

Thai Beverage Public Company Limited

Financial Statement and Dividend Announcement for the Year Ended 31 December 2007

PART I INFORMATION REQUIRED FOR THE YEAR ANNOUNCEMENTS.

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

Thai Beverage Public Company Limited
 Statements of Income
 For the year ended 31 December 2007 and 2006

	(Unit : Thousand Baht)		
	Consolidated		
	For the year ended 31 Dec		
	2007	2006	+ / (-)
Revenues from sales and services			
Revenue from sale of goods and rendering of services	100,540,895	97,797,922	3%
Total revenues from sales and services	100,540,895	97,797,922	3%
Cost of sales and services			
Cost of sales of goods and rendering of services	70,872,566	69,325,122	2%
Total cost of sales and services	70,872,566	69,325,122	2%
Gross profit	29,668,329	28,472,800	4%
Selling and administrative expenses	13,689,415	12,684,557	8%
Operating profit	15,978,914	15,788,243	1%
Interest income	40,834	56,452	(28%)
Other income	228,525	77,939	193%
Net operating profit	16,248,273	15,922,634	2%
Share of profits from investments accounted for using the equity method	28,642	23,684	21%
Earnings before financial costs and income tax	16,276,915	15,946,318	2%
Interest expenses	1,047,278	1,568,651	(33%)
Income tax expenses	4,846,572	4,322,890	12%
Net profit	10,383,065	10,054,777	3%
Basic earnings per share (Baht)	0.41	0.42	(2%)
Diluted earnings per share (Baht)	0.41	0.42	(2%)

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

NOTE :

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

(Unit : Thousand Baht)			
Consolidated			
For the year ended 31 Dec			
	2007	2006	+ / (-)
A Investment income	(50,831)	(23,804)	114%
B Other income including interest income	(269,359)	(134,391) *	100%
C Interest in borrowings	1,047,278	1,568,651	(33%)
D Depreciation and amortization	5,024,696	4,701,978 **	7%
E Allowance for doubtful debts and bad debts written off	20,084	35,380	(43%)
F Write-off for stock obsolescence	66,104	84,035	(21%)
G Impairment in value of investments	-	-	-
H Foreign exchange (gain) / loss	149,985	129,340	16%
I Adjustments for under or overprovision of tax in respect of prior year	-	-	-
J (Profit) or loss on sale of investments, properties, and / or plant and equipment	(70,106)	3,900 **	(1898%)
K Exceptional items	-	-	-
L Extraordinary items	-	-	-

Remark:-

* 2006 included other income

** 2006 Restate with Currency translation changes

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

Thai Beverage Public Company Limited and its Subsidiaries
Balance sheets
As at 31 December 2007 and 2006

	(Unit : Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31-Dec-2007	31-Dec-2006	31-Dec-2007	31-Dec-2006
	(Audited)	(Audited)	(Audited)	(Audited)
Assets				
Current assets				
Cash and cash equivalents	2,188,992	1,919,577	9,168	15,623
Current investments	7,685	4,359	-	-
Trade accounts receivable	1,467,001	1,317,930	-	-
Short-term loans to and amounts due				
from related parties	4,371	50,952	3,916,012	11,035,118
Inventories	28,056,926	28,315,158	-	-
Other current assets	1,403,965	1,914,239	8,482	16,989
Total current assets	33,128,940	33,522,215	3,933,662	11,067,730
Non-current assets				
Investments in subsidiaries and associates	124,518	135,490	71,470,330	63,594,730
Other long-term investments	3,634	3,754	-	-
Long-term loans to and amounts due				
from related parties	1,172	13,563	9,411,472	5,500,899
Property, plant and equipment	43,216,508	49,428,039	71,601	845,926
Intangible assets	978,770	354,876	16,166	12,353
Other non-current assets	2,073,414	2,121,575	351,336	357,129
Total non-current assets	46,398,016	52,057,297	81,320,905	70,311,037
Total assets	79,526,956	85,579,512	85,254,567	81,378,767
Liabilities and shareholders' equity				
Current liabilities				
Bank overdrafts and short-term loans				
from financial institutions	5,998,234	6,753,305	4,797,684	3,029,559
Trade accounts payable	2,249,329	2,275,671	-	-
Short-term guaranteed bonds	-	2,200,000	-	2,200,000
Current portion of long-term guaranteed bonds	3,000,000	2,300,000	3,000,000	2,300,000
Current portion of long-term loans	1,755,000	1,500,000	1,755,000	1,500,000
Short-term loans from and amounts due				
to related parties	69,141	4,837,042	2,115,289	13,084,829
Income tax payable	2,773,848	2,180,870	146,249	47,792
Other current liabilities	3,203,279	4,103,315	161,543	394,209
Total current liabilities	19,048,831	26,150,203	11,975,765	22,556,389
Non-current liabilities				
Long-term guaranteed bonds	-	3,000,000	-	3,000,000
Long-term loans from financial institutions	5,400,000	3,755,000	5,400,000	3,755,000
Long-term loans from related parties	-	-	6,540,500	4,372,200
Other non-current liabilities	168,184	120,753	118	-
Total non-current liabilities	5,568,184	6,875,753	11,940,618	11,127,200
Total liabilities	24,617,015	33,025,956	23,916,383	33,683,589
Shareholders' equity				
Share capital				
Authorised share capital	29,000,000	29,000,000	29,000,000	29,000,000
Issued and paid-up share capital	25,110,025	25,110,025	25,110,025	25,110,025
Difference arising from common control transactions	(17,141,406)	(17,141,406)	-	-
Reserves				
Share premium	17,215,737	17,215,737	17,215,737	17,215,737
Currency translation changes	(208,076)	(19,508)	-	-
Fair value changes and revaluation surplus	4,388,935	6,586,263	-	134,521
Retained earnings/ (Deficit)				
Appropriated - legal reserve	2,900,000	1,700,000	2,900,000	1,700,000
Unappropriated/ (Deficit)	22,644,726	19,102,445	16,112,422	3,534,895
Total shareholders' equity	54,909,941	52,553,556	61,338,184	47,695,178
Total liabilities and shareholders' equity	79,526,956	85,579,512	85,254,567	81,378,767

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

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

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

(Unit : Thousand Baht)

As at 31 December 2007				As at 31 December 2006			
Secured	Unsecured	Guaranteed	Guaranteed/ negative pledge	Secured	Unsecured	Guaranteed	Guaranteed/ negative pledge
-	5,098,987	899,247	4,755,000	-	9,852,116	1,516,420	6,000,000

- Amount repayable after one year

(Unit : Thousand Baht)

As at 31 December 2007				As at 31 December 2006			
Secured	Unsecured	Guaranteed	Guaranteed/ negative pledge	Secured	Unsecured	Guaranteed	Guaranteed/ negative pledge
-	5,400,000	-	-	-	-	-	6,755,000

- Details of any collateral

N/A

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

Thai Beverage Public Company Limited and its Subsidiaries
Statements of cash flows
For the years ended 31 December 2007 and 2006

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
(Unit : Thousand Baht)				
Cash flows from operating activities				
Net profit	10,383,065	10,054,777	19,418,312	9,005,467
Adjustments for				
Depreciation and amortisation	4,974,696	4,651,978	28,967	24,072
Interest income	(40,834)	(56,452)	(775,352)	(858,621)
Interest expense	1,047,278	1,568,651	1,577,560	2,253,268
Unrealised loss on exchange rate	5,842	11,721	1,164	16,321
Amortisation of advance payments to a specialist	50,000	50,000	9,375	9,375
Allowance for obsolete inventories	145,536	354,961	-	-
Allowance for impairment loss on property	58,768	-	-	-
(Gain) loss on sale and disposal of property, plant and equipment and intangible assets	(70,106)	3,191	(63,881)	50
Gain on sale of investment	-	709	(6)	-
Dividends	-	-	(18,985,153)	(8,055,409)
Share of profits from investments accounted for using the equity method	(28,642)	(23,684)	-	-
Income tax expense	4,846,572	4,322,890	277,248	149,318
	21,372,175	20,938,742	1,488,234	2,543,841
Changes in operating assets and liabilities				
Trade accounts receivable	(95,274)	143,293	-	-
Amounts due from related parties	57,801	35,969	1,293,629	(354,909)
Inventories	240,315	76,898	-	-
Other current assets	543,222	657,220	8,507	(7,432)
Trade accounts payable	(52,737)	583,226	-	-
Amounts due to related parties	(152,526)	45,336	16,231	5,886
Other current liabilities	(1,220,697)	(1,444,555)	(139,224)	78,444
Other non-current liabilities	4,842	(2,776)	118	-
Advance payments to a specialist	-	(2,000,000)	-	(375,000)
Income taxes paid	(4,253,595)	(4,671,001)	(178,791)	(198,576)
Net cash provided by operating activities	16,443,526	14,362,352	2,488,704	1,692,254
Cash flows from investing activities				
Interest received	40,931	58,093	780,791	847,583
Dividends received	-	16,976	20,290,213	8,055,409
Current investments	(3,326)	5,641	-	-
Loans to related parties	-	40,850	1,908,300	(1,144,800)
Investments in subsidiaries and associates	39,614	-	(9,180,661)	(509,999)
Consideration paid to shareholders of subsidiaries for the common control transactions	-	(1,505,241)	-	-
Increase in share capital in subsidiaries before business restructuring	-	27,040	-	-
Sale of long-term investments	120	-	8	-
Purchase of property, plant and equipment	(1,454,555)	(4,231,904)	(9,206)	(129,607)
Decrease in property, plant and equipment	933,321	51,883	819,206	59
Purchase of intangible assets	(26,926)	(12,512)	(8,595)	(6,667)
Decrease in intangible assets	11,203	38	-	-
Other non-current assets	(1,211)	(24,843)	(3,583)	(4,717)
Net cash outflow on acquisition of indirect subsidiaries	(253,909)	-	-	-
Net cash provided by (used in) investing activities	(714,738)	(5,573,979)	14,596,473	7,107,261

Cash flows from financing activities				
Interest paid	(1,139,354)	(1,420,546)	(1,708,451)	(2,086,173)
Dividends paid	(5,775,306)	(8,042,103)	(5,775,306)	(8,042,103)
Bank overdrafts and short-term loans from financial institutions	(1,140,914)	(33,405,320)	1,768,125	(33,570,441)
Proceeds from short-term guaranteed bonds	-	4,700,000	-	4,700,000
Repayment of short-term guaranteed bonds	(2,200,000)	(2,500,000)	(2,200,000)	(2,500,000)
Loans from related parties	(4,615,231)	629,728	(8,776,000)	1,815,500
Proceeds from long-term guaranteed bonds	-	5,300,000	-	5,300,000
Repayment of long-term guaranteed bonds	(2,300,000)	-	(2,300,000)	-
Proceeds from issuance of share capital	-	20,325,762	-	20,325,762
Proceeds from long-term loans from financial institutions	5,400,000	26,600,000	5,400,000	26,600,000
Repayment of long-term loans from financial institutions	(3,500,000)	(22,431,600)	(3,500,000)	(21,345,000)
Net cash used in financing activities	(15,270,805)	(10,244,079)	(17,091,632)	(8,802,455)
Currency translation changes	(188,568)	(22,711)	-	-
Net increase (decrease) in cash and cash equivalents	269,415	(1,478,417)	(6,455)	(2,940)
Cash and cash equivalents at beginning of year	1,919,577	3,397,994	15,623	18,563
Cash and cash equivalents at end of year	2,188,992	1,919,577	9,168	15,623

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

Statements of changes in shareholders' equity
For the years ended 31 December 2007 and 2006

(Unit : Thousand Baht)

	Consolidated financial statements							Total shareholders' equity
	Issued and paid-up share capital	Difference arising from common control transactions	Share premium	Reserve		Retained earnings		
Currency translation changes				changes and revaluation surpluses	Legal reserve	Unappropriated		
Balance at 1 January 2006	22,000,000	(15,630,790)	-	(5,341)	6,584,735	1,110,000	17,655,899	31,714,503
Change in shareholders' equity for 2006								
Net surplus on property revaluation	-	-	-	-	1,528	-	-	1,528
Translation loss relating to financial statements of foreign operations	-	(8,544)	-	(14,167)	-	-	-	(22,711)
Net expense recognised directly in shareholders' equity	-	(8,544)	-	(14,167)	1,528	-	-	(21,183)
Net profit (loss)	-	(23,871)	-	-	-	-	10,078,649	10,054,778
Total recognised income and expense	-	(32,415)	-	(14,167)	1,528	-	10,078,649	10,033,595
Legal reserve	-	-	-	-	-	590,000	(590,000)	-
Dividends	-	-	-	-	-	-	(8,042,103)	(8,042,103)
Consideration paid to shareholders of subsidiaries for the common control transactions	-	(1,505,241)	-	-	-	-	-	(1,505,241)
Increase in share capital in subsidiaries before business restructuring	-	27,040	-	-	-	-	-	27,040
Issue of ordinary shares	3,110,025	-	17,215,737	-	-	-	-	20,325,762
Balance at 31 December 2006	25,110,025	(17,141,406)	17,215,737	(19,508)	6,586,263	1,700,000	19,102,445	52,553,556
Balance at 1 January 2007	25,110,025	(17,141,406)	17,215,737	(19,508)	6,586,263	1,700,000	19,102,445	52,553,556
Change in shareholders' equity for 2007								
Net surplus on property revaluation	-	-	-	-	(2,197,328)	-	134,521	(2,062,807)
Translation loss relating to financial statements of foreign operations	-	-	-	(188,568)	-	-	-	(188,568)
Net expense recognised directly in shareholders' equity	-	-	-	(188,568)	(2,197,328)	-	134,521	(2,251,375)
Net profit	-	-	-	-	-	-	10,383,065	10,383,065
Total recognised income and expense	-	-	-	(188,568)	(2,197,328)	-	10,517,586	8,131,690
Legal reserve	-	-	-	-	-	1,200,000	(1,200,000)	-
Dividends	-	-	-	-	-	-	(5,775,305)	(5,775,305)
Balance at 31 December 2007	25,110,025	(17,141,406)	17,215,737	(208,076)	4,388,935	2,900,000	22,644,726	54,909,941

Separate financial statements

	Issued and paid-up share capital	Difference arising from common control transactions	Share premium	Reserve		Retained earnings		Total shareholders' equity
				Currency translation changes	changes and revaluation surpluses	Legal reserve	Unappropriated	
Balance at 1 January 2006	22,000,000	(15,979,265)	-	(5,341)	6,584,735	1,110,000	17,655,899	31,366,028
Change in accounting policy		15,979,265		5,341	(6,450,214)	-	(14,494,368)	(4,959,976)
Restated balance	22,000,000	-	-	-	134,521	1,110,000	3,161,531	26,406,052
Changes in shareholders' equity for 2006								
Net profit	-	-	-	-	-	-	9,005,467	9,005,467
Legal reserve	-	-	-	-	-	590,000	(590,000)	-
Dividends	-	-	-	-	-	-	(8,042,103)	(8,042,103)
Issue of ordinary shares	3,110,025	-	17,215,737	-	-	-	-	20,325,762
Balance at 31 December 2006	25,110,025	-	17,215,737	-	134,521	1,700,000	3,534,895	47,695,178
Balance at 1 January 2007	25,110,025	(17,141,406)	17,215,737	(19,508)	6,586,263	1,700,000	19,102,445	52,553,556
Change in accounting policies		17,141,406	-	19,508	(6,451,742)	-	(15,567,550)	(4,858,378)
Restated balance	25,110,025	-	17,215,737	-	134,521	1,700,000	3,534,895	47,695,178
Change in shareholders' equity for 2007								
Net surplus on property revaluation	-	-	-	-	(134,521)	-	134,521	-
Net profit	-	-	-	-	-	-	19,418,312	19,418,312
Total recognised income and expense	-	-	-	-	(134,521)	-	19,552,833	19,418,312
Legal reserve	-	-	-	-	-	1,200,000	(1,200,000)	-
Dividends	-	-	-	-	-	-	(5,775,306)	(5,775,306)
Balance at 31 December 2007	25,110,025	-	17,215,737	-	-	2,900,000	16,112,422	61,338,184

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

N/A

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

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

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

Please see page 1 of the attached financial report.

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

Accounting policies and methods of computation applied in the financial statements for the year ended 31 December 2007 are consistent with those applied in the financial statements for the year ended 31 December 2006 except for the change in accounting policy as discussed in Note 28 to the financial statements in respect of interests in subsidiaries and associates in the separate financial statements.

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

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

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

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

TAS 44 (revised 2007) Consolidated and Separate Financial Statements

TAS 45 (revised 2007) Investment in Associates

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

Starting from 1 January 2007, the Company has, accordingly, changed its accounting policy for its investments in subsidiary companies and associate companies in its financial statements from the equity method to the cost method. The change in accounting policy has been applied retrospectively

and the Company's 2006 financial statements, which are included in the Company's 2007 financial statements for comparative purposes, have been restated accordingly.

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

	(Unit : Baht)		
	Consolidated financial statements		
	For the year ended 31 Dec		
	2007	2006	Changes + / (-)
Earning per ordinary share of the group based on net profit attributable to shareholders:-			
(a) based on the weighted average number of ordinary shares on issue	0.41	0.42	(2%)
(b) On a fully diluted basis	0.41	0.42	(2%)

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

	(Unit : Baht)					
	Consolidated financial statements			Separate financial statements		
	31 December 2007	31 December 2006	Changes + / (-)	31 December 2007	31 December 2006	Changes + / (-)
Net asset value per ordinary share based on weighted average number of issued share capital	2.19	2.21	(1%)	2.44	2.01	21%

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

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

Thai Beverage Public Company Limited Management Discussion and Analysis

The Company has completed the acquisition of a distillery named United Products Company Limited (UPC) and a non-alcohol beverage manufacturer named SPM Foods and Beverages Company Limited (SPM) by purchasing about 81% and 83% of the shares in the companies respectively. The operations of UPC and SPM have been included in the Company's financial statements since November 2007 onwards.

The Thai Excise Tax Department, Ministry of Finance, declared an increase of the excise tax rate with immediate effect on white spirits, compounded spirits and brandy (which falls under the "special spirits" tax classification) on August 28, 2007. The new excise tax as related to the Company's products increased about 16.7% for compounded spirits and about 57.1% to 70.8% for white spirits compared with the previous excise tax. However, the Company had a substantial volume of spirits finished goods on which excise tax had already been paid at the previous rate. The Company has already increased the selling price of spirits to cover the excise tax rise.

The Company is planning to improve the efficiency of its distribution network and establish more effective cost control by implementing a Logistics Project. This consists of the establishment of five Regional Distribution Centers, the charter of a new side-loading fleet and the implementation of a Supply Chain Management System. Total cost of the Logistics Project will be approximately Baht 2,541 million from the fourth quarter of 2007 to 2009.

The Company has also planned to increase PET (Polyethylene Terephthalate) drinking water bottle production capacity from the current approximately 7 million litres per year to about 70 million litres per year. Total cost of the project will be approximately Baht 194 million from the fourth quarter of 2007 to the third quarter of 2008.

The Company adopted current accounting policy which require an appraisal to be conducted by independent professional valuer every three to five years to determine fair value of land owned by the Company and its subsidiaries and recorded the impacts in the period ended 31 December 2007 whereas the previous appraisals were conducted in 2003. The appraisals resulted net decrease of Baht 2,121.6 million which were recorded to equity Baht 2,062.7 million and to statements of income Baht 58.9 million.

From the third quarter 2007 onwards, the reporting of business segments has been rearranged to present transactions with external customers more meaningfully. Related business segments that normally conduct most of their business within the group will no longer be presented separately as in previous periods but will be allocated to the Company core business segments which consist of Beer/Water, Spirits and Industrial Alcohol. The segmental information for the same period of 2006 has been restated for comparison with 2007.

Group

In 2007, total sales revenue of the Company was Baht 100,541 million, an increase of 2.8%, or Baht 2,743 million, from Baht 97,798 million in the previous year, mainly due to the increase of sales revenue from the spirits business of about 2.6% and the beer/water business of about 3.2%

Gross profit was Baht 29,668 million, an increase of Baht 1,195 million, or 4.2%, mainly due to higher margin from the spirits business.

Earnings before interest, tax, depreciation and amortization (EBITDA) was Baht 21,251 million, an increase of Baht 652 million, or 3.2%, mainly due to the increase in gross profit from the spirits business.

Net profit was Baht 10,383 million, an increase of Baht 328 million, or 3.3%, mainly from the spirits business.

Unit :Million Baht

YTD _ 2007

	Beer /Water	% to Sales	Spirits	% to Sales	Alcohol	% to Sales	Eliminate	% to Sales	Total	% to Sales
Sales	47,557	100.0	52,940	100.0	966	100.0	(922)	100.0	100,541	100.0
Cost of sales	37,040	77.9	33,924	64.1	972	100.6	(1,063)	115.3	70,873	70.5
Gross profit	10,517	22.1	19,016	35.9	(6)	(0.6)	141	(15.3)	29,668	29.5
Selling and administrative expenses	6,456	13.6	7,055	13.3	140	14.5	38	(4.1)	13,689	13.6
Operating profit	4,061	8.5	11,961	22.6	(146)	(15.1)	103	(11.2)	15,979	15.9
Other income/										
Interest income	111	0.2	237	0.4	19	2.0	(69)	7.5	298	0.3
EBIT	4,172	8.8	12,198	23.0	(127)	(13.1)	34	(3.7)	16,277	16.2
Interest expenses	278	0.6	731	1.4	38	3.9	-	-	1,047	1.0
Income tax	2,192	4.6	2,652	5.0	3	0.3	-	-	4,847	4.8
Net Profit	1,702	3.6	8,815	16.7	(168)	(17.4)	34	(3.7)	10,383	10.3
Depreciation &Amortization	2,364	5.0	2,418	4.6	192	19.9	-	-	4,974	4.9
EBITDA	6,536	13.7	14,616	27.6	65	6.7	34	(3.7)	21,251	21.1

YTD _ 2006

	Beer /Water	% to Sales	Spirits	% to Sales	Alcohol	% to Sales	Eliminate	% to Sales	Total	% to Sales
Sales	46,103	100.0	51,576	100.0	1,205	100.0	(1,086)	100.0	97,798	100.0
Cost of sales	35,944	78.0	33,470	64.9	994	82.5	(1,083)	99.7	69,325	70.9
Gross profit	10,159	22.0	18,106	35.1	211	17.5	(3)	0.3	28,473	29.1
Selling and administrative expenses	5,768	12.5	6,740	13.1	178	14.8	(2)	0.2	12,684	13.0
Operating profit	4,391	9.5	11,366	22.0	33	2.7	(1)	0.1	15,789	16.1
Other income/										
Interest income	70	0.2	106	0.2	6	0.5	(24)	2.2	158	0.2
EBIT	4,461	9.7	11,472	22.2	39	3.2	(25)	2.3	15,947	16.3
Interest expenses	309	0.7	1,202	2.3	62	5.1	(4)	0.4	1,569	1.6
Income tax	1,989	4.3	2,325	4.5	9	0.7	-	-	4,323	4.4
Net Profit	2,163	4.7	7,945	15.4	(32)	(2.7)	(21)	1.9	10,055	10.3
Depreciation &Amortization	2,226	4.8	2,300	4.5	126	10.5	-	-	4,652	4.8
EBITDA	6,687	14.5	13,772	26.7	165	13.7	(25)	2.3	20,599	21.1

	Increase(Decrease)									
	Beer /Water	%	Spirits	%	Alcohol	%	Eliminate	%	Total	%
Sales	1,454	3.2	1,364	2.6	(239)	(19.8)	164	15.1	2,743	2.8
Cost of sales	1,096	3.0	454	1.4	(22)	(2.2)	20	1.8	1,548	2.2
Gross profit	358	3.5	910	5.0	(217)	(102.8)	144	4,800.0	1,195	4.2
Selling and administrative expenses	688	11.9	315	4.7	(38)	(21.3)	40	2,000.0	1,005	7.9
Operating profit	(330)	(7.5)	595	5.2	(179)	(542.4)	104	10,400.0	190	1.2
Other income/										
Interest income	41	58.6	131	123.6	13	216.7	(45)	(187.5)	140	88.6
EBIT	(289)	(6.5)	726	6.3	(166)	(425.6)	59	236.0	330	2.1
Interest expenses	(31)	(10.0)	(471)	(39.2)	(24)	(38.7)	4	100.0	(522)	(33.3)
Income tax	203	10.2	327	14.1	(6)	(66.7)	-	-	524	12.1
Net Profit	(461)	(21.3)	870	11.0	(136)	(425.0)	55	261.9	328	3.3
Depreciation & Amortization	138	6.2	118	5.1	66	52.4	-	-	322	6.9
EBITDA	(151)	(2.3)	844	6.1	(100)	(60.6)	59	236.0	652	3.2

The Beer, Soda & Drinking Water Business

Sales revenue of this segment was Baht 47,557 million in 2007, rising by Baht 1,454 million, or 3.2%, mainly due to an increase in beer sales volume. Total sales volume of beer was 956.8 million litres, an increase of 3.7% over the year 2006. Low alcohol beer sales volume was 312.6 million litres, an increase over the year 2006 of 210.7 million litres or 206.9%. The sales volume of soda was 10.6 million litres, a decline of 15.6%, and the sales volume of drinking water was 43.8 million litres, an increase of 2.9%.

Gross profit of Baht 10,517 million reflected an increase of Baht 358 million, or 3.5%, over the year 2006, mainly due to the increase of the beer sales volume.

EBITDA of Baht 6,536 million decreased by Baht 151 million, or 2.3%, over the previous year mainly due to higher employee expenses, marketing expenses and transportation costs that offset the higher gross profit. Free beer volume for sales promotion as a percentage of total sales volume was 8.2% by average over the year 2007, close to the 8.1% achieved in 2006.

Net Profit of Baht 1,702 million decreased by Baht 461 million or 21.3% mainly due to lower

EBITDA and higher depreciation associated with the commencement of depreciation on the capital expenditure of the Kampheng Phet brewery expansion project but lower interest expense.

The Spirits Business

Sales in the year 2007 amounted to Baht 52,940 million, higher than in 2006 by Baht 1,364 million, or 2.6%, mainly due to the increase of brown spirits' sales volume and the increase in the sales price in May and August. The total sales volume of spirits was 446.3 million litres, a decrease of 6.2%. This is attributed to the white spirits' sales volume declining by 10.3% to 329.4 million litres, though brown spirits sales increased by 8.1% to 116.9 million litres.

Gross profit of Baht 19,016 million reflected an increase of Baht 910 million, or 5%, mainly due to higher margins from new sales price increases and lower raw material cost of molasses.

EBITDA of Baht 14,616 million increased by Baht 844 million, or 6.1%, mainly due to the above-mentioned higher gross profit, which helped cover higher employee expenses and the increase in

marketing expenses from free goods used for sales promotion. Free spirits volume used for sales promotion as a percentage of sales volume increased from 1.3% on average over the year 2006, to 1.7% in 2007.

Net profit of Baht 8,815 million increased by Baht 870 million, or 11%, mainly due to higher EBITDA and lower interest expense, which covered higher depreciation cost.

Industrial Alcohol Business Segment

In 2007, sales of Baht 966 million reflected a decrease of Baht 239 million, or 19.8%, over the previous year mainly due to the decrease in the selling price resulting from oversupply in the Thai market. The sales volume of ethanol was 42.6 million litres, a decrease of 8.5% over 2006, and the average selling price decreased from Baht 24.94 per liter in 2006 to Baht 16.63 per liter in 2007. Alcohol 95 sales volume was 16.8 million litres, which mostly came from exports, an increase of 1,032.7%, while the average sales price decreased from Baht 24.60 per liter in 2006 to Baht 14.81 per liter in 2007.

The gross loss of Baht 6 million in 2007 showed a decrease of Baht 217 million, or 102.8% over gross profit of Baht 211 million in 2006, mainly due to lower sales volume of ethanol and a lower margin caused by oversupply in the domestic market although lower raw material cost of molasses.

EBITDA of Baht 65 million decreased by Baht 100 million, or 60.6%, from the previous year, mainly due to the above-mentioned gross loss; however, other income increased.

The net loss was Baht 168 million, an increase of Baht 136 million or 425% over 2006, mainly due to the decrease in sales margin and higher depreciation but lower interest expense.

Financial Position

Assets

Total assets as at end of December 2007 was Baht 79,527 million, a decrease of Baht 6,053 million, or 7.1%, compared with the end of 2006. Current assets decreased by Baht 393 million, mainly due to the decrease in inventory of finished goods. Non-current assets decreased by Baht 5,659 million, mainly due to the sale of land and a building known as the ThaiBev Tower Project, plus the impact of land revaluation, and depreciation of property, plant and equipment.

Liabilities

Total liabilities as at end of December 2007 was Baht 24,617 million down by Baht 8,409 million, or 25.5%, compared with the end of 2006. This was mainly due to the re-payment of loans and bonds.

The maturity of loans and bonds are as follows.

	Unit: Million Baht
Within December 2008	10,753
Within December 2009	5,025
Within January 2010	375
Total	16,153

Shareholders' Equity

Total shareholders' equity as at the end of December 2007 was Baht 54,910 million, an increase of Baht 2,356 million, or 4.5% compared with the end of 2006. This was mainly due to the increase of retained earnings although the decrease of land revaluation surplus of Baht 2,062.7 million.

Liquidity

Cash and cash equivalents as at December 31, 2007 was Baht 2,189 million. The net increase from the beginning of the period was Baht 269 million. Details of activities are as follows.

	Unit: Million Baht
Net cash provided by operating activities	16,444
Net cash used in investing activities	(715)
Net cash used in financing activities	(15,271)
Adjustment from financial statement translation	(189)
Net increase in cash and cash equivalents in period	269
Cash and cash equivalents at beginning of period	1,920
Cash and cash equivalents at end of period	2,189

Net cash provided by operating activities of Baht 16,444 million. This was mainly derived from net income of Baht 10,383 million and adjusted with non-cash items, such as depreciation and amortization, of Baht 4,975 million.

Net cash used in investing activities of Baht 715 million was mainly due to the investment activities in property, plant and equipment, which exceeded the proceeds from sales of land and building, called the Thai Bev Tower project.

Net cash used in financing activities of Baht 15,271 million was mainly due to the dividend paid of Baht 5,775 million and the repayments of bonds and loans

Financial Ratios

	Dec.31, 07	Dec.31, 06
Current Ratio (times)	1.74	1.28
Total Debt to Equity Ratio (times)	0.45	0.63
Net asset value per share (Baht)	2.19	2.21
	Jan. - Dec.07	Jan. - Dec.06
Accounts Receivable Turnover (days)	5	5
Inventory Turnover (days)		
Beer/water Business		
Finished Goods	15	12
Raw Materials	4	4
Spirits Business		
Finished Goods (Excl. Legacy Stocks)	79	75
Raw Materials	12	8

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

N/A

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

Business in Thailand

While 2007 has seen a continuation of the vigorous competition seen in 2006, the alcohol beverage industry has continued to grow. ThaiBev has continued to see a rise in demand for low alcohol beers and brown spirits. White spirits sales were affected by economic difficulties, but remain the key underpinning of ThaiBev's profitability for the present.

Domestic Strategy

ThaiBev's strategy for the domestic market focuses on the protection of the core businesses of beer and spirits. We intend to continue growing the portfolio and become a leader in all alcoholic segments. We strongly believe that the Thai market has room to grow further as there is still a lack of choice regarding the number of brands available and the narrow segmentation of brands. Thai people aspire to move to higher-end drinks, whether alcoholic or non-alcoholic and as the economy improves, as it must do over time, ThaiBev will have products ready to meet consumer demand.

Today, the Company dominates the economy segment of its businesses. In future, we will introduce standard and premium products that will extend the portfolio upwards. This will provide us with higher margins and greater profitability over time. We have noted that the spirits market will move toward brown spirits over the long term and a more balanced portfolio will allow us to diversify the inherent risk of relying on one type of product or another over time.

We also intend to continue to premiumize our current portfolio. For instance, we have already introduced gift boxes for several spirits products such as Sangsom rum in 2007. We re-launched Hong Thong in 2006 with new packaging that led to a good response from consumers. These steps will raise the market perception of our products and lead to more sustained growth in the future.

In order to diversify the portfolio further, the Company will expand further into the non-alcoholic drinks market to offer a complete range of beverages. The Company has already acquired all the energy drinks and ready-to-drink (RTD) coffee assets of Wrangyer Beverage Company Limited, in January 2008 and we have informed the market that we are negotiating for another acquisition in the energy drinks business. The energy drinks market is growing by approximately 3% per annum and the net profit margins are around 10%, making it an attractive entry point into non-alcoholic beverages for us.

ThaiBev has one of the largest distribution networks in Thailand and it will have to make more strategic use of this network over time by offering it to outside organizations. First the Company needs to make it more efficient in, and more capable of, handling a wider range of products. To achieve this, the Company introduced a logistics project in August 2007. One of the objectives of which is to introduce five huge distribution centers around Thailand that would be able to store more products and distribute them to surrounding regions more efficiently.

The Thai Economy

The Thai economy has declined slowly over the course of 2007, but with some positive sentiment towards the end of the year as the election on December 23 approached. Private investment fell 0.8%¹ year-on-year in 2007. Investment in machinery picked up as seen in rising capital goods' imports in the latter half of the year. However, construction continued to contract. Private consumption rose 1.3% year-on-year but this was lower than expected.

Business sentiment has been reasonably stable, with the Business Sentiment Index (BSI) now standing at 44.5 in December 2007. However, the outlook is positive due to public satisfaction with the election result. Domestic demand in 2007 has improved gradually. Export growth slowed but the trade surplus remained high due to lower imports. The Thai economy in 2007 grew by 4.5% with domestic demand contributing to overall growth. Negative factors that may slow down the pick-up in future domestic demand are higher oil prices and consumer goods driven by higher transportation costs.

Core Inflation	0.8-1.3% (2007)
GDP growth	4.3-4.8% (2007)
Exchange Rates	34.5367 Baht/US\$ (2007 avg.)
Population	65.6 Million (2005)
Alcohol consumption	
Beer	31.3 (liters per capita, 2006)
Spirits	10.4 (liters per capita, 2006)

Source: Bank of Thailand, Canadean, The Beer Service Annual Report – 2007 Cycle

Legislation

The Alcohol Control Act was passed by parliament in December 2007. A National Committee for Alcoholic Beverage Policy was set up to provide the framework of how the Act is to be implemented. The final draft of the Act was approved by parliament on February 13, 2008, and promulgated in the Royal Gazette on February 14 2008.

Many of the regulations mentioned here were expected by the Company for some time and we are already prepared to comply with the law.

Sites where alcohol may be sold and consumed are now regulated. Alcohol may not be sold or consumed in temples and other religious places, health-related sites, hospitals and pharmacies. Neither may alcohol be sold at government sites, hostels and educational institutions. However, shops, private rest areas and clubs situated on government sites are exempt. Sites that have traditionally been used for eating and drinking are also exempt.

Alcohol may not be sold in petrol or fuel service stations or shops in their vicinity, nor is alcohol allowed in public parks run by the state.

We should note that petrol stations in Thailand have not been selling alcohol in the shops on their premises for some time due to an earlier Ministerial Regulation.

Although the Minister of Health may on occasion proclaim days and times when alcohol may not be sold, this would be in addition to existing restrictions on times when alcohol may not be sold. Normally alcohol is not sold the evening before an election, for instance.

It is now forbidden to sell alcoholic drinks to anyone under 20 years old.

¹ Source: Bank of Thailand estimate

It is also forbidden to sell alcohol using automatic vending machines, by hawking or to offer discounts to promote sales. No gifts, rewards or prizes may be provided to those purchasing alcoholic drinks or by using the redemption of things like bottle tops, for example. Companies may not offer alcoholic drinks for people to try or to impose any conditions that oblige the purchase of alcohol.

Regarding advertising, it is now forbidden to advertise alcoholic beverages directly or show the drinking of alcohol. The industry cannot show the name or brand of alcoholic drinks to accentuate the merits of alcoholic drinks or entice people to drink. This has been a regulation for some time and the Company already complies with it.

Advertising and public relations of alcoholic beverages are allowed per se but there are exemptions relating to advertising subject to Ministerial Regulations (that have not yet been issued). These would be limited to information and news about social contributions without the appearance of any product photos or the packaging of alcoholic drinks, except for the symbol or logo of the drink or company only. In principle, this implies that advertising may now be allowed, but the focus must be on meritorious activities, such as how ThaiBev provides support to society. Examples here would be our continued support for arts and crafts, health, sports, religious activities, youth projects and other support for the poor and underprivileged that ThaiBev has pursued over the years. Therefore, as long as the advert does not show bottles or drinking scenes, it should be allowed. We note this will enable ThaiBev to continue to build its corporate image in Thailand.

The law does not cover advertisements that originate outside Thailand. Investors should note that ThaiBev is a shirt sponsor of Everton Football Club in the UK and that this sponsorship will not be affected by these new regulations in Thailand.

After consideration of these regulations under the Alcohol Control Act, ThaiBev believes that while there will be some effect on promotional activities, the company's extensive distribution network mitigates the loss of some other marketing tools. Moreover, while the restrictions on public places where alcohol may be sold and consumed are reasonable, we should note that the vast majority of ThaiBev's products today are drunk in the home.

In sum, the Alcohol Control Act is a restriction on the ability of companies to promote and position their products in the minds of consumers, but is not in itself an obstruction to sales. Nothing in the Act forbids consumers from purchasing and drinking alcohol. Certainly, there is a risk to new entrants that they may not be able to establish themselves with consumers who will be unaware of their presence if they can only advertise logos and social contributions as they will not have the distribution network in place to offer a pervasive brand presence. ThaiBev has an extensive distribution network in Thailand for alcoholic beverages which is advantageous to the sales of new products.

Taxation

Besides corporate income tax, which is set at a rate of 30% in Thailand, the company pays excise tax on its alcoholic beverages. This is imposed before our products leave the factory and explains why the company has a relatively high use of short term cash. There are two methods that can be used by the Government to levy the tax; either according to the amount of alcohol per liter, called a specific rate, or based on a determined ex-factory price, called the ad valorem rate. The Excise Department may use either the specific or ad valorem rates depending on which one is the higher.

The Cabinet approved raising the excise tax ceiling from an ad valorem rate of 60% and a specific rate of Baht 400 per liter of pure alcohol, to an ad valorem rate of 99% and a specific rate of Baht 1,000 per liter of pure alcohol as proposed by the Minister of Finance. The objective of this ceiling rate increase is to provide flexibility to the excise department in managing future excise tax rates. The matter must

be passed by Act of Parliament. Due to the change of government following the election on December 23, 2007, the Act must be re-submitted to the new parliament for its approval.

On August 28, 2007, the government approved and announced new excise tax increases. The increases were on white and compound spirits and brandy. The tax increases affected ThaiBev's white spirits and its three compound spirit brands; Mungkorn Thong, Hong Thong, Blend 285 and Chinese herbal spirits. The white spirits specific rate increased from Baht 70 per liter of 100 per cent alcohol to Baht 110 per liter of 100 per cent alcohol, while the ad valorem rate changed from 25% to 50%. The specific rate for compound and Chinese spirits increased from Baht 240 per liter of 100 per cent alcohol to Baht 280 per liter while the ad valorem rate remains 50 per cent of the ex-factory price. For brandy, the ad valorem rate increased from 40 per cent to 45 per cent of the ex-factory price, while the specific rate remained unchanged at Baht 400 per liter of 100 per cent alcohol. On 14 January 2008, the Government applied an additional amount of 1.5% onto the excise tax of all alcoholic beverages in order to pay for the new public broadcasting system.

Table of Excise Taxes levied on the Company's products showing the rise in August 2007 on certain products and the addition of 1.5% across the board in January 2008

Product	Ad Valorem Rate (Ex-factory)	Specific Rate	
		Unit	Bt/Unit
<u>Fermented Liquor:</u>			
Beer	55%	Liter of pure alcohol	100
Wine & Sparkling wine from grapes	60%	Liter of pure alcohol	100
Local fermented liquor	25%	Liter of pure alcohol	70
Other	25%	Liter of pure alcohol	70
<u>Distilled Liquor</u>			
White spirits*	25% -> 50%	Liter of pure alcohol	70 -> 110
Compounded spirits (Hong Thong, Mungkorn Thong, Chinese Herb)*	50%	Liter of pure alcohol	240 -> 280
Blended spirits (Mekhong)	50%	Liter of pure alcohol	400
Special spirits			
Brandy*	40% -> 45%	Liter of pure alcohol	400
Whisky	50%	Liter of pure alcohol	400
Other (Sangsom, Crown99, Blue)	50%	Liter of pure alcohol	400
<u>Absolute alcohol:</u>			
used in industry	2%	Liter	1
used in medicine, pharmaceuticals, science	0.10%	Liter	0.05
other	10%	Liter of pure alcohol	6

+ Municipal Taxes: 10% of Excise

+ Health Promotion Fund Contribution: 2% of Excise

+ Thai Public Broadcasting Service Fund Contribution: 1.5% of Excise **

* New Tax Rate Applied from 28 Aug 2007, ** TPBS Funds Applied from 14 Jan 2008

Beer Business

Since the introduction of Chang beer to the masses in 1995, people in rural areas had limited choice and there was a potential to provide more products to them. In 2006 it became clear that an alternative would either have to be introduced by ThaiBev or a competitor. The re-launch of Archa into the northeast and other rural areas proved the case that there is a section of society that wants a lighter alternative to Chang. Along with Chang Light and Chang Draught, lighter beers are finding favor in both rural and urban areas, with the total sales volume at the end of 2007 climbing to 956.8 million liters. Total sales of Archa alone accounts for 31% of ThaiBev's beer portfolio.

Archa Beer won over more than 20 judges to claim the coveted Gold Medal in European Lager Division at the 2007 Australian International Beer Awards (AIBA). Archa Beer was cited for being "an outstanding beer that displays the correct balance of taste, aroma and appearance appropriate for the style and excellent technical merit"

Archa Beer was the only Thai beer to have received a Gold Medal. Back in 1998, Chang was the first Thai beer to win this award, making Thai Beverage PLC the only Thai brewer to have won AIBA Gold Medals.

There has been phenomenal growth among the lighter beers in the portfolio on the back of a rising trend globally. ThaiBev intends to continue this success by introducing new beers at the right time at high market positions and higher margins as part of its premiumisation policy.

In 2004, the Company decided to expand the capacity of its northern brewery at Kampheng Phet. This was done as the beer market had risen to the extent that the former total capacity of the company's three breweries was already running at full capacity. With plans to expand production to include exports, the expansion was timed well to meet the current upsurge in demand for beer. The Baht 7.2 billion project was completed in 2007, bringing the capacity of Kampheng Phet up to 900 million liters. Together with the two other breweries at Wang Noi and Bang Ban in Ayutthaya Province, the Company now has a total production capacity of 1,550 million liters per annum, making us one of the largest brewers in Southeast Asia. Utilization normally runs at approximately 68% of total capacity per annum. However, this sometimes increases to almost 95% utilization prior to and during peak periods as our brewing team has a policy of providing only fresh beer to consumers and therefore does not normally brew well in advance of a peak period and store the beer. At this level of utilization, and the growth of the beer industry in 2007 of 6%, ThaiBev expects full utilization in approximately six years.

Spirits Business

While approximately 52% of ThaiBev's sales come from spirits, this product accounts for about 85% of net profit. ThaiBev's spirits portfolio is split into two types, brown and white spirits. All the Company's white spirits are made from molasses (a product of sugar cane) as are the majority of its brown spirits made in Thailand. Only Crown 99 and Blue are whiskies. Whereas white spirits are an economy drink, commonly consumed in rural areas and among the segment of society that performs physical labor, brown spirits are what most consumers aspire to drink.

ThaiBev has approximately 74% of the spirits market and thus has some pricing power. In May 2007, the prices of some brown spirits were raised an average of 7.2% for a case of 12 bottles (7.68 liters), or an average of 11.3% for a case of 24 half bottles (7.92 liters).

The selling price in Baht for one case (i.e. a dozen bottles) increased as illustrated here:

	Increase per case (Baht)	
	Bottle	Half bottle
Hong Thong	110 (+7.1%)	118 (+15.3%)
Sangsom	120 (+5.5%)	60 (+5.6%)
Mekhong	110 (+7.7%)	55 (+7.7%)
Blend 285	150 (+8.5%)	N/A
Mungkorn Thong	None	118 (+16.6%)

The past year has seen the Thai economy slow measurably, with the effect being felt mostly in rural areas and among laborers. As consumer confidence has declined, the Company has seen a noticeable effect on its white spirits' sales, which acts as a barometer of the rural economy. Sales volume of white spirits began to decline as consumers switched to half bottles or single shots. In some cases the community spirits sector in Thailand was the beneficiary. However, we know that white spirits are consumed mostly by the older generation and we do not expect the younger generation to continue this tradition forever. By nature, younger people prefer to consume brown spirits and beer, and this is the area that the Company will be concentrating more on in the future.

In October 2006, we launched Blend 285 and positioned it to provide the consumer with a superior quality product at an affordable price. The product features premium clues such as an individual gift

box, non-refillable cap (“NRF”), and westernized packaging design. The product has proven popular throughout 2007 and sold 14.8 million liters, a success that clearly demonstrates the strength of our distribution platform which enables new products to gain deep market penetration over a short period of time.

In September 2007, we acquired United Products Company Limited (“UPC”) and SPM Foods and Beverages Company Limited (“SPM”).

UPC is primarily engaged in the manufacturing and distribution of spirits, including contract distilling. UPC has various brands in its portfolio, for example “White Bear” white sprits, “Mungkorn Taejean” white sprits, “Noble Lords” whisky, “Tumbler” whisky, etc. Its distillery is located in Nakhon Pathom Province, not far from Bangkok. The total design capacity of UPC’s distillery at 50 degree alcohol content is approximately 30,000 liters per day. In 2007, UPC has been operating its distillery at approximately 35% utilization of its design capacity. This utilization comprises 90.18% white spirits and 9.82 special spirits, known as Bacardi Breezer, under the Bacardi brand. We have agreed to renew Bacardi’s current contract for another year and are now working on a longer-term contract.

SPM is a company primarily engaged in the manufacture and distribution of mineral drinks, sports drinks, fruit juices and seasoning sauce. It produces OEM products under contract, for example “Gatorade” sports drink, “Fruitnette Jelly Drink,” “SPM” juice, “Furen” seasoning sauce, etc. The Company is considering the extension of the Gatorade contract to the middle of 2008. SPM’s factory is located at Nakhon Pathom Province.

The rationale for these acquisitions was to enable ThaiBev to obtain new customers and new brands of liquor products, in particular white liquor; to diversify our current alcohol beverage business, and to enter into new non-alcohol beverage businesses.

ThaiBev is interested to become a comprehensive producer of drinks, both alcoholic and non-alcoholic as part of its strategy to diversify its portfolio and seek higher returns.

Industrial Alcohol Business

We acquired our industrial alcohol plant in 2002 to create further integration in our alcohol business. We are now increasing our exports of industrial alcohol products to key markets such as Japan and India. Since September 2004, we have produced ethanol to make gasohol fuel as a substitute for 95 octane gasoline. We have increased our capacity of ethanol production to meet the expected demand for gasohol and capitalize on the Government’s policy on clean energy.

In 2007, our sales volume of ethanol was 42.6 million liters, compared to 46.6 million liters in 2006. However, our overall sales volume of industrial alcohol in 2007 is slightly more than that of 2006 due to a temporary production halt as a result of unfavorable product margins in the first quarter of 2006.

The industrial alcohol business throughout 2007 was still under pressure. The postponement of an import ban on 95 octane gasoline by the transitional government directly affected demand in the industrial alcohol business in Thailand. Most of the domestic industrial alcohol producers were stuck with high inventories forcing them to lower their prices to deplete stocks. Oil companies are enjoying good profit from gasohol due to low alcohol prices but this was not enough to motivate them to promote gasohol. Exporting industrial alcohol is the only available source of business open to

ThaiBev. However, global industrial alcohol prices have been very competitive due to abundant supplies from Brazil. Despite all the difficulties, ThaiBev managed to sell a total of 59.5 million liters

of alcohol, which was 23 percent higher than total sales of the same period last year. ThaiBev will continue to focus on the exporting business for the remainder of 2008.

Domestic sales in 2007 were 36.7 million liters, which was 9.4% lower than the sales in 2006. The average price per liter of Baht 24.97 in 2006 decreased to Baht 16.14 per liter in 2007. Thai Alcohol Company exported 22.8 million liters in 2007, mainly to Japan. There were no export sales last year. The Company showed a gross loss of Baht 6 million compared to a gross profit of Baht 210 million last year.

Related Businesses

The Glass Bottle Purchase Agreement between Bangna Logistics Co., Ltd. (a wholly-owned subsidiary of ThaiBev) and Berli Jucker Plc. expired on April 30, 2007 and the parties entered into a new Glass Bottle Purchase Agreement dated May 24, 2007 for a period of two years and eight months (effective from May 1, 2007 to December 31, 2009).

Overseas Business

International Beverage Holdings Limited (“IBHL” see: www.interbevgroup.com) has been established to be the international arm of Thai Beverage Public Company Limited (ThaiBev). These global operations are managed out of our four regional headquarters located in Hong Kong, Singapore, North America and the United Kingdom together with our major Scotch whisky operations in five distilleries in Scotland.

We currently export our brands to over 80 countries outside Thailand managing this directly with our in-house sales and marketing teams as well as through suitable local distributors where necessary.

The changing face of the world's drinks industry will create opportunities for the development of our company in the years ahead. Consumers are demonstrating an increasing desire to trade up to more premium products as well as to experiment with new and interesting brands and these are just two of the trends that we believe will help InterBev achieve its strong brand growth targets.

IBHL is incorporated in Hong Kong and currently has subsidiaries in six countries:

InterBev (Singapore) Limited

InterBev Malaysia Sdn. Bhd.

InterBev (Cambodia)

International Beverage Holdings Limited USA, INC.

International Beverage Holdings (UK) Ltd and subsidiaries including Inver House Distillers Limited

Best Spirits Company Limited

IBHL is responsible for ThaiBev’s international business and is engaged in activities such as the production, marketing and distribution of our portfolio of alcoholic beverages including ThaiBev’s domestically-produced products and Scotch whisky. IBHL’s vision is to be dominant in ASEAN with a presence in China and a reach into other international markets.

Please see the Chapter *International Business Strategy* for more information on our overseas business.

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

(a) Current Financial Period Reported On

Any dividend declared for current financial period reported on?

Yes.

The company board of director has consented dividend payment for the year 2007 at the meeting held on February 27, 2008 as follows:

Annual dividend for 2007	0.29	<u>7,281,907,250</u>	70.13%	
Less Interim dividend	0.12	<u>3,013,203,000</u>		11 Sep 07
Remaining Dividend	<u>0.17</u>	<u>4,268,704,250</u>		7 May 08 26 May 08

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

The company board of director has consented dividend payment for the year 2006 at the meeting held on February 27, 2007 as follows:

	<u>Per share Baht</u>	<u>Total value Baht</u>	<u>Pay out ratio</u>	<u>Book closure date</u>	<u>Payable date</u>
Annual dividend for 2006	0.22	5,524,205,500	54.81%		
Less Interim dividend paid	0.11	2,762,102,750			8 Sep 06
Remaining dividend to be paid	<u>0.11</u>	<u>2,762,102,750</u>		2 Apr 07	16 May 07

(c) Dividend is before tax.

Tax rate 10%

Country where the dividend is derived . “ Thailand ”

(d) The date the dividend is payable . “ May 26, 2008 ”

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

Not Applicable

13.Segmented revenue and results for business or geographical segments(of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segment results
(in million Baht)

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

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Already included in article No.8

15. A breakdown of sales as follows:-

	2007 Baht '000	2006 Baht '000	% increase / (decrease)
	Consolidated	Consolidated	Consolidated
(a) Sales Reported for the first half year	49,107,270	47,780,045	2.8%
Operating profit/loss after tax before (b) deducting minority interests reported of the first half year	5,259,997	5,083,104	3.5%
(c) Sales Reported for the second half year	51,433,625	50,017,877	2.8%
Operating profit/loss after tax before (d) deducting minority interests reported of the second half year	5,123,068	4,971,673	3.0%

16. A breakdown of the total annual dividend (in Baht value) for the issuer's latest full year and its previous full year as follows:-

Please see article No.11

17. Interested person transaction

The details of the aggregate value of interested person transactions of the company for the year ended 31 December 2007 are as follows:

Thai Beverage Public Company Limited

Audited results for the year ended 31 December 2007

Interested persons transactions for the year ended 31 December 2007

	Aggregate value of all interested persons transactions during the year ended 31 December, 2007 under review (excluding transactions less than S\$100,000* and transactions conducted under Shareholders' Mandate) Baht '000	Aggregate value of all interested persons transactions conducted under the mandate (excluding transactions less than S\$100,000*) Baht '000
A Revenue from sales and service income		
1 Pisetkij Co., Ltd.	-	21,780.45
2 PS Recycle Co., Ltd.	-	100,526.82
3 Oishi Trading Co., Ltd.	17,422.58	-
4 The Chonburi Sugar Corp. Ltd.	-	3,424.38
5 TCC Hotel Collection Co.,Ltd. (**)	3,506.41	-
B Other income		
1 Pisetkij Co., Ltd.	-	11,369.29
2 Thai Glass Industries PCL	-	3,843.76
3 Liquorland Limited	22,069.48	-
C Cost of sales		
1 PS Recycle Co., Ltd.	-	1,185,082.81
2 The Chonburi Sugar Corp. Ltd.	-	31,293.89
3 The Maewang Sugar Industry Co., Ltd.	-	21,587.07
4 The Suphanburi Sugar Industry Co., Ltd.	-	53,596.63
5 Dhipaya Sugar (1999) Co., Ltd.	-	15,601.26
6 Southeast Capital Co., Ltd.	-	7,612.98
7 T.C.C. Technology Co., Ltd.	-	30,923.00
8 Thai Beverage Can Co., Ltd.	-	1,211,761.35
9 Berli Jucker PCL.	-	2,247,081.29
10 The Southeast Insurance (2000) Co., Ltd.	-	111,024.07
11 The Southeast Life Insurance Co., Ltd.	-	4,020.37
12 The Utaradit Sugar Industry Co., Ltd.	-	29,223.90
13 New Noble Property And Loan Fund	-	14,071.60
14 BJC Industrial and Trading Company Limited (***)	-	2,723.56
15 TCC Hotel Collection Co.,Ltd. (**)	2,884.82	-
16 Dynamic Assets Property and Loan Fund	44,880.40	-
17 T.C.C. Ningbo Best Spirits Co., Ltd.	9,795.79	-
18 Siam Food Products Public Co., Ltd.	14,984.00	-
D Interest expenses		
1 Great Oriole Limited	161,024.95	-
E Other expenses		
1 Southeast Capital Co., Ltd.	-	109,629.64
2 T.C.C. Technology Co., Ltd.	-	44,969.75
3 The Southeast Insurance (2000) Co., Ltd.	-	30,661.14
4 The Southeast Life Insurance Co., Ltd.	-	5,136.26
5 Plaza Athenee Hotel (Thailand) Co., Ltd.	-	30,706.72
6 Regent Gold Property Fund	-	5,331.15
7 North Park Golf And Sport Club Co., Ltd.	-	10,581.56
8 T.C.C. Capital Land Limited	5,218.50	-
9 TCC Hotel Collection Co.,Ltd. (**)	25,251.67	-
10 Dynamic Assets Property and Loan Fund	4,135.36	-
11 Best Wishes co Ltd	5,494.44	-
12 T.C.C. International Limited	3,399.86	-
F Sales of assets		
1 TCC Hotel Collection Co.,Ltd. (**)	819,000.00	-
G Purchase of assets		
1 Siam Realty Co., Ltd.	30,810.06	-

* Exchange rate Baht 23.00 per 1 SGD.

** Formerly : Queen's Park Hotel Group Co., Ltd.

*** Formerly : BJC Engineering Co., Ltd.