

# Thai Beverage Public Company Limited

Financial Statement for the Three-Month period Ended 31 March 2008

## PART I INFORMATION REQUIRED FOR THE YEAR ANNOUNCEMENTS.

1. (a) (i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Thai Beverage Public Company Limited  
Statements of Income  
For the three-month periods ended 31 March 2008 and 2007

	(Unit : Thousand Baht)		
	Consolidated		
	For the three-month periods		
	2008	2007	+ / (-)
<b>Revenues from sales and services</b>			
Revenue from sale of goods and rendering of services	26,740,426	25,961,073	3%
<b>Total revenues from sales and services</b>	<b>26,740,426</b>	<b>25,961,073</b>	3%
<b>Cost of sales and services</b>			
Cost of sales of goods and rendering of services	19,307,551	18,309,933	5%
<b>Total cost of sales and services</b>	<b>19,307,551</b>	<b>18,309,933</b>	5%
<b>Gross profit</b>	<b>7,432,875</b>	<b>7,651,140</b>	(3%)
Selling and administrative expenses	3,491,618	3,118,743	12%
<b>Operating profit</b>	<b>3,941,257</b>	<b>4,532,397</b>	(13%)
Interest income	2,332	7,734	(70%)
Other income	47,579	113,824	(58%)
<b>Earnings before financial costs and income tax</b>	<b>3,991,168</b>	<b>4,653,955</b>	(14%)
Interest expenses	159,671	296,961	(46%)
Income tax expenses	1,200,672	1,478,963	(19%)
<b>Net profit</b>	<b>2,630,825</b>	<b>2,878,031</b>	(9%)
Basic earnings per share (Baht)	0.10	0.11	(9%)
Diluted earnings per share (Baht)	0.10	0.11	(9%)

a ( ii )The following items (with appropriate breakdowns and explanations), if significant, must either be includes in the income statement or in the notes to the income statement for the current financial period reported on an the corresponding period of the immediately preceding financial year:-

**NOTE :**

Net profit is arrived at after charging / (Crediting) the following :

	(Unit : Thousand Baht)		
	Consolidated		
	For the three-month periods		
	2008	2007	+/( -)
Investment income	-	-	-
Other income including interest income	(49,911)	(121,558)	(59%)
Interest in borrowings	159,671	296,961	(46%)
Depreciation and amortization	1,248,364	1,229,185	2%
Allowance for doubtful debts and bad debts written off	706	1,330	(47%)
Write-off for stock obsolescence	7,973	32,262	(75%)
Impairment in value of investments	-	-	-
Foreign exchange (gain) / loss	38,485	21,073	83%
Adjustments for under or overprovision of tax in respect of prior year	-	-	-
(Profit) or loss on sale of investments, properties, and / or plant and equipment	(10,543)	(62,571)	(83%)
Exceptional items	-	-	-
Extraordinary items	-	-	-

(b) (i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Thai Beverage Public Company Limited and its Subsidiaries  
Balance sheets  
As at 31 March 2008 and 31 December 2007

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31-Mar-2008	31-Dec-2007	31-Mar-2008	31-Dec-2007
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	1,299,903	2,188,992	18,648	9,168
Current investments	8,953	7,685	-	-
Trade accounts receivable	1,018,574	1,467,001	-	-
Short-term loans to and amounts due from related parties	4,788	4,371	3,250,464	3,916,012
Inventories	28,366,752	28,056,926	-	-
Other current assets	1,889,865	1,403,965	17,685	8,482
<b>Total current assets</b>	<b>32,588,835</b>	<b>33,128,940</b>	<b>3,286,797</b>	<b>3,933,662</b>
<b>Non-current assets</b>				
Investments in subsidiaries and associates	116,034	124,518	71,999,330	71,470,330
Other long-term investments	3,473	3,634	-	-
Long-term loans to and amounts due from related parties	1,473	1,172	7,197,477	9,411,472
Property, plant and equipment	42,650,032	43,216,508	69,294	71,601
Intangible assets	960,154	978,770	16,379	16,166
Other non-current assets	2,061,397	2,073,414	349,817	351,336
<b>Total non-current assets</b>	<b>45,792,563</b>	<b>46,398,016</b>	<b>79,632,297</b>	<b>81,320,905</b>
<b>Total assets</b>	<b>78,381,398</b>	<b>79,526,956</b>	<b>82,919,094</b>	<b>85,254,567</b>
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Bank overdrafts and short-term loans from financial institutions	5,898,639	5,998,234	3,204,382	4,797,684
Trade accounts payable	2,325,888	2,249,329	-	-
Current portion of long-term guaranteed bonds	-	3,000,000	-	3,000,000
Current portion of long-term loans	1,650,000	1,755,000	1,650,000	1,755,000
Short-term loans from and amounts due to related parties	60,279	69,141	5,235,980	2,115,288
Income tax payable	3,876,902	2,773,848	198,371	146,249
Other current liabilities	3,457,284	3,203,279	95,409	161,543
<b>Total current liabilities</b>	<b>17,268,992</b>	<b>19,048,831</b>	<b>10,384,142</b>	<b>11,975,764</b>
<b>Non-current liabilities</b>				
Long-term loans from financial institutions	3,750,000	5,400,000	3,750,000	5,400,000
Long-term loans from related parties	-	-	7,271,600	6,540,500
Other non-current liabilities	164,771	168,184	118	118
<b>Total non-current liabilities</b>	<b>3,914,771</b>	<b>5,568,184</b>	<b>11,021,718</b>	<b>11,940,618</b>
<b>Total liabilities</b>	<b>21,183,763</b>	<b>24,617,015</b>	<b>21,405,860</b>	<b>23,916,382</b>
<b>Shareholders' equity</b>				
<b>Share capital</b>				
Authorised share capital	29,000,000	29,000,000	29,000,000	29,000,000
Issued and paid-up share capital	25,110,025	25,110,025	25,110,025	25,110,025
Difference arising from common control transactions	(17,141,406)	(17,141,406)	-	-
Reserves				
Share premium	17,215,737	17,215,737	17,215,737	17,215,737
Currency translation changes	(551,207)	(208,076)	-	-
Fair value changes and revaluation surplus	4,388,935	4,388,935	-	-
Retained earnings/ (Deficit)				
Appropriated - legal reserve	2,900,000	2,900,000	2,900,000	2,900,000
Unappropriated/ (Deficit)	25,275,551	22,644,726	16,287,472	16,112,423
<b>Total shareholders' equity</b>	<b>57,197,635</b>	<b>54,909,941</b>	<b>61,513,234</b>	<b>61,338,185</b>
<b>Total liabilities and shareholders' equity</b>	<b>78,381,398</b>	<b>79,526,956</b>	<b>82,919,094</b>	<b>85,254,567</b>

- (c) (ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figure as at the end of the immediately preceding financial year.

(ii) Aggregate amount of group's borrowings and debt securities

- Amount repayable in one year or less, or on demand

(Unit : Thousand Baht)

As at 31 March 2008				As at 31 December 2007			
Secured	Unsecured	Guaranteed	Guaranteed/ negative pledge	Secured	Unsecured	Guaranteed	Guaranteed/ negative pledge
-	7,148,644	399,995	-	-	5,098,987	899,247	4,755,000

- Amount repayable after one year

(Unit : Thousand Baht)

As at 31 March 2008				As at 31 December 2007			
Secured	Unsecured	Guaranteed	Guaranteed/ negative pledge	Secured	Unsecured	Guaranteed	Guaranteed/ negative pledge
-	3,750,000	-	-	-	5,400,000	-	-

- Details of any collateral

N/A

(d) A Cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Thai Beverage Public Company Limited and its Subsidiaries

Statements of cash flows

For the three-month periods ended 31 March 2008 and 2007 (Unaudited)

(Unit : Thousand Baht)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>Cash flows from operating activities</b>				
Net profit	2,630,825	2,878,031	175,049	8,788
Adjustments for				
Depreciation and amortisation	1,235,864	1,216,685	7,544	7,187
Interest income	(2,332)	(7,734)	(161,363)	(201,312)
Interest expense	159,671	296,961	279,108	481,013
Unrealised loss on exchange rate	9,264	(3,770)	4,807	932
Amortisation of advance payments to a specialist	12,500	12,500	2,344	2,344
Allowance for obsolete inventories	(23,853)	(44,879)	-	-
(Gain) loss on sale and disposal of property, plant and equipment and intangible assets	(10,543)	(62,571)	(163)	(63,908)
Income tax expense	1,200,672	1,478,963	75,571	82,916
	<b>5,212,068</b>	<b>5,764,186</b>	<b>382,897</b>	<b>317,960</b>
<b>Changes in operating assets and liabilities</b>				
Trade accounts receivable	447,661	348,068	-	-
Amounts due from related parties	(5,536)	10,429	27,806	1,312,318
Inventories	(285,973)	(903,418)	-	-
Other current assets	(486,160)	(147,594)	(9,203)	9,886
Trade accounts payable	75,193	135,495	-	-
Amounts due to related parties	(10,873)	(119,753)	(7,362)	(11,448)
Other current liabilities	373,732	(408,528)	(3,011)	(108,823)
Other non-current liabilities	(3,413)	6,361	-	-
Income taxes paid	(97,618)	(101,809)	(23,449)	(67,328)
<b>Net cash provided by operating activities</b>	<b>5,219,081</b>	<b>4,583,437</b>	<b>367,678</b>	<b>1,452,565</b>
<b>Cash flows from investing activities</b>				
Interest received	2,460	7,804	173,272	222,952
Current investments	(1,268)	(14)	-	-
Loans to related parties	-	-	2,835,020	3,835,050
Investments in subsidiaries and associates	8,484	4,058	(529,000)	(6,504,981)
Decrease in long-term investments	161	75	-	-
Purchase of property, plant and equipment	(828,022)	(32,527)	(2,692)	(5,254)
Decrease in property, plant and equipment	111,158	873,399	865	819,000
Purchase of intangible assets	(3,593)	(11,134)	(1,512)	(10,319)
Decrease in intangible assets	13,871	6,971	-	-
Other non-current assets	(483)	1,064	(824)	-
<b>Net cash provided by (used in) investing activities</b>	<b>(697,232)</b>	<b>849,696</b>	<b>2,475,129</b>	<b>(1,643,552)</b>

**Cash flows from financing activities**

Interest paid	(213,212)	(421,056)	(333,075)	(606,612)
Bank overdrafts and short-term loans from financial institutions	(99,595)	(3,233,234)	(1,593,302)	(2,529,559)
Repayment of short-term guaranteed bonds	-	(2,200,000)	-	(2,200,000)
Repayment of long-term guaranteed bonds	(3,000,000)	-	(3,000,000)	-
Loans to related parties	-	(3,092,048)	3,848,050	1,430,800
Proceeds from long-term loans from financial institutions	-	4,500,000	-	4,500,000
Repayment of long-term loans from financial institutions	(1,755,000)	(375,000)	(1,755,000)	(375,000)
<b>Net cash used in financing activities</b>	<b>(5,067,807)</b>	<b>(4,821,338)</b>	<b>(2,833,327)</b>	<b>219,629</b>
Currency translation changes	(343,131)	(77,904)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(889,089)</b>	<b>533,891</b>	<b>9,480</b>	<b>28,642</b>
Cash and cash equivalents at beginning of period	2,188,992	1,919,577	9,168	15,623
<b>Cash and cash equivalents at end of period</b>	<b>1,299,903</b>	<b>2,453,468</b>	<b>18,648</b>	<b>44,265</b>

d (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Thai Beverage Public Company Limited and its Subsidiaries  
 Statements of changes in shareholders' equity  
 For the three-month periods ended 31 March 2008 and 2007 (Unaudited)

(Unit : Thousand Baht)

	Consolidated financial statements							Total shareholders' equity
	Issued and paid-up share capital	Difference arising from common control transactions	Share premium	Reserves		Retained earnings		
Currency translation changes				Fair value changes and revaluation surpluses	Appropriated to legal reserve	Unappropriated		
<b>Balance at 1 January 2007</b>	<b>25,110,025</b>	<b>(17,141,406)</b>	<b>17,215,737</b>	<b>(19,508)</b>	<b>6,586,263</b>	<b>1,700,000</b>	<b>19,102,445</b>	<b>52,553,556</b>
Net surplus on property revaluation	-	-	-	-	(134,521)	-	134,521	-
Translation loss relating to financial statements of foreign operations	-	-	-	(77,904)	-	-	-	(77,904)
Net expense recognised directly in shareholders' equity	-	-	-	(77,904)	(134,521)	-	134,521	(77,904)
Net profit (loss)	-	-	-	-	-	-	2,878,031	2,878,031
<b>Balance at 31 March 2007</b>	<b>25,110,025</b>	<b>(17,141,406)</b>	<b>17,215,737</b>	<b>(97,412)</b>	<b>6,451,742</b>	<b>1,700,000</b>	<b>22,114,997</b>	<b>55,353,683</b>
<b>Balance at 1 January 2008</b>	<b>25,110,025</b>	<b>(17,141,406)</b>	<b>17,215,737</b>	<b>(208,076)</b>	<b>4,388,935</b>	<b>2,900,000</b>	<b>22,644,726</b>	<b>54,909,941</b>
Translation loss relating to financial statements of foreign operations	-	-	-	(343,131)	-	-	-	(343,131)
Net profit	-	-	-	-	-	-	2,630,825	2,630,825
<b>Balance at 31 March 2008</b>	<b>25,110,025</b>	<b>(17,141,406)</b>	<b>17,215,737</b>	<b>(551,207)</b>	<b>4,388,935</b>	<b>2,900,000</b>	<b>25,275,551</b>	<b>57,197,635</b>

Thai Beverage Public Company Limited and its Subsidiaries  
 Statements of changes in shareholders' equity  
 For the three-month periods ended 31 March 2008 and 2007 (Unaudited)

(Unit : Thousand Baht)

	<b>Separate financial statements</b>					Total shareholders' equity
	Reserves			Retained earnings		
	Issued and paid-up share capital	Share premium	Fair value changes and revaluation surpluses	Appropriated to legal reserve	Unappropriated	
<b>Balance at 1 January 2007</b>	<b>25,110,025</b>	17,215,737	<b>134,521</b>	<b>1,700,000</b>	<b>3,534,895</b>	<b>47,695,178</b>
Net surplus on property revaluation	-	-	(134,521)	-	134,521	-
Net profit	-	-	-	-	8,788	8,788
<b>Balance at 31 March 2007</b>	<b>25,110,025</b>	<b>17,215,737</b>	-	<b>1,700,000</b>	<b>3,678,204</b>	<b>47,703,966</b>
<b>Balance at 1 January 2008</b>	<b>25,110,025</b>	<b>17,215,737</b>	-	<b>2,900,000</b>	<b>16,112,423</b>	<b>61,338,185</b>
Net profit	-	-	-	-	175,049	175,049
<b>Balance at 31 March 2008</b>	<b>25,110,025</b>	<b>17,215,737</b>	-	<b>2,900,000</b>	<b>16,287,472</b>	<b>61,513,234</b>



(d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

N/A

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

*The figures have been reviewed by the company's auditor in accordance with Thailand generally accepted accounting principles auditing standards.*

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

*Please see page 1 and 2 of the attached financial report.*

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

*Accounting policies and methods of computation applied in the interim financial statements for the three-month period ended 31 March 2008 are consistent with those applied in the financial statements for the year ended 31 December 2007.*

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

*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.*

*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 three-month period ended 31 March 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 12.6 million, with a corresponding increase in reported profit for the period. Management has determined that there is no impairment in the carrying value of goodwill as at 31 March 2008.*

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-

	(Unit : Baht)		
	<b>Consolidated financial statements</b>		
	For the three-month periods		
	(Jan - March)		Changes
	2008	2007	+ / (-)
Earning per ordinary share of the group based on net profit attributable to shareholders:-			
(a) based on the weighted average number of ordinary shares on issue	0.10	0.11	(9%)
(b) On a fully diluted basis	0.10	0.11	(9%)

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-

	(Unit : Baht)					
	<b>Consolidated financial statements</b>			<b>Separate financial statements</b>		
	31 March	31 December	Changes	31 March	31 December	Changes
	2008	2007	+ / (-)	2008	2007	+ / (-)
Net asset value per ordinary share based on weighted average number of issued share capital	2.28	2.19	4%	2.45	2.44	0%

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- (a) Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors: and
- (b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

## **Thai Beverage Public Company Limited**

### **Management Discussion and Analysis**

From the first quarter 2008 onwards, the reporting of business segments has been rearranged to add a new segment called "non-alcoholic beverages", which consists of energy drinks, ready-to-drink coffee, soda water and drinking water. The Company has expanded its non-alcoholic beverage business by acquiring the assets of a Thai Company engaged in the production and sales of energy drinks and ready-to-drink coffee and which has commenced this business in the first quarter 2008. The soda water and drinking water business will now be presented in the non-alcoholic beverages segment instead of the beer business. Accordingly, the business segments will consist of Beer, Spirits, Non-alcoholic Beverages and Industrial Alcohol. Due to the low turnover of soda water and drinking water in the previous periods, the business segment information for 2007 will not be restated to compare with 2008.

From 15 January 2008 onwards, all alcoholic drinks have been charged an additional 1.5% of excise tax by law to subsidize the Thai Public Broadcasting Service. Currently, the Company has paid excise tax, municipal tax that is 10% of excise tax, Health Promotion Fund contribution that is 2% of excise tax and the latest one, TPBS tax that is 1.5% of excise tax. The Company has already increased the sales price of its products to cover the higher costs arising from the TPBS tax charge.

Since 1 January 2008, the Company has changed its accounting policy regarding goodwill to comply with Thai Accounting Standard (TAS) 43 (revised 2007) "Business Combination" which is effective for accounting periods beginning on or after 1 January 2008. In the previous periods, goodwill arising from a business combination (such as an acquisition) was accounted for as "cost less accumulated amortization over the estimated useful life" of the goodwill. Currently, goodwill will be measured as "cost less any accumulated loss after doing an impairment test." There is no impairment loss in the carrying value of goodwill as at 31 March 2008. The financial statements for the year 2007 have not been affected by this change in accounting policy.

### **Group**

For quarter one, ended 31 March 2008, total sales revenue of the Company was Baht 26,740 million, an increase of 3.0% or Baht 779 million, from Baht 25,961 million in the corresponding quarter of last year, mainly due to higher sales revenue from the spirits business of about 6.3%.

Gross profit was Baht 7,432 million, a decrease of Baht 219 million, or 2.9%, mainly due to a decrease in sales revenue and a lower gross margin from the beer business.

Earnings before interest, tax, depreciation and amortization (EBITDA) was Baht 5,226 million, a decrease of Baht 644 million, or 11.0%, mainly due to a decrease in the beer business sales and gross profit and an increase in marketing expenses.

Net profit was Baht 2,631 million, down by Baht 247 million, or 8.6%, mainly due to a decrease in the beer business sales and gross profit and the increase in marketing expenses, although interest expense decreased.

Unit : Million Baht

## 3 mths YTD \_ 2008

	Beer	% to Sales	Spirits	% to Sales	Non-alcoholic beverages	% to Sales	Alcohol	% to Sales	Eliminate	% to Sales	Total	% to Sales
Sales	11,870	100.0	14,446	100.0	144	100.0	490	100.0	(210)	100.0	26,740	100.0
Cost of sales	9,292	78.3	9,657	66.8	129	89.6	434	88.6	(204)	97.1	19,308	72.2
Gross profit	2,578	21.7	4,789	33.2	15	10.4	56	11.4	(6)	2.9	7,432	27.8
Selling and administrative expenses	1,512	12.7	1,872	13.0	70	48.6	30	6.1	7	(3.3)	3,491	13.1
Operating profit	1,066	9.0	2,917	20.2	(55)	(38.2)	26	5.3	(13)	6.2	3,941	14.7
Other income/ Interest income	7	0.1	52	0.4	3	2.1	1	0.2	(13)	6.2	50	0.2
EBIT	1,073	9.0	2,969	20.6	(52)	(36.1)	27	5.5	(26)	12.4	3,991	14.9
Interest expenses	44	0.4	106	0.7	13	9.0	6	1.2	(9)	4.3	160	0.6
Income tax	267	2.2	943	6.5	(11)	(7.6)	1	0.2	-	-	1,200	4.5
Net Profit	762	6.4	1,920	13.3	(54)	(37.5)	20	4.1	(17)	8.1	2,631	9.8
Depreciation &Amortization	531	4.5	592	4.1	65	45.1	47	9.6	-	-	1,235	4.6
EBITDA	1,604	13.5	3,561	24.7	13	9.0	74	15.1	(26)	12.4	5,226	19.5

## 3 mths YTD \_ 2007

	Beer	% to Sales	Spirits	% to Sales	Non-alcoholic beverages	% to Sales	Alcohol	% to Sales	Eliminate	% to Sales	Total	% to Sales
Sales	12,364	100.0	13,588	100.0	-	-	219	100.0	(210)	100.0	25,961	100.0
Cost of sales	9,554	77.3	8,809	64.8	-	-	186	84.9	(239)	113.8	18,310	70.5
Gross profit	2,810	22.7	4,779	35.2	-	-	33	15.1	29	(13.8)	7,651	29.5
Selling and administrative expenses	1,439	11.6	1,653	12.2	-	-	32	14.6	(5)	2.4	3,119	12.0
Operating profit	1,371	11.1	3,126	23.0	-	-	1	0.5	34	(16.2)	4,532	17.5
Other income/ Interest income	51	0.4	74	0.5	-	-	3	1.4	(6)	2.9	122	0.5
EBIT	1,422	11.5	3,200	23.6	-	-	4	1.8	28	(13.3)	4,654	17.9
Interest expenses	72	0.6	217	1.6	-	-	10	4.6	(2)	1.0	297	1.1
Income tax	474	3.8	1,004	7.4	-	-	1	0.5	-	-	1,479	5.7
Net Profit	876	7.1	1,979	14.6	-	-	(7)	(3.2)	30	(14.3)	2,878	11.1
Depreciation &Amortization	578	4.7	589	4.3	-	-	49	22.4	-	-	1,216	4.7
EBITDA	2,000	16.2	3,789	27.9	-	-	53	24.2	28	(13.3)	5,870	22.6

## Increase(Decrease)

	Beer	% Sales	Spirits	% Sales	Non-alcoholic beverages	% Sales	Alcohol	% Sales	Eliminate	% Sales	Total	% Sales
Sales	(494)	(4.0)	858	6.3	144	-	271	123.7	-	-	779	3.0
Cost of sales	(262)	(2.7)	848	9.6	129	-	248	133.3	35	14.6	998	5.5
Gross profit	(232)	(8.3)	10	0.2	15	-	23	69.7	(35)	(120.7)	(219)	(2.9)
Selling and administrative expenses	73	5.1	219	13.2	70	-	(2)	(6.3)	12	240.0	372	11.9
Operating profit	(305)	(22.2)	(209)	(6.7)	(55)	-	25	2,500.0	(47)	(138.2)	(591)	(13.0)
Other income/ Interest income	(44)	(86.3)	(22)	(29.7)	3	-	(2)	(66.7)	(7)	(116.7)	(72)	(59.0)
EBIT	(349)	(24.5)	(231)	(7.2)	(52)	-	23	575.0	(54)	(192.9)	(663)	(14.2)
Interest expenses	(28)	(38.9)	(111)	(51.2)	13	-	(4)	(40.0)	(7)	(350.0)	(137)	(46.1)
Income tax	(207)	(43.7)	(61)	(6.1)	(11)	-	-	-	-	-	(279)	(18.9)
Net Profit	(114)	(13.0)	(59)	(3.0)	(54)	-	27	385.7	(47)	(156.7)	(247)	(8.6)
Depreciation &Amortization	(47)	(8.1)	3	0.5	65	-	(2)	(4.1)	-	-	19	1.6
EBITDA	(396)	(19.8)	(228)	(6.0)	13	-	21	39.6	(54)	(192.9)	(644)	(11.0)

### **Beer Business**

Sales revenue was Baht 11,870 million, a decrease of Baht 494 million, or 4.0%, mainly due to a decrease of beer sales volumes although the Company has raised its sales price to cover the new TPBS tax. Total sales volume of beer dropped 3.6% to 239.5 million litres; however, low alcohol beer sales volume increased about 16.2% to 77.2 million litres.

Gross profit of Baht 2,578 million, a decrease of Baht 232 million, or 8.3%, This was mainly due to a decrease of total beer sales volume and higher cost of materials; malt, rice and fuel.

EBITDA of Baht 1,604 million decreased by Baht 396 million, or 19.8%, mainly due to a decrease of sales revenue and gross profit and an increase in marketing expenses caused by free promotional goods and idle cost. The free promotional beer volumes as a percentage of total domestic sales volume increased from 5.5% on average in quarter one of 2007 to 8.0% in quarter one of 2008.

Net Profit of Baht 762 million decreased by Baht 114 million or 13.0%. This was mainly due to the decrease of sales, the higher cost of materials and the increase of marketing expenses, although with a decrease of interest expenses.

### **Spirits Business**

Sales revenue was Baht 14,446 million, an increase of Baht 858 million or 6.3% mainly due to an increase in the sales price to cover excise tax rises during the year 2007 and January 2008. This helped compensate for a decrease of total spirits sales volume. Total sales volume of spirits was 107.2 million litres, which was derived from white spirits sales volume of 75.9 million litres, down 15.9%, and brown spirits sales volume of 31.3 million litres, down 0.2%.

Gross profit of Baht 4,789 million showed an increase of Baht 10 million or 0.2%. This was mainly due to an increase in the sales price, which helped to compensate for the decrease in the sales volume and excise tax rises.

EBITDA of Baht 3,561 million decreased by Baht 228 million or 6.0%, mainly due to an increase in marketing expenses caused by free promotional goods and idle cost. As a percentage of total sales volume, promotional goods increased from 0.6% on average in quarter one of 2007 to 2.4% in quarter one of 2008.

Net Profit of Baht 1,920 million decreased by Baht 59 million, or 3.0%, mainly due to the decrease in the sales volume, and the increase of marketing expenses, although there was a decrease in interest expenses.

### **Non-Alcoholic Beverages Business**

Due to the addition of a new energy drinks and ready-to-drink coffee business in Q1 2008, the Company cannot compare Q1 2008 figures for this segment with the same period last year. Sales revenue in Q1 2008 was Baht 144 million. Sales volume of energy drink, ready-to-drink coffee, soda and drinking water was 0.4 million litres, 0.04 million litres, 3.0 million litres and 11.8 million litres respectively. Gross profit and EBITDA for the segment was Baht 15 million and Baht 13 million respectively. The segment had a Net Loss of Baht 54 million, mainly due to idle costs of soda and drinking water.

### **Industrial Alcohol Business**

Sales revenue of Baht 490 million reflected an increase of Baht 271 million or 123.7%, mainly due to the increase of ethanol and Alcohol 95 sales volume. Sales volume of ethanol was 17.2 million litres, which was an increase of 90.5%. The average sales price for ethanol was Baht 15.78 per litre, which decreased by 32.3% over the corresponding period in 2007. Sales volume of Alcohol 95 was 15.9 million litres, mostly from exports, which increased about 130 times compared to the same period in the

previous year. The average sales price was Baht 24.00 per litre, which was 43.6% lower than the corresponding period in 2007.

Gross profit of Baht 56 million increased by Baht 23 million, or 69.7% over the same period in 2007, mainly due to an increase in the sales volume.

EBITDA of Baht 74 million increased by Baht 21 million or 39.6%, mainly due to the increase in the sales volume and a decrease in idle cost.

Net Profit was Baht 20 million, an increase of Baht 27 million, or 385.7%, mainly due to the increase of sales volume, a decrease of idle cost and the decrease of interest expense.

## **Financial Position**

### **Assets**

Total assets as at the end of March 2008 was Baht 78,381 million, a decrease of Baht 1,146 million, or 1.4%, compared with the end of 2007. Current assets decreased by Baht 540 million, mainly due to a decrease in cash and cash equivalents and trade accounts receivable. Non-current assets decreased by Baht 605 million, mainly due to depreciation of property, plant and equipments.

### **Liabilities**

Total liabilities as at the end of March 2008 was Baht 21,184 million, a decrease of Baht 3,433 million, or 13.9%, compared with the end of 2007. This was mainly due to the repayment of loans and bonds. The maturity of loans and bonds are as follows.

	Unit: Million Baht
Within Mar 2009	7,549
During Apr 2009 – Jan 2010	3,750
Total	11,299

### **Shareholders' Equity**

Total shareholders' equity as at the end of March 2008 was Baht 57,198 million, an increase of Baht 2,288 million, or 4.2% compared with the end of 2007. This was mainly due to the increase in retained earnings.

### **Liquidity**

Cash and cash equivalents as at March 31, 2008, was Baht 1,300 million. The net decrease from the beginning of the period was Baht 889 million. Details of activities are as follows.

	Unit: Million Baht
Net cash provided by operating activities	5,219
Net cash used in investing activities	(697)
Net cash used in financing activities	(5,068)
Adjustment from financial statement translation	(343)
Net decrease in cash and cash equivalents in period	(889)
Cash and cash equivalents at beginning of period	2,189
Cash and cash equivalents at end of period	1,300

Net cash provided by operating activities of Baht 5,219 million was mainly derived from net income of Baht 2,631 million and adjusted with non-cash items, such as depreciation and amortization, of Baht 1,236 million.

Net cash used in investing activities of Baht 697 million was mainly due to investment activities in property, plant and equipment.

Net cash used in financing activities of Baht 5,068 million was mainly due to repayments of bonds and loans.

### Financial Ratios

	Mar.31, 08	Dec.31, 07
Current Ratio (times)	1.89	1.74
Total Debt to Equity Ratio (times)	0.37	0.45
Net asset value per share (Baht)	2.28	2.19
	Jan. - Mar.08	Jan. - Dec.07
Accounts Receivable Turnover (days)	4	5
Inventory Turnover (days)		
Beer Business		
Finished Goods	17	15
Raw Materials	5	4
Spirits Business		
Finished Goods (excl. legacy stocks)	70	79
Raw Materials	12	12

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

N/A

10. Commentary to accompany the interim announcement regarding significant trends or competitive conditions in the industry and any know factors or events that may affect the group in the next reporting period or over next 12 months.

### Business in Thailand

The buoyant mood immediately following the election in Thailand at the end of 2007 has diminished somewhat over the first quarter of 2008 as consumers have had to cope with higher fuel and rice prices leading to a rise in the cost of living.<sup>1</sup> The Consumer Price Index (CPI) rose 5.3 points between January to April 2008, when compared with the same period in 2007 to reach 123.6. Accordingly, the Consumer Confidence Index (CCI) in March decreased from 18.0 in February 2008 to 17.2, down 4.4 percent, reflecting a lack of confidence in the economy. The three-month expected Business Sentiment Index (BSI) dipped below the 50 benchmark level for the first time in eight months, as continuous rises in inflation and oil prices took their toll.

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<sup>1</sup> All economic data sourced from the websites of the Ministry of Finance ([www.mof.go.th](http://www.mof.go.th)), the Ministry of Commerce ([www.moc.go.th](http://www.moc.go.th)) and the Bank of Thailand ([www.bot.or.th](http://www.bot.or.th)).



On the other hand, positive indicators for the future are that private consumption in March 2008 grew at 10.2 percent year-on-year, and grew 11.5 percent in the first quarter, reflecting an improvement in overall consumption as a result of increasing income following an increase in farm income due to rising agricultural crop prices, revised public sector income base and a rise in minimum wages. The Private Investment Index (PII) was up 7.2% year-on-year, but declined 0.6% from the previous quarter.

Thailand's overall economy is expected to grow 6% in the 1st quarter of 2008 while inflation grew 5.3% in March 2008 and 5% in the whole of the first quarter.

The alcohol industry has been affected by such factors as the poor economic recovery, a level of uncertainty in the minds of consumers and tax increases in August 2007 and January 2008 that have brought price rises to an already burdened consumer base. The 1.5% excise tax increase put into effect 15 January 2008 was made to subsidize the Thai Public Broadcasting Service and was immediately passed on to consumers by the Company. Although relatively minor, the hike was imposed on every alcohol beverage product across the board during a time when rising prices are of general concern. Coupled with rising raw material prices, the industry is raising prices to maintain margins.

### **Beer Business**

Thai Beverage's beer sales revenue of Baht 11,870 million declined 4.0% year-on-year as consumers cut back on beer consumption. The Company's total beer sales volume declined 3.6% to 239.5 million litres, but low alcohol beer sales volume increased about 16.2% to 77.2 million litres, meaning that the Company has still focused well on the popularity of this segment of the beer market. While the Company may have to pass on some rises in raw material costs, we are not as badly affected as others in the industry due to some forethought in locking in long-term contracts for essential materials such as malt and hops on the international market. There is no forward market for rice – which is completely sourced within Thailand – and recent hikes in the price of rice will continue to affect the company's cost structure this year. On the other hand, raw materials are a minor though essential part of our overall cost structure. We will be following the situation closely and will be aiming to maintain our margins. The question will be whether consumers are able to absorb future price rises.

Together with rising costs, which are being felt by the whole industry, competition remains very fierce and the major companies are fighting to maintain market share, acknowledging that the economy beer segment is still a growing segment with still some way to grow. As advertising and promotion are restricted, free promotional beer volumes are used as a de facto dealer discount. Beer promotions are part of the marketing budget and therefore reflected in the SG&A of the Company. As a percentage of total domestic sales volume, promotional beer increased from 5.5% on average in quarter one of 2007 to 8.0% in quarter one of 2008. However, this is still considered reasonable.

### **Spirits Business**

While total sales volume of spirits was 107.2 million litres, a decline in the first quarter, sales revenue was up Baht 858 million to Baht 14,446 million, 6.3% mainly due to an increase in the sales price to cover excise tax rises in August 2007 and January 2008. As expected until the rural economy picks up, white spirits sales volume came down 15.9%, or 75.9 million litres. The Company is seeing its core consumers switching from large to small bottles of white spirits. Brown spirits sales volume of 31.3 million litres, which was boosted in 2007 by consumers switching out of foreign imports, came down 0.2%, mainly because Inver House reduced bulk sales of whisky to certain non-strategic countries due to a whisky shortage for its own needs. The Company increased its promotional spirits marketing budget (a form of discount) to manage sales, however this contributed to the squeeze on margins, with net profit down 3.0% in the first quarter.

Nevertheless, ThaiBev cautions investors that its quarterly performance is rarely an indicator of what will happen in the full year. Rises in taxes are a regular feature of the alcohol beverage industry and the period following a tax rise is rarely an indicator of long-term performance.

### **Non-alcohol Beverage Business**

ThaiBev acquired energy drinks and ready-to-drink coffee assets in the first quarter and that business continued to be profitable during the takeover period. While the Company continues to believe that its huge distribution network and professional management will contribute to an improvement in that business over time, it is too early to judge by the first quarter alone. The net loss of Baht 54 million for the non-alcohol beverage segment can be attributed to the water and soda business, due mainly to idle costs. The PET bottle expansion project for drinking water, launched in 2007, is expected to have a positive impact in increasing sales when it comes online by the end of 2008.

### **Industrial Alcohol Business**

While the sales revenue of Baht 490 million reflects an increase of 123.7% over the same period last year, the industry is still struggling with greatly depressed prices and a lack of government commitment to promote ethanol. Exports have helped to improve sales, but the business remains a relatively small part of the group picture. The net profit of Baht 20 million is an increase of 385.7% over the same period last year, but that is comparing with a net loss and higher molasses prices (the business's highest cost) at the beginning of last year.

### **Conclusion**

In summary, the first quarter of 2008 shows a continuation of the effects set into place by tax rises in 2007 and continual economic doldrums. The Company remains optimistic that it has put into place a series of projects that will have a positive impact in the future. The first of these was the introduction of a premium beer called Federbräu in April that is part of our overall long-term strategy to focus more on margins. A premium Scotch whisky has been prepared for introduction into Thailand by the middle of the year. While commodity process will have some effect on costs, the Company plans to be able to manage these through long-term contracts for international raw materials and its purchasing power for domestic raw materials. As the industry globally has raised prices to cover these rising costs, ThaiBev will also seek to maintain margins by raising prices – if necessary - gradually and in a timely manner.

11. If a decision regarding dividend has been made:-

(a) Current Financial Period Reported On

Any dividend declared for current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

NO.

(c) Dividend is before tax.

N/A

(d) The date the dividend is payable. N/A

12. If no dividend has been declared/recommended, a statement to that effect

Not Applicable

### 13. Interested person transaction

The details of the aggregate value of interested person transactions of the company for three-month period ended 31 March 2008 are as follows:

Thai Beverage Public Company Limited

Unaudited but reviewed results for the three-month period (Jan-Mar) ended 31 March 2008

Interested persons transactions for the three-month period (Jan-Mar) ended 31 March 2008

	Aggregate value of all interested persons transactions during the three-month period (Jan-Mar) ended 31 March 2008 under review (excluding transactions less than S\$100,000* and transactions conducted under Shareholders' Mandate) Baht '000	Aggregate value of all interested persons transactions conducted under the mandate (excluding transactions less than S\$100,000*) Baht '000
<b>A Revenue from sales and service income</b>		
1 Terragro Fertilizer Co., Ltd.	5,749.76	-
2 Pisetkij Co., Ltd.	-	5,572.85
3 PS Recycle Co., Ltd.	-	24,307.74
4 Oishi Trading Co., Ltd.	4,934.46	-
<b>B Cost of sales</b>		
1 PS Recycle Co., Ltd.	-	283,427.21
2 The Maewang Sugar Industry Co., Ltd.	-	8,683.08
3 The Suphanburi Sugar Industry Co., Ltd.	-	29,419.23
4 Dhipaya Sugar (1999) Co., Ltd.	-	5,186.62
5 Southeast Capital Co., Ltd.	-	2,524.63
6 Thai Beverage Can Co., Ltd.	-	269,899.66
7 Berli Jucker PCL.	-	621,190.83
8 The Southeast Insurance (2000) Co., Ltd.	-	30,583.78
9 The Utaradit Sugar Industry Co., Ltd.	-	11,951.23
10 New Noble Property And Loan Fund	-	3,415.55
<b>C Other expenses</b>		
1 Bang-Na Glass Co., Ltd.	-	2,786.87
2 Southeast Capital Co., Ltd.	-	27,270.68
3 T.C.C. Technology Co., Ltd.	-	13,910.74
4 The Southeast Insurance (2000) Co., Ltd.	-	6,815.00
5 Plaza Athenee Hotel (Thailand) Co., Ltd.	-	8,392.31
6 TCC Hotel Collection Co., Ltd.	4,107.01	-
7 T.C.C. International Limited	2,736.42	-
8 Best Fortune Property and Loan Fund	7,719.30	-
<b>D Sales of assets</b>		
1 Terragro Fertilizer Co., Ltd.	4,468.12	-

\* Exchange rate Baht 23.00 per 1 SGD.