

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

Annual financial statements  
and  
Audit report of Certified Public Accountant

For the years ended  
31 December 2010 and 2009



**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 2010 and 2009, and the related statements of income, changes in equity and cash flows for the years then ended of Thai Beverage Public Company Limited and its subsidiaries, and of Thai Beverage Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2010 and 2009 and the results of operations and cash flows for the years then ended of Thai Beverage Public Company Limited and its subsidiaries, and of Thai Beverage Public Company Limited, respectively, in accordance with generally accepted accounting principles.

Disclosure of significant differences between Thai Financial Reporting Standards 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 37 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  
23 February 2011

## Thai Beverage Public Company Limited and its Subsidiaries

### Balance sheets

As at 31 December 2010 and 2009

Assets	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in Baht)</i>					
<b>Current assets</b>					
Cash and cash equivalents	6	3,358,696,022	2,590,213,439	22,849,120	128,663,235
Current investments	7	795,459	3,744,237	-	-
Trade accounts receivable	5, 8	1,921,770,225	2,050,389,992	-	-
Short-term loans to and other receivables from related parties	5	790,866,676	503,887,458	2,370,666,238	2,995,032,567
Inventories	9	27,146,320,485	26,194,210,534	-	-
Other current assets	10	1,971,422,068	2,148,994,269	18,901,550	13,849,022
<b>Total current assets</b>		<b>35,189,870,935</b>	<b>33,491,439,929</b>	<b>2,412,416,908</b>	<b>3,137,544,824</b>
<b>Non-current assets</b>					
Investments in subsidiaries	11	-	-	80,047,424,542	80,091,287,047
Investments in associates	12	122,755,082	127,832,595	-	-
Other long-term investments	7	13,797,886	10,588,899	-	-
Long-term loans to and other receivables from related parties	5	39,405,277	51,908,826	2,502,181,738	3,466,307,738
Property, plant and equipment	13	36,442,590,607	37,745,873,799	47,129,294	62,938,895
Intangible assets	14	3,200,711,244	3,286,735,878	24,042,689	31,069,390
Leasehold rights	15	193,341,836	213,351,580	-	-
Other non-current assets	16	2,099,718,673	2,221,933,597	314,936,650	325,816,250
<b>Total non-current assets</b>		<b>42,112,320,605</b>	<b>43,658,225,174</b>	<b>82,935,714,913</b>	<b>83,977,419,320</b>
<b>Total assets</b>		<b>77,302,191,540</b>	<b>77,149,665,103</b>	<b>85,348,131,821</b>	<b>87,114,964,144</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 2010 and 2009

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in Baht)</i>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	17	6,262,242,793	5,718,476,373	5,000,000,000	3,100,000,000
Trade accounts payable	5, 18	3,757,164,726	3,139,839,924	-	-
Current portion of long-term loans					
from financial institutions	17	2,500,000,000	3,765,000,000	2,500,000,000	3,765,000,000
Short-term loans from and					
other payables to related parties	5, 17	163,275,883	153,590,445	6,083,425,215	7,390,687,827
Short-term loans from other party		-	2,200,000	-	-
Income tax payable		2,225,876,373	2,222,224,192	144,375,369	24,745,821
Other current liabilities	19	3,461,275,011	3,088,996,006	144,233,439	159,410,338
<b>Total current liabilities</b>		<b>18,369,834,786</b>	<b>18,090,326,940</b>	<b>13,872,034,023</b>	<b>14,439,843,986</b>
<b>Non-current liabilities</b>					
Long-term loans from and					
other payables to related parties	5, 17	285,526	897,087	10,402,800,000	9,742,700,000
Long-term loans from					
financial institutions	17	600,000,000	2,500,000,000	-	2,500,000,000
Other non-current liabilities		103,702,329	114,860,331	-	-
<b>Total non-current liabilities</b>		<b>703,987,855</b>	<b>2,615,757,418</b>	<b>10,402,800,000</b>	<b>12,242,700,000</b>
<b>Total liabilities</b>		<b>19,073,822,641</b>	<b>20,706,084,358</b>	<b>24,274,834,023</b>	<b>26,682,543,986</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 2010 and 2009

Liabilities and equity	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in Baht)</i>					
<b>Equity</b>					
Share capital	20				
Authorised share capital		29,000,000,000	29,000,000,000	29,000,000,000	29,000,000,000
Issued and paid-up share capital		25,110,025,000	25,110,025,000	25,110,025,000	25,110,025,000
Difference arising from common control transactions	4	(19,732,320,907)	(19,732,233,059)	-	-
Premium on ordinary shares	21	17,215,736,603	17,215,736,603	17,215,736,603	17,215,736,603
Fair value changes and revaluation differences on assets	21	4,262,882,677	4,262,882,677	-	-
Currency translation differences		(1,923,389,031)	(1,331,393,075)	-	-
Retained earnings					
Appropriated - legal reserve	21	2,900,000,000	2,900,000,000	2,900,000,000	2,900,000,000
Unappropriated		30,111,160,538	27,785,867,220	15,847,536,195	15,206,658,555
<b>Total equity attributable to equity holders of the Company</b>		<b>57,944,094,880</b>	<b>56,210,885,366</b>	<b>61,073,297,798</b>	<b>60,432,420,158</b>
Minority interests		284,274,019	232,695,379	-	-
<b>Total equity</b>		<b>58,228,368,899</b>	<b>56,443,580,745</b>	<b>61,073,297,798</b>	<b>60,432,420,158</b>
<b>Total liabilities and equity</b>		<b>77,302,191,540</b>	<b>77,149,665,103</b>	<b>85,348,131,821</b>	<b>87,114,964,144</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 2010 and 2009

		Consolidated		Separate	
		financial statements		financial statements	
Note	2010	2009	2010	2009	
	(in Baht)				
<b>Income</b>	5				
Revenue from sale of goods		121,361,355,617	107,969,216,150	-	-
Management fees		-	-	2,903,484,765	2,594,776,788
Interest income		12,672,997	15,555,840	252,462,454	348,116,720
Dividends		-	-	8,289,511,707	8,237,578,932
Other income	23	350,656,454	262,276,825	58,083,605	12,094,186
<b>Total income</b>		<b>121,724,685,068</b>	<b>108,247,048,815</b>	<b>11,503,542,531</b>	<b>11,192,566,626</b>
<b>Expenses</b>	5, 27				
Cost of sale of goods		88,097,084,609	76,609,559,464	-	-
Cost of rendering of services		-	-	1,013,606,212	921,094,859
Selling expenses	24	7,287,561,335	5,784,519,888	-	-
Administrative expenses	25	10,948,771,780	10,009,359,545	20,685,841	18,797,854
Management benefit expenses	26	338,086,268	301,396,844	294,921,534	265,956,844
<b>Total expenses</b>		<b>106,671,503,992</b>	<b>92,704,835,741</b>	<b>1,329,213,587</b>	<b>1,205,849,557</b>
Share of profit of associates, net of income tax		10,422,725	11,221,936	-	-
<b>Profit before finance costs and income tax expense</b>		<b>15,063,603,801</b>	<b>15,553,435,010</b>	<b>10,174,328,944</b>	<b>9,986,717,069</b>
Finance costs	28	(258,712,073)	(548,600,526)	(950,846,638)	(1,126,923,188)
<b>Profit before income tax expense</b>		<b>14,804,891,728</b>	<b>15,004,834,484</b>	<b>9,223,482,306</b>	<b>8,859,793,881</b>
Income tax expense	29	(4,083,980,588)	(4,361,795,875)	(296,296,416)	(216,511,391)
<b>Profit for the year</b>		<b>10,720,911,140</b>	<b>10,643,038,609</b>	<b>8,927,185,890</b>	<b>8,643,282,490</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		10,611,601,568	10,566,412,729	8,927,185,890	8,643,282,490
Minority interests		109,309,572	76,625,880	-	-
<b>Profit for the year</b>		<b>10,720,911,140</b>	<b>10,643,038,609</b>	<b>8,927,185,890</b>	<b>8,643,282,490</b>
<b>Basic earnings per share</b>	31	<b>0.42</b>	<b>0.42</b>	<b>0.36</b>	<b>0.34</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 2010 and 2009**

	Consolidated financial statements										
	Note	Issued and paid-up share capital	Difference arising from common control transactions	Premium on ordinary shares	Fair value changes and revaluation differences	Currency translation differences	Retained earnings		Total equity attributable to equity holders of the Company	Minority interests	Total equity
							Legal reserve	Unappropriated			
						(in Baht)					
<b>Balance at 1 January 2009</b>		25,110,025,000	(19,728,268,059)	17,215,736,603	4,262,802,105	(1,503,025,118)	2,900,000,000	25,505,762,741	53,763,033,272	238,261,196	54,001,294,468
Unrealised gains from change in fair value on an available for sale investment		-	-	-	80,572	-	-	-	80,572	-	80,572
Translation of financial statement differences		-	-	-	-	171,632,043	-	-	171,632,043	-	171,632,043
<b>Income recognised directly in equity</b>		-	-	-	80,572	171,632,043	-	-	171,712,615	-	171,712,615
Profit for the year		-	-	-	-	-	10,566,412,729	10,566,412,729	10,566,412,729	76,625,880	10,643,038,609
<b>Total recognised income</b>		-	-	-	80,572	171,632,043	-	10,566,412,729	10,738,125,344	76,625,880	10,814,751,224
Effects of change to percentage of holding		-	-	-	-	-	-	-	-	(3,874,247)	(3,874,247)
Consideration paid to equity holders of subsidiaries for common control transactions	4	-	(3,965,000)	-	-	-	-	-	(3,965,000)	-	(3,965,000)
Dividends	32	-	-	-	-	-	(8,286,308,250)	(8,286,308,250)	(8,286,308,250)	(78,317,450)	(8,364,625,700)
<b>Balance at 31 December 2009</b>		<u>25,110,025,000</u>	<u>(19,732,233,059)</u>	<u>17,215,736,603</u>	<u>4,262,882,677</u>	<u>(1,331,393,075)</u>	<u>2,900,000,000</u>	<u>27,785,867,220</u>	<u>56,210,885,366</u>	<u>232,695,379</u>	<u>56,443,580,745</u>

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 2010 and 2009**

<b>Consolidated financial statements</b>										
<u>Retained earnings</u>										
<i>Note</i>	Issued and paid-up share capital	Difference arising from common control transactions	Premium on ordinary shares	Fair value changes and revaluation differences	Currency translation differences	Legal reserve	Unappropriated	Total equity attributable to equity holders of the Company	Minority interests	Total equity
<i>(in Baht)</i>										
<b>Balance at 1 January 2010</b>	<b>25,110,025,000</b>	<b>(19,732,233,059)</b>	<b>17,215,736,603</b>	<b>4,262,882,677</b>	<b>(1,331,393,075)</b>	<b>2,900,000,000</b>	<b>27,785,867,220</b>	<b>56,210,885,366</b>	<b>232,695,379</b>	<b>56,443,580,745</b>
Translation of financial statement differences	-	-	-	-	(591,995,956)	-	-	(591,995,956)	-	(591,995,956)
<b>Expense recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(591,995,956)</b>	<b>-</b>	<b>-</b>	<b>(591,995,956)</b>	<b>-</b>	<b>(591,995,956)</b>
Profit for the year	-	-	-	-	-	-	10,611,601,568	10,611,601,568	109,309,572	10,720,911,140
<b>Total recognised income and expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(591,995,956)</b>	<b>-</b>	<b>10,611,601,568</b>	<b>10,019,605,612</b>	<b>109,309,572</b>	<b>10,128,915,184</b>
Effects of change to percentage of holding	-	-	-	-	-	-	-	-	9,721,589	9,721,589
Consideration paid to equity holders of subsidiaries for common control transactions	<i>4</i> -	(87,848)	-	-	-	-	-	(87,848)	-	(87,848)
Dividends	<i>32</i> -	-	-	-	-	-	(8,286,308,250)	(8,286,308,250)	(67,452,521)	(8,353,760,771)
<b>Balance at 31 December 2010</b>	<b>25,110,025,000</b>	<b>(19,732,320,907)</b>	<b>17,215,736,603</b>	<b>4,262,882,677</b>	<b>(1,923,389,031)</b>	<b>2,900,000,000</b>	<b>30,111,160,538</b>	<b>57,944,094,880</b>	<b>284,274,019</b>	<b>58,228,368,899</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 2010 and 2009

	Note	Separate financial statements			Total equity attributable to equity holders of the Company	
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		
				Legal reserve (in Baht)	Unappropriated	
<b>Balance at 1 January 2009</b>		<b>25,110,025,000</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>14,849,684,315</b>	<b>60,075,445,918</b>
Profit for the year		-	-	-	8,643,282,490	8,643,282,490
Dividends	32	-	-	-	(8,286,308,250)	(8,286,308,250)
<b>Balance at 31 December 2009 and 1 January 2010</b>		<b>25,110,025,000</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>15,206,658,555</b>	<b>60,432,420,158</b>
Profit for the year		-	-	-	8,927,185,890	8,927,185,890
Dividends	32	-	-	-	(8,286,308,250)	(8,286,308,250)
<b>Balance at 31 December 2010</b>		<b>25,110,025,000</b>	<b>17,215,736,603</b>	<b>2,900,000,000</b>	<b>15,847,536,195</b>	<b>61,073,297,798</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 2010 and 2009

	Consolidated		Separate	
	financial statements		financial statements	
Note	2010	2009	2010	2009
	(in Baht)			
<i>Cash flows from operating activities</i>				
Profit for the year	10,720,911,140	10,643,038,609	8,927,185,890	8,643,282,490
<i>Adjustments for</i>				
Depreciation and amortisation	4,492,427,645	4,355,958,603	35,096,090	37,101,713
Interest income	(12,672,997)	(15,555,840)	(252,462,454)	(348,116,720)
Finance costs	258,712,073	548,600,526	950,846,638	1,126,923,188
Unrealised (gain) loss on exchange	14,298,232	(8,464,378)	(33,825)	(187)
Bad debts and (reversal of) doubtful debts expense	(2,940,252)	40,579,017	-	-
Amortisation of advance payments to a specialist	50,000,000	50,000,000	9,375,000	9,375,000
Write-off and (reversal of) allowance for obsolete inventories	(90,886,558)	(184,325,749)	-	-
Write-off and (gain) loss on disposal of property, plant and equipment and intangible assets	(102,153,207)	(72,823,714)	(18,554)	(2,919,788)
Gain on sale of investment	(53,017,401)	-	(49,047,500)	-
Dividends	-	-	(8,289,511,707)	(8,237,578,932)
Share of profit of associates, net of income tax	(10,422,725)	(11,221,936)	-	-
Income tax expense	4,083,980,589	4,361,795,875	296,296,416	216,511,391
	<u>19,348,236,539</u>	<u>19,707,581,013</u>	<u>1,627,725,994</u>	<u>1,444,578,155</u>
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	131,617,693	(539,636,623)	-	-
Other receivables from related parties	(274,595,642)	(456,438,174)	(46,123,999)	(47,983,161)
Inventories	(861,223,393)	3,863,494,180	-	-
Other current assets	176,038,015	(387,615,549)	(5,052,528)	(191,623)
Trade accounts payable	612,480,745	(257,334,906)	-	-
Other payables to related parties	9,054,372	24,681,391	(1,685,375)	(12,779,953)
Other current liabilities	162,055,039	(24,636,898)	(11,046,586)	20,775,993
Other non-current liabilities	(10,785,555)	20,439,338	-	-
Income tax paid	<u>(4,080,328,408)</u>	<u>(4,329,085,759)</u>	<u>(176,666,868)</u>	<u>(329,686,209)</u>
<b>Net cash provided by operating activities</b>	<b><u>15,212,549,405</u></b>	<b><u>17,621,448,013</u></b>	<b><u>1,387,150,638</u></b>	<b><u>1,074,713,202</u></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 2010 and 2009

Note	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	(in Baht)			
<b>Cash flows from investing activities</b>				
Interest received	12,554,868	15,599,523	265,678,783	355,677,681
Dividends received	-	-	8,289,511,707	8,237,578,932
Decrease in current investments	2,948,778	5,378,615	-	-
Loans to related parties	-	-	1,621,400,000	2,816,196,822
(Increase) decrease in other long-term investments	(3,427,172)	90,536	-	-
Purchase of property, plant and equipment	(3,109,959,947)	(2,287,993,168)	(16,038,852)	(33,340,747)
Sale of property, plant and equipment	145,105,057	120,800,725	24,701	4,805,491
Purchase of intangible assets	(30,583,006)	(25,564,866)	(2,061,932)	(4,601,515)
(Increase) decrease in other non-current assets	72,214,924	(203,008,977)	1,504,600	-
Increase in share capital in subsidiaries	-	-	-	(2,886,205,850)
Purchase of investments	(2,033,127)	(458,041,032)	(2,499,995)	(43,379,133)
Net cash inflow on disposal of subsidiaries	95,410,000	-	95,410,000	-
<b>Net cash provided by (used in) investing activities</b>	<b>(2,817,769,625)</b>	<b>(2,832,738,644)</b>	<b>10,252,929,012</b>	<b>8,446,731,681</b>
<b>Cash flows from financing activities</b>				
Interest paid	(257,970,707)	(566,484,489)	(950,685,515)	(1,113,177,092)
Dividends paid to equity holders of the Company	(8,286,308,250)	(8,286,308,250)	(8,286,308,250)	(8,286,308,250)
Dividends paid to minority interests	(67,452,521)	(78,317,450)	-	-
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	543,766,420	(2,982,885,369)	1,900,000,000	(2,146,160,794)
Increase (decrease) in loans from related parties	-	-	(643,900,000)	4,473,900,000
Proceeds from long-term loans from financial institutions	600,000,000	3,000,000,000	-	3,000,000,000
Repayment of short-term loans from other party	(2,200,000)	(4,800,000)	-	-
Repayment of long-term loans from financial institutions	(3,765,000,000)	(5,325,000,000)	(3,765,000,000)	(5,325,000,000)
<b>Net cash used in financing activities</b>	<b>(11,235,165,058)</b>	<b>(14,243,795,558)</b>	<b>(11,745,893,765)</b>	<b>(9,396,746,136)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,159,614,722</b>	<b>544,913,811</b>	<b>(105,814,115)</b>	<b>124,698,747</b>
Cash and cash equivalents at beginning of year	2,590,213,439	1,920,971,995	128,663,235	3,964,488
Effect of exchange rate changes on balances held in foreign currencies	(391,132,139)	124,327,633	-	-
<b>Cash and cash equivalents at end of year</b>	<b>6 3,358,696,022</b>	<b>2,590,213,439</b>	<b>22,849,120</b>	<b>128,663,235</b>

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

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 February 2011.

**1 General information**

Thai Beverage Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 14 Vibhavadi Rangsit Road, Chomphon, Chatuchak Bangkok.

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

The principal businesses of the Group are the production, distribution of alcoholic and non-alcoholic beverages, Japanese restaurants and bakery shops. Details of the Company’s subsidiaries and associates as at 31 December 2010 and 2009 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2010	2009
<i>Direct subsidiaries</i>				
1. Beer Thai (1991) PCL.	Beer brewery and production of drinking water and soda water	Thailand	100.00	100.00
2. Beer Thip Brewery (1991) Co., Ltd.	Beer brewery and production of drinking water and soda water	Thailand	100.00	100.00
3. Sangsom Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
4. Fuengfuanant Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
5. Mongkolsamai Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
6. Thanapakdi Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
7. Kanchanasingkorn Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
8. Sura Bangyikhan Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
9. Athimart Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
10. S.S. Karnsura Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
11. Kankwan Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
12. Theparunothai Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
13. Red Bull Distillery (1988) Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
14. United Winery and Distillery Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
15. Simathurakij Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
16. Nateechai Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
17. Luckchai Liquor Trading Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
18. Sura Piset Thipparat Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
19. Pomthip Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
20. Pomkit Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
21. Pomkung Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
22. Pomchok Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
23. Pomcharoen Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
24. Pomburapa Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
25. Pompalang Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00
26. Pomnakorn Co., Ltd.	Beer and non-alcoholic beverages distributor	Thailand	100.00	100.00

**Thai Beverage Public Company Limited and its Subsidiaries**  
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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2010	2009
<i>Direct subsidiaries (continued)</i>				
27. Num Yuk Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
28. Num Kijjakarn Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
29. Num Palang Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
30. Num Muang Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
31. Num Nakorn Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
32. Num Thurakij Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
33. Numrungrad Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
34. Numthip Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
35. Thipchalothorn Co., Ltd.	Beer, spirits and non-alcoholic beverages agency	Thailand	100.00	100.00
36. Krittayabun Co., Ltd.	Beer, spirits and non-alcoholic beverages agency	Thailand	100.00	100.00
37. Surathip Co., Ltd.	Beer, spirits and non-alcoholic beverages agency	Thailand	100.00	100.00
38. Sunthronpirom Co., Ltd.	Beer, spirits and non-alcoholic beverages agency	Thailand	100.00	100.00
39. Piromsurang Co., Ltd.	Beer, spirits and non-alcoholic beverages agency	Thailand	100.00	100.00
40. Thai Beverage Energy Co., Ltd.	Trading of bio gas	Thailand	100.00	100.00
41. Wrangyer Beverage (2008) Co., Ltd.	Production and distribution of energy drink	Thailand	100.00	100.00
42. Thai Molasses Co., Ltd.	Trading of molasses	Thailand	99.72	99.72
43. Feed Addition Co., Ltd.	Trading of feeds and fertilizer	Thailand	100.00	100.00
44. Pan International (Thailand) Co., Ltd.	Trading of supplies and procurement	Thailand	100.00	100.00
45. Charun Business 52 Co., Ltd.	Brick producer and distribution of spirits	Thailand	100.00	100.00
46. Thai Cooperage Co., Ltd.	Oak barrel producer	Thailand	100.00	100.00
47. Thai Beverage Recycle Co., Ltd.	Trading of bottles	Thailand	100.00	100.00
48. Thai Beverage Logistics Co., Ltd.	Transportation and distribution	Thailand	100.00	100.00
49. Thai Beverage Marketing Co., Ltd.	Import and export spirits for trading/ international marketing and non-alcoholic beverages agency	Thailand	100.00	100.00
50. Dhanasindhi Co., Ltd.	Construction	Thailand	100.00	100.00
51. Dhospaak Co., Ltd.	Advertising agency	Thailand	100.00	100.00
52. Thai Beverage Training Co., Ltd.	Training	Thailand	100.00	-
53. International Beverage Holdings Limited	Holding company	Hong Kong	100.00	100.00
54. Cosmos Brewery (Thailand) Co., Ltd.	Beer brewery and production of drinking water and soda water	Thailand	100.00	100.00
55. Thai Beverage Brands Co., Ltd.	Trademark holding	Thailand	100.00	100.00
56. Beer Chang Co., Ltd.	Trademark holding and production of concentrate materials	Thailand	100.00	100.00
57. Archa Beer Co., Ltd.	Trademark holding and production of concentrate materials	Thailand	100.00	100.00
58. Sura Piset Phatra Lanna Co., Ltd.	Holding company	Thailand	100.00	100.00
59. Thai Drinks Co., Ltd.	Distribution of beverages	Thailand	100.00	100.00
60. Oishi Group PCL.	Japanese restaurants, bakery shops and distribution of food and beverage	Thailand	89.26	89.93

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2010	2009
<i>Indirect subsidiaries</i>				
61. Thai Thum Distillery Co., Ltd. #	Production and distribution of spirits	Thailand	99.90	99.90
62. Sura Piset Sahasan Co., Ltd. #	Trading of spirits	Thailand	100.00	100.00
63. Sura Piset Sampan Co., Ltd. #	Trading of spirits	Thailand	100.00	100.00
64. Vitayathan Co., Ltd.	Environmental public relations	Thailand	100.00	100.00
65. InterBev (Singapore) Limited	Trading of alcoholic beverages	Singapore	100.00	100.00
66. InterBev (Cambodia) Co., Ltd.	Trading of alcoholic beverages	Cambodia	100.00	100.00
67. InterBev Malaysia Sdn. Bhd.	Trading of alcoholic beverages	Malaysia	100.00	100.00
68. Best Spirits Company Limited	Trading of alcoholic beverages	Hong Kong	100.00	100.00
69. International Beverage Holdings (UK) Limited	Holding company	United Kingdom	100.00	100.00
70. International Beverage Holdings (China) Limited	Holding company	Hong Kong	100.00	100.00
71. United Products Co., Ltd.	Production and distribution of spirits	Thailand	99.99	99.55
72. S P M Foods & Beverages Co., Ltd.	Production and distribution of drinking water and energy drinks and spirits agency	Thailand	99.83	99.83
73. Oishi Trading Co., Ltd.	Production and distribution of food and beverage	Thailand	89.26	89.93
74. Oishi Ramen Co., Ltd.	Japanese ramen restaurants	Thailand	89.26	89.93
75. Chang Beer International Co., Ltd. #	Dormant	Thailand	100.00	100.00
76. Maekhong Distillery Limited	Consultancy service	Thailand	100.00	100.00
77. Chang International Co., Ltd. #	Dormant	Thailand	100.00	100.00
78. Chang Corp Co., Ltd. #	Dormant	Thailand	100.00	100.00
79. Super Brands Company Pte. Ltd.	Trademark holding	Singapore	100.00	-
80. Beer Chang International Limited	Not yet operated	Singapore	100.00	-
<i>Subsidiaries of indirect subsidiaries</i>				
81. International Beverage Holdings Limited USA, Inc. *	Trading of alcoholic beverages	United States of America	100.00	100.00
82. Blairmhor Limited *#	Holding Company	United Kingdom	100.00	100.00
83. Inver House Distillers Limited *	Production and distribution of spirits	United Kingdom	100.00	100.00
84. InterBev Trading (China) Limited **	Trading of alcoholic beverages	People's Republic of China	100.00	100.00
85. Yunnan Yulinquan Liquor Co., Ltd.**	Spirits distillery	People's Republic of China	100.00	100.00
86. Blairmhor Distillers Limited **	Dormant	United Kingdom	100.00	100.00
87. Wee Beastie Limited **	Dormant	United Kingdom	100.00	100.00
88. Moffat & Towers Limited **	Dormant	United Kingdom	100.00	100.00
89. Glen Calder Blenders Limited **	Dormant	United Kingdom	100.00	100.00
90. Hankey Bannister & Company Limited **	Dormant	United Kingdom	100.00	100.00
91. R. Carmichael & Sons Limited **	Dormant	United Kingdom	100.00	100.00
92. J MacArthur Junior & Company Limited **	Dormant	United Kingdom	100.00	100.00
93. Mason & Summers Limited **	Dormant	United Kingdom	100.00	100.00
94. James Catto & Company Limited **	Dormant	United Kingdom	100.00	100.00
95. The Knockdhu Distillery Co., Ltd. **	Dormant	United Kingdom	100.00	100.00
96. Speyburn-Glenlivet Distillery Co., Ltd. **	Dormant	United Kingdom	100.00	100.00
97. The Pulteney Distillery Co., Ltd. **	Dormant	United Kingdom	100.00	100.00
98. The Balblair Distillery Co., Ltd. **	Dormant	United Kingdom	100.00	100.00

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2010	2009
<i>Associates of indirect subsidiaries</i> ***				
99. Liquorland Limited	Off licences	United Kingdom	49.49	49.49
100. Inver House Polska Limited	Trading of alcoholic beverages	Poland	44.00	44.00
101. Inver House Distribution SA #	Dormant	France	50.02	50.02

\* Subsidiaries of International Beverage Holdings (UK) Limited

\*\* Subsidiaries of International Beverage Holdings (China) Limited

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

# These are currently non-trading.

On 26 January 2010 Thai Beverage Training Co., Ltd., the Company's subsidiary, was incorporated with an authorised share capital of Baht 10 million by issuing 1 million ordinary shares with a Baht 10 par value. The initial paid up capital was Baht 2.5 per share.

On 14 April 2010 Super Brands Company Pte. Ltd., the Company's indirect subsidiary, was incorporated in Singapore with an authorised share capital of SGD 10,000 by issuing 10,000 ordinary shares with a SGD 1 par value. International Beverage Holdings Limited, the Company's subsidiary, holds its entire shares.

During 2010, Sura Piset Phatra Lanna Co., Ltd., the Company's direct subsidiary, acquired additional 15,406 ordinary shares of United Products Co., Ltd., the Company's indirect subsidiary, from the existing equity holders, amounting to Baht 1.95 million.

## 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 and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million. They are prepared on the historical cost basis except as stated in the accounting policies.

The financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRS"); guidelines promulgated by the Federation of Accounting Professions ("FAP"); applicable rules and regulations of the Thai Securities and Exchange Commission; and with generally accepted accounting principles in Thailand.

During 2010, the FAP announced the re-numbering of the following TFRS.

Former no.	Revised no.	Topic
TAS 11	TAS 101	Doubtful Account and Bad Debts
TAS 40	TAS 105	Accounting for Investment in Debt and Equity Securities
TAS 48	TAS 107	Financial Instruments Disclosure and Presentation

The Group has adopted the revised Framework for the Preparation and Presentation of Financial Statements (revised 2009), which was issued by the FAP during 2010 and effective on 26 May 2010. The adoption of the revised framework does not have any material impact on the consolidated or separate financial statements.



# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

The FAP has issued during 2010 a number of new and revised TFRS which are not currently effective and have not been adopted in the preparation of these financial statements. These new and revised standards and interpretations are disclosed in note 36.

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

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

### 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.

##### *Business combinations*

Business combinations are accounted for under 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 combinations of entities or businesses under common control are accounted for using a method similar to the pooling of interest method and in accordance with the Guideline issued in 2010 by the FAP.

##### *Subsidiaries*

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

##### *Associates*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. The consolidated financial statements include the Group’s share of the income, expenses and equity movements of associates after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group’s share of losses exceeds its interest in an associate, the Group’s carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

*Transactions eliminated on consolidation*

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

**(b) Foreign currencies**

*Foreign currency transactions*

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

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

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

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

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

**(c) Derivative financial instruments**

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

**(d) Cash and cash equivalents**

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

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

Trade and other accounts 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.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### (f) *Inventories*

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

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

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

### (g) *Investments*

#### *Investments in subsidiaries and associates*

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

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

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

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

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

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

#### *Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in 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 determined on the basis of the property's existing use at the date of revaluation.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### *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.

### *Revalued assets*

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

Any increase in value, on revaluation, is 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.

### *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	1.5-30 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. Negative goodwill in a business combination represents the excess of the fair value of the Group's share of the identifiable net assets acquired over the cost of acquisition.

Goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 3 (k). Negative goodwill is recognised immediately in the statement of income.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### *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. Other intangible assets are amortised in the statement of income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

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

### **(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 reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if 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.

### *Calculation of recoverable amount*

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

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

### *Reversals of impairment*

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

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

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

## **Notes to the financial statements**

**For the years ended 31 December 2010 and 2009**

**(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.

**(n) *Employee benefits***

*Defined contribution plans*

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

**(o) *Provisions***

A provision is recognised 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.

**(p) *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.

**(q) *Revenue***

Revenue excludes value added 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 reporting date. When the outcome of the contract cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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*Construction contracts*

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

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

*Rental income*

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

*Interest and dividend income*

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

**(r) Expenses**

*Lease payments*

Payments made under operating leases are recognised in the statement of income on a straight line basis over the term of the lease. 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.

**(s) 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 reporting date, and any adjustment to tax payable in respect of previous years.

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**4 Common control transactions and acquisitions**

*Common control transactions*

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

On 2 February 2009, Sura Bangyikhan Co., Ltd., and another two subsidiaries of the Company acquired the entire 5,000 ordinary issued shares of Maekhong Distillery Limited from existing equity holders at Baht 13 per share, amounting to Baht 65,000 and Beer Chang Co., Ltd., and another two subsidiaries of the Company acquired the entire 100,000 ordinary issued shares of Chang Beer International Co., Ltd., from the existing equity holders at Baht 39 per share, amounting to Baht 3.9 million. Both acquired companies incurred immaterial business transactions in 2008, the consolidated financial statements have not been revised as if the acquisition had taken place at the beginning of 2008. The consolidated balance sheet as at 31 December 2008 has been restated to include the assets and liabilities at their carrying values. The difference between the consideration to be paid by the Company for the acquisition and the carrying amount of the net identifiable assets is included in "Difference arising from common control transactions".

*Acquisitions*

On 16 November 2009, International Beverage Holdings (China) Limited, the Company's indirect subsidiary, acquired the entire ordinary shares of Yunnan Yulinquan Liquor Co., Ltd. from Best Spirits (China) Co., Ltd. for a cash consideration of USD 10.10 million. Due to the fair value of the identifiable net assets of Yunnan Yulinquan Liquor Co., Ltd. using estimated amounts, the Company accounted for a business combination provisionally. However, the Company will adjust the provisional amounts whenever the initial accounting is complete, within 12 months from the acquisition date.



## Thai Beverage Public Company Limited and its Subsidiaries

### Notes to the financial statements

For the years ended 31 December 2010 and 2009

Subsequently, in 2010 the Company reduced goodwill on acquisition in the amount of Baht 67.5 million due to increase in the fair value of the identifiable net assets of Yunnan Yulinquan Liquor Co., Ltd.. The acquiree's net assets at the acquisition date comprised the followings:

	2010 Adjusted to fair value	2009 Recognised value at the acquisition date
	<i>(in million Baht)</i>	
Cash and cash equivalents	10	10
Trade accounts receivable	37	37
Inventories	154	154
Property, plant and equipment	163	154
Intangible assets	171	117
Other assets	25	21
Trade accounts payable	(17)	(17)
Short-term loan	(120)	(120)
Other liabilities	(147)	(147)
<b>Net identifiable assets and liabilities</b>	<b>276</b>	<b>209</b>
Goodwill on acquisition	61	128
Consideration paid	337	337
Cash paid	110	110
Net cash outflow	447	447

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### 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 other than direct subsidiaries, indirect subsidiaries, subsidiaries of indirect subsidiaries and associates of indirect subsidiaries (as presented in note 1) were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
1. Thai Alcohol PCL.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
2. Sint Ek Panich Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
3. Banglen Agriculture Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
4. Pisetkij Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
5. The Maewang Sugar Industry Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
6. The Chonburi Sugar Corp. Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
7. The Utaradit Sugar Industry Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
8. The Suphanburi Sugar Industry Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
9. The Southeast Insurance Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
10. The Southeast Life Insurance Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
11. Southeast Capital Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
12. T.C.C. Technology Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
13. Thai Glass Industries PCL.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
14. Bang-Na Glass Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
15. TCC Hotel Collection Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
16. Terragro Fertilizer Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
17. Permkha Commercial Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
18. BJC Industrial and Trading Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
19. North Park Real Estate Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
20. TCC PD 11 Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

Name of entities	Country of incorporation/ nationality	Nature of relationships
21. Thippatana Arcade Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
22. Siam Food Products PCL.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
23. BJC Healthcare Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
24. Wattanapat Trading Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
25. Silvercord Capital (Singapore) Limited	Singapore	Directors and controlling equity holders hold substantial shares indirectly
26. Plantheon Trading Co., Ltd.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
27. New Noble Property and Loan Fund	Thailand	Directors and controlling equity holders are the principal unit holder of this real estate investment fund
28. Dynamic Assets Property and Loan Fund	Thailand	Directors and controlling equity holders are the principal unit holder of this real estate investment fund
29. Best Fortune Property and Loan Fund	Thailand	Directors and controlling equity holders are the principal unit holder of this real estate investment fund
30. Regent Gold Property Fund	Thailand	Directors and controlling equity holders are the principal unit holder of this real estate investment fund
31. Plaza Athenee Hotel (Thailand) Co., Ltd.	Thailand	Directors and controlling equity holders are the directors and hold substantial shares indirectly
32. North Park Golf And Sports Club Co., Ltd.	Thailand	Directors and controlling equity holders are the directors and hold substantial shares indirectly
33. Berli Jucker PCL.	Thailand	Directors and controlling equity holders hold substantial shares indirectly
34. Thai Beverage Can Co., Ltd.	Thailand	Directors and controlling equity holders hold 50% shares
35. PS Recycle Co., Ltd.	Thailand	Directors and controlling equity holders are relatives of controlling person
36. T.C.C. International Limited	Hong Kong	Controlling equity holders hold substantial shares indirectly
37. Best wishes Co., Ltd.	Hong Kong	Controlling equity holders hold substantial shares indirectly

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

Transactions	Pricing policies
Sale of goods	Agreed prices which approximate market prices
Rendering of services	Contractual prices
Purchase of goods/raw materials	Agreed prices which approximate market prices
Receiving of services	Contractual prices
Purchase and sale of property, plant and equipment	Contractual prices
Purchase and sale of investments	Contractual prices
Interest income and interest expense	Rate as mutually agreed by equity holders with reference interest rates quoted by financial institutions

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

Significant transactions for the years ended 31 December 2010 and 2009 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Subsidiaries</b>				
Management fees	-	-	2,903	2,595
Cost of rendering of services	-	-	124	125
Interest income	-	-	252	347
Interest expense	-	-	728	704
Dividends	-	-	8,290	8,237
Other income	-	-	1	3
Administrative expenses	-	-	3	2
Purchases of investments	-	-	2	43
Increase in share capital in subsidiaries	-	-	-	2,886
<b>Associates</b>				
Share of profit of associates, net of income tax	10	11	-	-
<b>Other related parties</b>				
Sales of goods	930	1,198	-	-
Purchases of raw materials and packaging	6,924	4,863	-	-
Overhead costs	217	187	-	-
Rendering of services	42	13	-	-
Cost of rendering of services	-	-	109	113
Other income	27	39	7	6
Administrative expenses	477	432	2	2
Sales of equipment	2	6	-	-
Purchases of plant and equipment	15	8	-	1
Directors' remuneration	316	283	295	266

Balances as at 31 December 2010 and 2009 with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Other related companies</b>				
The Utaradit Sugar Industry Co., Ltd.	11	-	-	-
PS Recycle Co., Ltd.	4	22	-	-
O.G.T. Co., Ltd.	-	96	-	-
Thai Alcohol PCL.	-	18	-	-
Others	6	8	-	-
<b>Total</b>	<b>21</b>	<b>144</b>	<b>-</b>	<b>-</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

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

	Consolidated financial statements						Separate financial statements					
	Short-term loans to	2010 Other receivables	Total	Short-term loans to	2009 Other receivables	Total	Short-term loans to	2010 Other receivables	Total	Short-term loans to	2009 Other receivables	Total
<i>Subsidiaries</i>												
Beer Thai (1991) PCL.	-	-	-	-	-	-	537	18	555	1,709	39	1,748
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	-	-	-	-	17	17	-	12	12
Cosmos Brewery (Thailand) Co., Ltd.	-	-	-	-	-	-	-	5	5	-	5	5
Sangsom Co., Ltd.	-	-	-	-	-	-	-	6	6	-	5	5
Fuengfuanant Co., Ltd.	-	-	-	-	-	-	-	3	3	-	2	2
Mongkolsamai Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Thanapakdi Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Kanchanasingkorn Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Sura Bangyikhan Co., Ltd.	-	-	-	-	-	-	-	21	21	-	14	14
Athimart Co., Ltd.	-	-	-	-	-	-	-	5	5	-	3	3
S.S. Karnsura Co., Ltd.	-	-	-	-	-	-	-	4	4	-	3	3
Kankwan Co., Ltd.	-	-	-	-	-	-	-	5	5	-	4	4
Theparunothai Co., Ltd.	-	-	-	-	-	-	-	4	4	-	4	4
Red Bull Distillery (1988) Co., Ltd.	-	-	-	-	-	-	592	19	611	6	14	20
United Winery and Distillery Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Simathurakij Co., Ltd.	-	-	-	-	-	-	-	2	2	194	2	196
Nateechai Co., Ltd.	-	-	-	-	-	-	-	3	3	-	2	2
Luckchai Liquor Trading Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Sura Piset Phatra Lanna Co., Ltd.	-	-	-	-	-	-	7	-	7	-	-	-
Pomthip Co., Ltd.	-	-	-	-	-	-	279	11	290	190	11	201
Pomkit Co., Ltd.	-	-	-	-	-	-	-	5	5	-	7	7
Pomkung Co., Ltd.	-	-	-	-	-	-	-	5	5	-	5	5
Pomchok Co., Ltd.	-	-	-	-	-	-	-	5	5	-	5	5
Pomcharoen Co., Ltd.	-	-	-	-	-	-	-	4	4	-	4	4
Pomburapa Co., Ltd.	-	-	-	-	-	-	-	5	5	-	5	5
Pompalang Co., Ltd.	-	-	-	-	-	-	13	4	17	25	4	29
Pomnakorn Co., Ltd.	-	-	-	-	-	-	-	4	4	-	5	5
Num Yuk Co., Ltd.	-	-	-	-	-	-	30	22	52	154	19	173

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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*Short-term loans to and other receivables from related parties*

	Consolidated financial statements						Separate financial statements					
	Short-term loans to	2010 Other receivables	Total	Short-term loans to	2009 Other receivables	Total	Short-term loans to	2010 Other receivables	Total	Short-term loans to	2009 Other receivables	Total
<i>Subsidiaries (continued)</i>												
Num Kijjakarn Co., Ltd.	-	-	-	-	-	-	-	19	19	-	15	15
Num Palang Co., Ltd.	-	-	-	-	-	-	-	8	8	-	7	7
Num Muang Co., Ltd.	-	-	-	-	-	-	-	12	12	-	10	10
Num Nakorn Co., Ltd.	-	-	-	-	-	-	-	8	8	-	6	6
Num Thurakij Co., Ltd.	-	-	-	-	-	-	-	10	10	-	7	7
Numrungrad Co., Ltd.	-	-	-	-	-	-	-	15	15	-	13	13
Numthip Co., Ltd.	-	-	-	-	-	-	-	9	9	-	7	7
Thipchalothorn Co., Ltd.	-	-	-	-	-	-	-	22	22	-	45	45
Krittayabun Co., Ltd.	-	-	-	-	-	-	-	29	29	-	39	39
Surathip Co., Ltd.	-	-	-	-	-	-	-	25	25	-	16	16
Sunthronpirom Co., Ltd.	-	-	-	-	-	-	-	25	25	-	2	2
Piromsurang Co., Ltd.	-	-	-	-	-	-	-	11	11	-	2	2
Wrangyer Beverage (2008) Co., Ltd.	-	-	-	-	-	-	-	1	1	-	1	1
Dhanasindhi Co., Ltd.	-	-	-	-	-	-	5	-	5	-	-	-
Thai Beverage Recycle Co., Ltd.	-	-	-	-	-	-	281	2	283	315	1	316
Thai Beverage Logistics Co., Ltd.	-	-	-	-	-	-	182	2	184	-	-	-
Dhospaak Co., Ltd.	-	-	-	-	-	-	48	-	48	40	-	40
Thai Beverage Brands Co., Ltd.	-	-	-	-	-	-	3	-	3	3	-	3
Thai Drinks Co., Ltd.	-	-	-	-	-	-	-	-	-	6	-	6
<b>Total subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,977</b>	<b>380</b>	<b>2,357</b>	<b>2,642</b>	<b>350</b>	<b>2,992</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
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*Short-term loans to and other receivables from related parties*

	Consolidated financial statements						Separate financial statements					
	Short-term loans to	2010 Other receivables	Total	Short-term loans to	2009 Other receivables	Total	Short-term loans to	2010 Other receivables	Total	Short-term loans to	2009 Other receivables	Total
	<i>(in million Baht)</i>											
<b>Related companies</b>												
Plantheon Trading Co., Ltd.	-	759	759	-	392	392	-	-	-	-	-	-
T.C.C. Technology Co., Ltd.	-	14	14	-	3	3	-	14	14	-	3	3
Best Fortune Property and Loan Fund	-	9	9	-	9	9	-	-	-	-	-	-
New Noble Property And Loan Fund	-	4	4	-	4	4	-	-	-	-	-	-
The Utaradit Sugar Industry Co., Ltd.	-	3	3	-	33	33	-	-	-	-	-	-
The Suphanburi Sugar Industry Co., Ltd.	-	-	-	-	38	38	-	-	-	-	-	-
The Maewang Sugar Industry Co., Ltd.	-	-	-	-	17	17	-	-	-	-	-	-
Thai Alcohol PCL.	-	-	-	-	3	3	-	-	-	-	-	-
Others	-	2	2	-	5	5	-	-	-	-	-	-
<b>Total related companies</b>	<b>-</b>	<b>791</b>	<b>791</b>	<b>-</b>	<b>504</b>	<b>504</b>	<b>-</b>	<b>14</b>	<b>14</b>	<b>-</b>	<b>3</b>	<b>3</b>
<b>Total</b>	<b>-</b>	<b>791</b>	<b>791</b>	<b>-</b>	<b>504</b>	<b>504</b>	<b>1,977</b>	<b>394</b>	<b>2,371</b>	<b>2,642</b>	<b>353</b>	<b>2,995</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
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**For the years ended 31 December 2010 and 2009**

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

	Consolidated financial statements						Separate financial statements					
	2010 Long-term loans to	2010 Other receivables	Total	2009 Long-term loans to	2009 Other receivables	Total	2010 Long-term loans to	2010 Other receivables	Total	2009 Long-term loans to	2009 Other receivables	Total
	<i>(in million Baht)</i>											
<b>Subsidiaries</b>												
Beer Thai (1991) PCL.	-	-	-	-	-	-	1,605	-	1,605	2,500	-	2,500
Red Bull Distillery (1988) Co., Ltd.	-	-	-	-	-	-	192	-	192	637	-	637
Num Yuk Co., Ltd.	-	-	-	-	-	-	-	-	-	111	-	111
Wrangyer Beverage (2008) Co., Ltd.	-	-	-	-	-	-	165	-	165	199	-	199
Thai Beverage Recycle Co., Ltd.	-	-	-	-	-	-	20	-	20	-	-	-
Pompalang Co., Ltd.	-	-	-	-	-	-	113	-	113	-	-	-
Thai Beverage Logistics Co., Ltd.	-	-	-	-	-	-	395	-	395	-	-	-
Thai Beverage Brands Co., Ltd.	-	-	-	-	-	-	9	-	9	8	-	8
<b>Total subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,499</b>	<b>-</b>	<b>2,499</b>	<b>3,455</b>	<b>-</b>	<b>3,455</b>
<b>Related companies</b>												
North Park Real Estate Co., Ltd.	-	29	29	-	29	29	-	3	3	-	3	3
TCC PD 11 Co., Ltd.	-	3	3	-	3	3	-	-	-	-	-	-
T.C.C. Technology Co., Ltd.	-	-	-	-	9	9	-	-	-	-	8	8
Others	-	7	7	-	11	11	-	-	-	-	-	-
<b>Total related companies</b>	<b>-</b>	<b>39</b>	<b>39</b>	<b>-</b>	<b>52</b>	<b>52</b>	<b>-</b>	<b>3</b>	<b>3</b>	<b>-</b>	<b>11</b>	<b>11</b>
<b>Total</b>	<b>-</b>	<b>39</b>	<b>39</b>	<b>-</b>	<b>52</b>	<b>52</b>	<b>2,499</b>	<b>3</b>	<b>2,502</b>	<b>3,455</b>	<b>11</b>	<b>3,466</b>



# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

<i>Summary of loans to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Short-term loans	-	-	1,977	2,642
Long-term loans	-	-	2,499	3,455
<b>Total loans to related parties</b>	<b>-</b>	<b>-</b>	<b>4,476</b>	<b>6,097</b>

Movements during the years ended 31 December 2010 and 2009 of loans to related parties were as follows:

<i>Loans to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Short-term loans</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	2,642	3,336
Increase	-	-	877	842
Decrease	-	-	(1,542)	(1,536)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>1,977</b>	<b>2,642</b>
<b>Long-term loans</b>				
<b>Subsidiaries</b>				
At 1 January	-	-	3,455	5,578
Increase	-	-	529	-
Decrease	-	-	(1,485)	(2,123)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>2,499</b>	<b>3,455</b>

Loans to and other receivables from related parties of the Group and the Company as at 31 December 2010 and 2009 were denominated entirely in Thai Baht and other functional currencies of foreign subsidiaries.

<i>Trade accounts payable to related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Other related companies</b>				
Berli Jucker PCL.	792	718	-	-
Thai Beverage Can Ltd.	85	85	-	-
Plantheon Trading Co., Ltd.	63	21	-	-
Pisetkij Co., Ltd.	22	29	-	-
PS Recycle Co., Ltd.	20	23	-	-
Others	8	14	-	-
<b>Total</b>	<b>990</b>	<b>890</b>	<b>-</b>	<b>-</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

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

	Consolidated financial statements						Separate financial statements					
	Short-term loans from	2010 Other payables	Total	Short-term loans from	2009 Other payables	Total	Short-term loans from	2010 Other payables	Total	Short-term loans from	2009 Other payables	Total
<i>Subsidiaries</i>												
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	-	-	-	82	15	97	-	16	16
Sangsom Co., Ltd.	-	-	-	-	-	-	626	6	632	135	11	146
Fuengfuanant Co., Ltd.	-	-	-	-	-	-	90	1	91	225	2	227
Mongkolsamai Co., Ltd.	-	-	-	-	-	-	-	1	1	51	1	52
Thanapakdi Co., Ltd.	-	-	-	-	-	-	63	1	64	53	1	54
Kanchanasingkorn Co., Ltd.	-	-	-	-	-	-	-	1	1	334	2	336
Sura Piset Thipparat Co., Ltd.	-	-	-	-	-	-	61	-	61	-	-	-
Sura Bangyikhan Co., Ltd.	-	-	-	-	-	-	-	-	-	340	-	340
Athimart Co., Ltd.	-	-	-	-	-	-	432	1	433	496	2	498
S.S. Karnsura Co., Ltd.	-	-	-	-	-	-	22	1	23	340	2	342
Kankwan Co., Ltd.	-	-	-	-	-	-	322	2	324	400	2	402
Theparunothai Co., Ltd.	-	-	-	-	-	-	-	1	1	289	1	290
United Winery and Distillery Co., Ltd.	-	-	-	-	-	-	-	-	-	114	1	115
Simathurakij Co., Ltd.	-	-	-	-	-	-	39	2	41	-	-	-
Nateechai Co., Ltd.	-	-	-	-	-	-	194	1	195	168	1	169
Luckchai Liquor Trading Co., Ltd.	-	-	-	-	-	-	75	-	75	13	1	14
Pomkit Co., Ltd.	-	-	-	-	-	-	188	1	189	84	1	85
Pomkung Co., Ltd.	-	-	-	-	-	-	113	1	114	-	1	1
Pomchok Co., Ltd.	-	-	-	-	-	-	-	1	1	20	1	21
Pomcharoen Co., Ltd.	-	-	-	-	-	-	65	-	65	45	-	45
Pomburapa Co., Ltd.	-	-	-	-	-	-	133	1	134	10	1	11
Pompalang Co., Ltd.	-	-	-	-	-	-	-	1	1	-	-	-
Pomnakorn Co., Ltd.	-	-	-	-	-	-	-	-	-	43	-	43
Num Kijjakarn Co., Ltd.	-	-	-	-	-	-	429	5	434	691	5	696
Num Palang Co., Ltd.	-	-	-	-	-	-	193	1	194	212	1	213
Num Muang Co., Ltd.	-	-	-	-	-	-	392	2	394	324	2	326
Num Nakorn Co., Ltd.	-	-	-	-	-	-	235	1	236	55	1	56
Num Thurakij Co., Ltd.	-	-	-	-	-	-	143	2	145	298	2	300
Numrunrod Co., Ltd.	-	-	-	-	-	-	266	3	269	499	1	500
Numthip Co., Ltd.	-	-	-	-	-	-	223	1	224	190	1	191

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

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

	Consolidated financial statements						Separate financial statements					
	Short-term loans from	2010 Other payables	Total	Short-term loans from	2009 Other payables	Total	Short-term loans from	2010 Other payables	Total	Short-term loans from	2009 Other payables	Total
<i>Subsidiaries (continued)</i>												
Thipchalothorn Co., Ltd.	-	-	-	-	-	-	133	1	134	615	1	616
Krittayabun Co., Ltd.	-	-	-	-	-	-	-	1	1	284	1	285
Surathip Co., Ltd.	-	-	-	-	-	-	75	-	75	-	1	1
Sunthronpirom Co., Ltd.	-	-	-	-	-	-	85	1	86	55	2	57
Piromsurang Co., Ltd.	-	-	-	-	-	-	-	1	1	46	1	47
Thai Beverage Energy Co., Ltd.	-	-	-	-	-	-	152	1	153	83	-	83
Thai Molasses Co., Ltd.	-	-	-	-	-	-	127	-	127	132	1	133
Thai Cooperage Co., Ltd.	-	-	-	-	-	-	1	-	1	4	-	4
Feed Addition Co., Ltd.	-	-	-	-	-	-	29	-	29	28	-	28
Pan International (Thailand) Co., Ltd.	-	-	-	-	-	-	14	-	14	5	1	6
Charun Business 52 Co., Ltd.	-	-	-	-	-	-	8	-	8	7	-	7
Thai Beverage Logistics Co., Ltd.	-	-	-	-	-	-	-	1	1	138	-	138
Thai Beverage Marketing Co., Ltd.	-	-	-	-	-	-	663	1	664	405	1	406
Dhanasindhi Co., Ltd.	-	-	-	-	-	-	-	-	-	14	-	14
Dhospaak Co., Ltd.	-	-	-	-	-	-	-	44	44	-	42	42
Thai Beverage Training Co., Ltd.	-	-	-	-	-	-	17	-	17	-	-	-
Cosmos Brewery (Thailand) Co., Ltd.	-	-	-	-	-	-	210	3	213	14	2	16
Beer Chang Co., Ltd.	-	-	-	-	-	-	7	1	8	-	1	1
Thai Drinks Co., Ltd.	-	-	-	-	-	-	48	2	50	-	-	-
<b>Total subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,955</b>	<b>110</b>	<b>6,065</b>	<b>7,259</b>	<b>114</b>	<b>7,373</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

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

	Consolidated financial statements					Separate financial statements						
	Short-term loans from	2010 Other payables	Total	Short-term loans from	2009 Other payables	Total	Short-term loans from	2010 Other payables	Total	Short-term loans from	2009 Other payables	Total
	<i>(in million Baht)</i>											
<b>Related companies</b>												
Thai Alcohol PCL.	-	86	86	-	83	83	-	-	-	-	-	-
Plaza Athenee Hotel (Thailand) Co., Ltd.	-	17	17	-	16	16	-	4	4	-	3	3
Southeast Capital Co., Ltd.	-	14	14	-	14	14	-	3	3	-	2	2
The Southeast Insurance Co., Ltd.	-	12	12	-	4	4	-	-	-	-	-	-
T.C.C. Technology Co., Ltd.	-	10	10	-	11	11	-	10	10	-	10	10
BJC Industrial and Trading Co., Ltd.	-	7	7	-	6	6	-	-	-	-	-	-
Others	-	17	17	-	20	20	-	1	1	-	3	3
<b>Total related companies</b>	-	<b>163</b>	<b>163</b>	-	<b>154</b>	<b>154</b>	-	<b>18</b>	<b>18</b>	-	<b>18</b>	<b>18</b>
<b>Total</b>	-	<b>163</b>	<b>163</b>	-	<b>154</b>	<b>154</b>	<b>5,955</b>	<b>128</b>	<b>6,083</b>	<b>7,259</b>	<b>132</b>	<b>7,391</b>

Short-term loans from and other payables to related parties of the Group and the Company as at 31 December 2010 and 2009 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 2010 and 2009**

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

	Consolidated financial statements					Separate financial statements						
	2010	2010		2009	2009	2010	2010	2009	2009	2009	2009	
	Long-term	Other	Total	Long-term	Other	Long-term	Other	Long-term	Other	Long-term	Other	Total
	loans from	payables		loans from	payables	loans from	payables	loans from	payables	loans from	payables	Total
	<i>(in million Baht)</i>											
<b>Subsidiaries</b>												
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	-	-	-	3,564	-	3,564	3,865	-	3,865
Sangsom Co., Ltd.	-	-	-	-	-	-	-	-	-	216	-	216
Fuengfuanant Co., Ltd.	-	-	-	-	-	-	151	-	151	255	-	255
Thanapakdi Co., Ltd.	-	-	-	-	-	-	176	-	176	149	-	149
Mongkolsamai Co., Ltd.	-	-	-	-	-	-	241	-	241	270	-	270
Kanchanasing Korn Co., Ltd.	-	-	-	-	-	-	219	-	219	230	-	230
S.S. Karnsura Co., Ltd.	-	-	-	-	-	-	155	-	155	120	-	120
Kankwan Co., Ltd.	-	-	-	-	-	-	90	-	90	165	-	165
Theparunothai Co., Ltd.	-	-	-	-	-	-	241	-	241	163	-	163
United Winery and Distillery Co., Ltd.	-	-	-	-	-	-	176	-	176	175	-	175
Simathurakij Co., Ltd.	-	-	-	-	-	-	401	-	401	-	-	-
Luckchai Liquor Trading Co., Ltd.	-	-	-	-	-	-	-	-	-	115	-	115
Pomkit Co., Ltd.	-	-	-	-	-	-	195	-	195	195	-	195
Pomkung Co., Ltd.	-	-	-	-	-	-	20	-	20	88	-	88
Pomchok Co., Ltd.	-	-	-	-	-	-	330	-	330	294	-	294
Pomburapa Co., Ltd.	-	-	-	-	-	-	221	-	221	296	-	296
Pomnakorn Co., Ltd.	-	-	-	-	-	-	92	-	92	-	-	-
Num Thurakij Co., Ltd.	-	-	-	-	-	-	286	-	286	135	-	135
Num Muang Co., Ltd.	-	-	-	-	-	-	235	-	235	155	-	155
Num Nakorn Co., Ltd.	-	-	-	-	-	-	168	-	168	280	-	280
Num Kijjakarn Co., Ltd.	-	-	-	-	-	-	947	-	947	722	-	722
Num Palang Co., Ltd.	-	-	-	-	-	-	-	-	-	15	-	15
Numrungsrod Co., Ltd.	-	-	-	-	-	-	490	-	490	-	-	-
Numthip Co., Ltd.	-	-	-	-	-	-	64	-	64	-	-	-

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

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

	Consolidated financial statements						Separate financial statements					
	2010			2009			2010			2009		
	Long-term loans from	Other payables	Total	Long-term loans from	Other payables	Total	Long-term loans from	Other payables	Total	Long-term loans from	Other payables	Total
	<i>(in million Baht)</i>											
<b>Subsidiaries (continued)</b>												
Thipchalothorn Co., Ltd.	-	-	-	-	-	-	140	-	140	-	-	-
Krittayabun Co., Ltd.	-	-	-	-	-	-	145	-	145	208	-	208
Surathip Co., Ltd.	-	-	-	-	-	-	149	-	149	230	-	230
Sunthronpirom Co., Ltd.	-	-	-	-	-	-	411	-	411	361	-	361
Piromsurang Co., Ltd.	-	-	-	-	-	-	162	-	162	197	-	197
Thai Molasses Co., Ltd.	-	-	-	-	-	-	80	-	80	22	-	22
Feed Addition Co., Ltd.	-	-	-	-	-	-	10	-	10	10	-	10
Pan International (Thailand) Co., Ltd.	-	-	-	-	-	-	23	-	23	25	-	25
Charun Business 52 Co., Ltd.	-	-	-	-	-	-	28	-	28	25	-	25
Thai Cooperage Co., Ltd.	-	-	-	-	-	-	58	-	58	57	-	57
Cosmos Brewery (Thailand) Co., Ltd.	-	-	-	-	-	-	471	-	471	461	-	461
Beer Chang Co., Ltd.	-	-	-	-	-	-	195	-	195	172	-	172
Archa Beer Co., Ltd.	-	-	-	-	-	-	69	-	69	72	-	72
<b>Total subsidiaries</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,403</b>	<b>-</b>	<b>10,403</b>	<b>9,743</b>	<b>-</b>	<b>9,743</b>
<b>Related company</b>												
Southeast Capital Co., Ltd.	-	-	-	-	1	1	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>10,403</b>	<b>-</b>	<b>10,403</b>	<b>9,743</b>	<b>-</b>	<b>9,743</b>

Long-term loans from and other payables to related parties of the Group and the Company as at 31 December 2010 and 2009 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 2010 and 2009

<i>Summary of loans from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Short-term loans	-	-	5,955	7,259
Long-term loans	-	-	10,403	9,743
<b>Total loans from related parties</b>	<b>-</b>	<b>-</b>	<b>16,358</b>	<b>17,002</b>

Movements during the years ended 31 December 2010 and 2009 of loans from related parties were as follows:

<i>Loans from related parties</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Short-term loans Subsidiaries</b>				
At 1 January	-	-	7,259	3,803
Increase	-	-	2,123	4,333
Decrease	-	-	(3,427)	(877)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>5,955</b>	<b>7,259</b>
<b>Long-term loans Subsidiaries</b>				
At 1 January	-	-	9,743	8,725
Increase	-	-	1,965	2,190
Decrease	-	-	(1,305)	(1,172)
<b>At 31 December</b>	<b>-</b>	<b>-</b>	<b>10,403</b>	<b>9,743</b>

### *Significant agreements with related parties*

#### *Supporting service agreements*

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

With effect from 1 January 2007, the supporting service fee rate was adjusted to 1% of the principal revenue. Service fee rate was adjusted for development of new product, experiment and quality test, analysis, research and marketing survey for new products and procurement of information.

#### *Application service provisioning agreement*

The Company entered into the application service provisioning agreement with T.C.C. Technology Co., Ltd., a related party, for the provision of ongoing support and maintenance of the systems and infrastructure and is committed to pay system, hardware and software rental fee and service fee on a monthly basis throughout the contract period for five years, effective from 31 May 2006, under the fees and conditions stated in the contract. Subsequently, the Company entered into additional agreements, based on the number of users, ended 31 July 2012.

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

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

**For the years ended 31 December 2010 and 2009**

#### *Procurement agreement*

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

#### *Molasses purchase agreements*

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

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

Thai Beverage Recycle Co., Ltd., the Company's subsidiary, entered into the glass bottle purchase and sale agreement with Berli Jucker PCL., a related party, to purchase various types of new glass bottles in order to sell to other subsidiaries within the Group for a period of two years and eight months, effective from 1 May 2007 to 31 December 2009, under the prices and conditions stated in the contract.

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

#### *License agreements*

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

#### *Sales Distributor Agreements*

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



# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### *Biogas purchase and sale agreement*

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

### *Commitments with related parties*

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b><i>Non-cancellable operating lease commitments</i></b>				
Within one year	216	218	43	36
After one year but within five years	316	306	55	48
After five years	-	4	-	-
<b>Total</b>	<b>532</b>	<b>528</b>	<b>98</b>	<b>84</b>
<b><i>Other commitments</i></b>				
Purchase molasses	1,613	1,056	-	-
Sale molasses	171	-	-	-
Application service provisioning agreement	27	79	27	79
Brewing supervision agreement	26	27	-	-
Other agreements	9	11	33	40
<b>Total</b>	<b>1,846</b>	<b>1,173</b>	<b>60</b>	<b>119</b>

## 6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Cash on hand	47	68	-	-
Cash at banks - current accounts	822	781	1	1
Cash at banks - saving accounts	1,387	1,678	22	128
Highly liquid short-term investments	1,103	63	-	-
<b>Total</b>	<b>3,359</b>	<b>2,590</b>	<b>23</b>	<b>129</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

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

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	3,057	2,490	23	129
Hong Kong Dollars (HKD)	273	-	-	-
United States Dollars (USD)	28	69	-	-
Others	1	31	-	-
<b>Total</b>	<b>3,359</b>	<b>2,590</b>	<b>23</b>	<b>129</b>

**7 Other investments**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b><i>Current investments</i></b>				
Short-term deposits at financial institutions	1	4	-	-
	<b>1</b>	<b>4</b>	<b>-</b>	<b>-</b>
<b><i>Other long-term investments</i></b>				
Investment in government bonds	12	9	-	-
Other non marketable equity securities	6	6	-	-
Less allowance for decline in value of investments	(4)	(4)	-	-
	<b>14</b>	<b>11</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>15</b>	<b>15</b>	<b>-</b>	<b>-</b>

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

Other investments of the Group as at 31 December 2010 and 2009 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 2010 and 2009**

**8 Trade accounts receivable**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2010	2009	2010	2009
		<i>(in million Baht)</i>			
Related parties	5	21	144	-	-
Other parties		1,937	2,089	-	-
		<u>1,958</u>	<u>2,233</u>	<u>-</u>	<u>-</u>
<i>Less</i> allowance for doubtful accounts		<u>(36)</u>	<u>(183)</u>	<u>-</u>	<u>-</u>
<b>Net</b>		<b><u>1,922</u></b>	<b><u>2,050</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
Bad debts and (reversal of) doubtful debts expense for the year		<u>(3)</u>	<u>41</u>	<u>-</u>	<u>-</u>

Aging analyses for trade accounts receivable were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Related parties</b>				
Within credit terms	21	97	-	-
Overdue:				
Less than 3 months	-	35	-	-
6-12 months	-	12	-	-
	<u>21</u>	<u>144</u>	<u>-</u>	<u>-</u>
<b>Other parties</b>				
Within credit terms	1,750	1,887	-	-
Overdue:				
Less than 3 months	158	49	-	-
3-6 months	7	1	-	-
6-12 months	10	7	-	-
Over 12 months	12	145	-	-
	<u>1,937</u>	<u>2,089</u>	<u>-</u>	<u>-</u>
<i>Less</i> allowance for doubtful accounts	<u>(36)</u>	<u>(183)</u>	<u>-</u>	<u>-</u>
<b>Net</b>	<b><u>1,901</u></b>	<b><u>1,906</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
	<b><u>1,922</u></b>	<b><u>2,050</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 2010 and 2009

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

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	1,919	2,049	-	-
United States Dollars (USD)	3	1	-	-
<b>Total</b>	<b>1,922</b>	<b>2,050</b>	<b>-</b>	<b>-</b>

### 9 Inventories

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Finished goods	10,017	10,678	-	-
Maturing spirits	9,028	9,237	-	-
Work in progress	3,867	3,162	-	-
Raw materials	2,548	1,835	-	-
Packaging materials	823	736	-	-
Spare parts	428	432	-	-
Others	608	377	-	-
	27,319	26,457	-	-
<i>Less</i> allowance for decline in value	(173)	(263)	-	-
<b>Net</b>	<b>27,146</b>	<b>26,194</b>	<b>-</b>	<b>-</b>

The cost of inventories which is recognised as an expense and included in 'cost of sale of goods' for the year ended 31 December 2010 amounted to Baht 87,176 million (2009: Baht 76,267 million).

### 10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Prepaid excise tax	743	774	-	-
Refundable VAT	367	442	5	6
Refundable excise tax	231	324	-	-
Prepaid expenses	189	171	10	5
Deposits	109	152	-	-
Others	340	296	4	2
	1,979	2,159	19	13
<i>Less</i> allowance for doubtful accounts	(8)	(10)	-	-
<b>Net</b>	<b>1,971</b>	<b>2,149</b>	<b>19</b>	<b>13</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	1,970	2,146	19	13
Others	1	3	-	-
<b>Total</b>	<b><u>1,971</u></b>	<b><u>2,149</u></b>	<b><u>19</u></b>	<b><u>13</u></b>

**11 Investments in subsidiaries**

	<b>Separate financial statements</b>	
	2010	2009
	<i>(in million Baht)</i>	
At 1 January	80,091	77,162
Acquisitions	2	43
Increase in share capital in subsidiaries	-	2,886
Disposals	(46)	-
<b>At 31 December</b>	<b><u>80,047</u></b>	<b><u>80,091</u></b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

Investments in subsidiaries as at 31 December 2010 and 2009, and dividend income from those investments for the years then ended were as follows:

	<b>Separate financial statements</b>							
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2010	2009	2010	2009	2010	2009	2010	2009
	(%)		(in million Baht)					
<b>Subsidiaries</b>								
Beer Thai (1991) PCL.	100.00	100.00	5,550	5,550	12,500	12,500	-	-
Beer Thip Brewery (1991) Co., Ltd.	100.00	100.00	6,600	6,600	12,500	12,500	541	541
Sangsom Co., Ltd.	100.00	100.00	7,500	7,500	7,500	7,500	135	-
Fuengfuanant Co., Ltd.	100.00	100.00	900	900	900	900	87	62
Mongkolsamai Co., Ltd.	100.00	100.00	700	700	691	691	10	-
Thanapakdi Co., Ltd.	100.00	100.00	700	700	697	697	-	-
Kanchanasingkorn Co., Ltd.	100.00	100.00	700	700	700	700	48	57
Sura Bangyikhan Co., Ltd.	100.00	100.00	4,000	4,000	4,000	4,000	968	764
Athimart Co., Ltd.	100.00	100.00	900	900	900	900	104	121
S.S. Karnsura Co., Ltd.	100.00	100.00	800	800	800	800	142	102
Kankwan Co., Ltd.	100.00	100.00	800	800	800	800	158	166
Theparunothai Co., Ltd.	100.00	100.00	700	700	700	700	121	106
Red Bull Distillery (1988) Co., Ltd.	100.00	100.00	5,000	5,000	5,000	5,000	395	215
United Winery and Distillery Co., Ltd.	100.00	100.00	1,800	1,800	1,800	1,800	95	76
Simathurakij Co., Ltd.	100.00	100.00	900	900	888	888	124	49
Nateechai Co., Ltd.	100.00	100.00	800	800	800	800	62	72
Luckchai Liquor Trading Co., Ltd.	100.00	100.00	800	800	766	766	26	57
Sura Piset Thipparat Co., Ltd.	100.00	100.00	1,000	1,000	1,010	1,010	-	-
Pomthip Co., Ltd.	100.00	100.00	10	10	10	10	11	104
Pomkit Co., Ltd.	100.00	100.00	10	10	10	10	34	-
Pomkung Co., Ltd.	100.00	100.00	10	10	10	10	-	122
Pomchok Co., Ltd.	100.00	100.00	10	10	10	10	91	177
Pomcharoen Co., Ltd.	100.00	100.00	10	10	10	10	19	21
Pomburapa Co., Ltd.	100.00	100.00	10	10	10	10	81	119
Pompalang Co., Ltd.	100.00	100.00	10	10	10	10	-	-
Pomnakorn Co., Ltd.	100.00	100.00	10	10	10	10	21	-

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

	<b>Separate financial statements</b>							
	Ownership interest		Paid-up capital		Cost method		Dividend income	
	2010	2009	2010	2009	2010	2009	2010	2009
	(%)		(in million Baht)					
<i>Subsidiaries (continued)</i>								
Num Yuk Co., Ltd.	100.00	100.00	10	10	10	10	364	369
Num Kijjakarn Co., Ltd.	100.00	100.00	10	10	10	10	681	1,046
Num Palang Co., Ltd.	100.00	100.00	10	10	10	10	129	302
Num Muang Co., Ltd.	100.00	100.00	10	10	10	10	354	430
Num Nakorn Co., Ltd.	100.00	100.00	10	10	10	10	212	244
Num Thurakij Co., Ltd.	100.00	100.00	10	10	10	10	291	341
Numrunrod Co., Ltd.	100.00	100.00	10	10	10	10	409	-
Numthip Co., Ltd.	100.00	100.00	10	10	10	10	171	-
Thipchalothorn Co., Ltd.	100.00	100.00	1	1	3	3	340	609
Krittayabun Co., Ltd.	100.00	100.00	5	5	27	27	375	406
Surathip Co., Ltd.	100.00	100.00	1	1	7	7	150	221
Sunthronpirom Co., Ltd.	100.00	100.00	5	5	25	25	209	140
Piromsurang Co., Ltd.	100.00	100.00	5	5	24	24	118	89
Thai Beverage Energy Co., Ltd.	100.00	100.00	860	860	864	864	-	-
Wrangyer Beverage (2008) Co., Ltd.	100.00	100.00	200	200	200	200	-	-
Thai Molasses Co., Ltd.	99.72	99.72	40	40	35	35	74	41
Feed Addition Co., Ltd.	100.00	100.00	1	1	32	32	28	54
Pan International (Thailand) Co., Ltd.	100.00	100.00	1	1	34	34	29	19
Charun Business 52 Co., Ltd.	100.00	100.00	122	122	84	84	-	-
Thai Cooperage Co., Ltd.	100.00	100.00	300	300	296	296	-	-
Thai Beverage Recycle Co., Ltd.	100.00	100.00	123	123	134	134	128	54
Thai Beverage Logistics Co., Ltd.	100.00	100.00	1,012	1,012	1,012	1,012	-	-
Thai Beverage Marketing Co., Ltd.	100.00	100.00	300	300	300	300	124	34
Dhanasindhi Co., Ltd.	100.00	100.00	20	20	24	24	29	52
Dhospaak Co., Ltd.	100.00	100.00	25	25	61	61	17	12
Thai Beverage Training Co., Ltd.	100.00	-	3	-	3	-	-	-
International Beverage Holdings Limited	100.00	100.00	7,863	7,863	7,863	7,863	-	-
Cosmos Brewery (Thailand) Co., Ltd.	100.00	100.00	1,667	1,667	4,139	4,139	22	-
Thai Beverage Brands Co., Ltd.	100.00	100.00	5	5	39	39	-	-
Beer Chang Co., Ltd.	100.00	100.00	1	1	4,318	4,318	119	124

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

	Ownership interest		Separate financial statements				Dividend income	
	2010	2009	Paid-up capital		Cost method		2010	2009
	(%)		2010	2009	2010	2009	(in million Baht)	
<i>Subsidiaries (continued)</i>								
Archa beer Co., Ltd.	100.00	100.00	1	1	130	130	44	22
Sura Piset Phatra Lanna Co., Ltd.	100.00	100.00	1,000	1,000	1,015	1,015	-	-
Oishi Group PCL.	89.26	89.93	375	375	6,206	6,253	600	698
Thai Drinks Co., Ltd.	100.00	100.00	60	60	60	60	-	-
<b>Total</b>			<b>54,306</b>	<b>54,303</b>	<b>80,047</b>	<b>80,091</b>	<b>8,290</b>	<b>8,238</b>



# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

Significant movements during the year ended 31 December 2010 of investment in subsidiaries were as follows:

- (a) The Executive Board of Directors' meeting held on 24 May 2010 unanimously approved in principle for 16 distilleries, the Company's subsidiaries, to purchase 23 Empty Bottle Inspection machines (E.B.I.) together with belt conveyor system, amounting to Baht 387 million. This project will be invested in 2010 and 2011 in the amount of Baht 132 million and Baht 255 million, respectively. Subsequently, all of the 16 distilleries had entered into the machine purchasing agreements with an overseas company in the amount of JPY 370 million.
- (b) The Executive Board of Directors' meeting held on 21 June 2010 unanimously approved in principle for SPM Foods and Beverages Company Limited, the Company's indirect subsidiary, to purchase the machine for beverage production, amounting to Baht 126 million. Subsequently, the aforementioned had entered into the machine purchasing agreement with a related company in the amount of Baht 16.25 million.
- (c) The Executive Board of Directors' meeting held on 27 July 2010 unanimously approved in principle for International Beverage Holdings (China) Limited, the Company's indirect subsidiary, to increase its authorised share capital amounting to HKD 17 million for an increase in the capital of Yunnan Yulinquan Liquor Co., Ltd., the subsidiary of the Company's indirect subsidiary, amounting to RMB 15 million. Subsequently, on 18 November 2010, International Beverage Holdings (China) Limited received payment for the aforementioned its share capital.
- (d) The Executive Board of Directors' meeting held on 23 August 2010 unanimously approved in principle for Yunnan Yulinquan Liquor Co., Ltd., the subsidiary of the Company's indirect subsidiary, to acquire loan from a local financial institution in Yunnan Province, People's Republic of China in the amount not exceeding RMB 85 million or 70% of appraisal value or total expenditures of production capacity of the expansion project, whichever is lower.
- (e) In 2010, International Beverage Holdings Limited USA, Inc., a subsidiary of the indirect subsidiary, increased its authorised share capital from USD 10.3 million to USD 11.8 million to fund its operations.

## 12 Investments in associates

	<b>Consolidated financial statements</b>	
	2010	2009
	<i>(in million Baht)</i>	
At 1 January	128	112
Share of profits of investments - equity method	11	11
Translation of financial statement differences	(16)	5
<b>At 31 December</b>	<b>123</b>	<b>128</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

Investments in associates as at 31 December 2010 and 2009, 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	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
<i>Associates</i>	(%)		(in million Baht)							
<i>Held by subsidiaries of indirect subsidiaries</i>										
Liquorland Limited	49.49	49.49	69	69	18	18	123	128	-	-
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>123</b>	<b>128</b>	<b>-</b>	<b>-</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

**13 Property, plant and equipment**

	<i>Land</i>			<b>Consolidated financial statements</b>							
	Cost	Surplus on land revaluation	Total	Land improvement	Building, buildings and leasehold improvements	Machinery and equipment	Oak barrels	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<i>(in million Baht)</i>											
<b>Cost/ revaluation</b>											
At 1 January 2009	7,867	4,263	12,130	1,449	17,470	42,738	2,719	860	2,614	753	80,733
Additions	21	-	21	2	156	565	8	133	254	1,340	2,479
Transfers	(37)	-	(37)	15	458	615	11	41	-	(1,103)	-
Disposals	-	-	-	(1)	(20)	(172)	(11)	(26)	(49)	-	(279)
Translation differences on consolidation	1	-	1	-	37	31	13	(1)	(1)	-	80
<b>At 31 December 2009 and 1 January 2010</b>	<b>7,852</b>	<b>4,263</b>	<b>12,115</b>	<b>1,465</b>	<b>18,101</b>	<b>43,777</b>	<b>2,740</b>	<b>1,007</b>	<b>2,818</b>	<b>990</b>	<b>83,013</b>
Additions	154	-	154	2	209	354	10	141	425	2,016	3,311
Transfers	-	-	-	26	1,135	486	-	(78)	-	(1,569)	-
Disposals	-	-	-	-	(22)	(192)	(6)	(38)	(93)	-	(351)
Translation differences on consolidation	(2)	-	(2)	(1)	(118)	(120)	(35)	(1)	(1)	(6)	(284)
<b>At 31 December 2010</b>	<b>8,004</b>	<b>4,263</b>	<b>12,267</b>	<b>1,492</b>	<b>19,305</b>	<b>44,305</b>	<b>2,709</b>	<b>1,031</b>	<b>3,149</b>	<b>1,431</b>	<b>85,689</b>

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
**For the years ended 31 December 2010 and 2009**

	<i>Land</i>			<b>Consolidated financial statements</b>							Total
	Cost	Surplus on land revaluation	Total	Land improvement	Building, buildings and leasehold improvements	Machinery and equipment <i>(in million Baht)</i>	Oak barrels	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	
<b>Depreciation and impairment losses</b>											
At 1 January 2009	-	-	-	645	7,166	28,671	1,588	592	2,490	3	41,155
Depreciation charge for the year	-	-	-	90	845	3,070	131	119	48	-	4,303
Transfers	-	-	-	-	-	(11)	11	1	(1)	-	-
Disposals	-	-	-	(1)	(16)	(143)	(5)	(22)	(43)	-	(230)
Effect of movement in exchange rates	-	-	-	-	13	20	7	-	(1)	-	39
<b>At 31 December 2009 and 1 January 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>734</b>	<b>8,008</b>	<b>31,607</b>	<b>1,732</b>	<b>690</b>	<b>2,493</b>	<b>3</b>	<b>45,267</b>
Depreciation charge for the year	-	-	-	90	901	3,105	129	121	79	-	4,425
Transfers	-	-	-	-	2	57	-	(58)	(1)	-	-
Disposals	-	-	-	-	(16)	(165)	(4)	(37)	(85)	(1)	(308)
Effect of movement in exchange rates	-	-	-	(1)	(48)	(68)	(21)	-	-	-	(138)
<b>At 31 December 2010</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>823</b>	<b>8,847</b>	<b>34,536</b>	<b>1,836</b>	<b>716</b>	<b>2,486</b>	<b>2</b>	<b>49,246</b>
<b>Net book value</b>											
<b>At 1 January 2009</b>											
Owned assets	7,867	4,263	12,130	804	10,304	14,064	1,131	268	120	750	39,571
Assets under finance leases	-	-	-	-	-	3	-	-	4	-	7
	<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>
<b>At 31 December 2009 and 1 January 2010</b>											
Owned assets	7,852	4,263	12,115	731	10,093	12,160	1,008	317	323	987	37,734
Assets under finance leases	-	-	-	-	-	10	-	-	2	-	12
	<b>7,852</b>	<b>4,263</b>	<b>12,115</b>	<b>731</b>	<b>10,093</b>	<b>12,170</b>	<b>1,008</b>	<b>317</b>	<b>325</b>	<b>987</b>	<b>37,746</b>
<b>At 31 December 2010</b>											
Owned assets	8,004	4,263	12,267	669	10,458	9,769	873	315	660	1,429	36,440
Assets under finance leases	-	-	-	-	-	-	-	-	3	-	3
	<b>8,004</b>	<b>4,263</b>	<b>12,267</b>	<b>669</b>	<b>10,458</b>	<b>9,769</b>	<b>873</b>	<b>315</b>	<b>663</b>	<b>1,429</b>	<b>36,443</b>

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

As at 31 December 2010, an indirect subsidiary had assets under construction and installation for PET bottling beverage production by Cold Aseptic Filling project and UHT packing machine project totalling Baht 1,244.13 million (2009: Baht 32.10 million).

Capitalised borrowing costs relating to the acquisition of the aforementioned project amounted to Baht 4.98 million (2009: nil), with a capitalization rate of 1.30 – 2.92% per annum (2009: not applicable) (see note 28).

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2010 amounted to Baht 23,865 million (2009: Baht 10,521 million).

The carrying amount of idle land which is held for planned future business operations as at 31 December 2010 amounted to Baht 1,221 million (2009: Baht 1,222 million).

	<b>Separate financial statements</b>				Total
	Leasehold improvements	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	
	<i>(in million Baht)</i>				
<b>Cost</b>					
At 1 January 2009	-	109	22	-	131
Additions	-	15	3	18	36
Disposals	-	(1)	(7)	-	(8)
<b>At 31 December 2009 and 1 January 2010</b>	<b>-</b>	<b>123</b>	<b>18</b>	<b>18</b>	<b>159</b>
Additions	2	8	-	1	11
Transfers	8	8	-	(16)	-
Disposals	-	(1)	-	-	(1)
<b>At 31 December 2010</b>	<b>10</b>	<b>138</b>	<b>18</b>	<b>3</b>	<b>169</b>
<b>Depreciation and impairment losses</b>					
At 1 January 2009	-	62	14	-	76
Depreciation charge for the year	-	23	4	-	27
Disposals	-	(1)	(6)	-	(7)
<b>At 31 December 2009 and 1 January 2010</b>	<b>-</b>	<b>84</b>	<b>12</b>	<b>-</b>	<b>96</b>
Depreciation charge for the year	2	22	3	-	27
Disposals	-	(1)	-	-	(1)
<b>At 31 December 2010</b>	<b>2</b>	<b>105</b>	<b>15</b>	<b>-</b>	<b>122</b>
<b>Net book value</b>					
At 1 January 2009	-	47	8	-	55
<b>At 31 December 2009 and 1 January 2010</b>	<b>-</b>	<b>39</b>	<b>6</b>	<b>18</b>	<b>63</b>
<b>At 31 December 2010</b>	<b>8</b>	<b>33</b>	<b>3</b>	<b>3</b>	<b>47</b>

The gross amount of the Company's fully depreciated equipment, leasehold improvement and vehicles that was still in use as at 31 December 2010 amounted to Baht 79 million (2009: Baht 4 million).

**Thai Beverage Public Company Limited and its Subsidiaries**  
**Notes to the financial statements**  
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**14 Intangible assets**

	<b>Consolidated financial statements</b>				
	Goodwill	Computer software	Trademarks	Licences	Total
	<i>(in million Baht)</i>				
<i>Cost</i>					
At 1 January 2009	3,198	94	331	6	3,629
Additions	3	14	57	12	86
Acquisition through business combinations	61	-	-	-	61
Translation differences on consolidation	13	-	(3)	-	10
<b>At 31 December 2009 and 1 January 2010</b>	<b>3,275</b>	<b>108</b>	<b>385</b>	<b>18</b>	<b>3,786</b>
Additions	1	28	2	-	31
Disposals	(32)	-	-	-	(32)
Translation differences on consolidation	(41)	-	(7)	-	(48)
<b>At 31 December 2010</b>	<b>3,203</b>	<b>136</b>	<b>380</b>	<b>18</b>	<b>3,737</b>
<i>Amortisation and impairment losses</i>					
At 1 January 2009	164	27	260	-	451
Amortisation charge for the year	-	15	27	2	44
Translation differences on consolidation	6	-	(2)	-	4
<b>At 31 December 2009 and 1 January 2010</b>	<b>170</b>	<b>42</b>	<b>285</b>	<b>2</b>	<b>499</b>
Amortisation charge for the year	-	17	37	1	55
Translation differences on consolidation	(16)	-	(2)	-	(18)
<b>At 31 December 2010</b>	<b>154</b>	<b>59</b>	<b>320</b>	<b>3</b>	<b>536</b>
<i>Net book value</i>					
At 1 January 2009	3,034	67	71	6	3,178
At 31 December 2009 and 1 January 2010	3,105	66	100	16	3,287
At 31 December 2010	3,049	77	60	15	3,201

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	<b>Separate financial statements</b> Computer software <i>(in million Baht)</i>
<i>Cost</i>	
At 1 January 2009	51
Additions	4
<b>At 31 December 2009 and 1 January 2010</b>	<b>55</b>
Additions	2
<b>At 31 December 2010</b>	<b>57</b>
<i>Amortisation and impairment losses</i>	
At 1 January 2009	15
Amortisation charge for the year	9
<b>At 31 December 2009 and 1 January 2010</b>	<b>24</b>
Amortisation charge for the year	9
<b>At 31 December 2010</b>	<b>33</b>
<i>Net book value</i>	
At 1 January 2009	36
At 31 December 2009 and 1 January 2010	31
At 31 December 2010	24

**15 Leasehold rights**

	<b>Consolidated financial statements</b> <i>(in million Baht)</i>
<i>Cost</i>	
At 1 January 2009	158
Additions	116
Translation differences on consolidation	(5)
<b>At 31 December 2009 and 1 January 2010</b>	<b>269</b>
Additions	-
Translation differences on consolidation	(8)
<b>At 31 December 2010</b>	<b>261</b>
<i>Amortisation and impairment losses</i>	
At 1 January 2009	46
Amortisation charge for the year	10
<b>At 31 December 2009 and 1 January 2010</b>	<b>56</b>
Amortisation charge for the year	12
<b>At 31 December 2010</b>	<b>68</b>
<i>Net book value</i>	
At 1 January 2009	112
At 31 December 2009 and 1 January 2010	213
At 31 December 2010	193

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**16 Other non-current assets**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2010	2009	2010	2009
		<i>(in million Baht)</i>			
Advance payments to a specialist	34	1,679	1,729	315	324
Deposits		187	293	-	2
Idle land		106	106	-	-
Others		128	94	-	-
<b>Total</b>		<b>2,100</b>	<b>2,222</b>	<b>315</b>	<b>326</b>

**17 Interest-bearing liabilities**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2010	2009	2010	2009
		<i>(in million Baht)</i>			
<b>Current</b>					
Bank overdrafts					
Secured		566	655	-	-
Unsecured		2	-	-	-
Short-term loans from financial institutions					
Letter of comfort		94	163	-	-
Unsecured		5,600	4,900	5,000	3,100
Bank overdrafts and short-term loans from financial institutions		<b>6,262</b>	<b>5,718</b>	<b>5,000</b>	<b>3,100</b>
Current portion of long-term loans from financial institutions					
Unsecured		2,500	3,765	2,500	3,765
Short-term loans from related parties					
Unsecured	5	-	-	5,955	7,259
		<b>8,762</b>	<b>9,483</b>	<b>13,455</b>	<b>14,124</b>
<b>Non-current</b>					
Long-term loans from financial institutions					
Unsecured		600	2,500	-	2,500
Long-term loans from related parties					
Unsecured	5	-	-	10,403	9,743
		<b>600</b>	<b>2,500</b>	<b>10,403</b>	<b>12,243</b>
<b>Total</b>		<b>9,362</b>	<b>11,983</b>	<b>23,858</b>	<b>26,367</b>



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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Within one year	8,762	9,483	13,455	14,124
After one year but within five years	600	2,500	10,403	12,243
<b>Total</b>	<b>9,362</b>	<b>11,983</b>	<b>23,858</b>	<b>26,367</b>

The principal features of the borrowings were as follows:

- (a) Bank overdrafts are repayable on demand. As at 31 December 2010, the Group had total overdraft facilities amounting to Baht 4,411 million (2009: Baht 4,003 million) which are partially supported by letters of comfort issued by the Company.
- (b) Short-term loans from financial institutions. As at 31 December 2010, the Group had short-term loan facilities from several financial institutions totalling Baht 37,671 million (2009: Baht 30,900 million) of money market rates quoted by banks. The facilities are supported by unsecured promissory notes issued by the Group to several domestic financial institution totaling Baht 5,600 million and to an overseas financial institution amounting to Baht 94 million and by a letter of comfort issued by the Company, totalling Baht 5,694 million (2009: Baht 5,063 million).

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

- (c) In 2007, the Company entered into a long-term loan agreement with a financial institution in the amount of Baht 4,500 million which is to be repaid monthly in 12 installments, Baht 375 million each, commencing in February 2009. Interest is payable monthly at 5.60% per annum for the first year and 5.75% per annum afterwards. Subsequently, 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. The last installment of long-term loan was paid in January 2010.

In 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 payable monthly at 5% per annum. The last installment for long-term loan was paid in October 2010.

In November 2009, the Company entered into long term loans with two financial institutions amounting to Baht 3,000 million which is to be repaid monthly in six installments, Baht 500 million each, commencing from December 2010 to May 2011, interest is payable monthly at 2.11% per annum.

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

Interest-bearing liabilities of the Group and the Company as at 31 December 2010 and 2009 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 2010 and 2009

### 18 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
		<i>(in million Baht)</i>			
Related parties	5	990	890	-	-
Other parties		2,767	2,250	-	-
<b>Total</b>		<b>3,757</b>	<b>3,140</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	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	3,465	2,855	-	-
Australia Dollars (AUD)	225	122	-	-
Euro (EUR)	56	109	-	-
Others	11	54	-	-
<b>Total</b>	<b>3,757</b>	<b>3,140</b>	<b>-</b>	<b>-</b>

### 19 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Accrued expenses	795	865	75	95
Value added tax payable	865	835	42	36
Accrued promotion expense	459	363	-	-
Assets payable	552	350	3	9
Advanced payments from customers for purchase of goods	425	204	-	-
Outstanding cheque paid for excise tax	-	171	-	-
Withholding tax payable	107	110	20	17
Others	258	191	4	2
<b>Total</b>	<b>3,461</b>	<b>3,089</b>	<b>144</b>	<b>159</b>

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

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	3,175	3,065	144	158
Japanese (Yen)	253	-	-	-
Others	33	24	-	1
<b>Total</b>	<b>3,461</b>	<b>3,089</b>	<b>144</b>	<b>159</b>

**20 Share capital**

	Par value per share <i>(in Baht)</i>	2010		2009	
		Number	Baht	Number	Baht
		<i>(million shares / million Baht)</i>			
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	29,000	29,000	29,000	29,000
<b>At 31 December</b>					
- ordinary shares	1	<b>29,000</b>	<b>29,000</b>	<b>29,000</b>	<b>29,000</b>
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	25,110	25,110	25,110	25,110
<b>At 31 December</b>					
- ordinary shares	1	<b>25,110</b>	<b>25,110</b>	<b>25,110</b>	<b>25,110</b>

**21 Additional paid-in capital and 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.

**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.

**Currency translation differences**

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company’s net investment in a foreign operation.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### *Fair value changes*

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

### *Valuation changes*

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

## 22 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.

### *Business segments*

The Group comprises the following main business segments:

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

### *Geographical segments*

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

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

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*Business segments results*

	Spirits		Beer		Non-alcoholic beverages		Food		Elimination		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	<i>(in million Baht)</i>											
Revenue from sale of goods	77,034	69,733	33,729	30,196	6,611	4,916	4,075	3,298	(88)	(174)	121,361	107,969
Interest income	8	5	2	4	1	2	2	5	-	-	13	16
Other income	264	183	92	323	29	30	17	14	(41)	(277)	361	273
<b>Total income</b>	<b>77,306</b>	<b>69,921</b>	<b>33,823</b>	<b>30,523</b>	<b>6,641</b>	<b>4,948</b>	<b>4,094</b>	<b>3,317</b>	<b>(129)</b>	<b>(451)</b>	<b>121,735</b>	<b>108,258</b>
Cost of sale of goods	52,046	45,540	28,812	25,930	4,722	3,130	2,616	2,054	(99)	(45)	88,097	76,609
Selling expenses	2,116	1,621	4,230	3,645	841	560	128	131	(28)	(173)	7,287	5,784
Administrative expenses	6,275	5,990	3,091	2,942	796	650	1,127	962	(2)	(233)	11,287	10,311
<b>Total expenses</b>	<b>60,437</b>	<b>53,151</b>	<b>36,133</b>	<b>32,517</b>	<b>6,359</b>	<b>4,340</b>	<b>3,871</b>	<b>3,147</b>	<b>(129)</b>	<b>(451)</b>	<b>106,671</b>	<b>92,704</b>
<b>Profit (loss) before finance costs and income tax expense</b>	<b>16,869</b>	<b>16,770</b>	<b>(2,310)</b>	<b>(1,994)</b>	<b>282</b>	<b>608</b>	<b>223</b>	<b>170</b>	<b>-</b>	<b>-</b>	<b>15,064</b>	<b>15,554</b>
Finance costs	161	301	73	206	21	32	4	10	-	-	259	549
<b>Profit (loss) before income tax expense</b>	<b>16,708</b>	<b>16,469</b>	<b>(2,383)</b>	<b>(2,200)</b>	<b>261</b>	<b>576</b>	<b>219</b>	<b>160</b>	<b>-</b>	<b>-</b>	<b>14,805</b>	<b>15,005</b>
Income tax expense	4,924	4,833	(755)	(568)	(118)	88	33	9	-	-	4,084	4,362
<b>Profit (loss) for the period</b>	<b>11,784</b>	<b>11,636</b>	<b>(1,628)</b>	<b>(1,632)</b>	<b>379</b>	<b>488</b>	<b>186</b>	<b>151</b>	<b>-</b>	<b>-</b>	<b>10,721</b>	<b>10,643</b>

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*Business segments financial position*

	<b>Spirits</b>		<b>Beer</b>		<b>Non-alcoholic beverages</b>		<b>Food</b>		<b>Total</b>	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	<i>(in million Baht)</i>									
Inventories	21,712	21,024	4,331	4,534	1,000	547	103	89	27,146	26,194
Property, plant and equipment	18,914	20,068	12,746	14,577	4,018	2,458	765	643	36,443	37,746
Other assets	7,977	6,735	1,925	2,461	2,639	2,700	1,172	1,314	13,713	13,210
<b>Total Assets</b>	<b>48,603</b>	<b>47,827</b>	<b>19,002</b>	<b>21,572</b>	<b>7,657</b>	<b>5,705</b>	<b>2,040</b>	<b>2,046</b>	<b>77,302</b>	<b>77,150</b>
Interest-bearing liabilities	5,808	7,325	2,109	3,737	1,288	707	157	214	9,362	11,983
Other liabilities	6,874	5,924	1,146	1,517	1,026	741	666	541	9,712	8,723
<b>Total liabilities</b>	<b>12,682</b>	<b>13,249</b>	<b>3,255</b>	<b>5,254</b>	<b>2,314</b>	<b>1,448</b>	<b>823</b>	<b>755</b>	<b>19,074</b>	<b>20,706</b>
<b>Capital expenditure</b>										
Property, plant and equipment	1,019	1,039	428	958	1,558	215	306	267	3,311	2,479
Intangible assets	13	64	8	3	3	1	7	18	31	86
Leasehold rights	-	116	-	-	-	-	-	-	-	116
Depreciation	2,257	2,220	1,615	1,586	378	354	175	143	4,425	4,303
Amortisation	45	34	5	5	4	3	13	12	67	54
Gain on disposal of assets	75	61	33	9	11	15	-	-	119	85

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### Geographic segments

The segment financial information of the Group based on geographical segments in the consolidated financial statements for the years ended 31 December 2010 and 2009 were as follows:

	Consolidated financial statements			
	Income		Property, plant and equipment	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Thailand	117,815	105,047	35,088	36,217
Overseas	3,920	3,211	1,355	1,529
<b>Total</b>	<b>121,735</b>	<b>108,258</b>	<b>36,443</b>	<b>37,746</b>

### 23 Other income

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Gain on disposal of assets	119	84	-	3
Gain on sale of investment	53	-	49	-
Revenue from sales of scraps	28	13	-	-
Net gain on foreign exchange	-	20	1	-
Others	151	145	8	9
<b>Total</b>	<b>351</b>	<b>262</b>	<b>58</b>	<b>12</b>

### 24 Selling expenses

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Marketing and advertising	6,599	5,352	-	-
Transportation	465	282	-	-
Commission	224	151	-	-
<b>Total</b>	<b>7,288</b>	<b>5,785</b>	<b>-</b>	<b>-</b>

### 25 Administrative expenses

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
Personnel expenses	4,448	4,029	8	7
Idle capacity	1,985	2,231	-	-
Travelling	672	792	1	-
Rental	762	658	1	-
Depreciation and amortisation	503	447	1	1
Donation	596	394	2	2
Hire and services	488	287	-	-
Others	1,495	1,171	8	9
<b>Total</b>	<b>10,949</b>	<b>10,009</b>	<b>21</b>	<b>19</b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### 26 Employee benefit expenses

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Management</b>				
Salaries and wages	170	153	170	153
Bonus	108	97	108	97
Contribution to defined benefit plans	2	2	2	2
Others	58	49	15	14
	<b>338</b>	<b>301</b>	<b>295</b>	<b>266</b>
<b>Other employees</b>				
Salaries and wages	4,619	4,226	275	246
Bonus	773	708	71	64
Overtime and per diem allowance	382	292	10	12
Contribution to defined benefit plans	94	22	6	5
Others	960	843	58	47
	<b>6,828</b>	<b>6,091</b>	<b>420</b>	<b>374</b>
<b>Total</b>	<b>7,166</b>	<b>6,392</b>	<b>715</b>	<b>640</b>

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.

### 27 Expenses by nature

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

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Included in cost of sales of goods:</b>				
Changes in inventories of finished goods and work in progress	124	(4,169)	-	-
Raw materials, consumables and excise tax used	82,330	67,270	-	-
Employee benefit expenses	2,379	2,062	-	-
Depreciation and amortisation	3,975	3,885	-	-
<b>Included in selling expenses:</b>				
Marketing and sales promotion expenses	6,054	4,800	-	-
Advertising and public relations	545	552	-	-
<b>Included in administrative expenses:</b>				
Employee benefit expenses	4,786	4,330	715	640
Depreciation and amortisation	518	471	35	37
Rental	762	658	30	20



# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### 28 Finance costs

	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in million Baht)</i>					
Interest expense:					
Related parties	5	-	-	728	704
Financial institutions		264	482	223	357
Others		-	67	-	66
		<u>264</u>	<u>549</u>	<u>951</u>	<u>1,127</u>
Less assets under construction		(5)	-	-	-
<b>Net</b>		<u><b>259</b></u>	<u><b>549</b></u>	<u><b>951</b></u>	<u><b>1,127</b></u>

### 29 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 2010 amounted to Baht 101 million (2009: Baht 21 million).
- (b) a significant portion of the Group's profit was derived from promoted activities for which concessionary tax rates apply for 2010 amounted to Baht 37 million (2009: Baht 2 million).
- (c) of the different treatment for accounting and taxation purposes of certain items of income and expense of the Group for 2010 amounted to Baht (261) million (2009: Baht (214) 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 2010 amounted to Baht 41 million (2009: Baht 104 million).
- (e) the Group has any adjustment to tax payable in respect of previous years for 2010 amounted to Baht 1 million (2009: Baht (7) million).

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 2010 amounted to Baht 2,487 million (2009: Baht 2,471 million).
- (b) of the different treatment for accounting and taxation purposes of certain items of income and expense for 2010 amounted to Baht 16 million (2009: Baht 30 million).
- (c) the Company has any adjustment to tax payable in respect of previous years for 2010 amounted to Baht 0.28 million.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### 30 Promotional privileges

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

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

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

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

#### *The production of beverage*

- (a) exemption from payment of import duty on machinery approved by the Board;
- (b) exemption from payment of income tax for certain operations for a period of eight years from the date on which the income is first derived from such operations; and
- (c) exemption from income tax on dividend income derived from certain promoted operations of its subsidiaries for a period of eight years.

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

Summary of revenue from promoted and non-promoted businesses:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
		<i>(in million Baht)</i>		
Promoted businesses	4,071	3,658	-	-
Non-promoted businesses	117,290	104,311	-	-
<b>Total income</b>	<b>121,361</b>	<b>107,969</b>	<b>-</b>	<b>-</b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### *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.

### **31 Basic earnings per share**

The calculations of basic earnings per share for the years ended 31 December 2010 and 2009 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:

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>	<b>financial statements</b>
	2010	2009	2010	2009
	<i>(in million Baht / million shares)</i>			
Profit attributable to equity holders of the Company (basic)	<u>10,612</u>	<u>10,566</u>	<u>8,927</u>	<u>8,643</u>
Number of ordinary shares outstanding	<u>25,110</u>	<u>25,110</u>	<u>25,110</u>	<u>25,110</u>
<b>Basic earnings per share (in Baht)</b>	<u><b>0.42</b></u>	<u><b>0.42</b></u>	<u><b>0.36</b></u>	<u><b>0.34</b></u>

### **32 Dividends**

At the meeting of the Board of Directors held on 10 August 2010, the directors had adopted a resolution to approve the interim dividend payment for the year 2010 of 25,110 million ordinary shares at Baht 0.15 per share, totalling Baht 3,766 million. The interim dividend was paid to shareholders on 8 September 2010.

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

At the annual general meeting of the shareholders of the Company held on 29 April 2009, the shareholders approved the appropriation of dividend of Baht 0.30 per share, amounting to Baht 7,533 million. On 11 September 2008, the interim dividend of Baht 0.12 per share was paid, totalling Baht 3,013 million. The remaining dividend of Baht 0.18 per share, totalling Baht 4,520 million, was paid on 27 May 2009.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### 33 Financial instruments

#### *Financial risk management policies*

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

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

#### *Capital management*

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

#### *Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 17). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

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

	Effective interest rate (% per annum)	Separate financial statements		
		Within 1 year	After 1 year but within 5 years	Total
<b>2010</b>				
<b>Current</b>				
Loans receivable - Related parties	5.00	1,977	-	1,977
<b>Non-current</b>				
Loans receivable - Related parties	5.00	-	2,499	2,499
<b>Total</b>		<b>1,977</b>	<b>2,499</b>	<b>4,476</b>
<b>2009</b>				
<b>Current</b>				
Loans receivable - Related parties	5.00	2,642	-	2,642
<b>Non-current</b>				
Loans receivable - Related parties	5.00	-	3,455	3,455
<b>Total</b>		<b>2,642</b>	<b>3,455</b>	<b>6,097</b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

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>2010</b>				
<b>Current</b>				
Bank overdrafts	2.52	568	-	568
Loans payable - Financial institutions	1.93	5,694	-	5,694
Current portion of long-term loans	2.11	2,500	-	2,500
<b>Non-current</b>				
Loans payable - Financial institutions	2.92	-	600	600
<b>Total</b>		<b>8,762</b>	<b>600</b>	<b>9,362</b>
<b>2009</b>				
<b>Current</b>				
Bank overdrafts	2.50	655	-	655
Loans payable - Financial institutions	1.70	5,063	-	5,063
Current portion of long-term loans	4.59	3,765	-	3,765
<b>Non-current</b>				
Loans payable - Financial institutions	2.11	-	2,500	2,500
<b>Total</b>		<b>9,483</b>	<b>2,500</b>	<b>11,983</b>
<b>Separate financial statements</b>				
	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>2010</b>				
<b>Current</b>				
Loans payable - Financial institutions	1.91	5,000	-	5,000
Current portion of long-term loans	2.11	2,500	-	2,500
Loans payable - Related parties	5.00	5,955	-	5,955
<b>Non-current</b>				
Loans payable - Related parties	5.00	-	10,403	10,403
<b>Total</b>		<b>13,455</b>	<b>10,403</b>	<b>23,858</b>
<b>2009</b>				
<b>Current</b>				
Loans payable - Financial institutions	1.71	3,100	-	3,100
Current portion of long-term loans	4.59	3,765	-	3,765
Loans payable - Related parties	5.00	7,259	-	7,259
<b>Non-current</b>				
Loans payable - Financial institutions	2.11	-	2,500	2,500
Loans payable - Related parties	5.00	-	9,743	9,743
<b>Total</b>		<b>14,124</b>	<b>12,243</b>	<b>26,367</b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### *Foreign currency risk*

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

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

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2010	2009	2010	2009
		<i>(in million Baht)</i>			
<b>United States Dollars</b>					
Cash and cash equivalents	6	28	69	-	-
Trade accounts receivable	8	3	1	-	-
Other current assets		1	2	-	-
Trade accounts payable		(7)	(7)	-	-
Other current liabilities		(9)	(18)	-	-
<b>Gross balance sheet exposure</b>		<b>16</b>	<b>47</b>	<b>-</b>	<b>-</b>
Estimated forecast purchase of assets		-	(6)	-	-
Estimated forecast purchase of goods		(749)	(899)	-	-
Estimated forecast other liabilities		(4)	(3)	-	-
<b>Gross exposure</b>		<b>(737)</b>	<b>(861)</b>	<b>-</b>	<b>-</b>
Forwards to buy foreign currency		652	769	-	-
<b>Net exposure</b>		<b>(85)</b>	<b>(92)</b>	<b>-</b>	<b>-</b>
<b>Euro</b>					
Trade accounts payable	18	(56)	(109)	-	-
Other current liabilities		(21)	(5)	-	-
<b>Gross balance sheet exposure</b>		<b>(77)</b>	<b>(114)</b>	<b>-</b>	<b>-</b>
Estimated forecast purchase of goods		(813)	(773)	-	-
Estimated forecast purchase of assets		(718)	(65)	-	-
<b>Gross exposure</b>		<b>(1,608)</b>	<b>(952)</b>	<b>-</b>	<b>-</b>
Forwards to buy foreign currency		1,352	778	-	-
<b>Net exposure</b>		<b>(256)</b>	<b>(174)</b>	<b>-</b>	<b>-</b>

# Thai Beverage Public Company Limited and its Subsidiaries

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	Note	Consolidated financial statements		Separate financial statements	
		2010	2009	2010	2009
<i>(in million Baht)</i>					
<b>Great Britain Pound</b>					
Cash and cash equivalents		1	1	-	-
Trade accounts payable		(4)	(47)	-	-
Other current liabilities		(1)	-	-	-
<b>Gross balance sheet exposure</b>		<b>(4)</b>	<b>(46)</b>	<b>-</b>	<b>-</b>
Estimated forecast purchases					
Goods		(119)	(51)	-	-
Estimated forecast purchase of Advertising		(52)	(67)	-	-
Estimated forecast purchase of assets		(3)	-	-	-
<b>Gross exposure</b>		<b>(178)</b>	<b>(164)</b>	<b>-</b>	<b>-</b>
Forwards to buy foreign currency		177	152	-	-
<b>Net exposure</b>		<b>(1)</b>	<b>(12)</b>	<b>-</b>	<b>-</b>
<b>Australia Dollars</b>					
Trade accounts payable	18	(225)	(122)	-	-
<b>Gross balance sheet exposure</b>		<b>(225)</b>	<b>(122)</b>	<b>-</b>	<b>-</b>
Estimated forecast purchases					
Goods		(1,094)	(495)	-	-
<b>Gross exposure</b>		<b>(1,319)</b>	<b>(617)</b>	<b>-</b>	<b>-</b>
Forwards to buy foreign currency		773	-	-	-
<b>Net exposure</b>		<b>(546)</b>	<b>(617)</b>	<b>-</b>	<b>-</b>
<b>Hong Kong Dollars</b>					
Cash and cash equivalents	6	273	30	-	-
Other current assets		-	1	-	-
<b>Gross exposure</b>		<b>273</b>	<b>31</b>	<b>-</b>	<b>-</b>
<b>Japanese Yen</b>					
Other current liabilities	19	(253)	-	-	-
<b>Gross balance sheet exposure</b>		<b>(253)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Estimated forecast purchase of machinery		(14)	-	-	-
Estimated forecast purchase of assets		-	(512)	-	-
Forwards to buy foreign currency		(65)	-	-	-
<b>Gross exposure</b>		<b>(332)</b>	<b>(512)</b>	<b>-</b>	<b>-</b>
Forwards to buy foreign currency		203	512	-	-
<b>Net exposure</b>		<b>(129)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other foreign currencies</b>					
Other current liabilities		(2)	(1)	(1)	(1)
<b>Gross balance sheet exposure</b>		<b>(2)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
Forwards to sell foreign currency		-	(2)	-	-
<b>Net exposure</b>		<b>(2)</b>	<b>(3)</b>	<b>(1)</b>	<b>(1)</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 counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

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

***Liquidity risk***

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

***Determination of fair values***

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

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

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

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

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

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



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

	<b>Currency denomination</b>		<b>Consolidated financial statements</b>	
	2010	2009	2010	2009
	<i>(in million)</i>		<i>(in million Baht)</i>	
<b>Currency forwards</b>				
<b>Assets</b>				
Singapore Dollars	-	0.09	-	2
<b>Liabilities</b>				
Euro	34	16	1,348	773
Great Britain Pound	17	18	788	942
Australia Dollars	25	-	753	-
United States Dollars	22	23	658	768
Japanese Yen	542	1,399	201	508
<b>Total</b>			<b>3,748</b>	<b>2,991</b>

**34 Commitments with non-related parties**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2010	2009	2010	2009
	<i>(in million Baht)</i>			
<b>Capital commitments</b>				
<i>Contracted but not provided for:</i>				
Buildings and other constructions	319	561	-	-
Machinery and equipment	907	746	-	-
<b>Total</b>	<b>1,226</b>	<b>1,307</b>	<b>-</b>	<b>-</b>
<b>Non-cancellable operating lease commitments</b>				
Within one year	348	294	6	10
After one year but within five years	300	227	11	7
After five years	19	25	-	-
<b>Total</b>	<b>667</b>	<b>546</b>	<b>17</b>	<b>17</b>
<b>Other commitments</b>				
Forward contracts to buy foreign currencies	3,831	3,050	-	-
Forward contracts to sell foreign currencies	-	(2)	-	-
Goods and raw materials purchase agreements	2,777	2,218	-	-
Specialist agreements	1,386	1,454	234	245
Unused letters of credit for goods and supplies	801	552	-	-
Service agreements	560	527	6	11
Advertising services and sponsorship agreements	327	472	-	-
Molasses purchase agreements	191	284	-	-
Bank guarantees	191	175	37	47
Other agreements	3	5	-	3
<b>Total</b>	<b>10,067</b>	<b>8,735</b>	<b>277</b>	<b>306</b>

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

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### *Significant capital commitments*

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

### *Significant other commitments*

#### *Specialist agreements*

In 2004, the Company and four subsidiaries entered into production and blending control agreements with a specialist for a period of 40 years from 1 August 2004 to 1 August 2044. Under the agreements, the Company and its subsidiaries are obliged to pay monthly service fees of Baht 4.3 million which are to be annually increased by 5% for the first 20 years from 1 August 2004 to 1 August 2024. Afterwards, the Company and its subsidiaries have to pay monthly service fees of Baht 0.25 million until the expiration of the agreements. Service fee under the agreements 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 2010 the remaining commitments to be paid, relating to these agreements, amounted to Baht 1,386.4 million.

#### *Sponsorship agreement*

In 2008, a subsidiary renewed a sponsorship agreement with Everton Football Club, in the United Kingdom, for a period of three years from 1 June 2008 to 31 May 2011 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 3.5 million per year, dependent on the performance of Everton football team in each year.

#### *Distributor agreement*

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

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

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

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*Material and package trading agreement*

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

*Transportation agreement*

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

*License agreement*

A subsidiary entered into a license agreement with an overseas company for operating Japanese restaurants in the Kingdom of Thailand as the master license for a period of 10 years from 20 May 2008. Unless there is a notification to terminate the agreement within 180 days before the expiration, this agreement continues to be in effect for the successive 10 years term. The subsidiary committed to pay Initial License Fee, License Fee and Royalty Fee as stated in the agreement.

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

*Natural gas trading agreement*

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

*Supply agreement*

On 1 June 2010, an indirect subsidiary entered into a supply agreement to purchase Aseptic Preforms and Aseptic Plastic Closures to support its aseptic fillings line with a local company, whereby the subsidiary agreed to buy the raw material at category and price specified in the terms and conditions of the agreement. The agreement has been effective until 31 August 2010 unless the counterparties agree otherwise.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

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### 35 Events after the reporting period

- (a) On 5 January 2011, International Beverage Trading Limited (“IBTL”) was incorporated in Bermuda with registered share capital of USD 0.1 million by issuing 0.1 million ordinary shares with a USD 1 par value. International Beverage Holdings Limited, the Company’s subsidiary, holds the entire shares.
- (b) At the Executive Board of Directors’ meeting held on 24 January 2011, the directors approved in principle for Charun Business 52 Co., Ltd. to sell its entire assets.
- (c) At the Board of Directors’ meeting held on 23 February 2011, the directors agreed to propose a dividend payment for the year of Baht 0.35 per share, totalling Baht 8,789 million. The interim dividend paid was Baht 0.15 per share, totalling Baht 3,767 million. The remaining dividend payment is Baht 0.2 per share, totalling Baht 5,022 million.

### 36 Thai Financial Reporting Standards (TFRS) not yet adopted

The Group has not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are anticipated to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 1 (revised 2009)	Presentation of Financial Statements	2011
TAS 2 (revised 2009)	Inventories	2011
TAS 7 (revised 2009)	Statement of Cash Flows	2011
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	2011
TAS 10 (revised 2009)	Events after the Reporting Period	2011
TAS 11 (revised 2009)	Construction Contracts	2011
TAS 12	Income taxes	2013
TAS 16 (revised 2009)	Property, Plant and Equipment	2011
TAS 17 (revised 2009)	Leases	2011
TAS 18 (revised 2009)	Revenue	2011
TAS 19	Employee Benefits	2011
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TAS 23 (revised 2009)	Borrowing Costs	2011
TAS 24 (revised 2009)	Related Party Disclosures	2011
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements	2011
TAS 28 (revised 2009)	Investments in Associates	2011
TAS 33 (revised 2009)	Earnings per Share	2011
TAS 34 (revised 2009)	Interim Financial Reporting	2011
TAS 36 (revised 2009)	Impairment of Assets	2011
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	2011
TAS 38 (revised 2009)	Intangible Assets	2011
TAS 40 (revised 2009)	Investment Property	2011
TFRS 3 (revised 2009)	Business Combinations	2011

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

## **Notes to the financial statements**

**For the years ended 31 December 2010 and 2009**

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

### ***TAS 16 (revised 2009) – Property, plant and equipment***

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

The revised TAS 16 permits as a transitional provision that these changes may be introduced prospectively from the year of introduction. Management intends to adopt this transitional provision and accordingly the introduction of the revised TAS 16 from 1 January 2011 has no impact on the financial statements of 2010 or prior years. Management is currently reviewing the impact on the financial statements of introducing the revised TAS 16 from 1 January 2011.

### ***TAS 19 – Employee benefits***

Prior to the introduction of TAS 19, there was no Thai accounting standard covering employee benefits and the Group does not presently account for the costs of post-employment benefits under defined benefit plans; other long-term employee benefits; and termination benefits until such costs are incurred. The new TAS 19 includes the requirements to recognise and account for such costs in the period in which the service is performed. The requirements are complex and require actuarial assumptions to measure the obligation and expense. Moreover, the obligations are measured on a discounted basis because they may be settled many years after the employees render the related service. The transitional provisions of TAS 19 permit the transitional liability to be recognised and accounted for in one of four different ways:

- (i) retrospectively;
- (ii) immediately in equity (retained earnings) at the transition date;
- (iii) immediately in profit or loss at the transition date;
- (iv) as an expense on a straight-line basis over up to five years from the transition date.

Management has determined that the transitional liability as at 1 January 2011 for post-employment benefits is Baht 1,052 million for the Group and Baht 173 million for the Company. Management intends to adopt transitional provision ii to recognise and account for this liability.

### ***TAS 12 – Deferred tax***

Whilst not specifically addressed in currently effective TFRS, provisions for income tax of the Group are typically based on corporate income tax 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.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

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Under TAS 12, deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be fully utilised. Deferred tax assets are reviewed at each reporting date and reduce to the extent that it is no longer probable that the related tax benefit will be realised. Management is currently reviewing the impact on the financial statements of introducing the revised TAS 16 from 1 January 2011.

### *TAS 40 – Investment property*

Prior to the introduction of TAS 40, owned land held to earn rental income is classified as part of property, plant and equipment. This land is carried at a revalued amount less any subsequent accumulated impairment losses. Any increase in value, on revaluation, is credited to equity under the heading ‘revaluation surplus’.

Under TAS 40, owned property held to earn rental income is classified as part of investment property. TAS 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. Any gain or loss arising from a change in the fair value of investment property should be recognised in 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 accumulated depreciation and impairment losses. The Group will adopt the cost method for investment property consisting of both land and buildings. Management is currently reviewing the impact on the financial statements of introducing the revised TAS 40 from 1 January 2011.

## **37 Significant differences between TFRS and IFRS (unaudited/ unreviewed)**

These consolidated financial statements have been prepared in accordance with TFRS which differ in certain significant respects from International Financial Reporting Standards (“IFRS”). The following disclosure provides a summary of certain significant differences between TFRS and IFRS (other than specified in Note 36), as applicable to the consolidated financial statements of the Group, and a reconciliation of net profit and total equity from TFRS 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) Financial instruments*

TFRS 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 ruling at the reporting date.

Under IFRS, derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in the statement of income when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of income.

# Thai Beverage Public Company Limited and its Subsidiaries

## Notes to the financial statements

For the years ended 31 December 2010 and 2009

### (b) Goodwill

Until 31 December 2007, TFRS 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, TFRS on goodwill was revised in accordance with IFRS which is effective for annual accounting periods beginning on or after 1 January 2008.

Under the revised TFRS, acquired goodwill is measured after initial recognition at cost less accumulated impairment losses. The recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

	<b>Consolidated net profit</b>	
	2010	2009
	<i>(in million Baht)</i>	
<b>As reported in these consolidated financial statements under TAS/TFRS</b>	<b>10,721</b>	<b>10,643</b>
<i>Add (less): TAS/TFRS and IFRS differences</i>		
<i>(net of tax effect)</i>		
(a) Deferred tax	30	19
(b) Employee benefits	(336)	(67)
(c) Financial instruments	(25)	(88)
<b>Under IFRS</b>	<b>10,390</b>	<b>10,507</b>

  

	<b>Consolidated total equity</b>	
	2010	2009
	<i>(in million Baht)</i>	
<b>As reported in these consolidated financial statements under TAS/TFRS</b>	<b>58,228</b>	<b>56,444</b>
<i>Add (less): TAS/TFRS and IFRS differences</i>		
<i>(net of tax effect)</i>		
(a) Deferred tax	(321)	(351)
(b) Employee benefits	(1,052)	(706)
(c) Financial instruments	(83)	(59)
(d) Investment in property	(47)	(47)
(e) Business combination (Goodwill)	102	102
<b>Under IFRS</b>	<b>56,827</b>	<b>55,383</b>