.

**33 Thai Accounting Standards (TAS) not yet adopted**

The Group has not adopted the following revised TAS that have been issued as of the balance date but are not yet effective. These revised TAS will become effective for financial periods beginning on or after 1 January 2009.

TAS 36 (revised 2007) *Impairment of Assets*

TAS 54 (revised 2007) *Non-current Assets Held for Sale and Discontinued Operations*

The adoption and initial application of these revised TAS is not expected to have any material impact on the Company's financial statements.

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**34 Reclassification of accounts**

Certain accounts in the 2007 financial statements have been reclassified to conform to the presentation in the 2008 financial statements as follows:

	2007					
	Consolidated financial statements			Separate financial statements		
	Before reclass	Reclass	After Reclass	Before Reclass	Reclass	After Reclass
	<i>(in million Baht)</i>					
<b>Balance sheet</b>						
Intangible assets	1,129	(122)	1,007	-	-	-
Leasehold rights	-	122	122	-	-	-
		<u>-</u>			<u>-</u>	

The reclassifications have been made in order to comply with the guideline promulgated by FAP.

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

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

**(a) Deferred tax**

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

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

**(b) Employee benefits**

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

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

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

**(c) *Financial instruments***

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

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

**(d) *Investment in property***

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

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

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

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

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



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(e) *Business combination (Goodwill)*

Until 31 December 2007, Thai GAAP required goodwill arising from a business combination to be systematically amortised over its estimated useful life, although its useful life should not exceed 20 years from initial recognition.

During 2007, Thai GAAP on goodwill was revised in accordance with IFRS which is effective for annual accounting periods beginning on or after 1 January 2008.

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

	<b>Consolidated net profit</b>	
	2008	2007
	<i>(in million Baht)</i>	
<b>As reported in these consolidated financial statements under Thai GAAP</b>	<b>10,606</b>	<b>10,943</b>
Add (less) : Thai GAAP/IFRS differences (net of tax effect)		
(a) Deferred tax	(31)	111
(b) Employee benefits	(53)	(65)
(c) Financial instruments	18	82
(d) Investment in property	-	3
(e) Business combination (Goodwill)	-	29
<b>Under IFRS</b>	<b>10,540</b>	<b>11,103</b>

  

	<b>Consolidated total equity</b>	
	2008	2007
	<i>(in million Baht)</i>	
<b>As reported in these consolidated financial statements under Thai GAAP</b>	<b>53,998</b>	<b>57,095</b>
Add (less): Thai GAAP/IFRS differences (net of tax effect)		
(a) Deferred tax	(370)	(595)
(b) Employee benefits	(639)	(596)
(c) Financial instruments	30	12
(d) Investment in property	(47)	(47)
(e) Business combination (Goodwill)	102	102
<b>Under IFRS</b>	<b>53,074</b>	<b>55,971</b>