

Thai Beverage Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2007 and 2006

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006 (Restated)
<i>(in Baht)</i>					
<i>Cash flows from investing activities</i>					
Interest received		40,930,836	58,093,432	780,791,231	847,583,522
Dividends received		-	16,975,616	20,290,212,836	8,055,408,868
Current investments		(3,326,485)	5,640,990	-	-
Loans to related parties		-	40,850,000	1,908,300,440	(1,144,799,640)
Investments in subsidiaries and associates		39,613,566	-	(9,180,660,910)	(509,999,340)
Consideration paid to shareholders of subsidiaries for the common control transactions		-	(1,505,240,976)	-	-
Increase in share capital in subsidiaries before business restructuring		-	27,039,805	-	-
Sale of long-term investments		120,039	26	7,820	-
Purchase of property, plant and equipment		(1,454,554,671)	(4,231,904,150)	(9,205,674)	(129,607,370)
Decrease in property, plant and equipment		933,321,336	51,883,323	819,205,608	58,906
Purchase of intangible assets		(26,925,503)	(12,511,963)	(8,595,148)	(6,666,764)
Decrease in intangible assets		11,202,717	37,899	-	-
Other non-current assets		(1,211,354)	(24,843,220)	(3,582,600)	(4,716,900)
Net cash outflow on acquisition of indirect subsidiaries		(253,908,978)	-	-	-
Net cash provided by (used in) investing activities		(714,738,497)	(5,573,979,218)	14,596,473,603	7,107,261,282
<i>Cash flows from financing activities</i>					
Interest paid		(1,139,354,066)	(1,420,545,600)	(1,708,451,681)	(2,086,173,156)
Dividends paid		(5,775,305,750)	(8,042,102,750)	(5,775,305,750)	(8,042,102,750)
Bank overdrafts and short-term loans from financial institutions		(1,140,914,252)	(33,405,319,840)	1,768,125,256	(33,570,440,734)
Proceeds from short-term guaranteed bonds		-	4,700,000,000	-	4,700,000,000
Repayment of short-term guaranteed bonds		(2,200,000,000)	(2,500,000,000)	(2,200,000,000)	(2,500,000,000)
Loans from related parties		(4,615,231,380)	629,727,420	(8,776,000,000)	1,815,500,000
Proceeds from long-term guaranteed bonds		-	5,300,000,000	-	5,300,000,000
Repayment of long-term guaranteed bonds		(2,300,000,000)	-	(2,300,000,000)	-
Proceeds from issuance of share capital		-	20,325,761,603	-	20,325,761,603
Proceeds from long-term loans from financial institutions		5,400,000,000	26,600,000,000	5,400,000,000	26,600,000,000
Repayment of long-term loans from financial institutions		(3,500,000,000)	(22,431,600,000)	(3,500,000,000)	(21,345,000,000)
Net cash used in financing activities		(15,270,805,448)	(10,244,079,167)	(17,091,632,175)	(8,802,455,037)
Currency translation changes		(188,568,040)	(22,710,718)	-	-
Net increase (decrease) in cash and cash equivalents		269,414,804	(1,478,417,042)	(6,454,342)	(2,940,302)
Cash and cash equivalents at beginning of year		1,919,576,970	3,397,994,012	15,622,582	18,562,884
Cash and cash equivalents at end of year	6	<u>2,188,991,774</u>	<u>1,919,576,970</u>	<u>9,168,240</u>	<u>15,622,582</u>

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

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Notes to the financial statements
For the years ended 31 December 2007 and 2006

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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 27 February 2008.

1 General information

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

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

The principal businesses of the Company and its subsidiaries are the production, distribution and marketing of alcoholic and non-alcoholic beverages, industrial alcohol and other by-products. Details of the Company's subsidiaries as at 31 December 2007 and 2006 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2007	2006
<i>Direct subsidiaries</i>				
1. Beer Thai (1991) PCL.	Beer brewery	Thailand	100.00	100.00
2. Beer Thip Brewery (1991) Co., Ltd.	Beer brewery	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. Kanchanasingkom Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
8. Sura Bangyikhan Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
9. Ahimart 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. Thepannothai 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. Simeathurakij 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 Fiset Thipparat Co., Ltd.	Spirits distillery	Thailand	100.00	100.00
19. Thai Alcohol PCL.	Alcohol distillery	Thailand	100.00	100.00
20. Pomthip Co., Ltd.	Beer distributor	Thailand	100.00	100.00
21. Pomkit Co., Ltd.	Beer distributor	Thailand	100.00	100.00
22. Pomkong Co., Ltd.	Beer distributor	Thailand	100.00	100.00
23. Pomchok Co., Ltd.	Beer distributor	Thailand	100.00	100.00
24. Pomcharoen Co., Ltd.	Beer distributor	Thailand	100.00	100.00
25. Pomburapa Co., Ltd.	Beer distributor	Thailand	100.00	100.00
26. Num Yuk Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
27. Num Kijjakarn Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
28. Num Palang Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
29. Num Muang Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
30. Num Nakorn Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
31. Num Thurakij Co., Ltd.	Spirits distributor	Thailand	100.00	100.00
32. Thipchalothorn Co., Ltd.	Beer and sprits agency	Thailand	100.00	100.00
33. Krittayabun Co., Ltd.	Beer and sprits agency	Thailand	100.00	100.00
34. Surathip Co., Ltd.	Spirits agency	Thailand	100.00	100.00
35. Sunthronpirom Co., Ltd.	Spirits agency	Thailand	100.00	100.00
36. Piromsurang Co., Ltd.	Spirits agency	Thailand	100.00	100.00

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			2007	2006
<i>Direct subsidiaries (continued)</i>				
37. Bionic Humus Co., Ltd.	Trading of fertilizer	Thailand	100.00	100.00
38. Maharas Agri Co., Ltd.	Japanese rice farming	Thailand	100.00	100.00
39. Thai Molasses Co., Ltd.	Trading of molasses	Thailand	99.72	99.72
40. Additive Food Co., Ltd.	Trading of feeds	Thailand	100.00	100.00
41. Pan International (Thailand) Co., Ltd.	Trading of supplies and procurement	Thailand	100.00	100.00
42. Charun Business S2 Co., Ltd.	Brick producer	Thailand	100.00	100.00
43. Thai Cooperage Co., Ltd.	Oak barrel producer	Thailand	100.00	100.00
44. Bang-Na Logistic Co., Ltd.	Trading of bottles	Thailand	100.00	100.00
45. Thai Beverage Logistics Co., Ltd. (Formerly: Sahatipkarnkonsong Co., Ltd.)	Transportation	Thailand	100.00	100.00
46. Thai Beverage Marketing Co., Ltd.	Import and export spirits for trading/ international marketing	Thailand	100.00	100.00
47. Dhanasindhi Co., Ltd.	Construction	Thailand	100.00	100.00
48. Dhospaak Co., Ltd.	Advertising agency	Thailand	100.00	100.00
49. International Beverage Holdings Ltd.	Holding company	Hong Kong	100.00	100.00
50. Cosmos Brewery (Thailand) Co., Ltd.	Beer brewery	Thailand	100.00	100.00
51. T.C.C. Cosmo Corporation Ltd.	Trademark holding	Thailand	100.00	100.00
52. Beer Chang Co., Ltd.	Trademark holding and production of concentrate materials	Thailand	100.00	100.00
53. Archa Beer Co., Ltd.	Trademark holding and production of concentrate materials	Thailand	100.00	100.00
54. Sura Piset Phatra Lanna Co., Ltd. ##	Holding company	Thailand	100.00	100.00
<i>Indirect subsidiaries</i>				
55. Thai Thum Distillery Co., Ltd. #	Trading of spirits	Thailand	99.90	99.90
56. Sura Piset Sahasan Co., Ltd. #	Production and distribution of spirits	Thailand	100.00	100.00
57. Sura Piset Sampan Co., Ltd. #	Production and distribution of spirits	Thailand	100.00	100.00
58. Muangkij Co., Ltd. #	Import of oak woods	Thailand	100.00	100.00
59. Sint Ek Punich Co., Ltd. #	Mining	Thailand	100.00	100.00
60. Pan Alcohol Co., Ltd. #	Production and distribution of vinegar	Thailand	100.00	100.00
61. Banglen Agriculture Co., Ltd. #	Agriculture	Thailand	100.00	100.00
62. Vitayathan Co., Ltd.	Environmental public relations	Thailand	100.00	100.00
63. InterBev (Singapore) Limited	Trading of alcoholic beverages	Singapore	100.00	100.00
64. InterBev (Cambodia) Co., Ltd.	Trading of alcoholic beverages	Cambodia	100.00	100.00
65. InterBev Malaysia Sdn. Bhd.	Trading of alcoholic beverages	Malaysia	100.00	100.00
66. International Beverage Holdings Limited USA, Inc. (Formerly: InterBev USA Inc.)	Trading of alcoholic beverages	United States of America	100.00	100.00
67. Best Spirits Company Limited	Trading of alcoholic beverages	Hong Kong	100.00	100.00
68. International Beverage Holdings (UK) Limited (Formerly: Pacific Spirits (UK) Limited)	Holding company	United Kingdom	100.00	100.00
69. United Products Co., Ltd.	Production and distribution of spirits	Thailand	80.82	-
70. S P M Foods and Beverages Co., Ltd.	Production and distribution of water and energy drinks and spirits agency	Thailand	83.20	-
<i>Subsidiaries of indirect subsidiaries*</i>				
71. Blairbhor Limited #	Holding Company	United Kingdom	100.00	100.00
72. Inver House Distillers Limited	Production and distribution of spirits	United Kingdom	100.00	100.00
73. Blairbhor Distillers Limited #	Dormant	United Kingdom	100.00	100.00
74. Wee Beastie Limited	Production and distribution of alcoholic beverages	United Kingdom	100.00	100.00
75. Speyburn-Glenlivet Distillery Company Limited #	Dormant	United Kingdom	100.00	100.00
76. The Knockdhu Distillery Company Limited #	Dormant	United Kingdom	100.00	100.00

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Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2007	2006
<i>Subsidiaries of indirect subsidiaries* (continued)</i>				
77. The Pulteney Distillery Company Limited #	Dormant	United Kingdom	100.00	100.00
78. The Balblair Distillery Company Limited #	Dormant	United Kingdom	100.00	100.00
79. R. Carmichael & Sons Limited #	Dormant	United Kingdom	100.00	100.00
80. JMacArthur Junior & Company Limited #	Dormant	United Kingdom	100.00	100.00
81. Mason & Summers Limited #	Dormant	United Kingdom	100.00	100.00
82. Hankey Bannister Limited #	Dormant	United Kingdom	100.00	100.00
83. James Catto & Company Limited #	Dormant	United Kingdom	100.00	100.00
84. Glen Calder Blenders Limited #	Dormant	United Kingdom	100.00	100.00
85. Moffat & Towers Limited #	Dormant	United Kingdom	100.00	100.00
<i>Associates of indirect subsidiaries**</i>				
86. Liquorland Limited	Offices	United Kingdom	49.49	49.49
87. Inver House Polska Limited	Trading of alcoholic beverages	Poland	44.00	44.00
88. Inver House Distribution SA #	Dormant	France	50.02	50.02

* Subsidiaries of International Beverage Holdings (UK) Limited

** Associates of International Beverage Holdings (UK) Limited

These are currently non-trading.

A subsidiary was changed from indirect subsidiary to direct subsidiary in October 2007 and is currently non-trading.

In 2007, Sura Piset Phatra Lanna Co., Ltd., a subsidiary, acquired 2.8 million ordinary shares of United Product Co., Ltd. which represents 80.82% in share capital of such company for a total value of Baht 285.54 million, and 0.8 million ordinary shares of SPM Foods and Beverages Co., Ltd. which represents 83.20% in share capital of such company for a total value of Baht 0.08 million from the former shareholders of both companies.

2 Basis of preparation of the financial statements

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

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

During 2007, the FAP issued the following revised TAS relevant to the Group's operations and effective for accounting periods beginning on or after 1 January 2007:

TAS 44 (revised 2007) *Consolidated and Separate Financial Statements*

TAS 45 (revised 2007) *Investments in Associates*

The adoption of these revised TAS has resulted in a change in the Company's accounting policy for interests in subsidiaries and associates in the separate financial statements of the Company. The effects of this change are disclosed in note 29.

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In addition to the above revised TAS, the FAP has issued during 2007 a number of other new and revised TAS which are only effective for financial statements beginning on or after 1 January 2008 and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 34.

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

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Accordingly, actual results may differ from these estimates.

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

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 interest in associates.

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

Subsidiaries

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

Associates

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

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Business combinations

Business combinations involving businesses under common control have been accounted for in a manner similar to a pooling of interests, whereby the assets, liabilities and contingent liabilities transferred have been accounted for at book values.

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

(b) Foreign currencies

Foreign currency transactions

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

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

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

Foreign entities

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

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

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

(c) Derivative financial instruments

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

(d) Cash and cash equivalents

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

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(e) Trade and other accounts receivable

Trade and other accounts receivables (including balances with related parties) are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) Inventories

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

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

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. This is a change of accounting policy, the effects of which are disclosed in note 29. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Investments in other equity securities

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

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

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

Disposal of investments

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

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(ii) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for land, which is stated at its revalued amount. The revalued amount is the fair value.

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

Leased assets

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

Revalued assets

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

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

Subsequent expenditure

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

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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	5-20 years
Building and structures	10-40 years
Building improvements	5-20 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.

(f) 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.

Goodwill is stated at cost less accumulated amortisation and impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses.

Amortisation

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

Goodwill	20 years (straight-line method)
Computer software	3-10 years (straight-line method)
Trademark	10 years (straight-line method)
Broadcasting rights	4 years (unit of production method)
Leasehold	Lease term (straight-line method)

(g) Impairment

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

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit 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.

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(k) 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.

(l) Trade and other accounts payable

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

(m) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(n) 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 shareholder 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 shareholders' equity until disposal of the investment.

(o) Revenue

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

Sale of goods and services rendered

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

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

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Construction contracts

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

Interest and dividend income

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established which in the case of marketable securities is usually the ex-dividend date.

(p) Expenses

Operating leases

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

Finance costs

Interest expenses and similar costs are charged to the statement of income in 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 is expensed in the period in which it is incurred.

Other income and expenses are recognised on an accrual basis.

(q) Income tax

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

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4 Business restructuring

The Company was formed in 2003 to combine the separate beverages businesses of the ultimate controlling shareholder group, the Siriwadhanabhakdi family, which were held as part of the operations of 89 separate companies, into a single group of companies. Of these, 65 businesses were transferred between 2003 and 2004, four businesses were transferred during 2005 and 20 businesses were transferred during 2006. Prior to the restructuring these business were under the common control of the ultimate controlling shareholder of the Company.

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

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 were not under common control, whereby net identifiable assets were measured at their fair value) was recorded as "Difference arising from common control transactions", which is shown as a reduction in shareholders' equity.

In preparing the consolidated financial statements, those assets, liabilities, revenues and expenses that are clearly applicable to the businesses and operations transferred are included in the consolidated financial statements and are stated at their carrying values, after adjusting for intercompany transactions and transactions with the ultimate controlling shareholder. Expenses for which the specific identification method was not practical have been allocated on a percentage of sales basis. Management believes that this is a reasonable basis of estimating what the expenses would have been on a standalone basis.

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5 Related party transactions and balances

Related parties include subsidiary companies and 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.

The followings are relationships with related parties that are being controlled by the Company or have transactions with the Group.

Name of the entity	Country of incorporation	Nature of relationships
1. Beer Thai (1991) PCL.	Thailand	Direct subsidiary, 100% shareholding
2. Beer Thip Brewery (1991) Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
3. Sangsom Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
4. Fuengfuanant Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
5. Mongkolsamai Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
6. Thanapakdi Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
7. Kanchanasingkorn Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
8. Sura Bangyikhan Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
9. Athimart Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
10. S.S. Kamsura Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
11. Kankwan Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
12. Theparunothai Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
13. Red Bull Distillery (1988) Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
14. United Winery and Distillery Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
15. Simathurakij Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
16. Nateechai Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
17. Luekchai Liquor Trading Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
18. Sura Piset Thipparat Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
19. Thai Alcohol PCL.	Thailand	Direct subsidiary, 100% shareholding
20. Pomthip Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
21. Pomkit Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
22. Pomkung Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
23. Pomchok Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
24. Pomcharoen Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
25. Pomburapa Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
26. Num Yuk Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
27. Num Kijjakarn Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
28. Num Palang Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
29. Num Muang Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
30. Num Nakorn Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
31. Num Thurakij Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
32. Thipehalothorn Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
33. Krittayabun Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
34. Surathip Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
35. Sunthronpirom Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
36. Piromsurang Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
37. Bionic Humus Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
38. Maharas Agri Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
39. Thai Molasses Co., Ltd.	Thailand	Direct subsidiary, 99.72% shareholding
40. Additive Food Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
41. Pan International (Thailand) Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
42. Charun Business 52 Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding

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Name of the entity	Country of Incorporation	Nature of relationships
43. Thai Cooperage Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
44. Bang-Na Logistic Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
45. Thai Beverage Logistics Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
46. Thai Beverage Marketing Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
47. Dhanasindhi Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
48. Dhospaak Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
49. International Beverage Holdings Ltd.	Hong Kong	Direct subsidiary, 100% shareholding
50. Cosmos Brewery (Thailand) Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
51. T.C.C. Cosmo Corporation Ltd.	Thailand	Direct subsidiary, 100% shareholding
52. Beer Chang Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
53. Archa Beer Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
54. Sura Piset Phatra Lanna Co., Ltd.	Thailand	Direct subsidiary, 100% shareholding
55. Thai Thum Distillery Co., Ltd.	Thailand	Indirect subsidiary, 99.90% shareholding
56. Sura Piset Sahasan Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
57. Sura Piset Sampun Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
58. Muangkij Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
59. Sint Ek Panich Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
60. Pan Alcohol Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
61. Banglen Agriculture Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
62. Vitayathan Co., Ltd.	Thailand	Indirect subsidiary, 100% shareholding
63. InterBev (Singapore) Limited	Singapore	Indirect subsidiary, 100% shareholding
64. InterBev (Cambodia) Co., Ltd.	Cambodia	Indirect subsidiary, 100% shareholding
65. InterBev Malaysia Sdn. Bhd.	Malaysia	Indirect subsidiary, 100% shareholding
66. International Beverage Holdings Limited USA, Inc. (Formerly: InterBev USA Inc.)	United States of America	Indirect subsidiary, 100% shareholding
67. Best Spirits Company Limited	Hong Kong	Indirect subsidiary, 100% shareholding
68. International Beverage Holdings (UK) Limited (Formerly: Pacific Spirits (UK) Limited)	United Kingdom	Indirect subsidiary, 100% shareholding
69. United Products Co., Ltd.	Thailand	Indirect subsidiary, 80.82% shareholding
70. S P M Foods and Beverages Co., Ltd.	Thailand	Indirect subsidiary, 83.20% shareholding
71. Blairnhor Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
72. Inver House Distillers Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
73. Blairnhor Distillers Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
74. Wee Beaslie Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
75. Speyburn-Glenlivet Distillery Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
76. The Knockdhu Distillery Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
77. The Pulteney Distillery Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
78. The Balblair Distillery Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
79. R. Carmichael & Sons Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
80. J MacArthur Junior & Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
81. Mason & Summers Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
82. Hankey Bramister Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
83. James Catto & Company Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
84. Glen Calder Blenders Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
85. Moffat & Towers Limited	United Kingdom	Subsidiary of indirect subsidiary, 100% shareholding
86. Liquorland Limited	United Kingdom	Associates of indirect subsidiary, 49.90% shareholding
87. Inver House Polska Limited	Poland	Associates of indirect subsidiary, 40.00% shareholding
88. Inver House Distribution SA	France	Associates of indirect subsidiary, 50.00% shareholding

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Name of the entity	Country of incorporation	Nature of relationships
89. Pisetchij Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
90. Oishi Trading Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
91. PS Recycle Co., Ltd.	Thailand	Directors and controlling shareholders are relatives of controlling person
92. The Southeast Insurance (2000) Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
93. New Noble Property and Loan Fund	Thailand	Directors and controlling shareholders are the principal unit holder of this real estate investment fund
94. The Maewang Sugar Industry Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
95. The Chonburi Sugar Corp. Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
96. The Ucaradit Sugar Industry Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
97. The Suphanburi Sugar Industry Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
98. Dynamic Assets Property and Loan Fund	Thailand	Directors and controlling shareholders are the principal unit holder of this real estate investment fund
99. Berli Jucker PCL.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
100. Thai Beverage Can Co., Ltd.	Thailand	Directors and controlling shareholders hold 50% shares
101. South East Capital Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
102. T.C.C. Technology Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
103. T.C.C. Capital Land Limited	Thailand	Directors and controlling shareholders hold substantial shares indirectly
104. Great Oriole Limited	British Virgin Islands	Have common controlling shareholders
105. Madrigal Trading Limited	British Virgin Islands	Directors and shareholders are the directors of subsidiary
106. Thai Glass Industries PCL.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
107. Bang-Na Glass Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
108. Plaza Athenee Hotel (Thailand) Co., Ltd.	Thailand	Directors and controlling shareholders are the directors and hold substantial shares indirectly
109. TCC Hotel Collection Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly
110. Siam Realty Co., Ltd.	Thailand	Directors and controlling shareholders hold substantial shares indirectly

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

Transactions	Pricing policies
Sale of finished goods	Agreed prices which approximate market prices
Rendering of services	Contractual prices
Purchase of raw materials	Agreed prices which approximate market prices
Receiving of services	Contractual prices
Purchase and sale of property, plant and equipment	Contractual prices
Purchase and sale of investments	Contractual prices
Interest income and expense	Rate as mutually agreed by shareholders with reference interest rates quoted by domestic commercial banks

Significant transactions for the years ended 31 December 2007 and 2006 with related parties were summarised as follows:

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Subsidiaries				
Management fees	-	-	2,577	3,432
Dividends	-	-	18,985	8,055
Purchases of investments	-	-	9,180	510
Interest income	-	-	773	844
Interest expense	-	-	732	885
Other income	-	-	9	5
Other expenses	-	-	67	28
Other related parties				
Revenue from sales	144	146	-	-
Service income	14	33	-	-
Purchases of raw materials and packaging	4,826	4,800	-	-
Overhead costs	225	177	-	-
Sales of property, plant and equipment	819	1	819	-
Purchases of property, plant and equipment	32	4	-	-
Other income	104	18	64	-
Other expenses	296	274	73	37
Share of profits from investments accounted for using the equity method	29	24	-	-
Consideration paid for common control transactions	-	1,505	-	-
Interest expense	66	109	-	-
Directors' remuneration	264	265	262	255

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Balances as at 31 December 2007 and 2006 with related parties were as follows:

<i>Trade accounts receivable from related parties</i>	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Other related companies				
Oishi Trading Co., Ltd.	4	2	-	-
Pisetkij Co., Ltd.	3	4	-	-
PS Recycle Co., Ltd.	3	7	-	-
Others	4	8	-	-
Total	14	21	-	-

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Summary of loans to related parties

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Short-term loans	-	-	3,548	9,367
Long-term loans	-	-	9,411	5,501
Total loans to related parties	-	-	12,959	14,868

Movements during the years ended 31 December 2007 and 2006 of loans to related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
<i>Loans to related parties</i>				
<i>Short-term loans</i>				
Subsidiaries				
At 1 January	-	-	9,367	8,430
Increase	-	-	1,070	3,396
Decrease	-	-	(6,889)	(2,459)
At 31 December	-	-	3,548	9,367
Other related parties				
At 1 January	-	41	-	-
Decrease	-	(41)	-	-
At 31 December	-	-	-	-
Total short-term loans to related parties				
At 1 January	-	41	9,367	8,430
Increase	-	-	1,070	3,396
Decrease	-	(41)	(6,889)	(2,459)
At 31 December	-	-	3,548	9,367
<i>Long-term loans</i>				
Subsidiaries				
At 1 January	-	-	5,501	5,310
Increase	-	-	4,686	964
Decrease	-	-	(776)	(773)
At 31 December	-	-	9,411	5,501

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<i>Trade accounts payable - related parties</i>	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Other related companies				
Berli Jucker PCL.	471	554	-	-
Thai Beverage Can Ltd.	139	126	-	-
PS Recycle Co., Ltd.	46	74	-	-
Pisetkij Co., Ltd.	10	60	-	-
Others	14	5	-	-
Total	680	819	-	-

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Short-term loans from and amounts due to related parties

	Consolidated financial statements				Separate financial statements				
	2007		2006		2007		2006		
	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	Total	Short-term loans from	Amounts due to	
<i>(in million Baht)</i>									
Subsidiaries									
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	-	129	141	964	18	982
Sangsom Co., Ltd.	-	-	-	-	-	-	1,052	5	1,057
Pueangfuanant Co., Ltd.	-	-	-	-	-	-	200	1	201
Mongkolksamai Co., Ltd.	-	-	-	-	-	-	92	-	92
Tharupakdi Co., Ltd.	-	-	-	-	-	-	130	-	130
Athimart Co., Ltd.	-	-	-	-	45	45	193	1	194
S.S. Karnsura Co., Ltd.	-	-	-	-	50	50	396	2	398
Theparunothai Co., Ltd.	-	-	-	-	-	1	286	1	287
United Winery and Distillery Co., Ltd.	-	-	-	-	193	195	50	2	52
Ponthip Co., Ltd.	-	-	-	-	39	41	305	2	307
Pombot Co., Ltd.	-	-	-	-	80	84	1,395	7	1,402
Pombang Co., Ltd.	-	-	-	-	29	31	311	1	312
Pomechok Co., Ltd.	-	-	-	-	25	27	323	2	325
Pomecharoen Co., Ltd.	-	-	-	-	-	1	123	1	124
Pomburapa Co., Ltd.	-	-	-	-	-	1	333	2	335
Nrum Yuk Co., Ltd.	-	-	-	-	-	-	120	-	120
Nrum Kijjakorn Co., Ltd.	-	-	-	-	406	408	1,249	5	1,254
Nrum Palang Co., Ltd.	-	-	-	-	-	-	95	-	95
Nrum Muang Co., Ltd.	-	-	-	-	-	-	170	1	171
Nrum Nakorn Co., Ltd.	-	-	-	-	100	100	126	-	126
Nrum Thuraikij Co., Ltd.	-	-	-	-	65	65	175	1	176
Kritayabun Co., Ltd.	-	-	-	-	189	198	474	3	477
Surathip Co., Ltd.	-	-	-	-	10	15	594	3	597
Suratropitrom Co., Ltd.	-	-	-	-	81	82	1,012	6	1,018
Promsurang Co., Ltd.	-	-	-	-	64	65	674	4	678
Bionic Humus Co., Ltd.	-	-	-	-	121	121	-	-	-

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

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	69	4,621	2,115	13,085
United States Dollars (USD)	-	216	-	-
Total	69	4,837	2,115	13,085

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Long-term loans from related parties				
Subsidiaries				
Beer Thip Brewery (1991) Co., Ltd.	-	-	2,910	2,525
Fuengfuanant Co., Ltd.	-	-	90	-
Mongkolsamai Co., Ltd.	-	-	104	-
Theparunothai Co., Ltd.	-	-	133	-
United Winery and Distillery Co., Ltd.	-	-	210	344
Pomthip Co., Ltd.	-	-	329	140
Pomkit Co., Ltd.	-	-	682	208
Pomkung Co., Ltd.	-	-	309	-
Pomchok Co., Ltd.	-	-	426	250
Pomcharoen Co., Ltd.	-	-	115	-
Pomburapa Co., Ltd.	-	-	284	163
Krittayabun Co., Ltd.	-	-	101	-
Sunthronpirom Co., Ltd.	-	-	178	189
Piromsurang Co., Ltd.	-	-	78	99
Thai Molasses Co., Ltd.	-	-	-	22
Pan International (Thailand) Co., Ltd.	-	-	10	-
Thai Cooperage Co., Ltd.	-	-	71	15
Charun Business 52 Co., Ltd.	-	-	10	-
Thai Beverage Marketing Co., Ltd.	-	-	50	-
Dhospaak Co., Ltd.	-	-	10	10
Cosmos Brewery (Thailand) Co., Ltd.	-	-	320	407
Beer Chang Co., Ltd.	-	-	107	-
Archa Beer Co., Ltd.	-	-	13	-
Total	-	-	6,540	4,372

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Summary of loans from related parties

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Short-term loans	-	4,615	2,040	12,984
Long-term loans	-	-	6,540	4,372
Total loans from related parties	-	4,615	8,580	17,356

Movements during the years ended 31 December 2007 and 2006 of loans from related parties were as follows:

<i>Loans from related parties</i>	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
<i>Short-term loans</i>				
Subsidiaries				
At 1 January	-	-	12,984	12,808
Increase	-	-	459	3,638
Decrease	-	-	(11,403)	(3,462)
At 31 December	-	-	2,040	12,984
Other related parties				
At 1 January	4,615	4,015	-	-
Increase	-	630	-	-
Decrease	(4,615)	(30)	-	-
At 31 December	-	4,615	-	-
Total short-term loans from related parties				
At 1 January	4,615	4,015	12,984	12,808
Increase	-	630	459	3,638
Decrease	(4,615)	(30)	(11,403)	(3,462)
At 31 December	-	4,615	2,040	12,984
<i>Long-term loans</i>				
Subsidiaries				
At 1 January	-	-	4,372	2,733
Increase	-	-	2,443	1,704
Decrease	-	-	(275)	(65)
At 31 December	-	-	6,540	4,372

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Significant agreements with related parties

Supporting service agreement

The Company entered into the supporting service agreement with subsidiaries for the 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.

Up to date, supporting service fee rate was adjusted to 1% of the principal revenue. Service fee rate was adjusted for development of new goods, 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 providing ongoing support and maintenance of the systems and infrastructure and is committed to pay system, hardware and software rental fee and service fee on monthly basis throughout the contract period for five years.

Procurement agreement

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

Molasses purchase agreement

Thai Molasses Co., Ltd., the Company's subsidiary, entered into the molasses purchase agreement with various related companies in order to sell to other subsidiary companies within the Group. The term and condition as specified in the agreements is that the sellers would sales molasses to the buyers in specified quantity, price, quality, delivery and received, payments, responsibility, weight, sample analysis on molasses, and quality control, etc. These were mutually agreed by the parties.

Glass bottle purchase and sale agreement

Bang-Na Logistic Co., Ltd., the Company's subsidiary, entered into the glass bottle purchase and sale agreement with Berli Jucker Public Company Limited, 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 date from 1 May 2007 to 31 December 2009 under the price and condition stated in the contract.

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License agreement

- Three subsidiaries entered into license agreements with Beer Chang Co., Ltd. and Archa Beer Co., Ltd., related companies, in order to receive the rights and obligations in drinking water, soda water, beer, draft beer and lager beer under the trade names of "CHANG" and "ARCHA". Subsidiaries are committed to pay fee at a rate of 2% based on net sale at price distributing at the factory (excluding VAT) after deducting the excise tax and health promotion fund.
- Sura Bangyikhan Co., Ltd., the Company's subsidiary, entered into license agreements with 12 subsidiaries to provide the rights to use trademark for white liquor and Chiang - Chun blended liquor as stipulated in the agreement. The trademark fee the rate ranging from Baht 0.50 - 1.50 per bottle based on contents of each type of bottles.

6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Cash on hand	33	33	-	-
Cash at banks - current accounts	1,203	1,186	1	1
Cash at banks - savings accounts	786	412	8	15
Highly liquid short-term investments	167	289	-	-
Total	2,189	1,920	9	16

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

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	2,015	1,899	9	16
United States Dollars (USD)	174	15	-	-
Euro (EUR)	-	6	-	-
Total	2,189	1,920	9	16

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7 Other investments

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
<i>Current investments</i>				
Short-term deposits at financial institutions	8	4	-	-
<i>Other long-term investments</i>				
Other non-marketable equity securities	8	8	-	-
Less allowance for decline in value of investments	(4)	(4)	-	-
Net	<u>4</u>	<u>4</u>	<u>-</u>	<u>-</u>
Total	<u>12</u>	<u>8</u>	<u>-</u>	<u>-</u>

8 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
		<i>(in million Baht)</i>			
Related parties	5	14	21	-	-
Other parties		1,608	1,321	-	-
		1,622	1,342	-	-
Less allowance for doubtful accounts		(155)	(24)	-	-
Total		<u>1,467</u>	<u>1,318</u>	<u>-</u>	<u>-</u>
Bad and doubtful debts expenses for the year		<u>20</u>	<u>35</u>	<u>-</u>	<u>-</u>

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Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Related parties				
Within credit terms	10	18	-	-
Overdue:				
Less than 3 months	4	3	-	-
	<u>14</u>	<u>21</u>	<u>-</u>	<u>-</u>
Other parties				
Within credit terms	979	940	-	-
Overdue:				
Less than 3 months	353	340	-	-
3-6 months	64	17	-	-
6-12 months	72	19	-	-
Over 12 months	140	5	-	-
	<u>1,608</u>	<u>1,321</u>	<u>-</u>	<u>-</u>
Less allowance for doubtful accounts	(155)	(24)	-	-
Net	<u>1,453</u>	<u>1,297</u>	<u>-</u>	<u>-</u>
Total	<u>1,467</u>	<u>1,318</u>	<u>-</u>	<u>-</u>

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

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

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	1,376	1,259	-	-
United States Dollars (USD)	90	24	-	-
Australian Dollar (AUD)	1	-	-	-
Euro (EUR)	-	30	-	-
Others	-	5	-	-
Total	<u>1,467</u>	<u>1,318</u>	<u>-</u>	<u>-</u>

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9 Inventories

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Finished goods	13,487	14,659	-	-
Work in progress	3,769	3,423	-	-
Raw materials	1,938	1,390	-	-
Packaging materials	593	582	-	-
Maturing spirits	8,310	8,161	-	-
Spare parts	455	489	-	-
Others	290	251	-	-
	<u>28,842</u>	<u>28,955</u>	<u>-</u>	<u>-</u>
Less allowance for obsolete inventories	(785)	(640)	-	-
Net	<u>28,057</u>	<u>28,315</u>	<u>-</u>	<u>-</u>

The cost of inventories which is recognized as an expense and included in 'cost of sale of goods' for 2007 amounted to Baht 69,685 million (2006: Baht 67,560 million).

10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Prepaid excise tax	583	688	-	-
Refundable VAT	207	381	3	9
Prepaid property tax	154	152	-	-
Refundable excise tax	135	102	-	-
Prepaid expenses	103	56	4	1
Deposits	92	374	-	-
Others	148	179	1	7
	<u>1,422</u>	<u>1,932</u>	<u>8</u>	<u>17</u>
Less allowance for doubtful accounts	(18)	(18)	-	-
Net	<u>1,404</u>	<u>1,914</u>	<u>8</u>	<u>17</u>

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

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in million Baht)</i>			
Thai Baht (THB) and other functional currencies of foreign subsidiaries	1,403	1,913	8	17
United States Dollars (USD)	1	1	-	-
Total	<u>1,404</u>	<u>1,914</u>	<u>8</u>	<u>17</u>

