

**Thai Beverage Public Company Limited
and its Subsidiaries**
**(Formerly: Thai Beverages Public Company
Limited)**

Interim financial statements
and
Review report of Certified Public Accountant

For the three-month and six-month period ended
30 June 2006



KPMG Phoomchai Audit Ltd.

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Review report of Certified Public Accountant

To the Board of Directors of Thai Beverage Public Company Limited (Formerly: Thai Beverages Public Company Limited)

I have reviewed the accompanying consolidated balance sheet of Thai Beverage Public Company Limited and its subsidiaries as at 30 June 2006 and the consolidated statements of income for the three-month and six-month period ended 30 June 2006 and 2005, and statements of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2006 and 2005. I have also reviewed the separate balance sheet of Thai Beverage Public Company Limited as at 30 June 2006 and the separate statements of income for the three-month and six-month period ended 30 June 2006 and 2005, and statements of changes in shareholders' equity and cash flows for the six-month periods ended 30 June 2006 and 2005. The management of Thai Beverage Public Company Limited is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to issue a report on these financial statements based on my reviews.

I conducted my reviews in accordance with the auditing standard applicable to review engagements. This Standard requires that I plan and perform the reviews to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit in accordance with generally accepted auditing standards. Accordingly, I do not express an audit opinion on the reviewed financial statements.

Based on my reviews, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

I have previously audited the consolidated financial statements of Thai Beverage Public Company Limited and its subsidiaries and the separate financial statements of Thai Beverage Public Company Limited for the year ended 31 December 2005 in accordance with generally accepted auditing standards and expressed an unqualified opinion on those statements in my report dated 24 February 2006. The consolidated balance sheet of Thai Beverage Public Company Limited and its subsidiaries and the separate balance sheet of Thai Beverage Public Company Limited as at 31 December 2005, which have been presented herein for comparative purpose, are components of those financial statements, which I have audited and previously reported thereon. I have not performed any audit procedures subsequent to the date of that report.



Disclosure of significant differences between generally accepted accounting principles in Thailand and International Financial Reporting Standards is not a required part of the basic financial statements under generally accepted accounting principles in Thailand, but it is presented in Note 16 to the interim financial statements for information purposes only. I have not audited or reviewed such information and therefore do not express any audit opinion or review report thereon.

A handwritten signature in black ink, appearing to be 'Nirand Lilamethwat', written in a cursive style.

(Nirand Lilamethwat)
Certified Public Accountant
Registration No. 2316

KPMG Phoomchai Audit Ltd.
Bangkok
10 August 2006

Thai Beverage Public Company Limited and its Subsidiaries
(Formerly: Thai Beverages Public Company Limited)

Balance sheets

As at 30 June 2006 and 31 December 2005

Assets	Note	Consolidated		The Company	
		30 June 2006 (Unaudited)	31 December 2005	30 June 2006 (Unaudited)	31 December 2005
<i>(in thousand Baht)</i>					
Current assets					
Cash and cash equivalents		2,017,488	3,250,648	12,995	18,563
Current investments		4,292	10,000	-	-
Trade accounts receivable, net	6	290,096	400,602	-	-
Short-term loans to and amounts due from related parties	5	16,189	142,938	15,194,005	15,041,592
Inventories, net		26,291,751	25,963,795	-	-
Prepaid excise tax		928,594	1,553,548	-	-
Other current assets		1,255,987	1,006,219	84,415	9,557
Total current assets		30,804,397	32,327,750	15,291,415	15,069,712
Non-current assets					
Investments accounted for using the equity method	7	-	-	67,638,634	68,045,384
Other long-term investments, net		1,275	1,275	-	-
Property, plant and equipment, net		48,016,626	48,507,027	821,677	751,334
Intangible assets, net		135,023	262,433	12,165	8,272
Other non-current assets	4	2,052,442	112,894	357,190	68
Total non-current assets		50,205,366	48,883,629	68,829,666	68,805,058
Total assets		81,009,763	81,211,379	84,121,081	83,874,770

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

Thai Beverage Public Company Limited and its Subsidiaries
(Formerly: Thai Beverages Public Company Limited)

Balance sheets

As at 30 June 2006 and 31 December 2005

Liabilities and shareholders' equity	<i>Note</i>	Consolidated		The Company	
		30 June 2006 (Unaudited)	31 December 2005	30 June 2006 (Unaudited)	31 December 2005
<i>(in thousand Baht)</i>					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	8	3,355,176	39,300,152	500,000	36,600,000
Trade accounts payable		2,306,494	1,504,617	-	-
Short-term guaranteed bonds	8	4,700,000	-	4,700,000	-
Current portion of long-term loans	8	1,926,600	1,086,600	1,500,000	-
Short-term loans from and amounts due to related parties	5	42,016	38,336	15,571,313	15,610,982
Income tax payable		2,052,820	2,516,301	-	97,050
Other current liabilities		5,136,377	5,204,982	475,530	186,751
Total current liabilities		19,519,483	49,650,988	22,746,843	52,494,783
Non-current liabilities					
Long-term guaranteed bonds	8	5,300,000	-	5,300,000	-
Long-term loans from financial institutions	8	8,875,000	-	8,875,000	-
Excess of share loss over investments in subsidiaries	7	-	-	5,509	677
Provisions		-	70,833	-	13,281
Other non-current liabilities		121,551	123,529	-	-
Total non-current liabilities		14,296,551	194,362	14,180,509	13,958
Total liabilities		33,816,034	49,845,350	36,927,352	52,508,741
Shareholders' equity					
<i>Share capital</i>					
Authorised share capital		29,000,000	29,000,000	29,000,000	29,000,000
Issued and paid-up share capital	4	24,444,450	22,000,000	24,444,450	22,000,000
Share premium		13,585,416	-	13,585,416	-
Difference arising from common control transactions		(15,979,265)	(15,979,265)	(15,979,265)	(15,979,265)
Currency translation reserve		(36,085)	(5,341)	(36,085)	(5,341)
Fair value and revaluation reserve		6,584,736	6,584,736	6,584,736	6,584,736
<i>Retained earnings</i>					
Legal reserve		1,110,000	1,110,000	1,110,000	1,110,000
Unappropriated		17,484,477	17,655,899	17,484,477	17,655,899
Total shareholders' equity		47,193,729	31,366,029	47,193,729	31,366,029
Total liabilities and shareholders' equity		81,009,763	81,211,379	84,121,081	83,874,770

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

Thai Beverage Public Company Limited and its Subsidiaries
(Formerly: Thai Beverages Public Company Limited)

Statements of income

For the three-month periods ended 30 June 2006 and 2005 (Unaudited)

	<i>Note</i>	Consolidated		The Company	
		2006	2005 (Restated)	2006	2005
		<i>(in thousand Baht)</i>			
Revenues	5				
Revenue from sales		23,900,276	22,655,633	-	-
Interest income		21,197	15,006	237,426	155,213
Management fees		-	-	805,164	339,104
Other income		29,823	58,084	1,125	61
Share of profits from investments accounted for using the equity method	7	-	-	2,358,837	2,506,659
Total revenues		23,951,296	22,728,723	3,402,552	3,001,037
Expenses	5				
Cost of sales		17,163,293	15,667,844	-	-
Selling and administrative expenses		2,774,641	2,963,170	176,943	127,004
Total expenses		19,937,934	18,631,014	176,943	127,004
Profit before interest and income tax expenses		4,013,362	4,097,709	3,225,609	2,874,033
Interest expense	5	436,310	356,964	691,638	375,986
Income tax expense		1,033,161	1,141,980	(9,920)	-
Net profit		2,543,891	2,598,765	2,543,891	2,498,047
Earnings per share (Baht)	11				
<i>Basic</i>		0.11	0.12	0.11	0.11
<i>Diluted</i>		0.11	0.12	0.11	0.11

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

Thai Beverage Public Company Limited and its Subsidiaries
(Formerly: Thai Beverages Public Company Limited)

Statements of income

For the six-month periods ended 30 June 2006 and 2005 (Unaudited)

	<i>Note</i>	Consolidated		The Company	
		2006	2005	2006	2005
			(Restated)		
		<i>(in thousand Baht)</i>			
Revenues					
	5				
Revenue from sales		46,632,593	45,540,173	-	-
Interest income		24,846	34,176	424,918	271,502
Management fees		-	-	1,561,956	672,962
Other income		59,176	88,822	2,252	61
Share of profits from investments accounted for using the equity method	7	-	-	4,905,058	5,263,246
Total revenues		46,716,615	45,663,171	6,894,184	6,207,771
Expenses					
	5				
Cost of sales		32,831,975	31,181,641	-	-
Selling and administrative expenses		5,805,345	5,788,480	442,311	298,735
Total expenses		38,637,320	36,970,121	442,311	298,735
Profit before interest and income tax expenses					
		8,079,295	8,693,050	6,451,873	5,909,036
Interest expense	5	876,178	733,364	1,343,295	736,417
Income tax expense		2,094,539	2,596,446	-	-
Net profit		5,108,578	5,363,240	5,108,578	5,172,619
Earnings per share (Baht)					
	11				
<i>Basic</i>		0.23	0.24	0.23	0.24
<i>Diluted</i>		0.23	0.24	0.23	0.24

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

**Thai Beverage Public Company Limited and its Subsidiaries
(Formerly: Thai Beverages Public Company Limited)**

Statement of changes in shareholders' equity

For the six-month periods ended 30 June 2006 and 2005 (Unaudited)

	Note	Issued and paid-up share capital	Share premium	Difference arising from common control transactions	Consolidated			Retained earnings		Total shareholders' equity
					Currency translation reserve (in thousand Baht)	Fair value and revaluation reserve	Legal reserve	Unappro- priated		
Balance at 1 January 2005		22,000,000	-	(6,609,854)	(3)	6,699,300	2,500	11,270,620	33,362,563	
Surplus on revaluation of assets		-	-	-	-	(134,834)	-	-	(134,834)	
Unrealised loss on investment		-	-	-	-	(80)	-	-	(80)	
Currency translation reserve		-	-	-	(83)	-	-	-	(83)	
Legal reserve		-	-	-	-	-	597,500	(597,500)	-	
Net profit		-	-	190,621	-	-	-	5,172,619	5,363,240	
Dividends		-	-	-	-	-	-	(2,640,000)	(2,640,000)	
Balance at 30 June 2005		22,000,000	-	(6,419,233)	(86)	6,564,386	600,000	13,205,739	35,950,806	
Balance at 1 January 2006		22,000,000	-	(15,979,265)	(5,341)	6,584,736	1,110,000	17,655,899	31,366,029	
Share capital increase	4	2,444,450	13,585,416	-	-	-	-	-	16,029,866	
Currency translation reserve		-	-	-	(30,744)	-	-	-	(30,744)	
Net profit		-	-	-	-	-	-	5,108,578	5,108,578	
Dividends	10	-	-	-	-	-	-	(5,280,000)	(5,280,000)	
Balance at 30 June 2006		24,444,450	13,585,416	(15,979,265)	(36,085)	6,584,736	1,110,000	17,484,477	47,193,729	

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

Thai Beverage Public Company Limited and its Subsidiaries
(Formerly: Thai Beverages Public Company Limited)

Statement of changes in shareholders' equity

For the six-month periods ended 30 June 2006 and 2005 (Unaudited)

	Note	The Company					Retained earnings			Total shareholders' equity
		Issued and paid-up share capital	Share premium	Difference arising from common control transactions	Currency translation reserve (in thousand Baht)	Fair value and revaluation reserve	Legal reserve	Unappropriated reserve		
Balance at 1 January 2005		22,000,000	-	(9,652,618)	(3)	6,699,300	2,500	11,270,620	30,319,799	
Surplus on revaluation of assets		-	-	-	-	(134,834)	-	-	(134,834)	
Unrealised loss on investment		-	-	-	-	(80)	-	-	(80)	
Currency translation reserve		-	-	-	(83)	-	-	-	(83)	
Legal reserve		-	-	-	-	-	597,500	(597,500)	-	
Net profit		-	-	-	-	-	-	5,172,619	5,172,619	
Dividends		-	-	-	-	-	-	(2,640,000)	(2,640,000)	
Balance at 30 June 2005		22,000,000	-	(9,652,618)	(86)	6,564,386	600,000	13,205,739	32,717,421	
Balance at 1 January 2006		22,000,000	-	(15,979,265)	(5,341)	6,584,736	1,110,000	17,655,899	31,366,029	
Share capital increase	4	2,444,450	13,585,416	-	-	-	-	-	16,029,866	
Currency translation reserve		-	-	-	(30,744)	-	-	-	(30,744)	
Net profit		-	-	-	-	-	-	5,108,578	5,108,578	
Dividends	10	-	-	-	-	-	-	(5,280,000)	(5,280,000)	
Balance at 30 June 2006		24,444,450	13,585,416	(15,979,265)	(36,085)	6,584,736	1,110,000	17,484,477	47,193,729	

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

Thai Beverage Public Company Limited and its Subsidiaries
(Formerly: Thai Beverages Public Company Limited)

Statements of cash flows

For the six-month periods ended 30 June 2006 and 2005 (Unaudited)

	<i>Note</i>	Consolidated		The Company	
		2006	2005 (Restated)	2006	2005
		<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>					
Net profit		5,108,578	5,363,240	5,108,578	5,172,619
<i>Adjustments for</i>					
Depreciation and amortisation		2,218,518	2,136,513	11,124	1,116
Interest income		(24,846)	(34,176)	(424,918)	(271,503)
Interest expense		876,178	733,364	1,343,295	736,417
Amortization of advance payments to a specialist		25,000	-	4,688	-
Allowance for obsolete inventories		(35,450)	8,504	-	-
Loss on revaluation of assets		1,900	-	-	-
Gain on disposal of property, plant and equipment		(1,544)	(4,061)	(2)	-
Unrealised gain on exchange rate		(1,813)	(420)	-	-
Gain on sales of investment		-	(925)	-	-
Allowance for declining in value of investments		-	(2,544)	-	-
Share of profits from investments accounted for using the equity method	7	-	-	(4,905,058)	(5,263,246)
Income tax expense		2,094,539	2,596,446	-	-
Profit provided by operating activities before changes in operating assets and liabilities		10,261,060	10,795,941	1,137,707	375,403
<i>Changes in operating assets and liabilities</i>					
Trade accounts receivable		110,492	232,163	-	-
Amounts due from related parties		85,899	3,977,747	950,465	253,370
Inventories		(292,506)	(580,878)	-	-
Prepaid excise tax		624,955	(1,522,810)	-	-
Other current assets		(251,373)	532,290	2,916	(2,534)
Trade accounts payable		802,774	(59,260)	-	-
Amounts due to related parties		3,680	(126,136)	(10,810)	(723)
Other current liabilities		(264,905)	1,240,301	89,413	48,159
Other non-current liabilities		(1,978)	3,884	-	-
Cash generated from the operations		11,078,098	14,493,242	2,169,691	673,675
Advance payments to a specialist	4	(2,000,000)	-	(375,000)	-
Income taxes paid		(2,558,020)	(2,991,307)	(174,824)	(39,078)
Net cash provided by operating activities		6,520,078	11,501,935	1,619,867	634,597

Thai Beverage Public Company Limited and its Subsidiaries
(Formerly: Thai Beverages Public Company Limited)

Statements of cash flows

For the six-month periods ended 30 June 2006 and 2005 (Unaudited)

		Consolidated		The Company	
	Note	2006	2005 (Restated)	2006	2005
		<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>					
Interest received		26,388	33,747	423,740	239,697
Dividends received		-	-	5,285,896	5,235,676
Current investments		5,708	(830)	-	-
Short-term loans to related parties		40,850	31,152	(1,101,700)	(1,457,384)
Sale of long-term investments		-	1,111,362	-	-
Purchase of property, plant and equipment		(1,633,962)	(3,655,543)	(73,596)	(17,965)
Sale of property, plant and equipment		40,092	14,577	54	-
Purchase of intangible assets		(7,193)	(32,249)	(4,953)	(2,148)
Other non-current assets		(35,380)	9,086	(91)	(64)
Net cash provided by (used in) investing activities		(1,563,497)	(2,488,698)	4,529,350	3,997,812
<i>Cash flows from financing activities</i>					
Interest paid		(678,887)	(732,343)	(1,138,050)	(736,269)
Dividends paid		(5,280,000)	(2,640,000)	(5,280,000)	(2,640,000)
Bank overdrafts and short-term loans from financial institutions		(35,944,976)	(1,517,110)	(36,100,000)	473,168
Short-term guaranteed bonds	8	4,700,000	-	4,700,000	-
Short-term loans from related parties		-	(273,620)	(41,600)	(1,726,900)
Long-term guaranteed bonds	8	5,300,000	-	5,300,000	-
Proceeds from long-term loans from financial institutions	8	26,600,000	-	26,600,000	-
Repayment of long-term loans from financial institutions		(16,885,000)	(660,000)	(16,225,000)	-
Proceeds from issue of shares		16,029,866	-	16,029,866	-
Net cash used in financing activities		(6,158,997)	(5,823,073)	(6,154,784)	(4,630,001)
Currency translation reserve		(30,744)	(83)	-	-
Net increase (decrease) in cash and cash equivalents		(1,233,160)	3,190,081	(5,567)	2,408
Cash and cash equivalents at beginning of period		3,250,648	885,997	18,562	17,770
Cash and cash equivalents at end of period		2,017,488	4,076,078	12,995	20,178

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

Thai Beverage Public Company Limited and its Subsidiaries (Formerly: Thai Beverages Public Company Limited)

Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

These notes form an integral part of the financial statements.

The interim financial statements were authorised for issue by the directors on 10 August 2006.

1 General information and business restructuring

General information

Thai Beverage Public Company Limited, “the Company”, was incorporated in Thailand 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. On 8 July 2005, the Extraordinary Meeting of Shareholders of the Company No. 1/2005 unanimously approved to change the Company’s name to “Thai Beverage Public Company Limited”.

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

The principal activities of the Company and its subsidiaries and jointly controlled entities (together referred to as the “Group”) are the production, distribution and marketing of alcoholic and non-alcoholic beverages, industrial alcohol and other by-products.

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 69 separate companies, into a single group of companies. Of these, 65 businesses were transferred between 2003 and 2004 and four businesses were transferred during 2005. Prior to the restructuring these businesses were under the common control of the ultimate controlling shareholder of the Company.

The Company recognised these transfers as business combinations involving entities and businesses under common control and were accounted for in a manner similar to a pooling of interests. This business restructuring is disclosed further in the financial statements for the year ended 31 December 2005. However, the effects of the restated financial statements has increased the consolidated net profit and earnings per share for the six-month period ended 30 June 2005 amounted to Baht 190.62 million and Baht 0.01 per share, respectively.

2 Basis of preparation of financial statements

The interim 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 interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (“TAS”) No. 41 *Interim Financial Reporting* including related interpretations and guidelines promulgated by the Federation of Accounting Professions, applicable rules and regulations of the Securities and Exchange Commission and with generally accepted accounting principles in Thailand.

Thai Beverage Public Company Limited and its Subsidiaries

(Formerly: Thai Beverages Public Company Limited)

Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

The interim financial statements have been prepared to provide an update on the financial statements for the year ended 31 December 2005. They focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements for the year ended 31 December 2005.

Accounting policies and methods of computation applied in the interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2005.

3 Seasonal operations

The Group is subject to seasonal sales revenue from both its beer and spirits operations. Revenue fluctuates particularly around festive occasions, whilst expenditure is generally incurred evenly throughout the year.

4 Significant transactions

Significant transactions occurring during the six-month period ended 30 June 2006 are as follows:

- (a) On 5 January 2006, the Company paid Baht 375 million, and four subsidiaries paid a total of Baht 1,625 million, as an advance to a specialist under addendums to the production and blending control agreements as disclosed in Note 12. Under the addendums, the Company and the four subsidiaries concerned have the exclusive right to the specialist's services for a period not exceeding 38.5 years commencing on 1 January 2006. The Company and the four subsidiaries are also entitled to seek damages, not exceeding Baht 2,000 million, for any intentional breach that the specialist fails to remedy, including non-performance of his contractual duties. Subsequently, on 27 March 2006, the Annual General Meeting of Shareholders unanimously gave consent to these payments.

These payments have been recognised as advances to a specialist and classified within other non-current assets in the consolidated and the Company's balance sheets. As the specialist performs his contractual services under the addendums, the expenses will be recognised in the consolidated and the Company's statements of income on a straight-line basis over the term of the contract with a corresponding provision recognized in the consolidated and the Company's balance sheets. The aforementioned advances are presented net of the corresponding provisions in the balance sheet.

- (b) On 3 March 2006, a subsidiary entered into purchasing contracts for machinery with an overseas supplier totalling Euro 13.90 million.
- (c) In March 2006, two indirect overseas subsidiaries, namely InterBev (Cambodia) Co., Ltd. and InterBev Malaysia Sdn. Bhd., were established to conduct businesses as trading and investment companies. The two subsidiaries are held 100% by International Beverage Holdings Ltd.

Thai Beverage Public Company Limited and its Subsidiaries (Formerly: Thai Beverages Public Company Limited)

Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

- (d) The Extraordinary Meeting of Shareholders of the Company on 4 May 2006 unanimously approved the valuation of four companies namely Pacific Spirits (UK) Limited, Best Spirits Company Limited, Best Spirits (China) Company Limited and Panitcharoen (Lao-Thai) 1990 Company Limited totalling SGD 77.16 million, carried out by independent valuers in connection with proposed acquisitions by International Beverage Holdings Ltd., a subsidiary of the Company, which was previously approved by the shareholders.
- (e) The Board of Directors' Meeting on 24 May 2006 unanimously approved to establish an indirect overseas subsidiary namely InterBev (USA) Inc. to distribute all beverages in the United States and also provide managerial administration services.
- (f) The Company listed on the SGX-ST on 29 May 2006 and received net proceeds of Baht 16,191.60 million from the issue of 2,444.45 million new ordinary shares, sold to the public through an Initial Public Offering (the "IPO") at a price of Singapore Dollars 0.28 per share.

Directly attributable expenses for the IPO amounting to Baht 498.03 million are accounted for as a deduction from the premium on share capital received from the IPO. The Company registered the change in paid-up capital with the Ministry of Commerce on 29 May 2006 from Baht 22,000 million to Baht 24,444.45 million.

5 Related party transactions and balances

Related parties are those parties linked to the Group and the Company 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 pricing policies for particular types of transactions are explained further below:

	Pricing policies
Sale of finished goods	Agreed prices which approximate market prices
Purchase of raw materials	Agreed prices which approximate market prices
Purchase 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 to interest rates quoted by domestic commercial banks

Thai Beverage Public Company Limited and its Subsidiaries
(Formerly: Thai Beverages Public Company Limited)

Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

Significant transactions for the three-month periods ended 30 June 2006 and 2005 with related parties are summarised as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Revenues				
Revenue from sales	42,893	48,085	-	-
Service income	13,640	2,791	805,164	339,104
Interest income	-	6,739	231,695	154,952
Other income	3,766	6,528	1,125	42
Share of profits from investments accounted for using the equity method	-	-	2,358,837	2,506,659
Expenses				
Purchase of raw materials and packaging	1,059,500	1,129,293	-	-
Production service fees	404	360	-	-
Overhead costs	34,419	88,174	-	-
Interest expense	71	783	235,836	63,615
Other expenses	58,085	37,527	-	253
Directors' remuneration	50,380	34,372	36,535	33,049
Others				
Sale of investments	-	1,925	-	-
Sale of equipment	2	379	-	-
Purchase of equipment	2,930	-	-	-

Thai Beverage Public Company Limited and its Subsidiaries
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Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

Significant transactions for the six-month periods ended 30 June 2006 and 2005 with related parties are summarised as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Revenues				
Revenue from sales	89,052	101,299	-	-
Service income	21,655	3,358	1,561,956	672,962
Interest income	22	24,545	419,187	271,242
Other income	6,077	11,815	2,250	42
Share of profits from investments accounted for using the equity method	-	-	4,905,058	5,263,246
Expenses				
Purchase of raw materials and packaging	2,023,580	2,218,404	-	-
Production service fees	808	720	-	-
Overhead costs	65,755	173,068	-	-
Interest expense	153	2,650	436,356	118,925
Other expenses	133,134	58,722	-	253
Directors' remuneration	180,001	119,152	151,695	114,712
Others				
Sale of investments	-	1,108,963	-	-
Sale of equipment	71	387	-	-
Purchase of land	-	491,348	-	-
Purchase of equipment	2,930	-	-	1,215

Balances as at 30 June 2006 and 31 December 2005 with related parties are as follows:

Assets

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in thousand Baht)</i>			
Trade accounts receivable <i>(being part of trade accounts receivable in the balance sheets)</i>				
Pisetkij Co., Ltd.	8,273	6,486	-	-
PS Recycle Co., Ltd.	5,806	8,826	-	-
Oishi Trading Co., Ltd.	2,237	-	-	-
U W D Marketing Co., Ltd.	-	34,153	-	-
Others	1,747	1,802	-	-
Total	18,063	51,267	-	-

**Thai Beverage Public Company Limited and its Subsidiaries
(Formerly: Thai Beverages Public Company Limited)**

Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

Short-term loans to and amounts due from related parties

	Consolidated				The Company					
	30 June 2006		31 December 2005		30 June 2006		31 December 2005			
	Short-term loans to	Amounts due from	Short-term loans to	Amounts due from	Short-term loans to	Amounts due from	Short-term loans to	Amounts due from		
Subsidiaries										
Beer Thai (1991) PCL.	-	-	-	-	4,057,700	41,603	4,099,303	4,693,500	65,201	4,758,701
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	-	-	30,577	30,577	-	67,309	67,309
Sangsom Co., Ltd.	-	-	-	-	-	14,671	14,671	-	97,290	97,290
Fuengfuanant Co., Ltd.	-	-	-	-	-	1,968	1,968	-	15,261	15,261
Thanapakdi Co., Ltd.	-	-	-	-	-	851	851	-	5,195	5,195
Mongkolsamai Co., Ltd.	-	-	-	-	-	481	481	-	3,728	3,728
Kanchanasingkorn Co., Ltd.	-	-	-	-	377,000	1,093	378,093	1,036,000	10,870	1,046,870
Sura Bangyikhan Co., Ltd.	-	-	-	-	2,477,800	15,404	2,493,204	2,261,800	20,828	2,282,628
Athimart Co., Ltd.	-	-	-	-	-	2,078	2,078	-	14,742	14,742
S. S. Karnsura Co., Ltd.	-	-	-	-	-	1,701	1,701	-	14,407	14,407
Kankwan Co., Ltd.	-	-	-	-	536,600	3,694	540,294	666,100	18,827	684,927
Theparunothai Co., Ltd.	-	-	-	-	-	1,220	1,220	-	12,797	12,797
United Winery and Distillery Co., Ltd.	-	-	-	-	-	1,487	1,487	-	9,042	9,042
Red Bull Distillery (1988) Co., Ltd.	-	-	-	-	2,955,800	16,502	2,972,302	2,565,800	16,159	2,581,959
Simathurakij Co., Ltd.	-	-	-	-	702,000	1,303	703,303	220,000	2,595	222,595
Natechai Co., Ltd.	-	-	-	-	1,512,000	2,162	1,514,162	575,000	13,872	588,872
Luekchai Liquor Trading Co., Ltd.	-	-	-	-	1,049,400	5,654	1,055,054	975,400	4,801	980,201
Thai Alcohol PCL.	-	-	-	-	622,000	4,238	626,238	60,000	2,530	62,530
Thipehalothron Co., Ltd.	-	-	-	-	-	31,661	31,661	-	130,704	130,704
Krittayabun Co., Ltd.	-	-	-	-	-	39,179	39,179	-	132,093	132,093
Surathip Co., Ltd.	-	-	-	-	-	17,537	17,537	-	119,788	119,788
Sunthronpirom Co., Ltd.	-	-	-	-	-	5,465	5,465	-	30,144	30,144
Piromsurang Co., Ltd.	-	-	-	-	-	2,684	2,684	-	28,307	28,307

**Thai Beverage Public Company Limited and its Subsidiaries
(Formerly: Thai Beverages Public Company Limited)**

Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

Short-term loans to and amounts due from related parties

	Consolidated			The Company		
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	31 December 2005	Total
	Short-term loans to	Short-term loans to	Short-term loans to	Short-term loans to	Amounts due from	Amounts due from
	Amounts due from	Amounts due from	Amounts due from	Amounts due from	Amounts due from	Amounts due from
	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)	(in thousand Baht)
Related companies						
Plastic Agachon Co., Ltd.	-	2	43,945	-	-	-
Surasate (2005) Co., Ltd.	-	-	38,500	-	-	-
Padermchai Co., Ltd.	-	9	21,753	-	-	-
The Suphanburi Sugar Industry Co., Ltd.	-	4,111	10,500	-	-	-
The Chonburi Sugar Corp. Ltd.	-	3,111	7,931	-	-	-
Uttaradit Sugar Industry Co., Ltd.	-	-	7,031	-	-	-
The Mae Wang Sugar Industry Co., Ltd.	-	607	3,864	-	-	-
T.C.C. AGRO Co., Ltd.	-	2,205	3,251	-	-	-
Pisetkij Co., Ltd.	-	1,710	1,225	-	-	-
Sukothai Marketing Co., Ltd.	-	-	1,178	-	-	-
Thai Charoen Insurance PCL.	-	1,702	1,208	-	-	-
Southeast Life Insurance Co., Ltd.	-	496	149	-	-	-
Oishi Trading Co., Ltd.	-	495	-	-	-	-
PS Recycle Co., Ltd.	-	409	256	-	-	-
T.C.C. Capital Land Limited	-	15	-	-	15	-
Others	-	1,317	2,147	-	-	-
Total related companies	-	16,189	142,938	-	15	-
Total	-	16,189	142,938	14,841,600	1,301,692	15,041,592

Thai Beverage Public Company Limited and its Subsidiaries
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Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

Movements during the six-month periods ended 30 June on short-term loans to related parties are as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
At 1 January	40,850	417,688	13,739,900	15,395,900
Increase	-	5,547,310	7,712,700	10,263,484
Decrease	(40,850)	(5,578,462)	(6,611,000)	(8,806,100)
At 30 June	-	386,536	14,841,600	16,853,284

Liabilities

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in thousand Baht)</i>			
<i>Trade accounts payable</i>				
<i>(being part of trade accounts payable in the balance sheets)</i>				
Berli Jucker PCL.	464,068	273,740	-	-
Thai beverage Can Ltd.	105,822	97,002	-	-
Pisetkij Co., Ltd.	66,506	58,782	-	-
PS Recycle Co., Ltd.	38,350	75,984	-	-
Inverhouse Distillers Co., Ltd.	23,484	11,150	-	-
The Mae Wang Sugar Industry Co., Ltd.	4,860	-	-	-
Uttaradit Sugar Industry Co., Ltd.	2,994	-	-	-
Dhipaya Sugar (1999) Co., Ltd.	2,354	-	-	-
The Chonburi Sugar Corp. Ltd.	1,836	-	-	-
The Suphanburi Sugar Industry Co., Ltd.	825	-	-	-
Plastic Agachon Co., Ltd.	629	-	-	-
North Park Golf And Sport Club Co., Ltd.	572	-	-	-
Bang-Na Glass Co., Ltd.	517	4,366	-	-
Others	523	322	-	-
Total	713,340	521,346	-	-

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

For the six-month period ended 30 June 2006 (Unaudited)

Short-term loans from and amounts due to related parties

	Consolidated				The Company		
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	Total	Short-term loans from	31 December 2005 Amounts due to
	Short-term loans from	Total	Short-term loans from	Total	Short-term loans from	Short-term loans from	Amounts due to
	due to		due to		due to	due to	Total
	<i>(in thousand Baht)</i>						
Subsidiaries (continued)							
Pomkang Co., Ltd.	-	-	-	-	388,200	205,000	631
Pomchok Co., Ltd.	-	-	-	-	825,000	567,200	2,152
Pomcharoen Co., Ltd.	-	-	-	-	131,000	20,000	5
Pomburapa Co., Ltd.	-	-	-	-	504,300	281,300	825
Additive Food Co., Ltd.	-	-	-	-	30,000	-	-
Beer Chang Co., Ltd.	-	-	-	-	191,000	128,000	490
Pan International (Thailand) Co., Ltd.	-	-	-	-	40,000	50,000	273
Dhospaak Co., Ltd.	-	-	-	-	-	-	6,217
Total subsidiaries	-	-	-	-	15,499,000	15,540,600	15,601,362
Related companies							
South East Capital Co., Ltd.	13,284	13,284	13,323	13,323	-	-	2,600
T.C.C. Property Development Co., Ltd.	-	-	6,381	6,381	-	-	6,382
Thai Charoen Insurance PCL	3,795	3,795	6,235	6,235	-	-	-
T.C.C. Technology Co., Ltd.	8,874	8,874	6,173	6,173	-	-	338
Inverhouse Distillers Co., Ltd.	7,283	7,283	3,910	3,910	-	-	-
The Thai Glass Industries Co., Ltd.	3,536	3,536	-	-	-	-	-
BJC Engineering Co., Ltd.	1,335	1,335	-	-	-	-	-
Southeast Assurance (2000) Co., Ltd.	396	396	684	684	-	-	-
Southeast Life Insurance Co., Ltd.	149	149	-	-	-	-	-
Plaza Athenee Hotel (Thailand) Co., Ltd.	56	56	315	315	-	-	267
Total	56	56	315	315	56	56	267

Thai Beverage Public Company Limited and its Subsidiaries
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Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

Movements during the six-month periods ended 30 June on short-term loans from related parties are as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
At 1 January	-	278,960	15,540,600	7,684,200
Increase	-	25,340	11,586,300	8,991,400
Decrease	-	(298,960)	(11,627,900)	(10,718,300)
At 30 June	-	5,340	15,499,000	5,957,300

6 Trade accounts receivable

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in thousand Baht)</i>			
Within credit terms	238,788	320,955	-	-
Overdue:				
Less than 3 months	45,636	33,581	-	-
3-6 months	3,611	8,469	-	-
6-12 months	557	25,892	-	-
Over 12 months	4,187	14,424	-	-
	292,779	403,321	-	-
<i>Less</i> allowance for doubtful accounts	(2,683)	(2,719)	-	-
Net	290,096	400,602	-	-

Thai Beverage Public Company Limited and its Subsidiaries
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Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

7 Investments accounted for using the equity method

Movements in investments accounted for using the equity method during the six-month period ended 30 June are as follows:

	The Company	
	2006	2005
	<i>(in thousand Baht)</i>	
Net book value at 1 January	68,045,384	59,761,277
Share of profits from investments accounted for using equity method	4,905,058	5,263,246
Dividend income	(5,285,896)	(5,235,676)
Surplus on revaluation of assets	-	(134,834)
Excess of share of loss over investments in subsidiaries	4,832	46,514
Unrealised loss on investment in securities of subsidiary	-	(81)
Currency translation reserve	(30,744)	(83)
Net book value at 30 June	<u><u>67,638,634</u></u>	<u><u>59,700,363</u></u>
Net book value at 31 December		<u><u>68,045,384</u></u>

Disclosed as:

	The Company	
	30 June 2006	31 December 2005
	<i>(in thousand Baht)</i>	
Investments accounted for using the equity method	67,638,634	68,045,384
Excess of share of loss over investments	(5,509)	(677)
Total	<u><u>67,633,125</u></u>	<u><u>68,044,707</u></u>

Thai Beverage Public Company Limited and its Subsidiaries (Formerly: Thai Beverages Public Company Limited)

Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

Investments accounted for using the equity method for the Company's financial statements as at 30 June 2006 and 31 December 2005 and dividend income from the investments for the six-month periods ended 30 June 2006 and 2005 are as follows:

	The Company						Dividend income for the six-month periods ended			
	Ownership interest		Paid-up capital		Cost method			Equity method		
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005		30 June 2006	31 March 2005	
Direct subsidiaries										
Beer Thai (1991) PCL.	100.00	100.00	5,550,000	5,550,000	12,500,000	12,500,000	9,060,791	8,944,940	471,750	666,000
Beer Thip Brewery (1991) Co., Ltd.	100.00	100.00	6,600,000	6,600,000	12,500,000	12,500,000	8,957,523	8,894,182	660,000	660,000
Cosmos Brewery (Thailand) Co., Ltd.	100.00	100.00	1,666,667	1,666,667	5,149,998	5,149,998	3,332,938	3,308,379	150,000	-
Thai Alcohol PCL.	100.00	100.00	800,000	800,000	1,665,600	1,665,600	2,151,973	2,333,718	120,000	80,000
Sangsom Co., Ltd.	100.00	100.00	7,500,000	7,500,000	7,500,000	7,500,000	11,116,583	11,473,556	712,500	562,500
Red Bull Distillery (1988) Co., Ltd.	100.00	100.00	3,000,000	3,000,000	2,999,999	2,999,999	3,372,626	3,478,707	-	30,000
United Winery and Distillery Co., Ltd.	100.00	100.00	1,800,000	1,800,000	1,800,000	1,800,000	2,024,802	2,025,707	45,000	21,600
Sura Bangyikhan Co., Ltd.	100.00	100.00	4,000,000	4,000,000	4,000,000	4,000,000	5,992,012	5,952,105	24,000	80,000
Fuengfuanant Co., Ltd.	100.00	100.00	900,000	900,000	900,000	900,000	1,277,019	1,301,136	81,000	112,500
Athimart Co., Ltd.	100.00	100.00	900,000	900,000	900,000	900,000	1,244,799	1,258,974	81,000	135,000
S.S. Karnsura Co., Ltd.	100.00	100.00	800,000	800,000	800,000	800,000	1,251,044	1,259,226	92,000	120,000
Kankwan Co., Ltd.	100.00	100.00	800,000	800,000	800,000	800,000	1,130,318	1,150,259	92,000	160,000
Theparunothai Co., Ltd.	100.00	100.00	700,000	700,000	700,000	700,000	1,016,379	1,017,710	66,500	105,000
Thanapakdi Co., Ltd.	100.00	100.00	700,000	700,000	700,000	700,000	827,808	834,715	24,500	-
Mongkolsamai Co., Ltd.	100.00	100.00	700,000	700,000	700,000	700,000	813,025	843,809	24,500	-
Simathurakij Co., Ltd.	100.00	100.00	900,000	900,000	900,000	900,000	1,129,641	1,134,234	22,500	54,000
Kanchanasingkom Co., Ltd.	100.00	100.00	700,000	700,000	700,000	700,000	959,735	973,969	28,000	52,500
Luckchai Liquor Trading Co., Ltd.	100.00	100.00	800,000	800,000	800,000	800,000	1,372,511	1,386,016	24,000	40,000
Nateechai Co., Ltd.	100.00	100.00	800,000	800,000	800,000	800,000	1,188,010	1,171,430	20,000	100,000
Thipechalothom Co., Ltd.	100.00	100.00	1,000	1,000	2,590	2,590	326,508	345,364	139,992	149,991
Krittayabun Co., Ltd.	100.00	100.00	5,000	5,000	26,650	26,650	228,029	229,726	134,998	54,999
Surathip Co., Ltd.	100.00	100.00	1,200	1,200	6,846	6,846	645,352	630,625	257,871	191,904
Sunthronpirom Co., Ltd.	100.00	100.00	5,000	5,000	24,750	24,750	906,887	892,944	269,997	399,995
Piromsurang Co., Ltd.	100.00	100.00	5,000	5,000	23,800	23,800	675,449	690,792	229,997	299,996

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Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

Investments accounted for using the equity method

	The Company						Dividend income			
	Ownership interest		Paid-up capital		Cost method		Equity method		for the six-month periods ended	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 March 2005
Direct subsidiaries (Continued)										
T.C.C. Cosmo Corporation Ltd.	100.00	100.00	5,000	5,000	38,953	38,953	7,642	6,075	62	-
Pomthip Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	221,123	143,365	34,000	70,000
Pomkit Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	236,485	40,102	-	129,999
Pomkung Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	183,945	96,320	14,000	50,000
Pomehok Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	365,682	224,823	45,000	99,999
Pomcharoen Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	22,044	7,956	-	25,000
Pomburapa Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	244,549	158,899	27,000	60,000
Num Yuk Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	520,131	671,038	214,999	199,998
Num Kijjakarn Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	964,732	1,102,280	429,997	199,998
Num Palang Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	338,095	387,430	129,999	30,000
Num Muang Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	411,521	498,885	199,999	50,000
Num Nakorn Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	170,524	202,447	89,999	20,000
Num Thurakij Co., Ltd.	100.00	100.00	10,000	10,000	10,000	10,000	333,100	390,482	149,999	60,000
Beer Chang Co., Ltd.	100.00	100.00	1,000	1,000	4,301,038	4,301,038	128,132	166,873	76,538	-
Archa beer Co., Ltd.	100.00	100.00	1,000	1,000	129,922	129,922	8,567	4,952	1,599	-
Maharas Agri Co., Ltd.	100.00	100.00	2,000	2,000	1,999	1,999	-	-	-	-
Pan International (Thailand) Co., Ltd.	100.00	100.00	1,000	1,000	53,620	53,620	65,829	59,284	10,394	21,987
Additive Food Co., Ltd.	100.00	100.00	1,000	1,000	38,109	38,109	34,873	31,037	6,996	5,996
Charun Business 52 Co., Ltd.	100.00	100.00	121,800	121,800	84,529	84,529	102,537	102,274	-	-
Bionic Humus Co., Ltd.	100.00	100.00	10,000	10,000	14,362	14,362	12,734	12,755	-	3,500
Thai Molasses Co., Ltd.	99.72	99.72	40,000	40,000	35,408	35,408	206,013	88,353	28,719	47,864
Sahaipkarnkonsong Co., Ltd.	100.00	100.00	12,000	12,000	11,999	11,999	62,538	60,120	22,799	9,600
Thai Cooperage Co., Ltd.	100.00	100.00	300,000	300,000	299,999	299,999	532,516	515,103	7,800	-

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Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

Investments accounted for using the equity method

	The Company						Dividend income for the six-month periods ended		
	Ownership interest (%)		Paid-up capital		Cost method			Equity method	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005	30 June 2006	31 December 2005		30 June 2006	31 March 2005
Direct subsidiaries (Continued)									
Dhanasindhi Co., Ltd.	100.00	100.00	20,000	20,000	23,893	23,893	28,550	32,524	8,397
Bang-Na Logistic Co., Ltd.	100.00	100.00	123,000	123,000	134,069	134,069	204,601	169,466	7,995
Thai Beverage Marketing Co., Ltd.	100.00	100.00	300,000	300,000	299,999	299,999	808,329	840,955	7,500
Dhospaak Co., Ltd.	100.00	100.00	25,000	25,000	61,500	61,500	34,563	15,097	-
International Beverage Holdings Ltd.	100.00	100.00	535,100	535,100	535,099	535,099	387,517	484,266	-
Total					63,084,731	63,084,731	67,638,634	68,045,384	5,285,896
									5,235,676

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8 Interest-bearing liabilities

Interest-bearing liabilities as at 30 June 2006 and 31 December 2005 comprised:

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in thousand Baht)</i>			
Current				
Bank overdrafts	115,176	152	-	-
Short-term loans from financial institutions	3,240,000	39,300,000	500,000	36,600,000
Short-term guaranteed bonds	4,700,000	-	4,700,000	-
Current portion of long-term loans	1,926,600	1,086,600	1,500,000	-
	<u>9,981,776</u>	<u>40,386,752</u>	<u>6,700,000</u>	<u>36,600,000</u>
Non-current				
Long-term guaranteed bonds	5,300,000	-	5,300,000	-
Long-term loans from financial institutions	8,875,000	-	8,875,000	-
	<u>14,175,000</u>	<u>-</u>	<u>14,175,000</u>	<u>-</u>
Total	<u>24,156,776</u>	<u>40,386,752</u>	<u>20,875,000</u>	<u>36,600,000</u>

- (a) On 22 February 2006 the Company issued guaranteed bonds totalling Baht 10,000 million with a full co-guarantee by four subsidiaries and negative pledge undertaken by the Company whereby its 17 subsidiaries agree not to sell, transfer, mortgage, pledge, encumber or grant any preferential right in relation to their land, buildings, plant and machinery. The Executive Board of Directors' Meeting No. 1/2006 held on 1 February 2006 unanimously approved the negative pledge of the subsidiary companies. In addition, the Company is required to maintain a consolidated debt (interest-bearing debt) to equity (excluding unrealised foreign exchange gain or loss) ratio of not more than 2.5 to 1 based on the annual consolidated financial statements prepared in accordance with generally accepted accounting standards in Thailand. The bonds have the following payment terms:

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

The principal is to be redeemed at maturity. Interest is payable semi-annually commencing on 22 August 2006. These terms were subsequently recognised by the Board of Directors' Meeting No. 3/2006 held on 24 February 2006.

The proceeds from the issuance of the bonds were utilised in the repayment of short-term loans from financial institutions.

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- (b) During March 2006, the Company entered into new loan agreements with eight commercial banks as previously approved by the Board of Directors' Meeting No. 3/2006 to obtain long-term borrowings totalling Baht 26,600 million in order to repay short-term loans. Of this, the principal of Baht 23,600 million has a grace period of 2 years and is to be repaid in 36 monthly installments, Baht 654.22 million each for the first 35 installments and Baht 702.20 million for the last installment, from 28 April 2008 to 31 March 2011 with interest at the fixed rates of 5.75% and 6.00% per annum for the first and the second years, respectively, and MLR-1.5% to MLR-1.75% per annum from the third year onwards, payable monthly, commencing in March 2006.

The remaining principal of Baht 3,000 million is to be repaid in eight quarterly installments, Baht 375 million each, from 28 June 2006 to 28 March 2008 with a fixed interest rate of 5.70% per annum, payable quarterly, commencing in June 2006.

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

The loans were fully drawn during 28 and 29 March 2006 and were immediately utilised for the repayment of short-term loans.

On 30 May 2006, the Company partially repaid long-term loans with accrued interest to seven financial institutions amounting to Baht 15,959.20 million.

- (c) The current portion of long-term loans as at 30 June 2006 consisted of the remaining current portion of the previous loans brought forward from 31 December 2005 amounting to Baht 426.60 million and the current portion of new loans amounting to Baht 1,500 million.

9 Segment information

Segment information is presented in respect of the Group's primary format, business segments, based on the Group's management and internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

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

Inter-segment transactions are eliminated on consolidation.

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Business segments

The Group comprises the following main business segments:

<i>Beer / water</i>	Production and sales of branded beer and water products (mostly outside the Group);
<i>Spirits</i>	Production and sales of branded spirits products (mostly outside the Group);
<i>Alcohol</i>	Production and sales of alcohol (mostly outside the Group); and
<i>Related</i>	Purchasing of packaging and raw materials and sales of by-products (mostly within the Group).

Segment results of operations for the three-month periods ended 30 June 2006 and 2005 are as follows:

	2006					Total
	Beer/ water	Spirits	Alcohol <i>(in thousand Baht)</i>	Related	Elimination	
Revenue from sales	11,970,274	12,071,773	137,110	2,020,836	(2,299,717)	23,900,276
Interest income	6,462	8,489	406	6,696	(856)	21,197
Other income	10,837	27,508	74	7,902	(16,498)	29,823
Total Revenues	11,987,573	12,107,770	137,590	2,035,434	(2,317,071)	23,951,296
Cost of sales	9,193,049	7,730,053	107,261	1,823,768	(1,690,837)	17,163,294
Selling and administrative expenses	1,652,634	1,511,048	46,874	165,362	(601,277)	2,774,641
Profit (loss) before interest expense and income tax	1,141,890	2,866,669	(16,545)	46,304	(24,957)	4,013,361
Interest expense	60,903	341,663	19,556	15,043	(856)	436,309
Income tax expense	494,531	514,724	(31)	23,937	-	1,033,161
Net profit (loss)	586,456	2,010,282	(36,070)	7,324	(24,101)	2,543,891
	2005					Total
	Beer/ water	Spirits	Alcohol <i>(in thousand Baht)</i>	Related	Elimination	
Revenue from sales	10,664,708	12,030,367	72,516	1,895,276	(2,007,234)	22,655,633
Interest income	5,283	8,506	132	1,431	(346)	15,006
Other income	39,957	30,195	1,572	6,857	(20,497)	58,084
Total Revenues	10,709,948	12,069,068	74,220	1,903,564	(2,028,077)	22,728,723
Cost of sales	7,974,901	7,378,147	46,318	1,744,326	(1,475,848)	15,667,844
Selling and administrative expenses	1,846,385	1,398,211	46,267	155,110	(482,803)	2,963,170
Profit (loss) before interest expense and income tax	888,662	3,292,710	(18,365)	4,128	(69,426)	4,097,709
Interest expense	117,246	222,850	7,581	9,633	(346)	356,964
Income tax expense	312,228	808,891	(1,642)	22,503	-	1,141,980
Net profit (loss)	459,188	2,260,969	(24,304)	(28,008)	(69,080)	2,598,765

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Segment gross capital expenditure and depreciation and amortisation for the three-month periods ended 30 June 2006 and 2005 are as follows:

	2006				Total
	Beer/ water	Spirits	Alcohol	Related	
	<i>(in thousand Baht)</i>				
Gross capital expenditure					
- Fixed assets	252,762	725,262	23,336	5,443	1,006,803
- Intangible assets	2,750	3,121	170	321	6,362
Depreciation	471,709	521,405	30,084	24,424	1,047,622
Amortisation	455	6,449	24	120,752	127,680

	2005				Total
	Beer/ water	Spirits	Alcohol	Related	
	<i>(in thousand Baht)</i>				
Gross capital expenditure					
- Fixed assets	2,524,132	113,587	61,615	72,653	2,771,987
- Intangible assets	143	(113)	(4)	29,745	29,771
Depreciation	481,919	525,842	30,298	20,425	1,058,484
Amortisation	3,873	6,151	4	13,816	23,844

Segment gross capital expenditure and depreciation and amortisation for the six-month periods ended 30 June 2006 and 2005 are as follows:

	2006				Total
	Beer/ water	Spirits	Alcohol	Related	
	<i>(in thousand Baht)</i>				
Gross capital expenditure					
- Fixed assets	761,045	826,617	36,955	9,345	1,633,962
- Intangible assets	3,124	3,561	180	369	7,234
Depreciation	939,188	1,035,989	60,011	48,727	2,083,915
Amortisation	856	12,817	39	120,891	134,603

	2005				Total
	Beer/ water	Spirits	Alcohol	Related	
	<i>(in thousand Baht)</i>				
Gross capital expenditure					
- Fixed assets	3,158,523	272,727	142,992	81,301	3,655,543
- Intangible assets	961	1,428	51	29,809	32,249
Depreciation	956,856	1,044,802	60,354	40,276	2,102,288
Amortisation	8,068	12,310	8	13,839	34,225

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Segment assets and liabilities as at 30 June 2006 and 31 December 2005 are as follows:

	30 June 2006				
	Beer/ water	Spirits	Alcohol <i>(in thousand Baht)</i>	Related	Total
Inventories	2,921,995	22,748,033	276,112	345,611	26,291,751
Property, plant & equipment, net	20,490,358	23,507,473	1,719,695	2,299,100	48,016,626
Other assets	334,526	5,093,627	535,630	833,436	6,797,219
Total Assets	<u>23,746,879</u>	<u>51,349,133</u>	<u>2,531,437</u>	<u>3,478,147</u>	<u>81,105,596</u>
Total debts	6,606,235	16,047,049	759,146	744,346	24,156,776
Other liabilities	5,084,782	3,563,278	56,030	1,051,001	9,755,091
Total Liabilities	<u>11,691,017</u>	<u>19,610,327</u>	<u>815,176</u>	<u>1,795,347</u>	<u>33,911,867</u>
	31 December 2005				
	Beer/ water	Spirits	Alcohol <i>(in thousand Baht)</i>	Related	Total
Inventories	2,741,471	22,817,511	118,993	285,820	25,963,795
Property, plant & equipment, net	20,692,463	23,733,682	1,736,676	2,344,206	48,507,027
Other assets	705,442	4,839,798	144,804	1,050,513	6,740,557
Total Assets	<u>24,139,376</u>	<u>51,390,991</u>	<u>2,000,473</u>	<u>3,680,539</u>	<u>81,211,379</u>
Total debts	10,416,671	27,377,255	1,034,994	1,557,832	40,386,752
Other liabilities	4,792,018	3,801,375	78,118	787,087	9,458,598
Total Liabilities	<u>15,208,689</u>	<u>31,178,630</u>	<u>1,113,112</u>	<u>2,344,919</u>	<u>49,845,350</u>

10 Dividends

At the Annual General Meeting of Shareholders of the Company held on 27 March 2006, dividends of Baht 0.24 per share were approved from net profit of 2005, totaling Baht 5,280 million. The dividends were paid to shareholders on 26 April 2006.

11 Earnings per share

Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of shares outstanding.

Basic earnings per share during the three-month periods ended 30 June 2006 and 2005, calculated as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
Profit attributable to ordinary shareholders	2,543,891	2,598,765	2,543,891	2,498,047

(in thousand Baht)

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Weighted average number of ordinary shares

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand shares)</i>			
Issued ordinary shares at 1 April	22,000,000	22,000,000	22,000,000	22,000,000
Effect of shares issued on 29 May 2006	886,449	-	886,449	-
Weighted average number of ordinary shares for the period	<u>22,886,449</u>	<u>22,000,000</u>	<u>22,886,449</u>	<u>22,000,000</u>

The calculation of basic earnings per share for the six-month periods ended 30 June 2006 and 2005, calculated as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Profit attributable to ordinary shareholders	5,108,578	5,363,240	5,108,578	5,172,619

Weighted average number of ordinary shares

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand shares)</i>			
Issued ordinary shares at 1 January	22,000,000	22,000,000	22,000,000	22,000,000
Effect of shares issued on 29 May 2006	445,673	-	445,673	-
Weighted average number of ordinary shares for the period	<u>22,445,673</u>	<u>22,000,000</u>	<u>22,445,673</u>	<u>22,000,000</u>

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders and the weighted average number of shares outstanding.

Diluted earnings per share during the three-month periods ended 30 June 2006 and 2005, calculated as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
Profit attributable to ordinary shareholders (diluted)	2,543,891	2,598,765	2,543,891	2,498,047

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Weighted average number of ordinary shares (diluted)

		Consolidated		The Company	
		2006	2005	2006	2005
	<i>Note</i>	<i>(in thousand shares)</i>			
Weighted average number of ordinary shares for the period		22,886,449	22,000,000	22,886,449	22,000,000
Effect of share over-allotment option	14	14,628	-	14,628	-
Weighted average number of ordinary shares (diluted) for the period		<u>22,901,077</u>	<u>22,000,000</u>	<u>22,901,077</u>	<u>22,000,000</u>

The calculation of diluted earnings per share for the six-month periods ended 30 June 2006 and 2005, calculated as follows:

		Consolidated		The Company	
		2006	2005	2006	2005
		<i>(in thousand Baht)</i>			
Profit attributable to ordinary shareholders (diluted)		5,108,578	5,363,240	5,108,578	5,172,619

Weighted average number of ordinary shares (diluted)

		Consolidated		The Company	
		2006	2005	2006	2005
	<i>Note</i>	<i>(in thousand shares)</i>			
Weighted average number of ordinary shares for the period		22,445,673	22,000,000	22,445,673	22,000,000
Effect of share over-allotment option	14	7,355	-	7,355	-
Weighted average number of ordinary shares (diluted) for the period		<u>22,453,028</u>	<u>22,000,000</u>	<u>22,453,028</u>	<u>22,000,000</u>

12 Commitments

	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in thousand)</i>			
Capital commitments				
Contracted but not provided for				
Baht	880,790	1,330,199	53,699	37,196
Euro	14,172	7,442	-	-
Authorised but not contracted for				
Baht	3,423,720	2,927,788	2,573,720	1,259,788

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	Consolidated		The Company	
	30 June 2006	31 December 2005	30 June 2006	31 December 2005
	<i>(in thousand Baht)</i>			
<i>Non-cancellable operating lease commitments</i>				
Within one year	256,463	273,246	17,303	19,506
After one year but within five years	171,715	213,547	28,021	31,170
After five years	20,569	262	-	-
Total	448,747	487,055	45,324	50,676

Further to the above, the Group has the following additional commitments as at 30 June 2006 are as follows:

	In Million Baht	In Million US\$	In Million AUD	In Million Euro	In Million GBP
Raw material purchasing agreements (Malt & Hop)	-	15.17	1.91	5.53	3.76
Molasses purchasing agreements	993.55	-	-	-	-
Raw material sale agreements	13.75	-	-	-	-
Consulting and supervising service agreement for beer production	32.40	-	-	-	-
Advertising and sponsorship agreements	172.28	-	-	-	-
Other service agreements	87.64	-	-	-	-

- (a) During 2004, the Company and four subsidiaries entered into production and blending control agreements with a specialist for a period of 40 years from 1 August 2004 to 1 August 2044. Under the agreements, the Company and its subsidiaries are obliged to pay monthly service fees of Baht 4.30 million which are to be annually increased by 5% for the first 20 years from 1 August 2004 to 1 August 2024. Afterwards, the Company and the four subsidiaries have to pay monthly service fees of Baht 0.25 million until the expiration of the agreements. The total service fees under the agreements, both outstanding and already paid, amounted to Baht 1,766.20 million. As at 30 June 2006 the remaining commitments to be paid, relating to these agreements, amounted to Baht 1,664.94 million.
- (b) During 2005, a subsidiary renewed a sponsorship agreement with Everton Football Club, in the United Kingdom, for a period of three years as from 1 June 2005 to 31 May 2008 in order to promote the Group's businesses globally. Under the agreement, the subsidiary is obliged to pay a minimum amount of £0.50 million and a maximum amount of £2.90 million per year, dependent on the performance of the Everton football team in each year.
- (c) A subsidiary has a commitment to provide sponsorship to the Football Association of Thailand at the rate of 10% of the subsidiary's net profit generated by the subsidiary's World Cup 2006 broadcasting project.

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13 Litigation

Property tax

The application filed by a subsidiary to the Central Tax Court for the withdrawal of the refuted property tax assessment is still being considered by the Central Tax Court and the Supreme Court. The management of the subsidiary and their attorney still believe that the likelihood of winning is high.

Health Hazardous Work Permit

The extension of the Health Hazardous Work Permit ruled in favour of a subsidiary by the Administrative Court is still being considered by the Supreme Administrative Court. The management of the subsidiary and their attorney still believe that the likelihood of winning is high.

14 Events after the balance sheet date

Significant subsequent events were as follows:

- (a) On 3 July 2006, an over allotment option was exercised related to its recent IPO, whereby the Company sold a further 665.58 million new ordinary shares, raising Baht 4,390.54 million in proceeds. The Company registered the change in paid-up capital with the Ministry of Commerce on 3 July 2006 from Baht 24,444.45 million to Baht 25,110.03 million.
- (b) On 5 July 2006, the Company repaid Baht 4,376.31 million in long-term loans with accrued interest to seven financial institutions.
- (c) On 13 July 2006, the Securities and Exchange Commission of Thailand approved an extension of time to complete the acquisition of Best Spirits Company Limited and Pacific Spirits (UK) Limited from 17 July 2006 to 31 October 2006 and stated that the Company does not need to acquire Pacific Spirits (USA) Limited which is in the process of liquidation.
- (d) On 24 July 2006, the Executive Committee Meeting of the Company No.3/2006 unanimously approved a capital expenditure budget for a water filtration facility by using the alternative sources of water in production process amounting to Baht 175 million for Beer Thip Brewery (1991) Co., Ltd. and Baht 80 million for Cosmos Brewery (Thailand) Co., Ltd.
- (e) The Board of Directors' Meeting No. 8/2006 on 10 August 2006 approved a dividend payment of 25,110.03 million ordinary shares, Baht 0.11 per share, totalling Baht 2,762.10 million.

15 Reclassification of accounts

Certain accounts in the 2005 interim financial statements have been reclassified to conform with the presentation in the 2006 interim financial statements.

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

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

(a) Deferred tax

There is no Thai accounting standard currently effective in relation to accounting for income and deferred taxes. In 2007, Thai GAAP plans to adopt TAS No. 56 *Accounting for Income tax*, which is not materially different from International Accounting Standard (“IAS”) No. 12 *Income Taxes*, with early adoption allowed. Whilst not specifically addressed in Thai GAAP, provisions for income taxes are typically based on corporate income taxes currently payable in the period under the Revenue Code of Thailand. The group has not opted for early adoption of TAS No. 56 and, as such, the Group does not recognise deferred tax assets and liabilities.

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

(b) Employee benefits

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

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

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

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(c) Financial instruments

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

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

(d) Investment in property

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

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

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

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

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

	Consolidated net profit			
	Three-month period ended 30 June		Six-month period ended 30 June	
	2006	2005	2006	2005
	<i>(in thousand Baht)</i>			
As reported in these consolidated financial statements under Thai GAAP	2,543,891	2,598,765	5,108,578	5,363,240
<i>Add (less) : Thai GAAP/IFRS differences (net of tax effect)</i>				
(a) Deferred tax	5,169	(33,693)	(30,897)	149,535
(b) Employee benefits	(14,401)	(13,739)	(28,801)	(27,478)
(c) Financial instruments	33,401	54,931	5,741	50,147
Under IFRS	<u>2,568,060</u>	<u>2,606,264</u>	<u>5,054,621</u>	<u>5,535,444</u>

Thai Beverage Public Company Limited and its Subsidiaries
(Formerly: Thai Beverages Public Company Limited)

Notes to the interim financial statements

For the six-month period ended 30 June 2006 (Unaudited)

	Consolidated total shareholders' equity	
	30 June 2006	31 December 2005
	<i>(in thousand Baht)</i>	
As reported in these consolidated financial statements under Thai GAAP	47,193,729	31,366,028
<i>Less : Thai GAAP/IFRS differences (net of tax effect)</i>		
(a) Deferred tax	(1,343,264)	(1,312,368)
(b) Employee benefits	(487,890)	(459,088)
(c) Financial instruments	(20,109)	(25,850)
(d) Investment in property	(50,866)	(50,866)
Under IFRS	45,291,600	29,517,856