



THAI BEVERAGE PUBLIC COMPANY LIMITED

(Registered in the Kingdom of Thailand as a public company with limited liability, registration number 0107546000342)

PROSPECTUS DATED MAY 19, 2006

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional advisor.

This is the initial public offering of our ordinary shares of par value Baht 1 each (the "Shares"). We are offering 2,444,450,000 new Shares (the "New Shares") and one of our Shareholders, referred to in this document as the selling shareholder (the "selling shareholder"), is offering 2,444,450,000 Shares (the "Vendor Shares," together with the New Shares, the "Offering Shares") for subscription and/or purchase by investors at the Offering Price (as defined below) (the "Combined Offering"). The Combined Offering will consist of an international placement (the "International Offering") to investors, including institutional and other investors in Singapore, outside the United States in reliance on Regulation S under the United States Securities Act of 1933, as amended, (the "Securities Act") and in the United States only to qualified institutional buyers in reliance on Rule 144A under the Securities Act and a public offer in Singapore (the "Singapore Public Offer"). The size of the Singapore Public Offer is 244,445,000 Offering Shares. Investors applying for Offering Shares by way of Application Forms or Electronic Applications (both referred to in "Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares under the Singapore Public Offer" described below) under the Singapore Public Offer will pay the maximum offering price of S\$0.36 per Offering Share (the "Maximum Offering Price").

The International Offering will be underwritten by Deutsche Bank AG, Singapore Branch, J.P. Morgan (S.E.A.) Limited, Merrill Lynch (Singapore) Pte. Ltd., Phatra Securities Public Company Limited and SCB Securities Co., Ltd. (together, the "initial purchasers") and the Singapore Public Offer will be underwritten by Deutsche Bank AG, Singapore Branch, J.P. Morgan (S.E.A.) Limited, Merrill Lynch (Singapore) Pte. Ltd. and DBS Bank Ltd (together, the "Singapore Lead Underwriters") at the Offering Price, if the Offering Price is agreed between the Joint Global Coordinators, us and the selling shareholder.

There is currently no public market for our Shares. We have applied to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to list all our issued Shares (including the Vendor Shares), the New Shares and the Additional Shares (as defined below), if any, issued upon the exercise of the Over-allotment Option (defined below) on the Main Board of the SGX-ST. Such permission will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for our Offering Shares will be conditional upon, among others, (i) permission being granted to deal in and for quotation of all our issued Shares (including the Vendor Shares), the New Shares and the Additional Shares and (ii) registration of the increase in our issued and paid-up share capital with, and acceptance of the new list of Shareholders pursuant to the Combined Offering by, the Ministry of Commerce of Thailand ("MOC"). Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom, if these conditions are not fulfilled. Notwithstanding the foregoing, you should note that once the condition set out in paragraph (ii) above has been fulfilled, monies paid in respect of applications for the Offering Shares cannot under the laws of Thailand be refunded to successful applicants. In this connection, investors' attention is drawn to the paragraph headed "Risk Factors – Risks Relating to the Ownership of our Shares – Investors may face a delay in the return of their application monies if our Shares are not listed on the SGX-ST" in the section "Risk Factors".

We have received a letter of eligibility from the SGX-ST for the listing and quotation of our Shares in accordance with our application to the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this document (the "Prospectus"). Our eligibility to list and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Combined Offering, us, our subsidiaries or our Shares.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority") on May 5, 2006 and May 19, 2006, respectively. The Authority assumes no responsibility for the contents of the Prospectus. Registration of the Prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares being offered or in respect of which an invitation is made, for investment.

We have obtained the approval of the Securities and Exchange Commission of Thailand (the "SEC") for the offering of the New Shares in the Combined Offering, subject to certain conditions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Recent Developments – Proposed Transfers." Approvals or permissions received from the SEC do not constitute a guarantee by the SEC as to our performance or creditworthiness. Accordingly, in giving those approvals or permissions, the SEC will not be liable for our performance or default and accepts no responsibility for the financial soundness of us, our subsidiaries or any proposal or for the correctness of any opinion or statement expressed in this Prospectus or any other documents.

No Shares shall be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

See "Risk Factors" herein for a discussion of certain factors to be considered in connection with an investment in the Offering Shares.

We have granted the initial purchasers an over-allotment option (the "Over-allotment Option") exercisable by J.P. Morgan (S.E.A.) Limited on behalf of the initial purchasers for 30 days from the date on which the Shares commence trading on the SGX-ST to purchase up to an additional 733,335,000 Shares (the "Additional Shares") (which is in aggregate not more than 15% of the total number of Offering Shares), from us at the Offering Price solely to cover over-allotments, if any.

Our Shares have not been and will not be registered under the Securities Act and are being offered and sold in the United States only to qualified institutional buyers in reliance on Rule 144A under the Securities Act. Prospective purchasers are hereby notified that the sellers of our Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. Our Shares are not transferable except in accordance with the restrictions described under "Transfer Restrictions."

The Maximum Offering Price of S\$ 0.36 is payable in full on application under the Singapore Public Offer and is subject to refund if and to the extent that the Offering Price is less than the Maximum Offering Price. Investors for the International Offering are required to pay the Offering Price. In addition, investors for the International Offering will be required to pay a brokerage fee of 1.0% of the Offering Price in connection with their purchase of Offering Shares. See "Plan of Distribution." The Offering Price will be determined following a bookbuilding process by agreement among the Joint Global Coordinators, us and the selling shareholder on a date currently expected to be May 24, 2006 (the "Price Determination Date"), which date is subject to change. If for any reason the Offering Price is not agreed among the Joint Global Coordinators, us and the selling shareholder, the Offering will not proceed. Notice of the Offering Price, if agreed, will be published in one or more major Singapore newspapers such as The Straits Times, The Business Times or Lianhe Zaobao not later than two calendar days after the Price Determination Date.

References in this Prospectus to "hereof," "herein" or "this document" should be construed as being references to this Prospectus.

All copies of this Prospectus distributed in Singapore must be accompanied by the instructions booklet entitled "Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares under the Singapore Public Offer" which constitutes part of this Prospectus registered with the Authority.

Offering in respect of 4,888,900,000 Offering Shares (subject to the Over-allotment Option)

Size of the Singapore Public Offer: 244,445,000

Offering Shares Maximum Offering Price: S\$ 0.36



Joint Global Coordinators and Bookrunners



Issue Managers



Lead Manager and Coordinator for the Singapore Public Offer





Corporate Profile

Thai Beverage Public Company Limited (“Thai Beverage”) is the leading producer of beer and spirits in Thailand and one of the leading brewers and distillers in Southeast Asia according to Canadean Limited (“Canadean”), a global beverage research company. Our beer and spirits products have a strong brand identity in Thailand with a market share of approximately 60.4% and 74.4%, respectively in 2004. Thailand is the largest and one of the fastest growing alcoholic beverage markets in Southeast Asia⁽¹⁾.

Our signature beer, Chang Beer, is the best-selling beer brand consumed in Thailand. Our well-known spirits brands include Sangsom, Mekhong and Mungkorn Thong.

With approximately 20,000 employees as of December 31, 2005, we own three state-of-the-art breweries with a total installed capacity of approximately 10,900.0 thousand hectoliters and 16 well-equipped distilleries with a total installed capacity of approximately 87,777.8 thousand cases. Over the years, Thai Beverage has established a far-reaching integrated distribution network with long-standing customer relationships covering approximately 400,000 points of sale in Thailand.

Milestones

October 1977	Acquisition of Sangsom Co., Ltd. to produce Sangsom rum
May 1983	Successfully bid for concessions offered by the Government to build and operate 12 distilleries in Thailand
April 1986	Spirits business was merged with Sura Maharasadorn Group
July 1988	Acquisition of Red Bull Distillery (1988) Co., Ltd
May 1994	Bang Ban brewery commenced operations
March 1995	Joint venture between Carlsberg A/S and Chang Beer was launched in Thailand
July 1998	Acquisition of United Winery and Distillery Co., Ltd
December 1998	Chang Beer became a market leader with approximately 54% market share of beer produced in Thailand ⁽¹⁾
July 1999	Acquisition of Bang Ban brewery from joint venture with Carlsberg A/S
January 2000	Acquisition of 12 distilleries from the Government
October 2001	Kamphaengphet brewery commenced operations
August 2002	Acquisition of Thai Alcohol Public Company Limited
October 2003	Thai Beverage was established as a holding company for all the subsidiaries
June 2004	Expansion of Kamphaengphet brewery commenced

⁽¹⁾ According to Canadean



Our Products and Brand Portfolio

Our main products are beer and spirits of which we have more than 30 well-known brands. We also produce drinking water, soda water, industrial alcohol and by-products from the brewing and distilling process. Our signature beer, Chang Beer, is the best-selling beer brand consumed in Thailand. Our well-known spirits brands include Sangsom, Mekhong and Mungkorn Thong. We also export our beer and spirits to 19 other countries.



Competitive Strengths

- **Leading market positions**

- We are the leading beer and spirits producer in Thailand by sales revenue and production volume
- We are the fourth largest spirits producer globally by sales volume

- **Well-positioned to tap attractive growth prospects in existing markets**

- Thailand has been one of the fastest growing markets globally for beer and spirits
- Thai beer sales volume grew by an average of 10.1% per annum from 1999 to 2004⁽¹⁾
- The long-term trend for Thai spirit sales is also positive as consumers increasingly trade up to higher-priced segments

- **Strong brand identity**

- Many of our products have a strong brand identity with a reputation for quality, taste and being "Thai"
- Our signature beer, Chang Beer is the best-selling beer brand consumed in Thailand
- Sangsom is our flagship spirits brand, recognized in Thailand for its international quality
- We have enhanced our brand visibility with strategic marketing investments in Thailand and abroad, including sponsorship of high-profile sports teams such as Everton Football Club

- **Extensive distribution network and relationships**

- We have a far-reaching distribution infrastructure with more than 900 salespersons, over 4,000 vehicles and approximately 400 warehouses
- We distribute our brands through a network of approximately 400,000 points of sale in Thailand
- We have long-standing relationships with our agents and distributors

- **High quality production facilities**

- We own three state-of-the-art breweries and 16 well-equipped distilleries throughout Thailand
- Completion of the expanded capacity at Kamphaengphet brewery by 1Q2007 will make it one of the largest breweries in Asia

- **Experienced and proven management team**

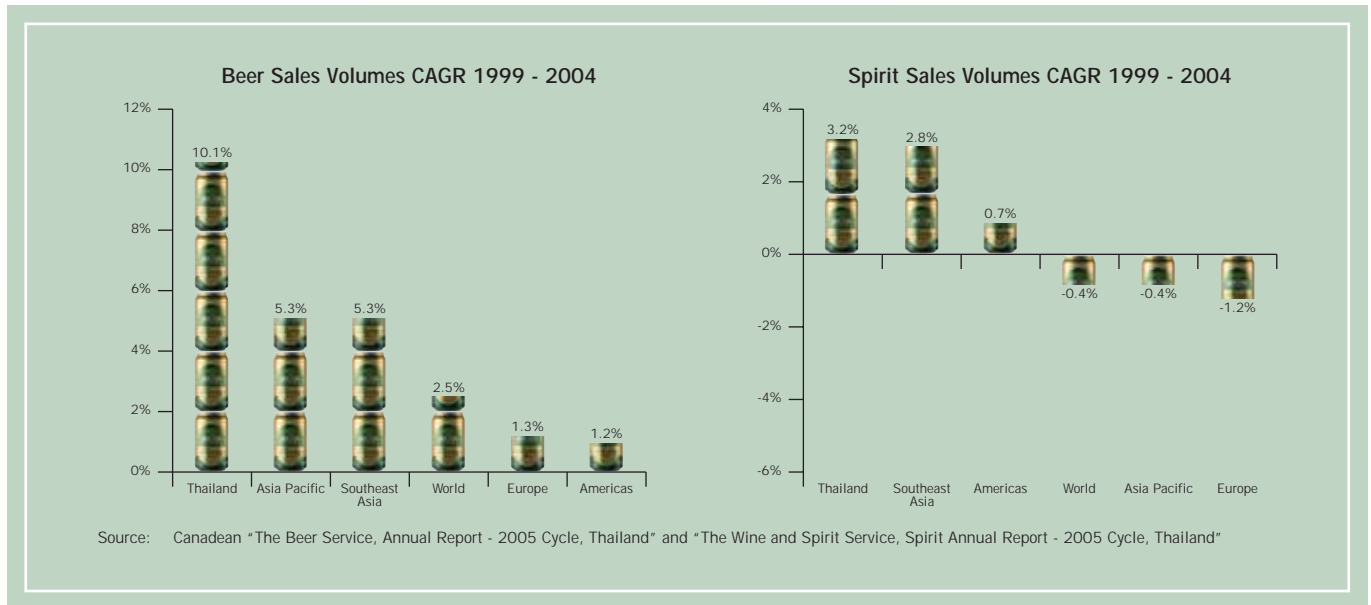
- Our management has a proven track record of entrepreneurial leadership, evidenced by Chang Beer's emergence as the market leader within just four years
- We possess extensive brewing and distilling experience and technical expertise

⁽¹⁾ According to Canadean



Key Industry Information

For the period between 1999 and 2004, worldwide beer and spirits sales volumes grew at a CAGR of 2.5% and (0.4)% respectively. During this period, Thailand was one of the fastest growing markets, with a CAGR of 10.1% and 3.2%, respectively. The Thai beer and spirits market is among the six largest alcoholic beverage markets in Southeast Asia with sales volumes for beer and spirits in 2004 at 16,191.0 thousand hectoliters and 72,072.2 thousand cases, respectively.



Key industry trends for the beer market include:

- Growth of economy brands such as Chang Beer, was largely stimulated by increased competition, a shift in consumer demand and the introduction of new products
- As a new demographic group of younger consumers has evolved, Thailand, as with other markets, has experienced a shift in consumers' preferences towards lower alcohol beer, such as Chang Light
- Increasing urbanisation of the Thai population, through increased purchasing power has caused a gradual shift in consumers' preferences from low-priced white spirits to beer

Key industry trends for the spirits market include:

- Emergence of economy beer has stimulated the change in beverage preference from low-priced spirits to economy beer
- International players are introducing products such as blended Scotch whisky to capture the increasing demand for relatively affordable products containing aged malt
- On-premise sales of imported spirits such as vodka, gin and tequila are experiencing growth due to the changing lifestyles and increasing purchasing power of Thai consumers

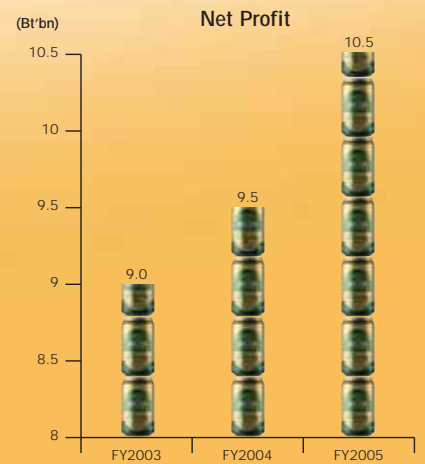
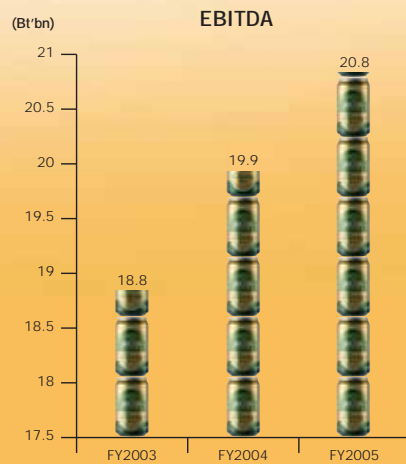
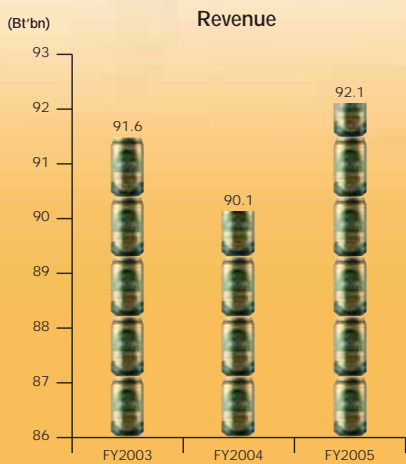
Our Strategy

To capitalise on the exciting prospects in the Thai alcoholic beverage market, our strategy is to maintain and build on our leading market position and expand our business internationally. Some initiatives include:

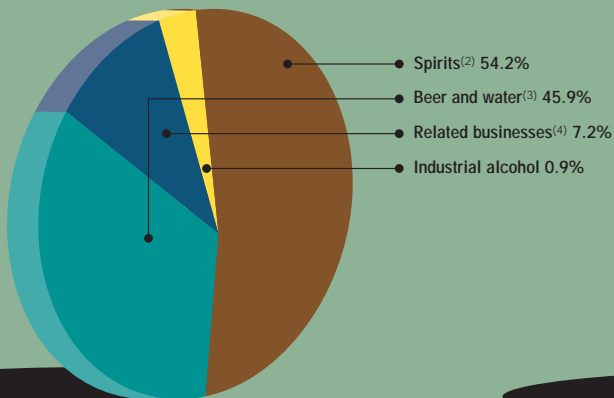
- Broaden our portfolio of brands by launching new beer and spirits brands to penetrate higher-priced segments
- Continue to invest in our leading products through our marketing and distribution efforts
- Continue to integrate our distribution system and production facilities and centralise group services in order to enhance efficiency
- Increase our international sales, with an initial focus on ASEAN markets
- Increase our sales of industrial alcohol products via increasing our exports to key markets such as Japan, India and the Philippines



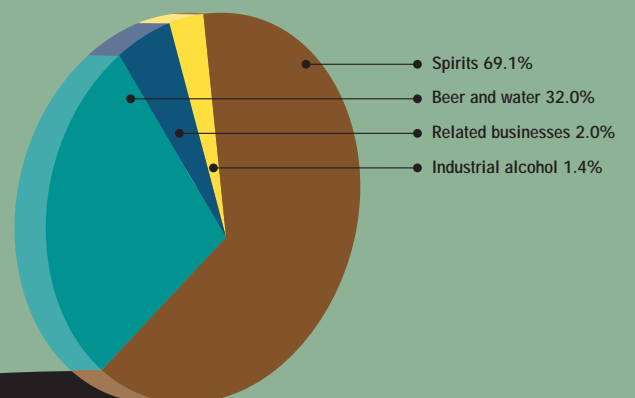
Financial Highlights



FY2005 Revenue Breakdown⁽¹⁾



FY2005 Gross Profit Breakdown⁽¹⁾



⁽¹⁾ Percentages do not add up to 100% due to inclusion of intersegment eliminations

⁽²⁾ Includes sales of by-products to third parties and intersegment sales of molasses to Thai Alcohol Public Company Limited

⁽³⁾ Includes sales of by-products to third parties and intersegment sales of bottles

⁽⁴⁾ Includes principally intersegment revenues, including sales of new and used bottles, logistic service fees, sales of spare parts and procurement commission, sales of construction services and sales of advertising and media, and related expenses

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NOTICE TO INVESTORS

You should rely only on the information contained in this document in making an investment decision with respect to our Shares. Neither we, the selling shareholder, the initial purchasers nor the Singapore Lead Underwriters have authorized anyone to provide you with any additional or different information. This document may only be used where it is legal to offer and sell our Shares. The information in this document may only be accurate as of the date of this document. You should be aware that since the date of this document there may have been changes in our business or otherwise that could affect the accuracy or completeness of the information set out in this document.

In connection with the Combined Offering, J.P. Morgan (S.E.A.) Limited (the “over-allotment and stabilization agent”) on behalf of the initial purchasers, may over-allot or effect transactions that stabilize or maintain the market price of our Shares at levels above those that would otherwise prevail in the open market. Those transactions may be effected on the SGX-ST in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. Stabilizing, if commenced, may be discontinued at any time and may not be effected after the earlier of (a) the date falling 30 days from the date of commencement of dealing in the Shares on the SGX-ST or (b) the date when the over-allotment of the Shares which are the subject of the Over-allotment Option has been fully covered (either through the purchase of the Shares on the SGX-ST or the exercise of the Over-allotment Option by the over-allotment and stabilization agent, or through both).

We are furnishing this document on a confidential basis in connection with an offering exempt from registration under the Securities Act and applicable state securities laws solely for the purpose of enabling prospective investors to consider the subscription and/or purchase of our Shares in the Combined Offering. The information contained in this document has been provided by us, the selling shareholder and other sources identified in this document. To the extent permitted by applicable law, no representation, warranty or covenant, express or implied, is made by us, the selling shareholder, the initial purchasers, the Singapore Lead Underwriters or any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisors as to the accuracy or completeness of the information contained herein. Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information herein is prohibited, except to the extent such information is otherwise publicly available.

In the event of a change or development that is reasonably likely to involve a material adverse change in the affairs, conditions or prospects of our Company or our Shares, or is required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we and/or the selling shareholder will make an announcement of the same to the SGX-ST and, if required, issue and lodge an amendment to this document or a supplementary or replacement document pursuant to Section 240 or, as the case may be, Section 241 of the Securities and Futures Act and take immediate steps to comply with the said sections. Investors should take notice of such announcements or documents and upon release of such announcements and documents shall be deemed to have notice of such changes.

Our Shares are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to U.S. persons, except as permitted under the Securities Act and applicable state securities laws pursuant to registration or an exemption from registration under the Securities Act. You should be aware that you may be required to bear the risk of an investment in our Shares for an indefinite period of time. See “Transfer Restrictions” for more information on these restrictions.

The distribution of this document and the offer and sale of the Shares offered hereby are restricted by law in certain jurisdictions. You should inform yourselves about, and comply with, all applicable laws and regulations in force in any jurisdiction in connection with the distribution of this document and the offer and sale of our Shares. In making an investment decision, you should rely on your own examination of our Company and the terms of this Combined Offering including the merits and risks involved. You should not construe the contents of this document or its appendices as legal, business, or tax advice. You should consult your own attorney, business advisor or tax advisor.

We and/or the selling shareholder are entitled to withdraw this Combined Offering at any time before closing, subject to compliance with certain conditions set out in the purchase agreement relating to the offering of our Shares. We and/or the selling shareholder are making the Combined Offering subject to the terms described in this document, the purchase agreement and the offer agreement relating to our Offering Shares described in “Plan of Distribution.”

The Shares we and the selling shareholder are offering have not been approved or disapproved by the United States Securities and Exchange Commission or any state or foreign securities commission or regulatory authority. The foregoing authorities have not confirmed the accuracy or determined the adequacy of this document. Any representation to the contrary is a criminal offense in the United States. In addition, until the date 40 days after the commencement of this Combined Offering, an offer or sale of the Shares offered hereby within the United States by a dealer, whether or not participating in this Combined Offering, may violate the registration requirements of the Securities Act, if such offer or sale is made otherwise than in accordance with Rule 144A.

SUBSTANTIAL SHAREHOLDING REPORTING OBLIGATIONS

You should be aware that our Articles of Association require our Shareholders to give notice in writing to the Company:

- if the Shareholder acquires an interest in 5% or more of our Shares, of the Shareholder's name, address and full particulars of the interest and the circumstances in which the Shareholder acquired the interest;
- upon becoming a substantial shareholder of our Company, of any change in the percentage level of the Shareholder's interest in our Shares, of the Shareholder's name, address, the date of the change and the circumstances leading to the change; and
- upon ceasing to be a substantial shareholder of our Company, of the Shareholder's name, the date on which the Shareholder ceased to be a substantial shareholder and the full particulars of the circumstances by which the Shareholder ceased to be a substantial shareholder.

Each Shareholder will be required to provide written notice to our Company within two business days of (i) becoming a substantial shareholder of our Company, (ii) any change in the percentage level of the substantial shareholder's interest in our Shares, and (iii) ceasing to become a substantial shareholder. See "Description of Share Capital—Substantial Shareholdings and Disclosure Notifications" for a description of these obligations.

In addition, pursuant to the SEC Act, any person who acquires or disposes of our Shares and thereby increases or decreases the number of Shares held by him to a number that in the aggregate equals or exceeds any multiple of 5% of our total Shares (regardless of the number of Shares he acquires or disposes of each time) is required to report his shareholding to the SEC on the next business day following the date of acquisition or disposition.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE

PURSUANT TO INTERNAL REVENUE SERVICE CIRCULAR 230, WE HEREBY INFORM YOU THAT THE DESCRIPTION SET FORTH HEREIN WITH RESPECT TO U.S. FEDERAL TAX ISSUES WAS NOT INTENDED OR WRITTEN TO BE USED, AND SUCH DESCRIPTION CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING ANY PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER UNDER THE U.S. INTERNAL

REVENUE CODE. THIS DESCRIPTION WAS WRITTEN TO SUPPORT THE MARKETING OF THE OFFERING SHARES AND IS LIMITED TO THE U.S. FEDERAL TAX ISSUES DESCRIBED HEREIN. ADDITIONAL ISSUES MAY EXIST THAT COULD AFFECT THE U.S. FEDERAL TAX TREATMENT OF AN INVESTMENT IN OUR SHARES, OR THE MATTERS THAT ARE THE SUBJECT OF THE DESCRIPTION, AND THIS DESCRIPTION DOES NOT CONSIDER OR PROVIDE ANY CONCLUSIONS WITH RESPECT TO ANY SUCH ADDITIONAL ISSUES. TAXPAYERS SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

AVAILABLE INFORMATION

For so long as our Shares remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) of the Securities Act, we will furnish, upon the request of any Shareholder, such information as is specified in paragraph (d)(4) of Rule 144A under the Securities Act, to such holder or beneficial owner or to a prospective purchaser of such Shares or interest therein who is a “qualified institutional buyer” within the meaning of Rule 144A, in order to permit compliance by such holder or beneficial owner with Rule 144A in connection with the resale of such Shares or beneficial interest therein in reliance on Rule 144A unless, at the time of such request, we are subject to the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended, (the “Exchange Act”) or we are included in the list of foreign private issuers that claim exemption from the registration requirements of Section 12(g) of the Exchange Act and therefore are required to furnish to the United States Securities and Exchange Commission certain information pursuant to Rule 12g3-2(b) under the Exchange Act.

ENFORCEABILITY OF CIVIL LIABILITIES

We are incorporated in Thailand. Most of our Directors, Executive Officers and certain of our experts named in this document are residents of Thailand. Also, most of our assets and the assets of our Directors, Executive Officers and certain of our experts are located in Thailand. As a result, you may not be able to:

- effect service of process upon us or these persons outside Thailand, or
- enforce against us judgments obtained in courts outside of Thailand including judgments based, in whole or in part, on the federal securities laws of the United States.

Thai courts will not enter any judgment or order obtained outside Thailand, but a judgment or order from a foreign court may, in the discretion of a court in Thailand, be admitted as evidence of an obligation in a new proceeding instituted in that court, which will consider the issue or the evidence before it.

PRESENTATION OF FINANCIAL AND STATISTICAL DATA

Our Company was established on October 29, 2003, and, through a series of transactions in late 2003, early 2004 and late 2005 (the “Reorganization”), substantially all of the beer and water, spirits, industrial alcohol and related business operations controlled by our Principal Shareholders and their business associates were consolidated into the Company. Prior to our Reorganization, our businesses were conducted through 69 companies located throughout Thailand. See “Our Reorganization.” We have accounted for the formation of the Group as a reorganization of entities and businesses under common control in a manner similar to a pooling of interests. Accordingly, our consolidated financial statements included in this document have been prepared as if (i) the Company had been in existence for all periods presented and (ii) the beer and water, spirits, industrial alcohol and related business operations of our Principal Shareholders and their business associates had been consolidated into the Company and had become a part of the Group on January 1, 2003. See Note 2 of Notes to the consolidated financial statements for a further description of the basis on which we have prepared our consolidated financial statements.

This document contains our audited consolidated financial statements as of and for the years ended December 31, 2003, 2004 and 2005, and our unaudited consolidated financial statements as of and for the three months ended March 31, 2005 and 2006, each of which has been prepared in accordance with International Financial Reporting Standards, commonly referred to as IFRS, which we refer to in this document as our “IFRS Financial Statements.” We have prepared our IFRS Financial Statements for the purposes of this Combined Offering. This document also contains our audited consolidated financial

statements as of and for the years ended December 31, 2003, 2004 and 2005, and our unaudited consolidated financial statements as of and for the three months ended March 31, 2005 and 2006, each of which has been prepared and presented separately in accordance with accounting principles generally accepted in Thailand, commonly referred to as Thai GAAP, which we refer to in this document as our “Thai GAAP Financial Statements.” We intend to prepare and report our financial statements only in accordance with Thai GAAP in subsequent periods. For a discussion of differences between IFRS and Thai GAAP, and between IFRS and U.S. GAAP that are relevant to our financial statements, see “Summary of Significant Differences Between IFRS and Thai GAAP” and “Summary of Significant Differences Between IFRS and U.S. GAAP.”

We have revised our financial statements as of and for the years ended December 31, 2003 and 2004, to account for the companies our Principal Shareholders transferred to us in 2005 and to make the presentation of our financial statements consistent for all periods presented, in accordance with IFRS and Thai GAAP.

We maintain our accounts and publish our financial statements in Baht. This document contains conversions of certain Baht and Singapore dollar amounts into U.S. dollars at specified rates solely for the convenience of the reader. Unless otherwise indicated, we have translated:

- all Baht amounts stated in our consolidated balance sheet as at December 31, 2005, and our consolidated statements of income and cash flows for the year ended December 31, 2005, into U.S. dollars at the rate of Baht 41.07 = US\$1.00, the reference rate announced by the Bank of Thailand on December 30, 2005;
- all Baht amounts stated in our consolidated balance sheet as at March 31, 2006, our consolidated statements of income and cash flows for the period ended March 31, 2006, into U.S. dollars at the rate of Baht 38.83 = US\$1.00, the reference rate announced by the Bank of Thailand on March 31, 2006; and
- all Singapore dollar amounts into U.S. dollars at the rate of S\$1.60 = US\$1.00, the noon buying rate in New York City for cable transfers announced by the Federal Reserve Bank on April 21, 2006 and all Singapore dollar amounts into Baht at the rate of S\$1.00 = Baht 23.71, the reference rate announced by the Bank of Thailand on April 21, 2006.

Any discrepancies in the tables included in this document between the amounts listed and the totals are due to rounding.

We have obtained certain market data, certain industry forecasts and certain data relating to Thailand used throughout this document from market research, publicly available information and industry publications by third parties. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and none of us, the selling shareholder, the initial purchasers or the Singapore Lead Underwriters makes any representation as to the accuracy or completeness of this information.

Alcoholic beverage industry statistical data, graphs and tables that we use in the discussion of the alcoholic beverage industry in Thailand contained in the section of this document entitled “The Alcoholic Beverage Industry in Thailand” were prepared and provided by Canadean Limited (“Canadean”), an internationally recognized research firm that collects and analyzes data about the beverage industry, which has advised us that the statistical and graphical information contained in this document is drawn from its database and other sources. In connection with this document, Canadean has advised us that:

- certain information in Canadean’s database was derived from estimates or subjective judgments;
- the information in the databases of other beverage industry data collection agencies may differ from the information in Canadean’s database;
- while Canadean has taken reasonable care in the compilation of the statistical and graphical information and it believes the information is accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors;
- Canadean, its agents, officers and employees do not accept liability (except for statutory liabilities under Sections 253 and 254 of the Securities and Futures Act) for any loss suffered in consequence of reliance on such information or in any other manner; and

- the provision of such data, graphs and tables does not obviate the need to make appropriate further inquiries.

In this document, we have based the amounts of “capacity” and “design capacity” of our existing breweries, distilleries and other facilities either upon actual performance or the amounts guaranteed by our equipment suppliers, and we have based the amounts of “capacity” and “design capacity” of our planned modifications and expansions of our existing facilities or new facilities upon the amounts guaranteed by equipment suppliers or our estimates. Our actual production has differed and may, in the future, differ from stated production capacities as a result of variations in product mix, shift in patterns, planned or unplanned shut-downs for maintenance or other reasons.

We have presented our beer, water and industrial alcohol production and sales data in hectoliters. A hectoliter is equal to one hundred liters. We have presented our spirits production and sales data in cases. A case is equal to nine liters.

FORWARD-LOOKING STATEMENTS

This document includes statements of future expectations, projections and forward-looking statements. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements and can generally be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “anticipate,” “plan,” “intend,” “estimate,” “project” and similar words. We caution you not to rely unduly on these forward-looking statements.

These forward-looking statements include, without limitation, statements relating to:

- our overall future business development and economic performance;
- our estimated financial information regarding, and the future development and economic performance of, our business;
- our future earnings and cash flows;
- our estimated future capital expenditures;
- our business strategy;
- our expected production expansion plans;
- our proposed acquisitions;
- regulatory changes; and
- future Government policy relating to the beverage industry in Thailand.

Forward-looking statements involve inherent risks and uncertainties. The forward-looking statements included in this document reflect our current views with respect to future events and are not a guarantee of future performance. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These factors include, but are not limited to, the following:

- general political, social and economic conditions in Thailand and the region;
- regulatory developments and changes in the alcoholic beverage industry in Thailand including changes in the excise tax, changes in the regulations relating to advertising of alcoholic beverages via radio, newspapers and television, changes in the retail sales hours and on-premise consumption and changes in the minimum drinking age;
- regulatory developments and changes in the industrial alcohol industry;
- the public perception of alcohol consumption;
- the outcome of legal and regulatory proceedings in which we are involved or may become involved;
- changes in the value of the Baht against other currencies, including the U.S. dollar and the Singapore dollar;
- changes in the price of certain raw materials, such as molasses, water, malt or hops;

- the impact of avian influenza, severe acute respiratory syndrome (“SARS”) or other outbreaks of contagious diseases;
- war in the Middle East, Afghanistan, Iraq or elsewhere or acts of international or domestic terrorism (including the current unrest in southern Thailand);
- occurrences of catastrophic events, natural disasters (including droughts such as the severe drought that recently affected parts of Thailand) and acts of God that affect our business or property;
- other factors beyond our control; and
- other factors that are described below under “Risk Factors.”

CORPORATE INFORMATION

Board of Directors:	Mr. Charoen Sirivadhanabhakdi Khunying Wanna Sirivadhanabhakdi Mr. Komen Tantiwiwatthanaphan Mr. Narong Srisa-an Mr. Paisal Chevasiri Mr. Samut Hatthasing Ms. Kanoknart Rangsithienchai Mr. Thapana Sirivadhanabhakdi Mr. Chukiet Tangpongprush Mr. Ueychai Tantha-Obhas Mr. Sithichai Chaikriangkrai Dr. Pisanu Vichiensanth Mr. Vivat Tejapaibul Mr. Puchchong Chandhanakij Gen. Dr. Choo-chat Kambhu Na Ayudhya Prof. Pornchai Matangkasombut Mr. Michael Lau Hwai Keong Mr. Sakthip Krairiksh Mr. Staporn Kavitanon Prof. Kanung Luchai Mr. Manu Leopairote Mr. Ng Tat Pun
Company Secretary:	Mr. Chukiet Tangpongprush (Bachelor of Law)
Registered Office and Principal Place of Business:	Sangsom Building 14 Vibhavadee Rangsit Road Chomphon, Chatuchak Bangkok 10900 Thailand
Selling Shareholder:	Risen Mark Enterprise Limited c/o Trident Trust Company (B.V.I.) Limited Trident Chambers P.O. Box 146 Road Town Tortola British Virgin Islands
Registrar for the Singapore Public Offer and Singapore Share Transfer Agent:	Lim Associates (Pte) Limited 10 Collyer Quay #19-08 Ocean Building Singapore 049315
Thai Registrar and Share Registration Office (pre-listing):	Thai Beverage Public Company Limited Sangsom Building 14 Vibhavadee Rangsit Road Chomphon, Chatuchak Bangkok 10900 Thailand
Thai Registrar and Share Registration Office (upon listing):	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building Rachadapisek Road Klongtoey, Bangkok 10110 Thailand
Joint Global Coordinators and Bookrunners of the Combined Offering:	Deutsche Bank AG, Singapore Branch 5 Temasek Boulevard #10-01/02 Suntec Tower Five Singapore 038985

J.P. Morgan (S.E.A.) Limited
168 Robinson Road
17th Floor Capital Tower
Singapore 068912

Merrill Lynch (Singapore) Pte. Ltd.
1 Temasek Avenue
#28-01 Millenia Tower
Singapore 039192

Phatra Securities Public Company Limited
6, 8-11/F Muang Thai-Phatra Office Tower 1
252/6 Ratchadaphisek Road, Huaykwang
Bangkok 10310
Thailand

SCB Securities Co., Ltd.
Sindhorn Building Tower 3, 2nd, 20th, 24th-26th and 28th Fl.
130-132 Wireless Road, Lumpini, Pathumwan
Bangkok 10330
Thailand

Issue Managers:

Deutsche Bank AG, Singapore Branch
5 Temasek Boulevard
#10-01/02 Suntec Tower Five
Singapore 038985

J.P. Morgan (S.E.A.) Limited
168 Robinson Road
17th Floor Capital Tower
Singapore 068912

Merrill Lynch (Singapore) Pte. Ltd.
1 Temasek Avenue
#28-01 Millenia Tower
Singapore 039192

Singapore Lead Underwriters:

Deutsche Bank AG, Singapore Branch
5 Temasek Boulevard
#10-01/02 Suntec Tower Five
Singapore 038985

J.P. Morgan (S.E.A.) Limited
168 Robinson Road
17th Floor Capital Tower
Singapore 068912

Merrill Lynch (Singapore) Pte. Ltd.
1 Temasek Avenue
#28-01 Millenia Tower
Singapore 039192

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809

**Lead Manager and Coordinator for
the Singapore Public Offer:**

DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809

Legal Advisors to the Company and the selling shareholder as to Thai law:	White & Case (Thailand) Limited 22 nd Floor, Mercury Tower 540 Ploenchit Road Lumpini, Pathumwan Bangkok 10330 Thailand
Legal Advisors to the Company and the selling shareholder as to United States federal and New York law:	White & Case LLP 50 Raffles Place #30-00 Singapore Land Tower Singapore 048623
Legal Advisors to the Company and the selling shareholder as to Singapore law:	Venture Law LLC 50 Raffles Place #31-01 Singapore Land Tower Singapore 048623
Legal Advisors to the Issue Managers and initial purchasers as to Thai law:	Allen & Overy (Thailand) Co., Ltd. 22 nd Floor, Sindhorn Building III 130-132 Wireless Road Lumpini, Pathumwan Bangkok 10330 Thailand
Legal Advisors to the Issue Managers and initial purchasers as to United States federal and New York law:	Shearman & Sterling LLP 6 Battery Road #25-03 Singapore 049909
Legal Advisors to the Issue Managers, initial purchasers and Lead Manager and Coordinator of the Singapore Public Offer as to Singapore law:	Allen & Gledhill One Marina Boulevard #28-00 Singapore 018989
Independent Auditors:	KPMG Phoomchai Audit Ltd. 22 nd Floor, Empire Tower 195 South Sathorn Road Yannawa Sathorn Bangkok 10120 Thailand
Independent Financial Advisor:	SAC Capital Private Limited No. 1 Shenton Way, #09-06 Singapore 068803
Alcoholic Beverage Industry Expert:	Canadean Limited 12 Faraday Court, Rankine Road Daneshill, Basingstoke, Hants RG24 8PF England
Principal Bankers:	Krung Thai Bank Public Company Limited Sukhumvit Building, 10 Sukhumvit Road Kwang Klongtoey, Khet Klongtoey Bangkok 10110 Thailand Kasikornbank Public Company Limited 1 Soi Kasikornthai, Ratburana Road Bangkok 10140 Thailand

Siam Commercial Bank Public Company Limited
9 Rutchadapisek Road
Ladyao, Jatujak
Bangkok 10900
Thailand

TMB Bank Public Company Limited
3000 Phahonyothin Road
Chatuchak
Bangkok 10900
Thailand

Siam City Bank Public Company Limited
1101 Newpetchburi Road
Rajthevi
Bangkok 10400
Thailand

Bangkok Bank Public Company Limited
333 Silom Road
Bangkok 10500
Thailand

Bank of Ayudhya Public Company Limited
1222 Rama III Road
Bang Phongphang, Yan Nawa
Bangkok 10120
Thailand

Receiving Banker:

The Hong Kong and Shanghai Banking Corporation Limited
21 Collyer Quay #08-11
HSBC Building
Singapore 049320

CERTAIN DEFINED TERMS AND ABBREVIATIONS

Unless the context otherwise requires, the following definitions apply to terms used in this document and the Application Forms and, in relation to the Electronic Applications, the instructions appearing on the screens of the ATMs of the Participating Banks, the internet banking websites of the relevant Participating Banks or the internet websites of DBS Vickers Securities Online (Singapore) Pte Ltd:

“alcohol content”:	Alcohol content by volume
“Application Forms”:	The application forms issued together with this document in respect of the Offering Shares which are the subject of the Singapore Public Offer
“Application List”:	The list for application and subscription and/or purchase of the Offering Shares which are the subject of the Singapore Public Offer
“associate”:	<p>In relation to a corporation, means:</p> <ul style="list-style-type: none">• in a case where the corporation is a substantial shareholder or controlling shareholder, its related corporation, related entity, associated company or associated entity; or• in any other case:<ul style="list-style-type: none">• a director or an equivalent person;• a controlling shareholder of the corporation;• a subsidiary, a subsidiary entity, an associated company, or an associated entity of the corporation; or• a subsidiary, a subsidiary entity, an associated company, or an associated entity, of the controlling shareholder of the corporation <p>In relation to an individual, means:</p> <ul style="list-style-type: none">• his immediate family (his spouse, child, adopted child, step-child, sibling, step-brother, step-sister, parent or step parent);• a trustee of any trust of which the individual or any member of his immediate family is a beneficiary or, where the trust is a discretionary trust, a discretionary object, when the trustee acts in that capacity; or• any corporation in which he and his immediate family together (whether directly or indirectly) have interests in voting shares of an aggregate of not less than 30% of the votes attached to all voting shares
“ATM”:	Automated Teller Machine
“Australian dollar”:	The legal currency of Australia
“Authority”:	The Monetary Authority of Singapore
“Baht” or “Bt”:	The legal currency of Thailand
“Board” or “Board of Directors”:	The board of directors of our Company
“British Pound”:	The legal currency of the United Kingdom
“CDP”:	The Central Depository (Pte) Limited
“Combined Offering”:	The International Offering and the Singapore Public Offer

“controlling shareholder”:	In relation to a corporation, means a person who: <ul style="list-style-type: none"> • holds, directly or indirectly, 15% or more of the nominal amount of all the voting shares in a corporation, unless the SGX-ST determines otherwise; or • in fact exercises control over the corporation.
“CPF”:	The Central Provident Fund
“Directors”:	Directors of our Company
“Electronic Applications”:	Applications for the Offering Shares made through an ATM of one of the Participating Banks in accordance with the terms and conditions of this document
“Euro” or “€”:	The legal currency of the 12 European member states, collectively known as the Eurozone
“Executive Officers”:	Executive officers of our Company
“initial purchasers”:	Deutsche Bank AG, Singapore branch, J.P. Morgan (S.E.A.) Limited, Merrill Lynch (Singapore) Pte. Ltd., Phatra Securities Public Company Limited and SCB Securities Co., Ltd.
“International Offering”:	The offering of Offering Shares internationally to investors, including to institutional and other investors in Singapore not purchasing or subscribing for Offering Shares in the Singapore Public Offer
“Latest Practicable Date”:	April 21, 2006
“Listing Date”:	The date on which our Shares are listed on the Official List of the SGX-ST
“Listing Manual”:	The Listing Manual of the SGX-ST
“Market Day”:	A day on which the SGX-ST is open for trading in securities
“MOC”:	The Ministry of Commerce of Thailand
“n.m.”:	Not material
“over-allotment and stabilization agent”:	J.P. Morgan (S.E.A.) Limited
“Over-allotment Option”:	The option which will be granted by us to the initial purchasers, exercisable by the over-allotment and stabilization agent on behalf of the initial purchasers, to purchase up to an aggregate of 733,335,000 Shares (representing not more than 15% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of Offering Shares, if any
“Participating Banks”:	DBS Bank Ltd (including POSB) (“DBS”), Oversea-Chinese Banking Corporation Limited (“OCBC”) and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited (together, the “UOB Group”)
“PLCA”:	The Public Limited Company Act B.E. 2535 (1992), as amended
“Price Determination Date”:	The date on which the Offering Price is agreed among the Joint Global Coordinators, us and the selling shareholder, which we currently expect to be May 24, 2006
“Principal Shareholders”:	The family of Mr. Charoen Sirivadhanabhakdi as a group (namely, Mr. Charoen Sirivadhanabhakdi, his wife, Khunying Wanna Sirivadhanabhakdi, his children, Ms. Atinant

	Sirivadhanabhakdi, Mr. Thapana Sirivadhanabhakdi, Ms. Thapanee Sirivadhanabhakdi, Ms. Wallapa Traisorat and Mr. Panot Sirivadhanabhakdi)
“Reorganization”:	The reorganization of our Group as further described in “Our Reorganization”
“SCCS”:	Securities Clearing & Computer Services (Pte) Ltd
“SEC”:	The Securities and Exchange Commission of Thailand
“SEC Act”:	The Securities and Exchange Act. B.E. 2535 of Thailand, as amended, modified or supplemented from time to time
“securities account”:	The securities account maintained by a depositor of securities with CDP
“Securities and Futures Act”:	The Securities and Futures Act, Chapter 289 of Singapore
“selling shareholder”:	Risen Mark Enterprise Limited
“SET”:	The Stock Exchange of Thailand
“SGX-ST”:	Singapore Exchange Securities Trading Limited
“Shareholders”:	Registered holders of Shares
“Shares”:	Ordinary shares of par value Baht 1 each in the capital of our Company
“Singapore Companies Act”:	The Companies Act, Chapter 50 of Singapore, as amended, modified or supplemented from time to time
“Singapore Public Offer”:	The offer of Offering Shares to the public in Singapore
“Singapore Take-over and Merger Laws and Regulations”:	Sections 138, 139 and 140 of the Securities and Futures Act and the Singapore Code on Take-overs and Mergers
“subsidiary”:	A company in which shares of an amount exceeding 50% of its paid-up capital are held directly or indirectly by a company
“substantial shareholder”:	A person who has an interest or interests in one or more voting shares in a company, the nominal amount of which is not less than 5% of the aggregate of the nominal amount of all the voting shares in the company
“S\$” and “cents”:	Singapore dollars and cents respectively, the legal currency of the Republic of Singapore
“Thai Beverage,” “we,” “our,” “ourselves,” “us,” or “the Group”:	Thai Beverage Public Company Limited, a public company with limited liability registered in the Kingdom of Thailand, and its consolidated subsidiaries, and “Company” refers to Thai Beverage Public Company Limited only
“Thailand” or “Thai”:	The Kingdom of Thailand and the “Government” refer to the Government of Thailand
“US\$” and “US cents”:	U.S. dollars and cents respectively, the legal currency of the United States
“Yen” or “¥”:	The legal currency of Japan
“You” or “your”:	Potential investors or purchasers of our Shares
“%” or “per cent.”:	per centum

The terms “depositor,” “depository agent” and “depository register” have the meanings ascribed to them respectively in Section 130A of the Singapore Companies Act.

The terms “associated company,” “associated entity,” “controlling interest-holder,” “related corporation,” “related entity” and “subsidiary entity” have the meanings ascribed to them respectively in the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005.

The term “business trust” has the meaning ascribed to it in Section 2 of the Business Trusts Act, Chapter 31A of Singapore.

Words importing the singular include, where applicable, the plural and *vice versa* and words importing the masculine gender include, where applicable, the feminine and neuter gender.

Any reference in this document to any legislation or enactment refers to the legislation or enactment as amended or re-enacted unless the context otherwise requires.

Any reference to a time of day in this document refers to Singapore time unless otherwise stated.

Various names with Thai characters have been translated into English names. These translations are provided solely for your convenience. The English translations may not have been registered with the relevant Thai authorities and should not be construed as representations that the English names actually represent the names in Thai characters.

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SUMMARY

This summary may not contain all of the information that may be important to you. You should read this entire document, including our financial statements and related notes and “Risk Factors” beginning on page 14, before making an investment decision. Except as otherwise specified, Canadean has provided all Thai market share data included in this document.

Our Business

We are the leading producer of beer and spirits in Thailand by sales revenue and production volume, and one of the leading brewers and distillers in Southeast Asia. We produce, distribute and sell beer, spirits and other beverages primarily in Thailand, which is the largest alcoholic beverage market in Southeast Asia according to Canadean.

We believe that our beer and spirits products have strong brand identity and occupy leading market positions in Thailand. Our signature beer, Chang Beer, is the best-selling beer brand consumed in Thailand and, together with our Archa Beer, had an approximately 60.4% share of the Thai market in 2004. We also had an approximately 74.4% share of the spirits market in Thailand in 2004 from sales of our well-known brands, including Sangsom, Mekhong and Mungkorn Thong and our white spirits. Our revenue from sales of beer and water (before intersegment eliminations) was Baht 47,749.2 million, or 53.0% of our revenue from sales in 2004, and Baht 42,263.9 million (US\$1,029.1 million), or 45.9% of our revenue from sales in 2005. Our revenue from sales of spirits (before intersegment eliminations) was Baht 42,188.6 million, or 46.8% of our revenue from sales in 2004, and Baht 49,910.0 million (US\$1,215.2 million), or 54.2% of our revenue from sales in 2005. We also generate revenue from sales of industrial alcohol.

Our leading position in the Thai alcoholic beverage market is supported by our distribution network, which we believe is one of the most extensive in Thailand. In addition, we engage in extensive advertising and promotions to grow our market share and enhance our brand image. We are the main sponsor of England’s Everton Football Club Company Limited (“Everton Football Club”).

Our breweries and distilleries are well-equipped facilities that produce beer and spirits, and which we believe meet or exceed international standards. We own and operate three breweries with a total installed capacity of 10,900.0 thousand hectoliters and 16 distilleries with a total installed capacity of 87,777.8 thousand cases. We are currently undertaking a 4,600.0 thousand hectoliter expansion of our brewery capacity in order to provide additional capacity to introduce new products, to further penetrate international markets, to meet seasonal fluctuations in demand, which can exceed 100% of our design capacity from time to time, and to avoid excessive wear on our machinery.

Our History

Thai Beverage was established in October 2003, and through a series of related transactions in late 2003, early 2004 and late 2005, substantially all of the beer and water, spirits and industrial alcohol operations of our Principal Shareholders and their business associates were consolidated into Thai Beverage.

Significant events in our business are set out below:

October 1977	Our Principal Shareholders acquired Sangsom Co., Ltd. to produce Sangsom rum.
May 1983	Our Principal Shareholders successfully bid for concessions offered by the Government to build and operate 12 distilleries in Thailand.
April 1986	Our Principal Shareholders merged their spirits business with the Sura Maharasadorn Group, a licensee of the Government-owned Mekhong brand.
July 1988	Our Principal Shareholders acquired Red Bull Distillery (1988) Co., Ltd.
May 1994	Our Bang Ban brewery commenced operations.

March 1995	A joint venture between Carlsberg A/S and our Principal Shareholders introduced Chang Beer in Thailand.
July 1998	Our Principal Shareholders acquired United Winery and Distillery Co., Ltd.
December 1998	Chang Beer became a market leader with a market share of approximately 54% of the total beer produced in Thailand, according to Canadean.
July 1999	Our Principal Shareholders acquired the Bang Ban brewery from their joint venture with Carlsberg A/S.
January 2000	After the expiry of its Government concessions, our Principal Shareholders purchased 12 distilleries from the Government, including the distillery that produced the Mekhong brand.
October 2001	Our Kamphaengphet brewery commenced operations.
August 2002	Our Principal Shareholders purchased Thai Alcohol Public Company Limited.
October 2003	Our Principal Shareholders established Thai Beverage as a holding company to consolidate the subsidiaries that form our Group.
June 2004	We commenced the expansion of our Kamphaengphet brewery.
January 2006	The SEC approved the sale of our New Shares inside Thailand to institutional investors only, and outside Thailand, subject to various conditions.
February 2006	We issued four tranches of Baht-denominated debentures with an aggregate principal amount of Baht 10,000 million and maturity dates ranging from six months to two years. We used the proceeds from the debentures to refinance a portion of our short-term loans.

Our Competitive Strengths

We believe we have the following competitive strengths:

- we are the leading producer of beer and spirits in Thailand (by sales and production volume) and one of the leading alcoholic beverage producers in Southeast Asia by sales volume, according to Canadean;
- our markets for beer and spirits are growing and that we are well-placed to capture this growth as well as growth in complementary markets;
- many of our products have a strong and established brand identity in Thailand, with a reputation for quality, taste and being “Thai”;
- we have an extensive distribution network and long-standing relationships with our agents and distributors;
- our breweries are state-of-the-art production facilities in terms of efficiency, quality and environmental management and our distilleries are well-established throughout Thailand with a long history of producing quality spirits; and
- our management team has extensive experience in building brand recognition and delivering growth and profitability.

Our Business Strategy

Our strategy is to maintain and build on our leading position in the Thai alcoholic beverage market and expand our business internationally by investing in a portfolio of existing and new brands to cater to each segment of the market, while remaining focused on profitable growth and shareholder value creation. We are implementing this strategy through the following initiatives:

- broadening our portfolio of brands by launching new beer and spirits brands to penetrate higher priced segments of the market;
- continuing to invest in our leading products through our marketing and distribution efforts to maintain our market leadership;
- continuing to integrate our distribution system and production facilities and centralize group services in order to enhance efficiency;
- increasing our international sales; and
- increasing our sales of industrial alcohol products.

Corporate Information

Thai Beverage Public Company Limited
Sangsom Building
14 Vibhavadee Rangsit Road
Chomphon, Chatuchak
Bangkok 10900, Thailand
Telephone No. (662) 272-2051
Facsimile No. (662) 272-3026

www.thaibev.com

Information on our website does not constitute a part of this document.

THE OFFERING

Issuer	Thai Beverage Public Company Limited.
Selling shareholder	Risen Mark Enterprise Limited. For further information regarding our selling shareholder, see “Principal and Selling Shareholders.”
Combined Offering	We are offering 2,444,450,000 Shares (the “New Shares”) and the selling shareholder is offering 2,444,450,000 Shares (the “Vendor Shares”) in the International Offering and Singapore Public Offer. We expect the Vendor Shares and the New Shares (together, the “Offering Shares”) to comprise 20% of our post-offering issued and outstanding share capital after the completion of the Combined Offering. The completion of the Singapore Public Offer and the International Offering are each conditional upon the completion of the other.
International Offering	<p>Concurrently with the Singapore Public Offer, we are offering 2,322,227,500 Offering Shares and the selling shareholder is offering 2,322,227,500 Offering Shares outside the United States to non-U.S. persons (including institutional and other investors in Singapore not purchasing or subscribing for Offering Shares in the Singapore Public Offer) in reliance on Regulation S under the Securities Act and other applicable laws, and within the United States only to qualified institutional buyers in reliance on Rule 144A under the Securities Act, through the initial purchasers. The Offering Shares have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to or for the account or benefit of, U.S. persons (as defined in Regulation S).</p> <p>If for any reason, the Offering Price is not agreed among us, the selling shareholder and the Joint Global Coordinators, the International Offering will not proceed.</p>
Singapore Public Offer	<p>Concurrently with the International Offering, we are offering 122,222,500 Offering Shares and the selling shareholder is offering 122,222,500 Offering Shares in an initial public offering in Singapore.</p> <p>The size of the Singapore Public Offer is 244,445,000 Offering Shares. The Singapore Public Offer will be underwritten by the Singapore Lead Underwriters at the Offering Price, if the Offering Price is agreed among the Joint Global Coordinators, us and the selling shareholder.</p> <p>If for any reason, the Offering Price is not agreed among us, the selling shareholder and the Joint Global Coordinators, the Singapore Public Offer will not proceed.</p>
Clawback and re-allocation	The Offering Shares may be reallocated from the Singapore Public Offer to the International Offering in the event of an under-subscription in one and an over-subscription in the other.
Price determination	The Offering Price will be determined following a book-building process by agreement among the Joint Global Coordinators, us and the selling shareholder on May 24, 2006 (the “Price Determination Date”), which date is subject to change. Among the factors that will be taken into account in determining the Offering Price will be the demand for the Offering Shares and the prevailing conditions in the securities markets.

If for any reason, the Combined Offering does not proceed, in respect of applications made under the Singapore Public Offer, all application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded to all applicants, at their own risk (provided that such refunds are made in accordance with the procedures set out in the instructions booklet on “Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares under the Singapore Public Offer.”)

Notice of the Offering Price will be published in one or more of the major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*, not more than two calendar days after the Price Determination Date.

Maximum Offering Price The Maximum Offering Price is S\$0.36 per Offering Share. Investors applying for the Singapore Public Offer are required to pay the Maximum Offering Price, subject to refund if and to the extent that the Offering Price is less than the Maximum Offering Price.

Offering Price We anticipate that the Offering Price per Offering Share will be between S\$0.26 and S\$0.36. The Offering Price and the Maximum Offering Price may be set above or below this price range. Investors applying for the International Offering are required to pay the Offering Price. Investors in Thailand applying for the International Offering will pay, on application, the equivalent in Baht of the Offering Price at the rate calculated on the basis of the average of the selling rate and buying rate between the Singapore dollar and the Baht as announced by the Bank of Thailand on the Price Determination Date. All refunds will be made without interest or any share of revenue or other benefit arising therefrom.

Purchasers of our Offering Shares, other than those in the Singapore Public Offer, will be required to pay a brokerage fee of 1% of the Offering Price.

Use of proceeds The aggregate net proceeds to us from the Combined Offering, after deducting commissions and other estimated expenses, will be approximately S\$841.5 million (US\$527.2 million) or S\$1,105.5 million (US\$692.7 million) if the Over-allotment Option is exercised in full, based on the Maximum Offering Price.

We expect to use the net proceeds of the Combined Offering primarily to repay a portion of our debt and any remaining balance for general corporate purposes. For a further description of how we intend to use the proceeds of the Combined Offering, see “Use of Proceeds.”

We will not receive any of the proceeds from the sale of Vendor Shares by the selling shareholder.

Over-allotment option In connection with the Combined Offering, the Company will grant the initial purchasers an option, exercisable in whole or in part by the over-allotment and stabilization agent, on behalf of the initial purchasers, within 30 days from the date of commencement of dealing in the Shares on the SGX-ST, to purchase from us up to an additional 733,335,000 Shares (representing not more than 15% of the total number of Offering Shares) at the Offering Price (the “Additional Shares”) solely to cover over-allotments, if any.

Stabilization	In connection with the Combined Offering, the over-allotment and stabilization agent, on behalf of the initial purchasers, may over-allot or effect transactions that stabilize or maintain the market price of our Shares at levels above those that would otherwise prevail in the open market. Those transactions may be effected on the SGX-ST in compliance with all applicable laws and regulations including the Securities and Futures Act and all regulations thereunder. Stabilizing, if commenced, may be discontinued at any time and may not be effected after the earlier of (i) the date falling 30 days from the commencement of dealing in our Shares on the SGX-ST or (ii) the date when the over-allotment of our Shares which are the subject of the Over-allotment Option has been fully covered (either through the purchase of our Shares on the SGX-ST or the exercise of the Over-allotment Option by, the over-allotment and stabilization agent, or through both).
Dividends	Owners of our Shares will be entitled to receive any dividends our Board of Directors may declare and our Shareholders may approve from time to time. The current policy of our Board of Directors is to recommend to our Shareholders a dividend of not less than 50% of net profits after deduction of all specified reserves, subject to our investment plans and as our Board of Directors deems appropriate. See “Dividend Policy” for a description of our dividend policy.
Share capital	We have an authorized share capital of Baht 29,000,000,000, consisting of 29,000,000,000 Shares, of which 22,000,000,000 Shares were issued and outstanding prior to the closing of the Combined Offering.
Listing of our Shares	There is currently no public market for our Shares. We have applied to the SGX-ST for permission to list all our issued Shares (including the Vendor Shares), the New Shares to be issued pursuant to the Combined Offering, and Additional Shares, if any, on the Main Board of the SGX-ST. Such permission will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for our Offering Shares will be conditional upon, among others, (i) permission having been granted to deal in and for quotation of all our issued Shares (including the Vendor Shares), the New Shares and the Additional Shares and (ii) registration of the increase in issued and paid-up share capital of the Company with, and the acceptance of the new list of Shareholders who purchase Shares in this Combined Offering by, the Ministry of Commerce of Thailand (“MOC”) having occurred. Monies paid in respect of any application accepted will be returned, without interest or any share of revenue or other benefit arising therefrom, if these conditions are not fulfilled. Notwithstanding the foregoing, you should note that once the condition set out in paragraph (ii) above has been fulfilled, monies paid in respect of applications for the Offering Shares cannot under the laws of Thailand be refunded to successful applicants. See “Risk Factors—Risks Relating to the Ownership of our Shares—Investors may face a delay in the return of their application monies if our Shares are not listed on the SGX-ST,” for a description of the risks relating to return of application monies.
Voting rights	Owners of our Shares will be entitled to full voting rights, as described in “Description of Share Capital—Voting Rights.”

Foreign share ownership and transfer restrictions	Our Articles of Association restrict ownership of our Shares by non-Thai persons to no more than 49.0% of our issued and outstanding Shares. Assuming all of the Offering Shares will be owned by non-Thai persons, approximately 47.4% of our issued and outstanding Shares will be owned by non-Thai persons after completion of the Combined Offering (49.0% if the Over-allotment Option is exercised in full). The Singapore Share Transfer Agent and the Thai Registrar may refuse to register, or assist in the registration of, transfers of Shares to a non-Thai person in the future, if as a result of such transfer the percentage of Shares registered in the name of non-Thai persons would exceed the then applicable limitation on foreign ownership of our Shares. For a description of the foreign ownership and related transfer restrictions applicable to the ownership of our Shares, see “Description of Share Capital—Limitation on Foreign Ownership of Shares” and “Transfer Restrictions.”
Settlement and delivery of our Offering Shares	We and the selling shareholder expect to receive payment for all the Offering Shares in the International Offering and the Singapore Public Offer on or about May 29, 2006. We expect to deliver global share certificates representing the Offering Shares to CDP, for deposit into the securities accounts of the relevant subscribers and/or purchasers on or about May 29, 2006.
Trading on the SGX-ST	We expect our Shares to commence trading on a “ready” basis at or about 9.00 a.m. on May 30, 2006. See “Indicative Timetable.” Our Shares will, upon their issue, listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry settlement system of CDP. Dealing in and quotation of our Shares will be in Singapore dollars. Our Shares will be traded in board lots of 1,000 Shares.
Transfer restrictions	The Shares offered by this Combined Offering have not been, and will not be, registered under the Securities Act. Therefore, resales by subscribers and/or purchasers of all Shares offered by this Combined Offering will be subject to certain restrictions described in “Transfer Restrictions.”
Lock-up	<p>The Company has agreed with the Joint Global Coordinators, subject to certain exceptions, that we will not, among other things, issue Shares for a period of six months from the date of our admission to the Official List of the SGX-ST. During this period, we will not undertake any equity capital market fund-raising activities.</p> <p>In addition, the following persons have undertaken not to offer, sell, contract to sell, pledge, grant any option to purchase, lend, transfer, mortgage, charge, make any short sales or otherwise dispose of any part of their respective Shares and/or shares in other companies as indicated below (including any other forms of securities, options or arrangements convertible, exchangeable or representing any such Shares or shares or any interest therein), without, in each case, the prior written consent of the Joint Global Coordinators, for a period of 180 days from the date of the Company’s admission to the Official List of the SGX-ST:</p> <ul style="list-style-type: none"> • each of Siriwana Company Limited, Good Show Holdings Limited, Risen Mark Enterprise Limited, LSPV Co., Ltd., Mr. Charoen Sirivadhanabhakdi, Khunying Wanna

Sirivadhanabhakdi, Ms. Atinant Sirivadhanabhakdi, Ms. Wallapa Traisorat, Mr. Thapana Sirivadhanabhakdi, Ms. Thapanee Sirivadhanabhakdi and Mr. Panot Sirivadhanabhakdi in respect of the Shares directly held by each of them;

- MM Group Limited, in respect of the shares of each of Good Show Holdings Limited and Risen Mark Enterprise Limited directly held by it; and
- Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, in respect of the shares of MM Group Limited directly held by each of them.

These lock-up restrictions will not, however, apply to the 733,335,000 Shares that may be lent by the selling shareholder under the securities lending and borrowing agreement described in “Plan of Distribution—Securities Lending and Borrowing Agreement,” provided that these lock-up restrictions will apply to the Shares returned to the selling shareholder pursuant to the securities lending and borrowing agreement.

Application Procedures in Singapore
for the Singapore Public Offer

Investors in Singapore must follow the application procedures set out in the instructions booklet on “Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares under the Singapore Public Offer” which constitutes part of the Prospectus registered with the Authority. Applications must be paid for in Singapore dollars. The minimum initial application is for 1,000 Offering Shares. An applicant may apply for a larger number of Offering Shares in integral multiples of 1,000 Offering Shares.

Risk factors

Investing in our Shares involves certain risks which are described in “Risk Factors” beginning on page 14.

INDICATIVE TIMETABLE

The following is a tentative timetable for the various events in the Combined Offering:

<u>Date and Time (Singapore)</u>	<u>Event</u>
May 19, 2006, 12.00 noon	Opening date and time for the Singapore Public Offer and the International Offering in Singapore
May 23, 2006, 12.00 noon	Closing date and time for the Singapore Public Offer
May 24, 2006	Price Determination Date
May 24, 2006, 5.00 p.m.	Closing date and time for the International Offering in Singapore
May 24, 2006	Balloting of applications in the Singapore Public Offer, if necessary. Commence returning or refunding of application monies to unsuccessful or partially successful applicants and commence returning or refunding of application monies to successful applicants for the amount paid in excess of the Offering Price
May 29, 2006	Registration of the increase in our paid-up capital with the MOC
May 30, 2006, 9.00 a.m.	Commence trading on a “ready” basis
June 2, 2006	Settlement date for all trades done on a “ready” basis on May 30, 2006

The above timetable is tentative and subject to change at our discretion, in consultation with the Joint Global Coordinators. The above timetable and procedures may also be subject to such modifications as the SGX-ST may in its discretion decide, including the date of commencement of trading on a “ready” basis, and assumes that the closing date of the Singapore Public Offer is May 23, 2006, the date of our admission to the Official List of the SGX-ST is May 30, 2006, and compliance with the SGX-ST’s shareholding spread requirement.

We and the selling shareholder may, at our discretion, in consultation with the Joint Global Coordinators, and subject to all laws and the regulations and the rules of the SGX-ST, agree to extend or shorten the Singapore Public Offer period, provided that the Singapore Public Offer may not be less than two Market Days.

In the event of the extension or shortening of the Singapore Public Offer period, we will publicly announce the same immediately through:

- a SGXNET announcement to be posted on the Internet at the SGX-ST website *www.sgx.com*; and
- in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

You should consult the SGX-ST announcement on the “ready” listing date on the Internet at the SGX-ST website and in the newspapers, or check with your broker on the date on which trading on a “ready” basis will commence.

We will provide details and results of the Singapore Public Offer through SGXNET and in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

Prior to our registration with the MOC of the increase in our issued and paid-up share capital and the acceptance by the MOC of the new list of Shareholders who purchase Offering Shares in this Combined Offering, the Company and the Joint Global Coordinators reserve the right to reject or accept, in whole or in part, or to scale-down or ballot any application for the Offering Shares, without assigning any reason therefor, and no enquiry or correspondence on our decision will be entertained. In deciding the basis of allocation, due consideration will be given to the desirability of allocating our Offering Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

In respect of an application made under the Singapore Public Offer, where any such application is rejected, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom), to the applicant, at the applicant’s own risk, within 24 hours

after the balloting of applications (provided that such refunds are made in accordance with the procedures set out in the instructions booklet on “Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares under the Singapore Public Offer”).

In respect of an application made under the Singapore Public Offer, where any such application is accepted in full or in part only, any balance of the application monies (including the excess monies arising from the difference between the Offering Price and the Maximum Offering Price should the Offering Price be lower than the Maximum Offering Price) will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days after the close of the Singapore Public Offer (provided that such refunds are made in accordance with the procedures set out in the instructions booklet on “Terms, Conditions and Procedures for Application for and Acceptance of the Offering Shares under the Singapore Public Offer”).

If the Combined Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be refunded within three Market Days after the Singapore Public Offer is discontinued.

Notwithstanding the foregoing, once the registration of the increase in issued and paid-up share capital of the Company with, and acceptance of the new list of Shareholders pursuant to the Combined Offering by, the MOC has occurred, monies paid in respect of applications for the Offering Shares cannot under the laws of Thailand be refunded to successful applicants. See “Risk Factors—Risks relating to the Ownership of Our Shares—Investors may face a delay in the return of their application monies if our Shares are not listed on the SGX-ST.”

SUMMARY IFRS CONSOLIDATED FINANCIAL DATA

You should read the summary financial information presented below in conjunction with our IFRS Financial Statements and the related auditors' report of KPMG Phoomchai Audit Ltd, independent auditors thereon contained elsewhere in this document. You should also see the section of this document entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." We derived the summary IFRS financial information from our audited consolidated financial statements as of and for the years ended December 31, 2003, 2004 and 2005, prepared and presented in accordance with IFRS and reported on by KPMG Phoomchai Audit Ltd.

We derived the summary unaudited financial data below for the three-month periods ended March 31, 2005 and 2006 from our unaudited IFRS consolidated financial statements contained elsewhere in this document. These financial statements, which have been reviewed by KPMG Phoomchai Audit Ltd., and whose report is also contained elsewhere in this document, have been prepared on the same basis as our audited consolidated financial statements and reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of our results of operations and financial condition. Our results for any interim period may not be indicative of results for the full year.

We intend to prepare and report our consolidated financial statements only in accordance with Thai GAAP in subsequent periods. IFRS differs in certain significant respects from U.S. GAAP and Thai GAAP. For a discussion of differences between IFRS and Thai GAAP, and between IFRS and U.S. GAAP that are relevant to our financial statements, see "Summary of Significant Differences Between IFRS and Thai GAAP" and "Summary of Significant Differences Between IFRS and U.S. GAAP." We will include a quantitative reconciliation of the significant differences between IFRS and Thai GAAP in the consolidated financial statements we prepare and report in accordance with Thai GAAP in subsequent periods.

	Year Ended December 31,				Three Months Ended March 31,		
	2003	2004	2005	2005	2005	2006	2006
	Bt (Revised)	Bt (Revised)	Bt	US\$	Bt (Unaudited)	Bt (Unaudited)	US\$
	(In millions, except for per share amounts)						
Income Statement Data:							
Revenues:							
Revenue from sales:							
Revenue from beer and water	52,085.2	47,749.2	42,263.9	1,029.1	10,539.2	10,790.8	277.9
Revenue from spirits	38,713.1	42,188.6	49,910.0	1,215.2	12,319.2	12,034.4	309.9
Revenue from industrial alcohol	609.6	697.7	869.2	21.2	200.5	75.9	2.0
Revenue from related businesses	2,143.6	7,289.6	6,633.0	161.5	1,656.4	1,620.9	41.7
Intersegment eliminations	(1,921.8)	(7,798.8)	(7,584.9)	(184.7)	(1,830.8)	(1,789.7)	(46.1)
Total revenue from sales	91,629.7	90,126.3	92,091.2	2,242.2	22,884.5	22,732.3	585.4
Cost of sales	(66,829.9)	(63,603.1)	(63,143.5)	(1,537.4)	(15,513.8)	(15,668.7)	(403.5)
Gross profit	24,799.8	26,523.1	28,947.7	704.8	7,370.7	7,063.6	181.9
Other operating income	1,072.7	249.5	160.9	3.9	19.1	29.1	0.8
General and administrative expenses	(11,203.4)	(11,138.8)	(12,571.9)	(306.1)	(2,837.0)	(3,009.3)	(77.5)
Operating profit before financing costs	14,669.1	15,633.9	16,536.7	402.6	4,552.8	4,083.4	105.2
Financial income	501.7	211.0	112.7	2.7	35.9	10.5	0.2
Financial expense	(2,787.4)	(1,805.3)	(1,568.0)	(38.2)	(388.3)	(509.9)	(13.1)
Profit before tax	12,383.4	14,039.6	15,081.3	367.2	4,200.4	3,584.0	92.3
Income tax	(3,382.8)	(4,499.8)	(4,586.5)	(111.7)	(1,271.2)	(1,097.4)	(28.3)
Net profit	9,000.6	9,539.8	10,494.8	255.5	2,929.2	2,486.6	64.0
Net profit attributable to the Company	6,868.2	10,288.7	10,494.8	255.5	2,929.2	2,486.6	64.0
Net profit (loss) not attributable to the Company	2,132.4	(748.9)	—	—	—	—	—
Net profit	9,000.6	9,539.8	10,494.8	255.5	2,929.2	2,486.6	64.0
Earnings per Share based on net profit(1)	0.41	0.43	0.48	0.01	0.13	0.11	0.003
Earnings per Share based on net profit attributable to the Company(1)(2)	0.31	0.47	0.48	0.01	0.13	0.11	0.003
Number of Shares outstanding(1)	22,000	22,000	22,000	22,000	22,000	22,000	22,000

(1) Based on the number of Shares outstanding after completion of the Reorganization.

(2) Calculated based on net profit before deducting net profit (loss) not attributable to the Company. For a further description of the calculation of earnings per share based on net profit attributable to the Company, see Note 25 of Notes to our IFRS Financial Statements.

	As of December 31,				As of March 31,	
	2003	2004	2005	2005	2006	2006
	Bt (Revised)	Bt (Revised)	Bt	US\$	Bt (Unaudited)	US\$
	(In millions)					
Balance Sheet Data:						
Cash and cash equivalents	3,962.4	887.5	3,260.7	79.4	1,831.7	47.2
Trade accounts receivable	1,077.3	840.6	400.6	9.8	199.5	5.1
Inventories	32,172.7	30,737.9	26,034.7	633.9	26,751.4	688.9
Prepaid excise tax	3,920.8	1,971.9	1,553.6	37.8	933.3	24.1
Other current assets	<u>2,467.4</u>	<u>7,125.8</u>	<u>1,151.6</u>	<u>28.0</u>	<u>1,148.3</u>	<u>29.6</u>
Total current assets	43,600.5	41,563.8	32,401.1	788.9	30,864.2	794.9
Property, plant and equipment	47,193.1	45,847.6	48,194.4	1,173.4	47,959.6	1,235.1
Other non-current assets	<u>1,622.4</u>	<u>2,500.5</u>	<u>1,499.4</u>	<u>36.5</u>	<u>3,348.9</u>	<u>86.2</u>
Total assets	<u>92,416.1</u>	<u>89,911.9</u>	<u>82,094.9</u>	<u>1,998.9</u>	<u>82,172.7</u>	<u>2,116.2</u>
Current interest-bearing liabilities	56,975.5	46,040.2	40,386.8	983.3	7,098.9	182.8
Trade accounts payable	2,373.9	1,797.9	1,504.6	36.6	2,030.8	52.3
Other current liabilities	<u>7,112.2</u>	<u>6,740.8</u>	<u>7,787.9</u>	<u>189.6</u>	<u>13,022.7</u>	<u>335.4</u>
Total current liabilities	66,461.6	54,578.9	49,679.3	1,209.6	22,152.4	570.5
Non-current interest-bearing liabilities	—	1,086.6	—	—	30,400.0	782.9
Other liabilities	<u>2,748.1</u>	<u>2,851.8</u>	<u>2,897.8</u>	<u>70.6</u>	<u>2,920.5</u>	<u>75.2</u>
Total non-current liabilities	<u>2,748.1</u>	<u>3,938.4</u>	<u>2,897.8</u>	<u>70.6</u>	<u>33,320.5</u>	<u>858.1</u>
Total liabilities	<u>69,209.7</u>	<u>58,517.3</u>	<u>52,577.1</u>	<u>1,280.2</u>	<u>55,472.9</u>	<u>1,428.6</u>
Total shareholders' equity	<u>23,206.4</u>	<u>31,394.6</u>	<u>29,517.9</u>	<u>718.7</u>	<u>26,699.8</u>	<u>687.6</u>
Total liabilities and shareholders' equity	<u>92,416.1</u>	<u>89,911.9</u>	<u>82,094.9</u>	<u>1,998.9</u>	<u>82,172.7</u>	<u>2,116.2</u>

	Year Ended December 31,				Three Months Ended March 31,		
	2003	2004	2005	2005	2005	2006	2006
	Bt (Revised)	Bt (Revised)	Bt	US\$	Bt (Unaudited)	Bt (Unaudited)	US\$
	(In millions)						
Cash Flow Data:							
Net cash provided by operating activities	23,313.4	15,050.1	28,408.9	691.7	5,147.0	2,485.9	64.0
Net cash used in investing activities	(28,859.9)	(3,733.7)	(14,776.0)	(359.9)	(39.8)	(581.9)	(15.0)
Net cash provided by (used in) financing activities	7,980.3	(13,863.3)	(10,904.4)	(265.5)	(2,362.5)	(3,450.5)	(88.9)
Net increase (decrease) in cash and cash equivalents	2,433.8	(2,546.9)	2,723.1	66.3	2,744.8	(1,571.1)	(40.5)

	Year Ended December 31,				Three Months Ended March 31,		
	2003	2004	2005	2005	2005	2006	2006
	Bt	Bt	Bt	US\$	Bt	Bt	US\$
	(In millions)						
Other Financial Data (unaudited):							
EBITDA(1)	18,780.1	19,928.2	20,818.9	506.9	5,607.0	5,126.6	132.0
EBIT(1)	14,669.1	15,633.9	16,536.7	402.6	4,552.8	4,083.4	105.2
Capital expenditures(2)	3,060.8	3,070.9	7,220.2	175.8	883.6	627.2	16.2

(1) EBITDA and EBIT are not measurements of financial performance under IFRS and should not be considered an alternative to net cash provided by operating activities or as a measure of liquidity or an alternative to net profit as indicators of our operating performance or any other measures of performance derived in accordance with IFRS. As a measure of our operating performance, we believe the most directly comparable IFRS measure to EBITDA and EBIT is net profit before net profit not attributable to the Company. EBITDA indicates net profit excluding interest income, interest expense, income tax, depreciation, amortization and net profit (loss) not attributable to the Company. EBIT indicates net profit excluding interest income, interest expense, income tax and net profit (loss) not attributable to the Company. For a reconciliation of our net profit to EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures."

(2) Capital expenditures include the total amount of property, plant and equipment purchased during the period.

SUMMARY OPERATING DATA

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	(In thousands)				
Sales Volumes (1)					
Beer and water (<i>hectoliters</i>):					
Beer	10,407.0	9,438.9	8,241.9	2,070.0	2,118.3
Drinking water	499.0	471.5	432.0	111.8	108.2
Soda water	197.1	147.5	154.3	45.5	39.3
Spirits (<i>cases</i>):					
White spirits	38,616.9	39,188.1	41,387.3	10,138.4	10,934.2
Brown spirits	9,203.9	11,468.5	12,546.8	3,275.1	2,419.8
Industrial alcohol (<i>hectoliters</i>)	559.5	617.2	532.0	153.5	37.8
Promotional Goods					
Beer and water (<i>hectoliters</i>):					
Beer	404.3	396.1	971.1	234.6	189.0
Drinking water	0.5	0.5	0.4	0.1	0.1
Soda water	125.7	72.5	45.6	20.7	5.9
Spirits (<i>cases</i>):					
White spirits	3,489.5	3,673.0	336.3	60.9	67.4
Brown spirits	385.5	513.0	262.4	12.6	146.3
Production Volumes					
Beer and water (<i>hectoliters</i>):					
Beer	10,812.9	9,883.5	9,147.4	2,298.4	2,365.1
Drinking water	510.2	478.2	469.6	118.8	118.2
Soda water	315.6	226.1	198.6	64.5	43.8
Spirits (<i>cases</i>):					
White spirits	40,068.1	44,819.2	40,414.0	10,361.9	12,421.2
Brown spirits	6,174.2	8,757.3	9,462.7	2,535.2	1,795.5
Industrial alcohol (<i>hectoliters</i>)	644.6	780.0	418.6	119.0	37.5

(1) Sales volumes exclude promotional goods.

RISK FACTORS

An investment in our Shares involves risks. You should carefully consider all of the information in this document and, in particular, the risks described below before deciding to invest in our Shares.

The following describes some of the significant risks that could affect us and the value of our Shares. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, could turn out to be material. All of these could materially adversely affect our business, financial condition, results of operations and prospects. In general, investing in securities of issuers in emerging market countries such as Thailand involves risks not typically associated with investing in the securities of companies in countries with more developed economies. You should also consider the information provided below in connection with the forward-looking statements in this document and the warning regarding forward-looking statements at the beginning of this document.

Risks Relating to Our Business

Changes in consumer demand for beer and spirits products and seasonal fluctuations in consumer demand could adversely affect our business, financial condition, results of operations and prospects.

Our revenues and profitability remain substantially dependent upon sales of our core products – beer and spirits. Demand for these products depends primarily on demographic factors and consumer preferences and trends, as well as factors relating to discretionary consumer spending, including the general condition of the economy, general level of consumer confidence and seasonal factors such as weather and festivities. We believe there has been an increase in consumer preference, in particular among some urban consumers, towards beer with lower alcohol content. As a result, a decrease in consumer demand for our high alcohol content Chang Beer relative to our competitors has adversely affected our beer and water segment revenues, which decreased 11.5% (before intersegment eliminations) in 2005 compared with 2004, and 8.3% (before intersegment eliminations) in 2004 compared with 2003.

Seasonal consumption cycles and changes in weather conditions can affect our results of operations. Major holidays and Thai festivals generally increase demand for our products in Thailand. Consumption of our products is particularly strong from mid-October to April and historically weaker from May to September due to the rainy season and observance of Buddhist lent. As a result, a prolonged rainy season could adversely affect our sales volume and the results of our operations for a particular year.

A trend adversely affecting growth in beer and spirits consumption is an increasing consumer focus on wine and ready-to-drink alcoholic beverages (“RTDs”). Consequently, consumption of these alternative alcoholic beverages has grown and may continue to grow at the expense of consumption of beer and spirits. Any increase in the consumption of wine or RTDs could result in decreased demand for beer and spirits.

Weaker consumer demand for our products as a result of these or other factors could adversely affect our business, financial condition, results of operations and prospects.

We are engaged in a highly competitive business. Adverse actions by our competitors or other changes in the competitive environment in which we operate could have a material adverse effect on our business, financial condition, results of operations and prospects.

The alcoholic beverages business is highly competitive in Thailand. We compete mainly on the basis of brand image, price, customer service, distribution network and quality. We compete primarily with producers and distributors of other brands of alcoholic beverages.

Our beer brands compete primarily with the portfolio of beer brands by Boon Rawd Brewery, in particular with their Thai Beer and Leo Beer brands, which are also economy beers and which compete with our Chang Beer. In spirits, we compete primarily with the Wrangyer group of companies, which produces the White Tiger brand of white spirits, small community spirits producers and contraband producers of white spirits as well as imported premium brands of international producers such as 100 Pipers, Master Blend and Spey Royal.

As a consequence of recent trends in demand for wine and RTDs, we also face increasing competition from producers of these alternative alcoholic beverages.

In 2004, our beer products had an approximately 60.4% share of the Thai market and our spirits products had an approximately 74.4% share of the Thai market. We believe that our beer market share in

Thailand has decreased slightly in 2005 compared to 2004 due to the introduction of additional competing brands and the continued success of lower alcohol content beers, such as Leo. We believe that our spirits market share in Thailand in 2005 has remained stable compared to 2004.

A change in the number of competitors, the level of marketing or investment undertaken by our competitors, our competitors' pricing policies, an increase in the volume of cheaper competing products imported into Thailand, the introduction of competing products or brands, or other changes in the competitive environment in our markets could cause a reduction in the consumption of our products and in our market share, and could lead to a decline in our revenues and an increase in our marketing or investment expenditures, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

An increase in taxes or a change in the method in which taxes are calculated may affect the demand for our products, and could adversely affect our business, financial condition, results of operations and prospects.

We pay excise taxes as well as municipal taxes and health promotion fund contributions on the alcoholic beverages we produce. We paid excise taxes, including municipal taxes and health promotion fund contributions, of Baht 45,734.6 million in 2004 and Baht 45,392.1 million (US\$1,105.2 million) in 2005. Our excise taxes, including municipal taxes and health promotion fund contributions, represented approximately 71.9% of our cost of sales in 2004 and 2005. The Excise Tax Department calculates excise tax on beer and spirits based on the greater of a Baht per liter of pure alcohol calculation, and a percentage of the greater of the ex-factory price announced by the Excise Tax Department and the actual ex-factory price for the product. On September 7, 2005, the Excise Tax Department increased excise taxes on all brown spirits, except those classified by the Excise Tax Department as compounded spirits, or Sura Pasom, such as our Mung Korn Thong brand. From September 7, 2005, the excise tax on brown spirits calculated as a Baht per liter of pure alcohol basis increased from Baht 240 to Baht 400. For a further description of the calculation of the excise tax, see "Regulation—Regulation by the Excise Tax Department, the Ministry of Finance—Excise Tax; Payment." As a result of the September 7, 2005 increase of excise tax on brown spirits, we increased the prices of our Sangsom product in mid-October 2005, and of our Crown 99 product on November 1, 2005. We have not increased the prices of our other brown spirits, but may do so in the future. Any price increase of our brown spirits could result in a decrease in our sales volumes and erosion of our market share. For example, since the September 7, 2005 tax increase and our subsequent price increase of our Sangsom product, we have experienced a decrease in sales volumes of Sangsom. Our sales volumes of Sangsom decreased 54.3% to 1,132.6 thousand cases in the three months ended March 31, 2006, compared to 2,477.4 thousand cases in the three months ended March 31, 2005. In March 2006, we relaunched Hong Thong rum at a suggested retail price of Baht 150 per 700 ml, which was the approximate price of Sangsom prior to the September 7, 2005 excise tax increase. If our Hong Thong rum is not successful at attracting customers who decide to purchase less Sangsom as a result of the price increase, our revenues and profitability may be adversely affected.

The Government did not increase the excise taxes on beer or white spirits, but we cannot assure you the excise tax on these products will remain unchanged in the future. Any change in the method by which excise taxes are calculated that results in higher effective tax rates on our products than on our competitors' products could affect our market position, and could adversely affect our business, financial condition, results of operations and prospects.

Increases in existing taxes or the imposition of new taxes on beer and spirits products could result in higher prices for consumers, which could, in turn, result in lower levels of consumption and, therefore, lower revenue from sales. We may also have to absorb all or a portion of the impact of the September 7, 2005 excise tax increase on brown spirits or any increase of excise taxes or new taxes applicable to any of our products. Each of these scenarios could adversely affect our business, financial condition, results of operations and prospects.

Our Principal Shareholders, whose interests in Thai Beverage's business may be different from yours, exercise significant influence over Thai Beverage.

Following completion of the Combined Offering, our Principal Shareholders will own approximately 64.4% of the Company's outstanding Shares, or 62.5%, if the Over-allotment Option is exercised in full. Accordingly, our Principal Shareholders will continue to exercise significant influence over our business policies and affairs, including the composition of our Board of Directors and our management.

Our Principal Shareholders can also exercise significant influence over any action requiring the approval of our Shareholders, such as the election of Directors, the adoption of amendments to our Articles of Association or the approval of a merger or sale of all or substantially all of our assets. This concentration of ownership could delay, defer or prevent a change in control of the Company and could make some transactions more difficult or impossible to proceed without the support of our Principal Shareholders even if a transaction of that sort would be beneficial to our other Shareholders or in our best interest. For further information regarding actions requiring the approval of our Shareholders and powers of the Company's Directors, see "General and Statutory Information—Articles of Association" and "Appendix B—Comparison of Thai Corporate law with Singapore Corporate Law."

Our Principal Shareholders and certain of our Directors and officers may have conflicts of interest because our Principal Shareholders hold interests in, and certain of our Directors and officers are also directors and/or officers of, companies from which we purchase, to which we sell goods or services, or which engage in businesses similar to those in which we engage in other countries.

We purchase goods and services from, and sell goods and services to, companies in which our Principal Shareholders hold majority interests or which have certain directors and officers who are also Directors of our Company or of one or more of our subsidiaries. Our Principal Shareholders also hold minority interests in other companies engaged in businesses similar to those in which we engage in other countries. These situations may create conflicts of interest. These companies are not required to inform us of a business opportunity that may be presented to them, and therefore may pursue any opportunity presented to them, or may direct the opportunity to another person, or company outside our consolidated group that may compete with us, without liability to our Shareholders or to us.

We conduct a significant amount of business with entities controlled by our Principal Shareholders and other related parties. Our revenue from related parties was approximately Baht 399.8 million in 2004 and Baht 255.4 million (US\$6.2 million) in 2005. Our expenses attributable to related parties were approximately Baht 5,549.0 million in 2004, including purchases of various raw materials and packaging materials of Baht 4,427.9 million, or 7.0% of our cost of sales (24.8% of our cost of sales excluding excise taxes, municipal taxes and health promotion fund contributions), and Baht 4,765.5 million (US\$116.0 million) in 2005, including purchases of various raw materials and packaging materials of Baht 4,126.0 million, or 6.5% of our cost of sales (23.2% of our cost of sales excluding excise taxes, municipal taxes and health promotion fund contributions).

Our transactions with entities controlled by our Principal Shareholders and other related parties during 2004 and 2005, included, but were not limited to, transactions with our Directors, including Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi and their associates (including TCC Holding Co., Ltd. and its subsidiaries, LSPV (2001) Co., Ltd. and its subsidiaries, various funds in which Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi and their associates are the principal beneficiaries, and various companies controlled by Mr. Charoen Sirivadhanabhakdi and his associates, and our Director, Mr. Vivat Tejapaibul, (each, an "interested person")). For a further description of our transactions with interested persons, see "Interested Persons Transactions."

As a condition to the SEC's approval for us to sell our New Shares inside Thailand to institutional investors only, and outside Thailand, we agreed to either acquire various related businesses controlled by our Principal Shareholder located outside Thailand by July 17, 2006, or to discontinue business transactions with the related businesses we do not acquire. For further information on the related businesses we plan to acquire, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—Proposed Transfers."

Although any future transaction we undertake with related parties must be approved in accordance with certain procedures as set out in "Interested Persons Transactions—Review Procedures for Interested Persons Transactions," we cannot assure you that any amounts we may pay in these transactions will necessarily reflect the prices that would be paid by an independent third party.

The interests of our Principal Shareholders may conflict with your interests and our Principal Shareholders may favor these other companies which are controlled by our Principal Shareholders, in their dealings with us. We conduct our transactions with related parties at prices based on market prices or at contractually agreed prices where no market price exists. In the latter situations, we cannot assure you that we would not have been able to get more favorable pricing if we had engaged in such transactions with other third parties.

Brand recognition is important for our business and any failure to protect our intellectual property rights or claims that we are infringing on the rights of others could materially harm our business, financial condition, results of operations and prospects.

Brand recognition is critical to attracting new consumers to our products and maintaining the loyalty of existing customers. Our success depends, in part, on our ability to protect our current and future products and to defend our intellectual property rights, such as our trademarks for our brands, including Chang, Mekhong and Sangsom. We have registered numerous trademarks covering our products and have filed, and expect to continue to file, trademark registration applications seeking to protect newly-developed products and to renew current trademarks. We cannot assure you that we will be successful in registering any of our pending trademark registrations or that any existing or future trademark registrations will be granted to us, extended upon expiration, or will not be challenged, invalidated or circumvented by our competitors. See “Business—Intellectual Property” for a description of our principal trademarks and their validity periods. Our failure to protect our proprietary rights against infringement or misappropriation could undermine the competitive position of our products and could lead to a significant decrease in our sales volumes, which would have an adverse effect on our business, financial condition, results of operations and prospects.

We also rely on trade secrets, such as the formulae for our beer and brown spirits products and proprietary know-how not protected by patents or trademarks, and continuing technological innovation that we seek to protect, in part by confidentiality agreements with suppliers, employees and consultants. We cannot assure you that our trade secrets and proprietary know-how will not be compromised as a result of breaches of confidentiality agreements or otherwise become known or be independently developed by our competitors or that we will be able to maintain the confidentiality of information relating to new products arising from our research.

We may be required to defend against charges of infringement of trademark or proprietary rights of third parties. These defenses could require us to incur substantial expenses and to divert significant effort of our technical and management personnel, and could result in our loss of rights to develop or make certain products or require us to pay monetary damages or royalties to license proprietary rights from third parties. An adverse outcome of any dispute with respect to trademarks or other proprietary rights could adversely affect our competitive position and business, financial condition, results of operations and prospects.

Our growth prospects may be harmed if we are unable to expand into the higher-priced segments of the beer and spirits markets.

A key element of our strategy is to broaden our portfolio of brands by launching new brands to penetrate the higher-priced segments of the market in order to increase our revenues. We believe that the higher-priced market segments in Thailand for both beer and spirits offer significant growth potential and we believe that there has been a shift from economy segment beers and spirits to these segments. Expanding our presence into these highly competitive segments will require us to invest significantly in consumer marketing, brand promotion and sales and distribution development. We have limited experience in these segments. Currently, we do not produce or sell beer or spirits in the higher-priced market segments in Thailand, except for Blue whisky, which we launched in October 2005 as a premium admix made from five year old Scotch whisky imported from Scotland, and Chang Light, a lower alcohol content beer, which we launched in March 2006. We also face substantial competition in these segments from international producers who may have more resources than we have. Any failure or inability on our part to successfully develop, promote and sell new beer or spirits brands for the standard or premium segments in Thailand would harm our prospects for growth, particularly if demand for these products increases and continues to erode the demand for our current portfolio of products, and could adversely affect our business, financial condition, results of operations and prospects.

We depend on sales of a few key products, and any reduction in sales of these products could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our revenue and profitability remain substantially dependent upon sales of our core beer and spirits products and in particular, sales from five key products: Chang Beer, white spirits, Chinese herb spirits, Sangsom and Mekhong, which accounted for approximately 96.8% of our sales volume of our beer and water segment, and spirits segment in 2004 and 98.0% in 2005. Accordingly, any factor adversely affecting the sale of these key products, individually or collectively, would have a material adverse effect on our

business, financial condition, results of operations and prospects. For example, as a result of recent change in consumer preference towards beer with lower alcohol content, in recent years we have experienced a decline in sales volumes and sales revenue of our high alcohol content Chang Beer relative to certain of our competitors. This change has adversely affected our beer and water segment revenues, which decreased 11.5% in 2005, compared with 2004, and 8.3% in 2004, compared with 2003. Production and sales of each of these key products could be rendered uneconomical by regulatory or competitive changes. Sales of these key products could also be adversely affected by other factors, including increases in excise taxes, supply, production or distribution interruptions, marketing or pricing actions by one or more of our competitors, changes in consumer preferences or other factors.

Our brewery expansion may not be completed within our expected schedule and budget, or at all.

We are expanding the brewery capacity of our Kamphaengphet brewery. We expect that the Kamphaengphet expansion project will be completed in the first quarter of 2007 and that it will increase our total brewery capacity by 4,600.0 thousand hectoliters per annum to approximately 15,500.0 thousand hectoliters per annum. We estimate that our total investment cost for the expansion will be approximately Baht 7,200.0 million (US\$175.3 million), of which we had invested Baht 6,194.7 million (US\$150.8 million) as of December 31, 2005.

The timing and completion of Kamphaengphet brewery expansion project and any additional expansion projects we undertake in the future may, however, be adversely affected by factors commonly associated with large construction and expansion projects, including adverse weather conditions, natural disasters, accidents and unforeseen circumstances and problems, and other factors beyond our control. Any of these factors may cause delays in completion of all or part of the expansion and increasing our financing costs associated with the expansion, which could adversely affect our business, financial condition, results of operations and prospects.

We may not be able to sell the additional beer that we produce as a result of our increase in capacity.

After the completion of our expansion project at our Kamphaengphet brewery, which we expect to be in the first quarter of 2007, we expect our aggregate brewery capacity to increase by approximately 4,600.0 thousand hectoliters per annum to approximately 15,500.0 thousand hectoliters per annum. Our business strategy includes selling beer produced from our capacity increase in export markets, principally in Cambodia, Laos and other markets. We do not, however, have a history of sustained sales of large volumes outside Thailand and we cannot assure you we will be successful in implementing this strategy.

In 2004 and 2005, demand for our beer products decreased and we only produced 9,883.5 thousand hectoliters and 9,147.4 thousand hectoliters, respectively, from our design capacity of 10,900.0 thousand hectoliters. We cannot assure you that we will be able to sell the additional beer we produce as a result of our expansion project. Our fixed costs will increase significantly as a result of this expansion and we may not be able to sell our beer products at prices that will provide us with commercially acceptable margins or that will not cause us to incur a loss. If we are unable to sell our additional beer capacity on a commercially acceptable basis, we may have to reduce our beer production, which would adversely affect the utilization of our breweries and may lower our margins. Any failure or inability on our part to sell the additional beer we produce would adversely affect our business, financial condition, results of operations and prospects.

Price increases in, and shortages of, raw materials or packaging materials could increase our production costs and disrupt our business.

We do not produce most of the raw materials or the packaging materials necessary for production and sale of our products and depend upon third party suppliers. Although we seek to purchase certain of these raw materials once a year in advance of production, we cannot assure you that these suppliers will be able to meet our requirements in full or at all. Our results of operations may be affected by the availability and pricing of raw materials and packaging materials, including molasses, malt, hops, water, glass bottles, labels, caps, and other packaging products. Some of these materials are priced in currencies other than in Baht. Changes in global supply and demand may substantially affect the price of these materials and may also, along with weather conditions, government controls, exchange rates, currency controls and other factors, affect our cost of raw materials and packaging materials. For example, our weighted average cost for molasses, which was approximately Baht 1,490.0 per ton in 2003 and approximately Baht 996.0 per ton in 2004, increased to approximately Baht 2,537.0 per ton during 2005 due to drought conditions in

Thailand. Our weighted average cost for molasses increased further in the three months ended March 31, 2006. A substantial increase in the prices of these materials would increase our production costs, which would reduce our profit margins if we were unable to recover these additional production costs from our customers. In addition, a sustained interruption in the supply of these materials could lead to a significant increase in their prices or could impede our production process if we were unable to find suitable substitutes. The occurrence of any of these factors could increase our production costs and disrupt our business, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Water is critical to our operations and we may not be able to source sufficient quantities or may face increases in water costs in the future.

We source our water requirements for our breweries and three of our distilleries from deep wells located in our facilities. In September 2004, the Government announced that in addition to the standard prices for deep well water, it would impose a conservation fee of Baht 1.0 per cubic meter in various provinces, including Ayutthaya, Nakornpathom, Samutsakom and Pathumthani where our Cosmos and Bang Ban breweries and our Sangsom, Red Bull and Sura Bangyikhan distilleries are located. In addition, the Government announced that from October 1, 2004, the conservation fee would increase, on a quarterly basis, by Baht 1.0 per cubic meter until June 30, 2006, when the conservation fee will be Baht 8.0 per cubic meter. We paid Baht 2.3 million and Baht 17.8 million in conservation fees for the period from September to December 2004 and in 2005, respectively. From July 1, 2006, the total conservation fee will be increased to Baht 8.5 per cubic meter. In 2003, 2004 and 2005, our breweries, and distilleries in the affected areas used a total of approximately 4.1 million, 4.3 million and 4.0 million cubic meters of deep well water, respectively. Further price increases of deep well water or any restrictions on the use of deep well water could adversely affect our operating costs, which would reduce our profit margins if we were unable to reduce our operating cost or recover these additional operating costs from our customers. In addition, such Government action may require that we use alternative sources of water to produce our beer, drinking water, soda water and spirits, such as tap water, river water and water collected in reservoirs. In August 2005, we commenced the construction and installation of a water filtration facility at our Bang Ban brewery to enable us to use these alternative sources of water in our production process. We estimate that the total construction cost of the water filtration facility will be approximately Baht 838.2 million (including land costs) and that we will complete construction of the facility in the fourth quarter of 2006. Our inability to install additional water treatment facilities to utilize river water and water collected from reservoirs in a timely or on a cost efficient basis, could increase our operating costs and disrupt our business, which could adversely affect our business, financial condition, results of operations and prospects.

Certain areas of Thailand experienced severe drought conditions in 2005. In March 2005, the Ministry of Natural Resources and Environment reported that the drought had affected 71 of Thailand's 76 provinces. A continuation of drought conditions in Thailand could result in increased prices for water which could increase our operating costs and adversely affect our business, financial condition, results of operations and prospects.

Our operations are subject to extensive regulation. Changes in the regulatory environment may cause us to incur additional costs or limit our business activities.

As a producer of beverage products, we are subject to production, packaging, quality, labeling and distribution standards in Thailand. We are also subject to regulations in countries to which we export our products, in particular regulations relating to packaging, quality, labeling and distribution. The operations of our production and distribution facilities are subject to various Government environmental laws and workplace regulations, including laws and regulations enacted by the Ministry of Public Health, Ministry of Commerce and Ministry of Finance. Compliance with, or any violation of, current and future laws or regulations could require material expenditures by us or otherwise have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to restrictions on advertising our beer and spirits products. In 2003, the Government enacted regulations that prohibit advertising alcoholic beverages between the hours of 5 a.m. and 10 p.m. and govern the content of television or radio advertisements. Because advertising is a key component of our marketing and development of brand awareness, especially for the introduction and launch of new products, these restrictions could affect our ability to market our existing and future products, which would have a material adverse effect on our business, financial condition, results of operations and prospects. For

a description of the Government restrictions on television and radio advertising, see “Regulation—Regulation by Other Laws—Commercial Advertisement of Alcoholic Drinks.”

The Government regulates the opening and closing hours of entertainment venues that sell alcohol, including bars and restaurants. The opening hours vary from 11 a.m. to 9 p.m. and the closing hours vary from midnight to 2 a.m., depending on the type of entertainment venue and location. Any future restriction on the period of time an entertainment venue is permitted to operate and sell alcohol products could have a material adverse effect on our business, financial condition, results of operations and prospects. For a description of the Government regulation of entertainment venues, see “Regulation—Regulation by Other Laws—Operating Hours of Entertainment Venues.”

In 2005, the Government enacted regulations restricting the retail sale of alcoholic drinks to the hours of 11 a.m. to 2 p.m. and 5 p.m. to midnight. These restrictions or any future restriction on retail sales could affect sales of our products, which could have a material adverse effect on our business, financial condition, results of operations and prospects. For a description of the Government restrictions on retail sales, see “Regulation—Regulation by Other Laws—Retail Sale of Alcoholic Drinks.”

We believe the Government is considering various proposals, including a proposal that would increase the minimum drinking age and prohibit advertising of alcoholic products at any time. Any future law that restricts our business, such as increasing the minimum drinking age or restricting the ways in which we advertise or the times we can advertise, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Compliance with, or our failure to comply with, environmental laws and regulations applicable to us may have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to extensive and increasingly stringent environmental, health and safety laws and regulations governing air pollutant emissions, discharge of treated wastewater and other aspects of our operations. In addition, some of these laws and regulations require our production facilities to operate under permits that are subject to renewal or modifications. Typically, these laws provide for substantial fines and potential criminal sanctions for violations. Violations of these laws could also result in permit revocations and facility shutdowns. Several of these laws and regulations also impose extensive requirements relating to investigation and cleanup of contamination, and we may be required to bear some or all of these costs regardless of fault.

In 2001, we were originally denied renewal of our license to operate a business detrimental to health for our Bang Ban brewery by the Sub-District Administrative Organization (the “Sub-District”), which governs the area where our Bang Ban brewery is located, for alleged failures to comply with regulations of the Sub-District relating to discharge of wastewater into a public river. We petitioned to the Ministry of Public Health, which reviewed our case and ordered the Sub-District to issue the license. In 2002, the Sub-District brought action against the Ministry of Public Health in the Central Administrative Court in which we interpleaded as a co-defendant. The Central Administrative Court ruled in our favor. The Sub-District has appealed to the Supreme Administrative Court. For further information regarding this litigation, see “Business—Litigation.” If the Supreme Administrative Court rules against us, we could face a revocation of our license, which would require that we cease operations at our Bang Ban brewery, which constitutes approximately 48.6% of our total brewery capacity, until we are able to obtain a new license. We cannot assure you that we would be able to obtain a new license on a timely basis, or at all.

We have incurred, and expect to continue to incur costs to comply with environmental, health and safety laws and regulations. In addition, new laws and regulations, stricter enforcement of, or changes to, existing laws and regulations, the discovery of previously unknown contamination or the imposition of new clean-up requirements could require us to incur additional costs in the future. These may require us to incur material costs and expenses beyond those currently anticipated.

Any of the foregoing factors could materially adversely affect our business, financial condition, results of operations and prospects.

We face risks associated with contamination of our products.

The contamination or deterioration of our products, whether actual or alleged, deliberate or accidental, could harm our reputation and business. A risk of contamination or deterioration exists during each stage of the production cycle, including during the production and delivery of raw materials, the bottling and packaging of our products, the stocking and delivery of our products to retailers and wholesalers and the

storage and shelving of our products at the final points of sale. Any such contamination or deterioration could result in a recall of our products and/or criminal or civil liability and restrict our ability to sell our products which, in turn, could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, from time to time, we may be subject to false claims of contamination which could create negative publicity that could adversely affect our reputation and product sales, which could adversely affect our business, financial condition, results of operations and prospects.

Our business and our expansion plans are capital intensive and subject to a number of risks and uncertainties.

The beer industry is capital intensive. Our ability to introduce new products and maintain our production capability depends on continued capital spending, including constructing our new facilities and maintaining and upgrading our existing facilities. In addition, we continually monitor developments in the beverage markets in Thailand and Southeast Asia for opportunities to expand into new businesses. Our capital expenditures were Baht 3,060.8 million in 2003, Baht 3,070.9 million in 2004 and Baht 7,220.2 million (US\$175.8 million) in 2005. We have budgeted capital expenditures and investments of Baht 4,946.4 million in 2006 and Baht 1,918.1 million in 2007.

Historically, we have relied on external debt financing, equity financing and internally generated cash flows for our capital investments. We expect to finance any future expansions of our business or improvements of our breweries and distilleries plant through additional indebtedness and internally generated cash flows. If we are unable to obtain additional debt financing when needed on commercially acceptable terms, we may require additional equity financing, which could dilute your investment in our Shares. In addition, our inability to secure necessary financing for capital expenditures necessary to maintain or expand our facilities could adversely affect our business, financial condition, results of operations and prospects.

We depend on the services of our senior executive and managerial personnel, and if we are not able to retain our senior personnel or attract suitable replacements our business could be negatively impacted.

We are currently managed by a small number of senior executive officers and employees, many of whom have many of years of experience at our operating companies and in the beverage industry and would be difficult to replace. As a result, the loss of any senior personnel, or our inability to recruit sufficiently qualified personnel, could materially adversely affect our business.

We believe that our continued growth and success largely depends on our ability to retain skilled, qualified and experienced managerial, sales, marketing and production personnel and to train our staff to produce and to sell successfully the products that we offer. If we are unable to attract, retain and motivate highly skilled, qualified and experienced personnel we could lose customers and suffer reduced profitability. Even if we are successful in attracting and retaining such personnel, competition for such employees may significantly increase our compensation costs and adversely affect our business, financial condition, results of operations and prospects.

Our facilities could be affected by operating hazards and natural disasters.

Our beer and spirits operations are subject to operating and other risks typically associated with alcoholic beverage production, and our industrial alcohol operations are subject to operating and other risks typically associated with the production, storage and transportation of highly flammable products. Incidents of fires, mechanical failures, storage tank leaks, discharge or release of hazardous substances and other environmental risks, and inclement weather and natural disasters could adversely affect our productivity, profitability and operations as a whole. Any disruption in the operation of our existing production facilities due to any of the foregoing risks could adversely affect our business, financial condition, results of operation and prospects. In addition, many of these operating and other risks may cause personal injury and loss of life, severe damage to or destruction of property and equipment, and environmental damage, and may result in suspension of our operations and the imposition of civil or criminal penalties.

Losses incurred or payments required to be made by us as a result of these or other factors may exceed our insurance coverage or not be covered by our insurance, which could adversely affect our business, financial condition, results of operations and prospects.

Anti-monopoly legislation enacted by Thailand in 1999 may adversely affect our business, financial condition, results of operations and prospects.

The Thai Trade Competition Act of 1999 (the “TCA”) prohibits various anti-competitive practices and empowers the Thai Trade Competition Commission (the “TTCC”) to order a company that dominates a market and has market share of more than 75% to suspend, cease, or vary its market share. In addition, under the TCA, the TTCC has the power to issue written orders to require a company that has engaged in unfair business practices to suspend, cease, rectify or vary its business practices. The MOC, which oversees the TTCC, is considering the standard for determining the definition of market dominance in a particular industry, including the alcoholic beverage industry. The TTCC has not, however, issued regulations under the TCA and we cannot predict the effect the TCA or any regulations that may be promulgated under it will have on us and our business. Because we are the largest beer and spirits producer in Thailand and have a leading market share in Thailand for many of our products, we may, from time to time, be subject to litigation from competitors and others for alleged violations of these provisions. Consequently, the TCA and any regulations promulgated under it could have an adverse effect on our business, financial condition, results of operations and prospects.

Our Company is a holding company and will depend on distributions from its principal operating subsidiaries to enable it to meet its financial obligations.

Our Company is a holding company with limited direct operations and limited assets other than its interests in its subsidiaries. Our Company will be dependent on dividend distributions from its principal operating subsidiaries to meet its obligations, including the payment of principal and interest on its indebtedness.

The determination of the amount of distributions, if any, to be paid to our Company by our subsidiaries will depend upon the terms of each subsidiary’s indebtedness, if any, as well as each subsidiary’s financial condition, results of operations, cash flows and future business prospects. Our Company will receive distributions made by our subsidiaries based on our ownership interest in each subsidiary.

Risks Relating to Thailand

Economic, political, legal and regulatory conditions in Thailand may materially and adversely affect our business, financial condition, results of operations and prospects, and the market price of our Shares.

We are subject to political, legal and regulatory conditions in Thailand that differ in certain significant respects from those prevailing in other countries with more developed economies. Our business and operations are subject to the changing economic and political conditions prevailing from time to time in Thailand. Like other countries, the Government has frequently intervened in the Thai economy and occasionally made significant changes in policy. The Government’s policies have included, among other things, wage and price controls, capital controls and limits on imports. Our business, financial condition, results of operations and prospects may be adversely affected by changes in Government policies.

We conduct substantially all of our operations in Thailand and the performance of the Thai economy has a significant impact on our business. From 1996 to 1998, Thailand’s gross domestic product (“GDP”) growth slowed significantly in relation to historical levels and the country entered a recession. According to Thailand’s National Economic and Social Development Board (the “NESDB”), Thailand’s GDP subsequently grew by 2.2% in 2001, 5.3% in 2002, 7.0% in 2003, 6.2% in 2004, and 4.5% in 2005. In March 2006, the NESDB revised its forecast for Thailand’s 2006 GDP growth from a range of 4.7% to 5.7% to a range of 4.5% to 5.5%, to reflect the uncertain political conditions, and anticipated rising oil prices and interest rates in Thailand.

Factors that may adversely affect the Thai economy include:

- recent and potential future outbreaks of avian influenza, SARS or other contagious diseases;
- exchange rate fluctuations;
- a prolonged period of inflation or increase in regional interest rates;
- changes in taxation;
- natural disasters, including tsunamis, earthquakes, fires, floods, drought and similar events;

- scarcity of credit or other financing, resulting in lower demand for products and services provided by companies in the region;
- increases in oil prices;
- other regulatory, political or economic developments in or affecting Thailand; and
- recent and threatened terrorist activities in Southeast Asia, including continued violence in the southern parts of Thailand.

We cannot assure you that the Thai economy will meet current projections or continue to improve in the future. Any downturn in the Thai economy may have a material adverse effect on our business, financial condition, results of operations and prospects. Thailand's sovereign foreign currency long-term ratings are Baal by Moody's and BBB+ by Standard and Poor's.

Our business, financial condition, results of operations and prospects may be influenced in part by the political situation in Thailand. Thailand's democracy has been interrupted by military intervention and has been subject to political instability at certain times in the past. The most recent instance of military intervention was a coup in February 1991. Public reaction against the military and mediation by the King led to the restoration of democracy in 1992. In October 1997, a new Thai constitution was promulgated which, among other things, provides for the reform of the electoral system and greater transparency in the political process. We cannot assure you that any current or future political instability in Thailand will not have a material adverse effect on our business, financial condition, results of operations and prospects. Following various political rallies in Bangkok in February 2006 demanding his resignation, Prime Minister Thaksin Shinawatra dissolved the lower house of parliament and called for new elections, which were boycotted by the main opposition parties. Although the unofficial results of the election that were held on April 2, 2006 gave then Prime Minister Thaksin Shinawatra's Thai Rak Thai Party a victory, in the face of increasing pressure from opposition parties he subsequently announced that he would not accept the position of Prime Minister. In addition, under Thai law, the lower house of parliament is required to be convened within 30 days of the elections by all 500 members of parliament. However, by the end of the 30-day period, not all of the 500 seats in the lower house of parliament were filled because several candidates in uncontested constituencies failed to obtain the minimum percentage of votes required to be elected. On May 8, 2006, Thailand's Constitutional Court ruled that the results of the election are void and that new elections must be held. The date for the new elections has not yet been set. Significant changes in the Thai Government's policies or in Thailand's political environment could occur as a result of these uncertainties or other factors. We cannot assure you that the current or any future political instability in Thailand or any changes in the Government's policies or in Thailand's political environment will not have a material adverse effect on our business, financial condition, results of operations and prospects.

Continued violence in southern Thailand, terrorist attacks and international and regional instability could adversely affect our business, financial condition, results of operations and prospects.

In response to continuing violence in southern parts of Thailand, the Government declared martial law in certain southern provinces in early 2004. The region recently experienced increasingly serious and frequent incidents of violence. On April 3 and April 4, 2005, a series of bombs were detonated in the town of Hat Yai and nearby Songkhla City in Songkhla province and in Yala province. The bombings occurred at the Hat Yai International Airport, a large international department store, a hotel, and on a road near a technical college. On July 14, 2005, a series of coordinated bomb attacks by militants occurred in Yala province. The bombings targeted various sites, including power stations, which caused blackouts in the province. In the attack, two policemen were killed and several people were injured. On July 16, 2005, the Government invoked an emergency decree to declare a state of emergency in the three southernmost provinces, Yala, Narathiwat and Pattani. The state of emergency replaces martial law in those provinces and allows the authorities to detain suspects without charges, ban public protests and censor the news media. On November 4, 2005, in response to bombings, the Thai military declared martial law in two districts of Songkhla Province. Since January 2004, more than 1,100 people have been killed by violence in the region. A number of countries, including the United States, the United Kingdom, Australia and Canada have issued travel advisories relating to travel to Thailand. The violence could lead to widespread unrest in Thailand or a major terrorist incident in Thailand similar to those in other parts of Southeast Asia.

In addition, the terrorist attacks in the United States on September 11, 2001, which disrupted securities markets worldwide, have adversely affected economic conditions in the United States and elsewhere and have resulted in increased political and economic uncertainty worldwide. Terrorist actions in Bali and Jakarta, Indonesia and threatened terrorist actions throughout Southeast Asia have also increased political and economic uncertainty in the region. Ongoing military operations by the United States and other countries in Iraq have disrupted world financial markets and worldwide economic activity.

Political or economic developments related to these crises could adversely affect the Thai economy and could have a material adverse effect on our business, financial condition, results of operations and prospects.

The recent outbreak, and any future outbreak, of avian influenza or other contagious disease may adversely affect Thailand's economy, our business, financial condition, results of operations and prospects.

Since late 2003, a number of countries in Asia, including Thailand, as well as countries in Europe and other parts of the world, have experienced outbreaks of the highly pathogenic H5N1 strain of avian influenza. These outbreaks in Asia severely affected poultry and related industries and resulted in the death or culling of large stocks of poultry. In addition, Thailand and Vietnam reported cases of bird-to-human transmission of avian influenza resulting in numerous human deaths. Although the Ministry of Public Health has not reported any cases of human-to-human transmission of avian influenza in Thailand, the World Health Organization reported the first probable case of human-to-human transmission of avian influenza in Thailand in September 2004. In 2005, North Korea reported the country's first outbreak of avian influenza in poultry, Vietnam and Indonesia experienced a resurgence of poultry outbreaks and human cases and Cambodia reported its first human case. Investigations are continuing on possible cases of human-to-human transmission in Vietnam and Indonesia. The World Health Organization and other agencies continue to issue warnings on a potential avian influenza pandemic if there is sustained human-to-human transmission.

In 2003, Taiwan, China, Singapore and other countries experienced an outbreak of SARS, which adversely affected the economies of many countries in Asia, including Thailand.

The avian influenza outbreak and any future widespread outbreak of avian influenza, SARS or other contagious diseases could adversely affect the Thai economy and economic activity in the region. We cannot assure you that any present or future outbreak of avian influenza, SARS or other contagious diseases would not have a material adverse effect on our business, financial condition, result of operations and prospects. In addition, any present or future outbreak of avian influenza, SARS or other contagious diseases could cause increased volatility or a general decrease in stock prices on the SGX-ST, including the market price of our shares.

Depreciation in the value of the Baht could adversely affect our costs of our raw materials and capital expenditures, and our financial condition and results of operations.

The value of the Baht against the U.S. dollar depreciated significantly during the period from July 1997 to 1998, and has fluctuated in the period since 1998. We cannot assure you that the Baht will not be subject to future depreciation or volatility, or that the Government's current exchange rate policy will not change in the future.

A portion of our raw materials and capital expenditures for future expansion programs will be denominated in, and may be financed in, foreign currencies. As of March 31, 2006, we had outstanding payments obligations in foreign currencies totaling Baht 2,268.6 million (US\$58.4 million) under various purchase agreements for raw materials and equipment. Any future depreciation in the Baht against the Euro, U.S. dollar, British pound or Australian dollar would increase our cost of raw materials and the cost of our capital expenditures, in Baht terms and could have an adverse effect on our business, financial condition, results of operations and prospects. Since substantially all of our revenues are denominated in Baht, we cannot assure you that we would be able to generate revenue increases sufficient to offset any such increased costs.

Non-enforceability of non-Thai judgments may limit your ability to recover damages from us.

We are incorporated in Thailand. Most of our Directors and Executive Officers are residents of Thailand. Also, most of our assets and the assets of our Directors and Executive Officers are located in

Thailand. As a result, you may not be able to effect service of process upon us or these persons outside Thailand or enforce against us judgments obtained in courts outside of Thailand, including judgments based upon the federal securities laws of the United States.

Under Thai law, judgments entered by a United States court or any other non-Thai court, including actions under the civil liability provisions of the U.S. federal securities laws, are not enforceable in Thailand. In order to pursue a claim against us or any officer or director of either, an investor would have to bring a separate action or claim in Thailand. While a non-Thai judgment could be introduced as evidence in a court proceeding in Thailand, a Thai court would be free to examine anew issues arising in the case. Thus, to the extent investors succeed in bringing legal actions against us, their available remedies and any recovery in any Thai proceeding may be limited. See “Enforceability of Civil Liabilities” for a further discussion of enforceability matters.

Risks Relating to the Ownership of Our Shares

Investors may face a delay in the return of their application monies if our Shares are not listed on the SGX-ST.

If the MOC approves the increase in our issued share capital, but the listing of our Shares on the SGX-ST does not occur, notwithstanding that the applicable Singapore laws and regulations provide otherwise, monies paid by successful applicants of the Shares cannot, under the laws of Thailand, be returned. In this instance, we will consider the various options that may be available to us, including, but not limited to, enabling us to return the monies to these applicants. You should note, however, that returning these monies may take a considerable amount of time and may not be possible, and as a result, we may be in breach of applicable Thai and Singapore laws and regulations.

We may not be able to pay dividends.

Our ability to declare dividends in relation to our Shares will depend on our future financial performance, which, in turn, depends on successfully implementing our strategy and on financial, competitive, regulatory, technical and other factors, general economic conditions, demand and selling prices for our products, costs of raw materials and other factors specific to our industry or specific projects, many of which are beyond our control.

In addition, under the PLCA, if the Company’s retained earnings determined in accordance with Thai GAAP are not positive, the Company will be unable to pay dividends, even if we record positive net income for that year. See “Dividend Policy” for a discussion of our dividend policy.

Our foreign ownership restrictions could limit your ability to transfer our Shares and limit our ability to raise equity financing.

Our Articles of Association provide that no more than 49.0% of the Company’s issued and outstanding Shares may be held by non-Thai persons. Our Articles of Association also provide that transfers of Shares in violation of applicable foreign ownership limitations may be restricted. In the event that the applicable foreign ownership limitations have been reached, Thai Shareholders may not be able to transfer their Shares to persons who are non-Thai nationals. As a result, the liquidity and market price for their Shares may be adversely affected.

Furthermore, it may not always be possible for a non-Thai Shareholder, or a buyer or seller of Shares, to know in advance whether the Shares will fall within applicable limits and will be eligible to be registered in the name of the purchaser, or whether the registrar will decline to register the transfer of the Shares.

Ownership of Thai companies by non-Thai persons is generally limited to 49.0% of the company’s outstanding shares. In the event these limitations are lowered, holders of our Shares may be subject to increased risks of forced transfer or sale.

The Singapore securities market is relatively small and may cause the market price of our Shares to be more volatile.

The SGX-ST is relatively small and may be more volatile than stock exchanges in the United States and certain other countries. As at December 31, 2005, there were 192 companies listed on the Main Board of the SGX-ST and 171 companies quoted on the SGX-ST Dealing and Automated Quotation System,

and the aggregate market capitalization of the listed equity securities of these companies was approximately S\$427.9 billion. This may cause the market price of our Shares to fluctuate more than that of securities listed on larger global stock exchanges.

The net asset value of our Offering Shares issued in the Combined Offering is significantly less than the Offering Price and you will incur immediate and substantial dilution.

The Offering Price is substantially higher than the net asset value per share of the outstanding Shares issued to our existing Shareholders. Therefore, subscribers and/or purchasers of the Offering Shares will experience immediate and substantial dilution and our existing Shareholders will experience a material increase in the net asset value per share of the Shares they own. See “Dilution” for a further description of the extent to which subscribers and/or purchasers of the Offering Shares will experience dilution.

Any depreciation in the value of the Singapore dollar could adversely affect the equivalent in other currencies of the value of the Shares in Singapore dollars and of any gains or losses realized by investors on a sale of our Shares. Any depreciation in the value of the Baht could adversely affect the value in other currencies of any dividends distributed by us.

Transactions in our Shares on the SGX-ST will be settled in Singapore dollars. Fluctuations in the exchange rate between the Singapore dollar and other currencies will affect the equivalent in other currencies of the Singapore dollar price of Shares on the SGX-ST and the Singapore dollar amount of any gains or losses realized by investors on a sale of our Shares. Any dividends we pay in respect of our Shares will be payable in Baht. Fluctuations in the exchange rate between the Baht and other currencies will affect the equivalent in other currencies of the Baht amount of any dividends distributed by us. See “Exchange Rate Information” for further information regarding fluctuations in the value of the Baht relative to the Singapore dollar or the U.S. dollar.

Future sales of the Shares, and the availability of large amounts of the Shares for sale, could depress the Share price.

Sales of a substantial number of Shares or securities exchangeable or convertible into Shares in the public market, or the perception that such sales may occur, could adversely affect the prevailing market price of the Shares. In this regard, each of Siriwana Company Limited, Good Show Holdings Limited, Risen Mark Enterprise Limited, LSPV Co., Ltd., Mr. Charoen Sirivadhanabhakdi, Khunyung Wanna Sirivadhanabhakdi, Ms. Atinant Sirivadhanabhakdi, Ms. Wallapa Traisorat, Mr. Thapana Sirivadhanabhakdi, Ms. Thapanee Sirivadhanabhakdi and Mr. Panot Sirivadhanabhakdi have undertaken not to offer, sell or otherwise dispose of any part of their respective Shares without, in each case, the prior written consent of the Joint Global Coordinators, for a period of 180 days from the Listing Date. These lock-up restrictions will not, however, apply to 733,335,000 Shares that may be lent by Risen Mark Enterprise Limited for the purposes of the Over-allotment Option or price stabilization activities that may be effected by the over-allotment and stabilization agent in connection with the Combined Offering. See “Plan of Distribution—No Sales of Similar Securities and Lock-up.” The sale of substantial amounts of Shares in the public market by any of our Shareholders, or the sale of new Shares in the public market by us subsequent to the expiry of these undertakings, could have a material adverse impact on the price of the Shares. A subsequent sale or offering of Shares may be conducted in conjunction with a second listing on another securities exchange, depending on market conditions, business development plans and our financing requirements. In the event that we are listed on another securities exchange, the liquidity of our Shares may be adversely affected.

Your ability to participate in future rights offerings may be limited.

Although Thai public companies are not required to offer pre-emptive rights to existing shareholders when issuing new shares, Thai public companies have from time to time issued new shares through rights offerings. Compliance with securities laws or other regulatory provisions in some jurisdictions, including the U.S., may prevent certain investors from participating in any future rights issuances and thereby result in dilution of their existing shareholdings. We will have no obligation to register the Company’s Shares in the U.S. or in any other jurisdiction in order to permit U.S. or other foreign investors to participate in any future rights offerings we may undertake.

There has been no prior public market for our Shares.

Before the Combined Offering, there was no public market for our Shares. While we have applied to have our Shares listed on the Main Board of the SGX-ST, we cannot assure you that an active public market for our Shares will develop. The Offering Price will be determined by agreement between us, the selling shareholder and the Joint Global Coordinators and may not be indicative of prices that will prevail in the trading market. You may not be able to resell your Shares at a price that is attractive to you.

The trading price of our Shares could be subject to fluctuations in response to variations in our results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting us, our customers or our competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies and other events or factors many of which are beyond our control. Volatility in the price of our Shares may be caused by factors outside of our control or may be unrelated or disproportionate to our operating results.

USE OF PROCEEDS

Based on the Maximum Offering Price, we estimate that the aggregate net proceeds we will receive from the issue of the New Shares in the Combined Offering will be approximately S\$1,105.5 million (US\$692.7 million), after deducting our share of the underwriting commissions and other estimated transaction expenses payable in relation to the issue of the New Shares, which we estimate will be approximately S\$38.5 million (US\$24.1 million), if the Over-allotment Option is exercised in full. We intend to use the net proceeds received by us primarily for the following purposes:

- to repay in full, the aggregate principal amount of our outstanding long-term loans from various financial institutions in Thailand of Baht 23,600.0 million (US\$623.7 million), which we entered into in March 2006. These loans bear interest at rates of 5.75% per annum in year one, 6.00% per annum in year two, and rates ranging from the minimum lending rate less 1.5% per annum and the minimum lending rate less 1.75% per annum in year three to year five. The final maturity of the last of these long-term loans is March 2011. We used the proceeds of these long-term loans to refinance short-term loans incurred in connection with the financing of our Reorganization; and
- *remainder*, for general corporate purposes.

For a description of our indebtedness as of March 31, 2006, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Indebtedness.”

The foregoing discussion represents our best estimate of our allocation of the net proceeds of this Combined Offering based upon our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates and we may find it necessary or advisable to reallocate the net proceeds within the categories described above or to use portions of our net proceeds for other purposes. In the event that we decide to reallocate our net proceeds of this Combined Offering for other purposes, we will publicly announce our intention to do so through a SGXNET announcement to be posted on the Internet at the SGX-ST website, www.sgx.com.

Pending the use of the net proceeds in the manner described above, we may use the net proceeds for our Group’s working capital, place the funds in fixed deposits with banks and financial institutions or use the funds to invest in short-term money market instruments, as our Directors may deem appropriate in their absolute discretion. In the reasonable opinion of our Directors, there is no minimum amount that we must raise in the Combined Offering.

For each Singapore dollar of the proceeds from the Combined Offering (assuming that the Over-allotment Option is exercised in full):

- approximately 42.61 cents (26.70 US cents) will be paid to the selling shareholder as consideration for the Vendor Shares;
- approximately 54.62 cents (34.22 US cents) will be used to repay the principal amount of our outstanding long-term loans from various financial institutions and for general corporate purposes; and
- approximately 2.77 cents (1.74 US cents) will be used to pay for expenses incurred in connection with the Combined Offering.

We estimate that the expenses payable by us and the selling shareholder in connection with the Combined Offering and the application for listing, including the underwriting and placement commission, and all other incidental expenses relating to the Combined Offering, will amount to approximately S\$56.2 million (US\$35.2 million). A breakdown of these expenses is set out below:

<u>Expense</u>	<u>S\$</u> <u>(In millions)</u>	<u>As a Percentage of</u> <u>the proceeds from the</u> <u>Combined Offering(1)</u>
Underwriting and placement commission	40.5	2.0%
Professional and accounting fees	11.0	0.5%
Other Combined Offering-related expenses	2.8	0.1%
Advertising and printing expenses	<u>1.9</u>	<u>0.1%</u>
Total	<u>56.2</u>	<u>2.7%</u>

(1) Assuming the Over-allotment Option is exercised in full.

The following table summarizes the compensation and estimated expenses related to the Combined Offering payable by us and the selling shareholder:

	<u>Per Share(S\$)</u>		<u>Total(S\$)</u>	
	<u>Without</u> <u>Over-Allotment</u>	<u>With</u> <u>Over-Allotment</u>	<u>Without</u> <u>Over-Allotment</u> <u>(In millions)</u>	<u>With</u> <u>Over-Allotment</u> <u>(In millions)</u>
Underwriting commissions payable by us	0.0036	0.0041	17.6	22.9
Underwriting commissions payable by the selling shareholder	0.0036	0.0031	17.6	17.6
Estimated expenses payable by us(1)	0.0068	0.0069	33.2	38.5

(1) Including underwriting commissions payable by us.

Based on the Maximum Offering Price, the selling shareholder's estimated aggregate net proceeds from the sale of the Vendor Shares in the Combined Offering will be approximately S\$862.4 million (US\$540.4 million), after deducting the selling shareholder's share of the underwriting commissions payable in relation to the sale of the Vendor Shares. We will not receive any of the proceeds from the sale of Vendor Shares by the selling shareholder.

DIVIDEND POLICY

The Board of Directors may recommend annual dividends, subject to the approval of the Company's Shareholders, at an annual general meeting. From time to time, the Board of Directors may declare interim dividends. The current policy of the Board of Directors is to recommend to our Shareholders a dividend of not less than 50% of net profits after deduction of all specified reserves, subject to our investment plans and as the Board of Directors deems appropriate. The Company is a holding company that depends upon the receipt of dividends, management fees and interest on inter-company loans and advances to pay dividends on its shares.

Under the PLCA, the Company cannot pay dividends if the Company's retained earnings (as determined under Thai GAAP) are not positive, even if it records positive net income for the current year. Furthermore, in any year in which it has a net profit (as determined under Thai GAAP), the Company will be required by the PLCA and by its Articles of Association to set aside as a reserve an amount of not less than 5% of its annual net profit (less accumulated losses carried forward) until the total reserve is not less than 10% of the Company's registered capital.

Dividends in respect of shares are generally subject to Thai income tax withholding at a rate of 10% when paid to either non-resident corporate investors or to non-resident individual investors. See "Taxation—Thai Taxation—Taxation of Dividends" for a description of taxation on dividends. Cash dividends will be paid in Baht.

As a result, the equivalent of any dividends in Singapore dollars, U.S. dollars or other foreign currencies will be affected by changes in the exchange rate between the Baht and Singapore dollar, the Baht and the U.S. dollar or other foreign currencies. Shareholders whose Shares are held through CDP will receive their dividends from our Company in Singapore dollars. The Company will make the necessary arrangements to convert the dividends in Baht into the Singapore dollar equivalent at the prevailing exchange rate obtained by the Company on each relevant date for onward distribution to CDP, and CDP's onward distribution to the entitled Shareholders. Neither our Company nor CDP will be liable for any loss whatsoever arising from the conversion of the dividend entitlement of Shareholders holding their Shares through CDP from Baht into the Singapore dollar equivalent.

Since our incorporation, we have paid dividends of Baht 0.12 per Share, aggregating Baht 2,640.0 million, in April 2005, and a dividend of Baht 0.24 per Share, aggregating Baht 5,280.0 million, in April 2006.

EXCHANGE RATE INFORMATION

Prior to July 2, 1997, the Bank of Thailand maintained the value of the Baht based on a basket of foreign currencies the composition of which was not made public, but of which the U.S. dollar was believed to be the principal component. On July 2, 1997, the Government announced that it would no longer intervene to maintain the exchange rate at any particular level, which resulted in a substantial decrease in the value of the Baht against the U.S. dollar.

The following table sets forth, for the periods indicated, certain information concerning the average interbank exchange rate per U.S. dollar, which we refer to as the Reference Rate, and the average selling rate per Singapore dollar announced by the Bank of Thailand. We do not represent that the Baht, U.S. dollar or Singapore dollar amounts set forth below and referred to elsewhere in this document could have been, or could be, converted into U.S. dollars, Baht or Singapore dollar, as the case may be, at the rates indicated, at any particular rates, or at all.

	Baht per U.S. Dollar				Baht per Singapore Dollar			
	At Period End	Average(1)	Low	High	At Period End	Average(2)	Low	High
2001	44.23	44.48	45.78	42.29	24.04	24.99	25.84	23.98
2002	43.24	43.00	44.21	40.38	25.02	24.17	25.02	23.38
2003	39.62	41.53	43.15	39.21	23.45	24.00	24.94	22.86
2004	39.07	40.27	41.70	38.87	24.02	23.98	24.89	22.96
2005	41.07	40.27	42.09	38.21	24.83	24.35	25.28	23.50
September	41.00	41.05	41.26	40.89	24.32	24.58	24.68	24.42
October	40.77	40.91	41.15	40.76	24.28	24.36	24.45	24.25
November	41.22	41.12	41.26	40.81	24.50	24.37	24.53	24.23
December	41.07	41.07	41.37	40.91	24.83	24.70	24.83	24.54
2006 (through March 31, 2006)	38.83	39.32	40.89	38.66	24.16	24.32	24.83	24.01
January	39.08	39.62	40.89	38.92	24.19	24.43	24.83	24.16
February	39.31	39.41	39.69	39.08	24.36	24.35	24.52	24.19
March	38.83	38.98	39.19	38.66	24.16	24.20	24.34	24.01
April	37.52	37.99	38.92	37.52	23.86	23.89	24.22	23.72
May (through May 2, 2006) ..	37.63	37.63	37.63	37.63	23.95	23.95	23.95	23.95

Source: Bank of Thailand

(1) Averages are based on daily Reference Rates.

(2) Averages are based on average daily selling rates.

On the Latest Practicable Date, the Reference Rate was Baht 37.84 = US\$1.00 and the average selling rate per Singapore dollar was Baht 23.71 = S\$1.00.

On May 2, 2006, the Reference Rate was Baht 37.63 = US\$1.00 and the average selling rate per Singapore dollar was Baht 23.95 = S\$1.00.

FOREIGN EXCHANGE CONTROLS

Thailand

Thai foreign exchange controls are administered by the Bank of Thailand on behalf of the Ministry of Finance, pursuant to the Exchange Control Act B.E. 2485 (1942), as amended. The Bank of Thailand has granted commercial banks and certain other entities the authority to conduct foreign exchange transactions as authorized agents of the Bank of Thailand. The Bank of Thailand instituted temporary measures on May 28, 1997, June 10, 1997 and July 2, 1997 to restrict certain foreign exchange related transactions by domestic financial institutions with non-residents of Thailand and to safeguard against instability and speculation in the domestic currency market. Such temporary measures were lifted by the Bank of Thailand on January 29, 1998 (with effect from January 30, 1998). However, in order to safeguard against potential speculation in the Baht, the Bank of Thailand simultaneously introduced a new measure limiting the value of foreign exchange related transactions without underlying trade or investment activities in Thailand to Baht 50 million per counterparty.

The inward remittance of money into Thailand for investment in securities does not require registration with the exchange control authorities. However, any person (excluding short-term foreign residents, embassy staff, persons with diplomatic immunity and staff of certain international organizations) acquiring foreign currency anywhere or bringing foreign currency into Thailand must, within seven days, either (i) sell such foreign currency to an authorized agent, for which a specified form must be submitted to such authorized agent if the amount deposited is in excess of US\$20,000 or its equivalent or (ii) deposit it into a foreign currency account opened with a commercial bank in Thailand if the owner of such foreign currency account proves to an authorized bank that he will be subject to payment of a debt outside Thailand within six months from the date of deposit; provided however that the amount of such deposit must not exceed the debt and the daily balance of a foreign currency deposit in all accounts of each depositor may not exceed US\$500,000 or its equivalent for an individual, or US\$10,000,000 or its equivalent for a juristic entity.

The outward remittance from Thailand of dividends or the proceeds of sale (including capital gain) from the transfer of shares after payment of the applicable Thai taxes, if any, may be made without the requirement to file a specified form to the relevant authorized agent if the amount does not exceed US\$20,000 or the equivalent amount in relevant currency per remittance. Because the Bank of Thailand has a policy not to allow any person to bring Baht currency out of Thailand, dividends paid to a non-resident must be converted into foreign currency prior to the outward remittance from Thailand. If the amount exceeds US\$20,000 or its equivalent in the relevant currency, a specified form must be submitted to the authorized commercial bank together with documents or evidence as to the particular transaction (such as evidence of the disposal of shares).

Export of share certificates or other securities certificates from Thailand does not require prior approval from an exchange control officer. The exporter may either dispatch the certificates by mail or carry them when traveling abroad.

Singapore

There are no exchange control restrictions in Singapore.

CAPITALIZATION AND INDEBTEDNESS

The following table shows our consolidated cash and cash equivalents, short-term debt, long-term debt and capitalization as of March 31, 2006, as adjusted to give effect to the Combined Offering and the application of the proceeds to us from the Combined Offering in the manner described in “Use of Proceeds” (after deducting underwriting discounts and estimated Offering expenses and assuming exercise of the Over-allotment Option).

We derived this table from our unaudited IFRS Financial Statements contained in this document. You should read this table in conjunction with:

- our unaudited IFRS Financial Statements, the related notes and the other financial information contained elsewhere in this document; and
- the sections in this document entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Selected IFRS Consolidated Financial Data.”

	As of March 31, 2006			
	Actual		As Adjusted	
	Bt (Unaudited)	US\$ (In millions)	Bt (Unaudited)	US\$ (Unaudited)
Short-term debt (including current portion of long-term debt) (1)	6,956.6	179.2	6,956.6	179.2
Long-term debt(2)	30,400.0	782.9	6,800.0	175.1
Equity:				
Issued ordinary shares(3)	22,000.0	566.6	25,177.8	648.4
Share premium	—	—	23,946.4	616.7
Fair value and revaluation reserve	4,573.7	117.8	4,573.7	117.8
Currency translation reserve	(29.9)	(0.8)	(29.9)	(0.8)
Difference arising from common control restructuring	(15,690.2)	(404.1)	(15,690.2)	(404.0)
Retained earnings:				
Appropriated—legal reserve	1,110.0	28.6	1,110.0	28.6
Unappropriated	14,736.3	379.5	14,736.3	379.5
Total shareholders’ equity	26,699.8	687.6	53,824.1	1,386.1
Total capitalization and indebtedness(4)	64,056.4	1,649.7	67,580.7	1,740.4

(1) Includes secured short-term debt of Baht 756.6 million (US\$19.5 million) and short-term debt of Baht 6,200.0 million (US\$159.7 million) guaranteed by our subsidiaries, as of March 31, 2006.

(2) The entire amount of our long-term debt is fully guaranteed by our subsidiaries.

(3) As at the Latest Practicable Date, we had 22,000,000,000 issued Shares. See “Description of Share Capital—Our Share Capital.”

(4) Except as disclosed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Indebtedness,” there has been no material change in our capitalization and indebtedness since March 31, 2006.

DILUTION

Dilution created by the Combined Offering represents the amount by which the Offering Price paid by the subscribers and/or purchasers of the Offering Shares exceeds the net asset value per Share after the Combined Offering. We have determined the net asset value per Share by subtracting our total liabilities from the total asset value of our assets and dividing the difference by the number of Shares outstanding on March 31, 2006.

As at March 31, 2006, our asset value, expressed in terms of consolidated net assets per Share, was Baht 1.2 (based on the 22,000,000,000 Shares issued and outstanding on that date). After giving effect to the sale of the Offering Shares offered in the Combined Offering (based on the Maximum Offering Price), assuming the Over-allotment Option is exercised in full, and after payment of underwriting commissions and other estimated expenses of the Combined Offering resulting in net proceeds to us of S\$1,105.5 million (Baht 26,210.8 million based on the exchange rate as of April 21, 2006), but without taking into account any other changes in book value of net assets after March 31, 2006, the net asset value per Share would increase to S\$0.09 per Share. This represents an immediate increase in net asset value per Share of S\$0.04 and an immediate dilution in net asset value per Share of S\$0.27 to new investors subscribing or purchasing the Offering Shares at the Maximum Offering Price.

The following table illustrates the per Share dilution (assuming that the Offering Price is the Maximum Offering Price) described above:

Maximum Offering Price per Share	S\$0.36
Net asset value per Share as of March 31, 2006	<u>S\$0.05</u>
Increase per Share attributable to the sale of the Offering Shares	<u>S\$0.04</u>
Pro forma net asset value per Share after the Combined Offering (25,177,785,000 Shares outstanding as adjusted)	<u>S\$0.09</u>
Dilution per Share to new investors	S\$0.27

The following table summarizes the total number of Shares acquired by our Directors and their associates and substantial shareholders during the three years prior to the date of this document, the total consideration paid by them and the effective cash cost per Share to them.

	<u>No. of Shares Acquired</u>	<u>Total Consideration</u> Bt	<u>Effective Cash Cost per Share</u> Bt
Directors and their associates			
Mr. Charoen Sirivadhanabhakdi(1)	3,156,500,000	3,156,500,000	1
Khunying Wanna Sirivadhanabhakdi(1)	3,156,500,000	3,156,500,000	1
Mr. Komen Tantiwattathanaphan(1)	34,068,668	34,068,668	1
Mr. Narong Srisa-an(1)	1	1	1
Mr. Paisal Chevasiri(1)	200,340,500	200,340,500	1
Mr. Samut Hatthasing(1)	1	1	1
Ms. Kanoknart Rangsihienchai(1)	1	1	1
Mr. Thapana Sirivadhanabhakdi(1)(2)	107,000,000	107,000,000	1
Mr. Chukiet Tangpongprush(1)	1	1	1
Mr. Sithichai Chaikriangkrai(1)	1	1	1
Mr. Vivat Tejapaibul(1)	291,541,500	291,541,500	1
Mr. Puchchong Chandhanakij(1)	1	1	1
Ms. Thapanee Sirivadhanabhakdi(2)	107,000,000	107,000,000	1
Ms. Atinant Sirivadhanabhakdi(2)	107,000,000	107,000,000	1
Mr. Panot Sirivadhanabhakdi(2)	107,000,000	107,000,000	1
Ms. Wallapa Traisorat(2)	107,000,000	107,000,000	1
LSPV Co., Ltd(3)	600,000,000	600,000,000	1

	<u>No. of Shares Acquired</u>	<u>Total Consideration</u>	<u>Effective Cash Cost per Share</u>
		Bt	Bt
Mr. Somchai Tantiwiwatthanaphan(4)	56,093,283	56,093,283	1
Mr. Charnchai Tantiwiwatthanaphan(4)	54,523,299	54,523,299	1
Mr. Krisada Tantiwiwatthanaphan(4)	54,523,299	54,523,299	1
Mr. Wilas Tantiwiwatthanaphan(4)	49,689,994	49,689,994	1
Mr. Vira Tantiwiwatthanaphan(4)	49,689,994	49,689,994	1
Mr. Wisith Tantiwiwatthanaphan(4)	49,689,994	49,689,994	1
Ms. Hataya Meensook(4)	54,523,299	54,523,299	1
Ms. Oramas Suwanvidhu(4)	54,523,299	54,523,299	1
Ms. Waritsa Taephaisitphongse(4)	49,689,994	49,689,994	1
Ms. Wanwisa Tantiwiwatthanaphan(4)	54,523,299	54,523,299	1
Ms. Umaporn Tantiwiwatthanaphan(4)	54,523,299	54,523,299	1
Ms. Wantanee Chevasiri(5)	110,236,750	110,236,750	1
Ms. Wanchanok Chevasiri(5)	110,236,750	110,236,750	1
Substantial shareholders			
Risen Mark Enterprise Limited(6)	5,537,600,000	5,537,600,000	1
Good Show Holdings Limited(6)	3,609,200,000	3,609,200,000	1
Siriwana Company Limited(7)	1,597,200,000	—(8)	—(8)

(1) Director.

(2) Ms. Thapanee Sirivadhanabhakdi, Ms. Atinant Sirivadhanabhakdi, Ms. Wallapa Traisorat, Mr. Panot Sirivadhanabhakdi and Mr. Thapana Sirivadhanabhakdi are children of Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.

(3) LSPV Co., Ltd. is an investment holding company incorporated in Thailand. Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi have in aggregate, an indirect interest in more than 50% of the issued share capital of LSPV Co., Ltd.

(4) Mr. Somchai Tantiwiwatthanaphan, Mr. Charnchai Tantiwiwatthanaphan, Mr. Krisada Tantiwiwatthanaphan, Mr. Wilas Tantiwiwatthanaphan, Mr. Vira Tantiwiwatthanaphan and Mr. Wisith Tantiwiwatthanaphan, Ms. Hataya Meensook, Ms. Oramas Suwanvidhu, Ms. Waritsa Taephaisitphongse, Ms. Wanwisa Tantiwiwatthanaphan and Ms. Umaporn Tantiwiwatthanaphan are the children of Mr. Komen Tantiwiwatthanaphan.

(5) Ms. Wantanee Chevasiri and Ms. Wanchanok Chevasiri are the wife and daughter, respectively, of Mr. Paisal Chevasiri.

(6) Risen Mark Enterprise Limited and Good Show Holdings Limited are investment holding companies incorporated in the British Virgin Islands and Bahamas, respectively. Each of Risen Mark Enterprise Limited and Good Show Holdings Limited is a wholly owned subsidiary of MM Group Limited, an investment holding company incorporated in the British Virgin Islands. For the purposes of Section 4 of the Securities and Futures Act, MM Group Limited has a deemed interest in the Shares held by each of Risen Mark Enterprise Limited and Good Show Holdings Limited. Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are each deemed interested in the Shares held by each of Risen Mark Enterprise Limited and Good Show Holdings Limited by virtue of their respective 50% shareholding in MM Group Limited.

(7) Siriwana Company Limited is an investment holding company incorporated in Thailand and is a subsidiary of TCC Holding Co., Ltd., one of our interested persons. Our Directors, Mr. Chareon Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi have an aggregate direct shareholding interest of approximately 92.4% in TCC Holding Co. Ltd. See “Appendix D—List of Our Interested Persons and Mandated Interested Persons.”

(8) On April 27, 2006, Siriwana Company Limited acquired from existing Shareholders in aggregate 1,597,200,000 Shares at the Offering Price per Share which is payable on or before July 26, 2006.

SELECTED IFRS CONSOLIDATED FINANCIAL DATA

You should read the selected financial information presented below in conjunction with our IFRS Financial Statements and the related report of KPMG Phoomchai Audit Ltd thereon contained elsewhere in this document. You should also see the section of this document entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” We derived the selected IFRS financial information from our audited consolidated financial statements as of and for the years ended December 31, 2003, 2004 and 2005, prepared and presented in accordance with IFRS and reported on by KPMG Phoomchai Audit Ltd.

We derived the selected unaudited financial data below for the three-month periods ended March 31, 2005 and 2006 from our unaudited IFRS consolidated financial statements contained elsewhere in this document. These financial statements, which have been reviewed by KPMG Phoomchai Audit Ltd., and whose report is also contained elsewhere in this document, have been prepared on the same basis as our audited consolidated financials statements and reflect all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of our results of operations and financial condition. Our results for any interim period may not be indicative of results for the full year.

We intend to prepare and report our consolidated financial statements only in accordance with Thai GAAP in subsequent periods. IFRS differs in certain significant respects from U.S. GAAP and Thai GAAP. For a discussion of differences between IFRS and Thai GAAP, and between IFRS and U.S. GAAP that are relevant to our financial statements, see “Summary of Significant Differences Between IFRS and Thai GAAP” and “Summary of Significant Differences Between IFRS and U.S. GAAP.” We will include a quantitative reconciliation of the significant differences between IFRS and Thai GAAP in the consolidated financial statements we prepare and report in accordance with Thai GAAP in subsequent periods.

	Year Ended December 31,				Three Months Ended March 31,		
	2003 Bt (Revised)	2004 Bt (Revised)	2005 Bt	2005 US\$	2005 Bt (Unaudited)	2006 Bt (Unaudited)	2006 US\$
	(In millions, except for per share amounts)						
Income Statement Data:							
Revenues:							
Revenue from sales:							
Revenue from beer and water	52,085.2	47,749.2	42,263.9	1,029.1	10,539.2	10,790.8	277.9
Revenue from spirits	38,713.1	42,188.6	49,910.0	1,215.2	12,319.2	12,034.4	309.9
Revenue from industrial alcohol . .	609.6	697.7	869.2	21.2	200.5	75.9	2.0
Revenue from related businesses	2,143.6	7,289.6	6,633.0	161.5	1,656.4	1,620.9	41.7
Intersegment eliminations	<u>(1,921.8)</u>	<u>(7,798.8)</u>	<u>(7,584.9)</u>	<u>(184.7)</u>	<u>(1,830.8)</u>	<u>(1,789.7)</u>	<u>(46.1)</u>
Total revenue from sales	91,629.7	90,126.3	92,091.2	2,242.2	22,884.5	22,732.3	585.4
Cost of sales	<u>(66,829.9)</u>	<u>(63,603.1)</u>	<u>(63,143.5)</u>	<u>(1,537.4)</u>	<u>(15,513.8)</u>	<u>(15,668.7)</u>	<u>(403.5)</u>
Gross profit	24,799.8	26,523.1	28,947.7	704.8	7,370.7	7,063.6	181.9
Other operating income . .	1,072.7	249.5	160.9	3.9	19.1	29.1	0.8
General and administrative expenses	<u>(11,203.4)</u>	<u>(11,138.8)</u>	<u>(12,571.9)</u>	<u>(306.1)</u>	<u>(2,837.0)</u>	<u>(3,009.3)</u>	<u>(77.5)</u>
Operating profit before financing costs	14,669.1	15,633.9	16,536.7	402.6	4,552.8	4,083.4	105.2
Financial income	501.7	211.0	112.7	2.7	35.9	10.5	0.2
Financial expense	<u>(2,787.4)</u>	<u>(1,805.3)</u>	<u>(1,568.0)</u>	<u>(38.2)</u>	<u>(388.3)</u>	<u>(509.9)</u>	<u>(13.1)</u>
Profit before tax	12,383.4	14,039.6	15,081.3	367.2	4,200.4	3,584.0	92.3

	Year Ended December 31,				Three Months Ended March 31,		
	2003	2004	2005	2005	2005	2006	2006
	Bt	Bt	Bt	US\$	Bt	Bt	US\$
	(Revised)	(Revised)			(Unaudited)	(Unaudited)	
(In millions, except for per share amounts)							
Income tax	(3,382.8)	(4,499.8)	(4,586.5)	(111.4)	(1,271.2)	(1,097.4)	(28.3)
Net profit	<u>9,000.6</u>	<u>9,539.8</u>	<u>10,494.8</u>	<u>255.5</u>	<u>2,929.2</u>	<u>2,486.6</u>	<u>64.0</u>
Net profit attributable to the Company	6,868.2	10,288.7	10,494.8	255.5	2,929.2	2,486.6	64.0
Net profit (loss) not attributable to the Company	<u>2,132.4</u>	<u>(748.9)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net profit	<u>9,000.6</u>	<u>9,539.8</u>	<u>10,494.8</u>	<u>255.5</u>	<u>2,929.2</u>	<u>2,486.6</u>	<u>64.0</u>
Earnings per Share based on net profit(1)	0.41	0.43	0.48	0.01	0.13	0.11	0.003
Earnings per Share based on net profit attributable to the Company(1)(2)	0.31	0.47	0.48	0.01	0.13	0.11	0.003
Number of Shares outstanding(1)	22,000	22,000	22,000	22,000	22,000	22,000	22,000

(1) Based on the number of Shares outstanding after completion of the Reorganization.

(2) Calculated based on net profit before deducting net profit (loss) not attributable to the Company. For a further description of the calculation of earnings per share based on net profit attributable to the Company, see Note 25 of Notes to our IFRS Financial Statements.

	As of December 31,				As of March 31,	
	2003	2004	2005	2005	2006	2006
	Bt	Bt	Bt	US\$	Bt	US\$
	(Revised)	(Revised)			(Unaudited)	
(In millions)						
Balance Sheet Data:						
Cash and cash equivalents	3,962.4	887.5	3,260.7	79.4	1,831.7	47.2
Trade accounts receivable	1,077.3	840.6	400.6	9.8	199.5	5.1
Inventories	32,172.7	30,737.9	26,034.7	633.9	26,751.4	688.9
Prepaid excise tax	3,920.8	1,971.9	1,553.6	37.8	933.3	24.0
Other current assets	<u>2,467.4</u>	<u>7,125.8</u>	<u>1,151.6</u>	<u>28.0</u>	<u>1,148.3</u>	<u>29.2</u>
Total current assets	43,600.5	41,563.8	32,401.1	788.9	30,864.2	794.9
Property, plant and equipment	47,193.1	45,847.6	48,194.4	1,173.4	47,959.6	1,235.1
Other non-current assets	<u>1,622.4</u>	<u>2,500.5</u>	<u>1,499.4</u>	<u>36.5</u>	<u>3,348.9</u>	<u>86.2</u>
Total assets	<u>92,416.1</u>	<u>89,911.9</u>	<u>82,094.9</u>	<u>1,998.9</u>	<u>82,172.7</u>	<u>2,116.2</u>
Current interest-bearing liabilities	56,975.5	46,040.2	40,386.8	983.3	7,098.9	182.8
Trade accounts payable	2,373.9	1,797.9	1,504.6	36.6	2,030.8	52.3
Other current liabilities	<u>7,112.2</u>	<u>6,740.8</u>	<u>7,787.9</u>	<u>189.6</u>	<u>13,022.7</u>	<u>335.4</u>
Total current liabilities	66,461.6	54,578.9	49,679.3	1,209.6	22,152.4	570.5
Non-current interest-bearing liabilities	—	1,086.6	—	—	30,400.0	782.9
Other non-current liabilities	<u>2,748.1</u>	<u>2,851.8</u>	<u>2,897.8</u>	<u>70.6</u>	<u>2,920.5</u>	<u>75.2</u>
Total non-current liabilities	2,748.1	3,938.4	2,897.8	70.6	33,320.5	858.1
Total liabilities	<u>69,209.7</u>	<u>58,517.3</u>	<u>52,577.1</u>	<u>1,280.2</u>	<u>55,472.9</u>	<u>1,428.6</u>
Total shareholders' equity	<u>23,206.4</u>	<u>31,394.6</u>	<u>29,517.9</u>	<u>718.7</u>	<u>26,699.8</u>	<u>687.6</u>
Total liabilities and shareholders' equity	<u>92,416.1</u>	<u>89,911.9</u>	<u>82,094.9</u>	<u>1,998.9</u>	<u>82,172.7</u>	<u>2,116.2</u>

	Year Ended December 31,				Three Months Ended March 31,		
	2003	2004	2005	2005	2005	2006	2006
	Bt	Bt	Bt	US\$	Bt	Bt	US\$
	(Revised)	(Revised)			(Unaudited)	(Unaudited)	
	(In millions)						
Cash Flow Data:							
Net cash provided by operating activities	23,313.4	15,050.1	28,408.9	691.7	5,147.0	2,485.9	64.0
Net cash used in investing activities ...	(28,859.9)	(3,733.7)	(14,776.0)	(359.8)	(39.8)	(581.9)	(15.0)
Net cash provided by (used in) financing activities	7,980.2	(13,863.8)	(10,904.7)	(265.5)	(2,362.5)	(3,450.5)	(88.9)
Net increase (decrease) in cash and cash equivalents	2,433.8	(2,546.9)	2,723.1	66.3	2,744.8	(1,571.1)	(40.5)

	Year Ended December 31,				Three Months Ended March 31,		
	2003	2004	2005	2005	2005	2006	2006
	Bt	Bt	Bt	US\$	Bt	Bt	US\$
	(In millions)						

Other Financial Data (unaudited):

EBITDA(1)	18,780.1	19,928.2	20,818.9	506.9	5,607.0	5,126.6	132.0
EBIT(1)	14,669.1	15,633.9	16,536.7	402.6	4,552.8	4,083.4	105.2
Capital expenditures(2)	3,060.8	3,070.9	7,220.2	175.8	883.6	627.2	16.2

(1) EBITDA and EBIT are not measurements of financial performance under IFRS and should not be considered an alternative to net cash provided by operating activities or as a measure of liquidity or an alternative to net profit as indicators of our operating performance or any other measures of performance derived in accordance with IFRS. As a measure of our operating performance, we believe the most directly comparable IFRS measure to EBITDA and EBIT is net profit before net profit not attributable to the Company. EBITDA indicates net profit excluding interest income, interest expense, income tax, depreciation, amortization and net profit (loss) not attributable to the Company. EBIT indicates net profit excluding interest income, interest expense, income tax and net profit (loss) not attributable to the Company. For a reconciliation of our net profit to EBITDA, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Measures."

(2) Capital expenditures include the total amount of property, plant and equipment purchased during the period.

SELECTED OPERATING DATA

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	(In thousands)				
Sales Volumes(1)					
Beer and water (<i>hectoliters</i>):					
Beer	10,407.0	9,438.9	8,241.9	2,070.0	2,118.3
Drinking water	499.0	471.5	432.0	111.8	108.2
Soda water	197.1	147.5	154.3	45.5	39.3
Spirits (<i>cases</i>):					
White spirits	38,616.9	39,188.1	41,387.3	10,138.4	10,934.2
Brown spirits	9,203.9	11,468.5	12,546.8	3,275.1	2,419.8
Industrial alcohol (<i>hectoliters</i>)	559.5	617.2	532.0	153.5	37.8
Promotional Goods					
Beer and water (<i>hectoliters</i>):					
Beer	404.3	396.1	971.1	234.6	189.0
Drinking water	0.5	0.5	0.4	0.1	0.1
Soda water	125.7	72.5	45.6	20.7	5.9
Spirits (<i>cases</i>):					
White spirits	3,489.5	3,673.0	336.3	60.9	67.4
Brown spirits	385.5	513.0	262.4	12.6	146.3
Production Volumes					
Beer and water (<i>hectoliters</i>):					
Beer	10,812.9	9,883.5	9,147.4	2,298.4	2,365.1
Drinking water	510.2	478.2	469.6	118.8	118.2
Soda water	315.6	226.1	198.6	64.5	43.8
Spirits (<i>cases</i>):					
White spirits	40,068.1	44,819.2	40,414.0	10,361.9	12,421.2
Brown spirits	6,174.2	8,757.3	9,462.7	2,535.2	1,795.5
Industrial alcohol (<i>hectoliters</i>)	644.6	780.0	418.6	119.0	37.5

(1) Sales volumes exclude promotional goods.

OUR REORGANIZATION

In anticipation of the Combined Offering, the Company was established on October 29, 2003, to become the holding company for substantially all of the beer and water, spirits, industrial alcohol and related business operations controlled by our Principal Shareholders and their business associates. Our Reorganization was effected through a series of transactions in late 2003, early 2004 and late 2005, pursuant to which substantially all of the beer and water, spirits, industrial alcohol and related business operations of 69 companies controlled by our Principal Shareholders and their business associates were transferred to, and consolidated into, the Company. The Reorganization was substantially completed by the end of the first quarter of 2004. Following the Reorganization, these business operations were held by 52 direct and 13 indirect subsidiaries of the Company.

To effect the Reorganization, in 2003 our Principal Shareholders and their business associates capitalized the Company with an initial share capital of Baht 20,000.0 million and the Company borrowed approximately Baht 40,719.1 million in short-term loans from financial institutions. In connection with our Reorganization, our Principal Shareholders, their business associates and the minority shareholders of the various companies transferred contributed the following:

- companies and assets with an aggregate book value of Baht 32,013.4 million as of January 1, 2003, some of which had earned net profits prior to their respective transfers in the aggregate amount of Baht 6,372.0 million. These companies earned Baht 5,999.4 million of this amount in 2003, Baht 87.4 million of this amount in 2004 and Baht 285.2 million of this amount in 2005, which is presented in our IFRS Financial Statements within “difference arising from common control transactions;”
- additional contributions to companies that became subsidiaries of the Company as part of the Reorganization in connection with increases in their share capital in the aggregate amount of Baht 7,068.0 million; and
- equity contributions of Baht 22,291.9 million to various spirits companies that have become subsidiaries of the Company as part of the Reorganization for various spirits inventory and investment transfers that occurred prior to the Reorganization.

The Company paid a total consideration of approximately Baht 48,280.6 million to our Principal Shareholders, their business associates and the minority shareholders of the various companies transferred for the companies and assets transferred in connection with the Reorganization. The Company paid Baht 38,634.6 million of this amount in 2003 and Baht 9,646.0 million in 2005.

In addition, in connection with our Reorganization, our Principal Shareholders, their business associates and the minority shareholders of the various companies transferred received the following:

- dividends paid prior to our Reorganization of Baht 7,635.1 million in 2003 and Baht 2,009.8 million in 2004 from Beer Thai (1991) Public Company Limited, Sangsom Company Limited, Cosmos Brewery (Thailand) Limited and various other companies that became subsidiaries of the Company as part of the Reorganization; and
- Baht 25,510.0 million from the reduction of share capital in companies that became subsidiaries of the Company as part of the Reorganization.

The consideration paid by the Company to our Principal Shareholders, their business associates and the minority shareholders of the various companies transferred, in exchange for the companies and assets transferred by them to the Company as part of the Reorganization, was based on either (i) their net book value, (ii) the par value of shares of the companies, or (iii) a contractually agreed price, whichever we determined to have been the most appropriate basis for determining the respective consideration.

The difference between the amount received by our Principal Shareholders, their business associates and the minority shareholders of the various companies transferred, in connection with our Reorganization, and the amount contributed by our Principal Shareholders, their business associates and the minority shareholders of the various companies transferred, in connection with our Reorganization, was Baht 15,690.2 million. This difference is reflected in the statement of changes in shareholders' equity contained in our consolidated financial statements as the total “difference arising from common control transactions.”

As a result of the Reorganization, as of December 31, 2005, our Principal Shareholders and their business associates owned approximately 82.7% of the outstanding Shares of the Company. In February

2006, our Principal Shareholders acquired all of their business associates' beneficial interest in our Company, and became a beneficial owner of 82.7% of our outstanding Shares. As of March 31, 2006, our Principal Shareholders own approximately 82.7% of our outstanding Shares and the remaining Shares are owned by former minority shareholders of various spirits companies transferred as part of the Reorganization and the former majority owner of Thai Alcohol. For additional information relating to the ownership of the Company, see "Principal and Selling Shareholders."

We have accounted for the formation of our consolidated group as a reorganization of companies under common control in a manner similar to a pooling of interests. Accordingly, our IFRS Financial Statements have been prepared as if (i) the Company had been in existence for all periods presented and (ii) the beer and water, spirits, industrial alcohol and related business operations controlled by our Principal Shareholders and their business associates had been transferred to, and consolidated into, the Company and had become a part of the consolidated group as of January 1, 2003. See Note 2 of Notes to our IFRS Financial Statements for a further description of the basis on which we have prepared our IFRS Financial Statements.

We have stated the assets and liabilities transferred at their carrying values, after adjusting for inter-company transactions and transactions with our Principal Shareholders and their business associates. Our consolidated statements of income and cash flows include the results of operations and cash flows for these businesses and operations as if they had been transferred at the beginning of 2003. As a consequence of consolidating certain assets and liabilities before they were formally transferred into the Company as part of the Reorganization, our results of operations include a portion of net profit (or loss) that is not attributable to the Company. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Net Profit (Loss) Not Attributable to the Company" for a further description of these amounts.

In May 2006, we entered into a conditional sale and purchase agreement with our Principal Shareholders pursuant to which our Principal Shareholders agreed to sell, and we agreed to purchase, our Principal Shareholders' shareholding interest in Best Spirits Company Limited and Pacific Spirits (UK) Limited, a holding company incorporated in the United Kingdom, which is the beneficial owner of the entire issued share capital of Inver House Distillers Ltd., for an aggregate consideration of approximately S\$73.1 million.

If we complete these acquisitions, we intend to account for these transfers as a reorganization of companies under common control in a manner similar to a pooling of interests. Accordingly, we intend to prepare our consolidated financial statements for periods ending after the date of transfer as if the operations of these companies, which were controlled by our Principal Shareholders, had been consolidated into the Company and had become a part of the Group on the first day of the earliest financial period presented. For further information regarding these transfers, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—Proposed Transfers."

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

In the following section we discuss our historical operating results for the years ended December 31, 2003, 2004 and 2005 and the three months ended March 31, 2005 and 2006, our financial condition for the years ended December 31, 2003, 2004 and 2005 and the three months ended March 31, 2006 and our management's assessment of the factors that may affect our prospects and performance in future periods. You should read the following discussion together with the sections entitled "Selected IFRS Consolidated Financial Data" and the IFRS Financial Statements included elsewhere in this document. Our IFRS Financial Statements for the years ended December 31, 2003, 2004 and 2005 have been audited by KPMG Phoomchai Audit Ltd and our unaudited IFRS Financial Statements for the three months ended March 31, 2005 and 2006 have been reviewed by KPMG Phoomchai Audit Ltd.

Unless otherwise stated, we have based the discussion below upon the consolidated financial results of Thai Beverage as reported in our IFRS Financial Statements. We intend to prepare and report our consolidated financial statements only in accordance with Thai GAAP in subsequent periods. IFRS differs in certain significant respects from U.S. GAAP and Thai GAAP. For a discussion of differences between IFRS and U.S. GAAP and Thai GAAP that are relevant to these historical financial statements, you should read the sections entitled "Summary of Significant Differences Between IFRS and U.S. GAAP" and "Summary of Significant Differences Between IFRS and Thai GAAP." We will include a quantitative reconciliation of the significant differences between IFRS and Thai GAAP in the consolidated financial statements we prepare and report in accordance with Thai GAAP in subsequent periods.

See "Our Reorganization" for a description of our Reorganization and of the manner in which we have accounted for the formation of our consolidated group.

Overview

We are the leading producer of beer and spirits in Thailand by sales and production volume and one of the largest brewers and distillers in Southeast Asia, according to Canadean. In 2004, our Chang Beer and Archa Beer brands had an aggregate Thai market share of approximately 60.4% based on sales volume, according to Canadean. We also produce white spirits, Chinese herb spirits and locally-distilled brown spirits, including popular brands such as Sangsom, Mekhong, and Mungkorn Thong. In 2004, our spirits brands had an aggregate Thai market share of approximately 74.4% based on sales volume, according to Canadean. In 2004, we had revenue from sales of Baht 90,126.3 million, and operating profit before financing income and expense of Baht 15,633.8 million. In 2005, we had revenue from sales of Baht 92,091.2 million (US\$2,242.2 million), and operating profit before financing income and expense of Baht 16,536.7 million (US\$402.6 million).

We report our operating results in four segments: beer and water, spirits, industrial alcohol, and related businesses. In 2004 and 2005, our revenue from sales of beer and water (before intersegment eliminations) was Baht 47,749.2 million, or 53.0% of our revenue from sales, and Baht 42,263.9 million (US\$1,029.1 million), or 45.9% of our revenue from sales, respectively, including revenue from by-products in our beer and water business.

In 2004 and 2005, our revenue from sales of spirits (before intersegment eliminations) was Baht 42,188.6 million, or 46.8% of our revenue from sales, and Baht 49,910.0 million (US\$1,215.2 million), or 54.2% of our revenue from sales, respectively, including revenue from by-products in our spirits business.

We generate substantially all of our revenue from sales of our products in Thailand. In addition to our beer and water and spirits businesses, we generate revenue from the sale of industrial alcohol and from related businesses, the latter of which consists primarily of intersegment sales that we eliminated upon consolidation. In 2004 and 2005, our revenue from sales of industrial alcohol (before intersegment eliminations) was Baht 697.7 million, or 0.8% of our revenue from sales, and Baht 869.2 million (US\$21.2 million), or 0.9% of our revenue from sales, respectively, and for the same periods, our revenue from sales in our related businesses (before intersegment eliminations) was Baht 7,289.6 million, or 8.1% of our revenue from sales, and Baht 6,633.0 million (US\$161.5 million), or 7.2% of our revenue from sales, respectively.

In 2004, and 2005, we generated 99.0% and 99.2%, respectively, of our total revenue from sales within Thailand. We also sell our beer, spirits and industrial alcohol products in 19 other countries.

Recent Developments

Proposed Transfers

On January 18, 2006, we received approval from the SEC to sell the New Shares inside Thailand to institutional investors only, and outside Thailand, subject to the following conditions:

we either acquire the following related businesses controlled by our Principal Shareholders located outside Thailand by July 17, 2006:

- Inver House Distillers Ltd., a company incorporated in the United Kingdom and engaged in the production and distribution of spirits. Inver House Distillers Ltd. owns and operates five distilleries in Scotland and sells several brands of Scotch whisky internationally and produces Scotch whisky on behalf of third parties;
- Best Spirits Company Limited, a company incorporated in Hong Kong and engaged in the distribution of our Chang Beer and third-party Chinese wines in Hong Kong; and
- Pacific Spirits (USA), Inc., a company engaged in the distribution of beer and spirits in California, United States,

or we discontinue business transactions with the related businesses we do not acquire;

- our Principal Shareholders agree not to invest in similar businesses that compete with us; and
- our Principal Shareholders and their business associates are deemed to be acting in concert for the purpose of determining whether their combined shareholding in, or any acquisition or disposition of, the Shares would trigger the tender offer threshold or any reporting requirement under the take-over rules of the SEC Act (the “SEC tender offer condition”).

We and our Principal Shareholders have agreed to the above conditions.

In February 2006, our Principal Shareholders acquired all of their business associates’ beneficial interest in our Company, and became a beneficial owner of 82.7% of our outstanding Shares. As a result of these acquisitions, the SEC tender offer condition is no longer applicable.

In May 2006, we entered into a conditional sale and purchase agreement with our Principal Shareholders pursuant to which our Principal Shareholders agreed to sell, and we agreed to purchase, our Principal Shareholders’ shareholding interest in Best Spirits Company Limited and Pacific Spirits (UK) Limited, a holding company incorporated in the United Kingdom, which is the beneficial owner of the entire issued share capital of Inver House Distillers Ltd., for an aggregate consideration of approximately S\$73.1 million. Our obligation to complete the purchase of Best Spirits Company Limited and Pacific Spirits (UK) Limited is subject to various conditions, including completion of satisfactory business, financial and legal due diligence. The purchase price we intend to pay for the purchase of these companies is the same as the valuation of Tay Swee Sze & Associates (“TSSA”), an external valuer that we retained to conduct a valuation of each of Best Spirits Company Limited and Pacific Spirits (UK) Limited.

Proposed Acquisitions

In May 2006, we entered into a conditional purchase and sale agreement to acquire, from their respective shareholders:

- Best Spirits (China) Company Limited, a holding company incorporated in Hong Kong. Best Spirits (China) Company Limited owns 100% of the registered share capital of Yunnan Yulinquan Wine Company Limited and approximately 66.7% of the registered share capital of T.C.C. Ningbo Best Spirits Company Limited. Yunnan Yulinquan Wine Company Limited is engaged in the production of spirits for distribution primarily in the Yunnan province of China and T.C.C. Ningbo Best Spirits Company Limited is engaged in the production of spirits for export sales and distribution in China.
- Panitcharoen (Lao-Thai) 1990 Co., Ltd., a company incorporated in Laos and primarily engaged in the production and distribution of white spirits in Laos.

The aggregate consideration for the purchase of Best Spirits (China) Company Limited and Panitcharoen (Lao-Thai) 1990 Co., Ltd is approximately S\$4.1 million, and our obligation to complete the purchase of these companies is subject to various conditions, including completion of satisfactory business,

financial and legal due diligence. The purchase price we intend to pay for the purchase of these companies is the same as the valuation of TSSA, an external valuer which we retained to conduct a valuation of each of Best Spirits (China) Company Limited and Panitcharoen (Lao-Thai) 1990 Co., Ltd.

We do not intend to acquire Pacific Spirits (USA) Inc. and our Principal Shareholders are in the process of liquidating the company.

Factors Affecting Our Business and Financial Condition

A number of important factors have affected, and we expect will continue to affect, our business, financial condition, results of operations and prospects. These factors include changes in excise taxes, changes in consumer demand, capacity utilization, increased competition, transactions with related parties, and fluctuations in raw material and packaging costs, including the restrictions in the use of, or increases in the price of, water.

Excise and Other Taxes

The Government has strictly regulated and controlled the level of tax on alcoholic beverage products due to its historic nature as a stable and significant revenue source. The Excise Tax Department of the Ministry of Finance administers excise taxes on alcoholic beverages, including beer and spirits, and sets the excise taxes for each type of beer and spirits. Generally, we pay excise tax on beer and spirits for the following working day's or weekend's or holiday's anticipated production volumes. We also prepay excise tax to the Excise Tax Department from time to time. As of December 31, 2005, we had prepaid a total of Baht 1,553.6 million (US\$37.8 million) in excise taxes. The excise taxes applicable to alcoholic beverages are determined by the greater of a Baht per liter calculation and a percentage of the greater of the ex-factory price announced by the Excise Tax Department and the actual ex-factory price for the product. Our excise taxes paid for beer and spirits accounted for 72.3%, 71.9% and 71.9% of our cost of sales in 2003, 2004 and 2005, respectively. See "Regulation—Regulation by the Excise Tax Department, the Ministry of Finance—Tax Rate" for further information regarding the calculation of tax rates, including those applicable to our beer and spirits products.

The Excise Tax Department adjusted excise taxes applicable to brown spirits in January 2003 and September 2005. On September 7, 2005, the Excise Tax Department increased excise taxes on all brown spirits, except those classified by the Excise Tax Department as compounded spirits, or *Sura Pasom*, such as our Mungkorn Thong and Hong Thong brands. Since September 7, 2005, we have paid an excise tax of Baht 400 per liter of pure alcohol for our production of brown spirits, except for compounded spirits, which remained unchanged at Baht 240 per liter of pure alcohol. From January 23, 2003 to September 5, 2005, we paid Baht 240 per liter of pure alcohol for the majority of our brown spirits and 50% of the minimum ex-factory price announced by the Excise Tax Department for our other brown spirits. Prior to January 22, 2003, we paid an excise tax of Baht 240 per liter of pure alcohol.

The Excise Tax Department last adjusted excise taxes applicable to white spirits in January 2003. Since January 22, 2003, we have paid an excise tax of Baht 70 per liter of pure alcohol for white spirits produced and Baht 240 per liter of pure alcohol for Chinese herb spirits. Prior to the January 22, 2003 adjustment, we paid an excise tax of Baht 100 per liter of pure alcohol for white spirits and Baht 240 per liter of pure alcohol for Chinese herb spirits.

The Excise Tax Department adjusted excise taxes applicable to beer in March 2001, and increased the minimum ex-factory price for beer in August 2003. Prior to the March 2001 increase, we paid an excise tax of 53.0% of the minimum ex-factory price announced by the Excise Tax Department for beer. From March 28, 2001 to August 20, 2003, we paid an excise tax of Baht 14.96 per 640 milliliter bottle of beer produced (55.0% of Baht 27.18, the minimum ex-factory price announced by the Excise Tax Department per 640 milliliter bottle of Chang Beer produced). In August 2003, the Excise Tax Department increased the minimum ex-factory price for beer from Baht 27.18 per 640 milliliter bottle of beer produced to Baht 27.20. Since August 21, 2003, we have paid an excise tax of Baht 14.96 per 640 milliliter bottle of beer produced (55.0% of Baht 27.20, the minimum ex-factory price announced by the Excise Tax Department per 640 milliliter bottle of Chang Beer produced).

We paid excise taxes, municipal taxes and health promotion fund contributions of Baht 45,734.6 million in 2004, and Baht 45,392.1 million (US\$1,105.2 million) in 2005. The municipal taxes and health promotion fund contributions represented 10% and 2% of the excise tax paid, respectively.

The following table sets forth the excise tax based on volume and a percentage of the greater of the minimum ex-factory prices announced by the Excise Tax Department or the actual ex-factory price for each product we sell as of September 7, 2005:

<u>Product</u>	<u>Excise Tax Based on Volume (Baht per liter of pure alcohol)</u>	<u>Excise Tax Based on Percentage of the Greater of the Announced Minimum Ex-Factory Price or Actual Ex-Factory Price</u>
Beer	100	55%(1)
White spirits	70(1)	25%
Brown spirits(2)	240-400(1)	50%
Chinese spirits	240(1)	50%

(1) Represents the applicable excise tax rates on each of our products.

(2) The excise tax on brown spirits classified by the Excise Tax Department as compounded spirits, or *Sura Pasom*, such as our Mungkorn Thong and Hong Thong brands, remains at Baht 240 per liter of pure alcohol.

Immediately prior to the September 7, 2005 increase in excise taxes on brown spirits, the sales volumes of our spirits increased, which we believe resulted from our customers' having anticipated the increase in the excise tax. We increased the prices of our Sangsom product in mid-October 2005, and of our Crown 99 product on November 1, 2005, as a result of the excise tax increase. We have not increased the prices of our other brown spirits, but may do so in the future. As a result of these price increases of our brown spirits, we may experience a decrease in our sales volumes, which could result in erosion of our market share. For example, since the September 7, 2005 tax increase and our subsequent price increase of our Sangsom product, we have experienced a decrease in sales volumes of Sangsom. Our sales volumes of Sangsom decreased 54.3% to 1,132.6 thousand cases in the three months ended March 31, 2006, compared to 2,477.4 thousand cases in the three months ended March 31, 2005. In March 2006, we relaunched Hong Thong rum at a suggested retail price of Baht 150 per 700 milliliter bottle, which was the approximate price of Sangsom prior to the September 7, 2005 excise tax increase. If our Hong Thong rum is not successful in attracting consumers who decide to purchase less Sangsom as a result of the price increase, our sales revenue and profitability may be adversely affected.

The price increase of our Sangsom product in 700 milliliter bottles to Baht 190 provided an opportunity for us to relaunch our Hong Thong rum at a suggested retail price of Baht 150 per 700 milliliter bottle, the approximate suggested retail price of our Sangsom product prior to the increase in excise taxes. We re-launched our Hong Thong product in March 2006. We believe our competitors cannot offer products on a commercially acceptable basis at this price point and also believe that our Hong Thong product will permit us to recapture a substantial portion of the customers we lost as a result of the increase price of our Sangsom product. Hong Thong, like Mungkorn Thong, is classified as a compounded spirit, or *Sura Pasom*, and therefore an excise tax rate of Baht 240 per liter of pure alcohol is applicable, rather than Baht 400 per liter for pure alcohol, which is applicable to our Sangsom product.

Prior to 2000, excise tax on spirits was based on an annual lump sum payment, regardless of the volume of spirits produced up to a maximum volume of spirits as set by the Government. If the volume of spirits produced exceeded the maximum volume, then an additional excise tax was applied in accordance with the volume produced above the maximum volume. In 2000, the excise tax on spirits changed from the rate under the concession agreement to a rate based on the greater of a Baht per liter calculation or a percentage of the minimum ex-factory price announced by the Excise Tax Department. Prior to the new excise tax regime on spirits in 2000, we produced the maximum volume of spirits permitted under the lump sum excise payment we were required to pay to fully utilize these excise tax payments. The September 7, 2005 increase in the excise tax on brown spirits does not apply to our products produced prior to September 7, 2005, including the Mekhong inventory that we produced during the concession period. As a result, we expect to maintain our suggested retail price of Mekhong at Baht 125-130 per 750 milliliter bottle until we deplete our current inventory of Mekhong, which we expect to be over the next four to five years. We expect consumers of Sangsom that cannot afford the price increase of Sangsom to trade down to Mekhong and Mungkorn Thong due to their favorable price point, which we expect will result in increased sales volumes of Mekhong and Mungkorn Thong and decreased sales volume of Sangsom. Our sales volumes for Mekhong and Mungkorn Thong increased 47.4% and 67.7%, respectively, to 542.9 thousand cases and 490.4 thousand cases, respectively, in the three months ended March 31, 2006, compared to 368.4 thousand cases and 292.3 thousand cases, respectively, in the three months ended March 31, 2005.

The Government did not increase the excise taxes payable on beer or white spirits, but we cannot assure you that the excise tax on these products will remain unchanged in the future. Any future change that would apply to the excise taxes on beer based on pure alcohol content could place us at a competitive disadvantage. For example, if the pure alcohol content calculation is adopted to calculate the excise tax, we could be at a competitive disadvantage because Chang Beer contains 6.4% alcohol, compared to Leo beer produced by the Boon Rawd Brewery, which contains only 5.5% alcohol. If the basis on which excise taxes are calculated increases the excise tax on our products more than it increases the excise tax on our competitors' products, or decreases the excise tax on our competitor's products more than it decreases the excise tax on our products, then our competitors would have a price advantage, which would adversely affect our sales.

We may pass-through any future increase or new taxes on our products to our customers by increasing our sales prices or, if necessary, absorbing the additional costs. If we pass through any increased or new taxes to consumers, we would have to increase our selling prices, which could adversely affect the demand for, and sales of, our products. Alternatively, if we do not pass through an increase of new taxes to consumers, our costs of sales would increase, which would adversely affect our profitability.

Between 2000 and 2002, Sura Bangyikhan Co., Ltd., one of our subsidiaries, returned spirits it had purchased when it discovered that those spirits were unsuitable for consumption. As a result, Sura Bangyikhan Co., Ltd. claimed for and collected a refund of excise tax in the amount of Baht 1,270.0 million. The Senate Council Extraordinary Committee in charge of Investigation and Study on Fraud conducted an investigation of a former senior official of the Ministry of Industry who allegedly caused the Ministry of Industry a loss due to the tax refund payment. The committee decided that the Ministry of Industry should initiate a lawsuit against its former senior official and against the spirits producers that sold the spirits to Sura Bangyikhan Co., Ltd. As far as we are aware, no lawsuit has been initiated against Sura Bangyikhan Co., Ltd. in respect of the refund. If, however, this claim is brought in a court and the court decides that the tax refund was not made in accordance with the law, we may be required to return the tax refund of Baht 1,270.0 million to the Government.

Changes in Consumer Demand for our Alcoholic Beverage Products

Our revenues and profitability are dependent upon sales of our core beer and spirits products and in particular, sales from five key products: Chang Beer, white spirits, Chinese herb spirits, Sangsom and Mekhong, which accounted for approximately 96.8% of our sales volumes of beer and water, and spirits segment in 2004 and 98.0% in 2005. Demand for these core products depends primarily on demographic factors and consumer preferences, as well as factors relating to discretionary consumer spending, including the general condition of the Thai economy, general levels of consumer confidence and seasonal factors such as weather and festivities. Any significant change in consumer preferences or consumers changing to competing brands may reduce our sales from these core products and therefore affect our profitability.

Principally as a result of increasing consumer preference towards lower alcohol beers, sales volumes of our beer products (excluding promotional goods) decreased approximately 12.7% to approximately 8,241.9 thousand hectoliters in 2005 from approximately 9,438.9 thousand hectoliters in 2004, which was an approximately 9.3% decrease compared to approximately 10,407.0 thousand hectoliters in 2003. We believe the trend toward increased demand for lower alcohol content beer in Thailand will continue, which could erode the market share of our Chang Beer. Accordingly, we launched our own brand of lower alcohol content beer, Archa Beer, in the economy segment of the market in July 2004, and Chang Draught in bottle packaging in March 2006. In March 2006, we launched Chang Light, a lower alcohol content beer, in the standard segment. Establishing Archa Beer, Chang Draught and Chang Light in these markets will, however, take time and we cannot assure you of our success.

Changes in consumer demand can also affect our product sales mix, which also affects our profitability. Since our brown spirits have a higher profit per bottle than our white spirits, an increase in sales of brown spirits relative to sales of our white spirits will have a positive effect on our revenue and profitability. Therefore, our profitability generally increases if we sell higher volumes of brown spirits, in particular Sangsom, one of our highest priced brown spirits, relative to white spirits. Sales volumes of Sangsom (excluding promotional goods) increased 37.3% in 2004 compared to 2003, and 17.2% in 2005, compared to 2004, but we expect our sales volumes of Sangsom to decrease significantly in 2006 compared to 2005 because of the price increase resulting from the September 7, 2005 excise tax increase. However, white spirits contribute the most profit as a percentage of revenue from sales due to their inexpensive cost of production relative to their selling prices.

In addition, seasonal consumption cycles and changes in weather conditions can affect our results of operations. Major holidays and Thai festivals generally increase demand for our products, while the observance of Buddhist lent and the rainy season generally decrease demand of our products in Thailand. Consumption of our products has historically been strong from mid-October to April and historically weaker from May to September due to the rainy season and observance of Buddhist lent. A prolonged rainy season could adversely affect our sales volume, and the results of our operations for a particular period. The observance of Buddhist lent, which is from July to October each year, adversely affects our sales of spirits, while our beer sales during this period are generally stable. As a result, our profitability during this period is generally lower compared to our other periods due to lower spirits sales because our margins on sales of beer are lower than our margins on sale of spirits. In the fourth quarter, our sales volumes of beer and spirits generally increase due to the end of the observance of Buddhist lent. In particular, our sales volumes of brown spirits generally increase as brown spirits are a popular gift for end-of-the-year celebrations.

Capacity Utilization

The total design capacity of our breweries and distilleries, as specified by our suppliers, is approximately 10,900.0 thousand hectoliters per year and 87,777.8 thousand cases per year, respectively. In 2003, 2004 and 2005, we operated our breweries at approximately 99.2%, 90.7% and 83.9% average capacity utilizations, respectively. In 2003, 2004 and 2005, we operated our distilleries at 52.7%, 61.0% and 56.8% average capacity utilizations, respectively.

The capacity utilization of our breweries is primarily affected by the near-term anticipated demand for our beer as we cannot produce beer in significant quantities for long-term future sale due to the relatively short shelf-life of beer products. The capacity utilization of our breweries decreased in 2005, compared to 2004, and in 2004, compared to 2003, principally because we decreased our beer production in response to decreases in beer sales volumes.

In 2004, we implemented an expansion program to increase our beer production capacity at our Kamphaengphet brewery by approximately 4,600.0 thousand hectoliters per annum, which we expect to be completed in the first quarter of 2007. This expansion will increase our total brewery capacity to approximately 15,500.0 thousand hectoliters per annum. In 2003, the utilization rate of our breweries was approximately 99.2% and in 2004 we decided to increase our beer capacity. In addition, we decided to expand our Kamphaengphet brewery by approximately 4,600.0 thousand hectoliters per annum to avoid excessive wear on our machinery and to provide additional capacity to introduce new products. We intend to use the additional beer capacity to meet seasonal fluctuations in demand from time to time, which can exceed 100% of our design capacity. We also intend to use the additional capacity to further penetrate international markets. However, if we are unable to sell our additional beer capacity on a commercially acceptable basis, we may have to reduce our beer production, which would adversely affect the utilization of our breweries and our profitability.

After the completion of our expansion project at our Kamphaengphet brewery, which we expect to occur in the first quarter of 2007, we expect our aggregate brewery capacity to increase by approximately 4,600.0 thousand hectoliters per annum to approximately 15,500.0 thousand hectoliters per annum. Historically we have not recorded idle costs from our breweries. After the completion of our capacity increase, if we are unable to sell our additional beer capacity on a commercially acceptable basis, we may have to reduce our beer production, which would adversely affect the utilization of our breweries. If we experience utilization rates below 80% at our breweries, we will record our costs attributable to the under-utilization of our breweries as idle costs, which will increase our general and administrative costs for the periods our breweries are under-utilized. For a further description of the risks related to our capacity increase, see "Risk Factors—Risks Relating to Our Business—We may not be able to sell the additional beer that we produce as a result of our increase in capacity."

We continue to operate all of our distilleries, including the distilleries which have been under-utilized, as they provide us with a presence in each region of Thailand and enable us to maintain our market share in these areas. In addition, our white spirits are regional products and consumers generally purchase our white spirits based on the local preferences and tastes. Although our distilleries have historically operated at relatively low capacity utilization rates, since 2000 these rates have been adversely affected by the high level of inventories we accumulated prior to 2000. We operated our distilleries at higher rates of capacity utilization during this period of excess production. As of December 31, 2005, we had 9,262.9 thousand cases of brown spirits inventory we produced during this period of excess production. We expect to deplete

these inventories within the next four to five years. As a result of various transactions related to our Reorganization, the carrying value of our inventory approximates our cost of production of brown spirits in 2003. We no longer have inventories of white spirits produced during this period of excess production.

Our capacity utilization has had, and will continue to have, a significant impact on our profitability. Generally, operating our facilities at their maximum designed production capacities favorably affects our profitability because fixed and semi-variable operating costs, such as depreciation and production salaries, are spread over a larger sales base. If we continue to operate our distilleries at low utilization rates, our general and administrative expenses will increase as we record our costs attributable to the under-utilization as idle cost expense. Idle costs represent the cost, including depreciation, of operating our production facilities at levels below 80.0% of their design capacity. We record idle costs separately for each production facility and, therefore, under-utilization of our larger production facilities, such as our Sangsom, Sura Bangyikhan and Red Bull distilleries and Kamphaengphet and Bang Ban breweries, will have a greater impact on our idle costs compared to under-utilization of our smaller production facilities. In addition, we may be required to write-down the value of these assets. Under IFRS and Thai GAAP, impairment of an asset is required when an asset's carrying value exceeds its recoverable amount. Any impairment of our assets could require us to recognize an impairment charge to reflect the write-down in the value of our asset, reduce the amounts of depreciation expense we record in future periods and reduce our shareholder's equity. See "—Critical Accounting Policies and Estimates—Asset Impairment" for further information regarding our asset impairment policy.

Competition

The alcoholic beverage industry in Thailand is highly competitive and we compete for market share with other local and international producers and distributors through brand preferences, distribution capability, product availability, pricing, packaging, consumer promotions and customer service. Our main competitor in the beer market is Boon Rawd Brewery. In the spirits market, we primarily compete with local community spirits producers in the white spirits market and with imported brands in the brown spirits market. Increased competition could require us to reduce prices, increase marketing and promotion expenses and increase capital and other expenditures, and cause us to lose market share. For example, in response to increased competition in the beer and brown spirits market, we have launched several new products since the fourth quarter of 2005, including Blue whisky, Chang Light and Chang Draught in bottles and relaunched our Hong Thong product. Our launch of these new products has increased, and we expect to continue to increase, our marketing and promotion expenses in 2006. Adverse actions by our competitors through their marketing, investment or pricing policies or new competitors entering the market could adversely affect our business, financial condition, results of operations and prospects. Conversely, we have also benefited from decreased competition, for example, in the white spirits market as a result of the withdrawal from the market of several community and regional producers of white spirits in 2005.

According to Canadean, our market share of the beer market (by volume) in Thailand decreased to approximately 60.4% in 2004, from approximately 68.2% in 2003, principally as the result of increased consumption of our competitors' products due to increasing consumer preference for beer with lower alcohol content. We believe the trend toward lower alcohol content beer in Thailand will continue, and we also believe that the competition to capture this segment of the beer market in Thailand will intensify in the coming years. Accordingly, we launched our own brand of lower alcohol content beer, Archa Beer, in the economy segment of the market in July 2004. In March 2006, we launched Chang Light, a 4.2% alcohol content beer, in the standard segment of the market. Conversely, we have also benefited from decreased competition, for example, in the white spirits market as a result of the withdrawal from the market of several community or regional producers of white spirits in 2005.

Pricing

On September 7, 2005, the Excise Tax Department increased excise taxes on all brown spirits, except those classified by the Excise Tax Department as compounded spirits, or *Sura Pasom*, such as our Mungkorn Thong and Hong Thong products. As a result we increased our prices on our Sangsom product in mid-October 2005, and on our Crown 99 product on November 1, 2005. We have not increased the prices of our other brown spirits, but may do so in the future. Any price increase of our brown spirits could result in a decrease in our sales volumes and erosion of our market share. For further information on the increase of excise taxes, see "—Excise and Other Taxes."

Pricing of our beer and spirits products also affects our results of operations. When determining our selling prices for our products, we consider many factors, each of which varies in importance from time to time, including general economic conditions, the level of excise taxes, municipal taxes and health promotion fund contributions, the success and profitability of our various product presentations, the prices of our competitors, the expected margins of our customers, products, the effects of inflation and our costs. The price we charge our customers for our products varies depending on location, type of distribution channel and other factors. Accordingly, changes in any of these factors or in the volumes purchased by different customers may affect our revenues. Prior to 2005, we marketed our products on a portfolio basis, through which we encouraged our agents to purchase our entire product portfolio. Our agents and distributors could then adjust the retail prices of individual products, such as reducing the price of beer while increasing the price of spirits, to promote our products. To enhance our control in the market positioning and retail pricing of our products, in January 2005 we altered our marketing strategy to permit our customers and agents full flexibility in purchasing our products. As a result, we have increased the prices of our white spirits and increased the level of discounts in beer through increasing the promotional goods we provide, which has resulted in higher margins in our spirits, but lower margins in our beer and water products. We provide free cases of beer, water and spirits to our customers based on the volumes they purchase. We account for and record promotional goods in our general and administrative expenses at cost. We increase or decrease the amount of promotional goods we provide in response to market demands.

In the beer market, we have limited flexibility to increase prices as we face competitive pressures to maintain low prices for beer. Although we have not changed the price of our Chang Beer since we introduced it in 1995, we have effectively adjusted the price to our customers through our allocation of promotional goods. Promotional goods comprised 11.6% of our sales volumes of beer and water in 2005, compared to 4.7% in 2004 and 4.8% in 2003. We increased our allocation of promotional goods in 2005 as a result of our focus on an individual, rather than a portfolio, pricing strategy and in response to increased competition in the Thai beer market resulting principally from increasing consumer preferences for lower alcohol beer. In the three months ended March 31, 2006, we reduced our allocation of promotional goods for our beer products to approximately 8.7% of our sales volumes of beer and water.

We do not face the same level of competition in the spirits market, in particular for white spirits, as we do for beer. In January 2004, we increased our prices on our white spirits products by Baht 4 per 625 milliliter bottle and in January 2005, we increased our prices on our white spirits by an additional Baht 5.5 per 625 milliliter bottle. These price increases were an important factor in the increase in our revenue from sales of spirits in 2005 to Baht 49,910.0 million (US\$1,215.2 million), compared to Baht 42,188.6 million in 2004 and Baht 38,713.1 million in 2003. Promotional goods comprised 1.1% of our sales volumes of spirits in 2005, compared to 8.3% in 2004 and 8.1% in 2003. In the three months ended March 31, 2006, the allocation of promotional goods for our spirits products comprised 1.6% of our sales volume of spirits. We expect our allocation of promotional goods for our spirits products to comprise approximately 2.0% of our sales volumes of our spirits in 2006, subject to market conditions.

As of December 31, 2005, we had 9,262.9 thousand cases of brown spirits in our inventory that were produced prior to the end of the concession period in 1999, which we plan to sell within the next four to five years. In May 2005, we implemented a special pricing strategy to reduce the suggested retail sales price of Mungkorn Thong from Baht 115 per 750 milliliter bottle to Baht 99. From January 1, 2006, we increased the suggested retail sales price of Mungkorn Thong to Baht 115 per 750 milliliter bottle. We expect to implement this special pricing strategy periodically to increase our revenues and cash flows and decrease our inventory and costs associated with carrying this inventory.

The product mix of our sales also affects our average selling prices and results of operations. Since the effective selling price per liter of beer and spirits is typically higher for the beer and spirits we sell in smaller packaging sizes, an increase in the proportion of our beer and spirits sales in smaller bottles and cans will result in increased revenues. In addition, since our brown spirits have a higher selling price than our white spirits, an increase in sales of brown spirits relative to sales of our white spirits will have a positive effect on our revenue and profitability. In addition, within the brown spirits category, if our sales of higher-priced brown spirits, such as Sangsom, are greater than our sales of lower-priced brown spirits, such as Mungkorn Thong, our revenues will increase in a greater proportion than the increase in sales volumes.

Transactions with Related Parties

We have engaged in, and plan to continue to engage in, various transactions in the ordinary course of business with companies controlled by our Principal Shareholders, and to a lesser extent, with companies controlled by our Directors, that are not part of our Group.

We conduct our transactions with related parties at prices based on market prices or at contractually agreed prices where no market or reference prices are available, but we cannot assure you that we would not have been able to obtain more favorable pricing from independent third parties. See “Interested Person Transactions—General Mandate for Interested Person Transactions” for a description of the SGX-ST requirements applicable to interested person transactions and “Principal and Selling Shareholders” for a description of our principal and selling shareholders. Our revenue from related parties was approximately Baht 399.8 million in 2004 and Baht 255.4 million (US\$6.2 million) in 2005. Our expenses attributable to related parties were approximately Baht 5,549.0 million in 2004 and Baht 4,765.5 million (US\$116.0 million) in 2005. Purchases of various raw materials and packaging, including new and used bottles, molasses and aluminium cans, amounted to Baht 4,427.9 million, or 7.0% of our cost of sales (24.8% of our cost of sales excluding excise taxes, municipal taxes and health promotion fund contributions) in 2004, and Baht 4,126.0 million, or 6.5% of our cost of sales (23.2% of our cost of sales excluding excise taxes, municipal taxes and health promotion fund contributions) in 2005.

Our transactions with entities controlled by our Principal Shareholders and other related parties during 2004 and 2005, included, but were not limited to, transactions with our Directors, including Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi and their associates (including TCC Holding Co., Ltd. and its subsidiaries, LSPV (2001) Co., Ltd. and its subsidiaries, various funds in which Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi and their associates are the principal beneficiaries, and various companies controlled by Mr. Charoen Sirivadhanabhakdi and his associates, and our Director, Mr. Vivat Tejapaibul, (each, an “Interested Person”). For a further description of our transactions with Interested Persons, see “Interested Persons Transactions.”

Packaging Materials and Raw Materials

Our packaging material expenses accounted for 12.3%, 11.3% and 11.3% of our cost of sales in 2003 and 2004, and 2005, respectively. Our raw material expenses accounted for 6.9%, 6.7% and 6.3% of our cost of sales in 2003, 2004 and 2005, respectively. Any increase in the prices of these materials would increase our operating costs, which would, in turn, reduce our profitability, if we were unable to recover these additional operating costs from our customers. In the past, neither the prices nor the availability of packaging materials or raw materials have had a material affect on our results of operations.

Glass bottles comprise the largest portion of our packaging material expenses. Our operating costs increase when we use new glass bottles as new bottles cost approximately three times more than used glass bottles. In 2004, we purchased approximately 68.8% used glass bottles and 31.2% new glass bottles. In 2005, we purchased approximately 69.8% used glass bottles and 30.2% new glass bottles. In 2006, we expect our purchases of new glass bottles to increase due to the launch of new products, such as Chang Light, Chang Draught in bottles and Blue whisky, which we intend to produce and sell in new bottles only.

We purchase most of our packaging materials and raw materials from third party suppliers and interested persons. In 2003, 2004 and 2005, we purchased 71.1%, 61.4% and 62.9%, respectively, of our packaging materials and raw materials from third parties. Our results of operations may be affected by the availability and pricing of raw materials, including molasses, malt, hops, and water, and packaging materials, including glass bottles, labels, caps and other packaging materials. In 2004, Bang-Na Logistic Co., Ltd. (“Bang-Na Logistic”), a wholly owned subsidiary of our Company, became our central procurement company to supply new and used glass bottles to our beer and water and spirits business. In 2004, Pan International (Thailand) Co., Ltd. (“Pan International”), a wholly-owned subsidiary of our Company, became our central procurement company to supply spare parts and other raw materials, including, aluminium cans, caps, cartons, trays and inserts. Prior to 2004, each of our business segments was responsible for purchasing its own supplies. In 2004, the revenue and costs of sales of our related businesses segments increased principally as a result of our establishment of these two central procurement companies. Bang-Na Logistic earns sales revenue from sales of new and used glass bottles and labor service revenues for its logistic services, and Pan International earns sales revenue from sales of spare parts and procurement commissions on the raw material and packaging material it provides to our other business segments. Substantially all of these revenues are eliminated upon consolidation of our accounts.

We maintain inventories of molasses and we contract for purchases of malt and hops in the last quarter of each year for the following year's requirements. As a result of these raw materials purchasing policies, current increases in raw materials prices may not affect our cost of sales until subsequent periods. For example, although we normally purchase one year's anticipated requirements of molasses during the November to March production season, in early 2004 we purchased larger quantities because of the abnormally low prices. As a result, we were able to use molasses that we purchased in 2004 at lower prices for spirits and industrial alcohol production in 2005, after significant increases in prices of molasses in the latter part of 2004. Any increase in the price of molasses in 2006 may not affect our cost of sales until subsequent periods after we have depleted the molasses inventory we purchased in 2005.

We source our water requirements for our breweries and three of our distilleries from deep wells located in our facilities. In September 2004, the Government announced that in addition to the standard prices for deep well water, in various provinces, including Ayutthaya, Nakornpathom, Samutsakorn and Pathumthani where our Bang Ban brewery, the Cosmos Brewery and some of our distilleries are located, it would impose a conservation fee of Baht 1.0 per cubic meter on water sourced from deep wells. In addition, the Government announced that from October 1, 2004, the conservation fee would increase, on a quarterly basis, by Baht 1.0 per cubic meter until June 30, 2006, when the conservation fee will be Baht 8.0 per cubic meter. From July 1, 2006, the total conservation fee will be increased to Baht 8.5 per cubic meter. We paid Baht 2.3 million and Baht 17.8 million in conservation fees for the period from September to December 2004 and in 2005, respectively. In 2003, 2004 and 2005, our breweries and distilleries in the affected areas used a total of approximately 4.1 million, 4.3 million and 4.0 million cubic meters of deep well water, respectively. Further price increases of deep well water or any restrictions on the use of deep well water could adversely affect our production costs, which would reduce our profitability if we were unable to recover these additional production costs from our customers. In addition, such Government action may require that we use alternative sources of water to produce our beer and spirits, such as tap water, river water and water collected in reservoirs.

We commenced construction in August 2005 of an additional water filtration system at our Bang Ban brewery to enable us to utilize river water. We expect the water treatment facility to be completed by the fourth quarter of 2006. This additional water filtration system will cost approximately Baht 838.2 million, including land costs of Baht 571.3 million, which we expect to fund primarily using internally generated cash flows.

Our Revenues

Our total revenue from sales consists of revenue from sales of beer and water, spirits, industrial alcohol, related businesses and intersegment eliminations. We derive our revenue from sales from:

- Chang Beer (including our Chang Export, Chang Light and Chang Draught), Archa Beer and Chang drinking water and soda water;
- white spirits, Chinese herb spirits and sake; brown spirits, such as Sangsom, Mekhong and Mungkorn Thong and other spirits brands;
- industrial alcohol, including ethyl alcohol of 95 degrees or ethanol of 99.5 degrees;
- by-products produced from our beer, spirits and industrial alcohol operations; and
- a small amount of construction, advertising and media services.

Our Cost of Sales

Our cost of sales consists of payments for excise taxes, packaging materials, raw materials and other costs, which consist principally of depreciation, direct labor costs and overhead.

Excise Taxes. Excise taxes, including municipal taxes and contributions to the health promotion fund consists of payments we make to the Excise Tax Department for the production of beer and spirits. The excise taxes applied to alcoholic beverages are determined by the greater of a Baht per liter calculation and a percentage of the greater of the ex-factory price announced by the Excise Tax Department and the actual ex-factory price for the product. For a further description of the calculation of excise taxes, see "Regulation—Regulation by the Excise Tax Department, the Ministry of Finance—Excise Tax; Payment." We recognize excise taxes as a cost of sales based on our actual sales volumes (excluding promotional goods) in each period.

Packaging Materials. The principal packaging materials used in our beer and water and spirits production are glass bottles, polyethylene terephthalate (“PET”) bottles, caps, cans, labels, cartons, trays and inserts. For further information regarding packaging materials, see “Business—Raw Materials and Packaging Materials for Beer and Water, Spirits and Industrial Alcohol—Packaging Materials.”

Raw Materials. The principal raw materials used in our beer, spirits and industrial alcohol production are malt, hops, molasses, rice, yeast, concentrate, diatomites and water. For further information regarding raw materials, see “Business—Raw Materials and Packaging Materials for Beer and Water, Spirits and Industrial Alcohol—Raw Materials.”

Other. Our cost of sales also includes:

- depreciation expenses relating principally to our breweries, distilleries, industrial alcohol plant and related equipment. We allocate depreciation expenses attributable to our production facilities between cost of sales and selling and general administrative expenses, based on the ratio of production volume to normal capacity (which is approximately 80.0% of design capacity);
- direct labor consisting principally of the labor costs associated with producing our beer and water, spirits and industrial alcohol products; and
- overheads consisting principally of the indirect costs associated with producing our beer and water, spirits and industrial alcohol products.

The following table sets forth the breakdown of our total cost of sales and each item as a percentage of our total cost of sales for the periods indicated:

	Year Ended December 31,						Three Months Ended March 31,					
	2003	%	2004	%	2005	2005	%	2005	%	2006	2006	%
	Bt		Bt		Bt	US\$		Bt		Bt	US\$	
	(In millions)											
Cost of sales												
Excise taxes(1)	48,315.2	72.3	45,734.6	71.9	45,392.1	1,105.2	71.9	11,119.1	71.7	11,462.3	295.2	73.2
Packaging Materials	8,192.4	12.3	7,195.9	11.3	7,158.0	174.3	11.3	1,669.9	10.8	1,648.5	42.5	10.5
Raw Materials	4,633.8	6.9	4,271.6	6.7	3,970.8	96.7	6.3	1,010.3	6.5	925.5	23.8	5.9
Other	5,688.5	8.5	6,401.0	10.1	6,622.6	161.3	10.5	1,714.5	11.1	1,632.4	42.0	10.4
Total cost of sales	<u>66,829.9</u>	<u>100.0</u>	<u>63,603.1</u>	<u>100.0</u>	<u>63,143.5</u>	<u>1,537.5</u>	<u>100.0</u>	<u>15,513.8</u>	<u>100.0</u>	<u>15,668.7</u>	<u>403.5</u>	<u>100.0</u>

(1) Includes municipal taxes and health promotion fund contributions.

Other Operating Income

Our other operating income includes revenue relating to the sale of scrap and waste from our beer, spirits and industrial alcohol operations, profit on sale of fixed assets and net translation gains (losses) resulting from the translation of foreign currency denominated assets or liabilities into Baht for financial statement purposes.

General and Administrative Expenses

Our general and administrative expenses consist principally of marketing and public relations expenses, employee costs for non-production facility personnel, idle costs, depreciation on non-production facility assets, vehicle and travel expenses, and other general and administrative expenses. Our general and administrative expenses include:

- marketing and public relations expenses consisting principally of promotions of our products, which include promotional goods and advertising. Our promotional goods have accounted for the majority of our marketing and public relations expense. We promote our products by providing our customers with free finished goods. We include the cost of the finished goods we give away as promotions in our general and administrative expenses;
- employee costs for non-production facility personnel, such as salaries and bonuses;
- idle costs, which represents the cost (including depreciation) of operating our production facilities at levels below 80.0% of their design capacity, recorded separately for each production facility;
- depreciation on our non-production facility assets;

- vehicle and travel expenses relating principally to product delivery and sales representatives' travel expenses; and
- other general and administrative expenses including other non-operational expenses.

Financial Income

Financial income consists principally of interest received on our bank deposits and current investments, and net gains on foreign exchange transactions.

Financial Expenses

Financial expenses consists principally of interest paid on our bank borrowings and net losses on foreign exchange transactions.

Segment Data

We operate in four business segments: beer and water, spirits, industrial alcohol and related businesses. The following table sets forth our revenue from sales, cost of sales, and general and administrative expenses by business segment, including appropriate intersegment eliminations for intersegment transactions, and our revenue from sales by geographic region for the periods indicated:

	Year Ended December 31,				Three Months Ended March 31,		
	2003	2004	2005	2005	2005	2006	2006
	Bt (Revised)	Bt (Revised)	Bt	US\$ (In millions)	Bt (Unaudited)	Bt (Unaudited)	US\$
Selected Segment Data:							
Revenue from sales:							
Beer and water(1)	52,085.2	47,749.2	42,263.9	1,029.1	10,539.2	10,790.8	277.9
Spirits(2)	38,713.1	42,188.6	49,910.0	1,215.2	12,319.2	12,034.4	309.9
Industrial alcohol	609.6	697.7	869.2	21.2	200.5	75.9	2.0
Related businesses(3)	2,143.6	7,289.6	6,633.0	161.5	1,656.4	1,620.9	41.7
Eliminations(4)	<u>(1,921.8)</u>	<u>(7,798.8)</u>	<u>(7,584.9)</u>	<u>(184.7)</u>	<u>(1,830.8)</u>	<u>(1,789.7)</u>	<u>(46.1)</u>
Total	<u>91,629.7</u>	<u>90,126.3</u>	<u>92,091.2</u>	<u>2,242.2</u>	<u>22,884.5</u>	<u>22,732.3</u>	<u>585.4</u>
Gross profit:							
Beer and water	12,444.1	10,902.5	9,720.2	236.7	2,198.0	2,604.7	67.1
Spirits	12,374.5	16,098.7	19,989.6	486.7	5,235.4	4,681.8	120.6
Industrial alcohol	159.3	228.8	397.8	9.7	83.4	23.3	0.6
Related businesses	381.1	619.0	564.8	13.8	161.8	163.2	4.2
Eliminations	<u>(559.2)</u>	<u>(1,325.8)</u>	<u>(1,724.7)</u>	<u>(42.0)</u>	<u>(307.9)</u>	<u>(409.4)</u>	<u>(10.5)</u>
Total	<u>24,799.8</u>	<u>26,523.2</u>	<u>28,947.7</u>	<u>704.8</u>	<u>7,370.7</u>	<u>7,063.6</u>	<u>181.9</u>
Operating profit before financing income and expense:							
Beer and water	7,653.8	6,392.9	2,842.2	69.2	570.6	1,098.0	28.3
Spirits	6,429.0	9,213.7	13,401.1	326.3	3,794.1	3,025.4	77.9
Industrial alcohol	138.1	181.2	234.8	5.7	61.0	(32.8)	(0.8)
Related businesses	448.3	(141.0)	62.1	1.5	59.8	(3.2)	(0.1)
Eliminations	<u>(0.1)</u>	<u>(12.9)</u>	<u>(3.5)</u>	<u>(0.1)</u>	<u>67.3</u>	<u>(4.0)</u>	<u>(0.1)</u>
Total	<u>14,669.1</u>	<u>15,633.9</u>	<u>16,536.7</u>	<u>402.6</u>	<u>4,552.8</u>	<u>4,083.4</u>	<u>105.2</u>

(1) Includes sales of by-products to third parties and intersegment sales of bottles.

(2) Includes sales of by-products to third parties and intersegment sales of molasses to Thai Alcohol.

(3) Includes principally intersegment revenues, including sales of new and used bottles, logistic service fees, sales of spare parts and procurement commission, sales of construction services and sales of advertising and media, and related expenses.

(4) Includes eliminations of intersegment sales, principally relating to the sale by our related businesses of bottles and spare parts and procurement commissions and logistic services.

	Year Ended December 31,				Three Months Ended March 31,		
	2003	2004	2005	2005	2005	2006	2006
	Bt	Bt	Bt	US\$	Bt	Bt	US\$
	(Revised)	(Revised)			(Unaudited)	(Unaudited)	
	(In millions)						

Geographic Data:

Revenue from sales by geographic region:

Thailand.....	90,820.2	89,254.9	91,394.7	2,225.2	22,629.6	22,645.2	583.2
International	809.5	871.4	696.5	17.0	254.9	87.1	2.2
Total.....	<u>91,629.7</u>	<u>90,126.3</u>	<u>92,091.2</u>	<u>2,242.2</u>	<u>22,884.5</u>	<u>22,732.3</u>	<u>585.4</u>

See Note 22 of Notes to our IFRS Financial Statements for a further description of the basis on which we have prepared the segmental information included in our consolidated financial statements.

Net Profit (Loss) Not Attributable to the Company

The businesses that were transferred to our Company during the period between October 2003 and October 2005 comprised both share and asset transfers. Although we have included the results of operations attributable to the businesses transferred by our Principal Shareholders and their business associates in our IFRS Financial Statements as if they had been transferred at January 2003, we did not receive the earnings and cash flows, or suffer the losses, attributable to the businesses transferred by transfers of assets until they were formally transferred to our Company at a later date. Therefore, we have deducted any net profit attributable to the former owners of these businesses and added back any net loss attributable to the former owners of these businesses in our income statement. In 2005, our net profit of Baht 10,494.8 million (US\$255.5 million) was attributable to the Company. In 2004, the net loss not attributable to the Company added back in our income statement was Baht 748.9 million and in 2003, the net profit not attributable to the Company deducted in our income statement was Baht 2,132.4 million.

Critical Accounting Policies and Estimates

We have prepared our IFRS Financial Statements in accordance with IFRS and the interpretations adopted by the International Accounting Standards Boards (“IASB”), and in the absence of any guidance under IFRS, we have used the most recent pronouncements of other accounting standard-setting organizations and international practice. Note 3 of Notes to our IFRS Financial Statements includes a summary of the significant accounting policies and methods we used in preparing these financial statements. We periodically evaluate the estimates and judgments we make when preparing our financial statements, including those related to inventories, property, plant and equipment and impairment of assets. We base our estimates and judgments on historical experience and on various factors we believe to be reasonable under the circumstances. Our actual results may differ from these estimates. We believe that the following accounting policies are the most critical in the preparation of our financial statements because they involve the estimates of the effect of matters that are inherently uncertain.

Lack of Guidance under IFRS

Our Company was established on October 29, 2003, and, through a series of transactions, most of which were completed by late 2005, substantially all of the beer and water, spirits and industrial alcohol operations controlled by our Principal Shareholders and their business associates were transferred to and consolidated into the Company. We have accounted for the formation of the Group as a reorganization of companies under common control in a manner similar to a pooling of interests. We have prepared our IFRS Financial Statements in accordance with IFRS and the interpretations adopted by the IASB, and in the absence of guidance under IFRS, we have used the most recent pronouncements of other standard-setting bodies and international practice.

We believe that, in the absence of guidance under IFRS, our reliance on international standard-setting bodies is reasonable. See “Our Reorganization” for a description of the formation of our consolidated group.

Revenue Recognition

We recognize revenue on products when the significant risks and rewards of ownership transfers to the buyer and there is no significant uncertainty on recovery of the consideration due, associated costs, the probable return of goods or the continuing management involvement with the goods. We record revenue net of value added taxes or other sales taxes and trade discounts.

Inventories

In the ordinary course of our business (in particular our spirits business), we hold significant amounts of inventory, which includes finished goods and maturing spirits. As a result, the cost formula we use to record our inventory can have a significant impact on our operating results. We record our inventory at the lower of cost and net realizable value. We determine the cost of our inventory on a weighted average cost basis, by adding all purchase costs, conversion costs and other costs incurred in bringing the inventories to their present location and condition.

The cost of finished goods and work-in-progress includes a share of overhead costs based on normal operation capacity. We record the cost of finished goods based on the weighted average method.

We determine the net realizable value of our inventories by estimating the selling price in the ordinary course of business, less the costs of completion and selling expenses. We perform periodic assessments to determine the existence of obsolete, slow-moving and non-saleable inventories, such as discontinued products, and make allowances for all deteriorated, damaged, obsolete and slow-moving inventories.

As of December 31, 2005, the carrying value of our total inventory, net of obsolete inventory, was Baht 26,034.7 million (US\$633.9 million) and consisted of finished goods, maturing goods, work-in-process, raw materials, packaging materials and spare parts, and others. Finished goods comprised 61.7%, or Baht 16,066.6 million, maturing goods comprised 17.5%, or Baht 4,547.0 million, work-in-process comprised 12.5%, or Baht 3,240.3 million, raw materials, packaging materials and spare parts comprised 7.3%, or Baht 1,892.9 million, and others comprised 1.1%, or Baht 287.9 million, of total inventories.

Our finished goods consist of legacy inventories of brown spirits (principally Mekhong and Mungkorn Thong) produced by related parties prior to the end of the concession period and beer, spirit and water products produced in the ordinary course of business. Our legacy inventories of brown spirits comprised 53.0%, or Baht 8,514.3 million, of our total finished goods inventory as of December 31, 2005. The carrying value on our books of these legacy inventories is based on their fair value at the date of purchase from related parties. Our legacy inventories of brown spirits decreased 28.3% to Baht 8,514.3 million as of December 31, 2005, from Baht 11,871.4 million as of December 31, 2004. We expect to deplete our legacy inventories within the next four to five years.

Property, plant and equipment

The net carrying value of our property, plant and equipment as of December 31, 2005, totaled Baht 48,194.4 million (US\$1,173.5 million). The accounting treatment of property, plant and equipment can have a significant impact on our financial statements because of the magnitude of our property, plant and equipment, associated depreciation charges, revaluation assumptions, and associated borrowing costs and investments.

Revaluation. Our policy is to revalue our assets every three to five years, or when there are factors that might materially impact the value of the assets. In 2003, we revalued our land and recognized Baht 6,453.3 million as a surplus on fixed asset revaluation. At December 31, 2003, the total carrying amount of land resulting from the 2003 revaluation was Baht 13,160.7 million. Any significant revaluation of our assets in the future could increase or impair the value of our assets in future periods and impact our shareholders' equity.

Depreciation and Amortization. The choice of depreciation method reflects our judgment of how we benefit from a particular asset. We typically depreciate our assets, including our plant and equipment, based on the asset's book value (including revaluation if applicable) on a straight line basis over the estimated useful life of the asset.

The useful life is the amount of time we expect to productively employ an asset, which may be less than its physical life. We determine the estimated useful life based on wear and tear, obsolescence,

technical standards and changes in market demand. We apply the following useful lives for our plant and equipment:

<u>Plant and Equipment</u>	<u>Years</u>
Land improvements	5-20
Buildings and improvements	5-30
Machinery and equipment	5-30
Furniture, fixtures and office equipment	3-10
Motor vehicles	5-10
Oak barrels	20
Packaging equipment	5-10

We believe our depreciation policy is consistent with industry practice in Thailand and other beverage companies. Changes in the estimated useful lives of depreciable assets could have a significant effect on our reported results of operations.

Subsequent Investments. We make judgments as to whether subsequent investments made in respect of an existing item of plant and equipment should be capitalized or expensed. We assess the recoverability of the carrying amount of property, plant and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in the business conditions. Our policy is to capitalize only those items that we believe enhance the future economic benefits of the asset beyond its originally assessed standard of performance. In cases where an asset has been previously improved, we assess the enhancement of the future economic benefits of the asset by reference to the production output of the asset. We charge maintenance, repairs and betterments that do not enhance the value of or increase the life of the assets to operations as incurred.

Asset Impairment

We review our assets for possible impairment at each balance sheet date and whenever events or circumstances indicate the carrying amount of an asset may not be recoverable or is impaired. We assess recoverability by estimating the greater of the asset's net selling price and value in use. For example, we estimate the recoverable amount of the work-in-progress and maturing goods we own in significant quantities and when the actual value differs from the estimates used, we may take impairment charges, which would adversely affect our operating results. In assessing value in use, we discount the estimated future cash flows to their present value using a pre-tax discount rate based upon historical results and current projections of profit before interest and income taxes. For an asset that does not generate cash flow and is independent of other assets, we determine the recoverable amount based on the present value of estimated future cash flows, discounted at the original effective interest rate.

We recognize an impairment loss in our statement of income when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. We reverse an impairment loss when there has been a change in the estimates used to determine the recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if we had not recognized any impairment loss. We recognized impairment losses of approximately Baht 96.9 million in 2003, Baht 144.7 million in 2004 and Baht 162.9 million (US\$4.0 million) in 2005.

Order Book

Due to the nature of our business, we do not maintain an order book. Most of our customers pay for our goods and services prior to delivery as we typically do not grant credit terms. We distribute our goods from our inventory after receipt of payment.

Results of Operations

The following table sets forth the breakdown of our statement of income data and each item as a percentage of total revenue from sales for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	%	%	%	%	%
	(As a percentage of total revenue from sales)				
Income Statement					
Total revenue from sales	100.0	100.0	100.0	100.0	100.0
Revenue from sales:					
Beer and water	56.8	53.0	45.9	46.1	47.5
Spirits	42.3	46.8	54.2	53.8	52.9
Industrial alcohol	0.7	0.8	0.9	0.9	0.3
Related businesses	2.3	8.1	7.2	7.2	7.1
Eliminations	<u>(2.1)</u>	<u>(8.7)</u>	<u>(8.2)</u>	<u>(8.0)</u>	<u>(7.9)</u>
Total revenue from sales	100.0	100.0	100.0	100.0	100.0
Cost of sales:					
Beer and water:					
Excise tax	30.3	27.9	23.9	24.1	24.8
Packaging material	5.9	5.5	4.6	4.7	4.5
Raw material	3.6	3.4	2.8	3.0	2.8
Other	3.5	4.1	4.0	4.7	3.9
Spirits:					
Excise tax	21.8	22.8	25.4	24.5	25.6
Packaging material	2.9	2.5	3.1	2.6	2.7
Raw material	1.0	1.1	1.3	1.2	1.2
Other	3.0	2.6	2.7	2.7	2.8
Industrial alcohol	0.5	0.5	0.5	0.5	0.2
Related businesses	1.9	7.4	6.6	6.5	6.4
Eliminations	<u>(1.5)</u>	<u>(7.2)</u>	<u>(6.3)</u>	<u>(6.7)</u>	<u>(6.1)</u>
Total cost of sales	<u>72.9</u>	<u>70.6</u>	<u>68.6</u>	<u>67.8</u>	<u>68.9</u>
Gross profit	27.1	29.4	31.4	32.2	31.0
Other operating income	1.2	0.3	0.2	0.1	0.1
General and administrative expenses	<u>12.2</u>	<u>12.4</u>	<u>13.6</u>	<u>12.4</u>	<u>13.1</u>
Operating profit before financing costs	16.1	17.3	18.0	19.9	18.0
Financial income	0.5	0.2	0.1	0.2	n.m.
Financial expense	3.1	2.0	1.7	1.7	2.2
Profit before tax	13.5	15.6	16.4	18.4	15.8
Income tax	<u>3.7</u>	<u>5.0</u>	<u>5.0</u>	<u>5.6</u>	<u>4.8</u>
Net profit	<u>9.8</u>	<u>10.6</u>	<u>11.4</u>	<u>12.8</u>	<u>10.9</u>
Net profit attributable to the Company	7.5	11.4	11.4	12.8	10.9
Net profit (loss) not attributable to the Company	<u>2.3</u>	<u>(0.8)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net profit	<u>9.8</u>	<u>10.6</u>	<u>11.4</u>	<u>12.8</u>	<u>10.9</u>

Three Months Ended March 31, 2006 Compared to Three Months Ended March 31, 2005

Total Revenue from Sales. Our total revenue from sales decreased 0.7% to Baht 22,732.3 million (US\$585.4 million) in the three months ended March 31, 2006, from Baht 22,884.5 million in the three months ended March 31, 2005. This decrease was primarily attributable to decreases in our revenue from sales of spirits and industrial alcohol, partially offset by increases in our revenue from sales of beer and

water. Revenue from sales within Thailand in the three months ended March 31, 2005 and 2006 were 98.9% and 99.6%, respectively, of total revenue from sales.

Revenue from Sales of Beer and Water. Our revenue from sales of beer and water increased 2.4% to Baht 10,790.8 million in the three months ended March 31, 2006, from Baht 10,539.2 million (US\$271.4 million) in the three months ended March 31, 2005. Our sales volumes of beer increased approximately 2.3% to approximately 2,118.3 thousand hectoliters in the three months ended March 31, 2006, compared to approximately 2,070.0 thousand hectoliters in the three months ended March 31, 2005. This increase was primarily attributable to the increase in sales of Chang beer following growth of the economy beer segment.

Revenue from Sales of Spirits. Our revenue from sales of spirits decreased 2.3% to Baht 12,034.4 million (US\$309.9 million) in the three months ended March 31, 2006 from Baht 12,319.2 million in the three months ended March 31, 2005.

Our revenues from brown spirits decreased approximately 17.2% to Baht 4,309.8 million (US\$111.0 million) in the three months ended March 31, 2006, from Baht 5,205.8 million in the three months ended March 31, 2005, principally as a result of a 26.1% decrease in sales volumes of brown spirits in the three months ended March 31, 2006, compared to the three months ended March 31, 2005. In particular, in the three months ended March 31, 2006, our sales volumes of Sangsom rum decreased 54.3%, compared to the three months ended March 31, 2005, primarily as a result of the increase in our selling price of Sangsom rum, in line with the September 7, 2005 increase in excise taxes. This decrease was partially offset by increases in sales volumes of Mekhong and Mungkorn Thong of 47.4% and 67.7%, respectively. The relaunch of our Hong Thong product in late March 2006 had no significant impact on our results for the three months ended March 31, 2006.

Our revenues from white spirits and Chinese herb spirits increased approximately 8.6% to Baht 7,724.5 million (US\$198.9 million) in the three months ended March 31, 2006, from Baht 7,113.4 million in the three months ended March 31, 2005, primarily as a result of the increase in our sales volumes of white spirits, principally our Ruang Khao product. Our sales volumes of white spirits increased approximately 7.8% to approximately 10,934.2 thousand cases in the three months ended March 31, 2006, compared to approximately 10,138.4 thousand cases in the three months ended March 31, 2005. We believe the increase in our sales volumes of white spirits resulted principally from gains of market share from community or regional producers of white spirits.

Revenue from Sales of Industrial Alcohol. Our revenue from sales of industrial alcohol decreased 62.1% to Baht 75.9 million (US\$2.0 million) in the three months ended March 31, 2006 from Baht 200.5 million in the three months ended March 31, 2005. Our revenues from ethyl alcohol of 95 degrees decreased significantly to Baht 14.9 million (US\$0.4 million) in the three months ended March 31, 2006, from Baht 190.2 million in the three months ended March 31, 2005, principally as a result of a significant decrease in our sales volumes of ethyl alcohol of 95 degrees to 6.5 thousand hectoliters in the three months ended March 31, 2006, from 146.2 thousand hectoliters in the three months ended March 31, 2005. This decrease resulted from our suspension of production of ethyl alcohol of 95 degrees between mid-January and March 31, 2006, because selling prices did not reflect significant increases in the cost of molasses. We re-started production of ethyl alcohol of 95 degrees in mid-April 2006.

Revenues from Related Businesses. Our revenue from sales from related business decreased 2.1% to Baht 1,620.9 million (US\$41.7 million) in the three months ended March 31, 2006, from Baht 1,656.4 million in the three months ended March 31, 2005. This decrease was primarily attributable to the decrease in the sales of used bottles as the sales of brown spirits, in particular, Sangsom rum, decreased in the three months ended March 31, 2006 compared to the three months ended March 31, 2006.

Intersegment Eliminations. Our intersegment eliminations related to revenue from sales decreased 2.2% to Baht 1,789.7 million (US\$46.1 million) in the three months ended March 31, 2006 from Baht 1,830.8 million in the three months ended March 31, 2005. This decrease was primarily attributable to the decrease in our revenue from related businesses.

Cost of Sales. Our cost of sales increased 1.0% to Baht 15,668.7 million (US\$403.5 million) in the three months ended March 31, 2006 from Baht 15,513.8 million in the three months ended March 31, 2005.

Cost of Sales of Beer and Water. Our cost of sales of beer and water decreased 1.9% to Baht 8,186.1 million (US\$210.8 million) in the three months ended March 31, 2006, from Baht 8,341.2 million in the three months ended March 31, 2005.

Excise Tax. Our excise taxes (including municipal taxes and health promotion fund contributions) on beer increased 2.3% to Baht 5,643.1 million (US\$145.3 million) in the three months ended March 31, 2006, from Baht 5,517.9 million in the three months ended March 31, 2005, in line with the approximately 2.3% increase in our beer sales volume (excluding promotional goods) in the three months ended March 31, 2006, compared to the three months ended March 31, 2005.

Packaging Materials. Packaging materials costs for our beer and water decreased 4.8% to Baht 1,024.7 million (US\$26.4 million) in the three months ended March 31, 2006, from Baht 1,079.0 million in the three months ended March 31, 2005. This decrease was primarily attributable to our increased use of used bottles for our beer and water products in the three months ended March 31, 2006, compared to the three months ended March 31, 2005.

Raw Materials. Raw materials costs for our beer and water decreased 7.6% to Baht 626.7 million (US\$16.1 million) in the three months ended March 31, 2006, from Baht 678.2 million in the three months ended March 31, 2005. This decrease was primarily attributable to decreases in the cost of malt and rice in the three months ended March 31, 2006, compared to the three months ended March 31, 2005.

Other. Our other cost of sales of beer and water decreased 16.4% to Baht 891.6 million (US\$23.0 million) in the three months ended March 31, 2006, from Baht 1,066.1 million in the three months ended March 31, 2005. This decrease was primarily attributable to decreases in our overhead and other costs, principally as a result of our decreased use of spare parts in the three months ended March 31, 2006, compared to the three months ended March 31, 2005.

Cost of Sales of Spirits. Our cost of sales of spirits increased 3.8% to Baht 7,352.6 million (US\$189.4 million) in the three months ended March 31, 2006, from Baht 7,083.8 million in the three months ended March 31, 2005.

Excise Tax. Our excise taxes (including municipal taxes and health promotion fund contributions) on spirits increased 3.9% to Baht 5,819.2 million (US\$149.9 million) in the three months ended March 31, 2006, from Baht 5,601.2 million in the three months ended March 31, 2005. This increase was primarily attributable to the September 7, 2005 increase in excise taxes on all brown spirits, except for *Sura Pasom*, such as our Mungkorn Thong brand. We paid excise tax of Baht 400 per liter on our brown spirits in the three months ended March 31, 2006, pursuant to the September 7, 2005 increase in excise taxes, compared Baht 240 per liter in the three months ended March 31, 2005.

Packaging Materials. Our packaging materials costs for our spirits increased 5.6% to Baht 623.8 million (US\$16.1 million) in the three months ended March 31, 2006, from Baht 590.9 million in the three months ended March 31, 2005. This increase was primarily attributable to our increased use of new bottles for our white spirits products.

Raw Materials. Our raw materials costs for our spirits increased 0.7% to Baht 271.7 million (US\$7.0 million) in the three months ended March 31, 2006, from Baht 269.9 million in the three months ended March 31, 2005. This increase was primarily attributable to increases in the cost of molasses.

Other. Our other cost of sales for our spirits increased 2.6% to Baht 637.9 million (US\$16.4 million) in the three months ended March 31, 2006, from Baht 621.8 million in the three months ended March 31, 2005. This increase was primarily attributable to increases in labor costs and depreciation. These increases were partially offset by a decrease in our overhead and other costs.

Cost of Sales of Industrial Alcohol. Our cost of sales of industrial alcohol decreased 55.1% to Baht 52.6 million (US\$1.4 million) in the three months ended March 31, 2006, from Baht 117.1 million in the three months ended March 31, 2005. This decrease was primarily attributable to a 75.4% decrease in our sales volumes of industrial alcohol in the three months ended March 31, 2006, compared to the three months ended March 31, 2005.

Cost of Sales of Related Businesses. Our cost of sales of related businesses decreased 2.5% to Baht 1,457.7 million (US\$37.5 million) in the three months ended March 31, 2006, from Baht 1,494.6 million in the three months ended March 31, 2005, in line with the decrease in sales from related businesses.

Intersegment Eliminations. Our intersegment eliminations of intersegment costs decreased 9.4% to Baht 1,380.3 million (US\$35.5 million) in the three months ended March 31, 2006, from Baht 1,522.9 million in the three months ended March 31, 2005. This decrease was primarily attributable to a decrease in the cost of sales of our related businesses.

Gross Profit. Our gross profit decreased 4.2% to Baht 7,063.6 million (US\$181.9 million) in the three months ended March 31, 2006, from Baht 7,370.7 million in the three months ended March 31, 2005. As a percentage of total revenue from sales, gross profit decreased to 31.0% in the three months ended March 31, 2006, compared to 32.2% in the three months ended March 31, 2005.

Other Operating Income. Our other operating income increased 52.4% to Baht 29.1 million (US\$0.7 million) in the three months ended March 31, 2006, from Baht 19.1 million in the three months ended March 31, 2005. This increase was primarily attributable to an increase in residual income, which comprised mostly sales of scrap materials, in the three months ended March 31, 2006 compared to March 31, 2005.

General and Administrative Expenses. Our general and administrative expenses increased 6.1% to Baht 3,009.3 million (US\$77.5 million) in the three months ended March 31, 2006, from Baht 2,837.0 million in the three months ended March 31, 2005. This increase was primarily attributable to increases in our employee expenses and vehicle and traveling expenses in the three months ended March 31, 2006, compared to the three months ended March 31, 2005. In the three months ended March 31, 2006, our employee expenses increased 11.3% as a result of increased annual salaries and Chinese New Year bonuses to our employees, and the increased number of employees employed by our subsidiary, International Beverage Holdings Ltd., which is responsible for our international sales and marketing efforts. In the three months ended March 31, 2006, our vehicle and traveling expenses increase 55.3% as a result of increases in fuel prices and a decrease in obtaining services of contract trucking companies to supplement our transportation operations. These increases were partially offset by decreases in our marketing and public relations expenses. In the three months ended March 31, 2006, our marketing and public relations expenses decreased 12.7% to Baht 906.7 million (US\$23.4 million) from Baht 1,039.0 million in the three months ended March 31, 2005, primarily as a result of a decrease in promotional goods for beer and water. Our promotional goods for beer and water decreased to 8.7% of sales volumes of beer and water in the three months ended March 31, 2006, compared to 11.6% in the three months ended March 31, 2005. These increases were partially offset by an increase in our marketing and public relations expenses for our spirits business in the three months ended March 31, 2006, compared to the three months ended March 31, 2005, principally as a result of increases in promotional goods for spirits.

Operating Profit Before Financing Costs. Our operating profit before financing costs decreased 10.3% to Baht 4,083.4 million (US\$105.2 million) in the three months ended March 31, 2006, from Baht 4,552.8 million in the three months ended March 31, 2005. As a percentage of total revenue from sales, operating profit before financing costs decreased to 18.0% in the three months ended March 31, 2006, compared to 19.9% in the three months ended March 31, 2005.

Financial Income. Our financial income decreased 70.8% to Baht 10.5 million (US\$0.3 million) in the three months ended March 31, 2006, from Baht 35.9 million in the three months ended March 31, 2005. This decrease was primarily attributable to a decrease in bank deposits as we used our cash balances to repay debt in 2005 and in the three months ended March 31, 2006.

Financial Expense. Our financial expense increased 31.3% to Baht 509.9 million (US\$13.1 million) in the three months ended March 31, 2006, from Baht 388.3 million in the three months ended March 31, 2005, principally as a result of an increase in the level of our outstanding debt since March 31, 2005.

Profit Before Tax. Our profit before tax decreased 14.7% to Baht 3,584.0 million (US\$92.3 million) in the three months ended March 31, 2006, from Baht 4,200.4 million in the three months ended March 31, 2005.

Income Tax. Our income tax decreased 13.7% to Baht 1,097.4 million (US\$28.3 million) in the three months ended March 31, 2006, from Baht 1,271.2 million in the three months ended March 31, 2005, resulting principally from our decreased profit before tax.

Net Profit. Our net profit decreased approximately 15.1% to Baht 2,486.6 million (US\$64.0 million) in the three months ended March 31, 2006, from Baht 2,929.2 million in the three months ended March 31, 2005. In the three months ended March 31, 2005 and 2006, respectively, all our net profit was attributable to the Company. As a percentage of total revenue, our net profit decreased to 10.9% in the three months ended March 31, 2006, from 12.8% in the three months ended March 31, 2005.

Year Ended December 31, 2005 Compared to Year Ended December 31, 2004

Total Revenue from Sales. Our revenue from sales increased 2.2% to Baht 92,091.2 million (US\$2,242.2 million) in 2005, from Baht 90,126.3 million in 2004. This increase was primarily attributable to increases in our revenues from the sale of spirits and industrial alcohol, partially offset by decreases in our revenue from sales of beer and water. Revenue from sales within Thailand in 2005 and 2004 were 99.2% and 99.0%, respectively, of total revenue from sales.

Revenue from Sales of Beer and Water. Our revenue from sales of beer and water decreased 11.5% to Baht 42,263.9 million (US\$1,029.1 million) in 2005, from Baht 47,749.2 million in 2004. Our volume of beer sales decreased approximately 12.7% to approximately 8,241.9 thousand hectoliters in 2005, compared to approximately 9,438.9 thousand hectoliters in 2004. This decrease was primarily attributable to increased competition, increased consumer preference for lower alcohol beer and a change in our marketing and pricing strategy from a portfolio strategy to an individual product strategy, commencing on January 1, 2005.

Revenue from Sales of Spirits. Our revenue from sales of spirits increased 18.3% to Baht 49,910.0 million (US\$1,215.2 million) in 2005, from Baht 42,188.6 million in 2004.

Our revenues from brown spirits increased approximately 19.8% to Baht 20,801.2 million (US\$506.5 million) in 2005, from Baht 17,366.8 million in 2004, principally as a result of a 9.4% increase in sales volumes of brown spirits in 2005, compared to 2004. In particular, in 2005 sales volumes of Sangsom rum, one of our highest priced brown spirits, and Mungkorn Thong rum increased 17.2% and 23.6%, respectively, compared to 2004. The increase in sales volumes of Sangsom was primarily attributable to increased promotions and to a lesser extent to our customers having purchased additional quantities of product prior to the September 7, 2005 increase in excise taxes. In addition, our revenues from brown spirits increased in 2005 compared to 2004, as a result of the September 7, 2005 excise tax increase and our price increase on our Sangsom product to Baht 190 per 700 milliliter bottle from Baht 140 per 700 milliliter bottle. These increases were partially offset by a 30.1% decrease in sales volumes of Mekhong rum in 2005, compared to 2004.

Our revenues from white spirits and Chinese herb spirits increased approximately 17.3% to Baht 29,108.8 million (US\$708.8 million) in 2005, from Baht 24,821.8 million in 2004. In 2005, the increase in our revenue was primarily attributable to a price increase of Baht 5.5 per 625 milliliter bottle on white spirits, which was effective on January 1, 2005. In 2005, we sold approximately 69.4% of our white spirits in 625 milliliter bottles. In addition, our sales volumes of white spirits increased approximately 5.6% to approximately 41,387.3 thousand cases in 2005, compared to approximately 39,188.1 thousand cases in 2004. We believe the increase in our sales volumes of white spirits resulted principally from the withdrawal from the market of several community or regional producers of white spirits.

Revenue from Sales of Industrial Alcohol. Our revenue from sales of industrial alcohol increased 24.6% to Baht 869.2 million (US\$21.2 million) in 2005, from Baht 697.7 million in 2004. Our revenues from ethanol of 99.5 degrees increased significantly to Baht 364.3 million (US\$8.9 million) in 2005, from Baht 53.1 million in 2004, principally as a result of operating our ethanol facility for the full year in 2005, compared to only four months in 2004. Our sales volumes of ethanol of 99.5 degrees increased significantly to 207.8 thousand hectoliters in 2005, compared to 41.6 thousand hectoliters in 2004. In addition, the unit prices of ethanol of 99.5 degrees increased from Baht 12 per liter in 2004 to Baht 15 per liter in the first quarter of 2005 and Baht 19 per liter in the fourth quarter of 2005. Our revenues from ethyl alcohol of 95 degrees decreased approximately 25.6% to Baht 479.5 million (US\$11.7 million) in 2005, from Baht 644.6 million in 2004, principally as a result of a strategic decision to reduce our production and sales of ethyl alcohol of 95 degrees in 2005, as the price of molasses increased due to decreases in supplies in 2005, and our unit prices of ethyl alcohol of 95 degrees did not increase in line with the unit prices of molasses.

Revenues from Related Businesses. Our revenue from sales from related businesses decreased 9.0% to Baht 6,633.0 million (US\$161.5 million) in 2005, from Baht 7,289.6 million in 2004. This decrease was primarily attributable to our use of a lower amount of reused bottles as a result of decreased sales volumes of beer in 2005, compared to 2004.

Intersegment Eliminations. Our intersegment eliminations related to revenue from sales decreased 2.7% to Baht 7,584.9 million (US\$184.7 million) in 2005, from Baht 7,798.8 million in 2004. This decrease was primarily attributable to the decrease in sales from related businesses, as substantially all of these sales are intersegment revenues. These intersegment eliminations included revenues from centralized services including logistics, procurement and marketing.

Cost of Sales. Our cost of sales decreased 0.7% to Baht 63,143.5 million (US\$1,537.5 million) in 2005, from Baht 63,603.1 million in 2004.

Cost of Sales of Beer and Water. Our cost of sales of beer and water decreased 11.7% to Baht 32,543.7 million (US\$792.4 million) in 2005, from Baht 36,846.7 million in 2004, principally as a result of decreases in sales volumes.

Excise Tax. Our excise taxes (including municipal taxes and health promotion fund contributions) on beer decreased 12.5% to Baht 22,014.3 million (US\$536.0 million) in 2005, from Baht 25,168.1 million in 2004, in line with the approximately 12.7% decrease in our beer sales volume (excluding promotional goods) in 2005, compared to 2004.

Packaging Materials. Packaging materials costs for our beer and water decreased 13.8% to Baht 4,267.5 million (US\$103.9 million) in 2005, from Baht 4,952.8 million in 2004. This decrease was primarily attributable to decreases in our beer sales volume of 12.7% in 2005, compared to 2004.

Raw Materials. Raw materials costs for our beer and water decreased 16.0% to Baht 2,554.7 million (US\$62.2 million) in 2005, from Baht 3,041.1 million in 2004. This decrease was primarily attributable to decreases in our beer sales volume of 12.7% in 2005, compared to 2004, and our procurement of lower cost malt in 2005, compared to 2004.

Other. Our other cost of sales of beer and water increased 0.6% to Baht 3,707.2 million (US\$90.3 million) in 2005, from Baht 3,684.7 million in 2004. This increase was primarily attributable to increases in depreciation and overhead.

Cost of Sales of Spirits. Our cost of sales of spirits increased 14.7% to Baht 29,920.4 million (US\$728.5 million) in 2005, from Baht 26,089.9 million in 2004.

Excise Tax. Our excise taxes (including municipal taxes and health promotion fund contributions) on spirits increased 13.9% to Baht 23,377.8 million (US\$569.2 million) in 2005, from Baht 20,517.7 million in 2004. The increase in excise taxes was attributable to our increased sales volumes of spirits in 2005, in particular the increase in sales volumes of brown spirits, which are taxed at higher rates compared to white spirits, and to a lesser extent, the increase in the excise tax rate on brown spirits. Our sales volumes of brown spirits increased 9.4% in 2005 compared to 2004, and our sales volumes of white spirits increased 5.6% in 2005, compared to 2004. We paid excise tax of Baht 240 per liter on brown spirits (except for *Sura Pasom*, such as our Mungkorn Thong brand), which increased to Baht 400 per liter pursuant to the September 7, 2005 increase on excise taxes. We paid excise tax of Baht 70 per liter on our white spirits.

Packaging Materials. Our packaging materials costs for our spirits increased 29.3% to Baht 2,890.5 million (US\$70.4 million) in 2005, from Baht 2,235.2 million in 2004. This increase was primarily attributable to higher sales volumes and a greater proportion of sales of brown spirits which require new bottles that are more expensive, compared to used bottles for white spirits.

Raw Materials. Our raw materials costs for our spirits increased 19.2% to Baht 1,165.2 million (US\$28.4 million) in 2005, from Baht 977.4 million in 2004. This increase was primarily attributable to higher sales volumes and increases in the cost of molasses.

Other. Our other cost of sales for our spirits increased 5.4% to Baht 2,486.9 million (US\$60.6 million) in 2005, from Baht 2,359.6 million in 2004. This increase was primarily attributable to increases in labor costs and depreciation. Labor costs increased as a result of a discretionary bonus paid to long-term employees on Chinese New Year in 2005. These increases were partially offset by a decrease in overhead.

Cost of Sales of Industrial Alcohol. Our cost of sales of industrial alcohol increased 0.5% to Baht 471.4 million (US\$11.5 million) in 2005, from Baht 468.9 million in 2004. This increase was primarily attributable to an increase in raw material costs. Substantial increases in the market price of molasses in 2005 did not materially affect raw material costs as we used lower cost molasses that we purchased in prior periods.

Cost of Sales of Related Businesses. Our costs of sales and services of related businesses decreased 9.0% to Baht 6,068.2 million (US\$147.8 million) in 2005, from Baht 6,670.6 million in 2004. This decrease was primarily attributable to our use of a lower proportion of used bottles in 2005 compared to 2004.

Intersegment eliminations. Our intersegment eliminations of intersegment costs decreased 9.5% to Baht 5,860.2 million (US\$142.7 million) in 2005, from Baht 6,473.0 million in 2004. This decrease was primarily attributable to the decrease in the cost of sales of related businesses, including those of centralized services, as substantially all of these costs were intersegment costs.

Gross Profit. Our gross profit increased 9.1% to Baht 28,947.7 million (US\$704.8 million) in 2005, from Baht 26,523.1 million in 2004. As a percentage of total revenue from sales, gross profit increased to 31.4% in 2005, compared to 29.4% in 2004.

Other Operating Income. Our other operating income decreased 35.5% to Baht 160.9 million (US\$3.9 million) in 2005, from Baht 249.5 million in 2004. This decrease was primarily attributable to penalty fees received for early termination of contracted production in 2004 that we did not receive in 2005.

General and Administrative Expenses. Our general and administrative expenses increased 12.9% to Baht 12,572.0 million (US\$306.1 million) in 2005, from Baht 11,138.8 million in 2004. This increase was primarily attributable to a 12.8% increase in our marketing and public relations expenses in 2005, compared to 2004. Our marketing and public relations expenses for our beer and water business increased significantly to Baht 3,863.3 million (US\$94.1 million) in 2005, from Baht 1,678.7 million in 2004, as a result of an increase in promotional goods for beer and water. Our promotional goods for beer and water increased to 11.6% of beer and water sales volumes in 2005, compared to 4.7% in 2004, primarily as a result of our shift to an individual brand marketing strategy. These increases were partially offset by a decrease in our marketing and public relations expenses for our spirits business to Baht 389.1 million (US\$9.5 million) in 2005, from Baht 2,093.5 million in 2004, principally as a result of decreases in promotional goods for spirits. Our idle costs relating to our production facilities increased 74.7% as a result of lower utilization of our alcohol plant and distilleries, our employee costs increased 10.3% as a result of increased bonuses and our vehicle and traveling expenses increased 3.5% as a result of increased fuel costs, product delivery and sales representatives traveling expenses in 2005, compared to 2004. These increases were partially offset by losses from investments of Baht 411.1 million in 2004 that we did not incur in 2005, and losses from sales of fixed assets in 2004 that we did not incur in 2005.

Operating Profit Before Financing Costs. Our operating profit before financing costs increased 5.8% to Baht 16,536.7 million (US\$402.6 million) in 2005, from Baht 15,633.8 million in 2004. As a percentage of total revenue from sales, operating profit increased to 18.0% in 2005, compared to 17.3% in 2004.

Financial Income. Our financial income decreased 46.6% to Baht 112.7 million (US\$2.7 million) in 2005, from Baht 211.0 million in 2004. This decrease was primarily attributable to lower cash deposits as we invested our cash in our Kamphaengphet brewery expansion project during 2005.

Financial Expense. Our financial expense decreased 13.1% to Baht 1,568.0 million (US\$38.2 million) in 2005, from Baht 1,805.3 million in 2004, principally as a result of the decrease in the level of our outstanding debt in 2005, compared to 2004.

Profit Before Tax. Our profit before tax increased 7.4% to Baht 15,081.3 million (US\$367.2 million) in 2005, from Baht 14,039.6 million in 2004.

Income Tax. Our income tax increased approximately 1.9% to Baht 4,586.5 million (US\$111.7 million) in 2005, from Baht 4,499.8 million in 2004, resulting principally from increased profit before income tax.

Net Profit. Our net profit increased approximately 10.0% to Baht 10,494.8 million (US\$255.5 million) in 2005, from Baht 9,539.8 million in 2004, of which Baht 10,288.7 million was net profit attributable to the Company and Baht 748.9 million was net loss not attributable to the Company.

In 2005, our net profit was attributable to the Company. As a percentage of total revenue, our net profit increased to 11.4% in 2005, from 10.6% in 2004.

Year Ended December 31, 2004 Compared to Year Ended December 31, 2003

Total Revenue from Sales. Our revenue from sales decreased 1.6% to Baht 90,126.3 million in 2004, from Baht 91,629.7 million in 2003. This decrease was primarily attributable to decreases in revenues from our beer and water sales, partially offset by increases in revenues from our spirits sales. Revenue from sales within Thailand in 2004 and 2003 were 99.0% and 99.1%, respectively, of total revenue from sales.

Revenue from Sales of Beer and Water. Our revenue from sales of beer and water decreased 8.3% to Baht 47,749.2 million in 2004, from Baht 52,085.2 million in 2003. Our volume of beer sales in 2004 decreased approximately 9.3% to approximately 9,438.9 thousand hectoliters, compared to approximately 10,407.0 thousand hectoliters in 2003. This decrease was primarily attributable to increased competition and increased consumer preference for lower alcohol beer, partially offset by an increase of our sales of our beer in 330 milliliter aluminium cans, which have a higher selling price per unit volume than products sold in larger packaging formats. In addition, in 2004, our revenue from sales of beer and water included our revenue from sales of Carlsberg beer. We ceased to sell Carlsberg beer in January 2004 and our revenue from sales of Carlsberg beer decreased significantly to Baht 79.3 million in 2004, compared to Baht 962.3 million in 2003.

Revenue from Sales of Spirits. Our revenue from sales of spirits increased 9.0% to Baht 42,188.6 million in 2004, from Baht 38,713.1 million in 2003.

Our revenues from brown spirits increased approximately 11.6% to Baht 17,365.6 million in 2004, from Baht 15,559.2 million in 2003, principally as a result of a 24.6% increase in sales volumes of brown spirits in 2004, compared to 2003. In particular, in 2004 sales volumes of Sangsom rum, one of our highest priced brown spirits, and Mekhong rum increased 37.3% and 5.7%, respectively, compared to 2003. Sales of Crown 99 also increased in 2004 after we reduced the suggested retail price. In 2004, we also commenced production of Crown 99 at our distilleries, instead of importing it from the Philippines as we had done in prior years. These increases were partially offset by a decrease in sales volumes of 15.3% in Mungkorn Thong rum in 2004 compared to 2003.

Our revenues from white spirits and Chinese herb spirits increased approximately 7.2% to Baht 24,821.8 million in 2004, from Baht 23,154.0 million in 2003, principally as a result of increased sales volumes of white spirits and a price increase of Baht 4 per 625 milliliter bottle on white spirits, which was effective on January 1, 2004. In 2004, our sales volumes of white spirits increased approximately 1.5% to approximately 39,188.1 thousand cases, of which 56.4% were sold in 625 milliliter bottles, compared to approximately 38,616.9 thousand cases in 2003, of which 66.5% were sold in 625 milliliter bottles.

Revenue from Sales of Industrial Alcohol. Our revenue from sales of industrial alcohol increased 14.5% to Baht 697.7 million in 2004, from Baht 609.6 million in 2003. This increase was primarily attributable to our production facility operating 12 months of the year in 2004, compared to only 10 months in 2003, due to renovations at the plant in the beginning of 2003. In addition, in September 2004, we commenced production and sale of ethanol of 99.5 degrees. In 2004, our sales volume of industrial alcohol products increased approximately 10.3% to approximately 617.2 thousand hectoliters, compared to approximately 559.5 thousand hectoliters in 2003. The global benchmark price of ethyl alcohol, on which we base the selling price of our ethyl alcohol of 95 degrees, increased to an average of approximately US\$27.5 per hectoliter in 2004, compared to an average of approximately US\$26.6 per hectoliter in 2003. We sold almost all of our industrial alcohol outside Thailand in 2003 and 2004.

Revenues from Related Businesses. Our revenue from sales from related businesses increased significantly to Baht 7,289.6 million in 2004, from Baht 2,143.6 million in 2003. This increase was primarily attributable to increased centralization of services such as logistics, procurement and marketing, in 2004, compared to 2003 when each segment purchased these services individually.

Intersegment Eliminations. Our intersegment eliminations of intersegment sales increased significantly to Baht 7,798.8 million in 2004, from Baht 1,921.8 million in 2003. This increase was primarily attributable to the increase in sales from related businesses, as substantially all of these sales are intersegment revenues. These intersegment eliminations included revenues from centralized services including logistics, procurement and marketing.

Cost of Sales. Our cost of sales decreased 4.8% to Baht 63,603.1 million in 2004, from Baht 66,829.9 million in 2003. This decrease was primarily attributable to a decrease in sales revenue, which resulted in a reduction of excise taxes, raw material costs and packaging costs.

Cost of Sales of Beer and Water. Our cost of sales of beer and water decreased 7.0% to Baht 36,846.7 million in 2004, from Baht 39,641.1 million in 2003. This decrease was primarily attributable to a decrease in sales volumes of beer, which resulted in a reduction of excise taxes, raw material costs and packaging material costs.

Excise Tax. Our excise taxes (including municipal taxes and health promotion fund contributions) on beer decreased 9.4% to Baht 25,168.1 million in 2004, from Baht 27,767.2 million in 2003, in line with the approximately 9.3% decrease in our actual sales volumes of beer (excluding promotional goods) in 2004, compared to 2003, partially offset by an increase in the excise tax applicable to beer in August 2003.

Packaging Materials. Our packaging materials costs for beer and water decreased 8.4% to Baht 4,952.8 million in 2004, from Baht 5,409.1 million in 2003. This decrease was primarily attributable to decreased sales volumes.

Raw Materials. Our raw materials costs for beer and water decreased 7.5% to Baht 3,041.1 million in 2004, from Baht 3,287.9 million in 2003. This decrease was primarily attributable to decreased sales volumes. Decreases in purchased volumes of raw materials were partially offset by a slight decrease in the value of the Baht against other currencies, such as the Euro and Australian dollar, in which the purchase price of certain types of our raw materials are denominated.

Other. Our other cost of sales of beer and water increased 16.0% to Baht 3,684.7 million in 2004, from Baht 3,176.9 million in 2003. This increase was primarily attributable to increased overhead and depreciation.

Cost of Sales for Spirits. Our cost of sales for spirits decreased 0.9% to Baht 26,089.9 million in 2004 from Baht 26,338.6 million in 2003. This decrease was primarily attributable to a decrease in packaging costs and the quantity of imported spirits, partially offset by an increase in excise taxes and purchased volumes of raw materials.

Excise Tax. Our excise taxes (including municipal taxes and health promotion fund contributions) on spirits increased 2.7% to Baht 20,517.7 million in 2004, from Baht 19,982.6 million in 2003. This increase was attributable to an increase in the sales volumes of spirits in 2004, compared to 2003.

Packaging Materials. Our packaging materials costs for spirits decreased 16.8% to Baht 2,235.2 million in 2004, from Baht 2,687.6 million in 2003 even though our volumes of spirits sold in 2004 increased. This decrease in packaging costs was primarily attributable to using more 330-milliliter reusable bottles, which we started using during 2003 for our white spirits and a decrease in the average price per glass bottle achieved by our centralized purchasing strategy.

Raw Materials. Our raw materials costs for spirits increased 9.0% to Baht 977.4 million in 2004, from Baht 896.9 million in 2003. This increase was primarily attributable to increased volumes of spirits sold in 2004 compared to 2003 and increased purchases of imported malt to produce Crown 99 at our distilleries in 2004 after we ceased to import Crown 99 from the Philippines. These cost increases were partially offset by the decrease in the cost of molasses in 2004 compared to 2003.

Other. Our other cost of sales for spirits decreased 14.9% to Baht 2,359.6 million in 2004, from Baht 2,771.5 million in 2003 even though our volumes of spirits sold in 2004 increased. This decrease in other costs was primarily attributable to our ceasing to import Crown 99 from the Philippines from 2004. These cost decreases were partially offset by increased labor costs due to annual salary increases and promotions.

Cost of Sales of Industrial Alcohol. Our cost of sales of industrial alcohol increased 4.1% to Baht 468.9 million in 2004, from Baht 450.3 million in 2003. This increase was primarily attributable to an increase in depreciation, overhead and labor costs, all of which resulted from our commencement of commercial operations of our new ethanol production line in 2004, and as a result of operating our ethyl alcohol facility for the full year in 2004, compared to only 10 months in 2003. The cost increases were

partially offset by a decrease in raw material prices, principally of molasses, which decreased significantly in 2004 compared to 2003.

Cost of Sales of Related Businesses. Our cost of sales of related businesses increased significantly to Baht 6,670.6 million in 2004, from Baht 1,762.5 million in 2003. This increase was primarily attributable to the centralization of services such as logistics, procurement and marketing.

Intersegment Eliminations. Our intersegment eliminations of intersegment costs increased significantly to Baht 6,473.0 million in 2004, from Baht 1,362.6 million in 2003. This increase was primarily attributable to the increase in the cost of sales of related businesses, including those of centralized services, as substantially all of these costs were intersegment costs.

Gross Profit. Our gross profit increased 6.9% to Baht 26,523.1 million in 2004, from Baht 24,799.8 million in 2003. As a percentage of total revenue from sales, gross profit increased to 29.4% in 2004, compared to 27.1% in 2003.

Other Operating Income. Our other operating income decreased 76.7% to Baht 249.5 million in 2004, from Baht 1,072.7 million in 2003. This decrease was primarily attributable to gains on foreign exchange of Baht 409.7 million, a penalty fee of Baht 300.0 million, which we received from a customer that failed to purchase the minimum contracted capacity from our Cosmos Brewery, and a distributor fee of Baht 40.0 million in 2003, which we received as payment to guarantee the supply of ethyl alcohol to a distributor in Hong Kong, none of which we received in 2004. The decrease of our other income in 2004 was partially offset by net gains on foreign exchange transactions and gains on sale of fixed assets.

General and Administrative Expenses. Our general and administrative expenses decreased 0.6% to Baht 11,138.8 million in 2004, from Baht 11,203.4 million in 2003. This decrease was primarily attributable to a 13.1% decrease in our marketing and public relations expenses in 2004, compared to 2003. Our marketing and public relations expenses for our beer and water business decreased 2.9% to Baht 1,678.7 million in 2004, from Baht 1,728.5 million in 2003 as a result of a decrease in promotional goods for beer and water. Our promotional goods for beer and water decreased to 4.7% of beer and water sales volumes in 2004, compared to 4.8% in 2003. Our marketing and public relations expenses for our spirits business decreased 23.7% to Baht 2,093.5 million in 2004, from Baht 2,742.2 million in 2003, principally as a result of a decrease in incentive-based prizes and awards given to our sales agents in 2004, compared to 2003. Our vehicle and traveling expenses decreased 20.5% to Baht 748.0 million from Baht 941.0 million as a result of decreases in freight expenses. These decreases were partially offset by increases in our idle costs relating to our production facilities to Baht 1,239.6 million in 2004 from Baht 722.0 million in 2003 as a result of lower utilization of our alcohol plant and distilleries and our employee costs increased 7.4% as a result of increased bonuses. In 2004, we also incurred losses from investments of Baht 411.9 million that we did not incur in 2003, primarily relating to the sale of non-core assets.

Operating Profit Before Financing Costs. Our operating profit before financing costs increased 6.6% to Baht 15,633.8 million in 2004, from Baht 14,669.2 million in 2003. As a percentage of total revenue from sales, operating profit increased to 17.3% in 2004, compared to 16.0% in 2003.

Financial Income. Our financial income decreased 58.0% to Baht 211.0 million in 2004, from Baht 501.8 million in 2003. This decrease was primarily attributable to lower cash deposits as we invested our cash in our Kamphaengphet brewery expansion project and repaid Baht 16,735 million of debt during 2004.

Financial Expenses. Our financial expenses decreased 35.2% to Baht 1,805.3 million in 2004, from Baht 2,787.5 million in 2003, principally as a result of the repayment of Baht 6,580.0 million of long-term loans during 2004.

Profit Before Tax. Our profit before tax increased 13.4% to Baht 14,039.6 million in 2004, from Baht 12,383.4 million in 2003. This increase was primarily attributable to increases in our spirits sales on which we had higher margins than on our sales of beer and water.

Income Tax. Our income tax increased 33.0% to Baht 4,499.8 million in 2004, from Baht 3,382.8 million in 2003, resulting principally from increased profit before income tax.

Net Profit. Our net profit increased approximately 6.0% to Baht 9,539.8 million in 2004, of which Baht 10,288.7 million was net profit attributable to the Company and Baht 748.9 million was net profit not attributable to the Company, from Baht 9,000.6 million in 2003, of which Baht 6,868.2 million was net

profit attributable to the Company and Baht 2,132.4 million was net profit not attributable to the Company. As a percentage of total revenue, our net profit increased to 10.6% in 2004 from 9.8% in 2003.

Liquidity and Capital Resources

In recent years, our principal uses of cash have been to fund our investment requirements, loan repayments, dividend payments and our Reorganization. Our sources of liquidity have historically been cash generated by operating activities, commercial borrowing and issuance of Baht-denominated notes.

Net Cash Flows

The following table sets forth a condensed summary of our statement of cash flows for the periods indicated:

	Year Ended December 31,				Three Months Ended March 31,		
	2003	2004	2005	2005	2005	2006	2006
	Bt	Bt	Bt	US\$	Bt	Bt	US\$
	(Revised)	(Revised)		(In millions)	(Unaudited)	(Unaudited)	
Cash flows from operating activities:							
Cash flow from operating activities before adjustments for changes in operating assets and liabilities . . .	19,052.3	20,575.9	21,108.9	514.0	5,627.2	5,155.3	132.7
Changes in operating assets and liabilities	4,261.1	(5,525.8)	7,300.0	177.7	(480.2)	(2,669.4)	(68.7)
Net cash provided by operating activities	23,313.4	15,050.1	28,408.9	691.7	5,147.0	2,485.9	64.0
Cash flows provided by (used in) investing activities:							
Consideration paid to shareholders of subsidiaries for common control	(38,634.6)	—	(9,646.0)	(234.9)	—	—	—
Acquisition of property, plant and equipment	(3,060.8)	(3,070.6)	(7,220.2)	(175.8)	(883.6)	(627.2)	(16.2)
Cash provided by (used in) other investing activities	12,835.5	(663.1)	2,090.2	50.9	843.8	45.3	(1.2)
Net cash used in investing activities	(28,859.9)	(3,733.7)	(14,776.0)	(359.8)	(39.8)	(581.9)	(15.0)
Cash flows provided by (used in) financing activities:							
Increase (Decrease) in non-current interest-bearing liabilities	(33,254.4)	(7,766.0)	(1,320.0)	(32.1)	(330.0)	31,570.0	(813.0)
Decrease in short-term loans from related parties	(12,522.4)	(1,117.9)	(279.0)	(6.8)	(179.0)	—	—
Increase (Decrease) in current interest-bearing liabilities	40,719.1	(1,554.8)	(5,070.0)	(123.4)	(1,470.0)	(34,600.0)	(891.0)
Proceeds from issuance of share capital	22,000.0	—	—	—	—	—	—
Cash provided by other financing activities	(8,962.0)	(3,424.6)	(4,235.4)	(103.1)	(383.5)	(420.5)	(10.8)
Net cash provided by (used in) financing activities	7,980.3	(13,863.3)	(10,904.4)	(265.5)	(2,362.5)	(3,450.5)	(88.9)
Net increase (decrease) in cash and cash equivalents	2,433.8	(2,547.0)	2,723.1	(66.3)	2,744.8	(1,571.1)	(40.5)
Cash and cash equivalents at year/period end	3,084.3	537.4	3,260.5	79.4	3,282.1	1,689.4	43.5

Net cash provided by operating activities

Net cash provided by operating activities includes funds generated from our operating activities and net cash inflows or outflows from changes in operating assets and liabilities. In the three months ended March 31, 2006, our net cash provided by operating activities was Baht 2,485.9 million (US\$64.0 million), consisting of net cash inflows from operations of Baht 5,155.3 million (US\$132.7 million), net cash

outflows from changes in operating assets and liabilities of Baht 2,669.4 million (US\$68.7 million). Net cash used in changes in operating assets and liabilities consisted primarily of decreases in other current liabilities and increases in inventories, partially offset by decreases in prepaid excise taxes, and advanced payments of Baht 2,000.0 million (US\$51.5 million) to our spirits experts, partially offset by decreases in income tax and employee benefit paid.

In 2005, our net cash provided by operating activities was Baht 28,408.9 million (US\$691.7 million), consisting of net cash inflows from operations of Baht 21,108.9 million (US\$514.0 million) and net cash inflows from changes in operating assets and liabilities of Baht 7,300.0 million (US\$177.7 million). Net cash provided by changes in operating assets and liabilities consisted primarily of decreases in amounts due from related parties and decreases in inventories, partially offset by increases in income taxes paid and decreases in trade accounts payables.

In 2004, our net cash provided by operating activities was Baht 15,050.1 million, consisting of net cash inflows from operations of Baht 20,575.9 million and net cash used in changes in operating assets and liabilities of Baht 5,525.8 million. Net cash used in changes in operating assets and liabilities consisted primarily of increases in amounts due from related parties and increases in income taxes paid, partially offset by decreases in prepaid excise tax and inventories.

In 2003, our net cash provided by operating activities was Baht 23,313.4 million, consisting of net cash inflows from operations of Baht 19,052.3 million and net cash provided by changes in operating assets and liabilities of Baht 4,261.1 million. Net cash provided by changes in operating assets and liabilities consisted primarily of decreases in inventories and trade accounts receivable and increases in income taxes payable, partially offset by decreases in trade accounts payable and increases in other current assets.

Net cash used in investing activities

Net cash used in investing activities includes funds paid in connection with our Reorganization, capital expenditures and net cash inflows or outflows from other investments.

In the three months ended March 31, 2006, our net cash used in investing activities was Baht 581.9 million (US\$15.0 million), consisting principally of capital expenditures of Baht 627.2 million (US\$16.2 million), partially offset by a decrease in short-term loans to related parties and proceeds from sales of equipment. In the three months ended March 31, 2006, our capital expenditures consisted principally of our Kamphaengphet brewery expansion, construction of our water filtration system for our Bang Ban brewery, improvements to packaging lines at our distilleries and construction of ThaiBev Tower.

In 2005, our net cash used in investing activities was Baht 14,776.0 million (US\$359.8 million), consisting principally of consideration paid to our Principal Shareholders and various minority shareholders for the transfer of all the outstanding shares of Beer Chang Co., Ltd., Archa Beer Co., Ltd., T.C.C. Cosmo Corporation Limited and Cosmos Brewery (Thailand) Co., Ltd. of Baht 9,646.0 million (US\$234.9 million) and acquisition of property, plant and equipment of Baht 7,220.2 million (US\$175.8 million), partially offset by proceeds from sales of property, plant and equipment of Baht 551.3 million (US\$13.4 million). In 2005, our acquisition of property, plant and equipment consisted principally of our Kamphaengphet brewery expansion, construction of our water filtration system for our Bang Ban brewery, construction of our molasses storage tanks at our Sangsom distillery and expansion of our refined alcohol facility.

In 2004, our net cash used in investing activities was Baht 3,733.7 million. Our net cash used in investing activities consisted principally of acquisition of property, plant and equipment of Baht 3,070.6 million and long-term investments of Baht 1,766.9 million. These amounts were partially offset by decreases in short-term loans to related parties and proceeds from sales of equipment and decreases in short-term loans. In 2004, our acquisition of property, plant and equipment consisted principally of our Kamphaengphet brewery expansion, purchases of land and buildings for our new head office, purchases of additional delivery vehicles and improvements to packaging lines for our distilleries.

In 2003, our net cash used in investing activities was Baht 28,859.9 million. Our net cash used in investing activities consisted primarily of consideration paid to our Principal Shareholders and their business associates, for the companies and assets transferred in connection with our Reorganization of Baht 38,634.6 million and acquisition of property, plant and equipment of Baht 3,060.8 million, partially offset by decreases in short-term loans to related parties of Baht 8,919.7 million and proceeds from sale of other long-term investments of Baht 3,322.0 million. Our acquisition of property, plant and equipment in 2003 consisted principally of improvements to a packaging line at our Bangyikan distillery, purchases of

land for warehouses, purchases of land for wastewater treatment facilities for our distilleries and purchases of additional delivery vehicles.

Net cash provided by (used in) financing activities

Net cash provided by (used in) financing activities includes funds provided in connection with our Reorganization, share issuances, and net cash inflows and outflows from borrowings and repayment of borrowings.

In the three months ended March 31, 2006, our net cash used in financing activities was Baht 3,450.5 million (US\$88.9 million), consisting of repayments of short terms loans of Baht 34,600.0 million (US\$891.0 million), partially offset by new long term borrowings of Baht 31,570.0 million (US\$813.0 million).

In 2005, our net cash used in financing activities was Baht 10,904.4 million (US\$265.5 million), consisting of decrease in current and non-current interest-bearing liabilities of Baht 6,390.0 million (US\$155.6 million), dividend payments of Baht 2,640.0 million (US\$64.3 million).

In 2004, our net cash used in financing activities was Baht 13,863.3 million. Our net cash used in financing activities consisted principally of decreases in current and non-current interest-bearing liabilities, short-term loans from related parties, financial expense paid and dividend payments of subsidiaries before common control transactions of Baht 14,234.6 million.

In 2003, our net cash provided by financing activities was Baht 7,980.3 million, consisting principally of increases in current interest-bearing liabilities of Baht 40,719.1 million, equity contributions from our shareholders of Baht 22,291.9 million, and proceeds from the issuance of share capital by our Company of Baht 22,000.0 million.

These amounts were offset by decreases in non-current interest-bearing liabilities of Baht 33,254.4 million, reductions in the share capital of our subsidiaries prior to their inclusion within the Group of Baht 25,510.0 million, decreases in short-term loans from related parties of Baht 12,522.4 million, dividends paid by our subsidiaries prior to their inclusion within the Group of Baht 7,635.1 millions and equity distributions not attributable to the Company of Baht 2,484.3 million.

Indebtedness

Our total indebtedness as of December 31, 2005, was Baht 40,386.8 million (US\$983.4 million), consisting of short-term debt (including bank overdrafts and short-term loans from financial institutions). We had zero long-term debt as of December 31, 2005. As of March 31, 2006, our total indebtedness was Baht 37,498.9 million (US\$965.7 million), consisting of a total of short-term debt of Baht 7,098.9 million (US\$182.8 million) and long-term debt of Baht 30,400.0 million (US\$782.9 million).

The current maturities of our long-term borrowings and the scheduled maturities of our long-term borrowings (net of current maturities) outstanding as of March 31, 2006, were as follows:

	<u>Debt Maturities</u> <u>(Baht in millions)</u>
Current maturities of long-term debt	6,200.0
Long-term debt, excluding current maturities:	
Due in April 1, 2007 – December 31, 2007	3,425.0
Due in 2008	9,263.0
Due in 2009	7,850.7
Due after 2009	<u>9,861.3</u>
Total long-term debt	<u>30,400.0</u>
Total	<u><u>36,600.0</u></u>

On February 22, 2006, we issued four series of guaranteed Baht-denominated debentures with an aggregate principal amount of Baht 10,000.0 million and used the proceeds to repay a portion of our short-term loans from financial institutions.

- The series one debentures have an aggregate principal amount of Baht 2,500.0 million, bear interest at rate of 4.95% per annum and mature on August 22, 2006.

- The series two debentures have an aggregate principal amount of Baht 2,200.0 million, bear interest at rate of 5.4% per annum and mature on February 22, 2007.
- The series three debentures have an aggregate principal amount of Baht 2,300.0 million, bear interest at rate of 5.55% per annum and mature on August 22, 2007.
- The series four debentures have an aggregate principal amount of Baht 3,000.0 million, bear interest at rate of 5.75% per annum and mature on February 22, 2008.

On March 28, 2006, we borrowed Baht 3,000.0 million under a loan agreement with an international commercial bank, which bears interest at 5.7% per annum and is payable in eight quarterly installments. We used the proceeds of the loan to repay short-term loans incurred in connection with the financing of our Reorganization.

On March 28, 2006 and March 29, 2006, we borrowed Baht 9,500.0 million and Baht 14,100.0 million, respectively, under long-term loan agreements with various financial institutions in Thailand. The loans mature in March 2011, and have a two-year grace period on the repayment of principal. The loans bear interest at rates of 5.75% per annum in year one, 6.00% per annum in year two, and rates ranging from the minimum lending rate less 1.5% per annum and the minimum lending rate less 1.75% per annum in year three to year five, payable in 36 monthly installments. The minimum lending rate is the rate applicable to a commercial bank's prime customers for loans and may be changed from time to time, with notice from the bank. We used the proceeds of these long-term loans to repay short-term loans incurred in connection with the financing of our Reorganization.

The payment of principal and interest on each series of debentures and the loan agreements with an international commercial bank and the loan agreements with the various financial institutions in Thailand is guaranteed by the following operating subsidiaries: Beer Thai (1991) Public Company Limited, Beer Thip Brewery (1991) Company Limited, Sangsom Company Limited and Sura Bangyikhan Company Limited (each a "Guarantor," and collectively, the "Guarantors"). In connection with the issuance of each series of debentures and the loan agreements, the Guarantors agreed, and we have caused our remaining distilleries that are not a Guarantor to agree, not to sell, dispose of, transfer to, mortgage, pledge, or create any encumbrance or grant any preferential rights on our land, buildings, factories and machinery, or in the future, unless they or we obtain prior written consent from the holders of the debentures, and the international commercial bank and the various Thai financial institutions that have provided us loans under the long-term agreements.

After application of the net proceeds of this Combined Offering in the manner described in "Use of Proceeds," we expect to have long-term debt of Baht 6,800.0 million (US\$175.1 million) maturing between 2008 and 2011.

Although we have not adopted a formal policy regarding our debt-to-equity ratio, our current intention is to maintain a debt-to-equity ratio of less than 1.0 after completion of the Combined Offering and application of the proceeds. We cannot assure you that we will not exceed this ratio from time to time or that we will not change our intention in the future.

Financial Resources

As of December 31, 2005, we had aggregate cash and cash equivalents and short-term investments in time deposits of approximately Baht 3,260.7 million (US\$79.4 million), compared to Baht 887.5 million as of December 31, 2004. As of March 31, 2006, we had aggregate cash and cash equivalents and short-term investments in time deposits of approximately Baht 1,831.7 million (US\$47.2 million).

We expect to receive approximately S\$1,105.5 million from the net proceeds from the New Shares of this Combined Offering, after deducting commissions and other estimated expenses (if the Over-allotment Option is exercised in full), based on the Maximum Offering Price. We intend to use the net proceeds we receive primarily to repay long-term debt and for general corporate purposes. For a further description of the proceeds we expect to receive from this Combined Offering and how we intend to use them, see "Use of Proceeds."

As of December 31, 2005, we had approximately Baht 14,853.0 million (US\$361.6 million) in working capital credit facilities, of which approximately Baht 14,851.7 million (US\$361.6 million) was available. As of March 31, 2006, we had approximately Baht 14,853.0 million (US\$382.5 million) in working capital credit facilities, of which approximately Baht 14,710.7 million (US\$378.8 million) was available.

We believe that, after taking into account our present banking facilities and cash flows from our operations, we will have sufficient working capital available for our present requirements. Although we intend to fund a portion of our future development from existing cash resources and from cash flows from operations, we may seek additional debt funding to finance all or a portion of our planned capital expenditures or for other purposes. In addition, depending on our capital requirements, market conditions and other factors, we may raise additional funds through debt or equity offerings or the sale or other disposition of shares or assets.

Capital Expenditures and Investments

We generally fund our capital expenditures using internally generated cash flows. The following table summarizes our historical capital expenditures for property, plant and equipment for the periods indicated:

	Year Ended December 31,				Three Months Ended March 31,		
	2003 Bt	2004 Bt	2005 Bt	2005 US\$	2005 Bt	2006 Bt	2006 US\$
	(In millions)						
Beer and water	660.7	1,552.7	6,389.2	155.6	634.4	508.5	13.1
Spirits	1,987.3	1,018.6	399.5	9.7	159.1	101.3	2.6
Industrial alcohol	327.1	443.5	254.0	6.2	81.4	13.5	0.3
Related businesses	85.7	56.1	177.5	4.3	8.7	3.9	0.1
Total	<u>3,060.8</u>	<u>3,070.9</u>	<u>7,220.2</u>	<u>175.8</u>	<u>883.6</u>	<u>627.2</u>	<u>16.2</u>

(1) We have not incurred any additional material capital expenditure since March 31, 2006.

In 2005, we made investments totaling Baht 7,220.2 million (US\$175.8 million) mainly for our Kamphaengphet brewery expansion, our construction of our water filtration system for our Bang Ban brewery, our construction of our molasses storage tanks at our Sangsom distillery and our expansion of our industrial alcohol facility. In 2004, we made investments totaling Baht 3,070.9 million principally for our Kamphaengphet brewery expansion, packaging machines for our distilleries and construction related to our expansion of our industrial alcohol facility, delivery vehicles and land and buildings for our new head office. In 2003, we made investments totaling Baht 3,060.8 million principally for delivery vehicles, packaging machinery for our distilleries and for the expansion of our industrial alcohol plant and land for warehouses and wastewater treatment facilities for our distilleries.

We plan to make additional investments of approximately Baht 4,946.4 million in 2006 and Baht 1,918.1 million in 2007. We plan to finance these expenditures principally from our cash from operating activities and our existing financial resources.

The following table summarizes our planned capital expenditures and investment requirements for the periods indicated.

	Nine Months Ended December 31, 2006	Year Ended December 31, 2007
	(Baht in millions)	
Beer and water	1,332.8	592.5
Spirits	2,480.4	1,176.0
Industrial alcohol	219.0	19.8
Related businesses	287.0	129.8
Total	<u>4,319.2</u>	<u>1,918.1</u>

We intend to spend the largest portion of our planned capital expenditures and investments on:

- the 4,600.0 thousand hectoliter expansion of our Kamphaengphet brewery, which we expect to complete in the first quarter of 2007 at a total construction cost of approximately Baht 7,200.0 million, approximately Baht 6,194.7 million of which we had spent prior to December 31, 2005;
- construction of ThaiBev Tower, a new high-rise office building to be located on Surawong Road in Bangkok, which we intend to use as our headquarters and which we expect to complete by the second half of 2008 at a cost of approximately Baht 2,381.5 million, approximately

Baht 531.8 million of which we had spent prior to December 31, 2005. This cost is allocated among our business segments;

- construction and installation of a waste treatment system at five of our distilleries to produce biogas from waste products, which we expect to use as a fuel source to reduce our fuel costs. We expect to commence construction and installation of the waste treatment system in November 2006 and to complete the construction and installation in the second quarter of 2008, at a cost of approximately Baht 170.0 million per location, or an aggregate of approximately Baht 850.0 million;
- construction and installation of a water filtration system at our Bang Ban brewery, which commenced in August 2005 and we expect to complete in the fourth quarter of 2006 at a cost of approximately Baht 838.2 million, approximately Baht 572.8 million of which we had spent prior to December 31, 2005;
- installing three high-speed packaging lines at our Sangsom distillery to increase capacity and reduce packaging costs. We expect to complete the installation of the first packaging line in the third quarter of 2006, the second packaging line in the fourth quarter of 2006 and the third packaging line in the first quarter of 2007, at a cost of approximately Baht 818.0 million;
- improving packaging lines at eight of our other distilleries, all of which we expect to complete between the third quarter of 2006 and the first quarter of 2007 at a total cost of approximately Baht 300.7 million;
- completion of our glass bottle recycle terminal project, pursuant to which we completed four terminals in 2004 and 2005, and have an 11 additional terminals scheduled for completion in 2007, at a total cost of Baht 480.0 million, approximately Baht 138.0 million of which we had spent prior to December 31, 2005; and
- installation of a water filtration system at our Cosmos Brewery, which we expect to complete by the first quarter of 2007 at a cost of Baht 110.4 million, approximately Baht 30.4 million of which we had spent prior to December 31, 2005.

Our Principal Shareholders intend to transfer to us all the outstanding shares of Best Spirits Company Limited and Pacific Spirits (UK) Limited, which are businesses controlled by our Principal Shareholders located outside Thailand and engaged in alcohol related activities, including production and distribution of beer and spirits. In April 2006, we entered into an agreement pursuant to which our Principal Shareholders have agreed, subject to certain conditions, to transfer their ownership in these entities to us for an aggregate consideration of approximately S\$73.1 million. For further information regarding these transfers, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—Proposed Transfers.”

In addition, we intend to acquire all the outstanding shares of Best Spirits (China) Company, Ltd. and Panitcharoen (Lao-Thai) 1990 Co., Ltd. from their respective shareholders, which are businesses located outside Thailand and engaged in alcohol related activities, including production and distribution of spirits. In May 2006, we entered into conditional share acquisition agreements with the respective shareholders of these entities to acquire these entities for an aggregate consideration of approximately S\$4.1 million. For further information regarding these transfers, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—Proposed Acquisitions.”

We may also make investments in other companies to expand our business both within Thailand and outside Thailand. As part of these investments, we may purchase shares in companies controlled by our Principal Shareholders. The acquisition of any assets or shares from our Principal Shareholders, or from other parties related to us, would be subject to all applicable laws, including the requirements of the SGX-ST applicable to interested person transactions, which in general would require approval of our Audit Committee and our Board of Directors, and in certain cases, our Shareholders (excluding interested Shareholders). For a description of these SGX-ST requirements, see “Interested Person Transactions—General Mandate for Interested Person Transactions.”

Our actual capital expenditures may differ from the amounts set out above due to various factors, including our future cash flows, results of operations and financial condition, changes in the Thai economy, the availability of other financing on terms acceptable to us, technical or other problems in obtaining or installing equipment, changes in the regulatory environment in Thailand, changes in our business plans and strategies and the extent to which we decide to enter into new lines of business. We may pursue any new

expansion plans through internal development, acquisitions of existing operations, investments in other businesses, or joint ventures with third parties.

If we are unable to obtain sufficient funding or funding on terms acceptable to us for our planned capital expenditures or to otherwise fund these expenditures through other financing arrangements, including internal cash flows, we may have to forego, delay or postpone various planned capital expenditures. For a further description of various risks and uncertainties we face in implementing our capital expenditure plans, see “Risk Factors—Risks relating to Our Business—Our business and our expansion plans are capital intensive and subject to a number of risks and uncertainties.”

Contractual Obligations and Commitments

The following table summarizes our contractual cash obligations and commitments, excluding our debt repayment obligations, as of March 31, 2006:

	Payment Due by Period			
	Total	Nine Months Ended December 31, 2006	Year Ended December 31, 2007 - Year Ended December 31, 2011	After December 2011
	(Baht in millions) (1)			
Construction contracts(2)	1,438.0(5)	1,391.9	—	—
Raw material purchase contracts (malt and hops) (3)	1,259.1	1,132.6	126.5	—
Land, building, vehicle and equipment lease contracts	474.1	244.7	229.4	0.02
Advertisement and sponsor contract	56.3	34.2	22.1	—
Spirit experts(4)	1,678.5	41.8	320.9	1,315.8
Others	<u>1,417.3(6)</u>	<u>1,122.1</u>	<u>12.6</u>	<u>24.5</u>
Total	<u>6,323.3</u>	<u>3,967.3</u>	<u>711.5</u>	<u>1,340.3</u>

(1) In the table above, we based the Baht equivalents on the following exchange rates: US\$1.00 = Baht 38.83, Australian dollar 1 = Baht 28.06, 1 Euro = Baht 47.48, 1 British Pound = Baht 68.10, which were the average selling rates as quoted by the Bank of Thailand on March 31, 2006, except for the U.S. dollar, which was the Reference Rate on March 31, 2006.

(2) Includes machinery and installation construction contracts of Euro 6.4 million.

(3) Consists of raw material contracts (malt and hops) of US\$12.7 million, Australian dollar 2.8 million, Euro 10.0 million and British Pound 3.8 million.

(4) Consists of payments to be paid to Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana pursuant to the amended employment agreements dated December 30, 2005 among our various subsidiaries engaged in the production of spirits. For a further description of the prepayment and the employment agreements with Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana, see “Management and Corporate Governance—Service Contract—Employment Agreements with Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana.”

(5) Includes Baht 46.1 million of progress payments payable upon completion of milestones under the construction contracts.

(6) Includes Baht 258.1 million of contingent obligations.

(7) We have not incurred any additional material contractual obligation and commitment since March 31, 2006.

The amounts shown in the table above represent contractual obligations as of March 31, 2006 only. Our actual expenditures for various items and periods may substantially exceed the amounts shown above due to commitments entered into in future periods and other factors. Although we intend to fund our contractual obligations and commitments from internally generated cash flows, we may seek additional debt funding to finance all or a portion of our contractual obligations and commitments.

Non-GAAP Measures

We calculate our EBITDA by adding to net profit, income taxes, interest expense, depreciation, amortization, and subtracting our interest income. We have included information concerning EBITDA because we believe that this data is commonly used by investors to evaluate the ability of a company's earnings from its business operations to satisfy its debt, capital expenditure and working capital requirements. We believe that EBITDA, while providing useful information, should not be considered in isolation or as a substitute for net profit as an indicator of operating performance, or as an alternative to cash flow as a measure of liquidity.

The following table sets forth the reconciliation of our net profit to EBITDA and to EBIT for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	(Baht in millions)				
Net Profit	9,000.6	9,539.8	10,494.8	2,929.2	2,486.6
Add back:					
Income tax	3,382.8	4,499.8	4,586.5	1,271.2	1,097.4
Financial expense	2,787.4	1,805.3	1,567.9	388.3	509.9
Depreciation	4,049.4	4,246.9	4,222.0	1,047.8	1,036.3
Amortization	61.6	47.4	60.2	6.4	6.9
Subtract:					
Financial income	501.7	211.0	112.5	35.9	10.5
EBITDA	18,780.1	19,928.2	20,818.9	5,607.0	5,126.6
Less:					
Depreciation	4,049.4	4,246.9	4,222.0	1,047.8	1,036.3
Amortization	61.6	47.4	60.2	6.4	6.9
EBIT	14,669.1	15,633.9	16,536.7	4,552.8	4,083.4

Quantitative and Qualitative Disclosures about Market Risk

Our business activities subject us to risks associated with changes in foreign exchange rates and, to a lesser extent, fluctuations in interest rates. To minimize our exposure to these risks, we, from time to time, enter into financial derivative transactions for periods and in amounts consistent with our underlying exposure to risk. We do not enter into derivative transactions for arbitrage or speculative purposes.

Foreign Exchange Risk. We are exposed to fluctuations in the exchange rates of certain currencies against the Baht, our functional and reporting currency. In addition, while our revenues and operating costs are denominated principally in Baht, our capital expenditures are denominated in Baht and other currencies, principally the Euro, U.S. dollar, British pound and Australian dollar. See "Risk Factors—Risks Relating to Thailand—Depreciation in the value of the Baht could adversely affect our costs of raw materials and capital expenditures, and our financial condition and results of operations." We also purchase raw materials and packaging materials for our breweries, such as hops, malt, and labels from outside Thailand. Our costs for these products are denominated in other currencies, principally the Euro, British pound, Australian dollar and U.S. dollar.

We enter into forward currency contracts in respect of purchases of raw materials and equipment that are denominated in currencies other than the Baht. We account for these forward currency contracts in our balance sheet. We remeasure our foreign currency denominated assets and liabilities hedged by foreign currency contracts at exchange rates prevailing on the balance sheet date. We recognize foreign exchange differences arising on remeasurement in our statement of income.

Interest Rate Risk. We are exposed to interest rate risk primarily as a result of loans from financial institutions. In particular, our interest rate exposures are mainly due to changes in Baht market interest rates. We had Baht 16,586.6 million (US\$403.9 million) in loans that are subject to floating rates of interests as of December 31, 2005. As of March 31, 2006, we did not have any loans subject to floating rates of interest.

After giving effect to the application of the proceeds of this Combined Offering in the manner described in “Use of Proceeds,” based on the Maximum Offering Price, our aggregate amount of loans as of March 31, 2006, subject to floating rates of interest would have been approximately Baht 6,800.0 million (US\$175.1 million).

Commodity Price Risk. We are subject to market risks related to the volatility in the price of raw materials such as malt, hops and molasses. Our financial results can be affected significantly by fluctuations in these prices, which depend on many factors, including demand for these raw materials, changes in the economy, worldwide production levels, worldwide inventory levels, disruptions in the supply chain and weather conditions.

We maintain inventories of malt, hops and molasses, the values of which are subject to wide fluctuations in market prices driven by world economic conditions, regional and global inventory levels and seasonal conditions. As of December 31, 2005, we held approximately 11.1 thousand tons of malt, 119.4 tons of hops and 203.5 thousand tons of molasses, each which we valued by using the weighted average method with an average cost of approximately Baht 15,539.0 per ton, Baht 1,356.3 per kilogram and Baht 2,600.0 per ton, respectively.

Inflation

According to the Ministry of Finance, Thailand’s annual overall inflation rate as measured by the general consumer price index was approximately 0.7% in 2002, 1.8% in 2003, 2.7% in 2004 and 4.5% in 2005. In recent years, inflation in Thailand has not had a significant impact on our results of operations.

Recent IFRS Pronouncements

International Financial Reporting Standards (“IFRS”) are issued by the International Accounting Standards Board (“IASB”), an independent, privately-funded accounting standard setter, governed by the International Accounting Standards Committee (“IASC”) Foundation. The term IFRS also includes International Accounting Standards (“IAS”), Standard Interpretation Committee guidance (“SIC”) and International Financial Reporting Interpretations Committee guidance (“IFRIC”).

In August 2005 the IASB issued IFRS No. 7: *Financial Instruments: Disclosures*, to be applied for annual periods beginning on or after 1 January 2007. The principal purpose of the IFRS is to address the disclosures about an entity’s exposure to risks and how those risks are managed and supersedes the disclosure requirements of IAS No. 32 *Financial Instruments: Disclosure and Presentation*. The main features of the IFRS are:

- IFRS No. 7 applies to all entities and all risks arising from financial instruments, except interests in subsidiaries, joint ventures and associates, employers’ rights and obligations arising from employee benefit plans, contracts for contingent consideration in a business combination, insurance contracts under the scope of IFRS No. 4: *Insurance Contracts*, and contracts and obligations under share-based payment transactions under the scope of IFRS No. 2: *Share-based Payment*.
- IFRS No. 7 requires disclosure of the significance of financial instruments for an entity’s financial performance and qualitative and quantitative information about exposure to risks arising from financing instruments. The qualitative disclosures describe management’s objectives, policies and processes for managing those risks. The quantitative disclosures provide information about the extent to which the entity is exposed to risk, based on information provided internally to the entity’s key management personnel.

The IASB recently announced Exposure Draft (“ED”) No. 8: *Operating Segments*, which is proposed to supersede International Accounting Standard (“IAS”) No. 14: *Segment Reporting* and to be applied for annual periods beginning on or after 1 January 2007. The principal proposed changes from the current requirements under IAS No. 14 include:

- ED No. 8 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity’s chief operating decision maker in order to allocate resources to the segment and assess its performance. IAS No. 14 requires identification of two sets of segments—one based on related products and services, and the other on geographical areas. IAS No. 14 regards one set as primary segments and the other as secondary segments.
- ED No. 8 regards a component of an entity that sells primarily or exclusively to other operating segments of the entity as an operating segment if the entity is managed that way. IAS No. 14

limits reportable segments to those that earn a majority of their revenue from sales to external customers.

- ED No. 8 requires the amount of each operating segment item reported to be the measure reported to the chief operating decision maker for the purposes of allocating resources to the segment and assessing its performance. IAS 14 requires segment information to be in conformity with the accounting policies adopted for preparing and presenting the financial statements of the consolidated group.
- IAS No. 14 defines segment revenue, segment expense, segment result, segment assets, and segment liabilities. ED No. 8 does not define these terms, but requires an explanation of how segment profit or loss and segment assets are measured for each reportable segment.
- ED No. 8 requires an entity to disclose the factors used to identify the entity's operating segments and the types of products and services from which each reportable segment derives its revenues. IAS No. 14 does not require this information.
- IAS No. 14 requires an entity to disclose specified items of information about its primary segments. ED No. 8 requires an entity to disclose specified amounts about each reportable segment, if the specified amounts are included in the measure of segment profit or loss or assets reviewed by the chief operating decision maker.

Recent Thai GAAP Pronouncements

Under the Thai Accountancy Act B.E. 2543, Thai accounting standards ("TAS") previously required approval from the Ministry of Commerce and were required to be enacted by law before Thai companies were required to adopt such standards, although early adoption of draft TAS was allowed and encouraged. In 2004, the Federation of Accounting Professionals ("FAP") was established and replaced the Institute of Certified Accountants and Auditors of Thailand ("ICAAT"). The FAP is now solely responsible for developing and issuing TAS. TAS require approval from the FAP Oversight Board, but no longer require approval from the Ministry of Commerce and are not required to be specifically enacted by law. However, new TAS must be published in the Royal Gazette to be required for companies in Thailand.

Following approval by the FAP and the FAP Oversight Board, three TAS are required to be adopted for periods beginning on or after January 1, 2005. TAS No. 53, *Provisions, Contingent Liabilities and Contingent Assets*, and TAS No. 52, *Events after the Balance Sheet Date*, both replace TAS No. 21, *Contingencies and Events Occurring after the Balance Sheet Date*. TAS No. 53 is based on International Accounting Standard ("IAS") No. 37, *Provisions, Contingent Liabilities and Contingent Assets*. The main difference between the contingencies section of TAS No. 21 and TAS No. 53 is a distinction has been made between a contingency that is recognized, now referred to as a provision, and a contingency which is disclosed only, now referred to as a contingent liability.

TAS No. 52 is based on IAS No. 10, *Events after the Balance Sheet Date*. The main difference between the events occurring after the balance sheet date section of TAS No. 21 and TAS No. 52 is the treatment of dividends. Previously, under TAS No. 21, dividends declared to holders of equity instruments after the balance sheet were treated as adjusting events and disclosed in the notes to the financial statements. In accordance with TAS No. 52, dividends declared after the balance sheet date are not recognized, but must be disclosed in the notes to the financial statements.

TAS No. 54, *Discontinuing Operations*, is based on IAS No. 35, *Discontinuing Operations*, which has now been withdrawn and replaced by IFRS No. 5, *Non-current Assets Held for Sale and Discontinued Operations*. The principle requirements of TAS No. 54 are as follows:

- TAS No. 54 defines a discontinuing operation as a component of an enterprise that the enterprise is planning to dispose of; represents a separate major line of business or geographical area of operations; and can be distinguished operationally for financial reporting purposes;
- an enterprise should apply the principles set out in other TAS for the purpose of deciding when and how to recognize change relating to discontinuing operation. Two specific TAS likely to be relevant are TAS No. 36, *Impairment of Assets*, and TAS No. 53;
- an enterprise should disclose: a description of the discontinuing operation; the segment in which it is reported; the date and nature of the initial event; the date or period in which the discontinuance is expected to occur; the carrying amounts at the balance sheet date of total assets and total

liabilities to be disposed of; the amounts of revenue, expenses and pre-tax profit or loss attributable to the discontinuing operation during the current period; and the amounts of net cash flows attributable to the operating, investing and financing activities of the discontinuing operation during the current period.

In addition to these new Standards, during 2004, ICAAT drafted revisions to TAS No. 40, *Accounting for Certain Investments in Debt and Equity Securities*, TAS No. 44, *Consolidated and Separate Financial Statements*, TAS No. 45, *Investments in Associates*, and TAS No. 46, *Interests in Joint Ventures*. The proposed revisions to TAS No. 40, *Accounting for Certain Investments in Debt and Equity Securities*, would make the TAS more consistent with IAS No. 39, *Financial Instruments: Recognition and Measurement*. The proposed significant revisions to TAS No. 40 are as follows:

- amendment of the definitions of securities for trading, held-to-maturity debt securities and available-for-sale securities;
- provision of guidance which would prohibit an entity from classifying any debt securities as held-to-maturity if the entity has, during the current financial year or during the two preceding financial years, sold or reclassified more than an insignificant amount of held-to-maturity debt securities, in relation to the total amount of held-to-maturity debt securities, before maturity; and
- provision of clarifying guidance for determining whether an investment is considered to be impaired and additional guidance regarding the accounting for the securities transferred between investment classifications.

The proposed revisions to TAS No. 44, *Consolidated and Separate Financial Statements*, would make the TAS more consistent with IAS No. 27, *Consolidated and Separate Financial Statements*. The major proposed revisions to TAS No. 44 are as follows:

- revision of its scope of application;
- amendment of the definitions of consolidated financial statements, cost method, a group, minority interest, a parent and separate financial statements;
- revision of the requirements regarding the presentation of consolidated financial statements;
- revision of the criteria for determining whether the financial statements of an entity should be included in consolidated financial statements for financial reporting purposes;
- requirement for the financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements to be prepared as of the same reporting date unless impracticable;
- requirement for investments in subsidiaries, jointly controlled entities and associates in the separate financial statements to be accounted for at cost or in accordance with TAS No. 40; and
- requiring of additional related disclosures in the notes to the financial statements.

The proposed revisions to TAS No. 45, *Investments in Associates*, would make the standard more consistent with IAS No. 28, *Investments in Associates*. The proposed revisions to the TAS are as follows:

- modification of its scope, resulting in the TAS not being applicable to venture capital organizations, mutual funds, unit trusts and similar entities including investment-linked insurance funds;
- revision of the definitions of associates, consolidated financial statements, control, equity method, joint control, separate financial statements, significant influence and subsidiary used in the TAS;
- amendment of guidance for determining significant influence to include consideration of potential voting rights;
- amendment of the requirements relating to the equity method and the application of the equity method;
- requirement for the consideration of impairment losses to be in accordance with the methodology applied in TAS No. 40, *Accounting for Certain Investments in Debt and Equity Securities*; and
- amendment of the method of preparation of the separate financial statements to comply with TAS No. 44, *Consolidated and Separate Financial Statements*.

The proposed revisions to TAS No. 46, *Interests in Joint Ventures*, would make the TAS more consistent with IAS No. 31, *Interests in Joint Ventures* (Revised 2003). The proposed significant revisions to the TAS are as follows:

- amendment of its scope, resulting in the TAS not being applicable to investments in jointly-controlled entities held by venture capital organizations, mutual funds, unit trusts and similar entities;
- introduction of exemptions from application of proportionate consolidation or the equity method similar to those provided for certain parent companies not to prepare consolidated financial statements;
- modification of wording regarding investments to be disposed of in the near future by replacing the words “in the near future” with the words “within twelve months.” Furthermore, the proposed revisions would require a venturer that continues to have joint control of an interest in a joint venture, which is operating under severe long-term restrictions, to apply proportionate consolidation or the equity method unless joint control is lost;
- requirement for preparation of separate financial statements to be in accordance with TAS No. 44 (Revised 2004), *Consolidated and Separate Financial Statements*; and
- amendment of current disclosure requirements.

Further to these recent pronouncements and proposed revisions, the FAP is currently reviewing the IFRS platform and all recent pronouncements and revisions made by the International Accounting Standards Board TAS and the International Financial Reporting Interpretations Committee, as part of a wider project to reconcile differences in the Standards and, for possible future adoption in Thailand. This project resulted in ICAAT issuing two draft for review by the Ministry of Commerce, TAS No. 55, *Accounting for Government Grants and Disclosure of Government Assistance*, and TAS No. 56, *Income Taxes*. The ICAAT has proposed that TAS No. 55 would be based on IAS No. 20, *Accounting for Government Grants and Disclosure of Government Assistance*, and TAS No. 56 would be based on IAS No. 12, *Income Taxes*. As yet the FAP have not indicated any intent to finalize these draft TAS.

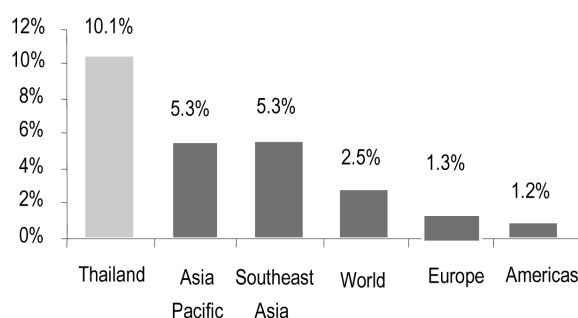
THE ALCOHOLIC BEVERAGE INDUSTRY IN THAILAND

In this section, we have included data relating to the alcoholic beverage industry, Thailand economy and other statistics, including information relating to us and our competitors' relative positions in the Thai alcoholic beverage industry, that is based on industry publications, published sources or other publicly-available information or the good faith belief of our management. All of the data presented in this section, including sales volumes and market share data, has been provided by Canadean, a global beverage research company, except as otherwise indicated. We believe that the sources used are reliable. However, we cannot ensure the accuracy of the information, and neither we, the selling shareholder nor the initial purchasers or any of their affiliates or advisors, have independently verified this information. This information may not be consistent with other information compiled within or outside Thailand and is subject to revision by Canadean at any time.

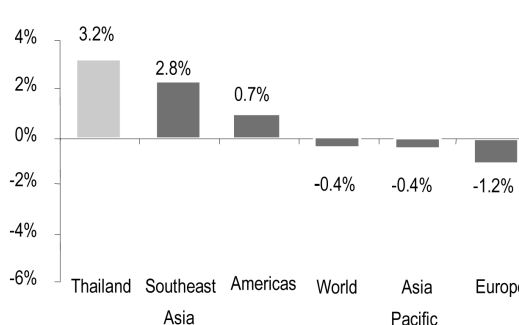
Overview

Between 1999 and 2004, worldwide beer and spirits sales volumes grew at a compound annual growth rate ("CAGR") of 2.5% and (0.4)%, respectively. Over the same time period, Thailand has been one of the fastest growing markets globally for beer and spirits with a CAGR of 10.1% and 3.2%, respectively. Regionally, the growth rate of Thai beer and Thai spirits sales volumes grew at a faster rate than markets in Asia Pacific, Europe and the Americas. The following tables set forth beer and spirits sales volumes CAGR between 1999 and 2004 for Thailand and various regions:

Beer Sales Volumes CAGR 1999-2004



Spirit Sales Volumes CAGR 1999-2004



Source: Canadean, "The Beer Service, Annual Report—2005 Cycle, Thailand" and "The Wine and Spirits Service, Spirits Annual Report—2005 Cycle, Thailand."

The Thai beer and spirits market is among the six largest alcoholic beverage markets in Southeast Asia (Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam), by sales volume. In 2004, sales volume for beer was approximately 16,191.0 thousand hectoliters while sales volume for spirits was approximately 72,072.2 thousand cases. The following table sets forth, beer and spirits sales volumes in 2004 and CAGR between 1999 and 2004 for various countries in Southeast Asia:

Southeast Asia Beer and Spirits Market 2004

Country	Beer		Spirits	
	Sales Volume (Thousand hectoliters)	CAGR 1999-2004	Sales Volume (Cases in thousands)	CAGR 1999-2004
Thailand	16,191.0	10.1%	72,072.2	3.2%
Philippines	12,685.0	0.7%	52,647.0	1.9%
Indonesia	1,715.0	10.4%	3,564.3	5.9%
Vietnam	8,785.0	5.0%	1,093.1	9.3%
Malaysia	1,474.0	1.7%	372.3	5.4%
Singapore	885.0	2.2%	233.2	(0.3)%
Others(1)	1,302.9	8.0%	N/A	N/A
Total	<u>43,037.9</u>	<u>5.3%</u>	<u>129,982.1</u>	<u>2.8%</u>

(1) Others includes Brunei, Myanmar, Cambodia and Laos.

Source: Canadean, "The Beer Service, Annual Report—2005 Cycle, Thailand" and "The Wine and Spirits Service, Spirits Annual Report—2005 Cycle, Thailand."

Between 1999 and 2004, Thailand's sales volume per capita of beer and spirits grew from approximately 16.2 liters to 25.3 liters and from approximately 9.0 liters to 10.2 liters, respectively. This represents a CAGR for beer and spirits of approximately 9.3% and 2.5%, respectively. The following tables set forth the 20 largest beer and spirits markets ranked by per capita sales volume in 2004:

Consumption for Top 20 Markets by Volume in 2004
(ranked by per capita sales volume)

	2004 (Beer)	
	Per Capita Sales Volume (Liters)	Volume (Hectoliters in Thousand)
Czech Republic	148.0	15,005.0
Germany	116.5	96,380.0
United Kingdom	99.5	58,200.0
Australia	89.1	17,500.0
United States	83.4	235,500.0
Poland	71.0	27,667.7
Venezuela	70.9	18,300.0
Spain	70.8	28,135.0
Canada	65.6	20,787.8
South Africa	57.3	28,835.0
Brazil	51.4	87,500.0
Mexico	50.5	54,500.0
Japan	43.7	56,420.0
Colombia	39.5	18,250.0
Russia	37.6	54,152.0
France	36.1	21,500.0
South Korea	31.9	15,555.0
Italy	27.6	15,700.0
Thailand	25.3	16,191.0
China	23.4	302,529.0

	2004 (Spirits)	
	Per Capita Sales Volume (Liters)	Volume (Cases in Thousand)
South Korea	22.2	120,067.8
Thailand	10.2	72,072.2
Japan	9.7	139,469.9
Russia	9.3	149,053.6
Brazil	9.2	173,901.3
Spain	7.3	32,342.2
Ukraine	7.2	39,927.0
Romania	6.8	16,782.3
Poland	6.3	27,298.1
Philippines	5.7	52,647.0
France	5.7	37,438.5
United States	5.3	167,422.1
Germany	4.8	44,464.0
Canada	4.6	16,291.6
United Kingdom	4.5	29,459.3
China	3.9	565,628.3
India	2.9	343,965.7

	2004 (Spirits)	
	Per Capita Sales Volume (Liters)	Volume (Cases in Thousand)
Italy	2.7	17,045.7
Colombia	2.4	12,539.7
Mexico	1.6	19,253.0

Source: Canadean, "The Beer Service, Annual Report—2005 Cycle, Thailand" and "The Wine and Spirits Service, Spirits Annual Report—2005 Cycle, Thailand."

The following table sets forth changes in Thailand's per capita sales volume of beer and spirits for the periods indicated:

Development of Thailand Per Capita Sales Volume

	Beer	Spirits
	(Liters)	
1999	16.2	9.0
2000	18.1	8.8
2001	19.7	8.9
2002	21.2	9.3
2003	26.1	10.0
2004	25.3	10.2

Source: Canadean, "The Beer Service, Annual Report—2005 Cycle, Thailand" and "The Wine and Spirits Service, Spirits Annual Report—2005 Cycle, Thailand."

Product Segmentation

Beer

The beer market in Thailand can be broken down into three segments: (i) economy brands, (ii) standard brands and (iii) premium and super-premium brands, principally differentiated by pricing. Brands from all three segments are heavily advertised and promoted and can be generally differentiated by marketing policy and packaging.

Economy brands. Economy brands are low-priced mainstream products, which are brewed locally, account for approximately 83.0% of sales volume in Thailand in 2004. Economy beer is widely available to the mass market through a range of different outlets and is distributed in a variety of different packaging, including bottles, cans and kegs. Given that economy brands account for the majority of the market, established brewers are able to leverage their scale advantage and promote and distribute their products on a national basis. Consumers in this segment are particularly price-sensitive and include many people who have changed their beverage preferences from low-priced white spirits. The typical retail selling price of a 640 milliliter bottle is between Baht 30 and Baht 35. Economy brands in Thailand include Chang Beer, Archa Beer, Leo and Thai Beer.

Standard brands. Standard brands are primarily brewed locally and represented approximately 10.5% of the beer market by sales volume in 2004. The brands in this segment are targeted at consumers, mainly in urban areas, with a purchasing power greater than the mass market. The brands within this segment are generally priced above economy brands, but below premium brands, with the typical retail selling price of a 640 milliliter bottle generally between Baht 40 and Baht 45. Standard brands have found themselves compete for market share with both economy brands and imported premium brands. The most popular standard brand in Thailand is Singha.

Premium and super-premium brands. This segment represented the remaining 6.5% of the beer market by sales volume in Thailand in 2004, and comprises mainly international brands. Premium brands are primarily brewed locally but super-premium brands are primarily imported into Thailand. The brands in this segment are targeted at urban consumers with relatively high purchasing power and tourists. In highly populated areas, a large number of premium and super-premium brands are widely available, particularly in hotels, restaurants and bars. Premium brands are significantly more expensive than economy and standard brands and use more sophisticated packaging designed to appeal to urban consumers. The

typical retail selling price of a 640 milliliter bottle is approximately Baht 50 upwards. Heineken is the most popular premium brand in Thailand and is brewed locally.

Spirits

The spirits market in Thailand can be broken down into three segments: (i) white spirits and Chinese herb spirits, (ii) brown spirits, admix whisky and blended/standard Scotch whisky and (iii) imported premium spirits.

White spirits and Chinese herb spirits. White spirits are distilled locally from molasses and Chinese herb spirits are produced from alcohol or white spirits compounded with Chinese herbs. White spirits and Chinese herb spirits are the most popular and lowest priced type of spirits in Thailand and represented approximately 69.4% of the spirits market by sales volume in 2004. They are consumed widely in rural regions and are perceived to be the most affordable kind of alcoholic beverage. The main types of spirits in this segment are Ruang Khao, Pai-Thong (the first and second best selling white spirits in Thailand, respectively, by sales volume in 2004) and Chiang-Chun. Branding is not an important factor in this segment, although many consumers take into account the origin of the spirits, which is usually identified on the packaging. The typical retail selling price of a 625 milliliter bottle is between Baht 50 and Baht 80 for white spirits and between Baht 75 and Baht 90 for Chinese herb spirits. The price range for a given packaging format is driven by the variety of alcoholic content available, with higher alcoholic content spirits being more expensive than lower alcoholic content spirits.

Brown spirits, admix whisky and blended/standard Scotch whisky. This segment represented approximately 29.6% of the spirits market by sales volume in 2004. Brown spirits are primarily local varieties of whisky and rum, distilled from either molasses or glutinous rice and are consumed nationwide, although there are regional preferences. Branding is an important factor in this segment, which includes Sangsom, Mekhong and Mungkorn Thong. Increasingly, the international spirits companies are targeting this market segment with affordable imported admix whiskies, which are blends of imported aged malt and neutral spirits as well as with imported blended/standard Scotch whisky. The most popular admix whisky is Master Blend produced by Pernod Ricard, and the best selling blended Scotch whisky is 100 Pipers, also produced by Pernod Ricard. Also in the blended/standard Scotch whisky categories are international brands including Johnnie Walker Red label and Spey Royal, both produced by Diageo PLC. Prior to the September 7, 2005 increase of excise taxes on brown spirits, the typical retail selling price for a 700 milliliter bottle was between Baht 115 and Baht 140 for locally distilled brown spirits, between Baht 150 and Baht 165 for admix whisky, between Baht 240 and Baht 290 for blended Scotch whisky and up to Baht 580 for standard Scotch whisky.

Imported premium spirits. Imported premium spirits include all international spirits brands including imported white spirits (such as vodka, tequila and gin) and imported brown spirits (such as premium malt whisky, rum and brandy). In this segment, a highly fragmented, large number of international brands are widely available, particularly in hotels, restaurants and bars. Imported premium spirits are a relatively niche market in Thailand as they are significantly more expensive than locally distilled spirits and are therefore not affordable for the majority of Thai consumers. The market share by sales volume of imported premium spirits was approximately 1.0% of the spirits market by sales volume in 2004. Popular brands in Thailand include Johnnie Walker Black Label (produced by Diageo PLC), Chivas Regal (produced by Pernod Ricard) and VSOP (produced by Regency). Prior to the September 7, 2005 increase of excise taxes on brown spirits, the typical retail selling price of a 700ml bottle of imported premium spirits was Baht 500 upward depending upon the quality of product.

Key Industry Trends

Beer

Growth of economy brands. Sales volumes of economy beer grew at a significantly faster rates than the beer market as a whole from the mid-1990s to 2004. This growth has been driven by stimulation of the market from competition between us and Boon Rawd Brewery, increased advertising and promotion, a shift in consumer demand away from low-priced white spirits to economy beer, growth in off-premise establishments and modern supermarkets and the introduction of new products into this segment such as Archa Beer, Leo and Thai Beer.

Increasing preference for lower alcohol beer. Similar to other markets, Thailand is experiencing a shift in consumers' preferences towards lower alcohol beer. Historically, Thai consumers, primarily men,

have preferred the strong taste and alcohol content of normal economy beer but this trend is evolving as a new demographic group of younger consumers, including women, become first time beer drinkers. The trend towards lighter, beer with lower alcohol content, is gradual but has recently led to the introduction of new brands, such as Archa Beer by Thai Beverage and Leo by Boon Rawd Brewery and more recently, Cheers by Thai Asia Pacific Brewery Co., Ltd., to capture this new segment of the market.

Urbanization facilitating beer consumption. Thailand has a large rural economy but in recent years, a key trend has been the increasing urbanization of the Thai population to metropolitan areas, such as Bangkok. This process, through increased purchasing power, has caused a gradual shift in consumers' preferences from low-priced white spirits to beer, which is perceived by Thai consumers as more upmarket.

Spirits

Low-priced local spirits face increasing substitution to other products. The ongoing growth of economy beer has impacted the sales performance of local spirits, particularly white spirits. The emergence of low-priced beer, for the reasons described above, has stimulated the interest of traditional consumers of low-priced spirits, rural people with low income, who are changing their beverage preference from spirits to economy beer.

International players are targeting the middle ground between local brown spirits and imported premium spirits. As a result of growing consumer preference for quality brands at affordable prices (for off-premise consumption) international players are introducing products such as blended Scotch whisky to capture the increasing demand for relatively affordable products containing aged malt.

Changing lifestyles leading to growth in on-premise consumption. Changing lifestyles and increasing purchasing power of Thai consumers is leading to growth in on-premise sales of imported spirits. Many urban consumers, particularly those between the ages of 18 and 35, socialize in pubs, restaurants and bars and consequently drink more imported spirits. The main beneficiaries of this trend are vodka, gin, white rum, tequila and standard Scotch whisky, which are often used as a base for mixed drinks and cocktails.

Competition

Beer

The beer market in Thailand is highly competitive, in particular between Chang Beer and Archa Beer brands and the portfolio of beer brands offered by the Boon Rawd Brewery, primarily its Leo and Singha brands. This competition, which has been characterized by intensive advertising and promotional campaigns, has stimulated the beer market and is partly responsible for the overall market growth in recent years.

At December 31, 2004, the Boon Rawd Brewery portfolio of beer brands included Singha, Thai Beer and Leo. Thai Beer and Leo are both economy beers, which compete directly with Chang Beer, whereas Singha is positioned in the higher-priced standard segment. The Boon Rawd Brewery also produces several brands under licensing agreements, such as Asahi and Kloster.

Other local breweries include Thai Asia Pacific Brewery Co., Ltd., which produces Heineken, Tiger and Cheers brands and San Miguel, which produces Blue Ice and Red Horse brands.

Sales of imported beer are not significant in Thailand due to the high costs of shipping beer to Thailand, the relatively short shelf-life of beer and an import tariff of 60% of the import price including excise tax, municipal tax and contributions to the health promotion fund. In 2004, sales of imported beers accounted for less than 1.0% of total sales volume. Imported beers from countries that are part of AFTA may increase in the future as AFTA has eliminated import tariffs on beer.

The following table sets forth the sales volumes and market shares of economy, standard and premium beer brands sold in Thailand during the periods indicated:

	<u>Key Brands</u>	Year Ended December 31,					
		2002		2003		2004	
		<u>Sales Volume</u> (Thousand hectoliters)	<u>Share %</u>	<u>Sales Volume</u> (Thousand hectoliters)	<u>Share %</u>	<u>Sales Volume</u> (Thousand hectoliters)	<u>Share %</u>
Economy brands:							
Thai Beverage	Archa, Chang	8,246.0	65.0%	10,764.0	68.2%	9,774.0	60.4%
Boon Rawd Brewery	Leo, Thai Beer	<u>1,872.0</u>	<u>14.8%</u>	<u>2,340.0</u>	<u>14.8%</u>	<u>3,666.0</u>	<u>22.6%</u>
Sub-total		10,118.0	79.8%	13,104.0	83.0%	13,440.0	83.0%
Standard brands:							
Boon Rawd Brewery	Singha	1,402.0	11.1%	1,520.0	9.6%	1,665.0	10.3%
Others	Blue Ice, Tiger	<u>36.0</u>	<u>0.3%</u>	<u>10.0</u>	<u>0.1%</u>	<u>42.0</u>	<u>0.3%</u>
Sub-total		1,438.0	11.3%	1,530.0	9.7%	1,707.0	10.5%
Premium brands:							
Thai Asia Pacific Brewery . .	Heineken	760.0	6.0%	830.0	5.3%	900.0	5.6%
Carlsberg	Carlsberg	177.0	1.4%	180.0	1.1%	0.0	0.0%
Imported/Others		<u>189.0</u>	<u>1.5%</u>	<u>144.0</u>	<u>0.9%</u>	<u>144.0</u>	<u>0.9%</u>
Sub-total		<u>1,126.0</u>	<u>8.9%</u>	<u>1,154.0</u>	<u>7.3%</u>	<u>1,044.0</u>	<u>6.5%</u>
Total		<u>12,682.0</u>	<u>100.0%</u>	<u>15,788.0</u>	<u>100.0%</u>	<u>16,191.0</u>	<u>100.0%</u>

Source: Canadean, "The Beer Service, Annual Report—2005 Cycle, Thailand."

Spirits

We are the main player in the local spirits market. We believe our primary competition is from the Wrangyer group of companies, which produces the White Tiger brand of white spirits, small community spirits producers and contraband producers of white spirits and from imported premium brands produced by the international players. Imported spirits are subject to an import tariff of 60% of the import price including excise tax, municipal tax and contributions to the health promotion fund. Since the Government ceased granting concessions to produce spirits in 1999, any company that meets specific qualifications may receive a license from the Government to produce and sell spirits. As a result of this liberalization, over 6,000 additional spirits producers have entered the Thai market since 1999.

In the brown spirits segment, our brands primarily compete with 100 Pipers, Master Blend (both produced by Pernod Ricard) and Spey Royal (produced by Diageo PLC) among others. Although these rival brands are sold nationwide, their small distribution networks and higher prices limit their presence primarily to Bangkok and other urban centers.

The following table sets forth the sales volumes and market share of local white spirits, local brown spirits and imported spirits sold in Thailand during the period indicated:

	Year Ended December 31,					
	2002		2003		2004	
	Sales Volume (Cases in thousands)	Share %	Sales Volume (Cases in thousands)	Share %	Sales Volume (Cases in thousands)	Share %
Local white spirits:						
Thai Beverage(1)	42,200.0	68.0%	41,645.0	62.2%	42,275.0	58.7%
Others(2)	2,800.0	4.5%	5,855.0	8.7%	7,725.0	10.7%
Sub-total	45,000.0	72.5%	47,500.0	70.9%	50,000.0	69.4%
Local brown spirits, admix spirits:						
Thai Beverage(3)	8,389.0	13.5%	9,521.0	14.2%	11,356.0	15.8%
Others(4)	5,741.0	9.3%	6,584.0	9.8%	6,799.0	9.4%
Sub-total	14,130.0	22.8%	16,105.0	24.0%	18,155.0	25.2%
Blended/Standard Scotch whisky(5)	2,173.0	3.5%	2,609.0	3.9%	3,191.0	4.4%
Premium imported spirits(6)	756.3	1.2%	789.1	1.2%	726.2	1.0%
Total	62,059.3	100.0%	67,003.1	100.0%	72,072.2	100.0%

Source: Canadean, "The Wine and Spirits Service, Spirits Annual Report—2005 Cycle, Thailand."

- (1) Key products include Ruang Kao, Pai-Thong, Chinese herb spirits.
- (2) The main category within 'other' is community white spirits producers.
- (3) Key brands include Sangsom, Mekhong, Mungkorn Thong and Crown 99.
- (4) Key brands include Master Blend and Singha Haraj.
- (5) Key brands include 100 Pipers, Johnnie Walker Red Label and Spey Royal.
- (6) Key brands include Johnnie Walker Black Label and Chivas Regal.

Distribution

Off-premise and on-premise distribution of alcoholic beverages are relatively balanced in Thailand in terms of sales volume, although low-priced economy beer and spirits are predominantly sold off-premise. The growth in recent years has been in off-premise distribution as on-premise alcoholic beverage consumption has become strictly controlled and monitored by Government regulations aimed at preventing drunk driving, under-age consumption as well as late night consumption. However, on-premise sales revenues are higher than off-premise sales revenue because on-premise retail prices are generally at least 50.0% higher than off-premise retail prices.

The spirits market has been more affected by the Government's regulatory restrictions on alcohol consumption than the beer market. Whereas beer is traditionally consumed early in the evening at mealtimes, spirits are more likely to be consumed late at night during social events. This has resulted in a shift towards off-premise consumption of spirits, which has consequently resulted in increased demand for lower priced spirits at the expense of premium spirits.

Off-premise sales volumes of beer and spirits have also been stimulated by the aggressive expansion and increased competition between domestic supermarket chains, such as Tops and Foodland, and international hypermarkets, such as Tesco Lotus, Big C and Carrefour. Thai shoppers have become attracted to the idea of one-stop shopping and the range of products offered in these large outlets.

Strong distribution is a key success factor in the off-premise market as it is important that beer and spirits brands maximize their availability in popular retail outlets such as grocery stores, supermarket chains and hypermarkets. For example, small retail outlets, which are common in rural areas, have limited shelf space and are unwilling to stock unknown brands. Having a strong distribution network is also important to successfully leverage a brand owner's advertising campaign and encourage distributors and retailers to sell its products.

BUSINESS

Overview

We are the leading producer of beer and spirits in Thailand by sales revenue and production volume, and one of the leading brewers and distillers in Southeast Asia. We produce, distribute and sell beer, spirits and other beverages primarily in Thailand, which is the largest alcoholic beverage market in Southeast Asia according to Canadean.

We believe that our beer and spirits products have strong brand identity and occupy leading market positions in Thailand. Our signature beer, Chang Beer, is the best-selling beer brand consumed in Thailand and, together with our Archa Beer, had an approximately 60.4% share of the Thai market in 2004. We also had an approximately 74.4% share of the spirits market in Thailand in 2004 from sales of our well-known brands including Sangsom, Mekhong and Mungkorn Thong and our white spirits. Our revenue from sales of beer and water (before intersegment eliminations) was Baht 47,749.2 million, or 53.0% of our revenue from sales in 2004, and Baht 42,263.9 million (US\$1,029.1 million), or 45.9% of our revenue from sales in 2005. Our revenue from sales of spirits (before intersegment eliminations) was Baht 42,188.6 million, or 46.8% of our revenue from sales in 2004, and Baht 49,910.0 million (US\$1,215.2 million), or 54.2% of our revenue from sales in 2005. We also generate revenue from sales of industrial alcohol.

Our leading position in the Thai alcoholic beverage market is supported by our distribution network, which we believe is one of the most extensive in Thailand. In addition, we engage in extensive advertising and promotions to grow our market share and enhance our brand image. We are the main sponsor of England's Everton Football Club.

Our breweries and distilleries are well-equipped facilities that produce beer and spirits, and which we believe meet or exceed international standards. We own and operate three breweries with a total installed capacity of 10,900.0 thousand hectoliters and 16 distilleries with a total installed capacity of 87,777.8 thousand cases. We are currently undertaking a 4,600.0 thousand hectoliter expansion of our brewery capacity in order to provide additional capacity to introduce new products, to further penetrate international markets, to meet seasonal fluctuations in demand, which can exceed 100% of our design capacity from time to time, and to avoid excessive wear on our machinery.

Our History

Thai Beverage was established in October 2003, and through a series of related transactions in late 2003, early 2004 and late 2005, substantially all of the beer and water, spirits and industrial alcohol operations of our Principal Shareholders and their business associates were consolidated into Thai Beverage.

Significant events in our business are set out below:

October 1977	Our Principal Shareholders acquired Sangsom Co., Ltd. to produce Sangsom rum.
May 1983	Our Principal Shareholders successfully bid for concessions offered by the Government to build and operate 12 distilleries in Thailand.
April 1986	Our Principal Shareholders merged their spirits business with the Sura Maharasadorn Group, a licensee of the Government-owned Mekhong brand.
July 1988	Our Principal Shareholders acquired Red Bull Distillery (1988) Co., Ltd.
May 1994	Our Bang Ban brewery commenced operations.
March 1995	A joint venture between Carlsberg A/S and our Principal Shareholders introduced Chang Beer in Thailand.
July 1998	Our Principal Shareholders acquired United Winery and Distillery Co., Ltd.

December 1998	Chang Beer became a market leader with a market share of approximately 54% of the total beer produced in Thailand, according to Canadean.
July 1999	Our Principal Shareholders acquired the Bang Ban brewery from their joint venture with Carlsberg A/S.
January 2000	After the expiry of its Government concessions, our Principal Shareholders purchased 12 distilleries from the Government, including the distillery that produced the Mekhong brand.
October 2001	Our Kamphaengphet brewery commenced operations.
August 2002	Our Principal Shareholders purchased Thai Alcohol Public Company Limited.
October 2003	Our Principal Shareholders established Thai Beverage as a holding company to consolidate the subsidiaries that form our Group.
June 2004	We commenced the expansion of our Kamphaengphet brewery.
January 2006	The SEC approved the sale of our Shares inside Thailand to institutional investors only, and outside Thailand, subject to various conditions.
February 2006	We issued four tranches of Baht-denominated debentures with an aggregate principal amount of Baht 10,000 million and maturity dates ranging from six months to two years. We used the proceeds from the debentures to refinance a portion of our short-term loans.

Competitive Strengths

We believe we have the following competitive strengths:

Leading market positions

We are the leading producer of beer and spirits in Thailand (by sales and production volume) and one of the leading alcoholic beverage producers in Asia by sales volume, according to Canadean. In 2004, our beer products had an aggregate market share of 60.4% of the total beer sold in Thailand by sales volume. Our spirits products had an aggregate market share of 74.4% of the total spirits sold in Thailand based on sales volume, which is the eighth largest spirits market globally, according to Canadean. We believe we are the largest spirits producer and the largest beer producer in Southeast Asia by sales volume, and the fourth largest spirits producer globally, behind Jinro Co. Ltd, Diageo PLC and Pernod Ricard, by sales volume. Our leading market position in both the beer and spirits markets has enabled us to establish an extensive distribution network throughout Thailand and enhanced our ability to obtain favorable terms from our customers and suppliers.

Attractive growth prospects in existing markets

We believe that our markets for beer and spirits are growing and that we are well-placed to capture this growth as well as growth in complementary markets. According to Canadean, the Thai beer market grew by 10.1% per annum on average from 1999 to 2004 in terms of sales volume and we expect it to continue growing favorably, driven by an expanding customer base and an increasing consumption per capita trend. The Thai spirits market is also growing. Sales volumes of our brown spirits, such as Sangsom, Mekhong and Mungkorn Thong, have grown in recent years, off-setting the softening demand for lower-priced spirits, such as Chinese herb spirits. We are well positioned in the spirits market as we are the leader in both white and brown spirits in terms of sales volume. We expect to grow our share of the drinking water and soda water markets, in which we have existing under-utilized capacity. We also believe there is growth potential for our industrial alcohol business, which was acquired in 2002, driven by international demand for crude alcohol, particularly from Japan, and for alternative fuels, such as gasohol, which we believe will benefit from favorable government policies in Thailand.

Strong brand identity

We believe that many of our products have a strong and established brand identity in Thailand, with a reputation for quality, taste and being “Thai.” Our signature brand, Chang Beer is the number one beer brand consumed in Thailand. Our portfolio of popular local spirits, including traditional white spirits, Chinese herb spirits and brown spirits are consumed widely by Thai people. Sangsom is our flagship spirits brand recognized in Thailand for its international quality. Mekhong is our brand of traditional rum with a long heritage in Thailand. We use proprietary production processes to give our leading brands a unique flavor, which differentiates our products from those of our competitors. We continuously increase our brand visibility in Thailand and abroad with strategic marketing investments, including sponsorship of high-profile sports teams such as Everton Football Club.

Extensive distribution network and relationships

We have more than 900 salespersons, over 4,000 vehicles and approximately 400 warehouses, which enable us to sell and distribute our brands through an extensive network of approximately 400,000 points of sale throughout Thailand. In addition, we have long-standing relationships with our agents and distributors. We believe our distribution infrastructure is one of the most established and far-reaching networks in Thailand. Our distribution network is integrated for beer and spirits and we see significant potential to further leverage our distribution platform to sell incremental complementary products, such as non-alcoholic beverages, into the marketplace. Although we currently do not distribute a significant quantity of third party brands through our network, we possess the capacity to do so if attractive opportunities arise.

High quality production facilities

Our breweries are state-of-the-art production facilities in terms of efficiency, quality and environmental management. When we complete the expansion of our Kamphaengphet brewery, which we currently expect to be in the first quarter of 2007, it will be one of the largest and most modern breweries in Asia. Our breweries aim to produce only the highest quality of beer by international standards and our facilities are sufficiently flexible to support a variety of brands with minimal additional investment. Our distilleries are well-established throughout Thailand and have a long history of producing quality spirits. Our 16 distilleries were recently refurbished in 2000 and 2001, and are run by an experienced management team with substantial production know-how. In both our beer and spirits businesses, we are confident in our ability to produce new products to meet market demands.

Experienced and proven management team

Our management team possesses a demonstrated ability to develop and build brand recognition and deliver growth and profitability. Our management team has a proven track record of entrepreneurial leadership evidenced by our introduction of Chang Beer in 1995, which became the market leader in 1998. We believe that our management team has the skill and know-how to stay abreast of changes in the marketplace. Our continuous efforts in recruiting executives from international premium drink businesses in the past 18 months places us in a strong position to meet challenges that lie ahead. On the production side, our management team possesses extensive brewing and distilling experience and technical know-how gained at our Company and elsewhere. Our brewery production staff includes 10 “master brewer” qualified technicians, who have studied at international brewing schools in Europe which are professionally accredited for knowledge relating to beer and soft drink production, including raw materials, production processes and machinery and equipment.

Strategy

Overview

Our strategy is to maintain and build on our leading position in the Thai alcoholic beverage market and expand our business internationally by investing in a portfolio of existing and new brands to cater to

key segments of the market, while remaining focused on profitable growth and shareholder value creation. We are implementing this strategy through the following initiatives:

Broaden our portfolio of brands by launching new beer and spirits brands to penetrate higher priced segments

One of the successes of our Group has been the launch and penetration of the Chang Beer brand, which we believe has driven the majority of growth in the economy beer segment of the market in Thailand during the past few years. This achievement has enabled us to establish a market leadership position in the economy beer segment of the Thai market, in addition to our existing leadership in this segment of the spirits market. We intend to leverage our strength in the economy segments of the Thai beer and spirits markets to capture value from consumers who prefer brands in the higher priced segments. To maximize our ability to penetrate these new market segments, we have invested in a marketing team with long-standing experience in building brand equity, especially in the higher priced segments. We also intend to produce and develop a wide variety of products to meet changing consumer and market demand. We launched Chang Light and Chang Draught in bottle packaging in March 2006 to capitalize on the growing demand for lighter beer by urban consumers. In October 2005, we also launched Blue whisky, an admix brown spirit, and in March 2006, we re-launched Hong Thong, a brown spirit, and launched Niyomthai, a white spirit. We are currently in the process of rationalizing our existing portfolio of spirits brands in response to market developments.

Continued investment in our existing products and distribution expertise

We plan to continue to invest in our leading products through our marketing and distribution efforts to maintain our market leadership. We are increasing our support for distributors by sending representatives from our retail team to points of sale to provide merchandizing materials, introduce new products, perform brand building activities and take product orders. We are increasing our resources for our direct sales and modern trade channels, such as supermarkets, by establishing key account managers. We have formed a team for hospitality channels and a team for the premium segment of the market to develop our distribution channels in these categories. We established exclusive agent relationships with 470 agents to distribute Archa Beer, Crown 99 and Niyomthai in designated areas. In addition, we also established exclusive agent relationships with 100 of these 470 exclusive agents to distribute Chang Light in designated urban areas. We plan to continue using innovative marketing methods to promote our brands effectively, which we will continue to develop in response to our own consumer research panels. We aim to maximize profitability without affecting existing sales volume by optimizing the mix benefits of having a portfolio of brands and leveraging the price differentiation that is available to us through our wide range of distribution channels.

Continue to integrate our distribution system and production facilities and centralize group services in order to enhance efficiency

Our extensive distribution network is critical to our success. Although we believe our distribution network is one of the most established and far-reaching networks in Thailand, we see significant opportunities to further improve our Group's distribution and production platform. As our distribution and production subsidiaries have been under the same holding company only since October 2003, we believe we can realize significant further cost savings from closer integration between these two business areas. Since the formation of Thai Beverage, we have centralized certain group services including procurement, marketing and logistics in order to realize cost savings. We are exploring ways to capture additional cost savings in inventory management and logistics by increasing product handling efficiency and optimizing truck deliveries. We are also in the process of constructing recycling terminals at each of our breweries and distilleries to receive and process reusable glass bottles more efficiently, which would ensure we have sufficient quantities of high-quality bottles available for our production needs, ensure the quality of the bottles we use in our production process as well as enable us to reduce our packaging costs.

Increase our international sales

Although we continue to see significant growth potential in our markets in Thailand, we also plan to capitalize on growth opportunities outside Thailand. In 2004 and in 2005, our international sales were small, accounting for less than 1.0% of our total sales. Our initial focus for profitably growing our international beer and spirits business is on the ASEAN markets, in particular countries sharing a border with Thailand, as well as China, Japan and Taiwan. As a result of the reduction of certain trade barriers,

such as tariffs, between various Southeast Asian nations in 2004, we believe there are opportunities for both increasing export sales and diversifying production capacity outside Thailand through joint ventures or acquisitions. Although we do not currently sell our products in the United States, we plan to develop a market entry strategy for this market as well as other developed markets, such as Europe and Canada. We may acquire production capacity outside Thailand or enter into joint ventures with other companies outside Thailand, if it provides us with an attractive opportunity to market and distribute our products in international markets. We intend to acquire various entities, including companies controlled by our Principal Shareholders that produce and distribute alcohol related products internationally. For a further description of these acquisitions, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—Proposed Transfers” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments—Proposed Acquisitions.”

Increase our sales of industrial alcohol products

We acquired our industrial alcohol plant in 2002 to create further integration in our alcohol business. We plan to increase our exports of industrial alcohol products to key markets such as Japan, India and the Philippines. Since September 2004, we have produced ethanol to make gasohol fuel as a substitute for 95 octane gasoline, which the Government has resolved to eliminate by 2007. We have increased our capacity of ethanol production to meet the expected demand for gasohol and capitalize on the Government’s policy.

Our Products and Brand Portfolio

We produce beer, spirits, drinking water, soda water, industrial alcohol and by-products from the brewing and distilling process. In 2005, our aggregate beer, water, soda and spirits sales accounted for almost all of our revenue from sales. The following table sets forth, as a percentage of our revenue from sales, our revenue breakdown by segments for beer, water, soda, spirits, industrial alcohol, related businesses and the intersegment eliminations for intersegment revenues for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	(% of revenue from sales)				
Beer and water:					
Beer	55.7	51.5	44.1	44.4	45.8
Drinking water	0.2	0.2	0.2	0.2	0.2
Soda water	0.3	0.2	0.2	0.3	0.2
Others(1)	0.6	1.1	1.4	1.2	1.3
Total beer and water	56.8	53.0	45.9	46.1	47.5
Spirits:					
White spirits	25.2	27.5	31.6	31.1	34.0
Brown spirits	17.0	19.3	22.6	22.7	18.9
Total spirits	42.2	46.8	54.2	53.8	52.9
Industrial alcohol	0.7	0.8	0.9	0.9	0.3
Related businesses	2.3	8.1	7.2	7.2	7.1
Intersegment eliminations	(2.0)	(8.7)	(8.2)	(8.0)	(7.8)
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

(1) Others include sales of used bottles, which we purchase from our distributors, to third parties and to related businesses.

The following table sets forth our production volumes of beer and water, spirits and industrial alcohol for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	(In thousands)				
Beer and water (<i>hectoliters</i>):					
Beer	10,812.9	9,883.5	9,147.4	2,298.4	2,365.1
Drinking water	510.2	478.2	469.6	118.8	118.2
Soda water	315.6	226.1	198.6	64.5	43.8
Spirits (<i>cases</i>):					
White spirits(1)	40,068.1	44,819.2	40,414.0	10,361.9	12,421.2
Brown spirits	6,174.2	8,757.3	9,462.7	2,535.2	1,795.5
Industrial alcohol (<i>hectoliters</i>)	644.6	780.0	418.6	119.0	37.5

(1) Includes Sura Khao, Chinese herb spirits and sake.

The following table sets forth our sales volumes of beer and water, spirits and industrial alcohol for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	(In thousands)				
Beer and water (<i>hectoliters</i>) (1):					
Beer	10,407.0	9,438.9	8,241.9	2,070.0	2,118.3
Drinking water	499.0	471.5	432.0	111.8	108.2
Soda water	197.1	147.5	154.3	45.5	39.3
Spirits (<i>cases</i>) (1):					
White spirits(2)	38,616.9	39,188.1	41,387.3	10,138.4	10,934.2
Brown spirits(3)	9,203.9	11,468.5	12,546.8	3,275.1	2,419.8
Other spirits(4)	13.3	6.2	15.1	4.6	5.6
Industrial alcohol (<i>hectoliters</i>)	559.5	617.2	532.0	153.5	37.8

(1) Sales volumes exclude promotional goods. For further information regarding promotional goods, see “—Marketing, Sales and Distribution.”

(2) Includes Sura Khao, Chinese herb spirits and Shinobu sake.

(3) Includes Sangsom, Mekhong, Mungkorn Thong, Sing Thong, Black Thai, Black Cat, V.O. and Crown 99. Since May 2, 2006, we have ceased production of Black Thai and Black Cat.

(4) Includes Cooler Club and Thai Sherry. Since May 2, 2006, we have ceased production of Cooler Club.

Beer and Water

Beer. We are the leading beer producer in Thailand by sales revenue and production volume, according to Canadean. We produce, distribute and sell beer in Thailand under the Chang Beer and Archa Beer brands and we also export our beer to 19 other countries. In 2004, our revenue from sales of beer was Baht 46,395.1 million, or 51.5% of our revenue from sales. In 2005, our revenue from sales of beer was Baht 40,613.1 million (US\$988.9 million), or 44.1% of our revenue from sales. During 2005, we sold approximately 8,241.9 thousand hectoliters of beer. During both 2004 and 2005, our beer sales outside Thailand represented less than 1.0% of our revenue from sales. We distribute and sell Chang Beer and

Archa Beer through our extensive nationwide distribution network, which utilizes our agents, direct sales and modern trade channels to reach our customers.



Chang Beer is an economy segment beer in Thailand, which we target at mass market consumers. Chang Beer is a low-priced, full-bodied beer with a 6.4% alcohol content. Our suggested retail price is Baht 33-35 per 640 milliliter bottle. We introduced Chang Beer in Thailand in 1995, and by December 1998 it had captured over 50% market share of the total beer sales in Thailand based on sales volume. In 1998, Chang Beer won the Gold Medal at the Australian International Beer Awards. In 2004, Chang Beer had a market share of approximately 58.6% of the total beer sold in Thailand by volume. Chang Beer accounted for 90.1% and 91.4% of our beer and water segment sales volume in 2004 and 2005, respectively.



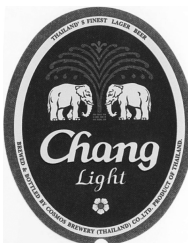
Archa Beer is an economy segment beer, which we target at social drinkers. Archa Beer is lighter than Chang Beer, with a 5.4% alcohol content, and is formulated to capture the growth in the lower alcohol beer segment. We introduced Archa Beer in Thailand in July 2004, but in May 2005, we re-packaged and repositioned it at a slight premium to our Chang Beer brand. Our suggested retail price is Baht 35-37 per 640 milliliter bottle. Archa Beer accounted for 2.7% and 0.5% of our beer and water segment sales volume in 2004 and 2005, respectively. Since March 2006, we have distributed and sold Archa Beer through exclusive agents in our distribution network.



Chang Beer Export is distributed through our international distributors. Chang Beer Export is a full-bodied beer with a 5.0% alcohol content, except for Cambodia and Myanmar which has 6.4% alcohol content. We introduced Chang Beer Export in 1996. The market positioning of Chang Beer Export is determined by our international distributors, but generally it is positioned as a premium segment beer. Chang Beer Export accounted for 0.6% and 0.7% of our beer and water segment sales volume in 2004 and 2005, respectively.



Chang Draught is a draft beer sold in 30 liter keg packaging. Chang Draught is a full-bodied pure malt beer that has a 5.0% alcohol content and is sold at on-premise establishments. Draft beer is often consumed during festivals and sporting events. We re-introduced Chang Draught in March 2004. In 2004, after a one-year absence from the market, and in 2005, our Chang Draught accounted for 0.5% and 0.8%, respectively, of our beer and water segment sales volume. In March 2006, we launched Chang Draught in bottles. Our suggested retail price is Baht 35-38 per 640 milliliter bottle.



In March 2006, we launched Chang Light, a 4.2% alcohol content beer formulated to capture the growth in the lower alcohol beer segment. We distribute Chang Light in green bottles, which Thai consumers associate with premium beer, but our suggested retail price is Baht 40 per 640 milliliter bottle, which is considered a standard segment price point. We distribute and sell Chang Light through exclusive agents in our distribution network, primarily in urban areas.

The following table sets forth our sales volumes of Chang Beer, Archa Beer, Chang Beer Export and Chang Draught for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	(Hectoliters in thousands)				
Chang Beer	10,359.7	9,058.0	8,068.6	2,012.3	2,069.9
Archa Beer	—	272.3	44.2	24.0	1.6
Chang Beer Export	46.3	60.2	59.1	16.7	19.5
Chang Draught	—	48.4	69.9	17.1	24.1
Other beers(1)	1.1	—	—	—	3.2
Total(2)	<u>10,407.0</u>	<u>9,438.9</u>	<u>8,241.9</u>	<u>2,070.0</u>	<u>2,118.3</u>

(1) Other beers include sales of Carlsberg beer.

(2) Sales volumes exclude promotional goods.

Beer Packaging. We sell the majority of our beer in 640 milliliter glass bottles due to the consumer preference in Thailand for large bottles, as they are perceived as offering the best value and are most suitable for home consumption. Smaller bottles of 330 milliliter are popular in on-premise establishments, especially among urban consumers. Cans are particularly popular with supermarket vendors, primarily because cans require less shelf space than an equal volume of bottles. We analyze sales data on a regular basis in an effort to develop a mix of product presentations that best satisfies our consumers. The following table sets forth the historical packaging for our beer products by volume for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	(% unit sales volumes)				
640 ml glass bottles	86.8	84.8	82.9	83.7	82.5
330 ml glass bottles	0.6	0.7	0.8	0.9	1.1
330 ml cans	12.6	13.9	15.4	14.6	15.4
Kegs (draft beer)(1)	—	0.5	0.8	0.8	1.1
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

(1) We discontinued our keg packaging in 2003 to avoid competing with Carlsberg brand keg packaging produced by Carlsberg Brewery (Thailand) Company Limited (“Carlsberg Thailand”), a joint venture between our Principal Shareholders and Carlsberg A/S, and re-launched it in March 2004 after the Carlsberg brand ceased to sell draft beer in the Thai market.

Water. We produce, distribute and sell drinking water and soda water in Thailand under the Chang brand. In 2004, we sold approximately 471.5 thousand hectoliters of drinking water and approximately 147.5 thousand hectoliters of soda water. In 2004, our revenue from sales of drinking water was Baht 163.1 million, or 0.2% of our revenue from sales, and our revenue from sales of soda water was Baht 191.3 million, or 0.2% of our revenue from sales. In 2005, we sold approximately 432.0 thousand hectoliters of drinking water and approximately 154.3 thousand hectoliters of soda water. In 2005, our revenue from sales of drinking water was Baht 150.4 million (US\$3.7 million), or 0.2% of our revenue from sales, and our revenue from sales of soda water was Baht 196.7 million (US\$4.8 million), or 0.2% of our revenue from sales.

Water Packaging. We sell our drinking water products in glass bottles of 500 milliliters and PET bottles of 500 milliliters and polycarbonate containers of 18.9 liters. We sell our soda water products in glass bottles of 400 milliliters and 325 milliliters. The following table sets forth our sales volumes of drinking water and soda water for the periods indicated:

	Year Ended December 31,			Three Months Ended March, 31	
	2003	2004	2005	2005	2006
	(Hectoliters in thousands)				
Drinking water	499.0	471.5	432.0	111.8	108.2
Soda water	197.1	147.5	154.3	45.5	39.3
Total	<u>696.1</u>	<u>619.0</u>	<u>586.3</u>	<u>157.3</u>	<u>147.5</u>

Spirits

We are the leading spirits producer in Thailand. We produce, distribute and sell traditional white spirits, Chinese herb spirits, sake and brown spirits (rum and whisky) in Thailand and also export our spirits to 19 other countries. Most of our brown spirits are technically a type of rum because they are made from molasses, but Thai consumers often associate rum with whisky and *vice versa*. We believe we are the fourth largest spirits producer globally behind Jinro Co. Ltd, Diageo PLC and Pernod Ricard. In 2004, our revenue from sales from spirits was Baht 42,188.6 million, or 46.8% of our revenue from sales. During 2004, we sold approximately 50,662.8 thousand cases of spirits. In 2005, revenue from sales from our spirits operations was Baht 49,910.0 million (US\$1,215.2 million), or 54.2% of our revenue from sales. During 2005, we sold approximately 53,949.0 thousand cases of spirits. During both 2004 and 2005, our spirits sales outside Thailand represented less than 0.1% of our revenue from sales. We distribute and sell our spirits through our distribution network, which utilizes our agents, direct sales and modern trade channels to reach our customers.

White Spirits, Chinese Herb Spirits and Sake. Our spirits sales consist predominantly of white spirits (Sura Khao) and Chinese herb spirits (Sura Pasom), but we also produce sake. In 2004, our revenue from sales of white spirits, Chinese herb spirits and sake was Baht 24,821.8 million, or 27.5% of our revenue from sales. During 2004, we sold approximately 39,188.1 thousand cases of white spirits, Chinese herb spirits and sake. In 2005, revenue from sales from white spirits, Chinese herb spirits and sake was Baht 29,108.8 million (US\$708.8 million), or 31.6% of our revenue from sales. During 2005, we sold approximately 41,387.3 thousand cases of white spirits, Chinese herb spirits and sake.

We produce three brands of white spirits, three brands of Chinese herb spirits and one brand of sake. White spirits, Chinese herb spirits and sake are low-priced economy segment spirits. The consumer base for our white spirits, Chinese herb spirits and sake is predominantly people living in rural areas. Our white spirits are distilled liquors without any mixture or color, which we produce in four strengths of varying degrees of alcohol: 28, 30, 35 and 40. Our Chinese herb spirits are distilled liquors made from blended ethyl alcohol or white spirits, Chinese herbs, sugar and caramel, which we produce in three strengths of varying degrees of alcohol: 28, 30 and 35. Our Shinobu sake is a locally produced sake with a lower alcoholic strength than white spirits, which we use principally as promotional goods. Our suggested retail price for a 625 milliliter bottle of our white spirits and Chinese herb spirits is between Baht 50 to Baht 80, depending on the degree of alcohol.



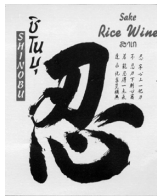
Our Ruang Khao white spirit had a market share of approximately 52.8% of the total spirits sold in Thailand in 2004, based on sales volume, and accounted for 69.6% and 69.4% of our spirits sales volume in 2004 and 2005, respectively. Ruang Khao accounted for 90.0% and 90.4% of our white spirits sales by sales volume in 2004 and 2005, respectively.



Our Pai-Thong white spirit had a market share of approximately 4.1% of the total spirits sales in Thailand in 2004, based on sales volume, and accounted for 6.9% and 6.6% of our white spirits sales by sales volume in 2004 and 2005, respectively.



Our Chiang-Chun and other brands of Chinese herb spirits had a market share of approximately 1.7% of the total spirits sales in Thailand in 2004, based on sales volume.



We produce and sell small amounts of Shinobu sake locally.

In March 2006, we introduced Niyomthai, a white spirit in three strengths of varying degrees of alcohol: 30, 35 and 40.

Brown Spirits. Our brown spirits sales consist predominantly of whisky and rum distilled from molasses and rice blended with sugar, spirits concentrate, caramel and demineralized water. In 2004, our sales of brown spirits were Baht 17,366.8 million, or 19.3% of our revenue from sales. During 2004, we sold approximately 11,468.5 thousand cases of brown spirits. In 2005, our revenue from sales from brown spirits was Baht 20,801.2 million (US\$506.5 million), or 22.6% of our revenue from sales. During 2005, we sold approximately 12,546.5 thousand cases of brown spirits.

We sell various brands of rum and whisky. Each of our rum and whisky brands is positioned in the economy segment. The following is a description of our main brands:



Sangsom rum is our flagship brown spirits brand and the leading brown spirits brand in Thailand. The Sangsom portfolio includes Sangsom Golden Medal, Sangsom Superior, Sangsom Premium and Sangsom Similan. Sangsom is positioned as an international quality Thai alternative to leading imported admix products (spirits blended from aged-malt and neutral spirits). Sangsom is a 40% alcohol content rum blended from quality ethyl alcohol and five-year aged spirits contained in oak barrels. In 1982 and 1983, Sangsom won Gold Medals at the Spain International Quality to Alcohol Beverages. Our suggested retail price for a 700 milliliter bottle is Baht 190. Our Sangsom spirits had a market share of approximately 10.7% of the total spirits sales in Thailand in 2004, based on sales volume, and represented 14.6% and 16.1% of our total spirits sales volume in 2004 and 2005, respectively.



Mekhong rum is Thailand's third best-selling brown spirits brand and is well-known for its image as a traditional Thai rum. Mekhong is a blended spirit of 35% alcohol content rum blended from quality ethyl alcohol. Our suggested retail price for a 750 milliliter bottle is Baht 125. Our Mekhong rum had a market share of approximately 2.5% of the total spirits sales in Thailand in 2004, based on sales volume, and represented 4.3% and 2.8% of our total spirits sales volume in 2004 and 2005, respectively.



Mungkorn Thong (or "Golden Dragon") rum is a 35% alcohol content rum blended from quality ethyl alcohol. Our suggested retail price for a 750 milliliter bottle is Baht 115. Our Mungkorn Thong rum had a market share of approximately 1.8% of the total spirits sales in Thailand in 2004, based on sales volume, and represented 2.7% and 3.1% of our total spirits sales volume in 2004 and 2005, respectively.

In addition to our main brown spirits brands, we also sell other brands, such as Sing Thong rum, Hong Thong rum, Crown 99 whisky, V.O. whisky and Thai Sherry. These products had an aggregate market share of less than 1.0% of the total spirits sales in Thailand in 2004, based on sales volume, and represented 1.1% and 1.3% of our total spirits sales by volume in 2004 and 2005, respectively. In 2004 and 2005, Crown 99, an admix whisky, which we re-launched in 2003 with a suggested retail price of Baht 160 per 700 milliliter bottle comprised the majority of the sales volumes of these products. On November 1, 2005, as a result of the excise tax increase on September 7, 2005, we increased our suggested retail price of Crown 99 to Baht 200 per 700 milliliter bottle.

In March 2006, we relaunched Hong Thong rum at the suggested retail price of Baht 150 per 700 milliliter bottle. This suggested retail price was the approximate suggested retail price of our Sangsom product prior to the increase in excise taxes on September 7, 2005.

In the past, we produced a limited quantity of whisky for third parties, such as Suntory Red Sun whisky for UWD Marketing. In 2004, we produced and sold 24.2 thousands of cases Suntory Red Sun whisky to UWD Marketing. In 2005, we produced and sold 25.7 thousands of cases Suntory Red Sun whisky to UWD Marketing. Currently we are not producing whisky for third parties. We do not include the volume produced for third parties in our sales volumes.

We believe there are significant growth opportunities in higher priced segments and we intend to expand our product portfolio to include products in these segments of the market to capture the increasing number of consumers who prefer these products. In October 2005, we introduced Blue whisky to penetrate these higher-priced segments. Blue whisky is an admix spirit of 40.0% alcohol content blended from quality five-year aged malt whisky imported from Scotland. Our suggested retail price of a 700 milliliter bottle is Baht 260.

The following table sets forth our sales volumes of our white spirits, Chinese herb spirits, and brown spirits brands for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	(Cases in thousands)				
White Spirits:					
Ruang Khao	33,678.3	35,251.5	37,430.0	9,174.5	9,864.9
Pai-Thong	2,691.9	2,704.1	2,741.1	664.0	724.9
Chinese herb spirits(1)	2,009.0	1,231.2	1,209.0	299.7	339.3
Other white spirits(2)	237.8	1.2	7.2	0.2	5.0
Total white spirits	<u>38,616.9</u>	<u>39,188.1</u>	<u>41,387.3</u>	<u>10,138.4</u>	<u>10,934.2</u>
Brown Spirits:					
Sangsom	5,385.1	7,391.7	8,664.4	2,477.4	1,132.6
Mekhong	2,058.1	2,175.6	1,519.9	368.4	542.9
Mungskorn Thong	1,600.7	1,355.9	1,675.8	292.3	490.4
Other brown spirits(3)	160.0	545.3	686.7	137.1	254.0
Total brown spirits	<u>9,203.9</u>	<u>11,468.5</u>	<u>12,546.8</u>	<u>3,275.1</u>	<u>2,419.8</u>
Other spirits(4)	13.3	6.2	15.1	4.6	5.6
Total spirits(5)	<u>47,834.2</u>	<u>50,662.8</u>	<u>53,949.2</u>	<u>13,418.1</u>	<u>13,359.6</u>

(1) Chinese herb spirits include Chiang-Chun, Chu Sib Neaw and Sua Dum.

(2) Other white spirits include fermented spirits, such as Shinobu sake.

(3) Other brown spirits include Black Thai, Sing Thong, Black Cat, V.O., Crown 99, Hong Thong and Blue. Since May 2, 2006, we have ceased production of Black Thai and Black Cat.

(4) Other spirits include Thai Sherry and Cooler Club. Since May 2, 2006, we have ceased production of Cooler Club.

(5) Sales volumes exclude promotional goods.

Spirits Packaging. We sell our spirits in glass bottles in a variety of sizes ranging from 150 milliliters to 750 milliliters. Our more popular packagings are the 625 and 750 milliliter glass bottles, although our

smaller presentations are popular among low-income consumers. We plan to phase out the use of the 150 milliliters packaging format over the coming years.

In 2005, we sold our Ruang Khao white spirits in glass bottles of 625 and 330 milliliters and our Pai-Thong white spirits in 625 milliliter glass bottles, and our Chinese herb spirits of Chiang-Chun, Chu Sib Neaw and Sua Dum in glass bottles of 625 milliliters and 330 milliliters. In 2005, our most popular presentation for white spirits and Chinese herb spirits was the 625 milliliter glass bottle, which represented approximately 68.3% of the unit sales volumes of our white spirits and Chinese herb spirits.

In 2005, we sold our brown spirits, including Mekhong rum, Sangsom rum (Golden Medal, Superior, Premium and Similan), Black Thai rum, Mungkorn Thong rum, and Black Cat whisky in glass bottles of both a large size of 750 milliliters and a medium size of either 300 milliliters, 330 milliliters, 350 milliliters or 375 milliliters. In addition, we also sold our Sangsom Golden Medal rum in 700 milliliter glass bottles and our Mungkorn Thong rum in 187.5 milliliter glass bottles. In 2005, our most popular presentations for brown spirits were the 700 milliliter and 750 milliliter glass bottles, which represented approximately 64.8% of the unit sales volumes of our brown spirits.

We commenced installation of three-high-speed packaging lines at our Sangsom distillery in December 2005, which will allow us to package our Sangsom products into gift boxes. We intend to sell our Sangsom products in gift box packaging only from the fourth quarter 2006. For a further description of our gift box packaging, see “—Expansion Program” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures and Investments.”

Industrial Alcohol

We produce industrial alcohol products in Thailand through our subsidiary, Thai Alcohol Public Company Limited (“Thai Alcohol”).

Our industrial alcohol sales are primarily from the sale of ethanol and ethyl alcohol, which we produce at our Thai Alcohol facility. Under an agreement with the Excise Tax Department, we are permitted to sell our ethyl alcohol outside of Thailand or from time to time within Thailand upon receiving an approval and to use the remaining ethyl alcohol, if any, to produce ethyl acetate and acetic acid, which we are permitted to sell in Thailand.

In 2005, we exported our ethyl alcohol of 95 degrees mainly to customers in Japan for use in the cosmetic, food and medical industries. For the same year, our largest customer of ethyl alcohol of 95 degrees were Mitsui & Co. UK Plc and Mitsubishi Corporation (“Mitsubishi”), which purchased 218.1 thousand hectoliters, or 75.0% of our ethyl alcohol sales volume.

In September 2004, we commenced commercial production and sales of ethanol of 99.5 degrees. In addition, we have received a tax exemption for the production of ethanol. Since September 2004, in response to a Government initiative to eliminate 95 octane gasoline by 2007, we have produced ethanol for sale in Thailand, which is used in the petroleum industry as a fuel additive with octane 91 gasoline to make gasohol fuel. In 2005, our largest customer of ethanol were Bangchak Petroleum Public Company Limited, The Shell Company of Thailand Limited and PTT Public Company Limited, which purchased 191.2 thousand hectoliters, or 92.3% of our ethanol sales volume.

We expanded our industrial alcohol production facility to increase capacity to produce approximately 600.0 thousand hectoliters of 95 degree refined alcohol per annum, 33.0 thousand hectoliters of ethyl acetate per annum and 49.0 thousand hectoliters of acetic acid per annum. We commenced commercial operations of the expanded facility in December 2005.

In 2004, our revenue from sales from our industrial alcohol operations was Baht 697.7 million, or 0.8% of our revenue from sales. In 2005, our revenue from sales from our industrial alcohol operations was Baht 869.2 million (US\$21.2 million), or 0.9% of our revenue from sales. The following table sets forth our aggregate sales volumes of our industrial alcohol products for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	(Hectoliters in thousands)				
Ethyl alcohol of 95 degrees	559.5	575.6	321.8	146.2	6.5
Ethanol of 99.5 degrees	—	41.6	207.8	7.3	30.0
Acetic acid	—	—	1.9	—	0.8
Ethyl acetate	—	—	0.5	—	0.4
Total	<u>559.5</u>	<u>617.2</u>	<u>532.0</u>	<u>153.5</u>	<u>37.7</u>

A key element of our strategy is to increase our exports of industrial alcohol products. We plan to market and sell our acetic acid to companies in the textile dyeing and food industries, our ethyl acetate to companies in the paint industry, and our 95% refined alcohol to companies in the liquor and chemical industries in Japan and other markets outside Thailand. Thai Alcohol plans to apply for a license from the Government to produce and sell spirits, in order to produce spirits for third parties for export with its 95% refined alcohol.

The ability to increase our sales of ethanol is dependent on the effectiveness of the Government's implementation of the policy to eliminate 95 octane gasoline.

By-products

We convert a portion of the waste products from our breweries and distilleries into commercial products available for sale, including animal feed, bricks and bio-fertilizers. We sell these products in Thailand and abroad. Our revenue from sales of by-products was Baht 264.8 million and Baht 250.4 million (US\$6.1 million), or 0.3% of our revenue from sales in 2004 and 2005, respectively. Our by-product business has reduced the annual amount of pure waste our breweries and distilleries have to treat and dispose, which correlates to a cost saving on treatment and disposal expenses. In addition, the reduction of pure waste reduces the impact of our business on the environment.

Marketing, Sales and Distribution

We market, sell and distribute our products principally in Thailand. We also market, sell and distribute beer, spirits and industrial alcohol to 19 other countries. In 2004, our domestic sales were Baht 89,254.9 million, or 99.0% of our revenue from sales, while our export sales were Baht 871.4 million, or 1.0% of our revenue from sales. In 2005, our domestic sales were Baht 91,394.7 million (US\$2,225.3 million), or 99.2% of our revenue from sales, while our export sales were Baht 696.5 million (US\$17.0 million), or 0.8% of our revenue from sales.

Domestic Market

Thailand is one of the world's largest spirits markets and one of Southeast Asia's fastest growing beer markets, according to Canadean. The economy segment of the market dominates over the standard and premium segments. This is a core strength of our group and our marketing is consequently targeted primarily at the economy segment of the market.

Marketing, Advertising and Promotional Activity. We attribute our success in the domestic market to our successful brand-building through targeted advertising and promotions, and our effective transition from a portfolio sales strategy to a strategy focusing on individual brand marketing. We spent Baht 4,746.4 million (US\$115.6 million) on advertising and promotions in 2005, or 37.8% of our general and administrative expenses, compared with Baht 4,206.4 million in 2004, or 37.8% of our general and administrative expenses. We generally budget our advertising and promotion based on a fixed percentage of our estimated beer and spirits sales. However, we may increase this percentage when we launch new products or in response to competition.

The following table sets forth our promotional goods for our products for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
Beer and water (<i>hectoliters in thousands</i>):					
Beer	404.3	396.1	971.1	234.6	189.0
Drinking water	0.5	0.5	0.4	0.1	0.1
Soda water	125.7	72.5	45.6	20.7	5.9
Spirits (<i>cases in thousands</i>):					
White spirits	3,489.5	3,673.0	336.3	60.9	67.4
Brown spirits	385.5	513.0	262.4	12.6	146.3

Brand Building. Branding is a critical factor in a consumer's choice of beverage. Brand promotion and advertising are essential tools to build image and market share, and establish consumer brand loyalty. We strive to increase our market share by promoting our brands distinctly and consistently. Our main marketing objective is to devise a clear, unique and enduring strategy to promote each of our products as a dynamic and modern brand with an overall theme of "Thai appeal." Through our marketing, we attach values to our brands for consumers including social status, patriotism, generosity and fashion sense. Brand cycles in the alcoholic beverage industry tend to be long and brands are built over the course of many years. We market our brands extensively throughout Thailand through a broad range of marketing channels, including, among others, television, billboard, radio advertising and consumer promotions. We also sponsor high profile sports, Thai festivals and other special events thereby giving broad exposure to our brands. We intend to continue to invest heavily to enhance the position of our brands.

To maximize our penetration into new market segments, we have established a marketing team with long-standing experience in building brand equity, especially in the standard and premium segments. We have recently recruited two senior executives from Riche Monde (Bangkok) Limited, the distributor in Thailand for Diageo PLC, to assist us to enhance our branding and marketing effectiveness. These executives have provided their know-how and trained our marketing and sales teams in, brand building and marketing.

Targeted Advertising and Promotions. We advertise our products on television, radio and other media advertising campaigns, including billboards, and event sponsorship. Prior to 2003, we invested more heavily in media advertising. However, in 2003, the Government enacted regulations that prohibited advertising alcoholic beverages between 5 a.m. and 10 p.m. and regulated the content of the advertising allowed on television or radio. Consequently, we have decreased the amount we spend on media advertising and have increased our promotional activities. We believe these restrictions will serve as barriers to entry for potential new market entrants. We also believe that these restrictions could, to some extent, represent an obstacle for incumbent participants, including ourselves, to launch new products. However we believe that these new restrictions are unlikely to significantly affect brand recognition of existing brands. For a description of the Government restrictions on television and radio advertising, see "Regulation—Regulation by Other Laws—Commercial Advertisement of Alcoholic Drinks."

We promote our products through trade promotions, consumer promotions and point of sale promotions. In 2004, our promotions included a lucky draw and on-premise product promotions by over 1,000 sales personnel. In 2005, our promotions included a bottle cap redemption promotion in which consumers redeemed bottle caps of our Chang Beer for prizes, including Everton Football Club related merchandise. In addition, we also engage in various points of sale promotions, such as end-aisle displays and special contests, aimed at enhancing consumer recognition of our brands. In strategic outlets, we provide our point-of-sale establishments with promotional banners and posters.

Event-based marketing. Our subsidiary, DhosPaak Co., Ltd. ("DhosPaak"), is an event-based marketing company that purchases the rights to broadcast events in Thailand, mainly sporting events, and then sells the advertising time and sponsorships to companies in Thailand and internationally. We sponsor a number of sporting activities, such as soccer, through sponsorship arrangements entered into by DhosPaak. Our sponsorship of the live Thai broadcasts of the 2002 FIFA World Cup, staged in Japan and Korea in 2002, provided us with new opportunities to communicate with our consumers in Thailand. We have agreed to sponsor the live Thai broadcasts of the 2006 FIFA World Cup. Our

association with the FIFA World Cup campaign enables us to engage in one of the largest and most prestigious sporting events in the world and realize significant benefits from the unique marketing opportunities that it provides.

We consider various factors, including brand and market positioning of our products, prior to sponsoring events and activities. In 2004, we entered into a sponsorship agreement and advertising services agreement with Everton Football Club for the main sponsorship of Everton Football Club. We are the only Thai company to be an official sponsor of an English Premiership football team. Everton Football Club is a part of the English Premiership Football League, a widely followed sport in Thailand and, as part of these sponsorship agreements, the Chang logo is displayed prominently on Everton Football Club players' shirts, in its stadium and on other team memorabilia. We extended our sponsorship in June 2005 for three years until the end of the 2007/2008 season.

In addition to the sponsorship of Everton Football Club, we sponsor other activities through other brands. For example, we sponsor contemporary events including chess and snooker through our Sangsom brand and we sponsor Thai traditional activities, including kite and Thai boat games through our Mekhong brand.

Our sponsorship activities extend beyond sports and include other popular events, such as Thai festivals. These sponsorship initiatives are implemented locally and involve a broad range of events, such as the Thai New Year festival in Chiang Mai, the Miss Chiang Mai contest and several musical and entertainment events, cultural and festive occasions and national celebrations.

Transition from portfolio sales strategy to individual brand marketing strategy. In the past we used a portfolio marketing approach in which we encouraged our agents to purchase our entire product portfolio through our distribution network. This approach was successful in establishing our lower-priced, economy segment beverages. By leveraging off our strong market position in the spirits segment and our extensive distribution network, we were able to introduce our Chang Beer in 1995 and capture over 50% of Thailand's beer market by December 1998. In 2004, we changed our marketing policy whereby agents purchase our products individually rather than purchase the entire portfolio. We believe this will enable us to introduce products in the standard and premium segments of the market and capture value from consumers who prefer higher-priced brands.

Ensuring Customer Loyalty. Our marketing of our beer and spirits is principally aimed at the population aged from 20 to 40. We focus on this particular demographic group because we believe people within this age range consume more beer and spirits per capita than other age groups and are more likely to remain loyal to a brand. We believe that beer and spirits brands have longer product life cycles than brands in many other consumer product sectors and the strength of beer and spirits brands tends to last over a long period of time once brand loyalty is established.

Sales and Distribution. We believe that our sales and distribution network, which at December 31, 2005, comprised over 2,600 agents, over 400 warehouses and a fleet of over 4,000 vehicles, is one of the largest networks for consumer products in Thailand. Our distribution network is integrated for beer, spirits and water. Through our established distribution relationships, we sell and distribute our products through approximately 400,000 points of sale in Thailand.

Distribution. Our distribution network is divided into eight distribution regions. As of December 31, 2005, our distribution network included 90 branch offices. Each branch office includes distribution and sales personnel and a branch manager who is responsible for the sales, distribution and marketing within its territory. The sales representatives in our branch offices work closely with our sales agents and direct sales teams to support product deliveries, coordinate with officers from the Excise Tax Department, follow-up on orders and manage inventory levels in the territory. Our branch offices also serve as a payment center for our agents to make payment for the products they purchase and distribute.

We operate warehouses in each of Thailand's provinces. Each warehouse has an average inventory of two weeks for all our products. As of December 31, 2005, we operated a total of 428 warehouses, including warehouses located at each of our 90 branch offices. As of December 31, 2005, we owned 40 warehouses and leased 388 warehouses from third parties.

We typically deliver our products from our production plants to our warehouses by truck. Sales agents can either arrange their own transportation to pick up products at our warehouses or have us deliver products to their locations. As of December 31, 2005, we owned a fleet of over 4,000 vehicles.

From time to time, typically during the Thai New Year and various Thai festivals, we use the services of contract trucking companies to supplement our transportation operations.

In 2005, our products were sold through approximately 400,000 outlets throughout Thailand. We sell our beverage products throughout Thailand, directly and indirectly, to:

- hotels, restaurants, bars and small and medium-sized retail outlets, for on-premise consumption;
- street vendors; and
- modern trade channels, such as hypermarket and supermarket chains, for off-premise consumption.

We use three channels of distribution to reach these points of sales: agents (both exclusive and non-exclusive), direct sales and modern trade channels.

Agents. We have over 2,600 agents to distribute our products throughout Thailand, the majority of which are non-exclusive. We use exclusive agents only in rural communities and non-exclusive agents in metropolitan cities and rural communities. On average, we have had a relationship with each of our exclusive and non-exclusive agents for more than 10 years. We determine the optimal number of agents within an area by considering, among other things, market needs, number of retail establishments, the capacity of the agents and geographic features.

In February 2006, 470 of our agents agreed to act as our exclusive agents to distribute Archa, Crown 99 and Niyomthai in designated markets. In addition, 100 of these 470 exclusive agents also agreed to distribute Chang Light in urban markets.

Our relationships with our customers and our agents have been key factors in the growth of our beer and spirits brands. We have built strong relationships with our agents through our 90 branch managers and eight regional managers. Our managers motivate our agents by setting sales volume targets with target prices that correspond to the demand in the sales area that the agent covers and that are aligned with our profit targets. In 2004 and 2005, we offered our top performing agents and customers trips to England to watch an Everton Football Club match in our executive box to reward them for supporting our business.

We do not enter into written distribution agreements with either our exclusive or nonexclusive agents. We compensate our exclusive and non-exclusive agents by providing an initial discount on the products they purchase from us. Prior to 2005, our agents purchased and distributed our entire product portfolio. In 2005, we implemented an incentive based strategy, which allows our agents to carry individual products from our portfolio and enables us to segment our products and introduce higher-priced brands to our customers. Our agents can obtain further discounts on the products they purchase from us if they attain certain agreed upon sales volumes. In addition, we offer our agents monthly pricing promotions on products, which provide an incentive to agents to sell the product and meet their targets. Our regional and branch managers monitor and review the performance of our exclusive and non-exclusive agents.

Direct Sales. In addition to our agent distribution network, we operate a direct sales network to distribute our products directly to points of sale, including both on-premise and off-premise consumption. As of December 31, 2005, our direct sales distribution network consisted of 921 direct sales employees who generally operate out of our branch offices. The primary objective of our direct sales employees is to market our products and to ensure that our products are available for sale and are properly displayed at the retail stores. Our direct sales employees visit approximately 250,000 retail outlets on a monthly basis to monitor prices and quality of our brands, coordinate promotions that we sponsor and provide customer service to store owners. Our direct sales employees operate in the same areas as our agents and introduce and sell our products directly to the retail store owners only when the agents have not done so previously. This interaction with store owners helps our direct sales employees develop strong relationships with our retail channels.

Modern Trade. We also sell our products directly to hypermarkets, supermarkets and convenience stores, which we refer to as modern trade customers. These large stores usually have central purchasing departments, which generally require us to provide credit terms of seven days. In March 2005, we formed a key account management team to focus on developing our relationships with our modern trade customers. The responsibility of the key account management team is to

establish relationships with each modern trade outlet and ensure that we are providing quality service and meeting or exceeding their expectations.

Hospitality Channels. In May 2005, we formed premium beverage teams to focus on developing our relationships with hospitality channels, including hotels, restaurants, bars and import spirits vendors, in preparation for future product launches in higher-priced segments. The responsibility of the premium beverage team is to establish relationships with hospitality channels to market our products.

Pricing. When determining our selling prices for our products, we consider many factors, each of which varies in importance from time to time, including general economic conditions, the level of excise taxes, municipal taxes and health promotion fund contributions, the success and profitability of our various product presentations, the prices of our competitors' products, the expected margins of our customers' products, the effects of inflation and our costs. We establish suggested retail prices for our products, which may vary based on location, type of distribution channel and other factors. The Government does not regulate wholesale or retail beer or spirits prices in Thailand, but requires sellers of beer or spirits to obtain a license from the Excise Tax Department.

Prior to 2005, we marketed our products on a portfolio basis, through which we encouraged our agents to purchase our entire product portfolio. Our agents and distributors could then adjust the retail prices of individual products, such as reducing the price of beer while increasing the price of spirits, to promote our products. To enhance our control in the market positioning and retail pricing of our products, in January 2005, we altered our marketing strategy to permit our customers and agents full flexibility in purchasing our products. As a result, we have increased the prices of our white spirits and increased the level of discounts for beer through increasing the promotional goods we provide, which has resulted in higher margins in our spirits, but lower margins in our beer and water products. We provide free cases of beer, water and spirits to our customers based on the volumes they purchase. We increase or decrease the amount of promotional goods we provide in response to market demands.

In the beer market, we have limited flexibility to increase prices as we face competitive pressures to maintain low prices for beer. Although we have not raised or lowered the price of our Chang Beer since we introduced it in 1995, we effectively adjust the price to our customers through our allocation of promotional goods. Promotional goods comprised 11.6% of our sales volumes of beer and water in 2005, compared to 4.7% in 2004 and 4.8% in 2003. We increased our allocation of promotional goods in 2005, as a result of our focus on an individual, rather than a portfolio, pricing strategy and in response to increased competition in the Thai beer market resulting principally from increasing consumer preferences for lower alcohol content beer. In the three months ended March 31, 2006, we reduced our allocation of promotional goods for our beer products to approximately 8.7% of our sales volumes of beer and water.

We do not face the same level of competition in the spirits market, in particular for white spirits, as we do for beer. In January 2004, we have increased our prices on a number of our white spirits products by Baht 4 per 625 milliliter bottle and in January 2005, we increased our prices on our white spirits an additional Baht 5.5 per 625 milliliter bottle. These price increases were an important factor in the increase in our revenue from sales of spirits of Baht 49,910.0 million (US\$1,215.2 million) in 2005, compared to Baht 42,188.6 million in 2004 and Baht 38,713.1 million in 2003. Promotional goods comprised 1.1% of our sales volumes of spirits in 2005, compared to 8.3% in 2004 and 8.1% in 2003. In the three months ended March 31, 2006, the allocation of promotional goods for our spirits products comprised approximately 1.6% of our sales volumes of spirits. We expect our allocation of promotional goods for our spirits products to comprise approximately 2.0% of our sales volumes of our spirits in future periods, subject to market conditions. We expect to substantially reduce promotional goods or discounts on our spirits products in the future, except in special circumstances such as festive periods.

International Market

In 2004 and 2005, our international sales were small, accounting for less than 1.0% of our total sales. Although our international sales are currently small in comparison to our sales in Thailand, we believe there is significant potential to grow our sales internationally and to increase our international presence. Since March 2006, our subsidiary, International Beverage Holdings Ltd., has been responsible for our international sales and marketing efforts. In June 2005, we recruited a president for International Beverage Holdings Ltd. with more than 20 years of experience in the spirits industry to build a team capable of developing and implementing our international expansion strategy. We are in the process of filling the

remaining vacancies for our team of international alcohol beverage professionals in various regions of the world.

Our Principal Shareholders intend to transfer to us five distilleries in Scotland and one distribution company in Hong Kong, and we intend to acquire two distillers in China and one distillery in Laos. For further information regarding these transfers and acquisitions, see “Management’s Discussion and Analysis of Financial Conditions and Results of Operations—Recent Developments.” These transfers and acquisitions are the initial steps in our strategy to increase our sales in international markets and diversify our production outside Thailand. We believe that Laos and China represent under-developed markets with attractive growth potential and we will continue to consider further investments in these or other markets in the future.

We currently export Chang Beer Export, spirits brands, such as Ruang Khao, Mekhong and Sangsom and industrial alcohol products to 19 countries outside Thailand, primarily in Southeast Asia. We do not currently export our bottled water products. The following table sets forth our aggregate export sales by product and the percentage of our export revenue from sales of each for the periods indicated:

Product	Year Ended December 31,						Three Months Ended March 31,			
	2003		2004		2005		2005		2006	
	Export Sales	Percentage of Export Revenue from Sales	Export Sales	Percentage of Export Revenue from Sales	Export sales	Percentage of Export Revenue from Sales	Export sales	Percentage of Export Revenue from Sales	Export sales	Percentage of Export Revenue from Sales
	Bt		Bt		Bt		Bt		Bt	
	(In millions, except for percentages)									
Beer	145.3	17.9	177.9	20.4	183.8	26.4	50.9	20.0	56.5	64.9
Spirits(1)	70.4	8.7	80.2	9.2	94.7	13.6	25.5	10.0	30.6	35.1
Industrial alcohol	593.8	73.4	613.3	70.4	418.0	60.0	178.5	70.0	—	—
Total	<u>809.5</u>	<u>100.0</u>	<u>871.4</u>	<u>100.0</u>	<u>696.5</u>	<u>100.0</u>	<u>254.9</u>	<u>100.0</u>	<u>87.1</u>	<u>100.0</u>

(1) The majority of our spirits exports are brown spirits. White spirits represent approximately 3.5% of our spirits exports.

Our beer and spirits export sales were Baht 258.1 million and Baht 278.5 million (US\$6.8 million), in 2004 and 2005, respectively, or 29.6% and 40.0% of our total export sales, respectively, during these periods. In 2004 and 2005, the top five countries for our beer and spirits export sales were Cambodia, Myanmar, Singapore, Taiwan and the United Kingdom.

The following table sets forth our total beer and spirits export sales by country for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
	(Baht in millions)				
Cambodia	109.0	101.6	86.1	25.4	37.4
Myanmar	16.2	44.6	59.0	20.6	24.2
Singapore	38.0	21.4	29.0	8.6	5.2
Taiwan	28.6	42.5	46.1	10.1	8.8
United Kingdom	4.1	13.7	15.8	2.5	2.9
Other(1)	<u>19.8</u>	<u>34.2</u>	<u>42.5</u>	<u>9.2</u>	<u>8.6</u>
Total export sales	<u>215.7</u>	<u>258.0</u>	<u>278.5</u>	<u>76.4</u>	<u>87.1</u>

(1) In 2005, “Other” included Australia, Belgium, Bhutan, Finland, France, Hong Kong, Ireland, Japan, the Netherlands, New Zealand, Norway, Sweden, Switzerland and Vietnam.

The ASEAN Free Trade Agreement, or AFTA, was signed by 10 countries including Thailand, Brunei, Indonesia, Malaysia, Philippines, Singapore, Laos, Myanmar, Cambodia and Vietnam. AFTA has not significantly affected our international sales due to the limited number of countries that have reduced their custom duties in response to AFTA. Thailand, Vietnam and the Philippines have reduced their custom duties to 5% of the CIF value of the goods imported and Singapore has reduced its custom duty to zero. In addition, under AFTA, at least 40.0% of the finished goods produced in countries that signed AFTA must use local content. Most of our products use local content above the specified requirements.

The current focus of our export sales of beer and spirits is to place our products into Thai restaurants and modern-trade channels, such as grocery stores, in the countries in which we sell our products. Typically, we sell our products to beer and spirits distributors outside Thailand on an order-by-order basis. We do not enter into sole distribution agreements for particular countries. As of December 31, 2005, we had 67 distributors of our beer and spirits products located in 19 countries. We intend to establish trading and distribution companies in various countries that we sell our products to increase our sales and to promote our brands in these countries.

In order to promote our beer and spirits products outside Thailand, we generally provide promotional support to our international distributors by providing advertising materials, such as banners, posters, stickers, and promotional materials, such as beer glasses, ashtrays, and tissue boxes.

We export our ethyl alcohol produced by Thai Alcohol to various countries, including Japan, the Philippines and India for use in the cosmetic, food and medical industries. We sell our ethyl alcohol FOB Bangkok and require purchasers to provide us with letters of credit. In 2005, we sold approximately 92.3% of our ethyl alcohol in Japan to Mitsui & Co. UK Plc, Mitsubishi, Toshoku Limited and Itochu Corporation.

Competition

Beer. We compete for market share with other beer brands, primarily Boon Rawd Brewery, through brand preference, distribution, product availability, pricing, packaging, consumer promotions and customer service. We introduced Chang Beer in 1995, and in 2004, our Chang Beer and Archa Beer together had a market share of 60.4%.

Boon Rawd Brewery launched its Leo brand in 1998 and its Thai Beer brand in 2001, both in the same segment as Chang Beer, but low-priced alternatives to its flagship Singha brand. In 2004, the Leo brand captured more market share due to changes in consumer preference for lower alcohol content beer and, as a result, the volume of beer we sold in 2004 decreased compared to that in 2003. We subsequently launched our Archa Beer brand in July 2004 to compete directly against Leo and maintained our Chang Beer as the market leader in the economy segment. Competition in the economy segment of the beer market between us and the Boon Rawd Brewery has stimulated volume growth in the market, as well as encouraged the emergence of new brands, more aggressive marketing and greater packaging diversity.

In September 2005, Thai Asia Pacific Brewery Co., Ltd., the manufacturer of Heineken beer in Thailand, launched Cheers, an economy segment beer, in Thailand. The entry into the beer market by new competitors or the expansion of our existing competitors' production could reduce our market share, or affect our success in expanding our existing and future products into higher-priced segments of the market. However, we believe that there are significant market entry barriers, such as the significant investment required to build a brewery, limited access to established distribution channels and limited access to television and radio advertising due to Government regulation.

Spirits. As with beer, spirits manufacturers compete for market share with other spirits brands, primarily imported brands, through brand preference, distribution, product availability, pricing, product packaging, consumer promotions and customer service.

Our primary competition in the white spirits and Chinese herb spirits segment is from the Wrangyer group of companies, which produces the White Tiger brand, and local "homemade" producers of community white spirits. Community spirits are white spirits with alcohol content between 15 and 40 degrees, usually produced from rice, flour, fruit, or other agricultural products. We generally do not regard these community spirits producers as a threat to our market share due to their limited size and distribution ability, inconsistent quality and lack of brand awareness in the communities they serve.

Our primary competition in the brown spirits segment is low-priced versions of the international spirits brands, including Master Blend and 100 Pipers (Pernod Ricard), Golden Knight, Spey Royal and Benmore (Diageo PLC), Suntory Red Sun (Suntory Ltd). These rival brands are primarily either blended Scotch whiskies or admix whiskies, which are blends of imported aged malt whisky and neutral spirits and have been introduced to Thailand by the international spirits companies to compete in the low-priced brown spirits market. We have our own range of admix whisky brands that compete directly with these imports, including V.O. and, most recently, Crown 99. In recent years, several importers have launched aggressive marketing campaigns to promote their admix whisky brands at prices aimed to compete with our locally produced brands. As a result of these campaigns we have increased our marketing efforts through television, radio and print advertising to promote our brands, in particular Sangsom.

Our current portfolio of brands does not compete directly with imported premium spirits. However, we recognize that the standard segment of the market is growing in response to Thai consumers' either "trading-up" from locally produced brands or "trading-down" from higher-priced imported products. Consequently, our strategy is to upgrade our portfolio of spirits brands progressively to compete in this market segment.

The entry barriers to the spirits industry in Thailand are lower than those for beer, partly because of the longer shelf-life of spirits, which makes spirits imports more viable compared to beer imports. However, we believe there are still significant market entry barriers to the spirits industry, such as our leading market position in the economy segment, limited access to established distribution channels and limited access to television and radio advertising due to Government regulation, which would limit the entry of new competitors into the Thai spirits market.

Facilities and Capacity

All of our production facilities are in Thailand. We own and operate 20 production facilities, including three breweries, 16 distilleries and one industrial alcohol plant.

The table below sets forth information regarding the identity, location, design capacity, volume produced in 2005 and products of our operating production facilities as of and for the year ended December 31, 2005:

<u>Plant Name</u>	<u>Location</u>	<u>Commenced Commercial Operation</u>	<u>Design Capacity(1)</u> (Hectoliters in thousands)	<u>Volume Produced in 2005</u> (Hectoliters in thousands)	<u>Products</u>
Breweries:					
Bang Ban	Ayutthaya	1994	5,300.0	4,456.8	Chang Beer and Archa Beer
Kamphaengphet(2)	Kamphaengphet	2001	4,400.0	3,484.3	Chang Beer and Archa Beer
Cosmos(3)	Ayutthaya	1990	1,200.0	1,206.3	Chang Beer, Chang Beer Export and Chang Draught
Total:			10,900.0	9,147.4	
			(Cases in thousands)	(Cases in thousands)	
Distilleries:					
Sangsom(4)	Nakornpathom Kanchanaburi	1973 1982	11,111.1	8,693.7	Sangsom and Mungkorn Thong
Sura Bangyikhan(5)	Pathumthani	1981	9,444.4	2,596.9	Ruang Khao, Chiang-Chun, Sua Dum and Mekhong
Red Bull Distillery	Samutsakorn	1983	9,444.4	3,854.2	Ruang Khao, Mungkorn Thong, Crown 99, Shinobu Sake and Blue
Kanchanasingkorn	Kanchanaburi	1985	5,555.6	2,055.3	Ruang Khao, Chiang-Chun and Chu Sib Neaw
Fuengfuanant	Prachinburi	1985	5,000.0	4,936.2	Ruang Khao and Chiang-Chun
Mongkolsamai	Uttaradit	1985	5,000.0	848.3	Ruang Khao and Chiang-Chun
Thanapakdi	Chiang Mai	1985	5,000.0	1,333.7	Ruang Khao and Chiang-Chun
Athimart	Burirum	1985	5,000.0	3,910.4	Ruang Khao and Chiang-Chun
S.S. Karnsura	Ubonratchathani	1985	5,000.0	3,704.7	Ruang Khao and Chiang-Chun
Kankwan	Khonkaen	1985	5,000.0	4,244.9	Ruang Khao and Chiang-Chun
Theparunothai	Nongkai	1985	5,000.0	3,430.9	Ruang Khao and Chiang-Chun
Simathurakij	Nakornsawan	1985	5,000.0	2,435.4	Ruang Khao and Chiang-Chun
Nateechai	Suratthani	1985	5,000.0	3,199.9	Ruang Khao and Chiang-Chun
Luckchai Liquor Trading . .	Ratchaburi	1985	5,000.0	1,955.7	Ruang Khao, Chiang-Chun and Chu Sib Neaw
United Winery and Distillery(6)	Nakornpathom	1986	2,222.2	2,676.5	Pai-Thong, Black Cat, Black Thai, Sing Thong, V.O., Thai Sherry and Cooler Club
Total:			87,777.8	49,876.7	
			(Hectoliters in thousands)	(Hectoliters in thousands)	
Water and Soda Production Facilities:					
Bang Ban	Ayutthaya	1994	3,000.0	369.2	Chang Drinking and Soda Water
Kamphaengphet	Kamphaengphet	2001	3,000.0	143.1	Chang Drinking and Soda Water
Cosmos	Ayutthaya	1990	1,000.0	155.9	Chang Drinking and Soda Water
Total:			7,000.0	668.2	
Industrial Alcohol Production Facilities:					
Thai Alcohol	Nakornpathom	1989(7)	720.0	408.5	Ethyl alcohol of 95 degrees(8) and ethanol of 99.5 degrees(9)
			600.0	—	95 degree refined alcohol
			33.0	3.8	Ethyl acetate
			49.0	6.4	Acetic acid

(1) Design capacity refers to production capacity based upon the amounts guaranteed by equipment suppliers. The design capacity of our breweries is based on operating the brew house 24 hours per day and operating packaging lines 300 days per year, 16 hours per day for two eight hour shifts. The design capacity of our distilleries is based on operating the distillation columns 24 hours per day and operating the packaging lines 300 days per year for one eight hour shift. The design capacity of our industrial alcohol facility is based on seven days of production operating 24 hours per day. Actual production by machines may differ from production capacity as a result of the products produced, variations in product mix and other factors.

- (2) We are in the process of expanding our Kamphaengphet brewery to 9,000.0 thousand hectoliters. We expect the expansion to be completed by the first quarter of 2007. For further information on our expansion of our Kamphaengphet brewery, see “—Expansion Program.”
- (3) From March 2006, Cosmos Brewery commenced commercial production of Chang Light.
- (4) The total aggregate design capacity of the Nakornpathom distillery and the Kanchanaburi distillery is 11,111.1 thousand cases. The Kanchanaburi distillery produces semi-finished goods which are subsequently finished at the Nakornpathom distillery.
- (5) From March 2006, Sura Bangyikhan commenced commercial production of Niyomthai and Hong Thong.
- (6) United Winery and Distillery Co., Ltd.’s volume produced in 2004 is significantly greater than its design capacity as a result of finishing and packaging products using semi-finished products from our other distilleries. United Winery and Distillery Co., Ltd. has ceased the production of Black Cat, Black Thai and Cooler Club since May 2, 2006.
- (7) In 2004, we expanded our Thai Alcohol facility to produce Ethanol of 99.5 degrees from our existing ethyl alcohol production line. In 2005, we expanded our Thai Alcohol facility to produce 95 degree refined alcohol, ethyl acetate and acetic acid.
- (8) Ethyl alcohol of 95 degrees is used as a raw material to produce ethanol of 99.5 degrees. In 2005, we produced 243.0 thousand hectoliters of ethyl alcohol of 95 degrees.
- (9) In 2005, we produced 165.5 thousand hectoliters of ethanol of 99.5 degrees.

Breweries

Our breweries are state-of-the-art facilities and utilize modern equipment principally supplied by European manufacturers. Our brew houses were manufactured by Anton Steinecker Maschinenfabrik GmbH, our bottling and packaging equipment, which can bottle and package in the range of 40,000 to 45,000 bottles per hour per line, were manufactured by Krones AG and our water treatment facilities and wastewater treatment facilities were manufactured by Degrémont A/S and Krüger A/S, respectively. Each of the breweries house water and soda plants, which we use to produce drinking water and soda water. Each brewery maintains a license issued by the Ministry of Finance, Ministry of Public Health, and the sub-district of its location, which permits the brewery to produce and sell beer and water products.

We obtain our electricity requirements for our breweries from the Provincial Electricity Authority of Thailand (the “PEA”) under one-year power purchase agreements, which automatically renew for as long as neither party gives notice to terminate. We have an electricity substation at each brewery to stabilize the voltage delivered by the PEA. In addition, we have installed generators at our breweries to provide back-up power to our breweries, respectively, approximately one-third of our total electricity requirements, in order to operate critical systems such as cooling systems.

We produce Chang Beer and Archa Beer at both our Bang Ban and Kamphaengphet breweries to reduce transportation costs of distributing the finished goods to our customers. Because of the relatively short shelf-life of beer, our production volumes are based on rolling forecasts of beer sales provided by our marketing team. This primarily accounts for the fluctuations in production volumes in our breweries over the last three years. We produce Chang Light, Chang Beer Draught and Chang Beer Export at our Cosmos Brewery as the ordered quantities for these products are relatively small and require frequent start-up and shutdown of production lines to accommodate small orders. We plan to continue to produce Chang Light, Chang Draught and Chang Beer Export at our Cosmos Brewery facility.

Our Bang Ban facility commenced commercial operations in 1994. Our Kamphaengphet facility commenced commercial operations in 2001. Our Cosmos Brewery facility commenced commercial operations in 1990. The following table sets forth production details of these breweries for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
Bang Ban Brewery:					
Production (<i>hectoliters in thousands</i>)	5,453.1	4,689.0	4,456.8	1,128.0	1,094.2
Design Capacity (<i>hectoliters in thousands</i>) (1)	5,300.0	5,300.0	5,300.0	1,325.0	1,325.0
Capacity utilization (%)	102.9	88.5	84.1	85.1	82.6
Planned shut-down (in days) (2)	2.0	2.0	2.0	0.0	0.0
Unplanned shut-down (in days)	0.0	0.0	0.0	0.0	0.0
Production per employee (<i>hectoliters in thousands</i>)	6.2	5.4	6.1	1.4	1.5
Water required to produce one liter of beer and water (<i>in liters</i>)	6.1	5.9	5.3	5.1	5.2
Kamphaengphet Brewery:					
Production (<i>hectoliters in thousands</i>)	4,426.8	4,011.5	3,484.3	858.4	999.0
Design Capacity (<i>hectoliters in thousands</i>) (1)	4,400.0	4,400.0	4,400.0	1,100.0	1,100.0
Capacity utilization (%)	100.6	91.2	79.2	78.0	90.8
Planned shut-down (in days) (2)	2.0	2.0	1.0	0.0	1.0
Unplanned shut-down (in days)	0.0	0.0	1.0	1.0	0.0
Production per employee (<i>hectoliters in thousands</i>)	9.4	7.9	7.1	1.7	2.1
Water required to produce one liter of beer and water (<i>in liters</i>)	5.2	5.6	5.5	5.2	5.9
Cosmos Brewery:					
Production (<i>hectoliters in thousands</i>)	932.9	1,183.0	1,206.3	312.1	271.9
Design Capacity (<i>hectoliters in thousands</i>) (1)	1,200.0	1,200.0	1,200.0	300.0	300.0
Capacity utilization (%)	77.7	98.6	100.5	104.0	90.6
Planned shut-down (in days)	0.0	0.0	0.0	0.0	0.0
Unplanned shut-down (in days)	0.0	0.0	0.0	0.0	0.0
Production per employee (<i>hectoliters in thousands</i>)	2.9	3.3	4.3	2.2	1.8
Water required to produce one liter of beer and water (<i>in liters</i>)	7.3	6.6	6.5	6.8	5.6

(1) The design capacity of our breweries is based on operating the brew house 24 hours per day and operating packaging lines 300 days per year, 16 hours per day for two eight hour shifts. However, we can operate beyond our design capacity by operating up to 24 hours per day seven days a week for extended periods of time, if necessary, to meet market demand.

(2) In 2003, we instituted a total preventative maintenance program that includes weekly and annual maintenance. Our total preventative maintenance program has reduced our annual shutdown for our breweries from approximately three days to approximately two days. We have not incurred any unplanned shutdowns in the past two years.

Utilization and Efficiency. In 2005, the utilization rates of our Bang Ban, Kamphaengphet and Cosmos breweries were approximately 84.1%, 79.2% and 100.5%, respectively, compared to approximately 88.5%, 91.2% and 98.6%, respectively, in 2004 and approximately 102.9%, 100.6% and 77.7%, respectively, in 2003.

In 2005, the utilization rates of our Bang Ban, Kamphaengphet and Cosmos drinking water and soda water facilities were approximately 12.3%, 4.8% and 15.6%, respectively, compared to approximately 12.8%, 5.2% and 29.0%, respectively, in 2004 and approximately 17.7%, 1.6% and 43.3%, respectively, in 2003. Our utilization rates for our drinking and soda water facilities have been low historically as we have not focused on selling these products individually, and instead used the drinking water and soda water products as promotional items to sell our beer and spirits products.

Our Kamphaengphet brewery is more efficient than our Bang Ban and Cosmos breweries, primarily because it was constructed in 2001, seven years after the Bang Ban brewery and 11 years after the Cosmos Brewery, and is equipped with newer machines and equipment.

Following our launch of Archa Beer in July 2004, our Bang Ban and Kamphaengphet breweries switched between the production of Chang Beer and Archa Beer, which created extract loss at certain stages of the production process. In 2004, our brewing team implemented a recovery process that enables us to capture the excess beer remaining in the production system when we switch from production of one type of beer to another type of beer and to re-use this beer in the appropriate stage of production, such as the fermentation or brewing stage, without any effect on the quality of our products. This process helps to reduce lost product and increase our efficiency.

Distilleries

We own and operate 16 distilleries. Each distillery maintains a license issued by the Ministry of Finance, which permits the distillery to produce and sell spirits. Most of our distilleries use equipment primarily supplied by European, Japanese and Canadian manufacturers. Our three major distilleries are Sangsom, Sura Bangyikan and Red Bull Distillery.

Sangsom. Our Sangsom Nakornpathom facility commenced commercial operations in 1973. At December 31, 2005, our Sangsom Nakornpathom facility had a design capacity of approximately 11,111.1 thousand cases of spirits per annum. Our Sangsom Nakornpathom facility produces the Sangsom and Mungkorn Thong brands. In 2005, our Sangsom Nakornpathom facility produced approximately 8,453.1 thousand cases of Sangsom and 240.6 thousand cases of Mungkorn Thong.

Sura Bangyikhan. Our Sura Bangyikhan facility commenced commercial operations in 1981. At December 31, 2005, our Sura Bangyikhan facility had a design capacity of approximately 9,444.4 thousand cases of spirits per annum. Our Sura Bangyikhan facility produces Ruang Khao, Chiang-Chun, Sua Dum, and Mekhong brands. In 2005, our Sura Bangyikhan facility produced approximately 1,754.2 thousand cases of Ruang Khao, 208.3 thousand cases of Chiang-Chun, 606.8 thousand cases of Sua Dum, and 27.6 thousand cases of Mekhong. In March 2006, our Sura Bangyikhan facility commenced production of Niyomthai and Hong Thong.

Red Bull Distillery. Our Red Bull facility commenced commercial operation in 1983. At December 31, 2005, our Red Bull facility had a design capacity of approximately 9,444.4 thousand cases of spirits per annum. Our Red Bull facility produces Ruang Khao, Mungkorn Thong, Crown 99 and Shinobu sake brands. In 2005, our Red Bull facility produced approximately 3,166.1 thousand cases of Ruang Khao, 598.3 thousand cases of Crown 99, 56.0 thousand cases of Blue whisky and 33.9 thousand cases of Shinobu sake.

The following table sets forth the total average plant utilization rates, planned and unplanned maintenance and production per employee for our distilleries for the periods indicated:

	Year Ended December 31,			Three Months Ended March 31,	
	2003	2004	2005	2005	2006
Production (<i>thousand cases</i>)	46,242.2	53,576.5	49,876.7	12,897.1	14,216.8
Design capacity (<i>thousand cases</i>) (1)	87,777.8	87,777.8	87,777.8	21,944.4	21,944.4
Capacity utilization (%)	52.7	61.0	56.8	58.8	64.8
Planned shut-down (<i>in days</i>) (2)	15.0	12.8	10.5	2.1	1.8
Unplanned shut-down (<i>in days</i>)	0.0	0.0	0.0	0.0	0.4
Production per employee (<i>thousand cases</i>)	7.6	8.0	8.2	2.0	2.4

(1) The design capacity of our distilleries is based on operating the distillation columns 24 hours per day and operating the packaging lines 300 days per year for one eight hour shift.

(2) The average number of days of planned maintenance for our 16 distilleries.

Our Principal Shareholders intend to transfer to us all of the outstanding shares in Pacific Spirits (UK) Limited, a holding company that holds 100.0% of the outstanding shares of Inver House Distillers Ltd., which owns and operates five distilleries in the United Kingdom. For further information regarding this transfer, see “Management’s Discussion and Analysis of Financial Conditions and Results of Operations—Recent Developments—Proposed Transfers.”

In addition, we intend to acquire all the outstanding shares from the Shareholders of the following companies:

- Best Spirits (China) Company Limited, a holding company that holds 100.0% of the registered share capital of Yunnan Yulinquan Wine Company Limited and approximately 66.7% of the registered share capital of T.C.C. Ningbo Best Spirits Company Limited. Yunnan Yulinquan Wine Company Limited and T.C.C. Ningbo Best Spirits Company Limited each owns and operates one distillery in China; and
- Panitcharoen (Lao-Thai) 1990 Co., Ltd., which owns and operates one distillery in Laos.

For further information regarding these acquisitions, see “Management’s Discussion and Analysis of Financial Conditions and Results of Operations—Recent Developments—Proposed Acquisitions.”

Utilization and Efficiency. In 2005, the average utilization rate of our distilleries was approximately 56.8%, compared to approximately 61.0% in 2004 and approximately 52.7% in 2003. Our utilization rates have been low during the past several years due to our ongoing sales of excess inventories that we produced at the end of the concession period in 1999.

Prior to 2000, excise tax on spirits was an annual lump sum payment, regardless of the volume of spirits produced up to a maximum volume of spirits as set by the Government. If the volume of spirits produced exceeded the maximum volume, then an additional excise tax was applied in accordance with the volume produced above the maximum volume. In 2000, the excise tax on spirits changed from the rate under the concession agreement to a rate based on the greater of a Baht per liter calculation or a percentage of the minimum ex-factory price announced by the Excise Tax Department. Prior to the new excise tax regime on spirits in 2000, we produced the maximum volume of spirits allowed under the lump sum payment to fully utilize our excise tax payments. As a result, we operated our distilleries at high capacities during this period of excess production. Since 2000, however, we have operated our distilleries at lower rates of utilization as we have sold spirits produced in the earlier periods. We produced 49,876.7 thousand cases of spirits in 2005, 53,576.5 thousand cases of spirits in 2004 and 46,242.2 thousand cases in 2003. At December 31, 2005, we no longer had finished goods inventory of white spirits produced during this period. However, our brown spirits inventory include approximately 9,262.9 thousand cases of brown spirits produced during this period (primarily Mekhong and Mungkorn Thong).

We continue to operate our under-utilized facilities as they provide us with a presence in each region of Thailand and allow us to maintain our market share in these areas. In addition, our white spirits are regional products and generally purchased by customers based on the location of production.

In 2000 and 2001, we refurbished all of our distilleries, including the machinery and equipment, buildings, and molasses storage tanks, at a cost of approximately Baht 1,100.0 million. Since we had high inventories of spirits at this time, we were able to carry out the refurbishment and maintenance without compromising our sales volumes.

Industrial Alcohol

We commenced production of industrial alcohol in December 2002, following the purchase of Thai Alcohol. Thai Alcohol has operated an industrial alcohol production facility since 1989. At December 31, 2005, our industrial alcohol production facility had a design capacity of approximately 720.0 thousand hectoliters per year of 95 degrees ethyl alcohol or 600.0 thousand hectoliters per year of 99.5 degrees ethanol and 600.0 thousand hectoliters per year of 95 degree refined alcohol, 33.0 thousand hectoliters per year of ethyl acetate and 49.0 thousand hectoliters per year of acetic acid. At December 31, 2005, we are one of 24 companies in Thailand to own a license from the Government to produce 99.5 degrees ethanol for fuel. The Government, through the Thai Board of Investment (“BOI”), has granted ethanol manufacturers a tax exemption based on incentives established by the BOI. See “—Taxation—BOI Privilege” for further information regarding the BOI tax exemption.

Our industrial alcohol facility also houses a steam turbine power plant that was constructed to provide electricity to our industrial alcohol production facility. Our steam turbine power plant uses rice husks, rather than fossil fuels, as its principal fuel source and has the capacity to provide us with the electricity and steam we currently require to run our industrial alcohol production facility. We also maintain a back-up source of electricity from the PEA.

Expansion Program

We are in the process of implementing an expansion program to increase our beer production capacity at our Kamphaengphet brewery by approximately 4,600.0 thousand hectoliters per annum to approximately 9,000.0 thousand hectoliters per annum to provide additional capacity, to introduce new products and to further penetrate international markets, to meet seasonal fluctuations in demand, which can exceed 100% of our design capacity from time to time, and to avoid excessive wear on our machinery. We expect the expansion at our Kamphaengphet brewery to increase our aggregate brewery capacity for our breweries from approximately 10,900.0 thousand hectoliters per annum to approximately 15,500.0 thousand hectoliters per annum. We expect to sell more beer to our export markets, principally in Cambodia, Laos and other markets.

Construction of the Kamphaengphet brewery expansion project commenced in June 2004, which we expect to complete in the first quarter 2007. The new capacity will be a parallel line, or mirror image, of our current production line, which allows us to integrate our existing and new operations. On May 28, 2004, we entered into turnkey construction contract with Kronos AG to construct the additional production line, including the installation of an additional bottling and packaging line designed to bottle and package 54,000 bottles per hour. We estimate that our total investment cost for the expansion, which we expect to fund primarily from internally generated cash flows, will be approximately Baht 7,200.0 million (US\$175.3 million), Baht 6,194.7 million (US\$150.8 million) of which we had invested as of December 31, 2005. We believe the expansion will make the Kamphaengphet brewery the largest brewery in Southeast Asia based on publicly reported existing capacities of various breweries.

We expect to commence construction and installation of a waste treatment systems at five of our distilleries in November 2006 and expect to complete the construction and installation in the second quarter of 2008. The waste treatment system will produce biogas from waste products, which we plan to use as a fuel source to reduce our fuel costs. We estimate the construction cost of the waste treatment system will be approximately Baht 170.0 million per location, or an aggregate of approximately Baht 850.0 million, which we expect to fund primarily from internally generated cash flows.

We commenced construction and installation of a water filtration system at our Bang Ban brewery in August 2005 and expect to complete the construction and installation in the fourth quarter of 2006. The filtration system will enable us to use river water in the brewing process, which should reduce our reliance on deep well water. We estimate the total construction cost of the filtration system will be approximately Baht 838.2 million, which we expect to fund primarily from internally generated cash flows. As of December 31, 2005, we had invested Baht 572.8 million in this project.

We commenced construction of three glass bottle recycle terminals at or near each of our breweries and distilleries in January 2004. We plan to use these glass bottle recycle terminals to receive and process reusable glass bottles and to control the quality of glass bottles that enter our production process. We expect these terminals to enable us to reduce our packaging costs and our costs to deliver bottles to each brewery and distillery. We completed these three terminals and one additional terminal in 2004 and 2005. We also plan to complete an additional 11 terminals by 2007. We estimate that the total construction cost of the glass bottle recycle terminals will be approximately Baht 480.0 million, which we expect to fund primarily from internally generated cash flows. As of December 31, 2005, we had invested Baht 138.0 million in these projects.

We commenced the installation of eight packaging lines at our distilleries in October 2005, which we expect to complete between the third quarter of 2006 and the first quarter of 2007. We estimate the total cost of these packaging lines will be approximately Baht 300.7 million, which we expect to fund primarily from internally generated cash flows. As of December 31, 2005, we had invested Baht 3.3 million in this project.

We commenced installation of three high-speed packaging lines at our Sangsom distillery in December 2005. We expect to complete the installation of the first packaging line in the third quarter of 2006, the second packaging line in the fourth quarter of 2006 and the third packaging line in the first quarter of 2007. These new packaging lines will allow us to automate the packaging of our Sangsom product into gift boxes. We estimate the total cost of these packaging lines will be approximately Baht 818.0 million, which we expect to fund primarily from internally generated cash flows. As of December 31, 2005, we had not made any investments in this project.

We expect to commence construction and installation of a water filtration system at our Cosmos brewery in the second quarter of 2006 and expect to complete the construction and installation in the first quarter of 2007. The filtration system will enable us to use river water in the brewing process, which should reduce our reliance on deep well water. We estimate the total construction cost of the filtration system will be approximately Baht 110.4 million, which we expect to fund primarily from internally generated cash flows. As of December 31, 2005, we had invested Baht 30.4 million in this project.

Production Process

The Brewing Process

Beer production involves several raw materials and production stages. The main ingredient in beer is malt, which we purchase from international malt suppliers. We also use high quality broken rice as a source of carbohydrates, which we source locally. At the brewery, malt and rice is cracked by milling, and mixed with warm water. This mixture, or “mash,” is heated and stirred in the mash tun, allowing the simple carbohydrates and proteins to be converted into fermentable sugars. Naturally occurring enzymes help facilitate this process. The mash is then strained, which filters out the spent grain, and rinsed in the lauter tun to produce a residual liquid, high in fermentable sugars, called “wort.” The wort then flows into a brew kettle to be boiled, concentrated and clarified. Hops and the concentrate are added during the boil to impart bitterness, balance and aroma. The specific mixture of hops, the concentrate and the brewing time and temperature further affect the flavor of the beer. After the boil, the wort is whirlpooled and cooled before it is moved to a fermentation cellar, where specially cultured yeast is added to induce fermentation. During fermentation, the yeast cells, producing carbon dioxide and alcohol, metabolize the wort’s sugars. Some of the carbon dioxide is recaptured and absorbed back into the beer, providing a natural source of carbonation. The fermentation process is about seven days.

During the maturation process, which lasts about 14 days, the beer is cooled while it is clarified and its full flavor develops. We filter our beer with diatomites, which removes unwanted sediment. At this point, the beer is in its peak condition and ready for bottling, canning or keg racking. The entire brewing process, from mashing through filtration, is typically completed in approximately 21 days.

Our beer concentrate production department, which is led by our Senior Master Brewer, Dr. Pisanu Vichiensanth, is responsible for the production process of Chang Beer and Archa Beer and for creating, inventing, breeding and fermenting yeast. Our employees in our beer concentrate production department work in units and share knowledge and expertise on a regular basis and are able to replace each other within the unit. Although no individual employee has access to, or knowledge of, the entire production formula and process, except for Dr. Pisanu Vichiensanth, each unit has the knowledge and capability to perform its specific task and, together with the other units, can complete the production process without interruption. We intend to maintain the confidentiality of our beer production formula and process.

The Distilling Process

Spirit production involves several raw materials and production stages. The main raw material in our spirits is molasses. Molasses is a by-product of the manufacture of raw sugar from sugar cane. As is the case with all distilled spirits, our spirits are crystal clear when first distilled. Amber and dark brown spirits obtain their color from the extractives from the oak barrel during aging and from caramel, a natural coloring agent.

The first step in our process is fermentation. Fermentation is the process by which the sugar in molasses and/or rice is converted into ethyl alcohol by the action of yeast. We develop our yeast cultures in our laboratory and propagate the yeast in a yeast propagation tank. The yeast, molasses diluted by water, steamed rice that has been sprayed with mold (to create sugar) and incubated for four days, and water are added into a fermenter and the mixture is allowed to ferment for approximately 72 hours. The liquid that is left at the end of the fermentation process is known as “fermented mash.”

The second step in our process is distillation in the distilling column and a pot still, which is a large copper or stainless steel kettle. The process of distilling involves boiling the “fermented mash” and condensing its vapor to produce the spirits or alcohol, which is removed to a spirits receiver. The spent sludge remaining in the pot still is then removed to a spent sludge tank to be processed through our slops evaporation and incineration plant or biogas system. Our white spirits are then diluted with demineralized water to the desirable alcohol content in a white spirits blending tank and sent to be packaged and bottled after filtering.

For our brown spirits, high quality alcohol is diluted with demineralized water to the desirable alcohol content and then aged in oak barrels for three to eight years depending on the brand. The aged alcohol is then further diluted with demineralized water to the desirable alcohol content suitable for bottling in a separate spirits-blending tank. In addition, liquor concentrate alcohol and caramel are added. The brown spirits is passed through filters and then bottled and packaged. Our Chinese herb spirits, such as Chiang-Chun are produced by blending alcohol, white spirits, sugar, caramel and Chinese herbs, and then further diluting the mixture with demineralized water to the desirable alcohol content.

Our spirits concentrate production department, which is led by Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana, is responsible for the production process and mixing of our brown spirits and ensuring that the liquor concentrate is available in sufficient quantities to meet our sale and distribution requirements of brown spirits. Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana have agreed, under their employment contracts, to share and transfer their knowledge on liquor concentration and the mixture process to our designated employees. Our employees in our spirits concentrate production department work in units and share knowledge and expertise on a regular basis and are able to replace each other within the unit. Although no individual employee has access to, or knowledge of, the entire production formula and process, except for Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana, each unit has the knowledge and capability to perform its specific task and, together with the other units, can complete the production process without interruption.

Industrial Alcohol

The industrial alcohol process is the same as the distilling process used to produce ethyl alcohol for spirits. We process 95 degree industrial alcohol through the molecular sieve base dehydration plant to produce 99.5 degree ethanol. We use industrial alcohol as raw material to produce acetic acid and ethyl acetate through a conversion process and produce ethyl acetate through an equilibrium reaction between acetic acid and ethyl alcohol with sulphuric acid catalyst.

Raw Materials and Packaging Materials for Beer and Water, Spirits and Industrial Alcohol

Raw Materials

Prior to May 2004, our purchasing of raw materials was decentralized. As a result of our Reorganization, our subsidiary, Pan International, acts as the centralized purchasing and servicing company for our entire group. Pan International is responsible for purchasing all the raw materials and packaging materials, except for our requirements for malt, hops, labels, molasses and glass bottles for our production facilities.

We believe we are not dependent upon any particular supplier that cannot be readily replaced as we believe these raw materials are available from various suppliers and manufacturers located in various jurisdictions. In recent years, we have not experienced any material difficulties in obtaining adequate supplies of raw materials at satisfactory prices. In addition, we seek to minimize the effect of fluctuation in raw material prices denominated in non-Baht currencies by entering into forward contracts for these products.

The principal raw materials used in our beer, spirits and industrial alcohol production are malt, hops, molasses, rice, yeast, concentrate, diatomites and water. In 2005, the cost of raw materials for our beer and water production was approximately 7.9% of the total cost of beer and water, the cost of raw materials for our spirits production was approximately 3.9% of the total cost of spirits, and the cost of raw materials for our industrial alcohol production was 53.2% of the total cost of industrial alcohol (in each case not including intersegment eliminations). In 2005, we sourced most of our raw materials for our beer production from outside of Thailand, and most of our raw materials for spirits and industrial alcohol locally.

Malt and Hops. Our purchasing committee for malt and hops is responsible for purchasing our malt and hops requirements for our breweries. The committee includes our second vice president of our executive committee, our director and senior vice president of the office of controller and treasury, the managing director of Pan International and the director and senior vice president of the office of production and research development.

In 2004, we forward purchased approximately 127,500 tons of malt for our brewery production in 2005 and the first quarter of 2006. We purchased approximately 29.4% of our malt from European suppliers, and the balance from Australian suppliers. In January 2005, Australia and Thailand entered into a free

trade agreement which reduced import duties applicable to imports of malt from Baht 2.75/kilogram to zero. As a result, in 2005 and the first quarter of 2006, we purchased more of our malt requirements from Australian suppliers to take advantage of the free trade agreement. In 2005, Australia experienced drought conditions, which affected the quality of malt we imported. As a result, in 2005 we purchased approximately 77,500 tons of malt for our brewery production in 2006 and the first quarter of 2007, approximately 87.1% of which we purchased from Europe and approximately 12.9% of which we purchased from Australia. We generally contract our annual malt needs in the last quarter of the year for the following year's requirements, including the first quarter following the next year. In order to ensure a constant supply of malt throughout the year, we contract with suppliers in different hemispheres to take advantage of the different crop growing cycles. Our weighted average cost for malt was Baht 16,615.0 per ton in 2003, Baht 18,280.0 per ton in 2004, and Baht 15,539.0 per ton in 2005.

In 2005, we began importing aged malt whisky from Scotland for our spirit operations from Inver House Distillers Limited ("Inver House"). In 2005, we purchased 1,009.5 thousand liters of aged malt whisky from Inver House.

In the past, we have entered into fixed price forward purchase commitments for the supply of hops and we intend to continue this practice. In 2003, we purchased 250,000.0 kilograms of hops under a three-year contract with a U.S. supplier, which sources hops from the United States, Germany and Australia, in order to meet our production demands between 2005 and the first half of 2007. We purchased 100% of our hop requirements from one supplier in the North America, which also has production in Australia. Our weighted average cost for hops was Baht 560.4 per kilogram in 2003, Baht 845.5 per kilogram in 2004 and Baht 1,356.3 per kilogram in 2005.

Molasses. We use molasses to produce both spirits and industrial alcohol. Molasses is a by-product from the manufacture of raw sugar from sugar cane. Our subsidiary, Thai Molasses Co., Ltd. ("Thai Molasses"), is responsible for the procurement of molasses. At December 31, 2005, there were 46 sugar mills in Thailand that produced molasses. Companies controlled by our Principal Shareholders operate four of the sugar mills in Thailand. Major suppliers of molasses include Mitrapol, KT Inter Molasses Co., Ltd., Thai Rung Ruang and Mitsui Group. In 2005, Thailand produced approximately 2.3 million tons of molasses and we purchased approximately 545,000.0 tons of molasses for our spirits production and 23,500.0 tons of molasses for our industrial alcohol production, of which we purchased approximately 44,500.0 tons or approximately 7.8% of our total molasses requirements from companies controlled by our Principal Shareholders. In recent years, the price of molasses has been volatile due to supply limitations. For example, our weighted average cost for molasses, which was approximately Baht 1,490.0 per ton in 2003 and approximately Baht 996.0 per ton in 2004, increased to approximately Baht 2,537.0 per ton during 2005 due to drought conditions in Thailand. We generally contract our annual molasses needs in the last quarter of the year for the following year's requirements.

We completed the construction of an additional molasses storage tank with a capacity of approximately 210,000 tons in May 2005, which increased our molasses storage capacity to approximately 780,000 tons. We believe that the increase of our molasses storage capacity allows us greater flexibility in our purchasing and helps to mitigate price volatility. The total construction cost of the additional molasses storage tank was approximately Baht 336.0 million.

Rice. We use rice in both the production of beer and spirits. We purchase our rice requirements in Thailand from qualified suppliers. In 2004, we purchased approximately 59,292.0 tons of rice for our beer production from two suppliers and approximately 4,120.0 tons of rice for our spirits production from two suppliers. In 2005, we purchased approximately 58,020.0 tons of rice for our beer production from two suppliers and approximately 1,347.0 tons of rice for our spirits production from two suppliers.

Yeast. We cultivate our own yeast supply at our yeast culture center and maintain additional supplies at our breweries and distilleries.

Concentrate. We add concentrate formula to our Chang Beer and Archa Beer, which we produce from Thai herbs. In 2004, we produced approximately 4,814.0 liters of concentrate for our Chang Beer and approximately 383.0 liters of concentrate for our Archa Beer. In 2005, we produced approximately 4,263.9 liters of concentrate for our Chang Beer and 250.1 liters of concentrate for our Archa Beer.

Water. Water is an important input in our production, although it represents a small portion of our raw material costs. Water must be treated both before its use in the production process and before disposal. We obtain our water requirements from several sources, such as deep wells located in our breweries and distilleries, rivers adjoining our plants, lakes and reservoirs and public utility companies. We

monitor the quality, taste and composition of the water we use, and treat it to remove impurities and to comply with our own quality standards and applicable regulations. Advances in technology have reduced our water consumption per liter produced. All of our facilities have water treatment facilities and a conservation/productivity program. The water collection in Thai Beverage's production facilities complies with the prevailing local laws for the management of hydro resources. In 2004, we used approximately 183,932.1 thousand hectoliters of water at our breweries and distilleries, 31.2% of which we sourced from deep wells and 68.8% of which we sourced from rivers, lakes and reservoirs. In 2004, we used approximately 63,129.2 thousand hectoliters of water at our breweries to produce 9,883.5 thousand hectoliters of beer, 226.1 thousand hectoliters of soda water and 478.2 thousand hectoliters of drinking water, and approximately 120,802.9 thousand hectoliters of water at our distilleries to produce 53,576.5 thousand cases of spirits. In 2005, we used approximately 159,610.0 thousand hectoliters of water at our breweries and distilleries, 32.6% of which we sourced from deep wells and 67.4% of which we sourced from rivers, lakes and reservoirs. In 2005, we used approximately 57,982.7 thousand hectoliters of water at our breweries to produce 9,147.4 thousand hectoliters of beer, 198.6 thousand hectoliters of soda water and 469.6 thousand hectoliters of drinking water, and approximately 101,627.3 thousand hectoliters of water at our distilleries to produce 49,876.7 thousand cases of spirits.

In September 2004, the Government announced that in addition to the standard prices for deep well water, in various provinces, including Ayutthaya, Nakornpathom, Samutakorn and Pathumthani where our Cosmos and Bang Ban breweries and our Sangsom, Red Bull and Sura Bangyikhan distilleries are located, it would impose a conservation fee of Baht 1.0 per cubic meter. In addition, the Government has announced that from October 1, 2004, the conservation fee would increase, on a quarterly basis, by Baht 1.0 per cubic meter until June 30, 2006, when the conservation fee will be Baht 8.0 per cubic meter. From July 1, 2006, the total conservation fee will be increased to Baht 8.5 per cubic meter. In 2004 and 2005, we paid water conservation fees in the amount of Baht 2.3 million and Baht 17.8 million, respectively. Further price increases of deep well water or restrictions on the use of deep well water may cause us to consider alternative sources of water to produce our beer and water, such as the use of river water. This alternative source of water would require substantial investment and time necessary to implement and install additional water treatment facilities, but would give us the ability to use additional water sources for beer and water production and allow us to choose the proper types of water for different operations.

Rice husks. We use rice husks as a fuel source for our steam turbine power plant at our industrial alcohol plant. We purchase our rice husks in Thailand from several suppliers. In 2004 and 2005, we purchased approximately 59.6 million tons and 54.8 million tons of rice husks for our steam turbine power plant, respectively.

Fuel oil. We use fuel oil as a fuel source for our boilers at our breweries and distilleries. We purchase our fuel oil on a spot basis. In 2004 and 2005, we purchased approximately 81.8 million liters and 72.7 million liters of fuel oil for our breweries and distilleries, respectively.

Packaging Materials

The principal packaging materials used in our beer and water and spirits production are glass bottles, PET bottles, caps, cans, labels, cartons, trays and inserts. In 2005, the cost of packaging materials for our beer production was approximately 13.1% of the total cost of beer and water and the cost of packaging materials for our spirits production was approximately 9.7% of the total cost of spirits. In 2005, we sourced most of our packaging materials locally and purchased approximately 51.9% from related parties.

In order to reduce our expenses in connection with our procurement of used glass bottles, we commenced construction of three glass bottle recycling terminals at or near each of our breweries and distilleries in January 2004. We completed these three terminals and one additional terminal in 2004 and 2005. We also plan to complete an additional 11 terminals by 2007. For further information regarding our glass bottle recycling terminals, see "—Expansion Program."

Taxation

Excise Tax

The Government has strictly regulated and controlled the level of tax on liquor products due to its historic nature as a stable revenue source. From October 2003 to September 2004, the Government

collected approximately Baht 68,930.1 million in excise taxes from the production and sales of beer and spirits products, which represented approximately 25.0% of the total excise taxes collected in Thailand.

The Excise Tax Department of the Ministry of Finance administers excise taxes on beer and spirits in Thailand and sets the excise taxes for each type of beer and spirits periodically. We pay excise tax on beer in advance based upon production volumes (for beer) and bottled volume (for spirits). For spirits that we sell in Thailand, we affix a stamp on each bottle, which indicates that the excise tax has been paid in advance. For our products that we export, we label our bottles or mark our cans “for export only.” The excise taxes applied to alcoholic beverages are determined by the greater of a Baht per liter of pure alcohol calculation and the greater of a percentage of the minimum ex-factory price announced by the Excise Tax Department and the sales price of the product. For example, we pay excise tax on our white spirits, Chinese herb spirits and a majority of brown spirits based on alcohol volume, but we pay excise tax on our beer based on a percentage of the minimum ex-factory price announced by the Excise Tax Department. For a further description of the calculation of the excise tax, see “Regulation—Regulation by the Excise Tax Department, the Ministry of Finance—Excise Tax; Payment.”

The Excise Tax Department adjusted excise taxes applicable to brown spirits in January 2003 and September 2005. On September 7, 2005, the Excise Tax Department increased excise taxes on all brown spirits, except those classified by the Excise Tax Department as compounded spirits, or *Sura Pasom*, such as our Mungkorn Thong and Hong Thong brands. Since September 7, 2005, we have paid an excise tax of Baht 400 per liter of pure alcohol for our production of brown spirits, except for compounded spirits, which remained unchanged at Baht 240 per liter of pure alcohol. From January 23, 2003 to September 5, 2005, we paid Baht 240 per liter of pure alcohol for the majority of our brown spirits and 50% of the minimum ex-factory price announced by the Excise Tax Department for our other brown spirits. Prior to January 22, 2003, we paid an excise tax of Baht 240 per liter of pure alcohol.

The Excise Tax Department last adjusted excise taxes applicable to white spirits in January 2003. Since January 22, 2003, we have paid an excise tax of Baht 70 per liter of pure alcohol for white spirits produced and Baht 240 per liter of pure alcohol for Chinese herb spirits. Prior to the January 22, 2003 adjustment, we paid an excise tax of Baht 100 per liter of pure alcohol for white spirits and Baht 240 per liter of pure alcohol for Chinese herb spirits.

The Excise Tax Department adjusted excise taxes applicable to beer in March 2001 and increased the minimum ex-factory price for beer in August 2003. Prior to the March 2001 increase, we paid an excise tax of 53.0% of the minimum ex-factory price announced by the Excise Tax Department for beer. From March 28, 2001 to August 20, 2003, we paid an excise tax of Baht 14.95 per 640 milliliter bottle of beer produced (55.0% of Baht 27.18, the minimum ex-factory price announced by the Excise Tax Department per 640 milliliter bottle of Chang Beer produced). In August 2003, the Excise Tax Department increased the minimum ex-factory price for beer from Baht 27.18 per 640 milliliter bottle of beer produced to Baht 27.2. Since August 21, 2003, we have paid an excise tax of Baht 14.96 per 640 milliliter bottle of beer produced (55.0% of Baht 27.20, the minimum ex-factory price announced by the Excise Tax Department per 640 milliliter bottle of Chang Beer produced).

We paid excise taxes, municipal taxes and health promotion fund contributions of Baht 45,685.8 million in 2004, and Baht 45,392.1 million (US\$1,105.2 million) in 2005. The municipal taxes and health promotion fund contributions represented 10.0% and 2.0% of the excise tax paid, respectively.

The following table sets forth the excise tax based on volume and a percentage of the greater of the minimum ex-factory prices announced by the Excise Tax Department or the actual ex-factory price for each product we sell as of September 7, 2005:

<u>Product</u>	<u>Excise Tax Based on Volume (Baht per Liter of Pure Alcohol)</u>	<u>Excise Tax Based on Percentage of the Greater of the Announced Minimum Ex-Factory Price or Actual Ex-Factory Price</u>
Beer	100	55%(1)
White spirits	70(1)	25%
Brown spirits(2)	240-400(1)	50%
Chinese spirits	240(1)	50%

(1) Represents the applicable excise tax rates on each of our products.

(2) The excise tax on brown spirits classified by the Excise Tax Department as compounded spirits, or *Sura Pasom*, such as our Mungkorn Thong brand, remain at Baht 240 per liter of pure alcohol.

Municipal Tax

In 1984, the Government introduced a municipal tax equal to 10.0% of excise taxes paid. We paid a total of Baht 4,079.1 million and Baht 4,052.9 million (US\$98.7 million) in municipal taxes in 2004 and 2005, respectively.

Health Promotion Fund Contributions

In 2001, the Government introduced health promotion fund contributions equal to 2.0% of excise taxes paid. We paid a total of Baht 815.8 million and Baht 810.6 million (US\$19.7 million) in health promotion fund contributions in 2004 and 2005, respectively.

BOI Privilege

The BOI is responsible for providing incentives to stimulate investment in Thailand. We received a tax exemption from the BOI for the production of ethanol in January 2004. This tax exemption applies to tax on the importation of machines as approved by BOI, corporate income tax on the net profit derived from our ethanol business and tax on dividends paid from the profit from our ethanol business. Our tax exemption is valid for eight years commencing from the first date on which the promoted business earned operating income, and will expire at the earlier of January 2012, or when our tax exemption savings exceed Baht 88.2 million. We intend to submit a revised application to the BOI to provide notice of our increased investment costs to increase the tax exemption amount.

Quality Assurance

We believe that producing high quality products is critical to the success of our business. We are fully committed to maintaining the highest standards with respect to the purity of water, the quality of our other raw materials and ingredients and the integrity of our packaging. In 2005, we employed 285 employees in quality assurance.

We continuously monitor our production processes, both manually and electronically, for compliance with our internal standards and applicable regulations. During the production process, we rely upon computerized systems and skilled quality assurance personnel to ensure high quality and safety with respect to our products at every step of the production process. We monitor the functioning of these computerized control systems on a regular basis. When the production process is complete, our quality assurance personnel perform thorough analyses on finished product samples before proceeding with shipment.

We maintain a quality control laboratory for testing raw materials, packaging and finished products. We conduct production tests and commercial test runs on raw materials and packaging materials provided by potential suppliers prior to approving them as our supplier.

In addition, we regularly undertake quality audits in our distribution channels to check compliance with package and product specifications. This process involves taking regular random samples of beverages from the various channels and testing them against established quality criteria.

Our Bang Ban facility and Cosmos Brewery first obtained ISO9002:1994 quality management certification in 2000, which they both updated to ISO9001:2000 quality management certification in 2001. Our Kamphaengphet facility first obtained ISO9001:2000 certification in 2002. In addition, our distilleries operated by our subsidiaries United Winery and Distillery Co., Ltd. and Red Bull Distillery (1988) Co., Ltd. first obtained ISO 9001:2000 quality management certification in 1999, and the remaining 14 distilleries received ISO 9001:2000 certification in 2005.

Our Kamphaengphet facility, Bang Ban facility and Cosmos Brewery were first awarded Good Manufacturing Practice (“GMP”) certification and Hazard Analysis Critical Control Point (“HACCP”) certification in 2002, 2003 and 2003, respectively. In addition, in 2004, 14 of our distilleries were awarded GMP and HACCP certification.

Intellectual Property

We have more than 300 trademarks registered with the Intellectual Property Department of Thailand. Our most important trademarks, including brand names, are Chang, Sangsom and Mekhong. We have not used unregistered trademarks in Thailand that were material to our business.

Our primary mark for our beer and water products is a design with two elephants, a well and a palm tree (the “double elephant design”) with the Thai words ช้าง or เบียร์ช้าง, which are Chang and Chang Beer, respectively. “Chang” is the English transliteration of the Thai word for “elephant.” Carlsberg A/S uses a similar elephant design with the English words Elephant or Elephant Beer. On August 31, 2005, our subsidiary, Beer Chang Co., Ltd. entered into an agreement with Carlsberg, under which both parties agreed to terms and conditions for the use of their respective marks. For a further description of this agreement, see “—Carlsberg Trademark Agreement.”

In Thailand, a trademark registration is valid for 10 years, after which it can be renewed for an additional 10-year period. The Intellectual Property Department may refuse to renew registration of a trademark if, upon application of a third party, it determines that the trademark has lapsed due to lack of use during the prior three years.

Our Mekhong, Sangsom and Chang Beer trademarks in Thailand will expire in December 2006, 2008 and 2012, respectively. We plan to apply for renewal of registration of all of our material trademarks prior to their expiration. We believe that our significant trademarks are protected in all material respects in the markets in which we currently operate.

We have registered our principal trademarks or initiated trademark registration processes in approximately 32 countries outside of Thailand, including Cambodia, Japan, Laos, Malaysia, the Philippines, Singapore and the United Kingdom, in order to ensure protection of the names and logos in markets outside Thailand.

Carlsberg Trademark Agreement

Our primary mark for our beer and water products is the double elephant design with the Thai words ช้าง or เบียร์ช้าง, which are Chang and Chang Beer, respectively. “Chang” is the English transliteration of the Thai word for elephant. Carlsberg A/S uses an elephant design with the English words Elephant or Elephant Beer. On August 31, 2005, our subsidiary, Beer Chang Co., Ltd., entered into an agreement with Carlsberg, under which both parties have agreed to terms and conditions for the use of their respective marks.

Rights of Beer Chang Co., Ltd.

- Beer Chang Co., Ltd. has an exclusive right to use and register the double elephant design worldwide. However, Beer Chang Co., Ltd. has agreed not to register the double elephant design or use the word “elephant” or any other name or trademark similar to the double elephant design in relation to beverage products marketed in Norway, Sweden, Finland and Iceland until August 31, 2010. Under the agreement, Beer Chang Co., Ltd. has agreed not to register the double elephant design or use the word “elephant” or any other name or trademark similar to the double elephant design in relation to beverage products marketed in Denmark indefinitely.
- Beer Chang Co., Ltd. has the right to use the Thai word “Beer Chang” and the English words “Chang” or “Chang Beer,” including the English word “Chang” with any local language translation of beer. Under the agreement, Beer Chang Co., Ltd. has agreed not to use the English word “Elephant” or any local language translation or transliteration of “Elephant,” except for the Chinese language which can be translated as “Thai Elephant Beer.”

Rights of Carlsberg

- Carlsberg has an exclusive right to use and register its elephant beer trademark worldwide.
- Carlsberg has the right to use the English word “Elephant” or “Elephant Beer,” including local language translation of “Elephant Beer.” Under the agreement, Carlsberg has agreed not to use the Thai language word “Chang” or “Beer Chang.”

Research and Development

Innovation and improvement in production techniques, packaging, raw materials and other areas are important parts of our strategy to minimize costs and improve sales volume and quality. In 2003, 2004 and 2005, we invested Baht 31.6 million, Baht 27.9 million and Baht 17.6 million in research and development, respectively.

Our research and development facilities are located at our Bang Ban site and Kamphaengphet site. In 2005, we employed 20 employees in research and development. We are active in the development of new

yeast cultures and we have created new products using these new strains of yeast. In March 2006, we launched Chang Light, a lower alcohol content version of Chang Beer, to compete against other standard and premium beers in Thailand.

We are also active in various research projects for the production of rice in Northern Thailand.

Information Technology

Information technology systems are important to our ability to manage our business. Our information technology systems enable us to coordinate our operations, from order processing, production planning and raw material ordering to customer delivery and invoicing.

In 2001, we began the implementation of the SAP system, an integrated system of software applications providing a common framework for accounting, production planning, inventory management, procurement, sale and distribution, plant maintenance, human resources and cost management activities for our breweries. We expect to complete the development and implementation of the SAP applications by 2008 for each part of our business.

Environment and Safety

We are subject to Thai laws and regulations relating to the protection of the environment. The Ministry of Natural Resources and Environment regulates and enforces environmental laws in Thailand. The principal environmental law in Thailand is the Enhancement and Conservation of National Environmental Quality Act of 1992. In addition, the Factory Act of 1992, Hazardous Substance Act of 1992 and the Public Health Act of 1992 regulate environmental hazards. The Ministry of Industry, the Ministry of Natural Resources and Environment and the Ministry of Public Health have promulgated rules regulating water pollution, air pollution, noise pollution, and hazardous substances and have authority to enforce the environmental laws and are empowered to bring administrative and criminal proceedings against companies that violate environmental laws, as well as to shut down non-complying facilities.

Thai environmental regulations have become increasingly stringent over the last decade and we believe this trend is likely to continue. Wastewater is the major environmental issue for breweries and liquor distilleries. We treat wastewater from fermentation and distillation through a non-aeration process and aeration process until the concentration of pollutants are reduced to meet standards specified by the Government for disposal into public waterways. From this process, we are able to collect bio-gases which we can use to fuel our boilers. Natural fertilizer is also a by-product of this wastewater treatment process. We treat the wastewater from other processes, such as cooling towers and bottle cleaning, by an aeration process until the pollutants are reduced to an appropriate level before we drain the water into the public waterways. Our by-product business has reduced the annual amount of pure waste our breweries and distilleries have to treat and dispose, which correlates to a cost saving on treatment and disposal expenses. In addition, the reduction of pure waste reduces the impact of our business on the environment.

The disposal of wastewater from our production facilities is examined and monitored on a periodic basis by Governmental entities and by our own employees who are registered with the Government as environmental officers. In 2004, we installed an online monitoring system to monitor wastewater and air pollution at our Bang Ban brewery. This monitoring system is linked to a computer system at the Provincial Industry Office, which is connected to the Department of Industry. In addition, in 2005, we commenced installation of similar online monitoring systems to monitor wastewater and air pollution at our Kamphaengphet and Cosmos breweries, which we expect to complete by the end of 2006. We believe our breweries, distilleries and industrial alcohol facility have been and are currently in compliance with Governmental standards with respect to wastewater disposal and air pollution.

Our Bang Ban facility, Cosmos Brewery and our Kamphaengphet facility first obtained ISO 14001 environmental safety management systems certification in 2001, 2001 and 2002, respectively. Our brewery facilities are audited annually by Bureau Veritas Quality International (“BVQI”), an independent certification body, and have been found to be in full compliance with the regulations.

We also comply with various safety and quality standards set by Thai governmental agencies. For example, our drinking water and soda water products are subject to periodic quality audits by the Thai Food and Drug Administration. We also comply with standards set by the Thai Industrial Standards Institute, Thai Ministry of Industry, with which we are required to comply by the Excise Tax Department. In addition, the Excise Tax Department requires the alcohol content of each of our products to be within

an established range of the alcohol content we declare for that product. We believe that our current operations are in substantial compliance with applicable environmental and safety laws and regulations.

Employees

We employed 19,932 employees as of December 31, 2005, including 1,680 employees at our breweries and 6,057 at our distilleries. As of March 31, 2006, we employed 19,859 employees. None of our employees are members of unions, and we have not experienced a strike or other material labor disturbance. We believe that our relations with our employees are good.

We organize our employees into four principal categories. The table below sets forth the number of employees by category and location as of the periods indicated.

	As of December 31,		
	2003	2004	2005
Employees by Category:			
Production(1)	8,796	9,106	7,737
Marketing	9,799	10,008	9,566
Related businesses	835	1,262	993
General administration	1,530	1,641	1,636
Total(2)	<u>20,960</u>	<u>22,017</u>	<u>19,932</u>
Employees by Geographic Region:			
Thailand	20,959	22,016	19,919
Outside Thailand	<u>1</u>	<u>1</u>	<u>13</u>
Total	<u>20,960</u>	<u>22,017</u>	<u>19,932</u>

(1) Production includes technical personnel and research and development personnel.

(2) Our total numbers of employees include contract workers, which we hire from time to time. In 2003, we employed 2,762 contract workers, of which 931 were hired for our distilleries and breweries. In 2004, we employed 3,530 contract workers, of which 1,426 were hired for our distilleries and breweries. In 2005, we employed 1,909 contract workers, of which 450 were hired for our distilleries and breweries.

We believe that we have a well-trained and experienced workforce. As of December 31, 2005, 6,170 of our employees had worked with our subsidiary companies for 10 years or more and 4,462 for between five to 10 years. We regularly evaluate the performance of our employees and have successor plans in place to provide successors for key employees at each level. We invest significant resources in training and education programs, such as modern management and marketing techniques, strategic management and corporate governance. We also provide in-house training on brewing techniques. In addition, our breweries, since inception, have sent 20 brew technicians to the Scandinavian School of Brewing, a brewing school located in Copenhagen, Denmark, to become qualified brew masters. We also provide training for our distribution agents, including in-house training and certain courses at universities throughout Thailand.

The total remuneration to our employees includes a base salary, bonuses and allowances. Our employees are also eligible to participate in our group health, life and accident insurance programs. For certain of our subsidiaries, we contribute an amount equal to between 2-3% of an employee's salary to a provident fund, depending on the number of years of service of the employee, to which employees are required to contribute an equal percentage of their salaries.

Insurance

We maintain all-risk and third-party liability insurance underwritten by various insurers. The policies provide insurance coverage against damage to real and personal property, including but not limited to buildings, machineries and equipments, and loss of revenue arising from interruption of business due to accidental damage to real and personal property. In addition, we insure our inventory, including but not limited to raw materials, packaging materials, work-in-progress and finished goods, against damage or loss arising from fire and theft with various insurers. The insurance normally covers approximately 100.0% of the cost of the inventory. Our insurance policies exclude loss from certain risks, such as product recalls, arbitration endorsement, war and terrorism, punitive damages, and fines and penalties, and may not provide coverage for all losses we may sustain.

We maintain insurance coverage in amounts that we believe are consistent with market practices for beverage companies and provide prudent levels of coverage for risks associated with our operations.

Litigation

Other than as described below, we are not involved in any material litigation or legal proceedings the outcome of which we believe is or may become material to our business, financial condition, results of operations or prospects.

On December 18, 2001, we were originally denied renewal of our license to operate a business detrimental to health for our Bang Ban brewery by the Bang Nam Tao Sub-District Administrative Organization (the “Sub-District”), which governs the area where our Bang Ban brewery is located, for alleged failures to comply with the regulations of the Sub-District relating to the discharge of wastewater. We petitioned to the Ministry of Public Health, which reviewed our case and ordered the Sub-District to issue the license. On August 26, 2002, the Sub-District brought action against the Ministry of Public Health in the Central Administrative Court claiming that the order of the Ministry of Public Health was illegal and asked the court to revoke the order. We interpleaded to this suit as a co-defendant. On October 7, 2004, the Central Administrative Court ruled in our favor. On November 2, 2004, the Sub-District appealed to the Supreme Administrative Court. The Supreme Administrative Court is now considering the matter.

We believe that the Supreme Administrative Court will uphold the ruling of the Administrative Court. However, if the Supreme Administrative Court rules against us, we could face a revocation of our license, which would require that we cease operations at our Bang Ban brewery until we are able to obtain a new license and would prevent us from operating our Bang Ban brewery.

Properties

We own various properties in Thailand on which our office premises, breweries, distilleries, water and soda production facilities, and industrial alcohol production facilities are located. The following table sets forth information relating to the location, size and use of our material properties:

<u>Location</u>	<u>Gross Area (1) (approximate, in square meters)</u>	<u>Principal Use (2)</u>
Bangkok	4,372	Office premises, for the building of the new head office of the Company and for lease
Ayutthaya	1,672,340	Warehouse, factory expansion and brewery factory
Kamphaengphet	3,152,596	Warehouse and brewery factory
Nakornpathom	6,287,460	Factory, plant, office building, vacant property and other facilities
Kanchanaburi	671,864	Factory, plant, office building, vacant property and other facilities
Pathumthani	765,588	Factory, plant, vacant property for lease and other facilities
Samutsakorn	519,700	Factory, plant and other facilities
Prachinburi	549,660	Factory, plant and other facilities
Uttaradit	778,236	Factory, plant and other facilities
Chiang Mai	305,188	Factory, plant and other facilities
Buriram	450,232	Factory, plant, crude oil well, vacant property and other facilities
Ubonratchathani	1,020,520	Factory, plant and other facilities
Khonkaen	541,636	Factory, plant and other facilities
Nongkhai	514,868	Factory, plant and other facilities
Suratthani	372,716	Factory, plant and other facilities
Nakornsawan	804,812	Factory, plant and other facilities
Ratchaburi	486,680	Factory, plant and other facilities

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- (1) Our title to these properties are denominated in Rai, Ngan and square Wah, and are translated to square meters based on the following convenience translations: one Rai: 1,600 square meters, one Ngan: 400 square meters and one square Wah: 4 square meters.
 - (2) On February 22, 2006, we issued Baht-denominated debentures with an aggregate principal amount of Baht 10,000.0 million; on March 28, 2006, we borrowed Baht 3,000.0 million under a loan agreement with an international commercial bank; and on March 28, 2006 and March 29, 2006, we borrowed Baht 23,600.0 million and Baht 14,100.0 million, respectively, under long-term loan agreements with various Thai financial institutions. Beer Thai (1991) Public Company Limited, Beer Thip Brewery (1991) Company Limited and our distilleries, in connection with this indebtedness, agreed not to sell, dispose of, transfer to, mortgage, pledge, or create any encumbrance or grant any preferential rights on our land, building, factories and machinery unless we obtain prior consent from the holder of the bonds, and the international commercial bank and various Thai financial institutions that have provided us loans under the long-term agreements. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Indebtedness.” Except as disclosed above, we are not subject to any encumbrances over our properties listed above which would adversely and materially restrict the use of such properties.

We lease various premises in Thailand, primarily for the branch offices of our distribution network and for our warehouses. None of these leases are material to the operations of the Group.

INTERESTED PERSONS TRANSACTIONS

In general, transactions between our Group (when used in this section, our “Group” refers to our Company and its subsidiaries as at the Latest Practicable Date) and any of our interested persons (as defined below) constitute “Interested Persons Transactions” for the purposes of Chapter 9 of the Listing Manual.

Our interested persons include Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, who are our Directors and controlling shareholders, their associates (including TCC Holding Co., Ltd. and its subsidiaries (the “TCC group”), LSPV (2001) Co., Ltd. and its subsidiaries (the “LSPV group”), funds in which Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi and their associates are the principal beneficiaries (each, a “Fund”), and companies controlled by Mr. Charoen Sirivadhanabhakdi and his associates (the “Controlled Companies,” each, a “Controlled Company”), and our Director, Mr. Vivat Tejapaibul). See Appendix D for details of the members in the TCC group, the LSPV group, the Funds and the Controlled Companies.

Excluding transactions carried out in connection with our Reorganization (see the section entitled “Our Reorganization”) and the proposed transfers (“Proposed Transfers”) of Best Spirits Company Limited and Pacific Spirits (UK) Limited (see the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments”), the value of the transactions (which we have grouped according to the type of transaction) and loans between our Group and our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date, insofar as the aggregate value of these transactions or loans are material in the context of our Group and/or the Combined Offering, are set out below. The amounts shown in this section comprise, among others, a breakdown of the aggregate value of:

- the past and non-recurrent transactions between our Group and our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date, which we do not intend to continue; and
- the present and ongoing interested person transactions between our Group and our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date.

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005		
	(In millions)					
Value of transactions incurred by us(1)	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Purchases of raw materials and packaging materials from interested persons(2)						
<i>Present and ongoing</i>	1,453.9	4,113.9	3,820.0	93.0	1,135.8	30.0
<i>Past</i>	<u>115.2</u>	<u>56.3</u>	<u>3.2</u>	<u>0.1</u>	<u>1.2</u>	<u>n.m.</u>
<i>Total</i>	<u>1,569.1</u>	<u>4,170.2</u>	<u>3,823.2</u>	<u>93.1</u>	<u>1,137.0</u>	<u>30.0</u>
Obtaining of insurance from interested persons(3)						
<i>Present and ongoing</i>	<u>43.4</u>	<u>75.5</u>	<u>102.9</u>	<u>2.5</u>	<u>29.9</u>	<u>0.8</u>
Purchases of office and storage supplies from interested persons(4)						
<i>Present and ongoing</i>	n.m.	n.m.	0.5	n.m.	0.1	n.m.
<i>Past</i>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>0.1</u>	<u>n.m.</u>
<i>Total</i>	<u>n.m.</u>	<u>n.m.</u>	<u>0.5</u>	<u>n.m.</u>	<u>0.2</u>	<u>n.m.</u>
Obtaining of services from interested persons(5)						
<i>Present and ongoing</i>	52.3	49.3	43.3	1.1	47.9	1.3
<i>Past</i>	<u>21.1</u>	<u>315.1</u>	<u>121.8</u>	<u>3.0</u>	<u>—</u>	<u>—</u>
<i>Total</i>	<u>73.4</u>	<u>364.4</u>	<u>165.1</u>	<u>4.1</u>	<u>47.9</u>	<u>1.3</u>

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions incurred by us(1)	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Lease of properties from interested persons(6)						
<i>Present and ongoing</i>	15.5	43.2	93.0	2.3	26.7	0.7
<i>Past</i>	3.1	—	0.7	n.m.	0.2	n.m.
<i>Total</i>	18.6	43.2	93.7	2.3	26.9	0.7
Purchases of wine and spirits products from interested persons(7)						
<i>Present and ongoing</i>	—	—	—	—	0.1	n.m.
<i>Past</i>	—	—	200.6	4.9	—	—
<i>Total</i>	—	—	200.6	4.9	0.1	n.m.
Purchases of assets from interested persons(8)						
<i>Past</i>	21.6	1,122.2	498.6	12.1	0.5	n.m.
Value of transactions earned by us(1)						
Providing of services to interested persons(9)						
<i>Present and ongoing</i>	15.3	9.6	11.7	0.3	7.4	0.2
<i>Past</i>	67.3	1.2	0.1	n.m.	n.m.	n.m.
<i>Total</i>	82.6	10.8	11.8	0.3	7.4	0.2
Lease or sub-lease of properties to interested persons(10)						
<i>Present and ongoing</i>	—	—	3.9	0.1	0.6	n.m.
<i>Past</i>	0.1	—	1.0	n.m.	0.2	n.m.
<i>Total</i>	0.1	—	4.9	0.1	0.8	n.m.
Sale of by-products to interested persons(11)						
<i>Present and ongoing</i>	70.2	167.4	154.3	3.8	55.1	1.5
<i>Past</i>	0.1	11.6	1.9	n.m.	—	—
<i>Total</i>	70.3	179.0	156.2	3.8	55.1	1.5
Sale of products to interested persons(12)						
<i>Present and ongoing</i>	—	0.2	2.3	0.1	1.3	n.m.
<i>Past</i>	1,039.6	138.8	48.6	1.2	—	—
<i>Total</i>	1,039.6	139.0	50.9	1.3	1.3	n.m.
Sale of assets to interested persons(13)						
<i>Past</i>	0.1	0.6	526.9	12.8	n.m.	n.m.
Loans to interested persons(14)						
<i>Past</i>	—	350.4	5,647.3	137.5	—	—
<i>Total</i>	2,918.9	6,455.3	11,282.6	274.8	1,307.1	34.5

(1) Does not include the value of transactions in connection with the Reorganization and the Proposed Transfers.

(2) Includes new and used glass bottles, aluminium cans, molasses, herbs for the production of beer concentrate, cartons and caps.

(3) Includes premiums and fees paid for insurance policies insuring industrial risks, business interruption, machinery breakdown, machinery loss of profit, product liability, public liability and our vehicles, employee personal accident insurance, and employee group life and health insurance policies.

(4) Includes tissue paper and sugar for office use and for donation, scrap steel, malt bags and wooden pallets.

(5) Includes services relating to provision of accommodation and facilities for, among others, staff training, telecommunications and software licensing and marketing and advertising and management services.

(6) Includes leases of office space, warehouses, passenger cars and land on which certain of our water treatment facilities and warehouses are located.

- (7) Comprise purchases of wine and spirits products from interested persons.
- (8) Includes assets such as lands, office equipment, machinery and cars.
- (9) Includes procurement services, property improvement services, construction services and advertising and sales services.
- (10) Comprising leases and sub-leases of warehouses, land and office space.
- (11) Includes fertilizer, used bottles and factory remnants such as aluminium and glass remnants and scrap paper.
- (12) Includes beer, spirits and water and soda products.
- (13) Includes investments in companies, real properties such as condominium units and land, and office equipment.
- (14) Amounts indicated here represent the aggregate principal amount of the loans to interested persons outstanding as of December 31, 2003, 2004 and 2005 and as of the Latest Practicable Date.
- (15) We have translated the Baht amounts for (i) the year ended December 31, 2005 into U.S. dollars at the rate of Baht 41.07=US\$1.00, the reference rate announced by the Bank of Thailand on December 30, 2005, and (ii) the period from January 1, 2006 up to the Latest Practicable Date into U.S. dollars at the rate of Baht 37.84=US\$1.00, the reference rate announced by the Bank of Thailand on April 21, 2006, solely for the convenience of the reader.

Present and Ongoing Interested Person Transactions

The transactions with the relevant interested persons described in this section will be recurrent interested person transactions. We intend to continue with these transactions under our Shareholders' Mandate (as defined in "—General Mandate for Interested Person Transactions") following our listing on the SGX-ST. These arrangements will be subject to the review procedures under our Shareholders' Mandate as set out in "—Review Procedures for Transactions with Interested Persons" to the extent required by the Listing Manual.

Purchases of raw materials and packaging materials from interested persons

We purchase raw materials and packaging materials from interested persons in our ordinary course of business. These raw materials and packaging materials include but are not limited to new and used glass bottles, aluminium cans, molasses and cartons. The interested persons who have sold us raw materials and packaging materials during the three most recent completed financial years ended December 31, 2005 and up to the Latest Practicable Date comprise P.S. Recycle Co., Ltd., a Controlled Company, and the following members in the TCC group:

- Bang-Na Glass Co., Ltd.;
- Berli Jucker Public Company Limited.;
- Dhipaya Sugar (1999) Co., Ltd.;
- Pisetskij Co., Ltd.;
- Thai Beverage Can Co., Ltd.;
- The Chonburi Sugar Corporation Limited.;
- The Maewang Sugar Industry Co., Ltd.;
- The Suphanburi Sugar Industry Co., Ltd.;
- T.C.C. Agro Co., Ltd.; and
- The Utaradit Sugar Industry Co., Ltd.

The value of our present and ongoing purchases of raw materials and packaging materials from our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005		
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Purchases of raw materials and packaging materials from interested persons	1,453.9	4,113.9	3,820.0	93.0	1,135.8	30.0

The terms of our purchases of raw materials and packaging materials, including those made pursuant to the Glass Bottle Purchase Agreement (as defined below) and the Molasses Sale and Purchase

Agreements (as defined below), from these interested persons were negotiated at arm's length on normal commercial terms, with reference to market price for similar raw materials and packaging materials.

Glass Bottle Purchase Agreement

Our purchases of glass bottles from interested persons include the purchases of new glass bottles pursuant to a purchase agreement entered into between our subsidiary, Bang-Na Logistic Co., Ltd. and Berli Jucker Public Company Limited dated August 4, 2004 (the "Glass Bottle Purchase Agreement").

In 2004, our subsidiary, Bang-Na Logistic Co., Ltd., became our central procurement company to acquire new glass bottles in various sizes for our beer and water, and spirits business. Pursuant to the Glass Bottle Purchase Agreement, Bang-Na Logistic Co., Ltd. agreed to purchase new glass bottles from Berli Jucker Public Company Limited for the period between May 1, 2004 and April 30, 2007 at prices specified in the Glass Bottle Purchase Agreement. If Bang-Na Logistic Co., Ltd. purchases any type of new glass bottle in excess of the aggregate daily average weight applicable to the type of new glass bottles stipulated in the Glass Bottle Purchase Agreement, Berli Jucker Public Company Limited will provide a 1.0% price discount on the aggregate price of all types of new glass bottles purchased exceeding the amount stated in the agreement.

Bang-Na Logistic Co., Ltd. and Berli Jucker Public Company Limited determined the purchase prices (and the price discount) of the various types of new glass bottles under the Glass Bottle Purchase Agreement at arm's length on normal commercial terms with reference to, among other things, price standard rates applicable to unrelated third parties for the supply of the same type of new glass bottles at the time of agreement and our Directors confirmed that these purchase prices were lower than the purchases prices that were quoted by unrelated third parties at the time of the Glass Bottle Purchase Agreement. Under the Glass Bottle Purchase Agreement, the purchase prices of the new glass bottles can be adjusted if there are changes to production costs, such as fuel cost, labor cost and exchange rate of Baht against U.S. dollars, which has a direct effect on the production costs of glass bottles. Adjustments must be negotiated and mutually agreed between Bang-Na Logistic Co., Ltd. and Berli Jucker Public Company Limited. If the price adjustment is not mutually agreed, each party has the right to terminate the Glass Bottle Purchase Agreement upon 30 days' written notice. Bang-Na Logistic Co., Ltd. has the right to purchase new glass bottles other than the type, size and weight as specified in the Glass Bottle Purchase Agreement and Berli Jucker Public Company Limited has agreed to recalculate the purchase prices for the new glass bottles (subject to our agreement), pursuant to the Glass Bottle Purchase Agreement. Each party can also terminate the Glass Bottle Purchase Agreement if the other party is in breach of the agreement, such as breach of representations or non-agreement on the adjusted price or breach of any provision, by mutual agreement of both parties, and if a party exercises the right to terminate the agreement due to force majeure.

See "—Review Procedures for Interested Person Transactions" for a description of the general mandate we have obtained from our Shareholders in connection with the Glass Bottle Purchase Agreement.

Molasses Sale and Purchase Agreements

We purchase limited quantities of molasses from The Chonburi Sugar Corporation Limited, The Maewang Sugar Industry Co., Ltd., The Suphanburi Sugar Industry Co., Ltd. and The Utaradit Sugar Industry Co., Ltd. in the ordinary course of business. Our purchases of molasses from these interested persons are typically made pursuant to sale and purchase agreements entered into between our subsidiary, Thai Molasses Co., Ltd., and each of these interested persons (each, a "Molasses Sale and Purchase Agreement"). Generally, the terms of each Molasses Sale and Purchase Agreement provides for a fixed quantity of molasses to be purchased by us annually at purchase prices negotiated and specified in the Molasses Sale and Purchase Agreement.

Obtaining of insurance from interested persons

We purchase non-life insurance policies from our interested persons in the ordinary course of business. These non-life insurance policies include, but are not limited to, policies insuring industrial risks, business interruption, machinery breakdown, machinery loss of profit, product liability, public liability and motor vehicles insurance. We also purchase employee personal accident, group life and health insurance policies

for our employees. The interested persons from whom we have obtained insurance during the three years ended December 31, 2005 comprise the following members in the TCC group:

- The Southeast Life Insurance Co., Ltd.;
- Indara Insurance Public Company Limited;
- Thai Charoen Insurance Public Company Limited; and
- The Southeast Insurance (2000) Co., Ltd.

The value of our present and ongoing insurance and insurance-related services we obtained from our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)		
Obtaining of insurance and insurance-related services from interested persons	43.4	75.5	102.9	2.5	29.9	0.8

The terms of the insurance policies we purchased from these interested persons were negotiated at arm's length on normal commercial terms, with reference to prevailing market insurance premiums payable for similar insurance coverage.

Purchases of office and storage supplies from interested persons

We purchase office supplies from interested persons from time to time. These office supplies include, but are not limited to, tissue paper and sugar for office use. We also purchase limited quantities of storage supplies including but not limited to scrap steel, wooden pallets and malt bags from interested persons from time to time for certain aspects of our business such as the storage and transportation of our by-products. The interested persons who have sold us office and storage supplies during the three years ended December 31, 2005 and up to the Latest Practicable Date comprise the following members in the TCC group:

- Berli Jucker Public Company Limited;
- The Chonburi Sugar Corporation Limited;
- Dhipaya Sugar (1999) Co., Ltd.; and
- Pisetkij Co., Ltd.

The value of our present and ongoing purchases of office and storage supplies from our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)		
Purchases of office and storage supplies from interested persons	n.m.	n.m.	0.5	n.m.	0.1	n.m.

The terms of our purchases of office supplies and storage supplies from these interested persons were negotiated at arm's length on normal commercial terms, with reference to market prices for these office and storage supplies.

Obtaining of services from interested persons

We obtain services from interested persons in our ordinary course of business. These services include, but are not limited to, the provision of accommodation and facilities for staff training, telecommunications and software licensing services and marketing and advertising services. The interested persons who have

The value of our present and ongoing leases with our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Lease of properties from interested persons	15.5	43.2	93.0	2.3	26.7	0.7

The terms under which we leased real properties and vehicles from these interested persons were negotiated at arm's length on normal commercial terms, taking into account prevailing market rental rates for similar real property and passenger cars.

Purchases of wine and spirits products from interested persons

We purchase wine and spirits products from interested persons from time to time. These include, but are not limited to wine for entertaining guests. The interested person who sold to us wine and spirits products during the three years ended December 31, 2005 and up to the Latest Practicable Date is BJC Marketing Co., Ltd., a member of the TCC group.

The value of our present and ongoing purchases of wine and spirits products from our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Purchases of wine and spirits products from interested persons	—	—	—	—	0.1	n.m.

The terms of our purchases of wine and spirits products from this interested person were negotiated at arm's length on normal commercial terms, with reference to market prices for these products.

Providing of services to interested persons

We provide services to interested persons from time to time. These services include but are not limited to services relating to the procurement of raw materials and packaging materials, property improvement, construction services, and advertising and sales services. The interested persons to whom we have provided services during the three years ended December 31, 2005 and up to the Latest Practicable Date comprise Regent Gold Property Fund, a Fund, Queen's Park Hotel Co., Ltd. and P.S. Recycle Co., Ltd., each a Controlled Company, and the following members in the TCC group:

- The Chonburi Sugar Corporation Limited;
- Thai Beverage Can Co., Ltd.;
- Dhipaya Sugar (1999) Co., Ltd.;
- N.C.C. Management and Development Co., Ltd.;
- Pisetkij Co., Ltd.;
- Southeast Capital Co., Ltd.;
- The Southeast Insurance (2000) Co., Ltd.;
- The Southeast Life Insurance Co., Ltd.;
- The Suphanburi Sugar Industry Co., Ltd.;
- T.C.C. Commercial Property Management Co., Ltd.;
- T.C.C. Technology Co., Ltd.;

- The Utaradit Sugar Industry Co., Ltd.;
- Bang-Na Glass Co., Ltd.;
- The Maewang Sugar Industry Co., Ltd.;
- Plaza Athenee Hotel (Thailand) Co., Ltd.;
- Berli Jucker Public Company Limited;
- Berli Jucker Cellox Co., Ltd.;
- BJC Engineering Co., Ltd.;
- Berli Jucker Foods Co., Ltd.;
- Berli Jucker Special Co., Ltd.;
- BJC Marketing Co., Ltd.;
- BJC Trading Co., Ltd.;
- T.C.C. Agro Co., Ltd.;
- Thai Glass Industries Public Company Limited; and
- TCC Holding Co., Ltd.

The value of the present and ongoing services provided by us to our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Provision of services to interested persons	15.3	9.6	11.7	0.3	7.4	0.2

The terms under which we provide services to these interested persons were negotiated at arm's length on normal commercial terms.

Lease or sub-lease of properties to interested persons

We lease or sub-lease certain of our warehouses, land and office space to interested persons from time to time. We typically lease or sub-lease our real property to interested persons for an initial period of one year. These leases or sub-leases are renewable annually, unless terminated. The interested persons to whom we have leased or sub-leased warehouses, land or office space during the three years ended December 31, 2005 and up to the Latest Practicable Date comprise BJC Engineering Co., Ltd., Dhipaya Sugar (1999) Co., Ltd. and Southeast Capital Co., Ltd., each a member of the TCC group:

The value of our present and ongoing leases or sub-leases to our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Sub-lease of properties to interested persons	—	—	3.9	0.1	0.6	n.m.

The terms under which we leased or sub-leased real property to these interested persons were negotiated at arm's length on normal commercial terms, taking into account prevailing market rental for similar warehouses, land or office space.

Sale of by-products to interested persons

We sell by-products and scrap to interested persons in the ordinary course of business. These by-products and scrap include but are not limited to fertilizer, used bottles and factory remnants such as aluminium and glass remnants and scrap paper. The interested persons who have purchased our by-products, scraps and packaging materials during the three years ended December 31, 2005 and up to the Latest Practicable Date comprise P.S. Recycle Co., Ltd., a Controlled Company, Nongkhai Country Golf Club Co., Ltd., a member of the LSPV group, and the following members in the TCC group:

- Bang-Na Glass Co., Ltd.;
- Pisetskij Co., Ltd.;
- Thai Glass Industries Public Company Limited; and
- Thai Beverage Can Co., Ltd.

The value of our present and ongoing sale of by-products and scrap to our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005		
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Sale of by-products to interested persons	70.2	167.4	154.3	3.8	55.1	1.5

The terms under which we sold our by-products and scrap to these interested persons were negotiated at arm's length on normal commercial terms.

Sale of products to interested persons

We sell beer, spirits and water and soda products to interested persons from time to time, including during the New Year when our interested persons purchase beer, spirits and water and soda products from us as gifts for their customers. The interested persons who have purchased our beer, spirits and water and soda products during the three years ended December 31, 2005 and up to the Latest Practicable Date comprise Queen's Park Hotel Co., Ltd., a Controlled Company, Regent Gold Property Fund, a Fund, and the following members in the TCC group:

- Bang-Na Glass Co., Ltd.;
- The Chonburi Sugar Corporation Limited;
- Pisetskij Co., Ltd.;
- Thai Charoen Insurance Public Company Limited;
- Dhipaya Sugar (1999) Co., Ltd.;
- Golden Wealth Co., Ltd.;
- Lake View Land Co., Ltd.;
- Plaza Athenee Hotel (Thailand) Co., Ltd.;
- Siam Realty Co., Ltd.;
- Southeast Capital Co., Ltd.;
- The Southeast Insurance (2000) Co., Ltd.;
- T.C.C. Agro Co., Ltd.;
- T.C.C. Capital Co., Ltd.;
- T.C.C. Commercial Property Management Co., Ltd.;
- TCC Holding Co., Ltd.;

- T.C.C. Technology Co., Ltd.; and
- Tara Hotel Co., Ltd.

The value of our present and ongoing sale of products to our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Sale of products to interested persons	—	0.2	2.3	0.1	1.3	n.m.

The terms under which we sold beer, spirits and water and soda products to these interested persons were negotiated at arm's length on normal commercial terms, with reference to the prices at which we sell these beer, spirits and water and soda products to unrelated third parties.

Past Interested Persons Transactions

The transactions with the relevant interested persons described in this section are past and non-recurring interested person transactions and hence will not be subject to our Shareholders' Mandate under the listing rules of the SGX-ST.

Purchases of raw materials and packaging materials from interested persons

We purchased raw materials and packaging materials for our business. These raw materials and packaging materials include but are not limited to new and used glass bottles, aluminium cans, cartons and caps. The interested persons from whom we have purchased raw materials and packaging materials during the three years ended December 31, 2005 and up to the Latest Practicable Date comprise the following members in the TCC group:

- B.T.C.L. Trading Public Company Limited; and
- Sukhothai Marketing Co., Ltd.,

and the following members in the LSPV group:

- Plastic Agachon Co., Ltd.; and
- U.W.D. Marketing Co., Ltd.,

during the three years ended December 31, 2005 and up to the Latest Practicable Date.

The value of our past and non-recurring purchases of raw materials and packaging materials from our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Purchases of raw materials and packaging materials from interested persons	115.2	56.3	3.2	0.1	1.2	n.m.

The terms of our purchases of raw materials and packaging materials from these interested persons were negotiated at arm's length on normal commercial terms, with reference to market prices for similar raw materials and packaging materials. We do not intend to continue to purchase raw materials and packaging materials from these interested persons.

Purchases of office and storage supplies from interested persons

We purchased sugar for donation from Dhipaya Sugar (1999) Co., Ltd., a member of the TCC group during the three years ended December 31, 2005 and up to the Latest Practicable Date.

The value of our past and non-recurring purchases of office and storage supplies from our interested person during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Purchases of office and storage supplies from interested persons	—	—	—	—	0.1	n.m.

The terms under which we purchased office and storage supplies from this interested person were negotiated at arm's length on normal commercial terms. We do not intend to continue to purchase such office and storage supplies from interested persons.

Obtaining of services from interested persons

We obtained services from Plastic Agachon Co., Ltd., a member of the LSPV group, and the following members in the TCC group:

- TCC Holding Co., Ltd.;
- Chang Beer International Co., Ltd.;
- T.C.C. Liquor Co., Ltd.;
- Southeast Capital Co., Ltd.;
- Sukhothai Marketing Co., Ltd.; and
- Wattanapat Trading Co., Ltd.,

during the three years ended December 31, 2005 and up to the Latest Practicable Date. These services included but were not limited to advertising and marketing services and management services provided in respect of royalties received by Beer Chang Co., Ltd., Archa Beer Co., Ltd. and T.C.C. Cosmo Co., Ltd. for the use of the Chang Beer, Archa Beer and Shinobu trademarks. Following the Reorganization, we no longer obtain these services from interested persons.

The value of the past and non-recurring services we obtained from our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Obtaining of services from interested persons	21.1	315.1	121.8	3.0	—	—

The terms of the services obtained from these interested persons were negotiated at arm's length on normal commercial terms, with reference to market rates for the supply of similar services. We do not intend to continue to obtain services from these interested persons in the future.

Lease of properties from interested persons

Our subsidiary, Red Bull Distillery (1988) Co., Ltd., entered into a lease agreement with Sinthanasatith Co., Ltd., a Controlled Company, in December 1998, for the lease of the land on which our water treatment facilities are located (the "Sinthanasatith Lease"). The Sinthanasatith Lease was for an initial period of three years commencing on January 1, 1998, and was renewed for three years on

January 1, 2001. The Sinthanasatith Lease was terminated in December 2004, following the sale of the land by Sinthanasatith Co., Ltd. to New Noble Property and Loan Fund, a Fund.

In addition, Thai Beverages Marketing Co., Ltd., our subsidiary, also entered into a lease agreement with New Noble Property and Loan Fund, a Fund, in March 2005, for the lease of the office space. This lease was for a period of 1 year commencing on April 1, 2005, and was terminated after the expiry date on March 31, 2006.

The value of our past and non-recurring leases with our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Lease of properties from interested persons	3.1	—	0.7	n.m.	0.2	n.m.

The terms under which we leased real properties from these interested persons were negotiated at arm's length on normal commercial terms, taking into account prevailing market rental for similar land.

Purchases of spirits products from interested persons

We purchased spirits products from Asiabev Co., Ltd., a member of the TCC group, and the following members in the LSPV group:

- Dolpark Co., Ltd.;
- Poon Peum Karnsura Co., Ltd.;
- U.W.D. Marketing Co., Ltd.; and
- Aphiboon Co., Ltd.,

during the three years ended December 31, 2005 and up to the Latest Practicable Date.

The value of our past and non-recurring purchases of spirits products from our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Purchases of spirits products from interested persons	—	—	200.6	4.9	—	—

The purchases of these spirits products were negotiated at arm's length on normal commercial terms. We do not intend to continue to purchase spirits products from these interested persons.

Purchase of assets from interested persons

We purchased assets such as land, office equipment, machinery and cars from Royal Residence Property and Loan Fund, a Fund, Pan Glass Industry Co., Ltd., a Controlled Company, the following members in the TCC group:

- Wattanapat Trading Co., Ltd.;
- Southeast Capital Co., Ltd.;
- Sukhothai Marketing Co., Ltd.;
- T.C.C. Technology Co., Ltd.;
- Chalitlarp Co., Ltd.;

- Asiabev Co., Ltd.; and
- BJC Engineering Co., Ltd.,

and the following members in the LSPV group:

- LSPV Co., Ltd.;
- Surathip Saen Sukho Co., Ltd.;
- Surathip Sawan Vichitr Co., Ltd.;
- Surathip Vien Ping Co., Ltd.; and
- U.W.D. Marketing Co., Ltd.,

during the three years ended December 31, 2005 and up to the Latest Practicable Date.

The value of our past and non-recurring purchases of assets from our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Purchases of assets from interested persons	21.6	1,122.2	498.6	12.1	0.5	n.m.

The purchases of these assets were negotiated at arm's length on normal commercial terms. We do not intend to continue to purchase assets from these interested persons.

Purchases of land

The table below sets forth certain information relating to our purchases of land from our interested persons in the three years ended December 31, 2005 and up to the Latest Practicable Date:

<u>Date of Purchase</u>	<u>Approximate Size (In square meters)</u>	<u>Location</u>	<u>Purchase Price (In Baht millions)</u>	<u>Seller (Interested Person)</u>
December 31, 2003	38,000(1)	Pitsanulok(1)	2.4(1)	Surathip Saen Sukho Co., Ltd.
December 31, 2003	7,700	Petchaboon(2)	0.23	Surathip Sawan Vichitr Co., Ltd.
December 31, 2003	7,600	Chiang Mai(3)	19.0	Surathip Vien Ping Co., Ltd.
February 17, 2004	25,000	Pitsanulok(4)	0.73	Surathip Saen Sukho Co., Ltd.
March 18, 2004	560,000	Ayutthaya(5)	770.0	Pan Glass Industry Co., Ltd.
November 4, 2004	51,000	Ayutthaya(6)	80.4	Chalitlarp Co., Ltd.
November 26, 2004	3,400	Bangkok(7)	275.0	Royal Residence Property and Loan Fund
June 23, 2005	10,400	Petchaboon(8)	0.31	Surathip Sawan Vichitr Co., Ltd.
June 28, 2005	360,000	Ayutthaya(9)	490.0	Chalitlarp Co., Ltd.

(1) Comprising three pieces of land purchased on December 31, 2003, measuring in aggregate 38,000 square meters for a total consideration of Baht 2.4 million. These lands are currently vacant and we intend to use them for construction of warehouses and selling outlets.

(2) This land is currently vacant and we intend to use it for construction of selling outlets.

(3) This land is currently vacant and we intend to use it for construction of offices and warehouses.

(4) This land is currently vacant and we intend to use it for construction of selling outlets.

(5) This land is currently vacant and we intend to use it for the expansion of our Bang Ban brewery.

- (6) We are currently constructing a water pump station as part of the construction and installation of a water filtration system at our Bang Ban brewery. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures and Investments” for further details.
- (7) We are currently constructing ThaiBev Tower on this land. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Capital Expenditures and Investments” for further details.
- (8) This land is currently vacant and we intend to use it for construction of selling outlets.
- (9) We intend to construct a water reservoir on this land for our water filtration system.

The above purchases of land from our interested persons were made at or lower than the valuation price evaluated by external valuers in connection with each purchase of land. These external valuers did not carry out the valuation of the land in connection with this Combined Offering.

Providing of services to interested persons

We provided services to Pan Glass Industry Co., Ltd., a Controlled Company, the following members of the TCC group:

- Cosmos Liquor Co., Ltd.;
- Baan Sawasdee Co., Ltd.;
- Chang Beer International Co., Ltd.;
- Bhandhamitri Co., Ltd.;
- Nakornchuen Co., Ltd.;
- Phonratana Co., Ltd.;
- Sukhothai Marketing Co., Ltd.;
- T.C.C. Advisory Co., Ltd.;
- T.C.C. Liquor Co., Ltd.;
- Wattanapat Trading Co., Ltd.;
- B.T.C.L. Trading Public Company Limited; and
- Thai Glass Industries Public Company Limited,

and the following members of the LSPV group:

- LSPV (2001) Co., Ltd.;
- Dolpark Co., Ltd.;
- LSPV Co., Ltd.;
- Plastic Agachon Co., Ltd.; and
- U.W.D. Marketing Co., Ltd.,

during the three years ended December 31, 2005 and up to the Latest Practicable Date. These services included but were not limited to services relating the procurement of raw materials and packaging materials, construction services and advertising and sales services. We also provided property improvement services to Mr. Charoen Sirivadhanabhakdi, who is our Director and controlling shareholder in 2005.

The value of the past and non-recurring services we provided to our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	<u>Year Ended December 31,</u>				<u>From January 1,</u>	
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2005</u>	<u>2006 up to the Latest Practicable Date</u>	
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Provision of services to interested persons	67.3	1.2	0.1	n.m.	n.m.	n.m.

The terms under which we provided services to these interested persons were negotiated at arm's length on normal commercial terms, with reference to market rates for the provision of such services. We do not intend to continue to provide services to these interested persons.

Lease or sub-lease of properties to interested persons

Our subsidiary, Luckchai Liquor Trading Co., Ltd. entered into a lease agreement with Poon Peum Karnsura Co., Ltd., a member of the LSPV group, in June 2003 for the sub-lease of a warehouse in Nakornpathom Province to Poon Peum Karnsura Co., Ltd. for the storage of spirits (the "Poon Peum Lease"). The Poon Peum Lease was terminated in December 2003. The rent paid by Poon Peum Karnsura Co., Ltd. was negotiated at arm's length on normal commercial terms, taking into account prevailing market rental for similar warehouses.

Our subsidiary, Sangsom Co., Ltd., entered into a lease agreement with Wattanapat Trading Co., Ltd., a member of the TCC group, in January 2005 for the lease of a warehouse in Bangkok to Wattanapat Trading Co., Ltd. for the storage of spirits (the "Wattanapat Lease"). The Wattanapat Lease expired in January 2006 and was not renewed. The terms of the Wattanapat Lease were negotiated at arm's length on normal commercial terms, taking into account prevailing market rental for similar warehouses.

Our subsidiary, Bang-Na Logistic Co., Ltd., entered into a monthly lease arrangement with Plastic Agachon Co., Ltd., a member of the LSPV group, in January 2005 for the lease of a warehouse in Bangkok to Plastic Agachon Co., Ltd. (the "Plastic Agachon Lease"). The Plastic Agachon Lease was discontinued on April 30, 2005. The rent paid by Plastic Agachon Co., Ltd. under the Plastic Agachon Lease was negotiated at arm's length on normal commercial terms, taking into account prevailing market rental for similar warehouses.

The value of our past and non-recurring leases to our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From	
	2003	2004	2005	2005	January 1, 2006	up to the
	(In millions)				Latest	Practicable
	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Value of transactions						
Lease of properties to interested persons	0.1	—	1.0	n.m.	0.2	n.m.

Sale of by-products to interested persons

We sold by-products and scrap such as beer concentrate, bottles and advertising supplies to Chang International Limited, a Controlled Company, the following members of the TCC group:

- Asiabev Co., Ltd.;
- B.T.C.L. Trading Public Company Limited; and
- Sukhothai Marketing Co., Ltd.,

and the following members in the LSPV group:

- Poon Peum Karnsura Co., Ltd.; and
- U.W.D. Marketing Co., Ltd.

during the three years ended December 31, 2005 and up to the Latest Practicable Date.

The value of our past and non-recurring sale of by-products and scrap to our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Sale of by-products and scrap to interested persons	0.1	11.6	1.9	n.m.	—	—

The terms under which we sold our by-products and scrap to these interested persons were negotiated at arm's length on normal commercial terms. We do not intend to continue to sell such by-products and scrap to interested persons.

Sale of products to interested persons

We sold beer (including Carlsberg beer), spirits and water and soda products to U.W.D. Marketing Co., Ltd., a member of the LSPV group, and the following members of the TCC group:

- Sukhothai Marketing Co., Ltd.;
- Chang Beer International Co., Ltd.; and
- Asiabev Co., Ltd.,

during the three years ended December 31, 2005 and up to the Latest Practicable Date.

The value of our past and non-recurring sale of products to our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Sale of products to interested persons	1,039.6	138.8	48.5	1.2	—	—

The terms under which we sold products to these interested persons were negotiated at arm's length on normal commercial terms. We do not intend to continue to sell products to these interested persons.

Sale of assets to interested persons

We sold assets including real properties such as residential condominium units and land, office equipment at prices at or above book value to U.W.D. Marketing Co., Ltd. and Suramaharas Public Company Limited, each a member of the LSPV group, and the following members in the TCC group:

- Aoithip Co., Ltd.;
- Wattanapat Trading Co., Ltd.;
- Southeast Capital Co., Ltd.;
- Berli Jucker Public Company Limited;
- The Chonburi Sugar Corporation Limited;
- Dhipaya Sugar (1999) Co., Ltd.;
- Sukhothai Marketing Co., Ltd.; and
- Pisetkij Co., Ltd.,

during the three years ended December 31, 2005 and up to the Latest Practicable Date. We also sold certain silver ingots, office equipment and furniture and fixture to our Director and controlling shareholder, Mr. Charoen Sirivadhanabhakdi in 2005.

The value of our past and non-recurring sale of assets to our interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date are as follows:

	Year Ended December 31,				From January 1, 2006 up to the Latest Practicable Date	
	2003	2004	2005	2005	(Bt)	(US\$)
	(In millions)					
Value of transactions	(Bt)	(Bt)	(Bt)	(US\$)	(Bt)	(US\$)
Sale of assets to interested persons	0.1	0.6	526.9	12.8	n.m.	n.m.

Sale of real properties

In 2005, prior to the Reorganization, our subsidiaries, Beer Chang Co., Ltd. and Cosmos Brewery (Thailand) Co., Ltd., sold residential condominium units and land in Ayudhaya Province of approximately 364,000 square meters to Wattanapat Trading Co., Ltd. for approximately Baht 38.0 million and Baht 465.0 million, respectively, which were based on the book value of these real properties.

The terms under which we sold these assets to interested persons were negotiated at arm's length on normal commercial terms. We do not intend to continue to sell assets to these interested persons.

Loans to interested persons

We had provided short-term loans to various interested persons during the three years ended December 31, 2005 and up to the Latest Practicable Date. The principal amounts outstanding as at December 31, 2003, 2004 and 2005 and as of the Latest Practicable Date are set out below. All of the loans provided by us to interested persons were on an unsecured basis and were payable on demand. The interest rates applicable to these loans ranged between 1.25% and 5.0% per annum and were determined based on prevailing bank interest rates at the time of the loans. Based on the foregoing, our Directors are of the view that the loans were made at arm's length on commercial terms.

<u>Loans to Interested Persons</u>	As at December 31,			As of the Latest
	2003	2004	2005	Practicable
	(Bt)	(Bt)	(In millions) (Bt)	Date (Bt)
Loans granted by Bang-Na Logistic Co., Ltd. to Plastic Agachon Co., Ltd.(1)	—	40.9	40.9	—
Loan granted by Archa Beer Co., Ltd. to Wattanapat Trading Co., Ltd.(2)	—	8.9	—	—
Loan granted by Beer Chang Co., Ltd. to Wattanapat Trading Co., Ltd.(3)	—	115.2	—	—
Loan granted by T.C.C. Cosmo Co., Ltd. to Wattanapat Trading Co., Ltd.(4)	—	5.4	—	—
Loan granted by Sangsom Co., Ltd. to LSPV (2001) Co., Ltd.(5)	—	—	—	—
Loan granted by Sunthronpirom Co., Ltd. to Off-shore Enterprise Co., Ltd.(6)	—	—	—	—
Loan granted by Sunthronpirom Co., Ltd. to Aphiboon Co., Ltd.(7)	—	—	—	—
Loan granted by Krittayabun Co., Ltd. to Wattanapat Trading Co., Ltd.(8)	—	—	—	—
Total amount of loans outstanding	—	170.4	40.9	—
Repayments	—	180.0	5,776.0	40.9

(1) In 2004, our subsidiary, Bang-Na Logistic Co., Ltd. granted a short-term loan of approximately Baht 40.9 million to Plastic Agachon Co., Ltd. at an interest rate of 5.0% per annum. This loan was fully repaid in January 2006. The largest amount outstanding between the beginning of the financial year ended December 31, 2003 and the Latest Practicable Date was Baht 42.9 million.

(2) In 2004 and 2005, our subsidiary, Archa Beer Co., Ltd. granted various short-term loans totalling approximately Baht 12.4 million to Wattanapat Trading Co., Ltd. at an interest rate of 1.25% per annum. This loan was fully repaid in June 2005. The largest amount outstanding between the beginning of the financial year ended December 31, 2003 and the Latest Practicable Date was Baht 12.5 million.

- (3) In 2004 and 2005, our subsidiary, Beer Chang Co., Ltd. granted various short-term loans totalling approximately Baht 642.9 million to Wattanapat Trading Co., Ltd. at an interest rate of 1.25% per annum. This loan was fully repaid in October 2005. The largest amount outstanding between the beginning of the financial year ended December 31, 2003 and the Latest Practicable Date was Baht 205.7 million.
- (4) In 2004 and 2005, our subsidiary, T.C.C. Cosmo Co., Ltd. granted various short-term loans totalling approximately Baht 16.5 million to Wattanapat Trading Co., Ltd. at an interest rate of 1.25% per annum. This loan was fully repaid in September 2005. The largest amount outstanding between the beginning of the financial year ended December 31, 2003 and the Latest Practicable Date was Baht 5.6 million.
- (5) In 2004, our subsidiary, Sangsom Co., Ltd. granted a short-term loan of approximately Baht 180.0 million to LSPV (2001) Co., Ltd. at an interest rate of 5.0% per annum. This loan was fully repaid in the same year, in July 2004. The largest amount outstanding between the beginning of the financial year ended December 31, 2003 to the Latest Practicable Date was Baht 181.1 million.
- (6) In 2005, our subsidiary, Sunthronpirom Co., Ltd. granted a short-term loan of approximately Baht 150.0 million to Offshore Enterprise Co., Ltd. at an interest rate of 3.0% per annum. This loan was fully repaid in the same year, in June 2005. The largest amount outstanding between the beginning of the financial year ended December 31, 2003 to the Latest Practicable Date was Baht 151.4 million.
- (7) In 2005, our subsidiary, Sunthronpirom Co., Ltd. granted a short-term loan of approximately Baht 60.0 million to Aphiboon Co., Ltd. at an interest rate of 3.0% per annum. This loan was fully repaid in the same year, in June 2005. The largest amount outstanding between the beginning of the financial year ended December 31, 2003 to the Latest Practicable Date was Baht 60.6 million.
- (8) In 2005, our subsidiary, Krittayabun Co., Ltd. granted various short-term loans totalling approximately Baht 4.9 billion to Wattanapat Trading Co., Ltd. at interest rates of between 3.5% to 4.0% per annum. The loans were fully repaid in the same year, in May 2005. The largest amount outstanding between the beginning of the financial year ended December 31, 2003 to the Latest Practicable Date was approximately Baht 4.1 billion.

As at the Latest Practicable Date, there were no outstanding amounts due to us from the interested persons stated above. Going forward, we do not intend to enter into loans of this nature with our interested persons.

Other Interested Persons Transactions

Trademark Licensing Agreement with Mr. Paisal Chevasiri and Nam Hang Chevit Co., Ltd.

Our subsidiary, United Winery and Distillery Co., Ltd. produced and sold, among other products, Black Thai rum, Black Cat whisky and Cooler Club, a flavoured alcoholic beverage. In connection with the production and sale of these products, United Winery and Distillery Co., Ltd. entered into the following trademark licensing agreements (the "Trademark Licensing Agreements") with our Director, Mr. Paisal Chevasiri, and Nam Hang Chevit Co., Ltd., a company controlled by Mr. Paisal Chevasiri, for the use of the Black Thai, Black Cat and Cooler Club trademarks:

<u>Date</u>	<u>Licensor</u>	<u>Licensee</u>	<u>Trademark</u>	<u>Consideration</u>	<u>Term</u>
June 19, 1997	Nam Hang Chevit Co., Ltd.	United Winery and Distillery Co., Ltd.	Cooler Club	Nil	From July 24, 1997 to September 10, 2006
July 24, 1997	Nam Hang Chevit Co., Ltd.	United Winery and Distillery Co., Ltd.	Cooler Club	Nil	From July 24, 1997 to September 10, 2006
September 11, 2001	Mr. Paisal Chevasiri	United Winery and Distillery Co., Ltd.	Black Thai	Nil	From September 11, 2001 to September 10, 2006
September 4, 2002	Mr. Paisal Chevasiri	United Winery and Distillery Co., Ltd.	Black Cat	Nil	From September 4, 2002 to September 3, 2006

United Winery and Distillery Co., Ltd. has ceased production of Black Thai rum, Black Cat whisky and Cooler Club since May 2, 2006. We do not intend to renew the Trademark Licensing Agreements upon their expiry in September 2006 and we have not paid any amounts to Mr. Paisal Chevasiri or Nam Hang Chevit Co., Ltd. for the use of the trademarks.

General Mandate for Interested Persons Transactions

We anticipate that we would, in the ordinary course of business, continue to enter into certain transactions with our interested persons, including but not limited to those categories of transactions described below. In view of the time-sensitive nature of commercial transactions, it would be advantageous for us to obtain a shareholders' mandate to enter into certain interested persons transactions in our ordinary course of business, provided that all such transactions are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders.

Chapter 9 of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent interested persons transactions which are of a revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses which are not part of our day-to-day operations.

Pursuant to Rule 920(2) of the Listing Manual, our Company may treat a general mandate as having been obtained from our Shareholders ("Shareholders' Mandate") for us to enter into interested persons transactions with our interested persons, if the information required under Rule 920(1)(b) of the Listing Manual is included in this document. In relation to us, the information required by Rule 920(1)(b) is as follows:

- (a) the class of interested persons with which the Entity At Risk (as defined below) will be transacting;
- (b) the nature of the transactions contemplated under the mandate;
- (c) the rationale and benefit to the Entity At Risk;
- (d) the methods or procedures for determining transaction prices;
- (e) the independent financial advisor's opinion on whether the methods or procedures in (d) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders;
- (f) an opinion from our Audit Committee if it takes a different view to the independent financial advisor; and
- (g) a statement from us that we will obtain a new mandate from our Shareholders if the methods or procedures in (d) above become inappropriate.

The Shareholders' Mandate will be effective until the earlier of the following: (i) our first annual general meeting following the Listing Date of our Company on the Main Board of the SGX-ST; or (ii) the first anniversary of the Listing Date. Thereafter, we will seek the approval of our Shareholders for renewal of the Shareholders' Mandate at each subsequent annual general meeting.

Entities At Risk

For the purposes of the Shareholders' Mandate, an "Entity At Risk" means:

- our Company;
- a subsidiary of our Company that is not listed on the SGX-ST or an approved exchange; or
- an associated company of our Company that is not listed on the SGX-ST or an approved exchange, provided that the Group or the Group and interested persons has control over the associated company.

Classes of Mandated Interested Persons

The Shareholders' Mandate will apply to our Group's transactions with the list of interested persons as set out in section (ii) of "Appendix D—List of Our Interested Persons and Mandated Interested Persons" (the "Mandated Interested Persons" and each a "Mandated Interested Person").

Transactions with Mandated Interested Persons which do not fall within the ambit of the Shareholders' Mandate shall be subject to the relevant provisions of Chapter 9 of the Listing Manual.

Mandated Transactions

The transactions with interested persons which will be covered by the Shareholders' Mandate ("Mandated Transactions") relating to the provision to, or obtaining from, interested persons of products and services in the ordinary course of business of our Group or which are necessary for the day-to-day operations of our Group (but not in respect of the purchase or sale of assets, undertakings or businesses which are not part of our day-to-day operations) are as follows:

- (a) purchases from interested persons of raw materials and packaging materials including new and used glass bottles, aluminium cans, molasses, herbs for the production of beer concentrate, cartons and caps;
- (b) obtaining from interested persons of insurance and insurance-related services;
- (c) purchases from interested persons of office and storage supplies including tissue paper and sugar for office use, scrap steel, malt bags and wooden pallets;
- (d) obtaining from interested persons of services including services relating to provision of accommodation and facilities for staff training, telecommunications and software licensing and marketing and advertising and management services;
- (e) obtaining from interested persons of leases of office space, warehouses, passenger cars and land;
- (f) provision to interested persons of services including procurement services, property improvement services and advertising and sales services;
- (g) lease or sub-lease to interested persons of warehouses;
- (h) sale to interested persons of by-products including fertilizer, used bottles, and factory remnants such as aluminium and glass remnants and scrap paper;
- (i) sale to interested persons of our beer, spirits and water and soda products; and
- (j) provision or the obtaining of such other products and/or services which are incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (a) to (i) above.

Rationale for and Benefits of the Shareholders' Mandate

The transactions with the Mandated Interested Persons are entered into or to be entered into by our Group in its ordinary course of business. They are recurring transactions that are likely to occur with some degree of frequency and arise at any time and from time to time. Our Directors are of the view that it will be beneficial to our Group to transact or continue to transact with the Mandated Interested Persons.

Our Directors believe that our Group will be able to benefit from its transactions with the Mandated Interested Persons. The Shareholders' Mandate and the renewal of the Shareholders' Mandate on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested persons transactions with the Mandated Interested Persons arise, thereby reducing substantially the administrative time and expenses in convening general meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to us.

The Shareholders' Mandate is intended to facilitate transactions in our ordinary course of business which are transacted from time to time with the Mandated Interested Persons, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders.

Disclosure will be made in the format required by the Listing Manual, and to the extent required by the SGX-ST, of the aggregate value of interested persons transactions conducted pursuant to the Shareholders' Mandate during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders' Mandate is in force.

Review Procedures for Interested Persons Transactions

Our Audit Committee has oversight of all interested persons transactions undertaken by our Group including, the review and where required, approval of such transactions. For this purpose, our Board of

Directors has appointed Mr. Ng Tat Pun, an independent non-executive Director and member of the Audit Committee, to lead the Audit Committee in its role in respect of interested persons transactions undertaken by our Group (the “Lead Independent Director for IPTs”). We have also established the following procedures to ensure that the interested persons transactions are undertaken on an arm’s length basis and on normal commercial terms.

Review Procedures and Threshold Limits

In general, there are procedures established by our Group to ensure that interested persons transactions, including the Mandated Transactions with the Mandated Interested Persons, are undertaken on an arm’s length basis and on normal commercial terms consistent with our Group’s usual business practices and policies, and on terms which are generally no more favorable to the interested persons than those extended to or obtained from unrelated third parties.

In particular, the following review procedures have been implemented:

(1) Procurement and purchase of goods and obtaining services

(a) All procurement and purchases made by our Group of a recurring nature which are in the ordinary course of business of our Group or which are necessary for the day-to-day operations of our Group, including procurement and purchases which are Mandated Transactions with Mandated Interested Persons (such as the transactions referred to in paragraphs (a), (b), (c), (d) and (j) above under “General Mandate for Interested Person Transactions—Mandated Transactions”) will be governed by internal control procedures, which detail matters such as the constitution of internal approving authorities, their approval limits, the number of vendors (minimum of two) who provide us quotes, and the review procedures. The guiding principle is to objectively obtain the best goods and/or services on the best terms through competitive quotations, if appropriate. In determining whether the price and terms offered by interested persons are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, preferential rates, discounts or rebates offered for bulk purchases, will be taken into consideration. In addition, each interested person transaction entered into by our Group will be monitored as an individual transaction and based on the value of the transaction, will require the prior approval of the corresponding approving authority who is a Director or management employee of the Group (not being an interested person or his associate) and who does not have any interests, whether direct or indirect, in relation to the transaction (the “Relevant Approving Authority”) as follows:

<u>Approval Limits</u>	<u>Relevant Approving Authority</u>
Interested person transaction not exceeding Baht 500,000 in value	A deputy managing director or officer of equivalent rank
Interested person transaction above Baht 500,000 but not exceeding Baht 5 million in value	A managing director or officer of equivalent rank
Interested person transaction above Baht 5 million but not exceeding Baht 10 million in value	A vice-chairman or officer of equivalent rank
Interested person transaction above Baht 10 million but not exceeding Baht 20 million in value	A chairman or officer of equivalent rank
Interested person transaction above Baht 20 million but not exceeding 3% of the latest audited net tangible assets of the Group in value	Any two vice-chairmen and/or chairmen or officers of equivalent rank
Interested person transaction above 3% of the latest audited net tangible assets of the Group in value	Any two Audit Committee members, one of whom must be the Lead Independent Director for IPTs

In relation to paragraph (j) above under “General Mandate for Interested Persons Transactions—Mandated Transactions,” the Relevant Approving Authority (as determined by the value of the transaction) will also assess and approve that the proposed transaction is one which is incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (a), (b), (c), and (d) above under “General Mandate for Interested Persons Transactions—Mandated Transactions.”

(b) In the event that we cannot obtain competitive quotations (for instance, if there are no unrelated third party vendors of similar products and services (taking into account quantum, specifications and delivery schedules among others), or if the product is proprietary in nature), based on the value of the proposed interested persons transaction, the corresponding Relevant Approving

Authority as set out above (not being an interested person or his associate) and who does not have any interests, direct or indirect, in relation to the transaction, will determine whether the price and terms offered by the interested person are fair and reasonable.

(c) Purchases under the prevailing terms of the Glass Bottle Purchase Agreement will be covered under the Shareholders' Mandate, provided that any amendment to the material provisions of the Glass Bottle Purchase Agreement, including any adjustment authorized by the agreement to the purchase price for glass bottles pursuant to and any renewal or extension of tenure of the Glass Bottle Purchase Agreement, requires the approval of our Board of Directors and the Audit Committee.

(2) Other interested persons transactions of a recurring nature

(a) We intend to conduct other interested persons transactions not covered by paragraph (1) above which are of a recurring nature and that occur in the ordinary course of business of our Group. These transactions are necessary for the day-to-day operations of our Group and include the sale of products and provisions of services to interested persons and lease or sub-lease of property to or from interested persons and the Mandated Transactions with Mandated Interested Persons referred to in paragraphs (e), (f), (g), (h) (i) and (j) under "General Mandate for Interested Persons Transactions—Mandated Transactions" above. We intend to conduct these transactions at the prevailing market rates or prices of the product or service to be provided, and at prevailing market rentals for leases and sub-leases of property, on terms no more favorable to the interested person than the usual commercial terms extended to or, where applicable, by unrelated third parties (including, where applicable, preferential rates, discounts to favored customers or for bulk purchases) or otherwise in accordance with applicable industry norms, provided that:

(i) in relation to the sale of products and provision of services which are not contemporaneously in time as the proposed interested person transaction being sold or provided to an unrelated third party, quotes from at least two other suppliers who are unrelated third parties not being the relevant interested person or his associates of similar products or services will be obtained; and

(ii) in relation to the lease or sub-lease of property, we are required to obtain enquiries with at least two landlords and/or tenants who are unrelated third parties not being the relevant interested person or his associates of similarly sized and located properties put to similar use.

In addition, each interested person transaction entered into by our Group will be monitored as an individual transaction and based on the value of the transaction, will require the prior approval of the corresponding Relevant Approving Authority who is a Director or management employee of the Group (not being an interested person or his associate) and who does not have any interests, whether direct or indirect, in relation to the transaction as follows:

<u>Approval Limits</u>	<u>Relevant Approving Authority</u>
Interested person transaction not exceeding Baht 200,000 in value	A deputy managing director or officer of equivalent rank
Interested person transaction above Baht 200,000 but not exceeding Baht 500,000 in value	A managing director or officer of equivalent rank
Interested person transaction above Baht 500,000 but not exceeding Baht 5 million in value	A vice chairman or officer of equivalent rank
Interested person transaction above Baht 5 million but not exceeding 3% of the latest audited net tangible assets of the Group in value	A chairman or officer of equivalent rank
Interested person transaction above 3% of the latest audited net tangible assets of the Group in value	Any two Audit Committee members, one of whom must be the Lead Independent Director for IPTs

In relation to paragraph (j) above under "General Mandate for Interested Persons Transactions—Mandated Transactions," the Relevant Approving Authority (as determined by the value of the transaction) will also assess and approve that the proposed transaction is one which is incidental to or in connection with the provision or obtaining of products and/or services in sub-paragraphs (e), (f), (g), (h) and (i) above under "General Mandate for Interested Persons Transactions—Mandated Transactions."

(b) Where the prevailing market rates or prices are not available, whether due to the nature of products to be sold or services to be provided, the unavailability or impracticality of obtaining quotes

from third party sources or otherwise, our Group's pricing for these products and services will be determined in accordance with the Group's usual business practices and pricing policies, consistent with the usual margin our Group will obtain for the same or substantially similar type of transaction with unrelated third parties. In determining the transaction price payable by Mandated Interested Persons for these products or services, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account. In relation to leases and sub-leases of property, where prevailing market rentals are not available, whether due to the unavailability or impracticality of obtaining rental comparisons or otherwise, rental will be determined according to the Group's usual business practices and policies. In addition, based on the value of the proposed interested person transaction, the corresponding Relevant Approving Authority as set out in paragraph (a) above (not being an interested person or his associate) and who does not have any interests, direct or indirect, in relation to the transaction, will determine whether the price and terms offered by the interested person are fair and reasonable.

(3) Non-recurring interested persons transactions

We may from time to time also conduct interested persons transactions not covered by paragraphs (1) and (2) above and which do not form part of the Shareholders' Mandate. These transactions are not of a recurring nature or occur outside the ordinary course of business of our Group or which may not be necessary for the day-to-day operations of our Group and include the purchase or sale of assets, undertakings or businesses which are not part of our day-to-day operations. We intend to conduct such transactions in accordance with the SGX-ST Listing Manual, including the threshold, approval and other requirements under paragraphs 905 and 906 of the SGX-ST Listing Manual. In addition, we will monitor each transaction on an individual basis, and each transaction will require the prior approval of the corresponding Relevant Approving Authority below who is a Director or management employee of the Group (not being an interested person or his associate) and who does not have any interests, whether direct or indirect, in relation to the transaction. The Relevant Approving Authority will also review the transaction to ensure that they are carried out on normal commercial terms and not prejudicial to the interests of our Company and minority Shareholders:

<u>Approval Limits</u>	<u>Relevant Approving Authority</u>
Interested person transaction not exceeding Baht 200,000 in value	A deputy managing director or officer of equivalent rank
Interested person transaction above Baht 200,000 but not exceeding Baht 500,000 in value	A managing director or officer of equivalent rank
Interested person transaction above Baht 500,000 but not exceeding Baht 5 million in value	A vice chairman or officer of equivalent rank
Interested person transaction above Baht 5 million but not exceeding 3% of the latest audited net tangible assets of the Group in value	A chairman or officer of equivalent rank
Interested person transaction above 3% of the latest audited net tangible assets of the Group in value	Any two Audit Committee members, one of whom must be the Lead Independent Director for IPTs

In the event that these interested persons transactions require the approval of our Shareholders, additional information may be required to be presented to Shareholders and an independent financial advisor may be appointed for an opinion.

Other Review Procedures

Our Audit Committee led by the Lead Independent Director for IPTs will also review all interested persons transactions including, Mandated Transactions to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with.

Our Group has also implemented the following procedures for the identification of interested persons transactions (including Mandated Transactions) and interested persons (including Mandated Interested Persons) and the recording of all our interested person transactions:

(a) our Group Chief Financial Officer will maintain a register of all transactions carried out with interested persons, including the Mandated Interested Persons (and the basis, including the quotations obtained to support such basis, on which these transactions are entered into), whether mandated or non-mandated; and

(b) on a quarterly basis, our Group Chief Financial Officer will submit a report to our Audit Committee of all recorded interested persons transactions, and the basis of all recorded interested persons transactions, entered into by our Group. Our Company's annual internal audit plan will incorporate a review of all interested persons transactions, including the established review procedures for the monitoring of the interested persons transactions including Mandated Transactions, entered into or existing interested persons transactions that are renewed or revised during the current financial year, pursuant to the Shareholders' Mandate.

In addition, our Audit Committee led by the Lead Independent Director for IPTs will review, on a quarterly basis, internal controls and review procedures for interested persons transactions to determine if they are adequate and/or commercially practicable in ensuring that the transactions between our Group and interested persons are conducted on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders. In conjunction with this review, our Audit Committee will also ascertain whether we have complied with the established review procedures. Further, if during these periodic reviews by our Audit Committee, our Audit Committee is of the view that the internal controls and review procedures for interested persons transactions are inappropriate or not sufficient to ensure that the interested persons transactions will be on normal commercial terms and not prejudicial to the interests of our Company and our minority Shareholders, our Audit Committee will (pursuant to Rule 920(1)(b)(iv) and (vii) of the Listing Manual) revert to our Shareholders for a new Shareholders' Mandate based on new internal controls and review procedures for transactions with the Mandated Interested Persons. During the period prior to obtaining a new mandate from Shareholders, all transactions with interested persons will be subject to prior review and approval by the Audit Committee.

For the purposes of the above review of the internal controls and review procedures, any member of our Audit Committee who is not considered independent will abstain from participating in the Audit Committee's review of the internal controls and review procedures.

Our Audit Committee will have overall responsibility for determining the review procedures with the authority to delegate to individuals or committees within our Group as they deem appropriate.

Opinion of the Independent Financial Advisor

SAC Capital Private Limited was appointed as our independent financial advisor pursuant to Rule 920(1)(b)(v) of the SGX-ST Listing Manual to opine on whether the methods and procedures for determining transaction prices, as set out above, are sufficient to ensure that our Group's transactions with the Mandated Interested Persons are on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

Based on its evaluation of the methods and procedures for Mandated Transactions, SAC Capital Private Limited is of the opinion that the methods and procedures for determining transaction prices of Mandated Transactions as set out under the section "—Review Procedures for Transactions with Interested Persons" are, if adhered to, sufficient to ensure that the Mandated Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

For further details, see "Appendix A—Letter dated May 3, 2006 from SAC Capital Private Limited to the Non-Interested Directors in respect of the Shareholders' Mandate for Interested Persons Transactions."

Compliance with Connected Transaction Requirements under Thai Laws

In addition to the requirements of the SGX-ST in relation to interested person transactions, we will also be required to comply with the connected transactions requirements specified in our Articles of Association, which are based on the regulations of the Stock Exchange of Thailand ("SET") under the "Notification of The Board of Governors of the Stock Exchange of Thailand—Re: Disclosure of Information and Act of Listed Companies Concerning Connected Transactions, 2003" (the "Connected Transactions Notification"). Pursuant to the Connected Transactions Notification, we may, depending on the nature, value and parties to the transaction, be required to seek approval from our Board of Directors or seek approval from our Shareholders in the event that we propose to enter into a connected transaction with a connected person (both as defined in the Connected Transactions Notification).

Definitions

Certain terms used in the sub-sections “—General Mandate for Interested Persons Transactions” and “—Review Procedures for Interested Persons Transactions” have the following meanings:

“associate” means:

(a) in relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:

(i) his immediate family;

(ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and

(iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and

(b) in relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more.

“control” means:

the capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of a company.

“controlling shareholder” means a person who:

(a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or

(b) in fact exercises control over a company.

“interested person” means a Director, chief executive officer, or controlling shareholder of our Company, or an associate of any such Director, chief executive officer, or controlling shareholder.

POTENTIAL CONFLICTS OF INTEREST

We summarize below the potential conflicts of interests that may arise from the interests of our controlling shareholders and Directors in any corporation carrying on the same business or dealing in similar products as us.

As noted under the discussion “Interested Person Transactions,” the Principal Shareholders have interests in, and are directors of, various companies that transact with the Group. Some of our Directors, namely Mr. Narong Srisa-an, Mr. Thapana Sirivadhanabhakdi, Mr. Sithichai Chaikriangkrai and Dr. Pisanu Vichiensanth, also sit as directors nominated by the Principal Shareholders in some of these companies. We believe that the conflicts of interest arising from interested person transactions are addressed as follows:

- we have established policies and procedures, including internal audit controls, to ensure that our transactions with our controlling shareholders and their associates are entered into on an arm’s length basis and on commercial terms consistent with our Group’s usual business practices and policies. These procedures include the appointment of SAC Capital Private Limited as an independent financial advisor to opine on whether the methods and procedures for determining transaction prices are sufficient to ensure that our transactions with our controlling shareholders and their associates are entered into on arm’s length terms and at commercial rates will not be prejudicial to our interests and the interests of our minority Shareholders (see “Interested Person Transactions”);
- upon our listing on the SGX-ST, we will be subject to the SGX-ST listing rules on interested person transactions. The objective of these rules is to ensure that our interested person transactions do not prejudice the interests of our Shareholders as a whole. These rules require us to make prompt announcements, disclosures in our annual report and/or seek Shareholders’ approval for certain material interested person transactions. The Audit Committee, or an independent financial advisor (as applicable) must review such interested person transactions and opine on whether such transactions are fair and reasonable to us and not prejudicial to our interests and the interests of our minority Shareholders. Under the SGX-ST listing rules, our Shareholders’ Mandate must be renewed at each annual general meeting and disclosure must be made in our annual report of the aggregate value of interested person transactions conducted pursuant to the Shareholders’ Mandate during each financial year, and in the annual reports for subsequent years during which the Shareholders’ Mandate is in force. We must also adopt a new mandate if for any reason the review policies and procedures under our current Shareholders’ Mandate are inadequate;
- our Audit Committee will review interested person transactions on a periodic basis to ensure compliance with our policies and procedures, including the internal audit controls, and with the relevant provisions of the SGX-ST listing rules. If a member of our Audit Committee has an interest in a transaction, he will abstain from participating in the review and approval process of our Audit Committee in relation to that transaction. Our Audit Committee will also review the policies and procedures to ensure that they are adequate to achieve the objectives of ensuring that our interested person transactions are fair and reasonable to us and not prejudicial to our interests and the interest of minority shareholders; and
- our Directors owe fiduciary duties to us, including the duty to act in good faith and in our best interests. Our Directors have a duty to disclose any conflict of interest as soon as they acquire any interest, direct or indirect, in any contract the Company enters into, or in shares or debentures of the Company or its affiliates. In addition, they have a duty to disclose any conflict in which arises from a directorship, partnership or a personal investment in a competing company that they hold a position or have an interest prior to the appointment of their directorship in the Company. Each Director has to obtain our Board of Directors’ approval if they purchase or sell property from or to the Company or engage in any business with the Company.

Each of our Principal Shareholders has undertaken that for as long as he or she remains as a Director or controlling shareholder of the Company, they will ensure that they and their associates do not directly or indirectly be engaged in any business which is similar to and competes with the business of the Group (other than having an interest in not more than 5% of the outstanding securities of a company engaged in a similar or competing business of the Group and its business, such as production, distribution and sale of beer, spirits and other alcoholic beverages, without declaring their intention to our Audit Committee.

Mr. Vira Tantiwiwatthanaphan and Mr. Wisith Tantiwiwatthanaphan, who are the sons of our Director, Mr. Komen Tantiwiwatthanaphan, each owns one share representing less than 1.0% of the issued share capital of, United Thai Distillers Co., Ltd. (“United Thai Distillers”), a company incorporated in Thailand and engaged in the production of brown spirits in Thailand. Notwithstanding that United Thai Distillers produces similar products as those of our Group, our Directors do not believe United Thai Distillers is a material competitor of our Group as we have a leading market position in the spirits segment in Thailand. For more information regarding our competitors, see “The Alcoholic Beverage Industry in Thailand” and “Business—Competition.”

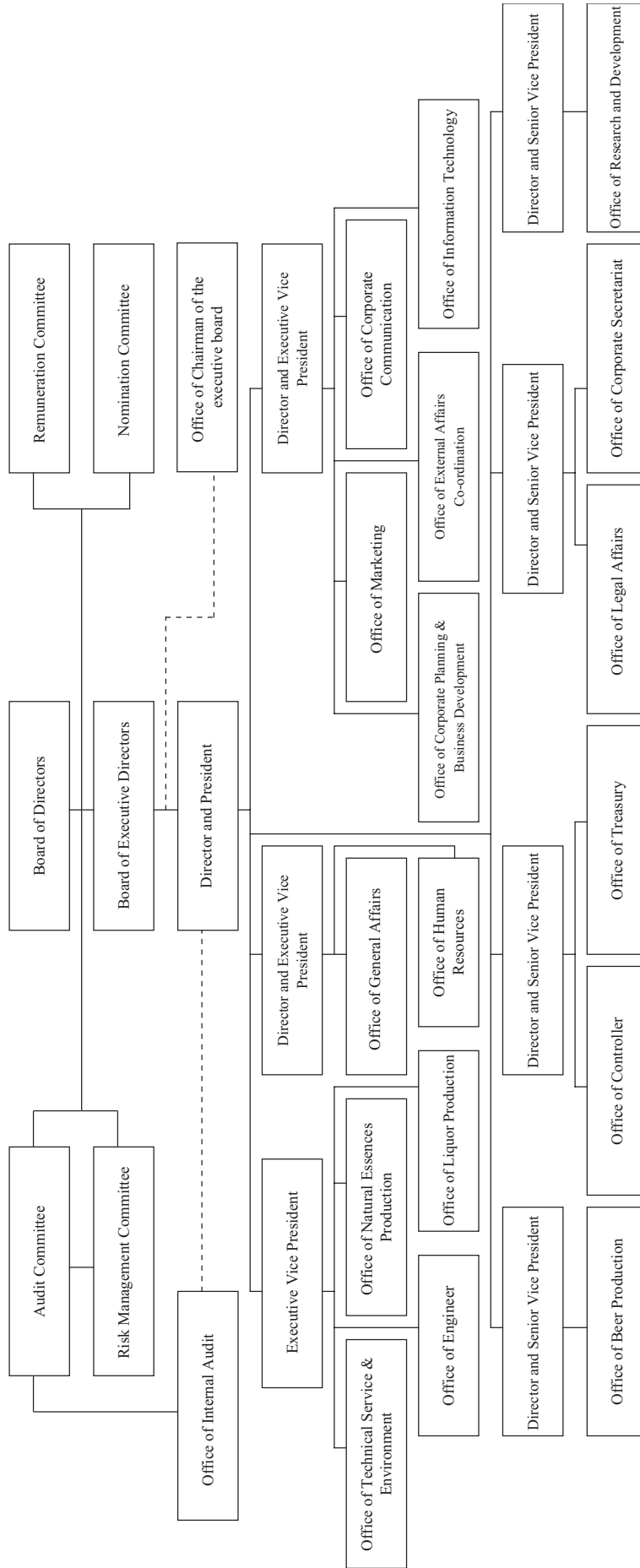
Although we do not regard United Thai Distillers as a material competitor of our Group, our Directors believe that there could be potential conflicts of interest in the course of conduct of our Group’s business and those of United Thai Distillers. In order to minimize any conflicts of interest between United Thai Distillers and our Group, Mr. Komen Tantiwiwatthanaphan has undertaken that for as long as he remains as a Director, he will ensure that:

- Mr. Vira Tantiwiwatthanaphan and/or any other associates of Mr. Komen Tantiwiwatthanaphan will not increase their shareholding interest in United Thai Distillers to more than 15.0% in aggregate; and
- Mr. Vira Tantiwiwatthanaphan and/or any other associates of Mr. Komen Tantiwiwatthanaphan will not be appointed as a director or key executive of United Thai Distillers.

MANAGEMENT AND CORPORATE GOVERNANCE

Management Reporting Structure

The following diagram shows the management reporting structure of our Group as at the Latest Practicable Date.



Our Board of Directors and Executive Officers

Our Board of Directors has ultimate responsibility for the administration of the affairs of our Company. Our Articles of Association provide for a Board of Directors of at least five Directors. Not less than half of the Directors must reside in Thailand. Our Board of Directors currently consists of 22 members. Except for Mr. Vivat Tejapaibul, our independent Directors (within the meaning set out in the Singapore Code of Corporate Governance and Thai law), which comprise Mr. Staporn Kavitanon, Prof. Kanung Luchai, Mr. Manu Leopairote, Mr. Michael Lau Hwai Keong, Mr. Ng Tat Pun, Prof. Pornchai Matangkasombut, Mr. Sakthip Krairiksh and Gen. Dr. Choo-chat Kambhu Na Ayudhya, all of our Directors, and Mr. Sawat Sopa, are also our Executive Officers.

The following table sets forth information regarding our Directors and Executive Officers as of the Latest Practicable Date:

<u>Name</u>	<u>Age</u>	<u>Address</u>	<u>Position</u>
Mr. Charoen Sirivadhanabhakdi(1)	62	288/37 Surawongse Road Sripraya, Bangrak District Bangkok Thailand	Director and Chairman
Khunying Wanna Sirivadhanabhakdi(1)(3)	62	288/37 Surawongse Road Sripraya, Bangrak District Bangkok Thailand	Director and Vice Chairman
Mr. Komen Tantiwiwatthanaphan(1)	83	21-23 Nasesuan Road Tombol Mark Kheang, Amphur Muang Udonthani Province Thailand	Director and Vice Chairman
Mr. Narong Srisa-an(1)(5)	77	72 Soi Phaholyothin 32 Phaholyothin Road Ladyao, Chatuchak District Bangkok 10900 Thailand	Director and Vice Chairman
Mr. Paisal Chevasiri(1)	66	47 Moo 9, Bangwag Sub-District, Pasricharoen District Bangkok Thailand	Director and Vice Chairman
Mr. Samut Hatthasing(1)(5)	63	52/32 Soi Phaholyothin 45, Phaholyothin Road, Chatuchak Bangkok 10900 Thailand	Director and President
Ms. Kanoknart Rangsitienchai(1)(5)	59	192 Panya Village, Suanluang Suanluang District Bangkok Thailand	Director and Executive Vice President
Mr. Thapana Sirivadhanabhakdi(1)(5)	30	288/37 Surawongse Road Sripraya, Bangrak District Bangkok Thailand	Director and Executive Vice President
Mr. Chukiet Tangpongprush(1)(5)	65	441 Jarunsanitwong Road Bangplad, Bangkok 10700 Thailand	Director, Secretary and Senior Vice President
Mr. Ueychai Tantha-Obhas(1)(5)	56	88/23 Moo 12 Villa Acadia Srinakarin Road Bangkaew, Bangplee Samutprakarn 10540 Thailand	Director and Senior Vice President

<u>Name</u>	<u>Age</u>	<u>Address</u>	<u>Position</u>
Mr. Sithichai Chaikriangkrai(1)(5)	51	51 Therdthai Road Dhonburee District Bangkok 10600 Thailand	Director and Senior Vice President
Dr. Pisanu Vichiensanth(1)(5)	50	511 Soi Ruamsirimit Vipavadee Rangsit Road, Jatujak Bangkok 10900 Thailand	Director and Senior Vice President
Mr. Vivat Tejapaibul	60	3726/154 Riverside Tower 2 Praram 3 Road, Bangklo, Bangkolaem District Bangkok 10120 Thailand	Director
Mr. Puchchong Chandhanakij(1)(5)	58	26/56 Mu 6, Rung Pracha Road, Wat Chalo Bangkruey, Nontaburi Thailand 11130	Director
Mr. Sakthip Krairiksh	58	157 Rajviti Road Dusit District, Bangkok 10300 Thailand	Independent Non-Executive Director
Mr. Staporn Kavitanon(2)(3)(4)	65	103/1 Paholyotin Road Soi 14, Phayathai Bangkok Thailand	Independent Non-Executive Director
Prof. Kanung Luchai(2)(4)	80	118 Soi Mit-Anan, Nakornchaisri Road Nakhonchaisri, Dusit District Bangkok 10300 Thailand	Independent Non-Executive Director
Mr. Manu Leopairote(2)(3)(4)	62	4/377 Seri Thai Road Bueng Koom District Bangkok Thailand	Independent Non-Executive Director
Mr. Michael Lau Hwai Keong	45	82 Hillview Avenue #05-07 Singapore 669581	Independent Non-Executive Director
Mr. Ng Tat Pun(2)(6)	61	2 Sunset Grove Singapore 597442	Independent Non-Executive Director
Prof. Pornchai Matangkasombut	65	70 Pahurat Road Burapa Palace Pranakorn, Bangkok 10200 Thailand	Independent Non-Executive Director
Gen. Dr. Choo-chat Kambhu Na Ayudhya	62	149 Ramkamhaeng 22 Ramkamhaeng Road Huamark, Bangkok Bangkok 10240 Thailand	Independent Non-Executive Director
Mr. Sawat Sopa	69	122 Soi Pracha-Utit 5, Pracha-Utit Road Ratburana District Bangkok 10140 Thailand	Executive Vice President

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- (1) Executive Board member
 - (2) Audit Committee member
 - (3) Nomination Committee member
 - (4) Remuneration Committee member
 - (5) Risk Management Committee member
 - (6) Lead Independent Director for IPTs

Certain information on the business and working experience with respect to our Directors is set out below:

Mr. Charoen Sirivadhanabhakdi was appointed Chairman of the Board of Directors in 2003. He has been the Chairman of Beer Thai (1991) Public Company Limited, the Chairman of Red Bull Distillery Group of Companies since 2004, the Chairman of T.C.C. Capital Land Company Limited since 2003 and the Chairman of Berli Jucker Public Company Limited since 2001. In addition, he has been the Chairman of the Executive Board of Group of TCC Company Limited since 1972. Mr. Charoen holds an Honorary Doctoral Degree of Agricultural, Business Administration from Maejo University and an Honorary Doctoral Degree of Industrial Technology from Chandrakasem Rajabhat University. Mr. Charoen has received various honors and Thai royal decorations such as the Knight Grand Cordon (Special Class) of the Most Exalted Order of the White Elephant, the Knight Grand Cordon (First Class) of the Most Noble Order of the Crown of Thailand, the Knight Commander (Second Class Lower Grade) of the Most Illustrious Order of Chula Chom Klao and the Knight Grand Cross (First Class) of the Most Admirable Order of the Direkgunabhorn.

Khunying Wanna Sirivadhanabhakdi was appointed Vice Chairman of the Board of Directors in 2003. She has been the Chairman of Beer Thip Brewery (1991) Company Limited and the Chairman of Sangsom Group of Companies since 2004. She also has been the Vice Chairman of T.C.C. Capital Land Company Limited since 2003, a Vice Chairman of Berli Jucker Public Company Limited since 2001 and the Vice Chairman of the Executive Board of TCC Company Limited since 1972. Khunying Wanna holds an Honorary Doctoral Degree of Bio-technology from Ramkhamhaeng University, an Honorary Doctoral Degree of Agricultural, Business Administration from Maejo University and an Honorary Degree of Business Administration from Chiangmai University. She is also the Vice Chairman of the Sirivadhanabhakdi Foundation, a Director of the Siriraj Foundation and a Director of Ramathibporee Foundation. Khunying Wanna has received various honors and Thai royal decorations such as the Knight Grand Cordon (Special Class) of the Most Exalted Order of the White Elephant (Ladies), the Knight Grand Cordon (First Class) of the Most Noble Order of the Crown of Thailand (Ladies), the Companion (Third Class, Lower Grade) of the Most Illustrious Order of Chula Chom Klao and the Knight Grand Cross (First Class) of the Most Admirable Order of the Direkgunabhorn.

Mr. Komen Tantiwattathanaphan was appointed Vice Chairman of the Board of Directors and Vice President in 2004. Mr. Komen has had over 20 years of experience in managing companies in the distilling industry. He has served as President of the Sahasan (2529) Group of companies since 1986 and as Vice President of the Surathip Group of companies and the 43 Group of companies between 1980 and 2000 and between 2000 and 2004, respectively. Mr. Komen Tantiwattathanaphan holds a High School Certificate.

Mr. Narong Sri sa-an was appointed Vice Chairman of the Board of Directors in 2003. Mr. Narong has over 40 years of experience in the banking industry, having served in Kasikorn Bank Public Company Limited since 1954 until 1998 as the Vice Executive Chairman of the bank. He also holds directorship in several public companies in Thailand, including as Vice-Chairman of Berli Jucker Public Company Limited, Chairman of Advance Agro Public Company Limited, Chairman of the Executive Board of Siam Food Product Public Company Limited and Independent Director of True Corporation Public Company Limited. Mr. Narong holds an Honorary Master of Economics from Thammasat University.

Mr. Paisal Chevasiri was appointed Vice Chairman of the Board of Directors in 2003. Mr. Paisal has over 10 years of experience in managing companies in the distilling industry, having served in Suramaharas Public Company Limited since 1986 until 1999 when he left as the Assistant Managing Director of the company. Mr. Paisal holds an Honorary Bachelor of Arts from Suan Dusit Rajabhat University, and a Certificate of Commerce from the Tang Trongchit Commercial College.

Mr. Samut Hatthasing has been our Director and President since February 2004. He joined our Group in 1992 and has held various marketing positions in our Group. He was also a Trading Manager of Suramahas Public Company Limited between 1986 and 1999. Prior to joining us, Mr. Samut was a Province Manager and, subsequently, Marketing Manager of the Suratip Group of companies between 1980 and 1991. Prior to that, he was a Senior Manager of PTI Co., Ltd. in 1979 and a Supervisor of Agricultural Credit Division of the Thai Military Bank between 1977 and 1978. Between 1967 and 1976, Mr. Samut was an Assistant Branch Manager of the Bank of Agriculture and Agricultural Cooperatives. Mr. Samut holds a Bachelor of Economics from Thammasat University and is certified to have completed the Director Accreditation Program by the Thai Institute of Directors.

Ms. Kanoknart Rangsthienchai was appointed as our Director and Executive Vice President in 2003. Ms. Kanoknart has extensive experience in Finance and Accounting. Prior to joining us, she was the Executive Vice President of the Sangsom Group of companies between 2000 and 2003, and a Director of the Finance and Accounting Department of the Surathip Group of companies between 1975 and 1983. Between 1975 and 1983, Ms. Kanoknart was the Accounting Manager of the TCC Group of companies and she served as an Accountant at J&JHO Co., Ltd. between 1970 and 1975. Ms. Kanoknart holds a Bachelor of Accounting from Thammasat University and is certified to have completed the Director Accreditation Program by the Thai Institute of Directors.

Mr. Thapana Sirivadhanabhakdi was appointed a Director of the Board of Directors in 2003. He has been Vice Chairman of Red Bull Distillery (1998) Co., Ltd. since 2004, and Vice Chairman of Oishi Group Public Company since 2005. He is also a member of the Executive Board of Berli Jucker Public Company Limited, a position he has held since 2001. He holds a Bachelor's Degree in Business Administration in Finance, and a Master's Degree in Science Administration in Finance Economics from Boston University, United States.

Mr. Chukiet Tangpongprush was appointed as our Director, Senior Vice President and the Secretary of our Company in 2003. Prior to joining us, Mr. Chukiet ran his own law firm from 1963 to 1983. Between 1983 and 1986, Mr. Chukiet served, first as the Legal Manager and, subsequently, as the President of the Administration Department, of Surathip Sansukko Co., Ltd. Between 1987 and 1999, Mr. Chukiet served, first as the President of Administration Department and, subsequently, as the President of General Affairs Department, of Suramahas Public Company Limited. Mr. Chukiet joined our subsidiary, Surabangyikhan Co., Ltd. in 2000 as the President of Human Administration and General Affairs Department. Mr. Chukiet holds a Bachelor of Law from Thammasat University, and is certified to have completed the Director Accreditation Program with the Thai Institute of Directors. He is also a member of the Thai Barrister and a member of the Lawyers Council of Thailand.

Mr. Ueychai Tantha-Obhas has been our Director since September 2005 and Senior Vice President since 2003. Prior to joining our Company, Mr. Ueychai was the Chief Executive Officer and the Managing Director of Riche Monde (Bangkok) Ltd. between July 1995 and December 2002 and between January 1988 and February 1994, respectively, the Managing Director of Sarin Property Co., Ltd. between March 1994 and June 1995, the Managing Director of Riche Monde (Thailand) Ltd. between July 1983 and December 1987 and the Group Product Manager of Colgate Palmolive Co., Ltd. between September 1979 and June 1983. From May 1973 until August 1979, Mr. Ueychai held various sales and marketing positions in Karnasuta General Assembly Co., Ltd. Mr. Ueychai holds a Bachelor of Science in Accounting Finance from St. Louis University, a Master of Business Administration from Thammasat University and is certified to have completed the Advance Management Program from INSEAD, France.

Mr. Sithichai Chaikriangkrai was appointed as our Director and Senior Vice President since 2003. He is also the Chief Financial Officer of TCC Group of companies, a position he has held since 1990. Mr. Sithichai has over 23 years of experience in financial positions including serving as the Finance and Accounting Manager of Asia Voyages & Pansea Hotel Co., Ltd. from 1983 to 1990, as a Financial Analyst in Goodyear (Thailand) Co., Ltd. from 1980 to 1983 and as an External Auditor in Coopers & Lybrand between 1977 and 1980. Mr. Sithichai holds a Bachelor of Accountancy (First Class Honours) from Thammasat University, and is certified to have obtained a Diploma in Computer Management from Chulalongkorn University and completed the Director Certification Program from the Thai Institute of Directors. Mr. Sithichai has also obtained a mini M.B.A in Leadership Management from Kasetsart University

Dr. Pisanu Vichiensanth has been our Director and Senior Vice President since February 2004. He has held several positions in our Group including the position of Executive Vice President between 2000 and 2003 and as the Senior Vice Executive President between 2003 and 2004, of our subsidiary, Beer Thai (1991) Public Company Limited. He is currently the President of Beer Thai (1991) Public Company Limited. Prior to joining our Group, Dr. Pisanu was the Vice President of Engineering and Development between 1997 and 2000 and the Assistant Plant Executive between 1994 and 1996, of Carlsberg Brewery (Thailand) Co., Ltd. Dr. Pisanu was a Consultant at Pan Engineering Consultant Co., Ltd between 1992 and 1994. Between 1977 and 1993, Dr. Pisanu held several teaching positions including a position as the Head of Department of Food Science and Technology at Thammasat University and the Head of Department of Food Technology at Khon Kaen University between 1992 and 1993 and between 1989 and 1992, respectively. Dr. Pisanu was a Lecturer in food technology at Khon Kaen University between 1977 and 1990. Dr. Pisanu holds a Ph.D in Engineering from Technical University Berlin, Master of Technology (Second Class Honours) in Biotechnology from Massey University and a Bachelor of Science (Food Science) from Kasetsart University.

Mr. Vivat Tejapaibul was appointed as our Director in 2003. Mr. Vivat has over 18 years of experience in the banking industry, having served in Bangkok Metropolitan Bank Public Company Limited in various positions including as Secretary to the Managing Director, as Deputy Director of the Trading Department, as Director of Branch Administrative and as Vice President between 1979 and 1998. Mr. Vivat holds a Bachelor of Law from Thammasat University and a Master degree from Fairleigh Dickinson University.

Mr. Puchchong Chandhanakij was appointed as our Director and Executive Vice Chairman in 2003. Prior to joining us, Mr. Puchchong held the position as the Managing Director of LSPV Co., Ltd. between 1988 and 2003, as the Executive Director (Finance) of the TCC group of companies between 1983 and 1988, as the Director of Administration of Robina Credit Ltd. between 1980 and 1982, and as the Vice President of Asia Credit Ltd. between 1975 and 1979. Mr. Puchchong holds a Bachelor of Business Administration and a Master of Science in Accounting from California State University, Long Beach.

Mr. Sakthip Krairiksh was appointed as our Independent Director in 2005. He has extensive experiences in the public sector, having worked in various ministries of Thailand. Mr. Sakthip began his career as a civil servant in 1971 in the Ministry of Interior. Between 1979 and 2004, Mr. Sakthip served as a Diplomat in the Ministry of Foreign Affairs of Thailand where he held various positions, including as Secretary to the Minister of Foreign Affairs, as Deputy Chief of Mission of the Royal Thai Embassy in Washington, United States, as Director-General of the Protocol Department, as the Spokesman and as the Ambassador to the Kingdom of Cambodia, Japan and United States. Mr. Sakthip was an Advisor to the Prime Minister of Thailand in 2004 and is presently the Permanent Secretary of the Ministry of Tourism and Sports of Thailand. Mr. Sakthip holds a Bachelor of Political Science from Boston University and has attended the National Defense College. He has received various Thai royal and foreign decorations such as the Knight Grand Cordon (Special Class) of the Most Noble Order of the Crown of Thailand, the Knight Grand Cordon (Special Class) of the Most Exalted Order of the White Elephant, the Grand Companion (Second Class, lower grade) of the Most Illustrious Order of Chula Chom Klao, the Order of the Sacred Treasure, Gold and Silver Star and the Grand Cordon of the Order of the Rising Sun.

Mr. Staporn Kavitanon was appointed as our Director in 2004. Mr. Staporn has extensive experience in the management of companies with present directorship and membership in the Audit Committees of various companies such as Bangkok Bank Berhad, Amata Corporations Public Company Limited, Kanyong Electric Public Company Limited and Berli Jucker Public Company Limited. Between 1994 and 1999, Mr. Staporn was the Vice Chairman of Bangkok Bank Public Company Limited. Mr. Staporn holds a Bachelor of Arts in Economics from Thammasat University and a Master of Arts in Economics from Vanderbilt University.

Prof. Kanung Luchai was appointed as our Independent Director in 2005. Prof. Kanung has extensive experience in the public sector and legal industry, having worked as Junior and Senior Public Prosecutor in the Department of Public Prosecution between 1946 and 1971, and as the Director-General of Policy and Planning Department between 1971 and 1973, of the Ministry of Interior of Thailand. Prof. Kanung served as the Deputy Under-Secretary of State for Interior of Thailand between 1973 and 1974 and as the Deputy Minister of Interior of Thailand between 1974 and 1975. Prof. Kanung practised law at Bangkok International Law Offices Co., Ltd. between 1976

and 1985, and at Kanung-Prok Law Office Co., Ltd. between 1986 and 1992. He is currently a Director of Kanung & Partners Law Offices Company Limited and a Director of Kanung & Partners International Consultancy Company Limited. Prof. Kanung is also currently a Director of Thailand Iron Work Public Company Limited and Bangkok Bank Public Company Limited. In 2001, he received the Prof. Sanya Thammasak Award for being an Outstanding Lawyer from Private Sector. Prof. Kanung holds a Bachelor of Law from Thammasat University, and a Bachelor of Arts and Bachelor of Law from University of Cambridge. He is also a member of the Thai Bar Association.

Mr. Manu Leopairote was appointed as our Independent Director in 2004. Mr. Manu has extensive experience in the public sector, having served, as a Director, Secretary General and Inspector and as the Director General between 1968 and 1999, and as the Permanent Secretary between 1999 and 2004, of the Ministry of Industry of Thailand. He was also the Chairman of the Petroleum Authority of Thailand between 1999 and 2004. Between 1994 and 2004, Mr. Manu was the Chairman of Technonet Asia Co., Ltd. and between 1995 and 1996, he was the Chairman of the International Sugar Organization Council of England. Mr. Manu had also previously lectured in the Faculty of Economics, Thammasat University, Assumption University and instructed at Bangkok University. He was the President of the Thammasat University Association between 2002 and 2004 and is currently the President of the Thammasat University Economics Association. Mr. Manu holds a Bachelor of Economics (First Class Honours) from Thammasat University and a Master of Science in Economics from the University of Kentucky. Mr. Manu was awarded the Asia Productivity Organization Award in 2005.

Mr. Michael Lau Hwai Keong was appointed as our Independent Director in 2006. Mr. Michael Lau is currently a Managing Director of Advisory Services of Octagon Advisors Pte Ltd, a business and management consultancy company. Between June 2000 and September 2004, Mr. Michael Lau was the Executive Vice President of United Overseas Bank Ltd, where he was responsible for the administration and governance of the bank's international operations. He was an Advisor to Asia Pulp and Paper Ltd between February 1999 and May 2000. Mr. Michael Lau has held various positions at the Monetary Authority of Singapore ("MAS") between February 1985 and July 1989, and between April 1991 and August 1997. His last held position at the MAS was Senior Deputy Director (Development and Domestic Institutions). Between August 1989 and March 1991, Mr. Michael Lau was a Senior Manager (Institutional Sales) at J M Sassoon & Company, a stock broking company. He was also the Executive Vice President of the Central Depository (Pte) Limited ("CDP") between November 1997 and February 1999. Mr. Michael Lau holds a Bachelor of Business Administration (Honours) from the National University of Singapore and the Chartered Financial Analyst charter.

Mr. Ng Tat Pun was appointed as our Independent Director in 2006. Mr. Ng has extensive experience in the banking and finance industry. He is currently a Senior Advisor to UBS AG, Singapore, and prior to his appointment in 2005, was a Managing Director of UBS AG, Singapore, between 2003 and 2005. Mr. Ng started his banking career at Citibank NA, Singapore in 1971 and was a Vice President when he left in 1982. Since then, Mr. Ng has served in various senior positions with local and foreign financial institutions. From 1988 to 1997, he was the Executive Vice President of OCBC Bank, in charge of its International Banking and Financial Institutions business. In 1998, he was appointed the Executive Director and Chief Executive Officer of OCBC Bank Malaysia. From 1999 to 2002, he was a Managing Director at JP Morgan Chase. Mr. Ng holds a Bachelor of Arts (Economics and History) from the University of Singapore.

Prof. Pornchai Matangkasombut was appointed as our Independent Director in 2006. He is currently the President of the Mahidol University and, prior to his appointment in 1999, was a professor of the Mahidol University. Prof. Pornchai has been a member of the International Union of Immunological Societies since 1971 and a Member of the Executive Board of the International Union of Microbiological Societies from 1986 to 1990. He has received the award of Chulachomkiao Order (Special Third Class) from His Majesty the King of Thailand and the award of Palmes Academiques (Commandeur) from the Government of the Republic of France, the Borden Research Award in Medicine. Prof. Pornchai is also a Honorary Research Associate at Harvard University and a Visiting Professor at the Osaka University and the University of Saigon. Prof. Pornchai holds a Bachelor of Arts degree and a Doctorate in Medicine from the University of Wisconsin.

Gen. Dr. Choo-chat Kambhu Na Ayudhya was appointed as our Independent Director in 2006. Gen. Dr. Choo-chat served with the Royal Thai Army between 1973 and 1987 as a General Surgeon

of the Medical Department. Between 1987 and 1991, he held the position of Chairman of the Department of Anatomy of the Pra Mongkut College of Medicine. Between 1994 and 2004, Gen. Dr. Choo-chat held various positions in the Royal Thai Army including as the Director-General of the Armed Forces Research Institute of Medical Service, as an Assistant Surgeon-General, Deputy Surgeon-General, Surgeon-General and General Special Army Expert and Consultant. Gen. Dr. Choo-chat is currently a senior surgeon and physician at the Medical Bureau to the Royal Court of Thailand. He received his Diploma in Medicine from Westf. Wilhelms Universitat zu Munster and Doctorate in Medicine from the Georg-August Universitat zu Goettingen. He has also obtained a Diploma from the National Defence College of Thailand and has received a Certificate of Proficiency in General Surgery, from the Royal College of Surgeons of Thailand. Gen. Dr. Choo-chat is a permanent member of the Royal College of Surgeons of Thailand and the Medical Association of Thailand. He has received the Thai royal decorations of Knight Grand Commander (Special Class, Higher Grade) of the Most Illustrious Order of Chula Chom Klao and Knight Grand Cordon (Special Class) of the Most Exalted Order of the White Elephant.

Mr. Sawat Sopa was appointed as our Executive Vice President in 2004, responsible for our product production control. Mr. Sawat was the Managing Director of Beer Thai (1991) Co., Ltd. and Executive Vice Chairman of Red Bull Distillery (1988) Co., Ltd. between 1992 and 1995, and between 1995 and 2004, respectively. Between 1980 and 1992, Mr. Sawat served as an Executive Director of the 43 group of companies as an Assistant Chief Executive Director, responsible for liquor and alcohol production. Between 1964 and 1975, he served, first as an Engineer, and subsequently as the Chief Engineer of Siam Chem Co., Ltd. Between 1963 and 1964, he served as an Engineer in Bangchak Oil Refinery. Mr. Sawat sits on the board of directors of various organizations including the Prof. Neelaniti Foundation, Chulalongkorn University Association and the Petroleum & Petro Chem. College, Chulalongkorn University. He has also been appointed as Special Commissioner of the Secretariat of the House of Representatives to consider draft bills on working protection, the securities and stock market and excise tax. Mr. Sawat is a specialist to the Committee of the House Standing Committee on Natural Resources and Environment Kingdom of Thailand and is a member of the Financial Committee and Sub-committee of the Ethanol Investment Project, of the Ethanol Project Bureau, Ministry of Science Technology and Environment, Thailand. Mr. Sawat holds a Bachelor of Science in Chemical Engineering. He is also certified to have completed the Director Accreditation Program with the Thai Institute of Directors. He is decorated as a Member (Fifth Class) of the Most Exalted Order of the White Elephant and a Companion (Fourth Class) of the Most Noble Order of the Crown of Thailand.

Our Technical Advisors

Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana are the co-heads of our spirit concentrate production department and responsible for the production process and mixing of our brown spirits and compounded spirits, the development of new compounded spirits, and ensuring that the liquor concentrate is available in sufficient quantities to meet our brown spirit sale and distribution requirements.

The following table sets forth information regarding Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana:

<u>Name</u>	<u>Age</u>	<u>Address</u>	<u>Position</u>
Mrs. Prachuabsuk Kanchanalakshana . . .	84	428 Prannoek Road Bangkoknoi, Bangkok Thailand 10700	Technical Advisor
Mr. Dechapongsa Kanchanalakshana . .	45	430 Prannoek Road Bangkoknoi, Bangkok Thailand 10700	Technical Advisor

Mrs. Prachuabsuk Kanchanalakshana joined our Company in July 2004. Between 1987 and 2004, Mrs. Prachuabsuk was the Director of Technical Production at Suramahas Public Company Limited, a company engaged in the production of brown spirits, where she was responsible for various aspects of the production of spirits. Mrs. Prachuabsuk holds a Diploma of Pharmacy from Chulalongkorn University.

Mr. Dechapongsa Kanchanalakshana joined our Company in July 2004. Between 1987 and 2004, Mr. Dechapongsa was the Deputy Director of Technical Production and Engineering at Surathip Group Co., Ltd., a company engaged in the production of white spirits, where he was responsible for various

aspects of the production of spirits. Mr. Dechapongsa holds a Master of Science in Industrial Engineering and a Master of Science in Mechanical Engineering from Oklahoma State University.

Family Relations

Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are husband and wife. Mr. Thapana Sirivadhanabhakdi is the son and Ms. Atinant Sirivadhanabhakdi is the daughter of, Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.

Mr. Panot Sirivadhanabhakdi, and Ms. Thapanee Sirivadhanabhakdi and Ms. Wallapa Traisorat, who are our Shareholders, are children of Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi. See “Principal and Selling Shareholders.”

Mr. Dechapongsa Kanchanalakshana is the son of Mrs. Prachuabsuk Kanchanalakshana.

Except as disclosed above, none of our Directors is related to one another or to any of our Executive Officers or to any of our technical advisors or to any of our substantial shareholders.

Arrangements or Understandings

None of our Directors or Executive Officers has any arrangement or understanding with any of our substantial shareholders, customers or suppliers or other persons, pursuant to which he or she was appointed as our Director or Executive Officer, as the case may be.

Service Contract

Employment Agreement with Dr. Pisanu Vichiensanth

We have entered into a long-term employment agreement with Dr. Pisanu Vichiensanth, who is the Managing Director of Beer Thai (1991) Public Company Limited and our senior Master Brewer, who is also a Director. This employment agreement remains effective until Dr. Pisanu reaches 72 years of age, or as long as he is physically able to work as our employee. Dr. Pisanu developed the formulae for our Chang Beer and Archa Beer.

Under the agreement, Dr. Pisanu has agreed not to:

- work for any person or person whose business is identical to our business for an unlimited time following the end of his engagement under the agreement; or
- disclose the production formulae, know-how and any confidential information relating to the work performed under the agreement.

Dr. Pisanu is also the head of our beer concentrate production department which is responsible for the production process of Chang Beer and Archa Beer and for creating, inventing, breeding and fermenting yeast.

Employment Agreements with Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana

We have entered into long-term employment agreements with Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana, who have been co-heads of our spirit concentrate production department since July 2004, for a term of 40 years, which expire on July 31, 2044. Under the agreements, Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana have agreed not to:

- produce and flavor/mix liquor concentrate, brown spirits or any type of liquor, except for us;
- disclose the production formulae, production processes, know-how and any confidential information relating to the work performed under the agreements, except to our designated employees, for the duration of these agreements and 10 years following the termination of the agreements; or
- terminate these agreements unless for personal health reasons or force majeure.

Under these employment agreements, we agreed to procure an aggregate of 80 million Shares for Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana to purchase at par value. Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana purchased an aggregate of 80 million Shares in our Company at their par value of Baht 1 per share from various minority

Shareholders. We have also agreed to pay monthly service fees to Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana for the term of the agreements.

Pursuant to an amendment to these employment agreements dated December 30, 2005, which amended the scope of the original employment agreements to include the production, mixing and development of compounded spirits not included in the original employment agreements, in January 2006 (i) Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana sold the 80 million shares in our Company that they had previously purchased at their par value to various minority Shareholders and (ii) we made a prepayment of Baht 2,000.0 million (US\$48.7 million) in the aggregate to Mrs. Prachuabsuk Kanchanalakshana and Mr. Dechapongsa Kanchanalakshana for services related to the production, mixing and development of compounded spirits under these agreements. Although Mrs. Prachuabsuk Kanjanaluck and Mr. Dechapongsa Kanchanalakshana will be liable to us for damages, not exceeding Baht 2,000.0 million, for any intentional breach of these employment agreements that they fail to remedy, including their non-performance of their duties under the agreements, we may only have a contractual right to claim damages from them and we cannot assure you that we would be able to collect any damages if a breach were to occur.

Other than the foregoing, there are no service contracts with any of the Directors, Executive Officers or our key employees having a fixed term of service. There are no service contracts with our Directors, Executive Officers or key employees which provide for benefits upon termination of employment.

Terms of Office

Our Directors do not have fixed terms of office. At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to one-third) retire from office by rotation. A retiring Director will be eligible for re-election.

Our Executive Committee

We have an Executive Committee consisting of 13 Directors. The current composition of our Executive Committee is as follows:

<u>Name</u>	<u>Age</u>	<u>Position</u>
Mr. Charoen Sirivadhanabhakdi	61	Chairman
Khunying Wanna Sirivadhanabhakdi . .	62	Vice Chairman
Mr. Narong Sri sa-an	77	Vice Chairman
Mr. Komen Tantiwivatthanaphan	83	Vice Chairman
Mr. Paisal Chevasiri	66	Vice Chairman
Mr. Puchchong Chandhanakij	58	Vice Chairman
Mr. Samut Hatthasing	63	Member
Mrs. Kanoknart Rangsithienchai	59	Member
Mr. Thapana Sirivadhanabhakdi	30	Member
Mr. Sithichai Chaikriangkrai	51	Member
Dr. Pisanu Vichiensanth	50	Member
Mr. Ueychai Tantha-Obhas	56	Member
Mr. Chukiet Tangpongprush	65	Member

The responsibilities of our Executive Committee include, among others, to:

- prepare and propose business plans, targets, operational plans, business strategies and annual budgets for the Group to our Board of Directors;
- determine business plans, budgets and management authorizations of the Group to our Board of Directors for approval;
- monitor the operations of the Group to be in line with business plans, targets, operational plans, business strategies, budgets and management authorizations approved by our Board of Directors for the efficiency of and to facilitate business conditions;
- propose investments, borrowing or lending, including becoming a guarantor with respect to the normal business of the Group;
- approve payments as determined by our Board of Directors;

- determine the organization and management structure of the Group to our Board of Directors;
- supervise and approve all employment and salary matters relating to the Company (other than matters which are within the purview of the Remuneration Committee);
- approve the appointment of the Company's representatives for the Board of Directors and or the sub-committee of the Company's subsidiaries in order to ensure compliance with the Company's business policies, goals, plans, strategies, budget and other management powers as approved by the Board of Directors for the efficiency of and to facilitate the business;
- supervise and approve matters relating to the operation of the Company; it may appoint or authorize any one or more persons to engage in any act on behalf of the Executive Committee as it deems appropriate, appointment of any of the sub-committees that have particular knowledge and expertise to managing and screening prior to proposing to the Executive Committee, provided the Executive Committee is entitled to repeal, change or modify the scope of the authorization; and
- perform any other act as delegated by the Board of Directors.

Neither our Executive Board nor any other person is authorized to approve any transaction in which any member of the Executive Board or any person has or may have a conflict of interest, or transactions that require the approval of the Board of Directors and/or of a Shareholders' meeting.

Our Audit Committee

Our Audit Committee members are Mr. Staporn Kavitanon, Prof. Kanung Luchai, Mr. Manu Leopairote and Mr. Ng Tat Pun. The Chairman of our Audit Committee is Mr. Staporn Kavitanon.

Responsibilities of our Audit Committee include, among others:

- review the audit plans of our external auditors and where applicable, our internal auditors, including the results of our auditors' review and evaluation of our system of internal accounting, operational and compliance controls and risk management and ensure co-ordination between the internal and external auditors and management at least annually;
- review the consolidated financial statements and our external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with applicable financial reporting standards, concerns and issues arising from their audits including any matters which our external auditors may wish to discuss in the absence of management, where necessary, before submission to our Board for approval;
- review and discuss with our external auditors any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our operating results and/or financial position, and our management's response;
- review the co-operation of our management with our auditors;
- consider the appointment and re-appointment of our external auditors and review the independence and objectivity of our external auditors annually;
- review any interested person transactions falling within the scope of Chapter 9 of the Listing Manual;
- review and approve our Group's audit fees;
- review all hedging policies of, and instruments used for hedging by, our Group;
- undertake other reviews and projects as may be requested by our Board of Directors and report to our Board of Directors its findings from time to time on matters arising and requiring the attention of our Audit Committee; and
- undertake other functions and duties as may be required by applicable law or the Listing Manual, and by amendments made thereto from time to time.

Apart from the duties listed above, the Audit Committee will ensure that arrangements are in place for employees to raise concerns, in confidence, about possible improprieties in matters of financial reporting or other matters. The Audit Committee will commission and review the findings of internal investigations into such matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any applicable law, rule or regulation which has, or is likely to have a material

impact on the Company's operating results and/or financial position. The Audit Committee will also ensure that the appropriate follow up action is taken. Each member of our Audit Committee will abstain from voting on any resolutions in respect of matters in which he is or may be interested.

Our Nomination Committee

Our Nomination Committee members are Mr. Staporn Kavitanon, Mr. Manu Leopairote and Khunying Wanna Sirivadhanabhakdi. The Chairman of our Nomination Committee is Mr. Staporn Kavitanon. Responsibilities of our Nomination Committee include, among others:

- review and assess candidates for directorships (including executive directorships) before making recommendations to our Board for appointment of Directors;
- review and recommend to our Board the retirement or re-election of Directors in accordance with our Articles of Association at each annual general meeting;
- review the composition of our Board annually to ensure that our Board has an appropriate balance of independent Directors and to ensure an appropriate balance of expertise, skills, attributes and ability among our Directors;
- determine annually the independence of Directors, in accordance with applicable codes and guidelines; and
- decide whether the Directors can continue to contribute effectively and demonstrate commitment to their roles.

Our Remuneration Committee

Our Remuneration Committee members are Mr. Staporn Kavitanon, Mr. Manu Leopairote and Prof. Kanung Luchai. The Chairman of our Remuneration Committee is Mr. Staporn Kavitanon. Responsibilities of our Remuneration Committee include, among others:

- recommend to our Board for endorsement, the remuneration policies and guidelines for setting remuneration for the Directors and key executives;
- approve performance targets for assessing the performance of executive Directors; and
- recommend specific remuneration packages for each executive Director for endorsement by our Board.

If a member of the Remuneration Committee has an interest in a matter being deliberated upon by the Committee, he will abstain from participating in the review and approval process of our Remuneration Committee in relation to that matter.

Our Risk Management Committee

Our Risk Management Committee members are our Directors, Mr. Narong Srisa-an, Mr. Samut Hatthasing, Ms. Kanoknart Rangsithienchai, Mr. Thapana Sirivadhanabhakdi, Mr. Chukiet Tangpongprush, Mr. Ueychai Tantha-Obhas, Mr. Sithichai Chaikriangkrai, Dr. Pisanu Vichiensanth, Mr. Puchchong Chandhanakij, and our employees, Mr. Chalerm Pornrutchakit, Mr. Pichit Burapavong, Mr. Tawatchai Tangjaitrong, Mr. Mahin Kraivixien and Mr. Thidi Suwanarat.

Responsibilities of our Risk Management Committee include, among others, to:

- analyze both internal and external risks;
- determine the acceptable level of risks;
- determine and review criteria of risk management;
- consider the practicality of an emergency plan of each department;
- consider the screening policies and guidelines of risk management;
- consider the risks in the operation of our subsidiaries; and
- prepare the report of risk management, monitor system and preventive criteria for the risks in the business operation, including the risk assessment of our Group.

Communications with Shareholders

Our Board of Directors has appointed Mr. Ng Tat Pun, an independent non-executive Director and a member of the Audit Committee, to be the Lead Independent Director for IPTs, to lead the Audit Committee in its role in respect of interested person transactions undertaken by our Group. Please see “Interested Person Transactions—Review Procedures for Interested Person Transactions.” As the Lead Independent Director for IPTs, Mr. Ng Tat Pun’s scope of work will include being available to Shareholders where they have concerns which contact through the normal channels of our Chairman or Group Chief Financial Officer has failed to resolve or for which such contact is inappropriate.

Compensation

The compensation in bands of S\$250,000, paid by our Company and our subsidiaries to each of our Directors and Executive Officers for services rendered by them in all capacities to our Company and our subsidiaries for the years ended December 31, 2004, 2005, and expected to be payable by our Company and our subsidiaries to each of these Directors and Executive Officers for services rendered by them in all capacities to our Company and our related corporations for the year ending December 31, 2006, including any benefit-in-kind and any deferred compensation accrued for the financial year in question and payable at a later date, are as follows:

<u>Name</u>	<u>Year Ended December 31,</u>		
	<u>2004</u>	<u>2005</u>	<u>2006</u> <u>(Estimated)</u>
Mr. Charoen Sirivadhanabhakdi	C	D	D
Khunying Wanna Sirivadhanabhakdi	B	B	B
Mr. Komen Tantiwatthanaphan	B	B	B
Mr. Narong Srisa-an	C	F	F
Mr. Paisal Chevasiri	B	B	B
Mr. Samut Hatthasing	B	E	E
Ms. Kanoknart Rangsihienchai	B	D	D
Mr. Thapana Sirivadhanabhakdi	B	C	C
Mr. Chukiet Tangpongprush	A	B	B
Mr. Ueychai Tantha-Obhas	—	E	E
Mr. Sithichai Chaikriangkrai	B	C	C
Dr. Pisanu Vichiensanth	B	C	C
Mr. Vivat Tejapaibul	A	A	A
Mr. Puchchong Chandhanakij	B	B	B
Mr. Sakthip Krairiksh	—	A	A
Mr. Staporn Kavitanon	A	A	A
Prof. Kanung Luchai	A	A	A
Mr. Manu Leopairote	A	A	A
Mr. Michael Lau Hwai Keong	—	—	A
Mr. Ng Tat Pun	—	—	A
Prof. Pornchai Matangkasombut	—	—	A
Gen. Dr. Choo-chat Kambhu Na Ayudhya	—	—	A
Mr. Sawat Sopa	B	B	B

Remuneration bands:

“A” refers to remuneration below the equivalent of S\$250,000

“B” refers to remuneration between the equivalent of S\$250,000 and S\$499,999

“C” refers to remuneration between the equivalent of S\$500,000 and S\$749,999

“D” refers to remuneration between the equivalent of S\$750,000 and S\$999,999

“E” refers to remuneration between the equivalent of S\$1,000,000 and S\$1,249,999

“F” refers to remuneration between the equivalent of S\$1,250,000 and S\$1,499,999

Pensions

We established our provident fund in 2005 in accordance with the Provident Fund Act B.E. 2530. Under the terms of our provident fund plan, all permanent employees who have been employed by the Company (i) for more than 10 years are entitled to contribute 3% of their monthly salary to the provident fund, and (ii) for less than 10 years are entitled to contribute 2% of their monthly salary to the provident fund, and the Company makes matching contributions to the provident fund for each participating employee. We make monthly payments to the provident fund and as of the Latest Practicable Date did not have any material unfunded provident fund obligations.

Principal directorships of our Directors and Executive Officers

The list of present and past directorships held by our Directors and Executive Officers in the last five years preceding the date of this document are as follows:

<u>Name</u>	<u>Present Principal Directorships</u>	<u>Past Principal Directorships</u>
Mr. Charoen Sirivadhanabhakdi	<p>Group companies Thai Beverage Public Company Limited Beer Thai (1991) Public Company Ltd. Nateechai Co., Ltd. Beer Chang Co., Ltd. Thai Beverages Marketing Co., Ltd.</p> <p>Other companies Berli Jucker Public Company Limited TCC Holding Co., Ltd. Golden Wealth Co., Ltd. T.C.C. Advisory Co., Ltd. Nice Hotel Co., Ltd. Song Phad Commercial Co., Ltd. Plaza Athenee Co., Ltd. Charoenwannakij Co., Ltd. M.M. Capital Co., Ltd. (Thailand) Sahapanyphant (2002) Co., Ltd. Siripat Trading Co., Ltd. TCC Property Management Co., Ltd. TCC Land Commercial Co., Ltd. TCC Capital Co., Ltd. Asiatic House Co., Ltd. Nakornchuen Co., Ltd. Queen's Park Hotel Co., Ltd. TCC Agro Co., Ltd. North Park Golf and Sports Club Co., Ltd. TCC Land International (Thailand) Co., Ltd. TCC Land Co., Ltd. TCC Property Development Co., Ltd. Queen's Park Hotel Group Co., Ltd. Plaza Athenee Hotel (Thailand) Co., Ltd. TCC Land Leisure Co., Ltd. TCC Capital Land Co., Ltd. Fanstar International Ltd. Chang Beverages Pte. Ltd. T.C.C. International Ltd. International Beverage Holdings Ltd. Pacific Spirits (UK) Limited MM Capital Company Limited Glad Crown Company Limited Commercial Solution Company Limited</p>	<p>Group companies Pan International (Thailand) Co., Ltd. T.C.C. Cosmo Corporation Limited Cosmos Brewery (Thailand) Co., Ltd. Sura Piset Phatra Lanna Co., Ltd. Sura Piset Sahasan Co., Ltd. Sura Piset Sampan Co., Ltd. Sura Piset Thipparat Co., Ltd. Thai Thum Distillery Co., Ltd. Sura Bangyikhan Co., Ltd. Kankwan Co., Ltd. Sangsom Co., Ltd. Mongkolsamai Co., Ltd. Karnchanasingkorn Co., Ltd.</p> <p>Other companies LSPV (2001) Co., Ltd. LSPV Co., Ltd. Sura Piset Rungroj Co., Ltd. Carlsberg Asia Pte. Ltd. Brewery Invest Ptd. Ltd. The New Imperial Hotel Public Co., Ltd.</p>

<u>Name</u>	<u>Present Principal Directorships</u>	<u>Past Principal Directorships</u>
Khunying Wanna Sirivadhanabhakdi	MM Investment Company Limited Greatrend Corporation Pacific Sea International Holdings Limited Sparkgain Company Limited Tower Top Worldwide Limited Success International Limited C.S. Assets Incorporated Fortune Associates Limited United Development Limited	
	Group companies Thai Beverage Public Company Limited Beer Chang Co., Ltd. Thai Beverages Marketing Co., Ltd. Beer Thip Brewery (1991) Co., Ltd. Sangsom Co., Ltd. Thanapakdi Co., Ltd. Fuengfuanant Co., Ltd. Mongkolsamai Co., Ltd. Karnchanasingkorn Co., Ltd. Vitayathan Co., Ltd.	Group companies Pan International (Thailand) Co., Ltd. T.C.C. Cosmo Corporation Limited Cosmos Brewery (Thailand) Co., Ltd. Sura Piset Phatara Lanna Co., Ltd. Sura Piset Sahasan Co., Ltd. Sura Piset Sampan Co., Ltd. Sura Piset Thipparat Co., Ltd. Thai Thum Distillery Co., Ltd. Sura Bangyikhan Co., Ltd. Kankwan Co., Ltd. Nateechai Co., Ltd.
	Other companies Sura Piset Rungroj Co., Ltd. Berli Jucker Public Company Limited. TCC Holding Co., Ltd. Golden Wealth Co., Ltd. T.C.C. Advisory Co., Ltd. Nice Hotel Co., Ltd. Song Phad Commercial Co., Ltd. Plaza Athenee Co., Ltd. Charoenwannakij Co., Ltd. MM Capital Co., Ltd. Commercial Solution Company Limited MM Investment Company Limited Sahapanyphant (2002) Co., Ltd. Siripat Trading Co., Ltd. TCC Property Management Co., Ltd. TCC Land Commercial Co., Ltd. TCC Capital Co., Ltd. Asiatic House Co., Ltd. Nakornchuen Co., Ltd. Queen's Park Hotel Co., Ltd. TCC Agro Co., Ltd. North Park Golf and Sports club Co., Ltd. TCC Land International (Thailand) Co., Ltd. TCC Land Co., Ltd. TCC Property Development Co., Ltd. Queen's Park Hotel Group Co., Ltd. Plaza Athenee Hotel (Thailand) Co., Ltd. TCC Land Leisure Co., Ltd. TCC Capital Land Co., Ltd. Chang Beverages Pte. Ltd. T.C.C. International Ltd. International Beverage Holdings Ltd. Pacific Spirits (UK) Limited Chang Beverages Pte. Ltd. MM Capital Company Limited Glad Crown Company Limited Greatrend Corporation Pacific Sea International Holdings Limited Sparkgain Company Limited Tower Top Worldwide Limited Success International Limited	Other companies LSPV (2001) Co., Ltd. LSPV Co., Ltd. Sura Piset Rungroj Co., Ltd. Carlsberg Asia Pte. Ltd. Brewery Invest Ptd. Ltd. The New Imperial Hotel Public Co., Ltd.

<u>Name</u>	<u>Present Principal Directorships</u>	<u>Past Principal Directorships</u>
Mr. Paisal Chevasiri	W.S. Investments Incorporated Fortune Associates Limited United Development Limited	
	Group companies Thai Beverage Public Company Limited Sura Bangyikhan Co., Ltd. Athimart Co., Ltd. S.S. Karnsura Co., Ltd. Kankwan Co., Ltd. Theparunothai Co., Ltd. Krittayabun Co., Ltd.	Group companies Sahatipkarnkonsong Co., Ltd. Sura Piset Sahasan Co., Ltd. Sura Piset Sampan Co., Ltd. Sura Piset Thiparat Co., Ltd. Sura Piset Phatra Lanna Co., Ltd. Nateechai Co., Ltd. Karnchanasingkorn Co., Ltd. Sangsom Co., Ltd. Mongkolsamai Co., Ltd. Thai Thum Distillery Co., Ltd.
	Other companies Suramahatip Co., Ltd Poon Peum Karnsura Co., Ltd. Trakarnkiat Co. Ltd. Sudpaisal Co., Ltd. Patanasupsin Co., Ltd. Aloe Vera Barbadensis International Co., Ltd. Aloe Vera Barbadensis (Thailand) Co., Ltd. Bhubordi Distribution Co., Ltd. Nam Hang Chevit Co., Ltd.	Other companies Thepmitr Services Co., Ltd Maharatcarbonic Co., Ltd. Tip Creation Co., Ltd. Suramahatip Paktai Co., Ltd. Suramahatip Paknua Co., Ltd. LSPV (2001) Co., Ltd. UWD Marketing Co., Ltd. Plastic Agachon Co., Ltd. LSPV Co., Ltd. Sura Piset Rungroj Co., Ltd.
Mr. Vivat Tejapaibul	Group companies Thai Beverage Public Company Limited Sura Bangyikhan Co., Ltd. Athimart Co., Ltd. S.S. Karnsura Co., Ltd Kankwan Co., Ltd. Theparunothai Co., Ltd. Piromsurang Co., Ltd	Group companies Sura Piset Sahsan Co., Ltd. Sura Piset Sampan Co., Ltd. Thai Thum Distillery Co., Ltd. Sangsom Co., Ltd Mongkolsamai Co., Ltd. Kanchanasingkorn Co., Ltd. Nateechai Co., Ltd. Sura Piset Phatra Lanna Co., Ltd. Sura Piset Thipparat Co., Ltd
	Other companies Nil	Other companies Sura Piset Rungroj Co., Ltd.
	Mr. Samut Hatthasing	Group companies Thai Beverage Public Company Limited Beer Thip Brewery (1991) Co., Ltd. Thai Alcohol Public Company Limited Bionic Humus Co., Ltd. Charun Business 52 Co., Ltd. Thai Cooperage Co., Ltd. Thai Molasses Co., Ltd. Pan International (Thailand) Co., Ltd. Additive Food Co., Ltd. Bang-Na Logistic Co., Ltd. Maharajkarnkaset Co., Ltd. Dhanasindhi Co., Ltd. Sura Bangyikhan Co., Ltd. Kankwan Co., Ltd. S.S. Karnsura Co., Ltd. Athimart Co., Ltd. Theparunothai Co., Ltd. Thai Beverage Marketing Co., Ltd. Sura Piset Thipparat Co., Ltd. Sint Ek Panich Co., Ltd. Banglen Agriculture Co., Ltd. Thai Thum Distillery Co., Ltd. Sura Piset Phatra Lanna Co. Ltd. Sura Piset Sampan Co., Ltd. Sura Piset Sahasan Co., Ltd. Num Thurakij Co., Ltd. Num Yuk Co., Ltd.

<u>Name</u>	<u>Present Principal Directorships</u>	<u>Past Principal Directorships</u>
Mr. Komen Tantiwiwatthanaphan	<p>Other companies Nil</p> <p>Group companies Thai Beverage Public Company Limited Sangsom Co., Ltd. Fuengfuanant Co., Ltd Mongkolsamai Co., Ltd. Thanapakdi Co., Ltd. Kanchanasingorn Co., Ltd. Suratip Co., Ltd</p> <p>Other companies Poon Peum Karnsura Co., Ltd. Trakarnkiat Co., Ltd. Nongkai Country Golf Co., Ltd.</p>	<p>Other companies Nil</p> <p>Group companies Thai Molasses Co., Ltd. Sura Piset Phatra Lanna Co., Ltd. Sura Piset Sahasan Co., Ltd. Sura Piset Sampan Co., Ltd. Sura Piset Thipparat Co., Ltd. Thai Thum Distillery Co., Ltd. Sura Bangyikhan Co., Ltd. Kankwan Co., Ltd. Natechai Co., Ltd.</p> <p>Other companies Thepmitr Services Co., Ltd. Mahratcarbinic Co., Ltd. Tip Creation Co., Ltd. LSPV (2001) Co., Ltd. LSPV Co., Ltd. Aphiboon Co., Ltd. Sura Piset Rungroj Co., Ltd.</p>
	Mr. Narong Srisa-an	<p>Group companies Thai Beverage Public Company Limited Beer Thai (1991) PCL Thai Alcohol PCL Sura Bangyikhan Co., Ltd. Athimart Co., Ltd. S.S. Karnsura Co., Ltd Kankwan Co., Ltd. Theparunothai Co., Ltd. Bionic Humus Co., Ltd. Maharajkarnkaset Co., Ltd Thai Molasses Co., Ltd. Additive Food Co., Ltd. Pan International (Thailand) Co., Ltd. Charun Business 52 Co., Ltd. Thai Cooperage Co., Ltd. Dhanasindhi Co., Ltd. Bang- Na Logistic Co., Ltd.</p> <p>Other companies Thai Beverage Can Co., Ltd. Berli Jucker Public Company Limited Berli Jucker Cellox Co., Ltd. Berli Jucker Foods Co., Ltd. Berli Jucker Logistics Co., Ltd. Rubia Industries Ltd. Thai Glass Industries Public Company Limited Comlink Co., Ltd True Corporation Public Company Limited Thanakorn Vegetable Oil Product Co., Ltd. Peeda Pramote Co., Ltd. Yasoob Sakon Co., Ltd Advance Agro Public Company Limited Eastern Seaboard Industrial Real Estate (Rayong) Co., Ltd. Siam Food Products Public Company.</p>
Mr. Puchchong Chandhanakij	<p>Group companies Thai Beverage Public Company Limited Beer Thip Brewery (1991) Co., Ltd. Sura Bangyikhan Co., Ltd. Kankwan Co., Ltd. S.S. Karnsura Co., Ltd. Athimart Co., Ltd. Theparunyohai Co., Ltd. Muangkij Co., Ltd.</p>	<p>Group companies Nil</p>

<u>Name</u>	<u>Present Principal Directorships</u>	<u>Past Principal Directorships</u>
Ms. Kanoknart Rangsithienchai	Num Palang Co., Ltd. Num Kijjakarn Co., Ltd. Other companies Sura Piset Rungroj Co., Ltd.	Other companies LSPV Co., Ltd. Group companies Sahathipkarnkonsong Co., Ltd.
	Group companies Thai Beverage Public Company Limited Beer Thai (1991) PCL Thai Alcohol PCL Bionic Humus Co., Ltd. Charun Business 52 Co., Ltd. Thai Cooperage Co., Ltd. Thai Molasses Co., Ltd. Pan International(Thailand) Co., Ltd. Additive Food Co., Ltd. Bang-Na Logistic Co., Ltd. Maharajkarnkaset Co., Ltd. Dhanasindhi Co., Ltd. Kanchanasingkorn Co., Ltd. Mongkolsamai Co., Ltd. Fuengfuanant Co., Ltd. Thanapakdi Co., Ltd. Sangsom Co., Ltd. Thai Beverage Marketing Co., Ltd. Beer Chang Co., Ltd. T.C.C. Cosmo Corporation Limited Sura Piset Thipparat Co., Ltd. Sura Piset Sahasan Co., Ltd. Sint Ek Panich Co., Ltd. Banglen Agriculture Co., Ltd. Thai Thum Distillery Co., Ltd. Sura Piset Sampan Num Muang Co., Ltd. Num Nakorn Co., Ltd. Sura Piset Phatra Lanna Co., Ltd Other companies Tien Chai Trading Co., Ltd. Fondue Restaurant Co., Ltd. Suramahathip Co., Ltd. Sura Piset Rungroj Co., Ltd.	Other companies T.C.C. Holding Co., Ltd. Charoenwannakit Co., Ltd. Nice Hotel Co., Ltd Queen's Park Hotel Co., Ltd. Sahapaneephan (2002) Co., Ltd. Siriphat Trading Co., Ltd. Asia Tik House Co., Ltd. LSPV (2001) Co., Ltd. LSPV Co., Ltd. Tip Creation Co., Ltd. Thepmitr Services Co., Ltd. Maharatcarbonic Co., Ltd. Suramahatip Paktai Co., Ltd. Suramahatip Paknua Co., Ltd.
Mr. Sithichai Chaikriangkrai	Group companies Thai Beverage Public Company Limited Beer Thip Brewery (1991) Co., Ltd. Luckchai Liquor Trading Co., Ltd. Additive Food Co., Ltd. Simathurakaij Co., Ltd. Nateechai Co., Ltd. Thai Beverages Marketing Co., Ltd. (formerly Zenith Liquor Trading Co., Ltd.) Red Bull Distillery (1988) Co., Ltd. Archa Beer Co., Ltd. Pomburapa Co., Ltd. International Beverage Holding Ltd. Bang-Na Logistic Co., Ltd. Pan Alcohol Co., Ltd. Pom Kung Co., Ltd. Dhanasindhi Co., Ltd. Charun Business 52 Co., Ltd.	Group companies Beer Thai (1991) PCL

Name

Present Principal Directorships

Past Principal Directorships

Mr. Thapana
Sirivadhanabhakdi

Thai Cooperage Co., Ltd.
Thai Molasses Co., Ltd.
Thai Alcohol PCL
Pan International (Thailand) Co., Ltd.
Bionic Humus Co., Ltd.
United Winery and Distillery Co., Ltd.
Maharajkarnkaset Co., Ltd.
Dhospaak Co., Ltd.

Other companies

Berli Jucker Public Company Limited
Thai Glass Industries Public Company Limited
Berli Jucker Foods Co., Ltd.
Berli Jucker Marketing Co., Ltd.
Berli Jucker Cellox Co., Ltd.
Rubia Industries Co., Ltd.
Berli Jucker Specialities Co., Ltd.
Thai Scandic Steel Co., Ltd.
Berli Jucker Logistics Co., Ltd.
Oishi Group Public Company Limited
Oishi Trading Co., Ltd.
Oishi Ramens Co., Ltd.
Thai Beverage Can Co., Ltd.
T.C.C. Land Ltd.
T.C.C. Advisory Co., Ltd.
Aoithip Co., Ltd.
Lakeview Golf & Yacht Club Co., Ltd.
Lakeview Land Co., Ltd.
The Charun Yacht Club Hostels Co., Ltd.
T.C.C. Capital Co., Ltd.
Nakornchuen Co., Ltd.
North Park Golf & Sports Club Ltd.
Nongkai Country Golf Ltd.
Pan Glass Industries Co., Ltd.
Pisetkit Co., Ltd.
Plastic Agachon Ltd.
The Chonburi Sugar Corporation Limited
The Utaradit Sugar Industry Co. Ltd.
The Suphanburi Sugar Industry Ltd.
The Mae Wang Sugar Industry Ltd.

Group companies

InterBev (Singapore) Limited
Red Bull Distillery (1988) Co., Ltd.
Thai Cooperage Co., Ltd.
Beer Thai (1991) PCL
Dhospaak Co., Ltd.
Dhanasindhi Co., Ltd.
Charun Business 52 Co., Ltd.
Bionic Humus Co., Ltd.
Additive Food Co., Ltd.
Maharajkarnkaset Co., Ltd.
Pan International (Thailand) Co., Ltd.
Pomkit Co., Ltd.
Sahatipkarnkongsong Co., Ltd.
Bang-Na Logistic Co., Ltd.
Luckchai Liquor Trading Co., Ltd.
Pomthip Co., Ltd.
United Winery and Distillery Co., Ltd.
Nateechai Co., Ltd.
Thai Alcohol Public Company Limited
Thai Molasses Co., Ltd.
Thai Beverage Marketing Co., Ltd.
Thai Beverage Public Company Limited
International Beverage Holdings Limited
Beer Chang Co., Ltd.

Other companies

T.C.C. Holding Co., Ltd.
Tawanna Night Bazaar Co., Ltd.
Thip Patana Arcade Co., Ltd.
Imperial Group Public Company Limited

Group companies

Cosmos Brewery (Thailand) Co., Ltd.

<u>Name</u>	<u>Present Principal Directorships</u>	<u>Past Principal Directorships</u>
	Simathurakij Co., Ltd. InterBev Malaysia Sdn. Bhd. Other companies Oishi Group Public Company Limited Oishi Trading Co., Ltd. Oishi Ramen Co., Ltd. T.C.C. Technology Co., Ltd. Pisetkij Co., Ltd. Thai Beverage Can Co., Ltd. Aoithip Co., Ltd. MM Capital Company Limited Thai Glass Industries Public Company Limited T.C.C. Advisory Co., Ltd. T.C.C. Cosmo Corp. Ltd. Berli Jucker Public Company Limited Cosmo Liquor Co., Ltd. Nakornchuen Co., Ltd. Red Bull Distillery Group Co., Ltd. Blairmhor Limited Blairmhor Distillers Limited Inver House Distillers Limited Pacific Spirits (UK) Limited	Other companies T.C.C. Logistics Co., Ltd. T.C.C. Liquor Co., Ltd. Chang Beer International Co., Ltd. Asiatic House Co., Ltd. Cosmos Beer Co., Ltd. Chang Beverage Private Limited Sahapanyphant (2002) Co., Ltd. AsiaBev Co., Ltd.
Dr. Pisanu Vichiensanth	Group companies Thai Beverage Public Company Limited Beer Thai (1991) Public Company Limited Archa Beer Co., Ltd. Beer Chang Co., Ltd Vitayathan Co., Ltd.	Group companies Nil
Mr. Sakthip Krairiksh	Other companies Oishi Group Public Company Limited Group companies Thai Beverage Public Company Limited Other companies The International Engineering Public Company Limited Natural Park Public Company Limited	Other companies Nil Group companies Nil Other companies Nil
Mr. Ueychai Tantha-Obhas	Group companies Thai Beverage Public Company Limited Luckchai Liquor Trading Co., Ltd. Simathurakij Co., Ltd. Nateechai Co., Ltd. Thai Beverage Marketing Co., Ltd. (formerly Zenith Liquor Trading Co., Ltd.) Red Bull Distillery (1988) Co., Ltd. International Beverage Holdings Limited Pomchok Co., Ltd. Pomcharoen Co., Ltd. Sahatipkarnkonsong Co., Ltd. Cosmos Brewery (Thailand) Co., Ltd. InterBev (Singapore) Limited InterBev (Cambodia) Co., Ltd. Thai Alcohol Public Company Limited InterBev (Malaysia) Limited Dhospaak Co., Ltd. United Winery and Distillery Co., Ltd.	Group companies Nil
	Other companies AsiaBev Co., Ltd. T.C.C. Liquor Co., Ltd. Pacific Spirits (UK) Limited Blairmhor Distillers Limited Blairmhor Limited Inver House Distillers Limited Oishi Group Public Company Limited	Other companies Riche Monde (Bangkok) Ltd.

<u>Name</u>	<u>Present Principal Directorships</u>	<u>Past Principal Directorships</u>
Mr. Chukiet Tangpongprush	<p>Group companies Thai Beverage Public Company Limited Sangsom Co., Ltd. Fuengfuanant Co., Ltd. Mongkolsamai Co., Ltd. Thanapakdi Co., Ltd. Beer Chang Co., Ltd. Karnchanasingkorn Co., Ltd. Cosmos Brewery (Thailand) Co., Ltd. Sunthronpirom Co. Ltd.</p> <p>Other companies LSPV (2001) Co., Ltd. Sura Piset Rungroj Co., Ltd. Panich Charoen Loa-Thai (1990) Co., Ltd.</p>	<p>Group companies Dhanasindhi Co., Ltd. Sura Bangyikhan Co., Ltd. Nateechai Co., Ltd. Kankwan Co., Ltd.</p> <p>Other companies Thepmitr Services Co., Ltd. Maharatcarbonic Co., Ltd. Tip Creation Co., Ltd.</p>
Mr. Staporn Kavitanon	<p>Group companies Thai Beverage Public Company Limited Beer Thai (1991) Public Company Limited</p> <p>Other companies Berli Jucker Public Company Limited Kan Yong Electric Public Company Limited Amata Corporation Public Company Limited T.C.C. Technology Ltd. Indorama Petrochemical Ltd. Bangkok Bank Berhad</p>	<p>Group companies Nil</p> <p>Other companies Nil</p>
Prof. Kanung Luchai	<p>Group companies Thai Beverage Public Company Limited Beer Thai (1991) Public Company Limited</p> <p>Other companies Kanung & Partners Law Offices Co., Ltd. Thailand Iron Work Public Company Limited Bangkok Bank Public Company Limited</p>	<p>Group companies Nil</p> <p>Other companies Nil</p>
Mr. Manu Leopairote	<p>Group companies Thai Beverage Public Company Limited</p> <p>Other companies SME Development Bank of Thailand</p>	<p>Group companies Nil</p> <p>Other companies Petroleum Authority of Thailand National Petrochemical Public Company</p>
Mr. Michael Lau Hwai Keong	<p>Group companies Thai Beverage Public Company Limited</p> <p>Other companies Octagon Advisors (Shanghai) Co Ltd Sing-Han International Financial Services Ltd</p>	<p>Group companies Nil</p> <p>Other companies UOB (Canada) Ltd (voluntarily liquidated by its members on October 31, 2003) OUB Australia Ltd (voluntarily liquidated by its members on July 4, 2003) UOB Capital Investments Pte Ltd UOB Capital Management Pte Ltd UOB Venture Technology Investments Ltd UOB JAIC Venture Bio Investments Ltd UOB Venture Investments II Ltd UOB Venture Investments Ltd UOB Venture (Shenzhen) Ltd UOB Asia (HK) Ltd The Bank of Asia Public Company Ltd</p>
Mr. Ng Tat Pun	<p>Group companies Thai Beverage Public Company Limited</p>	<p>Group companies Nil</p>

<u>Name</u>	<u>Present Principal Directorships</u>	<u>Past Principal Directorships</u>
Prof. Pornchai Matangkasombut	Other companies Engro Corporation Limited SP Chemicals Ltd.	Other companies Tuas Power Ltd.
	Group companies Thai Beverage Public Company Limited	Group companies Nil
	Other companies Stand Holdings Co., Ltd. Internet Bio Services Co., Ltd.	Other companies Srirachanakorn Hospital Public Company Limited
Gen. Dr. Choo-chat Kambhu Na Ayudhya	Group companies Thai Beverage Public Company Limited	Group companies Nil
	Other companies G Steel Public Company Limited. Singha Paratech Public Company Limited	Other companies Nil
Mr. Sawat Sopa	Group Companies Sura Piset Phatra Lanna Co. Ltd. Sura Piset Sahasan Co. Ltd. Sura Piset Sampan Co. Ltd. Sura Piset Thiparat Co. Ltd. Thai Thum Distillery Co., Ltd.	Group Companies Cosmos Brewery (Thailand) Co. Ltd. T.C.C. Cosmo Corporation Limited Sangsom Co. Ltd Sahatipkarnkonsong Co. Ltd. Thai Cooperage Co. Ltd. Beer Thai (1991) Public Company Limited
	Other Companies Panitcharoen (Lao-Thai) 1990 Co. Ltd Sura Piset Rungroj Co. Ltd. Suramahatip Co. Ltd.	Other Companies Suramakati Paktai Co. Ltd. Suramakati Pakuna Co. Ltd.

Interest in Shares

Except as described in the section entitled “Principal and Selling Shareholders” in this document, none of our Directors or Executive Officers have any interest in our Shares.

PRINCIPAL AND SELLING SHAREHOLDERS

Principal Shareholders

Our Company has 22,000,000,000 Shares outstanding. The shareholdings of our Directors, substantial shareholders and others immediately before and after completion of the Combined Offering are as follows:

Name	Shares Owned Immediately Before the Completion of the Combined Offering		Shares Owned Immediately After the Completion of the Combined Offering (Assuming the Over-Allotment Option is Not Exercised in Full)		Shares Owned Immediately After Completion of the Combined Offering (Assuming the Over-Allotment Option is Exercised in Full)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors						
Mr. Charoen Sirivadhanabhakdi(1)	3,156,500,000	14.35	3,156,500,000	12.91	3,156,500,000	12.54
Khunying Wanna Sirivadhanabhakdi(1) . .	3,156,500,000	14.35	3,156,500,000	12.91	3,156,500,000	12.54
Mr. Komen Tantiwiwatthanaphan	34,068,668	0.15	34,068,668	0.14	34,068,668	0.14
Mr. Narong Srisa-an	1	—	1	—	1	—
Mr. Paisal Chevasiri	200,340,500	0.91	200,340,500	0.82	200,340,500	0.80
Mr. Samut Hatthasing	1	—	1	—	1	—
Ms. Kanoknart Rangsithienchai	1	—	1	—	1	—
Mr. Thapana Sirivadhanabhakdi(2)	107,000,000	0.49	107,000,000	0.44	107,000,000	0.42
Mr. Chukiet Tangpongprush	1	—	1	—	1	—
Mr. Ueychai Tantha-Obhas	—	—	—	—	—	—
Mr. Sithichai Chaikriangkrai	1	—	1	—	1	—
Dr. Pisanu Vichiensanth	—	—	—	—	—	—
Mr. Vivat Tejapaibul	291,541,500	1.33	291,541,500	1.19	291,541,500	1.16
Mr. Puchchong Chandhanakij	1	—	1	—	1	—
Mr. Sakthip Krairiksh	—	—	—	—	—	—
Mr. Staporn Kavitanon	—	—	—	—	—	—
Prof. Kanung Luchai	—	—	—	—	—	—
Mr. Manu Leopairote	—	—	—	—	—	—
Mr. Michael Lau Hwai Keong	—	—	—	—	—	—
Mr. Ng Tat Pun	—	—	—	—	—	—
Prof. Pornchai Matangkasombut	—	—	—	—	—	—
Gen. Dr. Choo-chat Kambhu Na Ayudhya	—	—	—	—	—	—
Substantial Shareholders						
Risen Mark Enterprise Limited(3)	5,537,600,000	25.17	3,093,150,000	12.65	3,093,150,000	12.29
Good Show Holdings Limited(3)	3,609,200,000	16.41	3,609,200,000	14.76	3,609,200,000	14.33
Siriwana Company Limited(3)	1,597,200,000	7.26	1,597,200,000	6.53	1,597,200,000	6.34
Other Principal Shareholders						
Ms. Atinant Sirivadhanabhakdi(4)	107,000,000	0.49	107,000,000	0.44	107,000,000	0.42
Ms. Wallapa Traisorat(5)	107,000,000	0.49	107,000,000	0.44	107,000,000	0.42
Ms. Thapanee Sirivadhanabhakdi(6)	107,000,000	0.49	107,000,000	0.44	107,000,000	0.42
Mr. Panot Sirivadhanabhakdi(7)	107,000,000	0.49	107,000,000	0.44	107,000,000	0.42
Others(8)	3,882,049,326	17.65	3,882,049,326	15.88	3,882,049,326	15.42
Public shareholders	—	—	4,888,900,000	20.0	5,622,235,000	22.33
Total	22,000,000,000	100.0	24,444,450,000	100.0	25,177,785,000	100.0

(1) Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are husband and wife. Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi have an aggregate indirect beneficial interest in more than 50% of the issued share capital of LSPV (2001) Co., Ltd., an investment holding company incorporated in Thailand, which owns 99.99% of the shares of LSPV Co., Ltd. LSPV Co., Ltd. owns 600,000,000 Shares.

(2) Mr. Thapana Sirivadhanabhakdi is the son of Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.

- (3) Risen Mark Enterprise Limited and Good Show Holdings Limited are investment holding companies incorporated in the British Virgin Islands and Bahamas, respectively. Each of Risen Mark Enterprise Limited and Good Show Holdings Limited is a wholly owned subsidiary of MM Group Limited, an investment holding company incorporated in the British Virgin Islands. For the purposes of Section 4 of the Securities and Futures Act, MM Group Limited has a deemed interest in the Shares held by each of Risen Mark Enterprise Limited and Good Show Holdings Limited. Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are each deemed interested in the Shares held by each of Risen Mark Enterprise Limited and Good Show Holdings Limited by virtue of their respective 50% shareholding in MM Group Limited. Siriwana Company Limited is an investment holding company incorporated in Thailand and is a subsidiary of TCC Holding Co., Ltd., one of our interested persons. See “Appendix D—List of Our Interested Persons and Mandated Interested Persons.” For the purposes of Section 4 of the Securities and Futures Act, Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi are each deemed interested in the Shares held by Siriwana Company Limited.
- (4) Ms. Atinant Sirivadhanabhakdi is the daughter of Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.
- (5) Ms. Wallapa Traisorat is the daughter of Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.
- (6) Ms. Thapanee Sirivadhanabhakdi is the daughter of Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.
- (7) Mr. Panot Sirivadhanabhakdi is the son of Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi.
- (8) Others include LSPV Co., Ltd., Mr. Sawat Sopa, an Executive Officer, former minority shareholders of various spirits companies transferred as part of the Reorganization and the former minority shareholder of Thai Alcohol Public Company Limited. See “Our Reorganization.” None of these Shareholders individually own more than 5% of the Shares.

Except as disclosed above, there are no other relationships between our Directors and substantial shareholders.

Except as disclosed above, our Company is not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person, whether severally or jointly. There is no known arrangement, the operation of which may, at a subsequent date, result in a change in the control of our Company.

The Shares held by our Directors and substantial shareholders described above do not have any interests or carry any different voting rights from the Offering Shares.

Significant Changes in Percentage of Ownership

The following table sets forth the significant changes in the shareholding interests of our Directors and substantial shareholders in our Shares as at the end of the last three financial years. Except as disclosed below, there were no significant changes in the percentage ownership in our Company between October 29, 2003 and the date of this document.

Name	As of December 31,						As of May 5, 2006	
	2003		2004		2005		No. of Shares Owned	% (1)
	No. of Shares Owned	% (1)	No. of Shares Owned	% (1)	No. of Shares Owned	% (1)		
Directors								
Mr. Charoen Sirivadhanabhakdi	535,000,000	2.43	3,156,500,000	14.35	3,156,500,000	14.35	3,156,500,000	14.35
Khunying Wanna Sirivadhanabhakdi. . .	535,000,000	2.43	3,156,500,000	14.35	3,156,500,000	14.35	3,156,500,000	14.35
Mr. Paisal Chevasiri	217,263,500	0.99	198,903,500	0.90	200,340,500	0.91	200,340,500	0.91
Mr. Vivat Tejapaibul	302,863,500	1.38	302,863,500	1.38	291,541,500	1.33	291,541,500	1.33
Substantial shareholders								
Risen Mark Enterprise Limited	—	—	6,549,600,000	29.77	5,537,600,000	25.17	5,537,600,000	25.17
Good Show Holdings Limited	—	—	4,194,400,000	19.07	4,194,400,000	19.07	3,609,200,000	16.41
Siriwana Company Limited	—	—	—	—	—	—	1,597,200,000	7.26

(1) The percentages set out in this table are calculated based on the issued share capital of our Company as at the relevant times.

Control of our Company

We are not aware of any arrangements the operation of which may, at a subsequent date, result in a change of control of our Company.

Selling shareholder

Our substantial shareholder, Risen Mark Enterprise Limited, is offering 2,444,450,000 Vendor Shares, representing approximately 11.1% of our Company's issued share capital as of the Latest Practicable Date, and approximately 9.7% of our Company's issued share capital immediately after the Combined Offering assuming the Over-allotment Option is exercised in full. Risen Mark Enterprise Limited is an investment holding company incorporated in the British Virgin Islands, and is a wholly-owned subsidiary of MM Group Limited, an investment holding company incorporated in the British Virgin Islands. Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi each own 50% of the issued and paid-up share capital of MM Group Limited.

REGULATION

Regulation by the Excise Tax Department, the Ministry of Finance

General

The Thai Government has regulated the alcohol beverage, or liquor, industry due to its nature as a stable revenue generating source and also due to health concerns. In the past, the Government issued several laws and regulations to control all processes of the liquor industry including production and import, excise tax, reproduction, transportation and sale. The Liquor Act B.E. 2493 (1950), as amended (the “Liquor Act”), has been the main legislation for controlling all liquor-related activities in Thailand. The Minister of Finance is authorized under the Liquor Act to issue ministerial regulations covering: (1) the types of liquor, the tax rate imposed on liquor, and the characteristics of stamp and other fees not exceeding the designated maximum rate; (2) the discount or exemption of fees on the issuance of licenses for the production and sale of liquor or liquor enhancers; (3) the discount or exemption from excise tax for specific types of liquor; and (4) the prescription of rules, conditions and requirements for implementations under the Liquor Act. The Excise Tax Department has been authorized, under the supervision of the Ministry of Finance, as the official entity to regulate and supervise the liquor industry. The Liquor Act classifies liquor as follows:

- “fermented liquor” means liquor not made by distillation, including fermented liquor mixed with distilled liquor of alcohol content not exceeding 15 degrees; and
- “distilled liquor” means liquor made by distillation, including distilled liquor mixed with fermented liquor of alcohol content exceeding 15 degrees. Sub-classifications of distilled liquor pursuant to the Ministerial Regulation No. 46 (B.E. 2513 (1970)) issued under the Liquor Act categorizes distilled liquor as follows:
 - Ethyl Alcohol (*Sura Samthap*) means distilled liquor of alcohol content more than 80%;
 - White spirits (*Sura Khao*) means distilled liquors without any mixture or color with alcohol content less than 80%;
 - Compounded spirits (*Sura Pasom*) means distilled liquors made from blended ethyl alcohol or white spirits with alcohol content less than 80%;
 - Blended spirits (*Sura Prung Piset*) means distilled liquors made from blended ethyl alcohol with alcohol content less than 80%; and
 - Special spirits (*Sura Piset*) means distilled liquors produced by a special process with alcohol content less than 80%, including (i) whisky, brandy, rum, gin or other foreign spirits; and (ii) Gao-Liang, Chiang-Chun or other Chinese herb spirits.

Licensing

Under the Liquor Act, liquor production or possession of a liquor distiller is prohibited unless licensed by the Director-General of the Excise Tax Department (the “Director-General”). The liberalization of the Thai liquor industry in 1999 allowed qualified persons to apply for a license for the production and sale of liquor, subject to the requirements provided by the relevant regulations. The Ministry of Finance, pursuant to the Notifications of the Ministry of Finance Re: Liquor Administration Methods B.E. 2543 (2000) (No. 1–No. 4) (the “Notifications”), prescribes conditions for the license application for the production and sale of each type of liquor, including (i) distilled liquor, (ii) fermented liquor (beer) and fruit spirits, (iii) ethyl alcohol (*Sura Samthap*), (iv) foreign liquor, (v) liquor to be used in the production of other goods, (vi) liquor enhancer, (vii) local fermented liquor and fermented liquor other than beer and fruit spirits, (viii) products from agricultural produce with alcohol content not more than 15% and (ix) community spirits. The Notifications also specify the qualifications of an applicant and requirements relating to production and quality of liquor; for example, nationality and legal status of the applicant, production capacity, location of the facility, the area of the facility, machinery capacity, number of workers and alcohol content for liquor.

Licensed producers are subject to a number of procedures and conditions with respect to the production and sale of liquor prescribed by the Director-General. In particular, for the production and sale of (i) distilled liquor, (ii) fermented liquor (beer and fruit spirits) and local fermented liquor and (iii) fermented liquor other than beer and fruit spirits, the licensed producers generally are required to

enter into an agreement to produce and sell liquor with the Excise Tax Department, submit details of the production process and raw materials to be used in production for approval, submit a sample of liquor before delivery from the facility, maintain the quality of the liquor, submit samples of labels, marks and containers for approval, report the ex-factory price of liquor, submit the liquor inventory account and purchase of raw materials and pay the annual license fee and excise tax.

The licensed producers of distilled liquor and fermented liquor are allowed to fix the wholesale and retail sales prices, provided that they report prices to the Excise Tax Department. The Excise Tax Department official is authorized to investigate the liquor facility or wholesaler's storage facility during working hours.

The Excise Tax Department also supervises the import, sale or display for the purpose of sale and transportation of liquor. The sale or display for the purpose of sale of liquor must be licensed by an Excise Tax Department official. An importer of liquor with volume greater than one liter or a seller of liquor must obtain a license from Excise Tax Department officials. Transportation of liquor from the facility for which proper tax payment has not been made is prohibited unless approved by the Director-General. Transportation of liquor from the facility exceeding 10 liters is prohibited unless a transportation permit is obtained from the Excise Tax Department officials.

Excise Tax; Payment

The Excise Tax Department collects excise tax for locally produced liquor while the Customs Department collects excise tax, on behalf of the Excise Tax Department, for imported liquors. Licensed liquor producers must pay excise tax for liquor produced before transporting liquor from their facility. Excise tax paid will be identified by the excise tax stamps affixed on the liquor containers under the supervision of the Excise Tax Department officials or in another manner as specified by the ministerial notification. Importers of liquor, except for importers of liquor not exceeding one liter with an open container, must pay excise tax by affixing excise tax stamps on the containers before customs clearance. The Director-General, however, may allow payments to be made elsewhere.

The Liquor Act provides for the calculation of the liquor tax based on both *ad valorem* and the quantity. The applicable rate will be the one that yields the greater tax revenue to the Government. For *ad valorem* tax payment, the value of the liquor base is as follows:

- for locally produced liquor, the ex-factory price; if there is no ex-factory price or if there are several ex-factory prices, the price announced by the Director-General applies; and
- for imported spirits, the sum of the CIF value, import duty, special fee under the law governing investment promotion and tax and other fees, if any, prescribed by a Royal Decree, but excluding value added tax.

Excise tax imposed on liquor will be calculated based on both *ad valorem* and the quantity pursuant to the Ministerial Regulation relating to the Determination of Type of Spirits and Spirits Tax Rate B.E. 2546 (2003) and the Ministerial Regulation relating to Determination of Type of Spirits and Spirits Tax Rate (No. 2) B.E. 2548 (2005) (the "Tax Rate Regulation"). Exporters of locally produced liquor, however, are entitled to a tax refund. When a facility owner duly pays the excise tax and transports liquor out of the facility, the owner is entitled to a tax refund, provided that he can prove, to the satisfaction of the Director-General, that liquor has been transformed and, hence, will neither be consumed nor be delivered back to the facility.

Tax Rate

According to the Tax Rate Regulation, there are two rates, an *ad valorem* rate and a specific rate, as follows:

Product	<i>Ad Valorem</i> Rate	Specific Rate	
		Unit	Baht/Unit
Fermented Liquor:			
Beer	55%	Liter of pure alcohol	100
Wine and sparkling wine made from grapes	60%	Liter of pure alcohol	100
Local fermented liquor.....	25%	Liter of pure alcohol	70
Other	25%	Liter of pure alcohol	70
Distilled Liquor:			
White Spirits (<i>Sura Khao</i>)	25%	Liter of pure alcohol	70
Compounded spirits (<i>Sura Pasom</i>)	50%	Liter of pure alcohol	240
Blended spirits (<i>Sura Prung Piset</i>)	50%	Liter of pure alcohol	400
Special spirits (<i>Sura Pisit</i>):			
Brandy	40%	Liter of pure alcohol	400
Whisky.....	50%	Liter of pure alcohol	400
Other	50%	Liter of pure alcohol	400
Ethyl Alcohol (<i>Sura Samthap</i>)			
To be used in industry or to be processed by methods as specified by the Director-General ...	2%	Liter	1
To be used in medicine, pharmaceuticals and science by methods as specified by the Director-General.....	0.1%	Liter	0.05
Other	10%	Liter of pure alcohol	6.0

Ex-factory Price

For the purpose of calculation of excise tax rate based on the *ad valorem* basis, the Excise Tax Department has issued the Announcements of the Excise Tax Department Re: the designation of liquor market price for the purpose of excise tax calculation which may be amended from time to time.

Import duties and import restrictions

The Customs Department collects import duties on various types of liquor based on either a specific or an *ad valorem* rate, whichever yields greater tax revenue to the Government, as follows:

Product	<i>Ad Valorem</i> Rate (% of CIF Value)	Specific Rate (Baht per liter)
Sake	60.00	10.00
Brandy	60.00	120.00
Whisky	60.00	120.00
Rum	60.00	120.00
Gin	60.00	120.00
Liquor.....	60.00	120.00
Chinese spirits	60.00	120.00
Other spirits	60.00	120.00

However, the import duty of liquor from members of the World Trade Organization is currently either Baht 63.05 per liter or 58.2% of the CIF value, whichever yields greater tax revenue to the Government.

There are no quantitative restrictions on spirits imports.

Regulation by Other Laws

Licensing and Requirements under Factory Law

Under the Factory Act B.E. 2535 (1992), as amended (the “Factory Act”), a license must be obtained from the Permanent Secretary, the Ministry of Industry, prior to operation of a brewery, distillery or production facility for drinking water having machinery capacity of more than 50 horse power. The operator must comply with the requirements of the Factory Act, including (i) the location, environment, building structure and interior of the factory, (ii) characteristic or type of machinery and equipment used in the factory, (iii) rules relating to employees, (iv) pollution control, including wastewater treatment and noise control and (v) safety arrangements. The factory license is generally valid for five years from the initial date. The operator is required to apply for a license renewal within 60 days prior to the expiry date of the license. The factory license will then be extended for another five years, provided that the operator complies with relevant conditions. Breweries and distilleries must prepare and submit an environmental report on an annual basis to the Permanent Secretary of the Ministry of Industry.

Licensing under the Health Act

Under the Health Act B.E. 2535 (1992), as amended, the production of beverages, including soda water and drinking water, contained in cans, bottles or other containers, is treated as a business harmful to health for which the producer is required to obtain a license from the local government authority prior to its operation. Such license is valid for one year. The license holder is required to apply for the renewal of the license and pay the relevant fee prior to the expiry date of the license. The renewal will be granted if the license holder complies with the conditions imposed. In particular, license holders are required to implement a water treatment system and an outlet for wastewater in their breweries. In case of the revocation of the license, the application for a new license can be made after the lapse of one year from the revocation date.

Community Spirits

Community spirits are white distilled spirits with alcohol content greater than 15 degrees, but less than 40 degrees, usually produced from rice, flour, fruit, or other agricultural product. In 2003, the Government introduced the Notification of Ministry of Finance Re: Liquor Administration Methods B.E. 2543 (No. 4), which permits persons or cooperatives to produce and sell community spirits if the distillery uses not more than a five horsepower generator, employs less than seven employees, utilizes a water treatment system and is located at least 100 meters from a public river. Any person that produces and sells community spirits must obtain an approval to produce and sell community spirits from the Director-General or other authorized persons in the form and conditions specified by the Director-General.

Municipal Tax

Pursuant to the Allocation of Liquor Tax Act B.E. 2527 (1984), as amended, municipal taxes on spirits are collected by the Excise Tax Department or the Customs Department, as the case may be, on behalf of the Ministry of Interior from those responsible for excise taxes under the Liquor Act. An additional tax of 10% of the excise tax will be imposed on locally produced spirits or imported spirits, as the case may be.

Health Promotion Fund Contributions

Pursuant to Health Promotion Fund Act B.E. 2544 (2001), a person responsible for excise tax under the Liquor Act is obliged to contribute to the Health Promotion Fund at a rate of 2% of the liquor tax payable under the Liquor Act in concurrence with the payment of excise tax.

Value Added Tax

The Revenue Department, the Ministry of Finance imposes a value-added tax of 7% based on (i) the sum of the ex-factory price, excise tax and municipal tax for locally produced spirits and (ii) the sum of CIF value, import duty, excise tax and municipal tax for imported liquors.

Retail Sale of Alcoholic Drinks

The retail sale of alcoholic drinks is regulated under the Finance Ministerial Regulation re: Designation of Time of Retail sales of Alcoholic Drinks for Type 3 and Type 4 Licenses, B.E. 2548

(2005), under the Liquor Act. Type 3 to Type 7 licenses are for sales of all types of liquors in the amount less than 10 liters at a time. The regulation restricts the retail sale of alcoholic drinks to the hours of 11 a.m. to 2 p.m. and 5 p.m. to midnight.

The granting of licenses for retail sales of alcoholic drinks is regulated under the Finance Ministerial Regulation re: Criteria in Granting Licenses for Alcoholic Drink Sales for Type 3 to Type 7 Licenses B.E. 2548 (2005). This regulation requires that the location of the establishment that seeks a license not be in the area nearby or connected to academic institutions, religious establishments or gas stations, and requires that the establishment and the person applying for the license not to have had an alcoholic drinks license repealed in the past five years. This regulation also restricts the licensee not to sell to persons under the age of 18 and in areas nearby or connected to academic institutions, religious establishments or gas stations.

Operating Hours of Entertainment Venues

Under the Public Entertainment Act B.E. 1966 and Ministerial Regulation Re: Date and Opening and Closing Hours of Entertainment Venues B.E. 2547, the Government has regulated opening and closing hours of entertainment venues which vary from 11 a.m. to 9 p.m. for opening hours and midnight to 2 a.m. for closing hours. The opening and closing hours depend on the types of entertainment venue and locations.

Sale of Alcoholic Drinks to the Underaged

The Child Protection Act, B.E. 2546 (2003) regulates the sale of alcoholic drinks to a person under the age of 18. Any person violating the regulation is subject to either a maximum sentence of three-months imprisonment or a maximum fine of Baht 30,000, or both.

Labeling of Alcoholic Drinks

The labeling of alcoholic drinks is regulated under the Food Act, B. E. 2522 (1979). The Health Ministerial Notification (No. 275) B.E. 2546 (2003) Re: Liquor (No. 2) requires that the label of alcoholic drinks display the given warning statements, referring to the restriction on sale of alcoholic drinks to any person under the age of 18, incompetence of drunk driving and a warning message that any person under the age of 18 should not drink.

Commercial Advertisement of Alcoholic Drinks

The commercial advertisement of alcoholic drinks is regulated under the Public Relation Departmental Notification re: Criteria on Advertisement of Alcoholic Drinks and Caffeine-Mixed Drinks via Radio and Television Broadcasting, under the Radio and Television Broadcasting, B.E. 2498 (1955), as amended. Under the notification, commercial advertisement of alcoholic drinks via radio or television broadcasting is prohibited during the hours of 5 a.m. to 10 p.m., provided also that the content of advertisements broadcasted outside of the prohibited hours is limited to the presentation of a corporate image, for example by displaying a trademark or name of the product. No solicitation to drink or overstatement of its usage may be made. Additionally, commercial advertisements of alcoholic drinks in theaters and on billboards are regulated under the Consumer Protection Act, B.E. 2522 (1979), which requires that no solicitation to drink or overstatement, whether direct or indirect, of its usage may be made, and that the warning statements referring to disadvantages from its consumption be displayed or placed. It also promulgates the manner in which the warning statement must be made, including the font-size to ensure that it is noticeable.

Drunk Driving and “If Drunk Don’t Drive” Campaign

The Land Traffic Act, B.E. 2522 (1979) prohibits driving under intoxication from alcoholic drinks or other agents. In addition, the Interior Ministerial Regulation, issued under the Act, requires random road checks by the police to inspect the blood alcohol level of end-users by means of a breathalyzer. Any offender will be subject to either a maximum sentence of three-months imprisonment or Baht 2,000-10,000 fine, as well as the probation measures for social services.

The Don’t Drive Drunk Foundation was established on September 6, 2002, to introduce and implement the “If Drunk Don’t Drive” campaign with the ultimate goal to stop drunk driving, as well as to increase awareness of the risk and potential harm caused by drunk driving. The foundation was set up to regularly disseminate information about accidents associated with drunk drivers.

DESCRIPTION OF SHARE CAPITAL

The Company was established and registered as a public limited company on October 29, 2003. Our corporate affairs are governed by our Articles of Association, the PLCA and the Listing Manual of the SGX-ST. The following is a summary of material provisions of our Articles of Association insofar as they relate to the material terms of our share capital. The PLCA differs from laws applicable to Singapore companies or U.S. corporations and their shareholders. A comparison of certain aspects of the PLCA applicable to us and the Singapore Companies Act applicable to Singapore companies is set forth elsewhere in this document. These summaries do not purport to be complete and are qualified in their entirety by reference to our Articles of Association and the applicable provisions of the PLCA.

Our Share Capital

Our Company has an authorized share capital of Baht 29,000,000,000 consisting of 29,000,000,000 Shares and our paid-up share capital is Baht 22,000,000,000 consisting of 22,000,000,000 Shares. All issued Shares are in registered form and are recorded in our share register book. No Shares are held by, or on behalf of, us or our subsidiaries.

Any changes in the issued and paid-up share capital of the Company has to be registered with the MOC. Therefore, the New Shares which are the subject of the Combined Offering can only be issued following the registration of the increase in issued and paid-up share capital of the Company with, and the acceptance of the new list of Shareholders who purchase Shares in this Combined Offering by, the MOC.

Under the PLCA, Shareholders are allowed to register each of our Shares under one name only.

Transfer of Shares

Under the PLCA, a transfer of listed shares in scrip form is valid between the transferor and the transferee by an endorsement on the back of the share certificate representing the shares transferred and the delivery of the endorsed certificate to the purchaser or his broker. For a transfer to be valid against the issuer company, a request for an entry of the transfer into a share register book must be received by the company (through the Thai Registrar and Share Registration Office). To be valid against a third party the entry of the transfer must actually be made into the share register book.

See “Taxation—Thai Taxation” for a description of Thai stamp duty on transfers.

Under the PLCA, our Company is not allowed to set up share transfer restrictions, unless the purpose of the restriction is to preserve our Company’s lawful rights and benefits or to maintain the ratio of shareholding between Thai Shareholders and non-Thai Shareholders. See “Appendix C—Our Articles of Association—Article 7” for a description of our share transfer restriction.

Limitation on Foreign Ownership of Shares

Our Articles of Association limit “non-Thai” ownership of our shares to a total of 49.0% of our issued and outstanding shares. Thai law and our Articles of Association provide neither sanctions for the transfer of shares in violation of the limitations contained in the Articles of Association, nor a method for requiring the divestiture of such shares. Nonetheless, if a non-Thai person acquires shares which results in the aggregate percentage of shares owned by non-Thai persons exceeding 49.0% of issued shares, there can be no assurance that the person will not lose the benefit of such investment either because our registrar may refuse to register ownership of such shares or because divestment may be required. It is not always possible for a non-Thai person acquiring shares to know in advance whether the shares being acquired will fall within legal limits and be eligible to be registered in the person’s name. The Foreign Business Act B.E. 2542 (1999), as amended, defines a “non-Thai” person as:

- (i) any natural person who is not a citizen of Thailand,
- (ii) any juristic person which is not registered in Thailand,
- (iii) any juristic person registered in Thailand having the following characteristics:
 - having half or more of the juristic person’s capital shares held by persons under (i) or (ii) or a juristic person having the person under (i) and (ii) investing with a value of half or more of the total capital of the juristic person; or

- a limited partnership or registered ordinary partnership having the person under (i) as the managing partner or manager; or

(iv) any juristic person registered in Thailand having half or more of its capital shares held by the person under (i), (ii) or (iii) or a juristic person having the persons under (i), (ii) or (iii) investing with the value of half or more of its total capital.

Assuming all of our Shares offered in the Combined Offering will be owned by non-Thai persons, approximately 49.0% of our outstanding Shares will be owned by non-Thai persons after completion of the Combined Offering (assuming the Over-Allotment Option is exercised in full).

Substantial Shareholdings and Disclosure Notifications

Our Articles of Association provide that a Shareholder has to give notice in writing to the Company:

- if the Shareholder acquires an interest in 5% or more of our Shares, providing the Shareholder's name, address and full particulars of the interest and the circumstances in which the Shareholder acquired the interest;
- upon becoming a substantial shareholder, of any change in the percentage level of the Shareholder's interest in our Shares, by providing the Shareholder's name, address, the date of the change and the circumstances leading to the change; and
- upon ceasing to be a substantial shareholder, by providing the Shareholder's name, the date on which the Shareholder ceased to be a substantial shareholder and the full particulars of the circumstances by which the Shareholder ceased to be a substantial shareholder.

A Shareholder has to provide written notice to our Company within two business days of (i) becoming a substantial shareholder, (ii) any change in the percentage level of the substantial shareholder's interest in our Shares, and (iii) upon ceasing to become a substantial shareholder.

"Percentage level," in relation to a substantial shareholder, means the percentage figure ascertained by expressing the aggregate of the nominal amount of the voting shares in which the substantial shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the nominal amount of all the voting Shares in our Company and, if it is not a whole number, rounding that figure down to the next whole number.

Pursuant to the SEC Act, as amended, any person who acquires or disposes our Shares and thereby increases or decreases the number of Shares held by him to a number that aggregately equals or exceeds any multiple of 5% of our total Shares (regardless of the number of Shares he acquires or disposes of each time) is required to report his holding to the SEC on the next business day following the date of the acquisition or disposition.

Dividends

Annual dividends are recommended by our Board of Directors, and are subject to Shareholders' approval at the annual general meeting of the Shareholders. The Board of Directors, by resolution, may decide to pay to the Shareholders such interim dividends as appear to the Directors to be justified based on our profits. Dividends (annual or interim) are distributed equally on each outstanding share. Dividends may be distributed either in cash or, if approved by the Shareholders in a general meeting, in the form of shares. Our policy is to distribute not less than 50% of net profit for each year after deduction of all specified reserves, subject to our investment plans and as the Board of Directors deems appropriate. See "Dividend Policy."

Pursuant to the PLCA and our Articles of Association, we may not make any distribution of dividends otherwise than out of our net profit. We are also not permitted to pay dividends if our retained earnings are not positive, even if we record a positive net income for the year. In addition, in any year in which we have a profit, we are required by the PLCA and by our Articles of Association to set aside as a reserve an amount of not less than 5% of our annual net profit (less accumulated loss carried forward) until the total reserve is not less than 10% of our registered capital.

Any claim made against us with respect to the payment of dividends will be valid only within 10 years from the relevant payment date.

General Meetings of the Shareholders

Our Board of Directors will convene an annual general meeting of Shareholders within four months from the last day of our fiscal year. Our Board of Directors may call an extraordinary general meeting whenever the Board of Directors deems it appropriate, and shall call such a meeting upon the written request of the holders of 20% or more of our total issued shares, or not less than 25 Shareholders holding, in aggregate, not less than 10% of our total issued shares. Under the PLCA, notice of any general meeting must be given to all Shareholders and the Registrar, Department of Business Development, MOC at least seven days in advance. Publication of said notice must be made for three consecutive days in a local newspaper not less than three days prior to the meeting. As long as our Shares are listed on the SGX-ST, we will also announce notice of any general meeting through a SGXNET announcement to be posted on the Internet at the SGXNET website <http://www.sgx.com>.

A quorum for any Shareholders' meeting is constituted by the presence, either in person or by proxy, of not less than the lesser of 25 Shareholders or one half of the total number of Shareholders, in either case holding in aggregate not less than one-third of the total number of issued shares. If a quorum is not present within one hour, a general meeting shall be dissolved in the case where the meeting was requested by shareholders and in every other case shall be adjourned to another date, prior to which notice must be sent to shareholders not less than seven days in advance. A quorum is not required for the adjourned meeting to be properly constituted.

Our Articles of Association provide that at the annual general meetings of Shareholders, Shareholders shall:

- review the report prepared by the Board of Directors that presents the results of operations for the past year;
- consider and grant approval to the balance sheet and the statement of profit and loss;
- consider and grant approval to profit allocation;
- consider and elect new directors in place of those who retire by rotation;
- consider and fix remuneration of directors;
- appoint and fix the remuneration of our auditor; and
- consider other business.

Voting Rights

A Shareholder is entitled to one vote per share. In a Shareholders' meeting, voting must be by a show of hands, unless at least five Shareholders request for a ballot. A resolution can be adopted at a general meeting of shareholders by a simple majority of the total number of votes cast of the Shareholders who attend the meeting, except in the following matters which require at least three-fourths of the total number of voting rights of all of the Shareholders who attend the meeting and have the right to vote:

- the sale or transfer of all or a substantial part of our business to any other person;
- the purchase by us or acceptance of transfer of the businesses or other companies to us;
- the making, amendment or termination of contracts relating to the leasing out of all or a substantial part of our business, the assignment to any other person to manage our business or the consolidation of the business with other persons with an objective towards profit and loss sharing; and
- the increase or reduction of registered capital, issuance of bonds, amalgamation with another company, our dissolution and the amendment of our Memorandum of Association and Articles of Association.

To remove a director before his/her term requires, a resolution of a general meeting of shareholders of not less than three-fourths of the number of shareholders who attend the meeting, who have the right to vote, and hold shares in aggregate of not less than half of the total number of shares held by shareholders attending the meeting and entitled to vote.

In addition, to fix the remuneration of directors requires a resolution of a general meeting of shareholders of not less than two-thirds of all votes presented.

Preemptive Rights and Issuance of Shares

The PLCA provides that all or some of any new shares issued may, by a resolution of shareholders adopted at a general meeting, be offered to existing shareholders in proportion to their respective shareholding or offered to the public or other persons. Every increase of the registered and paid-up share capital must be registered with the MOC and no share certificate can be issued without such prior registration. Our Articles of Association do not provide for preemptive rights.

The increase of the registered capital requires a vote in the shareholders' meeting of not less than three-quarters of the total number of voting rights of the shareholders who attend the meeting and who have the right to vote.

Shares must be paid-up in full by a one-time payment upon issue. Thai law does not permit the issue of partly-paid shares.

Financial Statements

The PLCA provides that our Board of Directors must prepare a non-consolidated balance sheet and income statement annually, at the end of each fiscal year. The balance sheet and income statement must be certified by the auditors and approved by the shareholders at the annual general meeting of shareholders. A copy of the balance sheet and income statement, together with the notice of the annual general meeting of shareholders, will be sent to all shareholders at their respective addresses as listed in the share register.

Liquidation Rights

The PLCA provides that, in the event of a liquidation, the assets remaining after payment of all debts, liquidation expenses and taxes will be distributed among the shareholders in proportion to the number of shares held.

Acquisition by us of our own Shares

Pursuant to the PLCA, we may not own our own Shares, or take them in pledge, provided that:

- we may repurchase our Shares from dissenting Shareholders who vote against a shareholders' resolution at a shareholders' meeting approving an amendment to our Articles of Association in respect of voting rights and the right to receive dividends which such Shareholders view to be unfair to them; or
- we may repurchase our Shares for financial management purposes when we have accumulated profits and excess liquidity, provided that the share repurchase will not cause us financial difficulty and the amount of the share repurchase does not exceed our accumulated profits.

In order for us to repurchase Shares, we must obtain approval from our Shareholders.

Shares purchased and held by our Company may not be counted towards forming a quorum for meetings of our Shareholders, and do not carry any voting rights or the right to receive any dividend. Under Thai law, we are required to sell these Shares within three years from the completion of the share buy-back. If we fail to dispose of the Shares within this prescribed period, we are required to reduce our paid-up capital by writing off the unsold Shares.

CLEARANCE AND SETTLEMENT

We have obtained a letter of eligibility from the SGX-ST for the listing and quotation of our Shares. For the purpose of trading on the SGX-ST, a board lot for our Shares will comprise 1,000 Shares. Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry settlement system of CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with CDP, as amended from time to time.

CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organization. CDP holds securities for its account holders and facilitates the clearance and settlement of securities transactions between account holders through electronic book-entry changes in the securities accounts maintained by such account holders with CDP.

Shares deposited with CDP will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. CDP and its nominee will be regarded as our Shareholders in respect of the Shares registered in their respective names and persons named as direct securities account holders and depository agents in the depository register maintained by CDP will not be treated as our Shareholders in respect of the number of our Shares credited to their respective securities accounts with CDP. See “—Voting Instructions” for more information about how investors who hold Shares through CDP are treated under Thai law. All Shares deposited with CDP, for purposes of determining our foreign shareholding levels, will be regarded as being held by CDP, a non-Thai person.

Persons holding our Shares in a securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. These share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association.

A fee of S\$10 for each withdrawal of 1,000 Shares or less and a fee of S\$25 for each withdrawal of more than 1,000 Shares will be payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a maximum fee of S\$2.00 or such other fee as our Directors may determine, will be payable to our share registrar for each share certificate issued, and stamp duty of S\$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares, or S\$0.20 per S\$100 or part thereof of the last transacted price where our Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favor of CDP, and have their respective securities accounts credited with the number of our Shares deposited before they can effect the desired trades. A fee of S\$10 and stamp duty of S\$10 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of our Shares sold and the buyer's securities account being credited with the number of our Shares acquired. No transfer stamp duty is currently payable for the transfer of our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.05% of the transaction value, subject to a maximum of S\$200.0 per transaction. The clearing fee, instrument of transfer deposit fees and share withdrawal fee, as well as the share certificate issue fee payable to our share registrar, are subject to GST of 5.0%.

Dealings in our Shares will be carried out in Singapore dollars and will be effected for settlement in CDP on a scripless basis. Settlement of trades on a normal “ready” basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following Market Day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct securities account with CDP or a securities sub-account with a depository agent. A depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

Voting Instructions

Investors who hold Shares through CDP may instruct CDP to exercise the voting rights for the deposited Shares in accordance with the terms and conditions for the operation of securities accounts with CDP, as amended from time to time. However, as a matter of Thai law, CDP will be the only holder of record of these Shares and, accordingly, the only person or entity recognized as a Shareholder and legally entitled to vote on any matter to be submitted to the vote of our Shareholders at a general meeting of Shareholders. For additional information regarding the voting rights of holders of ordinary shares, see “Description of Share Capital—Voting Rights.” We will mail to depositors any notice of shareholders’ meeting.

If a meeting of our Shareholders is convened, we will despatch to persons with Shares standing to the credit of their CDP securities account Voting Instructions Forms. Such persons will be required to return the Voting Instructions Forms on or before the date specified by CDP for that purpose (the “Specified Date”). The Voting Instructions Form will set out such details as the resolutions to be considered at the shareholders’ meeting. The Voting Instructions Form, duly completed, must be returned by such persons to CDP no later than the Specified Date. In the event that CDP does not receive the duly completed Voting Instructions Form from a person with Shares standing to the credit of a CDP securities account on or before the Specified Date, or if the Voting Instructions Form has not been duly completed or is invalid for any reason, CDP will not vote or take any action in respect of the Shares standing to the credit of this CDP securities account. CDP or any of its nominees may, at its absolute discretion and upon such terms and conditions as it may think fit, accept the written instructions of the person holding the CDP securities account to which the relevant Shares have been credited to vote, or appoint a proxy to vote, at any shareholders’ meeting in respect of Shares standing to the credit of such CDP securities account. However, except as provided in the foregoing, neither CDP nor any of its nominees will exercise any right to attend, speak or vote at any shareholders’ meeting in respect of Shares deposited with CDP. The operation of a CDP securities account is subject to the terms and conditions for the operation of securities accounts with CDP, as amended from time to time.

TAXATION

The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership of our Shares. Prospective purchasers of our Shares should consult their own tax advisors concerning the tax consequences of their particular situations. This description is based on laws, regulations and interpretations as now in effect and available as of the date of this document. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of the Shares. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.

Thai Taxation

This summary contains a description of the principal Thai income tax consequences of the purchase, ownership and disposition of ordinary shares by an individual or corporate investor who is not resident in Thailand for tax purposes (referred to herein as “non-resident individual holders” and “non-resident corporate holders,” respectively, and together as “non-resident holders”). It does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase ordinary shares. The summary is based upon the tax laws of Thailand in effect on the date of this document.

PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN PROFESSIONAL ADVISORS CONCERNING THE ACQUISITION, OWNERSHIP AND DISPOSITION OF ORDINARY SHARES, INCLUDING THE CONSEQUENCES UNDER THAI LAW, THE LAWS OF THE JURISDICTION OF WHICH THEY ARE RESIDENT AND ANY TAX TREATY BETWEEN THAILAND AND THEIR COUNTRY OF RESIDENCE FOR TAX PURPOSES.

In general, the registered owner of ordinary shares will be treated as the owner of such ordinary shares for Thai tax purposes. In the case of ordinary shares that settle through the TSD’s scripless system, the holder whose name appears on the list of owners with respect to the ordinary shares maintained by each TSD-member broker, sub-broker, or custodian will be treated as the owner for Thai tax purposes.

Taxation of Dividends

Dividends in respect of ordinary shares are generally subject to Thai withholding tax at a rate of 10%, whether paid to non-resident corporate investors or to non-resident individual investors.

Taxation of Capital Gains

Gains realized by a non-resident corporate holder from the sale or other disposition of ordinary shares outside Thailand in connection with which payment is made neither from nor within Thailand and neither the purchaser nor the seller reside or do business in Thailand, are not subject to Thai tax. A non-resident corporate holder will be subject to a withholding tax of 15% on gains realized on any sale or other disposition of ordinary shares in Thailand unless such holder is entitled to an exemption under an applicable tax treaty.

Gains realized by a non-resident individual holder from the sale or other disposition of ordinary shares outside Thailand in connection with which payment is made neither from nor within Thailand and neither the purchaser nor the seller resides or does business in Thailand, are not subject to Thai tax. Unless exempt under an applicable tax treaty, gains realized by a non-resident individual holder from a sale or other disposition of ordinary shares and in which payment is made from or within Thailand is subject to Thai income tax at a rate of 15%. Any such tax withheld is creditable against the Thai personal income tax.

In the foregoing cases, where withholding tax applies, the purchaser of such ordinary shares is required under Thai law to withhold the applicable amount of Thai withholding tax from the sales price and make payment thereof to the relevant Thai tax authority.

Personal Income Tax

NON-RESIDENT INDIVIDUAL HOLDERS MAY BE REQUIRED TO FILE A THAI PERSONAL INCOME TAX RETURN. SUCH INDIVIDUALS SHOULD CONSULT THEIR OWN

PROFESSIONAL ADVISORS REGARDING THE CIRCUMSTANCES UNDER WHICH THEY MAY BE REQUIRED TO FILE A RETURN.

Non-resident individual holders may be subject to Thai personal income tax at marginal rates between 5% and 37% on income earned in Thailand, including any cash dividends and other distributions paid by us and any gains on sale or other dispositions of the ordinary shares realized during any calendar year. Tax withheld by us in respect of such dividends and other distributions, and by purchasers in respect of any such gains, may be credited against any Thai personal income tax payable at year end by such non-resident individual holders, who may be entitled to a refund with respect to such taxes withheld.

Tax Treaties

Each non-resident holder should inquire for himself or herself whether he or she is entitled to the benefit of a tax treaty between Thailand and his or her resident country. Where an applicable tax treaty so provides, any otherwise taxable gain on the sale or other disposition of ordinary shares may be exempt from or subject to reduced Thai withholding tax. Thailand currently has no treaty in effect that reduces or exempts non-resident holders from Thai withholding taxes on payments of dividends and other distributions. Thailand currently has tax treaties for the avoidance of double taxation within the following countries: Armenia, Australia, Austria, Bahrain, Bangladesh, Belgium, Republic of Bulgaria, Canada, China, Republic of Cyprus, Czech Republic, Denmark, Finland, France, Germany, Hong Kong, Hungary, India, Indonesia, Israel, Italy, Japan, Republic of Korea, Laos, Luxembourg, Malaysia, Republic of Mauritius, Nepal, The Netherlands, New Zealand, Norway, Oman, Pakistan, the Philippines, Poland, Romania, Singapore, Slovenia, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Republic of Turkey, Ukraine, United Arab Emirates, United Kingdom, United States, Uzbekistan and Vietnam.

Stamp Duty

Generally, a stamp duty of Baht 1 per every Baht 1,000 of the greater of the paid-up value of shares and the selling price of the shares is payable within 15 days from the date of execution of a share transfer instrument, or within 30 days from the date the share transfer instrument is brought into Thailand if executed outside Thailand.

Singapore Taxation

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the date of this document, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. The discussion is limited to a general description of certain tax consequences in Singapore with respect to ownership of our Shares by Singapore investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase our Shares.

Prospective investors should consult their tax advisors regarding Singapore tax and other tax consequences of owning and disposing our Shares. It is emphasized that neither the Company, the Directors nor any other persons involved in the Invitation accepts responsibility for any tax effects or liabilities resulting from the subscription, purchase, ownership or disposal of our Shares.

The following discussion describes the relevant Singapore income tax, stamp duty, goods and services tax and estate duty considerations of the subscription, purchase, ownership and disposal of our Shares.

Singapore Income Tax

Individual Income Tax

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore (with certain exceptions). Non-resident individuals are exempt from Singapore income tax on foreign income received in Singapore. With effect from Year of Assessment 2005, i.e. calendar year 2004, resident individuals are generally exempt from Singapore income tax in respect of foreign income received in Singapore except for such income received through a partnership in Singapore.

For a Singapore tax resident individual, the rate of tax varies according to his chargeable income but is subject to a maximum rate of 21% for income earned in respect of the Year of Assessment 2006. The current maximum rate of 21% will be reduced to 20% with effect from the Year of Assessment 2007 as proposed by the Prime Minister and Finance Minister in the 2005 Budget Statement. This has not been promulgated as a law yet. A non resident individual is normally taxed at the prevailing corporate tax rate, except that Singapore employment income is taxed at a flat rate of 15% or at resident rates, whichever yields a higher tax.

An individual is tax resident in Singapore in a Year of Assessment if, in the preceding year, he resides in Singapore (except for temporary absences from Singapore) or he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more.

Corporate Income Tax

A Singapore resident corporate taxpayer is subject to Singapore income tax on income accrued in or derived from Singapore, and on foreign income received or deemed received in Singapore, subject to certain exceptions. With effect from June 1, 2003, all foreign-sourced income in the form of dividends, branch profits and service fee income received or deemed received in Singapore are exempted from Singapore tax, subject to meeting certain prescribed conditions (referred to as specified offshore income).

Non-Singapore tax resident corporate taxpayers are subject to Singapore income tax on income accrued in or derived from Singapore, and, with certain exceptions, on foreign income received in Singapore.

A company is tax resident in Singapore if the control and management of its business is exercised in Singapore.

The corporate tax rate in Singapore is currently at 20% (with effect from Year of Assessment 2005) after allowing partial tax exemption on:

- 75% of the first \$10,000 and
- 50% of the next \$90,000

of a company's chargeable income. The above exemption does not apply to Singapore franked dividends received by companies.

Dividend Distributions

Dividends payable by our Company on our Shares will be declared in Thai Baht and paid to shareholders in Thai Baht.

As the Company is incorporated in Thailand and the control and management of its business is exercised from outside Singapore, it will not be a tax resident in Singapore. Dividends paid by the Company would be considered as income sourced outside Singapore.

As dividends on the Shares will be paid through The Central Depository (Pte) Limited (CDP), the foreign-sourced dividends received or deemed received in Singapore by an individual not resident in Singapore is exempt from Singapore income tax.

The above exemption will also apply to a Singapore resident individual taxpayer except for such income received through a partnership in Singapore. Where such dividends are received through a partnership in Singapore, the individual investor will be subject to Singapore income tax on the dividends. The resident individual investor will be able to claim a tax credit on Thai tax paid on the dividends against the Singapore tax payable on the same income under the Income Tax (Singapore-Thailand) (Avoidance of Double Taxation Convention) Order 1976. The tax credit relief claimable in Singapore is restricted to the lower of Singapore tax payable on the dividends (net of attributable expenses) or Thai tax suffered.

Dividends from the Shares received or deemed received in Singapore by Singapore tax resident corporate taxpayers will be exempt from Singapore income tax if the dividends or the income out of which the dividends are paid are subject to Thai income tax and the headline tax rate in Thailand is at least 15%.

Dividends from the Shares received or deemed received in Singapore by Singapore companies which are not resident in Singapore are subject to tax in Singapore.

Dividends from the Shares received or deemed received in Singapore through the CDP by foreign companies without any presence in Singapore will generally not be subject to tax in Singapore. However, where such foreign companies have activities in Singapore, dividends received or deemed received in Singapore through CDP by such companies may be subject to tax in Singapore if the dividends are in respect of investments made through their Singapore-based activities or the dividends are otherwise connected with their Singapore-based activities.

Gains on Disposal of Shares

Currently, Singapore does not impose tax on capital gains. However, there are no specific laws or regulations which deal with the characterization of capital gains. Thus, any gains derived from the disposal of our Shares are not taxable unless the Inland Revenue Authority of Singapore regard the seller as carrying on a trade of buying and selling of shares, in which case, the profits on disposal will be construed to be income in nature and be subject to tax.

Stamp Duty

There is no stamp duty payable on the subscription, allotment or holding of our Shares.

Stamp duty is payable on the instrument of transfer of our Shares at the rate of \$2.00 for every \$1,000 or any part thereof, computed on the market value of our Shares registered in Singapore or consideration paid, whichever is the higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

Stamp duty is not applicable to scripless transfers of our Shares through the CDP system.

Goods and Services Tax (“GST”)

The sale of our Shares by a GST-registered investor belonging in Singapore through a SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Input GST incurred by the seller in the making of exempt supplies is not recoverable from the Comptroller of GST.

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore, the sale is generally a taxable supply subject to GST at zero-rate. Any GST incurred by a GST-registered investor in the making of this taxable supply is recoverable from the Comptroller of GST.

Services such as brokerage, handling and clearing services rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the current rate of 5%. Similar services rendered to an investor belonging outside Singapore is generally subject to GST at zero-rate.

Estate Duty

Singapore estate duty is imposed on the value of immovable properties situated in Singapore and on all movable properties, wherever they may be, which passes upon the death of an individual who is domiciled in Singapore, subject to specific exemption limits.

Singapore estate duty is also imposed on the value of immovable properties situated in Singapore owned by an individual who was not domiciled in Singapore at the time of his death, subject to specific exemption limits. Movable assets of non-domiciled individuals are exempt from estate duty.

Our Shares are considered to be movable property. Accordingly, our Shares held by an individual domiciled in Singapore are subject to Singapore estate duty upon such individual's death. Singapore estate duty is payable to the extent that the value of our Shares aggregated with any other assets subject to Singapore estate duty exceeds \$600,000. Unless other exemptions apply to the other assets, for example, the separate exemption limit for residential properties, any excess beyond \$600,000 will be taxed at 5% on the first \$12,000,000 of the individual's Singapore chargeable assets and thereafter at 10%.

From January 1, 2006, a remission would be granted on the estate duty payable on the same assets arising from successive deaths within a two-year period. The amount of relief is based on a graduated scale dependent on the time lag between the successive deaths.

Prospective purchasers of the Offering Shares who are individuals, whether or not domiciled in Singapore, should consult their own tax advisors regarding the Singapore estate duty consequences of their ownership of our Shares.

United States Federal Income Taxation

The following is a description of the principal United States federal income tax consequences that may be relevant with respect to the acquisition, ownership and disposition of our ordinary shares. This description addresses only the United States federal income tax considerations of holders that are initial purchasers of our ordinary shares pursuant to the offering and that will hold such ordinary shares as capital assets. This description does not address tax considerations applicable to holders that may be subject to special tax rules, including:

- financial institutions or insurance companies;
- real estate investment trusts, regulated investment companies or grantor trusts;
- dealers or traders in securities or currencies;
- tax-exempt entities;
- persons that will hold our shares as part of a “hedging” or “conversion” transaction or as a position in a “straddle” for United States federal income tax purposes;
- certain former citizens or long-term residents of the United States;
- persons that have a “functional currency” other than the United States dollar; or
- holders that own or are deemed to own 10% or more, by voting power or value, of our shares.

Moreover, this description does not address the United States federal estate and gift or alternative minimum tax consequences of the acquisition, ownership and disposition of our ordinary shares.

This description is based on the Internal Revenue Code of 1986, as amended (the “Code”), existing, proposed and temporary United States Treasury Regulations and judicial and administrative interpretations thereof, in each case as in effect and available on the date hereof. The United States tax laws and the interpretation thereof are subject to change, which change could apply retroactively and could affect the tax consequences described below.

For purposes of this description, a “U.S. Holder” is a beneficial owner of our ordinary shares that, for United States federal income tax purposes, is:

- a citizen or resident of the United States;
- a partnership or corporation created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if such trust validly elects to be treated as a United States person for United States federal income tax purposes or if (1) a court within the United States is able to exercise primary supervision over its administration and (2) one or more United States persons have the authority to control all of the substantial decisions of such trust.

A “Non-U.S. Holder” is a beneficial owner of our ordinary shares that is not a U.S. Holder.

If a partnership (or any other entity treated as a partnership for United States federal income tax purposes) holds our ordinary shares, the tax treatment of the partnership and a partner in such partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its tax advisor as to its tax consequences.

You should consult your own tax advisor with respect to the United States federal, state, local and foreign tax consequences of acquiring, owning or disposing of our ordinary shares.

Internal Revenue Service Circular 230 Disclosure

Pursuant to Internal Revenue Service Circular 230, we hereby inform you that the description set forth herein with respect to U.S. federal tax issues was not intended or written to be used, and such

description cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the United States Internal Revenue Code. This description was written to support the marketing of the ordinary shares and is limited to the United States federal tax issues described herein. Additional issues may exist that could affect the United States federal tax treatment of an investment in the shares, or the matters that are the subject of the description, and this description does not consider or provide any conclusions with respect to any such additional issues. Taxpayers should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Distributions

Subject to the discussion below under “Passive Foreign Investment Company Considerations,” if you are a U.S. Holder, for United States federal income tax purposes, the gross amount of any distribution made to you of cash or property (other than certain distributions, if any, of our ordinary shares distributed pro rata to all our shareholders) with respect to your ordinary shares, before reduction for any Thai taxes withheld therefrom, will be included in your income as dividend income to the extent such distributions are paid out of our current or accumulated earnings and profits as determined under United States federal income tax principles. Subject to the discussion below under “Passive Foreign Investment Company Considerations,” non-corporate U.S. Holders generally will be taxed on such distributions at the lower rates applicable to long-term capital gains (i.e., gains from the sale of capital assets held for more than one year) with respect to taxable years beginning on or before December 31, 2008. In order to qualify for the preferential rate of taxation certain requirements must be met, including certain holding period requirements and the absence of certain risk reduction transactions with respect to our ordinary shares. However, such dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. Holders. In general, the amount of any distribution by a non-U.S. corporation that exceeds its current and accumulated earnings and profits as determined under United States federal income tax principles will be treated first as a tax-free return of adjusted tax basis in its ordinary shares and thereafter as capital gain. We do not maintain calculations of our earnings and profits under United States federal income tax principles.

If you are a U.S. Holder, and we pay a dividend in Baht, any such dividend will be included in your gross income in an amount equal to the United States dollar value of Baht on the date of receipt.

If you are a U.S. Holder, dividends paid to you with respect to your ordinary shares will be treated as foreign source income, which may be relevant in calculating your foreign tax credit limitation. For United States federal income tax purposes, you will be treated as having received the amount of any Thai taxes withheld by us and as then having paid over the withheld taxes to the Thai taxing authorities. As a result of this rule, the amount of dividend income included in gross income by you for United States federal income tax purposes with respect to a payment of dividends may be greater than the amount of cash actually received (or receivable) by you from us with respect to the payment. Subject to certain conditions and limitations, Thai tax withheld on dividends may be credited against your United States federal income tax liability or deducted from your taxable income. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends that we distribute generally will constitute “passive income” or, in the case of certain U.S. Holders, “financial services income” for taxable years beginning on or before December 31, 2006.

U.S. Holders should note that the “financial services income” category will be eliminated with respect to taxable years beginning after December 31, 2006. Thereafter, the foreign tax credit limitation categories will be limited to “passive category income” and “general category income.”

Subject to the discussion below under “Backup Withholding Tax and Information Reporting Requirements,” if you are a non-U.S. Holder, you generally will not be subject to United States federal income or withholding tax on dividends received by you on your ordinary shares, unless you conduct a trade or business in the United States and such income is effectively connected with that trade or business.

Sale or Exchange of Ordinary Shares

Subject to the discussion below under “Passive Foreign Investment Company Considerations,” if you are a U.S. Holder, you generally will recognize gain or loss on the sale or exchange of your ordinary shares equal to the difference between the amount realized on such sale or exchange and your adjusted tax basis in your ordinary shares. Such gain or loss will be capital gain or loss. If you are a non-corporate U.S. Holder, the maximum marginal United States federal income tax rate applicable to such gain will be lower than the maximum marginal United States federal income tax rate applicable to ordinary income

(other than certain dividends) if your holding period for such ordinary shares exceeds one year. Gain or loss, if any, recognized by you generally will be treated as United States source income or loss for United States foreign tax credit purposes. Consequently, you may not be able to use the foreign tax credit arising from any Thai tax imposed on the disposition of the shares as discussed above under “Thai Taxation—Taxation of Capital Gains” unless such credit can be applied (subject to applicable limitations) against tax due on other income treated as derived from foreign sources. The deductibility of capital losses is subject to limitations.

If you are a U.S. Holder, the initial tax basis of your ordinary shares will be the United States dollar value of the Baht-denominated purchase price determined on the date of purchase. If the ordinary shares are treated as traded on an “established securities market,” a cash basis U.S. Holder, or, if it elects, an accrual basis U.S. Holder, will determine the dollar value of the cost of such ordinary shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. If you convert United States dollars to Baht and immediately use that currency to purchase ordinary shares, such conversion generally will not result in taxable gain or loss to you.

With respect to the sale or exchange of ordinary shares, the amount realized generally will be the United States dollar value of the payment received determined on (1) the date of receipt of payment in the case of a cash basis U.S. Holder and (2) the date of disposition in the case of an accrual basis U.S. Holder. If the ordinary shares are treated as traded on an “established securities market,” a cash basis taxpayer, or, if it elects, an accrual basis taxpayer, will determine the United States dollar value of the amount realized by translating the amount received at the spot rate of exchange on the settlement date of the sale.

Subject to the discussion below under “Backup Withholding Tax and Information Reporting Requirements,” if you are a Non-U.S. Holder, you generally will not be subject to United States federal income or withholding tax on any gain realized on the sale or exchange of such ordinary shares unless:

- such gain is effectively connected with your conduct of a trade or business in the United States; or
- you are an individual and have been present in the United States for 183 days or more in the taxable year of such sale or exchange and certain other conditions are met.

Passive Foreign Investment Company Considerations

A non-U.S. corporation will be classified as a “passive foreign investment company,” or a PFIC, for United States federal income tax purposes in any taxable year in which, after applying certain look-through rules, either

- at least 75 percent of its gross income is “passive income”; or
- at least 50 percent of the average value of its gross assets is attributable to assets that produce “passive income” or are held for the production of passive income.

Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities and securities transactions. Based on certain estimates of our gross income and gross assets and the nature of our business, we believe that we were not a PFIC for our taxable year ending December 31, 2005 and do not expect that we will be a PFIC for the current taxable year. Our status in future years will depend on our assets and activities in those years. We have no reason to believe that our assets or activities will change in a manner that would cause us to be classified as a PFIC, but there can be no assurance that we will not be considered a PFIC for any taxable year. If we were a PFIC, and you are a U.S. Holder, you generally would be subject to imputed interest charges and other disadvantageous tax treatment (including the denial of the taxation of such dividends at the lower rates applicable to long-term capital gains, as discussed above under “Distributions”) with respect to any gain from the sale or exchange of, and certain distributions with respect to, your ordinary shares.

There are a variety of elections that may alleviate certain tax consequences of holding stock in a PFIC. If we were a PFIC, it is expected that the conditions necessary for making certain of such elections will not apply in the case of our ordinary shares. You should consult your own tax advisor regarding the tax consequences that would arise if we were treated as a PFIC.

Backup Withholding Tax and Information Reporting Requirements

United States backup withholding tax and information reporting requirements generally apply to certain payments to certain noncorporate holders of stock. Information reporting generally will apply to payments of dividends on, and to proceeds from the sale or redemption of, ordinary shares made within the United States or by a United States payor or United States middleman to a holder of ordinary shares (other than an exempt recipient, including a corporation, a payee that is not a United States person that provides an appropriate certification, and certain other persons). A payor will be required to withhold backup withholding tax from any payments of dividends on, or the proceeds from the sale or redemption of, ordinary shares within the United States or by a United States payor or United States middleman to a holder, other than an exempt recipient, if such holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, such backup withholding tax requirements. The backup withholding tax rate is 28 percent for years through 2010. In the case of such payments made within the United States to a foreign simple trust, a foreign grantor trust or a foreign partnership, other than payments to a foreign simple trust, a foreign grantor trust or a foreign partnership that qualifies as a “withholding foreign trust” or a “withholding foreign partnership” within the meaning of such United States Treasury Regulations and payments to a foreign simple trust, a foreign grantor trust or a foreign partnership that are effectively connected with the conduct of a trade or business in the United States, the beneficiaries of the foreign simple trust, the persons treated as the owners of the foreign grantor trust or the partners of the foreign partnership, as the case may be, will be required to provide the certification discussed above in order to establish an exemption from backup withholding tax and information reporting requirements. Moreover, a payor may rely on a certification provided by a payee that is not a United States person only if such payor does not have actual knowledge or a reason to know that any information or certification stated in such certificate is incorrect.

The above description is not intended to constitute a complete analysis of all tax consequences relating to acquisition, ownership and disposition of our ordinary shares. You should consult your own tax advisor concerning the tax consequences of your particular situation.

PLAN OF DISTRIBUTION

We, the selling shareholder and the initial purchasers for the International Offering named below (together, the “initial purchasers”) will be entering into a purchase agreement on Price Determination Date pursuant to which we and the selling shareholder have agreed to sell, and each initial purchaser has severally agreed to purchase, subject to certain conditions, in aggregate, 4,644,455,000 Offering Shares.

The initial purchasers have agreed to purchase all of the Offering Shares sold under the purchase agreement if they purchase any Offering Shares.

We and the selling shareholder have also entered into an offer agreement dated May 19, 2006, with the Singapore Lead Underwriters for the sale of the Offering Shares in Singapore. Subject to the terms and conditions in the offer agreement, and concurrently with the sale of 4,644,455,000 Offering Shares to the initial purchasers pursuant to the purchase agreement, we and the selling shareholder have agreed to appoint the Singapore Lead Underwriters to procure subscribers and purchasers, and the Singapore Lead Underwriters severally have agreed to procure subscribers and purchasers, or failing which, to subscribe for and purchase the number of Offering Shares indicated in the following table.

<u>Singapore Lead Underwriters</u>	<u>Number of Offering Shares</u>
Deutsche Bank AG, Singapore Branch	61,111,250
J.P. Morgan (S.E.A.) Limited	61,111,250
Merrill Lynch (Singapore) Pte. Ltd.	61,111,250
DBS Bank Ltd	<u>61,111,250</u>
Total	<u>244,445,000</u>

The closing of the International Offering is conditional upon the closing of the Singapore Public Offer and *vice versa*.

The initial purchasers are offering the Offering Shares, subject to prior sale, when, as and if issued or sold to and accepted by them, subject to certain conditions precedent including approval of legal matters by their counsel, including the validity of the Shares and other matters, and the receipt by the initial purchasers of officer’s certificates and legal opinions. The initial purchasers reserve the right to withdraw, cancel or modify such offers and to reject orders in whole or in part.

The initial purchasers may make sub-placement arrangements in respect of their obligations under the purchase agreement, upon such terms and conditions as they deem fit.

We and the selling shareholder have agreed to indemnify the initial purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments the initial purchasers may be required to make in respect of those liabilities.

Commission

The initial purchasers have agreed to purchase the Offering Shares at the Offering Price set forth on the cover page of this document. We and the selling shareholder will pay the initial purchasers an underwriting commission on these Shares *pro rata* in proportion to the number of Offering Shares that we and the selling shareholder are respectively selling in the Combined Offering.

The aggregate expenses of the Combined Offering, not including the initial purchasers’ commission and the underwriting fees to the Singapore Lead Underwriters, are estimated at S\$15.6 million (or US\$9.8 million) and are payable by us. Purchasers of our Offering Shares, other than those in the Singapore Public Offer, will be required to pay to the initial purchasers a brokerage fee equal to 1.0% of the Offering Price at the time of settlement.

Over-allotment Option

We have granted an option to J.P. Morgan (S.E.A.) Limited, as the over-allotment and stabilization agent, on its own behalf and on behalf of the initial purchasers, to purchase up to 733,335,000 Additional Shares at the Offering Price. We will pay or allow the initial purchasers a commission in respect of these Shares. The over-allotment and stabilization agent may exercise this option from the date of this document until the date that is 30 days from and including the date of commencement of trading of our Shares on the SGX-ST, solely to return Shares borrowed from the selling shareholder pursuant to the securities

lending and borrowing agreement described below under “—Securities Lending and Borrowing Arrangement.”

Securities Lending and Borrowing Agreement

J.P. Morgan (S.E.A.) Limited as over-allotment and stabilization agent, will enter into a securities lending and borrowing agreement with the selling shareholder to borrow up to 733,335,000 Shares from it, which will be borrowed before the commencement of trading of our Shares on the SGX-ST, to cover over-allotments, if any. Any Shares that may be borrowed by the over-allotment and stabilization agent under the securities lending and borrowing agreement will be returned by the over-allotment and stabilization agent to the selling shareholder either through the purchase of Shares in the open market by the over-allotment and stabilization agent in the conduct of stabilization activities or through exercise of the Over-Allotment Option by the over-allotment and stabilization agent on behalf of itself and the initial purchasers.

Shares Are Not Being Registered under the Securities Act

The initial purchasers, directly or through their affiliates, propose to offer the Offering Shares for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A and Regulation S under the Securities Act. The initial purchasers will not offer or sell the Shares except:

- within the United States to persons they reasonably believe to be qualified institutional buyers within the meaning of Rule 144A; or
- outside the United States, pursuant to offers and sales to non-U.S. persons within the meaning of Regulation S.

In addition, until the expiration of 40 days after the commencement of this offering, an offer or sale of the Offering Shares within the United States by a dealer (whether or not participating in this offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

Shares sold pursuant to Regulation S may not be offered or resold within the United States or to U.S. persons (as defined in Regulation S), except under an exemption from the registration requirements of the Securities Act or under a registration statement declared effective under the Securities Act.

Each purchaser of the Offering Shares will be deemed to have made the acknowledgements, representations and agreements as described under “Transfer Restrictions.”

Intersyndicate Agreement

The initial purchasers and the Singapore Lead Underwriters will enter into an intersyndicate agreement that provides for the coordination of their activities. Under the intersyndicate agreement, the Singapore Lead Underwriters may sell Offering Shares to the initial purchasers for purposes of resale at the Offering Price, less an amount not greater than the underwriting fees or commission, as the case may be.

No Sales of Similar Securities and Lock-up

We and the selling shareholder have agreed, with exceptions, not to sell or transfer any Shares from the date of this document until the date which is 180 days after the closing date of this Offering without first obtaining the written consent of the Joint Global Coordinators. Specifically, we and the selling shareholder have agreed not to directly or indirectly:

- issue, offer, pledge, sell, contract to sell or otherwise dispose of any Shares,
- sell or grant any option or contract to purchase any Shares,
- purchase any option or contract to sell any Shares,
- lend or otherwise dispose of or transfer any Shares,
- request or demand that we file a registration statement related to the Shares, or

- enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any Shares whether any such swap or transaction is to be settled by delivery of Shares or other securities, in cash or otherwise.

This lock-up provision applies to Shares and to securities convertible or exchangeable or exercisable for or repayable with Shares.

In addition, the following persons have undertaken not to offer, sell, contract to sell, pledge, grant any option to purchase, lend, transfer, mortgage, charge, make any short sales or otherwise dispose of any part of their respective Shares and/or shares in other companies as indicated below (the “Relevant Shares”), or any options or warrants to purchase any Relevant Shares (or any securities convertible into, exchangeable for or that represent the right to receive, subscribe for or purchase any Relevant Shares), or enter into a swap, hedging or other arrangement that transfers all or any portion of the economic consequences associated with the ownership of the Relevant Shares (or any securities convertible into, exchangeable for or that represent the right to receive, subscribe for or purchase any Relevant Shares), without, in each case, the prior written consent of the Joint Global Coordinators, for a period of 180 days from the Listing Date.

- each of Siriwana Company Limited, Good Show Holdings Limited, Risen Mark Enterprise Limited, LSPV Co., Ltd., Mr. Charoen Sirivadhanabhakdi, Khunying Wanna Sirivadhanabhakdi, Ms. Atinant Sirivadhanabhakdi, Ms. Wallapa Traisorat, Mr. Thapana Sirivadhanabhakdi, Ms. Thapanee Sirivadhanabhakdi and Mr. Panot Sirivadhanabhakdi in respect of the Shares directly held by each of them;
- MM Group Limited, in respect of the shares of each of Good Show Holdings Limited and Risen Mark Enterprise Limited directly held by it; and
- Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi, in respect of the shares of MM Group Limited directly held by each of them.

These lock-up restrictions will not, however, apply to 733,335,000 Shares that may be lent by the selling shareholder under the securities lending and borrowing agreement described in “—Securities Lending and Borrowing Agreement” above, provided that these lock-up restrictions will apply to the Shares returned to the selling shareholder pursuant to the securities lending and borrowing agreement.

Price Stabilization

In connection with this Combined Offering, the over-allotment and stabilization agent, on behalf of the initial purchasers, may engage in transactions that stabilize the market price of the Shares. Such transactions consist of bids or purchases to peg, fix or maintain the price of the Shares. If the over-allotment and stabilization agent creates a short position in the Shares in connection with this Offering, that is, if they sell more Shares than are listed on the cover page of this document, the over-allotment and stabilization agent may reduce that short position by purchasing Shares in the open market. The over-allotment and stabilization agent may also elect to reduce any short position by exercising all or part of the Over-Allotment Option described above. Purchases of a security to stabilize the price or to reduce a short position may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected on the SGX-ST in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. Such transactions, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the date of commencement of trading of our Shares on the SGX-ST, or (ii) the date when the over-allotment of our Shares that are the subject of the Over-allotment Option has been fully covered (either through the purchase of our Shares on the SGX-ST or the exercise of the Over-allotment Option, or through both).

None of us, the selling shareholder or the initial purchasers makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the Shares. In addition, none of us, the selling shareholder or the initial purchasers makes any representation that the over-allotment and stabilization agent will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

Selling Restrictions

Thailand

Each of the initial purchasers has represented and agreed that it has not offered or sold, and will not offer or sell, Offering Shares to persons in Thailand other than under circumstances which do not constitute an offer for sale of Offering Shares to the public for the purposes of the Securities and Exchange Act of 1992 of Thailand or require approval from the Office of the Securities and Exchange Commission of Thailand.

Japan

The Offering Shares have not been and will not be registered under the Securities and Exchange Law of Japan (Law. No. 25 of 1948 as amended) (the “SEL”) and disclosure under the SEL has not been and will not be made with respect to the Offering Shares. No Offering Shares have, directly or indirectly, been offered or sold, and may not, directly or indirectly, be offered or sold in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly in Japan or to, or for the benefit of, any resident of Japan except (1) pursuant to an exemption from the registration requirements of the SEL and (2) in compliance with any other relevant laws, regulations and governmental guidelines of Japan.

Hong Kong

Each initial purchaser has represented and agreed that: (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Offering Shares other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Offering Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Offering Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the Offering Shares has been or will be registered with the Securities Commission of Malaysia pursuant to the Securities Commission Act, 1993 as the offer for purchase of, or invitation to purchase the Offering Shares is meant to qualify as an “excluded offer or excluded invitation” within the meaning of Section 38 of the Securities Commission Act, 1993. Each initial purchaser has severally represented, warranted or agreed that the Offering Shares will not be offered, sold, transferred or otherwise disposed, directly or indirectly, nor any document or other material in connection therewith distributed, in Malaysia, other than to persons falling within any one of the categories or persons specified in Schedule 2 and/or Schedule 3 of the Securities Commission Act, 1993 who are also persons to whom any offer or invitation to purchase or sell would be an excluded offer or invitation within the meaning of Section 38 of the Securities Commission Act, 1993.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each a “Relevant Member State”) an offer to the public of the Offering Shares may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000 and (iii) an annual net turnover of more than €50,000,000 as shown in the last annual or consolidated accounts;
- by the initial purchasers to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Joint Global Coordinators for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Offering Shares shall result in a requirement for the publication by the Issuer or any initial purchaser of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purpose of this provision, the expression an “offer to the public” in relation to any Offering Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of this Combined Offering to be offered so as to enable an investor to decide to purchase the Offering Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Member State; and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measures in each Relevant Member State.

United Kingdom

Each of the initial purchasers has represented and agreed that:

- it has complied and will comply with all applicable FSMA provisions with respect to anything done by it in relation to the Offering Shares in, from or otherwise involving the United Kingdom; and
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received by it in connection with the issue or sale of any Offering Shares in circumstances in which FSMA section 21(1) does not apply to us.

This document is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the “Financial Promotion Order”), (ii) are persons falling within Article 49(2)(a) to (d) (“high net worth companies, unincorporated associations etc”) of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This document is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons.

In connection with the Combined Offering, the initial purchasers are not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for providing advice in relation to the offering.

In connection with this Combined Offering, the over-allotment and stabilization agent may over-allot or effect transactions with a view to supporting the market price of the Offering Shares at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on any initial purchaser to do this. Such stabilizing, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

Ireland

The Combined Offering will not be open to the public within the meaning of Prospectus Directive in Ireland other than to Qualified Investors within the meaning of Regulation 2 of the Prospectus (Directive 2003/71/EC) Regulation 2005 (the “Regulations”) until this document has been duly approved in accordance with the Prospectus Directive and the Irish Financial Services Regulatory Authority has been notified in accordance with Regulation 55 of the Regulations and the Combined Offering shall lapse automatically on the date which is 12 months after the date of publication of this document. The initial

purchasers have agreed not to make the offer available except in accordance with the foregoing restrictions.

The Combined Offering is not available to individuals in Ireland unless those individuals themselves provide investment business services or investment advice (each as defined in the Investment Intermediaries Act 1995 as amended of Ireland) on a professional basis. The initial purchasers have agreed not to make the Combined Offering or distribute any offer materials or other advertisements connected with the Combined Offering to any individual in Ireland unless that individual himself or herself provides such investment business services or investment advice on a professional basis.

Italy

Each initial purchaser acknowledges and agrees that the Combined Offering has not been cleared by the Italian Securities Exchange Commission (Commissione Nazionale per le Società e la Borsa, the “CONSOB”) pursuant to Italian securities legislation and, accordingly, acknowledges and agrees that the Offering Shares may not and will not be offered, sold or delivered, nor may or will copies of the offering document or any other documents relating to the Offering Shares or the offering document be distributed in Italy other than to professional investors (*investitori professionali*), as defined in Article 31, paragraph 2 of CONSOB Regulation No. 11522 of July 1, 1998, as amended (“Regulation No. 11522”) or pursuant to another exemption from the requirements of Articles 94 and seq. of Legislative Decree No. 58 of February 24, 1998 (the “Italian Finance Law”) and CONSOB Regulation No. 11971 of May 14, 1999 (“Regulation No. 11971”).

Each initial purchaser acknowledges and agrees that any offer, sale or delivery of the Offering Shares or distribution of copies of the offering document or any other document relating to the Offering Shares or the offering document in Italy may and will be effected in accordance with all Italian securities, tax, exchange control and other applicable laws and regulations, and, in particular, will be:

- made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Legislative Decree No. 385 of September 1, 1993, as amended (the “Italian Banking Law”), Legislative Decree No. 58 of February 24, 1998, as amended, CONSOB Regulation No. 11522 of July 1, 1998, and any other applicable laws and regulations;
- in compliance with Article 129 of the Italian Banking Law and the implementing guidelines of the Bank of Italy; and
- in compliance with any other applicable notification requirement or limitation which may be imposed upon the offer of shares by CONSOB or the Bank of Italy.

Any investor purchasing the Offering Shares in this Combined Offering is solely responsible for ensuring that any offer or resale of the Offering Shares it purchased in this Combined Offering occurs in compliance with applicable laws and regulations.

This offering document and the information contained herein are intended only for the use of its recipient and are not to be distributed to any third party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this document may rely on it or its content.

In addition to the above (which shall continue to apply to the extent not inconsistent with the implementing measures of the Prospectus Directive in Italy), after the implementation of the Prospectus Directive in Italy, the restrictions, acknowledgments and agreements set out under the heading “European Economic Area” above shall apply to Italy.

Sweden

This is not a prospectus under, and has not been prepared in accordance with the prospectus requirements provided for in, the Swedish Financial Instruments Trading Act (lagen (1991:980) om handel med finansiella instrument) nor any other Swedish enactment. Neither the Swedish Financial Supervisory Authority nor any other Swedish public body has examined, approved, or registered this document. Accordingly, this document may not be made available, nor may the Offering Shares otherwise be marketed and offered for sale, in Sweden other than in circumstances that are deemed not to be an offer to the public under the Financial Instruments Trading Act (1991:980).

Denmark

This document has not been filed with or approved by any authority in the Kingdom of Denmark. The Offering Shares have not been offered or sold and may not be offered, sold or delivered directly or indirectly in the Kingdom of Denmark, unless in compliance with the Danish Act on Trading in Securities and the Danish Executive Order No. 166 of March 13, 2003 on the First Public Offer of Certain Securities issued pursuant hereto as amended from time to time.

Norway

This document has not been approved by or registered with the Oslo Stock Exchange under Chapter 5 of the Norwegian Securities Trading Act 1997. No Offering Shares have been offered or sold, and Offering Shares may not be offered or sold, to any persons in Norway in any way that would constitute an offer to the public other than to persons who invest in securities as part of their professional activity and who are registered with the Oslo Stock Exchange in this capacity, or otherwise only in circumstances where an exemption from the duty to publish an offering memorandum under the Norwegian Securities Trading Act 1997 shall be applicable.

The Netherlands

Each of the initial purchasers represents and agrees that (a) it is a professional market party (“PMP”) within the meaning of Section 1(e) of the Exemption Regulation of 26 June 2002 in respect of the Act on the Supervision of the Credit System 1992 (*Vrijstellingsregeling Wet toezicht kredietwezen 1992*), as amended from time to time (the “Exemption Regulation”), where applicable, read in conjunction with the policy rules of the Dutch Central Bank (*de Nederlandsche Bank N.V.*) on key concepts of market access and enforcement of the Act on the Supervision of the Credit System 1992 (*Wet toezicht kredietwezen 1992*) published on 29 December 2004 (*Beleidsregel 2005 kernbegrippen markttoetreding en handhaving Wtk 1992*) (the “Policy Rules”), and Section 2 of the Policy Rules, as amended, supplemented and restated from time to time, and (b) it has offered or sold and will offer or sell, directly or indirectly, as part of the initial distribution or at any time thereafter, the Offering Shares exclusively to PMPs.

Belgium

This offering document has not been notified to or approved by the Belgian Banking, Finance and Insurance Commission (*“Commission bancaire, financière et des assurances”/“Commissie voor het Bank-, Financier- en Assurantiewezen”*) and is therefore transmitted on a purely confidential basis. Accordingly, the Offering Shares may not be offered for sale, sold or marketed in Belgium by means of a public offering under Belgian law. Any offer to sell the Offering Shares in Belgium will be permitted exclusively to either:

- (i) persons who each subscribe for a minimum of EUR 50,000; or
- (ii) qualified investors, acting for their own account, and listed in Article 2(1)(e) of the Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC.

In addition, any offer to sell or sale of the Offering Shares must be made in compliance with the provisions of the Law of July 14, 1991 on consumer protection and trade practices and its implementing legislation to the extent applicable pursuant to the Royal Decree of December 5, 2000 rendering applicable to securities and financial instruments certain provisions of the Law of July 14, 1991 on consumer protection and trade practices.

Switzerland

The Offering Shares may not and will not be publicly offered, distributed or re-distributed on a professional basis in or from Switzerland and neither this document nor any other solicitation for investments in the Offering Shares may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156 or 652a of the Swiss Code of Obligations or of Article 2 of the Federal Act on Investment Funds of March 18, 1994. This document may not be copied, reproduced, distributed or passed on to others without the initial purchasers’ prior written consent. This document is not a prospectus within the meaning of Articles 1156 and 652a of the Swiss Code of Obligations or a listing prospectus according to article 32 of the Listing Rules of the Swiss Exchange and may not comply with the information standards required thereunder. We will not apply for a

listing of the Offering Shares on any Swiss stock exchange or other Swiss regulated market and this document may not comply with the information required under the relevant listing rules. The Offering Shares offered hereby have not and will not be registered with the Swiss Federal Banking Commission and has not and will not be authorized under the Federal Act on Investment Funds of March 18, 1994. The investor protection afforded to acquirers of investment fund certificates by the Federal Act on Investment Funds of March 18, 1994 does not extend to acquirers of the Offering Shares.

France

This offering document (including any amendment, supplement or replacement thereto) is not being distributed in the context of a public offer in France within the meaning of Article L. 411-1 of the French Monetary and Financial Code (*Code monétaire et financier*), and thus this offering document has not been and will not be submitted to the *Autorité des Marchés Financiers* for approval in France and accordingly may not and will not be distributed to the public in France.

The Offering Shares have not been and will not be offered to the public in France, except to

- (i) qualified investors (*investisseurs qualifiés*) and/or a restricted group of investors (*cercle restreint d'investisseurs*), in each case, acting for their own account, all as defined in, and in accordance with, Articles L. 411-1, L. 411-2, D. 411-1 and D. 411-2 of the French Monetary and Financial Code and/or
- (ii) persons licensed to provide the investment service of portfolio management for the account of third parties.

This offering document is not to be further distributed or reproduced (in whole or in part) in France by the recipients of this offering document. This offering document has been distributed on the understanding that such recipients will only participate in the issue or sale of the Offering Shares for their own account and undertake not to transfer, directly or indirectly, the Offering Shares to the public in France, other than in compliance with all applicable laws and regulations and in particular with Articles L. 411-1 and L. 411-2 of the French Monetary and Financial Code.

Australia

This document does not constitute a prospectus or other disclosure document under the Corporations Act 2001 (Cth) (Australian Corporations Act) and does not purport to include the information required of a disclosure document under the Australian Corporations Act. Any offer in Australia of the Offering Shares under this document may only be made to persons who are “sophisticated investors” (within the meaning of section 708(8) of the Australian Corporations Act), to “professional investors” (within the meaning of section 708(11) of the Australian Corporations Act) or otherwise under exemptions in section 708 of the Australian Corporations Act, so that it is lawful to offer the Offering Shares without disclosure to investors under Part 6D.2 of the Australian Corporations Act.

Any offer of Offering Shares for on-sale that is received in Australia within 12 months after their issue by the Company or their sale by the selling shareholder may need prospectus disclosure to investors under Part 6D.2 of the Australian Corporations Act, unless such offer for on-sale in Australia is conducted in reliance on a prospectus disclosure exemption under section 708 of the Act or otherwise. Any persons acquiring Offering Shares should observe such Australian on-sale restrictions.

United Arab Emirates

Each initial purchaser will be deemed to have represented and agreed that it has not offered or sold, and will not offer or sell, directly or indirectly, any Offering Shares in the United Arab Emirates, except:

- (i) such Offering Shares as approved for listing by the Emirates Securities and Commodities Authority, or any other authorized and competent authority appointed with the sole or ancillary role of regulating the financial markets in the UAE, as the case may be;
- (ii) in compliance with all applicable laws and regulations of the United Arab Emirates; and
- (iii) through persons or corporate entities authorized and licensed to provide investment advice and/or engage in brokerage activity and/or trade in respect of foreign securities in the United Arab Emirates.

General

Buyers of Offering Shares sold by the initial purchasers may be required to pay stamp taxes and or other charges in accordance with the laws and practice of the country of purchase.

No action has been or will be taken in any jurisdiction that would permit a public offering of the shares being offered outside of Singapore, or the possession, circulation or distribution of this document or any other material relating to us or the shares, in any jurisdiction where action for the purpose is required. Accordingly, the Offering Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisements in connection with the Offering Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

It is expected that delivery of the Offering Shares offered in the Combined Offering will be made through the facilities of CDP (scripless system) approximately five business days after payment.

There may be some uncertainty under Thai law as to the status of investors in the Shares sold by us in the period between payment for such Shares and registration of the increase in paid-in registered capital. It is possible that, during this period, investors will not be Shareholders and instead will be our unsecured creditors. The initial purchasers or their affiliates may make arrangements with particular investors in the Offering Shares to provide certain undertakings with respect to the delivery of the Offering Shares purchased by them.

Other Relationships

The initial purchasers, Singapore Lead Underwriters and certain of their affiliates may have performed investment banking and advisory services for us and our affiliates from time to time for which they have received customary fees and expenses. The initial purchasers and Singapore Lead Underwriters may, from time to time, trade in our securities, engage in transactions with, and perform services for us and our affiliates in the ordinary course of their business.

Persons Intending to Subscribe and/or Purchase in the Combined Offering

We are not aware of any person who intends to purchase and/or subscribe for more than 5% of the Offering Shares pursuant to the Combined Offering.

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of Shares offered and sold in reliance on Rule 144A or Regulation S under the Securities Act.

The Shares have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an effective registration statement or in accordance with an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each initial purchaser has agreed that, except as permitted by the purchase agreement, it will not offer or sell Shares being offered in this Offering (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering and the closing date (the "Distribution Compliance Period"), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Shares (other than a sale pursuant to Rule 144A) during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Shares within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

The Offering Shares are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S. The purchase agreement provides that the initial purchasers may directly or through their respective United States broker-affiliates arrange for the offer and resale of Offering Shares within the United States only to qualified institutional buyers in reliance on the Rule 144A.

In addition, until the expiration of the Distribution Compliance Period, an offer or sale of Shares within the United States by a dealer (whether or not participating in the Combined Offering) may violate the registration requirements of the Securities Act if such offer is made otherwise than pursuant to Rule 144A or another exemption from registration under the Securities Act.

RULE 144A RESTRICTIONS

Each purchaser of Shares in reliance on Rule 144A, by its acceptance of this document and of Shares, will be deemed to have acknowledged, represented to and agreed with the Company, the selling shareholder and the initial purchasers as follows (terms used herein that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) It (A) is a qualified institutional buyer within the meaning of Rule 144A, (B) is aware that the sale of Shares to it is being made in reliance on Rule 144A and (C) is acquiring such Shares for its own account or for the account of a qualified institutional buyer, as the case may be.

(2) It understands and agrees that such Shares have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except (A) (i) to a person who the seller reasonably believes is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act or (iii) pursuant to an exemption from registration under the Securities Act provided by Rule 144 under the Securities Act (if available) and (B) in accordance with all applicable securities laws of the States of the United States.

(3) It understands that such Shares (to the extent they are in certificated form), unless otherwise determined by us in accordance with applicable law, will bear a legend substantially to the following effect:

THE SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OR ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHO THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION

PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

Prospective purchasers are hereby notified that sellers of the Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

REGULATION S RESTRICTIONS

Each person who purchases Shares in offshore transactions in reliance on Regulation S under the Securities Act, and each purchaser of such Shares in subsequent resales prior to the end of the Distribution Compliance Period, by its acceptance of this document and of Shares, will be deemed to have acknowledged, represented to and agreed with our Company, the selling shareholder and the initial purchasers as follows (terms used herein that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) It acknowledges (or if it is a broker-dealer, its customer has confirmed to it that such customer acknowledges) that such Shares have not been and will not be registered under the Securities Act.

(2) It certifies that either (A) it is, or at the time such Shares are purchased will be, the beneficial owner of such Shares, and (i) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S under the Securities Act) and (ii) it is not an affiliate of our company or a person acting on behalf of such an affiliate, or (B) it is a broker-dealer acting on behalf of its customer, and its customer has confirmed to it that (i) such customer is, or at the time such Shares are purchased will be, the beneficial owner of such Shares, (ii) such customer is not a U.S. person and it is located outside the United States (within the meaning of Regulation S under the Securities Act) and (iii) such customer is not an affiliate of our company or a person acting on behalf of such an affiliate.

(3) It agrees (or if it is a broker-dealer, its customer has confirmed to it that such customer agrees) that prior to the expiration of the Distribution Compliance Period, it (or such customer) will not offer, sell, pledge or otherwise transfer such Shares except (A) (i) to a person whom it reasonably believes (or it and anyone acting on its behalf reasonably believes) is a qualified institutional buyer in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S and (B) in accordance with all applicable securities laws of the States of the United States.

Any resale or other transfer, or attempted resale or other transfer, made other than in compliance with the above-stated restrictions shall not be recognized by our Company.

Each purchaser of Shares offered in reliance on Regulation S will also be deemed to have represented that it is aware that the SGX-ST is a not “designated offshore securities market” within the meaning of Regulation S.

In addition, each prospective purchaser of Shares, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with our Company, the selling shareholder and the initial purchasers as follows:

(1) It acknowledges that none of our Company, the selling shareholder, the initial purchasers or any person representing our Company, the selling shareholder or the initial purchasers has made any representation to it with respect to our Company, the selling shareholder or the Offering or sale of the Shares, other than the information contained or incorporated by reference in this document, which document has been delivered to it and upon which it is relying in making its investment decision with respect to the Shares; and it has had access to such financial and other information concerning our Company and the Shares as it has deemed necessary in connection with its decision to purchase the Shares.

(2) It acknowledges that our Company, the selling shareholder and the initial purchasers and others will rely upon the truth and accuracy of the acknowledgments, representations and agreements contained under this section of the document entitled “Transfer Restrictions” and agrees that, if any of the acknowledgments, representations or agreements deemed to have been made by it through its purchase of the Shares are no longer accurate, it shall promptly notify our Company, the selling shareholder and the initial purchasers; and if it is acquiring any Shares as fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

LEGAL MATTERS

Certain legal matters in connection with this Combined Offering will be passed upon for us and the selling shareholder by White & Case LLP, Singapore and New York, with respect to matters of U.S. federal law. The validity of the Offering Shares and certain legal matters in connection with this Combined Offering will be passed upon for us and the selling shareholder by White & Case (Thailand) Limited with respect to matters of Thai law. Certain legal matters as to Singapore law will be passed upon for us and the selling shareholder by Venture Law LLC. In rendering its opinion, White & Case LLP may rely as to all matters of Thai law on White & Case (Thailand) Limited and on all matters of Singapore law on Venture Law LLC.

Certain legal matters in connection with this Combined Offering will be passed upon for the initial purchasers by Shearman & Sterling LLP, with respect to matters of U.S. federal law and by Allen & Overy (Thailand) Co. Ltd., with respect to matters of Thai law, and by Allen & Gledhill, with respect to matters of Singapore law.

Each of White & Case LLP, White & Case (Thailand) Limited, Venture Law LLC, Shearman & Sterling LLP, Allen & Overy (Thailand) Co., Ltd. and Allen & Gledhill does not make, or purport to make, any statement in this document and is not aware of any statement in this document which purports to be based on a statement made by it, and it makes no representation, express or implied, regarding, and takes no responsibility for, any statement in or omission from this document.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the fiscal years ended December 31, 2003, 2004 and 2005 have been prepared in accordance with IFRS and included in this document, have been audited by KPMG Phoomchai Audit Ltd, independent auditors, as stated in their report appearing in this document and have been so included in reliance upon their authority as experts in accounting and auditing. We have also included in this document our financial statements as of and for the fiscal years ended December 31, 2003, 2004 and 2005 prepared in accordance with Thai GAAP, which have been audited by KPMG Phoomchai Audit Ltd, independent auditors, as stated in their report appearing in this document and have been so included in reliance upon their authority as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2005 and 2006 prepared in accordance with IFRS included in this document, KPMG Phoomchai Audit Ltd. have reported that they applied limited procedures in accordance with applicable International Standards on Review Engagements. However, their separate review report included in this document states that they did not audit and they do not express an opinion on those unaudited condensed consolidated interim financial statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

With respect to the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2005 and 2006 prepared in accordance with Thai GAAP included in this document, KPMG Phoomchai Audit Ltd. have reported that they applied limited procedures in accordance with applicable auditing standards to review engagements in Thailand. However, their separate review report included in this document states that they did not audit and they do not express an opinion on those unaudited condensed consolidated interim financial statements. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied.

For the purposes of complying with the Securities and Futures Act only, KPMG Phoomchai Audit Ltd has given and has not withdrawn its written consent to the issue of this document with the inclusion of:

- its report dated 31 March 2006 on the consolidated financial statements of Thai Beverage Public Company Limited and its Subsidiaries for the years ended 31 December 2005, 2004 and 2003 prepared in accordance with IFRS;
- its review report dated 26 April 2006 on the unaudited condensed consolidated interim financial statements of Thai Beverage Public Company Limited and its Subsidiaries for the three-month periods ended 31 March 2006 and 2005 prepared in accordance with IFRS;
- its report dated 31 March 2006 on the consolidated financial statements of Thai Beverage Public Company Limited and its Subsidiaries for the years ended 31 December 2005, 2004 and 2003 prepared in accordance with Thai GAAP; and
- its review report dated 26 April 2006 on the unaudited condensed consolidated interim financial statements of Thai Beverage Public Company Limited and its Subsidiaries for the three-month periods ended 31 March 2006 and 2005 prepared in accordance with Thai GAAP,

which have been prepared for the purposes of incorporation in this document in the form and context in which they are respectively included and references to its name in the form and context in which it appears in this document and to act in such capacity in relation to this document.

A written consent under the Securities and Futures Act is different from a consent issued under Section 7 of the United States Securities Act of 1933 (the "U.S. Securities Act"), which is applicable only to transactions involving securities registered under the U.S. Securities Act. As the Shares in the Offering have not and will not be registered under the U.S. Securities Act, KPMG Phoomchai Audit Ltd has not issued a consent to the inclusion of its aforementioned reports in this document as that term is used under the U.S. Securities Act.

EXPERT

Canadean Limited of 12 Faraday Court, Rankine Road, Daneshill, Basingstoke, Hants, RG24 8PF, England has given, and has not withdrawn, their written consent to the inclusion of their name and certain industry information provided by them in their reports, “The Beer Service, Annual Report—2005 Cycle, Thailand” and “The Wine and Spirits Service, Spirits Annual Report—2005 Cycle, Thailand” and all references thereto and the form and context in which they are included in this document and all references to their name and the form and context in which they appear in this document and to act in such capacity in relation to this document.

Canadean Limited did not prepare “The Beer Service, Annual Report—2005 Cycle, Thailand” and “The Wine and Spirits Service, Spirits Annual Report—2005 Cycle, Thailand” exclusively for inclusion in this document.

GENERAL AND STATUTORY INFORMATION

Statutory Matters

None of our Directors or Executive Officers is or was involved in any of the following events:

(i) during the last 10 years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

(ii) during the last 10 years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

(iii) any unsatisfied judgments against him;

(iv) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or any criminal proceedings (including any pending criminal proceedings which he is aware of) for such purpose;

(v) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or any criminal proceedings (including pending criminal proceedings of which he is aware) for such breach;

(vi) during the last 10 years, judgement entered against him in any civil proceeding in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(vii) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(viii) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

(ix) any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(x) to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:

(a) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(b) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere,

(c) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(d) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(xi) been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Except as disclosed in “Plan of Distribution” and except for the Over-allotment Option as at the Latest Practicable Date, no person (including any of the Directors or Executive Officers) has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company.

Articles of Association of the Company

The following provisions of our Articles of Association (see Appendix C—Our Articles of Association) relate to:

- (i) power of a Director to vote on a proposal, arrangement or contract in which he is interested:

Each Director is entitled to one (1) vote, but a Director who has interests in any matter shall not be entitled to vote on such matter. In the event of an equality of votes, the chairman of the meeting shall have a second or casting vote, (See Article 18 of Our Articles of Association)

- (ii) power of a Director to vote on remuneration (including pension or other benefits) for himself or for any other Director, and whether the quorum at a meeting of the Board of Directors to vote on Directors’ remuneration may include the Director whose remuneration is the subject of the vote:

Directors’ fees and remuneration shall be fixed by shareholders in the shareholders’ general meeting subject to the Articles of Association of the Company.

The ordinary fees and remuneration of the Directors shall from time to time be determined by a resolution passed at a general meeting by shareholders holding not less than two-thirds of the total number of voting rights of the shareholders present at the meeting and shall not be increased except pursuant to a resolution passed at a general meeting by shareholders holding not less than two-thirds of the total number of voting rights of the shareholders present at the meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees and remuneration is payable shall be entitled only to rank in such division for a proportion of fees and remuneration related to the period during which he has held office.

The fees and remuneration in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.

(See Article 24 of Our Articles of Association)

- (iii) the borrowing powers exercisable by our Directors and how these borrowing powers may be varied:

No specific provision in our Articles of Association. However, the objects clause of our Objectives provides that one of the objects of the Company is as follows:

“(27) To borrow money for operating the business and trade in accordance with the objectives of the Company by all possible means in order to acquire both short-term and long-term loans, as well as to provide and grant credit facilities and to use any other means, by issuing various types of documents that may be used legally in preparing agreements in regard to relevant matters with various financial institutions and banks, for the purpose of receiving loan for the business operation.”

As our authorized Directors are permitted to exercise such powers within the objects of the Company, our authorized Directors will have, by virtue of the objects clause above, the ability to borrow and lend money pursuant to the objects clause above.

- (iv) the retirement or non-retirement of a Director under an age limit requirement:

There are no specific provisions in our Articles of Association relating to the retirement or non-retirement of a Director under an age limit requirement.

(v) the shareholding qualification of a Director:

A director may or may not be a shareholder of the Company. (See Article 16 of Our Articles of Association)

(vi) the rights, preferences and restrictions attaching to each class of shares:

There is currently only one class of shares. Upon an amendment of our Articles of Association, passing the requisite shareholders' resolution and taking the necessary steps under Thai law, can further classes of shares be introduced. Our Articles of Association currently provide that in the event preference shares are issued they should have the following characteristics under Article 5 of our Articles of Association:

“In the event of preference shares being issued the par value of issued preference shares shall be at any time equal to the par value of the issued ordinary shares and preference shareholders shall have the same rights as the ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened.

The Company has power to issue further preference capital with the rights equal to or more than preference shares already issued.”

(vii) any change in capital:

Our Articles of Association provide that a resolution passed by shareholders holding not less than three-fourths (3/4) of the total number of voting rights of the shareholders who attend the meeting and have the right to vote is required in order to effect the increment or decrement of capital. (See Article 29 of our Articles of Association)

For so long as the ordinary shares of the Company are listed on the stock exchange in Singapore, any share repurchase by the Company shall require the prior approval of a shareholders' meeting.

(See Article 40 of our Articles of Association)

(viii) any change in the respective rights of the various classes of shares including the action necessary to change the rights, indicating where the conditions are different from those required by the applicable law:

There are no specific provisions in our Articles of Association that relate to any change in the respective rights of the various classes of shares including the action necessary to change the rights.

(ix) any dividend restriction, the date on which the entitlement to dividends arises, any procedure for our shareholders to claim dividends, any time limit after which a dividend entitlement will lapse and an indication of the party in whose favor this entitlement then operates:

No dividend shall be paid other than out of profits. If the Company has incurred an accumulated loss no dividend shall be paid.

Dividends shall be distributed in accordance with the number of shares, with each share receiving an equal amount. The payment of dividends shall be approved by a shareholders' meeting.

The Board of Directors may from time to time pay to the shareholders such interim dividends as appear to the directors to be justified by the profits of the Company, and shall report to the shareholders on the payment of interim dividends at the next meeting of shareholders.

The payment of dividends shall be made within one (1) month from the date on which the resolution was passed at the meeting of shareholders or the Board of Directors, as the case may be. The dividend payment shall be announced to the shareholders in writing and the notice of dividend payment shall be published in a Thai newspaper.

The Company shall allocate as a reserve fund not less than five percent (5%) of the net annual profits less the accumulated losses (if any) until the reserve fund reaches an amount of not less than ten percent (10%) of the registered capital.

(See Articles 36 and 37 of our Articles of Association)

Significant Changes

Except as disclosed in this document, no event has occurred between March 31, 2006 and the Latest Practicable Date that would have a material effect on the financial information set out in our IFRS Financial Statements and our unaudited consolidated financial statements, prepared in accordance with IFRS, as of and for the three-month period ended March 31, 2006.

No event has occurred between March 31, 2006 and the Latest Practicable Date that may have a material effect on the financial position and results of our Company.

Working Capital

Our Directors believe that, after taking into account the present banking facilities and cash flows from our operations, we will have sufficient working capital available for our present requirements. For a further description of our working capital, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

Changes in Issued Share Capital

Except as disclosed below and set out under the section entitled “Share Capital—Our Share Capital,” there were no changes in the issued and paid-up share capital of our Company and our subsidiaries within the three years preceding the date of lodgment of this document with the Authority:

Thai Beverage Public Company Limited

<u>Date</u>	<u>No. of Shares Issued</u>	<u>Price per Share</u>	<u>Purpose of Issue</u>	<u>Resultant Issued Share Capital</u>
December 12, 2003 . . .	600,000,000 shares of Baht 1 each	Baht 1	Acquisition of subsidiaries	Baht 20,600,000,000
December 30, 2003 . . .	1,400,000,000 shares of Baht 1 each	Baht 1	Acquisition of subsidiaries	Baht 22,000,000,000

Athimart Co., Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
August 15, 2003	11,000,000 shares of Baht 10 each	Capital reduction	11,000,000 of 101,000,000 shares of Baht 10 each were cancelled	Baht 900,000,000	Return of excess capital to shareholders

Bang-Na Logistic Co., Ltd.

<u>Date</u>	<u>No. of Shares Issued</u>	<u>Price per Share</u>	<u>Purpose of Issue</u>	<u>Resultant Issued Share Capital</u>
October 3, 2003	1,210,000 shares of Baht 100 each	Baht 100	Working capital	Baht 123,000,000

Beerthip Brewery (1991) Co., Ltd.

<u>Date</u>	<u>No. of Shares Issued</u>	<u>Price per Share</u>	<u>Purpose of Issue</u>	<u>Resultant Issued Share Capital</u>
August 20, 2003	65,960,000 shares of Baht 100 each	Baht 100	To acquire Bang Ban Brewery from Beer Thai (1991) Public Co., Ltd.	Baht 6,600,000,000
October 24, 2003	594,000,000 shares of Baht 10 each	—	The shares were issued in connection with a share split due to the change in the par value of the shares from Baht 100 per share to Baht 10 per share	Baht 6,660,000,000. There was no change in the issued share capital as the share issue was a result of a share split

Fuengfuanant Co., Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
December 8, 2003	11,000,000 shares of Baht 10 each	Capital reduction	11,000,000 of 101,000,000 shares of Baht 10 each were cancelled	Baht 900,000,000	Return of excess capital to shareholders

Kankwan Co., Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
January 27, 2003	149,000,000 shares of Baht 10 each	Capital reduction	149,000,000 of 250,000,000 shares of Baht 10 each were cancelled	Baht 1,010,000,000	Return of excess capital to shareholders
August 6, 2003	21,000,000 shares of Baht 10 each	Capital reduction	21,000,000 of 101,000,000 shares of Baht 10 each were cancelled	Baht 800,000,000	Return of excess capital to shareholders

Kanchanasingkorn Co., Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
January 27, 2003	149,000,000 shares of Baht 10 each	Capital reduction	149,000,000 of 250,000,000 shares of Baht 10 each were cancelled	Baht 1,010,000,000	Return of excess capital to shareholders
August 6, 2003	31,000,000 shares of Baht 10 each	Capital reduction	31,000,000 of 101,000,000 shares of Baht 10 each were cancelled	Baht 700,000,000	Return of excess capital to shareholders

Luckchai Liquor Trading Co., Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
August 7, 2003	21,000,000 shares of Baht 10 each	Capital reduction	21,000,000 of 101,000,000 shares of Baht 10 each were cancelled	Baht 800,000,000	Return of excess capital to shareholders

Maharajkarnkaset Co., Ltd.

<u>Date</u>	<u>No. of Shares Issued</u>	<u>Price per Share</u>	<u>Purpose of Issue</u>	<u>Resultant Issued Share Capital</u>
July 13, 2004	180,000 shares of Baht 10 each	—	The shares were issued in connection with a share split due to the change in the par value of the shares from Baht 100 per share to Baht 10 per share	Baht 2,000,000. There was no change in the issued share capital as the share issue was a result of a share split

Mongkolsamai Co., Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
January 27, 2003	149,000,000 shares of Baht 10 each	Capital reduction	149,000,000 of 250,000,000 shares of Baht 10 each were cancelled	Baht 1,010,000,000	Return of excess capital to shareholders
August 6, 2003	31,000,000 shares of Baht 10 each	Capital reduction	31,000,000 of 101,000 shares of Baht 10 each were cancelled	Baht 700,000,000	Return of excess capital to shareholders

Natechai Co., Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
January 27, 2003	149,000,000 shares of Baht 10 each	Capital reduction	149,000,000 of 250,000,000 shares of Baht 10 each were cancelled	Baht 1,010,000,000	Return of excess capital to shareholders
August 6, 2003	21,000,000 shares of Baht 10 each	Capital reduction	21,000,000 of 101,000,000 shares of Baht 10 each were cancelled	Baht 800,000,000	Return of excess capital to shareholders

Red Bull Distillery (1988) Co., Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
August 9, 2003	6,000,000 shares of Baht 100 each	Capital reduction	6,000,000 of 36,000,000 shares of Baht 100 each were cancelled	Baht 3,000,000,000	Return of excess capital to shareholders

<u>Date</u>	<u>No. of Shares Issued</u>	<u>Price per Share</u>	<u>Purpose of Issue</u>	<u>Resultant Issued Share Capital</u>
December 23, 2003	270,000,000 shares of Baht 10 each	—	The shares were issued in connection with a share split due to the change in the par value of the shares from Baht 100 per share to Baht 10 per share	Baht 3,000,000,000. There was no change in the issued share capital as the share issue was a result of a share split

Sahatipkarnkonsong Co., Ltd.

<u>Date</u>	<u>No. of Shares Issued</u>	<u>Price per Share</u>	<u>Purpose of Issue</u>	<u>Resultant Issued Share Capital</u>
June 28, 2004	1,080,000 shares of Baht 10 each	—	The shares were issued in connection with a share split due to the change in the par value of the shares from Baht 100 per share to Baht 10 per share	Baht 1,200,000. There was no change in the issued share capital as the share issue was a result of a share split

Sangsom Co., Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
December 16, 2003 . . .	2,250,000,000 shares of Baht 10 each	Capital reduction	2,250,000,000 of 3,000,000,000 shares of Baht 10 each were cancelled	Baht 7,500,000,000	Return of excess capital to shareholders

Simathurakij Co., Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
August 11, 2003	11,000,000 shares of Baht 10 each	Capital reduction	11,000,000 of 101,000,000 shares of Baht 10 each were cancelled	Baht 900,000,000	Return of excess capital to shareholders

Sura Bangyikhan Co., Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
December 12, 2003 . . .	260,000,000 shares of Baht 10 each	Capital reduction	260,000,000 of 660,000,000 shares of Baht 10 each were cancelled	Baht 4,000,000,000	Return of excess capital to shareholders

Surathip Co., Ltd.

<u>Date</u>	<u>No. of Shares Issued</u>	<u>Price per Share</u>	<u>Purpose of Issue</u>	<u>Resultant Issued Share Capital</u>
June 28, 2004	108,000 shares of Baht 10 each	—	The shares were issued in connection with a share split due to the change in the par value of the shares from Baht 100 per share to Baht 10 per share	Baht 1,200,000. There was no change in the issued share capital as the share issue was a result of a share split

S.S. Karnsura Co, Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
August 13, 2003	21,000,000 shares of Baht 10 each	Capital reduction	21,000,000 of 101,000,000 shares of Baht 10 each were cancelled	Baht 800,000,000	Return of excess capital to shareholders

Thai Beverages Marketing Co., Ltd.

<u>Date</u>	<u>No. of Shares Issued</u>	<u>Price per Share</u>	<u>Purpose of Issue</u>	<u>Resultant Issued Share Capital</u>
November 18, 2003 . . .	2,900,000 shares of Baht 100 each	Baht 100	Working capital	Baht 300,000,000

<u>Date</u>	<u>No. of Shares Issued</u>	<u>Price per Share</u>	<u>Purpose of Issue</u>	<u>Resultant Issued Share Capital</u>
July 31, 2004	27,000,000 shares of Baht 10 each	—	The shares were issued in connection with a share split due to the change in the par value of the shares from Baht 100 per share to Baht 10 per share	Baht 300,000,000. There was no change in the issued share capital as the share issue was a result of a share split

Thai Cooperage Co., Ltd.

<u>Date</u>	<u>No. of Shares Issued</u>	<u>Price per Share</u>	<u>Purpose of Issue</u>	<u>Resultant Issued Share Capital</u>
May 15, 2004	27,000,000 shares of Baht 10 each	—	The shares were issued in connection with a share split due to the change in the par value of the shares from Baht 100 per share to Baht 10 per share	Baht 300,000,000. There was no change in the issued share capital as the share issue was a result of a share split

Thanapakdi Co., Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
August 13, 2003	31,000,000 shares of Baht 10 each	Capital reduction	31,000,000 of 101,000,000 shares of Baht 10 each were cancelled	Baht 700,000,000	Return of excess capital to shareholders

Theparunothai Co., Ltd.

<u>Date</u>	<u>No. of Shares Cancelled</u>	<u>Reason for Share Cancellation</u>	<u>Ratio of Capital Reduction</u>	<u>Resultant Issued Share Capital</u>	<u>Reason for Capital Reduction</u>
August 14, 2003	31,000,000 shares of Baht 10 each	Capital reduction	31,000,000 of 101,000,000 shares of Baht 10 each were cancelled	Baht 700,000,000	Return of excess capital to shareholders

Take-overs

There are presently no requirements under any Thai laws or regulations on take-over offers for our Shares which would be applicable to us. However, Sections 138, 139 and 140 of the Securities and Futures Act, and the Singapore Code on Take-overs and Mergers (collectively, the “Singapore Take-over and Merger Laws and Regulations”) will apply to take-over offers for our Company.

The Singapore Code on Take-overs and Mergers regulates the acquisition of ordinary shares of public companies or corporations, all or any of the shares of which are listed for quotation on a securities exchange, and contains certain provisions that may delay, deter or prevent a take-over or change in control of the public company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of the voting shares in such a public company or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of the voting shares in that company, and acquires additional voting shares representing more than 1.0% of the voting shares in that company in any six-month period, he must, except with the consent of the Securities Industry Council, extend a take-over offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers. “Parties acting in

concert” comprise individuals or companies who, pursuant to an arrangement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a public company incorporated in Singapore, to obtain or consolidate effective control of that company.

Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

- a company and its related and associated companies and companies whose associated companies include any of these companies;
- a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);
- a company and its pension funds and employee share schemes;
- a person and any investment company, unit trust or other fund whose investment such person manages on a discretionary basis;
- a financial or other professional advisor and its clients in respect of shares held by the advisor and persons controlling, controlled by or under the same control as the advisor and all the funds managed by the advisor on a discretionary basis, where the shareholdings of the advisor and any of those funds in the client total 10.0% or more of the client’s equity share capital;
- directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- partners; and
- an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions.

Subject to certain exceptions, a take-over offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the preceding six months.

Under the Singapore Code on Take-overs and Mergers, where effective control of a public company incorporated in Singapore is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the take-over offer must be given sufficient information, advice and time to consider and decide on the offer.

According to the take-over regulation of the SEC Act, any person that acquires or disposed of shares of a public company, including our Company, thereby increasing or decreasing the number of shares held by him to a number which aggregately equals or exceeds any multiple of 5% of the company’s total number of shares sold, must report his holding to the SEC within the next business day of the date of the acquisition or disposition.

Related Corporations

We do not have any associated companies. The corporations that are, by virtue of Section 6 of the Singapore Companies Act, related corporations to our Company, are our subsidiaries, the details of which are as follows:

<u>Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Principal Place of Business</u>	<u>Principal Business</u>	<u>Ownership interest/ Voting Power</u>
Beer Thai (1991) Public Company Limited	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Beer brewery	100.0

<u>Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Principal Place of Business</u>	<u>Principal Business</u>	<u>Ownership interest/ Voting Power</u>
Beer Thip Brewery (1991) Co., Ltd	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Beer brewery	100.0
Cosmos Brewery (Thailand) Co., Ltd.	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Beer brewery	100.0
Sangsom Co., Ltd	Thailand	14, Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits distillery	100.0
Sura Bangyikhan Co., Ltd.	Thailand	515-323-5 Moo 2 Tambol Prachathiphat Amphur Thunyaburi Phatumthani 12130	Spirits distillery	100.0
United Winery and Distillery Co., Ltd.	Thailand	14, Sangsom Building Soi Yasoob1 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits distillery	100.0
Red Bull Distillery (1988) Co., Ltd	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits distillery	100.0
Fuengfuanant Co., Ltd.	Thailand	333 Moo 1, Tambol Thathom Amphur Simahapho, Prachinburi 25140	Spirits distillery	100.0
Mongkolsamai Co., Ltd	Thailand	14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits distillery	100.0
Thanapakdi Co., Ltd	Thailand	315 Moo 4, Tambol Maepaek Amphur Sansai, Chiangmai 50290	Spirits distillery	100.0
Karnchanasingkorn Co., Ltd	Thailand	14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits distillery	100.0
Athimart Co., Ltd	Thailand	170 Moo 11, Tambol Nikhom Amphur Satuk Burirum 31150	Spirits distillery	100.0
S.S. Karnsura Co., Ltd	Thailand	101 Moo 8, Tambol Kangdom, King Amphur Sawangwirawong Ubonratchathani 34190	Spirits distillery	100.0
Kankwan Co., Ltd	Thailand	14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits distillery	100.0
Theparunothai Co., Ltd	Thailand	99 Moo 4, Tambol Hadcom Amphur Muang Nongkhai 43000	Spirits distillery	100.0
Simathurakij Co., Ltd	Thailand	1 Moo 6, Tambol Bandan Amphur Banphot Phisai Nakhonsawan 60180	Spirits distillery	100.0
Nateechai Co., Ltd	Thailand	14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits distillery	100.0

<u>Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Principal Place of Business</u>	<u>Principal Business</u>	<u>Ownership interest/ Voting Power</u>
Luckchai Liquor Trading Co., Ltd	Thailand	46 Moo 1 Tambol Nongklangna Amphur Muang Ratchaburi 70000	Spirits distillery	100.0
Thai Alcohol Public Company Limited	Thailand	31-35 Chalemkhet Wat Thepsirin, Pomprab Bangkok 10100	Alcohol production	100.0
Pomthip Co., Ltd	Thailand	2194 Charoen Krung Road Watphayakai, Bangkokholeam Bangkok 10120	Beer marketing and distribution	100.0
Pomkit Co., Ltd	Thailand	48, 50, 52 Suranari Road Tambol Naimuang Amphur Muang, Nakorn Ratchasima 30000	Beer marketing and distribution	100.0
Pom Kung Co., Ltd	Thailand	80/13—14 Eakatodsarot Road Tambol Naimuang Amphur Muang Phitsanulok 65000	Beer marketing and distribution	100.0
Pomchok Co., Ltd	Thailand	D16/1 Uthong Road Tambol Thawasukri Amphur Pha Nakhon Si Ayutthaya, Pha Nakhon Si Ayutthaya 13000	Beer marketing and distribution	100.0
Pomcharoen Co., Ltd	Thailand	135/3 Moo 4, Kanchanavithi Tambol Bangkung Amphur Muang Surat Thani 84000	Beer marketing and distribution	100.0
Pomburapa Co., Ltd	Thailand	51/42 Moo 3, Sukhumvit Road Bansoun, Amphur Muang Chonburi 20000	Beer marketing and distribution	100.0
Num Yuk Co., Ltd	Thailand	95/390-391 Nokkhet Rama 3 Road Chongnontri, Yanawa Bangkok 10120	Spirits marketing and distribution	100.0
Num Kijjakarn Co., Ltd	Thailand	167/1 Jakkri Road Tambol Naimuang Amphur Muang, Nakorn Ratchasima 30000	Spirits marketing and distribution	100.0
Num Palang Co., Ltd	Thailand	1/7-8 Phraya Surasi Road Tombol Naimuang Amphur Muang Phitsanulok 65000	Spirits marketing and distribution	100.0
Num Muang Co., Ltd	Thailand	D 16/2 Uthong Road Tambol Thawasukri Amphur Pha Nakhon Si Ayutthaya, Pha Nakhon Si Ayutthaya 13000	Spirits marketing and distribution	100.0
Num Nakorn Co., Ltd	Thailand	149/3 Jullajomklao Road Tambol Thakham Amphur Phuphin Suratthani 84130	Spirits marketing and distribution	100.0
Num Thurakij Co., Ltd	Thailand	51/40-41 Moo 3 Sukhumvit Road Tambol Bansoun Amphur Muang, Chonburi 20000	Spirits marketing and distribution	100.0
Thipchalothorn Co., Ltd	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Beer distribution	100.0

<u>Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Principal Place of Business</u>	<u>Principal Business</u>	<u>Ownership interest/ Voting Power</u>
Krittayabun Co., Ltd	Thailand	14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Beer distribution	100.0
Surathip Co., Ltd	Thailand	14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits distribution	100.0
Sunthronpirom Co., Ltd	Thailand	14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits distribution	100.0
Piromsurang Co., Ltd	Thailand	14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits distribution	100.0
Bionic Humus Co., Ltd	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	By-products distribution	100.0
Maharajkarnkaset Co., Ltd . . .	Thailand	14, Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Raw material (rice) production	100.0
Thai Molasses Co., Ltd	Thailand	14, Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Raw material (molasses) procurement	99.7
Beer Chang Co., Ltd	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Raw material (concentrate) and trademark licence	100.0
Archa Beer Co., Ltd	Thailand	4236/56 Nokkhet Rama 3 Road Bangklo, Bangkoleam Bangkok 10120	Raw material (concentrate) and trademark licence	100.0
T.C.C. Cosmo Corporation Limited	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Trademark licence	100.0
Additive Food Co., Ltd	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	By-products distribution	100.0
Pan International (Thailand) Co., Ltd	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Machinery and hardware procurement	100.0
Charun Business 52 Co., Ltd	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Raw material (brick) production	100.0
Thai Cooperage Co., Ltd	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Barrel manufacturing	100.0
Bang-Na Logistic Co., Ltd . . .	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Bottle distribution	100.0
Sahatipkarnkonsong Co., Ltd . . .	Thailand	14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Logistics services	100.0

<u>Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Principal Place of Business</u>	<u>Principal Business</u>	<u>Ownership interest/ Voting Power</u>
Thai Beverages Marketing Co., Ltd (formerly Zenith Liquor Trading Co., Ltd) . .	Thailand	40/53 Vibhavadee Rangsit Road Talad Bangkhen, Laksi Bangkok 10210	Spirits and beer products importing and exporting	100.0
Dhanasindhi Co., Ltd	Thailand	949/6-8 Nakhonchaisri Road Tanon Nakhonchaisri, Dusit Bangkok 10300	Brewing equipment manufacturing and procurement	100.0
Dhospaak Co., Ltd	Thailand	195 Empire Tower, 25th Floor, South Sathorn Yannawa, Sathorn Bangkok 10120	Group media agency	100.0
International Beverage Holdings Limited	Hong Kong	13 th Floor, Tower 2 New World Tower 18 Queen's Road Central Hong Kong	Overseas holding company	100.0
Thai Thum Distillery Co., Ltd	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits distribution	99.9
Sura Piset Sahasan Co., Ltd . .	Thailand	14, Sangsom Building Soi Yasoo1 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits trading	100.0
Sura Piset Sampan Co., Ltd . .	Thailand	14, Sangsom Building Soi Yasoo1 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits trading	100.0
Sura Piset Phatra Lanna Co., Ltd	Thailand	14, Sangsom Building Soi Yasoo1 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits trading	100.0
Sura Piset Thiparat Co., Ltd . .	Thailand	14, Sangsom Building Soi Yasoo1 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits trading	100.0
Muangkij Co., Ltd	Thailand	9 Daown kanong-Jomthong Road Bangkor, Jomtong Bangkok	Oak woods importing	100.0
Sint Ek Panich Co., Ltd	Thailand	31-35 Chalemkhet Pomprab Bangkok 10100	Mining	100.0
Pan Alcohol Co., Ltd	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Spirits consulting	100.0
Banglen Agriculture Co., Ltd . .	Thailand	31-35 Chalemkhet Wat Thepsirin, Pomprab Bangkok 10100	Agriculture	99.99
Vitayathan Co., Ltd	Thailand	15 Moo 14 Vibhavadee Rangsit Road Chomphol, Chatujak Bangkok 10900	Environmental public relations	100.0

<u>Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Principal Place of Business</u>	<u>Principal Business</u>	<u>Ownership interest/ Voting Power</u>
InterBev (Singapore) Limited	Singapore	3 Philip Street # 13-14 Commerce Point Singapore 048693	Trading and investing	100.0
InterBev (Cambodia) Co., Ltd.	Cambodia	No. 9, Street 384 Sangkat Tuol Svay Prey I Khan Chamkar Mon Phnom Penh Kingdom of Cambodia	Trading and investing	100.0
InterBev Malaysia Sdn. Bhd. .	Malaysia	Suite 6.01, 6th Floor Plaza See Hoy Chan Jalan Raja Chulan 50200 Kuala Lumpur Malaysia	Alcoholic beverage production and distribution	100.0

Miscellaneous

No public take-over offer by a third party in respect of our shares or by us in respect of the shares of another corporation or the units of a business trust occurred during the financial year ended December 31, 2005 and the Latest Practicable Date.

We did not employ any expert on a contingent basis, who has a material interest, direct or indirect, in our Shares, or has a material economic interest, direct or indirect, in our Company, including an interest in the success of the Combined Offering.

We will place application monies received by us in respect of successful applications (including successful applications subsequently rejected) in a separate non-interest bearing account with The Hong Kong and Shanghai Banking Corporation Limited (the "Receiving Bank"). In the ordinary course of business, the Receiving Bank will deploy these monies in the interbank money market. All profits derived from the deployment of these monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or share of revenue or any other benefit arising therefrom.

Except as disclosed under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," our financial condition and operations are not likely to be affected by any of the following:

- known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our liquidity increasing or decreasing in any material way;
- material commitments for capital expenditure;
- unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
- known trends or uncertainties that have had or that we reasonably expect will have a material favorable or unfavorable impact on our revenues or operating income.

Consents

Each of the Issue Managers and Singapore Lead Underwriters has given and has not withdrawn its written consent to the issue of this document with references to its name in the form and context in which it appears in this document and to act in such capacity in relation to this document.

SAC Capital Private Limited, as the Independent Financial Advisor, has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name and letter addressed to our Non-Interested Independent Directors set out in Appendix A of this document in the form and context in which they are included in this document and to act in such capacity in relation to this document.

Tay Swee Sze and Associates, as the external valuer appointed by the Company for the purpose of preparing a valuation of each of Best Spirits Company Limited, Pacific Spirits (UK) Limited, Best Spirits (China) Limited and Panitcharoen (Lao-Thai) 1990 Co., Ltd., for the use and benefit of the Company in its consideration of the acquisition of these companies referred to on pages 43 and 44 of this document has

given and has not withdrawn its written consent to the issue of this document with references to its name in the form and context in which it appears in this document and to act in such capacity in relation to this document.

Documents Available for Inspection

Copies of the following documents are available for inspection at 50 Raffles Place #31-01, Singapore Land Tower, Singapore 048623 during normal business hours for a period of six months from the date of registration of this document with the Authority:

- our Memorandum and Articles of Association;
- KPMG Phoomchai Audit Ltd.'s report dated 31 March 2006 on the consolidated financial statements of Thai Beverage Public Company Limited and its Subsidiaries for the years ended December 2003, 2004 and 2005 prepared in accordance with IFRS;
- KPMG Phoomchai Audit Ltd.'s review report dated 26 April 2006 on the unaudited condensed consolidated interim financial statements of Thai Beverage Public Company Limited and its Subsidiaries for the three-month periods ended March 2006 and 2005 prepared in accordance with IFRS;
- KPMG Phoomchai Audit Ltd.'s report dated 31 March 2006 on the consolidated financial statements of Thai Beverage Public Company Limited and its Subsidiaries for the years ended December 2003, 2004 and 2005 prepared in accordance with Thai GAAP;
- KPMG Phoomchai Audit Ltd.'s review report dated 26 April 2006 on the unaudited condensed consolidated interim financial statements of Thai Beverage Public Company Limited and its Subsidiaries for the three-month periods ended March 31, 2005 and 2006 prepared in accordance with Thai GAAP;
- the audited consolidated financial statements for the years ended December 31, 2005, 2004 and 2003, and the unaudited condensed consolidated interim financial statements for the three months ended March 31, 2006 and 2005;
- the letter dated 3 May 2006 from SAC Capital Private Limited to the Non-Interested Directors in respect of the Shareholders' Mandate for Interested Person Transactions; and
- the service contract with our Director, Dr. Pisanu Vichiensanth referred to on page 159 of this document.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN IFRS AND U.S. GAAP

The following is a general summary of certain principal differences between IFRS and U.S. GAAP that we believe is applicable to us.

We have prepared our financial statements as listed in the accompanying index on page I-1 contained elsewhere in this document in accordance with IFRS, which differs in certain significant respects from generally accepted accounting principles in the U.S. (“U.S. GAAP”).

The differences identified below are limited to those significant differences that we believe are applicable to our financial statements. They should not be construed as being exhaustive and no attempt has been made to identify all differences in disclosure, presentation and classification that could affect the manner in which transactions and events are presented in the financial statements. No attempt has been made to identify future differences between IFRS and U.S. GAAP as a result of prescribed changes in accounting standards nor to identify all future differences that may affect our financial statements as a result of transactions or events that may occur in the future.

We believe that the application of U.S. GAAP to our consolidated financial statements could have a material and significant impact on our financial position, results of operations and the related disclosures when compared to our financial statements reported in accordance with IFRS. Potential investors should consult their own professional advisors for an understanding of the differences between IFRS and U.S. GAAP and how those differences might affect the financial information included herein.

Financial statement presentation—business restructuring

Our business restructuring, as described in note 1 of our IFRS financial statements, was accounted for in a manner similar to a pooling of interests under IFRS. The differences between the consideration paid and the carrying amounts of the net assets received is recognized as an adjustment to shareholders’ equity and is presented as a separate line item, “Difference arising from business restructuring”, in the IFRS financial statements.

Under U.S. GAAP, SFAS No. 141, *Business Combinations*, the term “business combination” excludes transfers of net assets or exchanges of equity interests between entities under common control. In those situations, the assets and liabilities received are to be recorded at their historical U.S. GAAP carrying amounts at the date of transfer, also in a manner similar to a pooling of interests. However, under U.S. GAAP, the differences between the consideration paid and the carrying amounts of the net assets received is first recognized as an adjustment to other contributed capital and then from combined retained earnings. The composition of net assets and their historical carrying amounts under IFRS are likely to be different than the composition of net assets and their related historical carrying amounts under U.S. GAAP. Consequently, the composition of the carrying amounts of these assets and liabilities and the resulting adjustments to shareholders’ equity related to our Business Restructuring could be significantly different under U.S. GAAP.

Financial statement presentation—comprehensive income

Under IFRS, there is no requirement to present comprehensive income or other comprehensive income.

Under U.S. GAAP, a company must present a statement of comprehensive income for all periods in which an income statement is presented. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. Other comprehensive income is defined as comprehensive income excluding net income. Other comprehensive income items of a Group include changes in the fair value of marketable securities that are classified as available for sale, changes in the cumulative foreign currency translation adjustment, changes in the effective portion of derivative financial instruments that are designated and qualify as a cash-flow hedge and, if applicable, minimum pension liability adjustments. U.S. GAAP requires deferred income taxes all be recognized on components of other comprehensive income.

Also under U.S. GAAP, accumulated other comprehensive income is required to be presented as a separate component of shareholders’ equity.

Inventories

In our financial statements, inventories are stated at the lower of cost or net realizable value. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. A valuation allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories. Under IFRS, a valuation allowance can be reversed prior to the sale of such inventory if management concludes the valuation allowance is no longer necessary.

Under U.S. GAAP, cost includes an allocation of fixed production overheads based on the normal capacity of the production facilities. Normal capacity under U.S. GAAP refers to a range of production levels, and considers the production expected to be achieved over a number of periods or seasons under normal circumstances, taking into account the loss of capacity resulting from planned maintenance. Some variation in production levels from period to period is expected and establishes the range of normal capacity. Abnormal amounts of idle facility, freight, and handling costs and wasted materials (spoilage) are recognized as current year charges. Also under U.S. GAAP, a write-down of inventory to its estimated net realizable value establishes a new cost basis for the inventory. Consequently, such write-downs are not reversed.

Investment properties

Under IFRS, owned property held to earn rentals is classified as part of investment property. This is covered by International Accounting Standard (“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, enterprises 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.

In our IFRS financial statements, we have adopted the cost model. The investment property consists of both land and buildings.

Under U.S. GAAP, owned land held to earn rentals is classified in the balance sheet as investment property and is stated at cost, less any impairment losses. This land is not revalued. Impairment losses are recognized in earnings.

Other Land

For IFRS purposes, we adopted the policy of revaluing land. Independent property revaluations are performed once every three to five years. Any increase in land valuation is credited to the asset revaluation surplus in equity. Any decrease is firstly offset against an increase on earlier valuation in respect of the same item of property, plant and equipment and subsequently, charged to operating loss. Upon the disposal or use of revalued land, the relevant portion of the revaluation surplus realized in respect of previous valuations is released from the asset revaluation surplus directly to retained earnings.

Under U.S. GAAP, such revaluation of property, plant and equipment to be held and used is not permitted.

Recognition of Intangible Assets

In accordance with IFRS, intangible assets which were not acquired for consideration or which were developed internally are not required to be capitalized.

U.S. GAAP is very prescriptive about the nature of intangible assets that must be recognized on the balance sheet when acquired in a business combination and also when acquired individually or as part or with a group of other assets. Such intangible assets must initially be measured and recognized based on their fair values. Costs of internally developing, maintaining, or restoring intangible assets that are not specifically identifiable, that have indeterminate useful lives, or that are inherent in a continuing business and related to an entity as a whole must be expensed when incurred.

Accounting for income and deferred taxes

In our IFRS financial statements, 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 book values of assets and liabilities. The deferred tax charge or credit is the change in the period in deferred tax liabilities and assets. Under our accounting policy for deferred tax, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be fully utilized. We have provided for deferred tax for all identified temporary differences.

In our IFRS financial statements, we offset deferred tax assets and liabilities if, and only if, we:

- (a) have a legally enforceable right to set off the recognized amounts; and
- (b) intend to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

In our IFRS financial statements, we recognize additional deferred income tax assets and liabilities resulting from our change in tax status on the date the change in tax status became effective. The resulting deferred income tax benefit has been recognized as a component of our income tax benefit.

Under U.S. GAAP, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the U.S. GAAP financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Further, when the tax status of an enterprise changes from being tax exempt to a taxable entity, deferred income tax assets and liabilities are recognized on the date the change in tax status become effective. The resulting deferred tax charge or benefit is recognized as a component of income tax expense (benefit). Deferred tax assets and liabilities are classified on the balance sheet as current or non-current based on the classification of the related financial statement amount.

Also in accordance with U.S. GAAP, deferred income tax assets are not directly written down, but rather are reduced by a valuation allowance if, based on management's assessment, it is more likely than not that some portion, or all, of the deferred tax asset will not be realized. The valuation allowance is established through a charge to income tax expense.

Impairment of long-lived assets

In accordance with IAS No. 36: *Impairment of Assets*, when there is evidence of impairment of long-lived assets, an impairment loss is recognized if the carrying value of an asset or cash-generating unit exceeds its recoverable amount. An asset's recoverable amount is the higher of the asset's estimated net selling price and its value in use. The estimated net selling price is the amount expected to be obtainable from the sale of the asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Impairment losses are recognized in the statement of income. An entity may subsequently reverse a previously recognized impairment write-off in certain circumstances.

Under U.S. GAAP, SFAS No. 144: *Accounting for Impairment or Disposal of Long-Lived Assets*, requires long-lived assets such as property, plant and equipment, and purchased intangible assets subject to amortization, that are held for use to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset, including the eventual disposal of the asset. If the carrying amount of an asset exceeds its recoverable amount, an impairment charge is recognized in the amount by which the carrying amount of the assets exceeds the fair value of the asset. Once recognized, such impairment write-offs cannot be reversed.

Also under U.S. GAAP, long-lived assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the U.S. GAAP carrying amount or fair value less cost to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale would be presented separately in the appropriate asset and liability sections of the balance sheet.

Provisions

In accordance with IAS No. 37, *Provisions, Contingent Liabilities and Contingent Assets*, Provisions are defined as liabilities of uncertain timing or amount and should be recognized when, and only when:

- (a) an entity has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation. IAS 37 notes that it is only in extremely rare cases that a reliable estimate will not be possible.

The amount recognized as a provision should be the best estimate of the expenditure required to settle the present obligation at the balance sheet date, in other words, the amount that an entity would rationally pay to settle the obligation at the balance sheet date or to transfer it to a third party at that time.

IAS 37 defines a contingent liability as:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- (b) a present obligation that arises from past events but is not recognized because:
 - (i) it is not probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

Under IFRS, an entity should not recognize a contingent liability. An entity should disclose a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.

Under U.S. GAAP, an estimated loss from a contingency shall be accrued by a charge to income if both of the following conditions are met:

- (a) Information available prior to issuance of the financial statements indicates that it is probable that an asset had been impaired or a liability had been incurred at the date of the financial statements. It is implicit in this condition that it must be probable that one or more future events will occur confirming the fact of the loss.
- (b) The amount of loss can be reasonably estimated.

Under U.S. GAAP, probable is defined as “the future event or events are likely to occur.” The meaning and the application of the term “probable” is different between IFRS and U.S. GAAP, which can result in a liability being required to be recognized under IFRS but precluded from being recognized under U.S. GAAP.

Also under U.S. GAAP, if the reasonable estimate of the loss is a range, an amount shall be accrued for the loss. If some amount within the range appears at the time to be a better estimate than any other amount within the range, that amount shall be accrued. If no amount within the range is a better estimate than any other amount, however, the minimum amount in the range shall be accrued. Consequently, the amount of the liability recognized under U.S. GAAP can differ from the amount recognized under IFRS.

Equity not attributable to the Company

In our IFRS financial statements, we show equity not attributable to the Company as a separate component of equity.

Under U.S. GAAP, this item is similar in nature to minority interest and would be reflected in our U.S. GAAP balance sheet as a liability, not as a separate component of equity.

Leases

In our IFRS financial statements, operating lease payments are recognized as incurred.

In accordance with U.S. GAAP, operating leases containing any scheduled increases in payments of the lease term would be recognized on a straight-line basis.

SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN IFRS AND THAI GAAP

The following is a general summary of certain principal differences between Thai GAAP and IFRS as applicable to us.

We have prepared our financial statements, as listed in the accompanying index on page F-1 contained elsewhere in this document, in accordance with Thai GAAP. We have also prepared consolidated financial statements in accordance with IFRS, as listed in the accompanying index on page I-1 contained elsewhere in this document.

The differences identified below are limited to those significant differences that are applicable to our financial statements. They should not be construed as being exhaustive and no attempt has been made to identify all differences in disclosure, presentation and classification that would affect the manner in which transactions and events are presented in the financial statements. No attempt has been made to identify future differences between Thai GAAP and IFRS as a result of prescribed changes in accounting standards nor to identify all future differences that may affect our financial statements as a result of transactions or events that may occur in the future.

Investment properties

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 revalued amount are reflected in equity.

Under IFRS, owned property held to earn rentals is classified as part of investment property. This is covered by International Accounting Standard (“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.

In our IFRS financial statements, we have adopted the cost model. The investment property consists of both land and buildings. For Thai GAAP, the land has been revalued while the buildings have not.

Accounting for income and deferred taxes

There is no Thai accounting standard currently effective in relation to accounting for income and deferred taxes although, in 2007, Thai GAAP plans to adopt Thai Accounting Standard (“TAS”) No. 56, *Deferred Income Tax*, which is not materially different from 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. In our Thai GAAP financial statements, we have not opted for early adoption of TAS No. 56 and, as such, we do not recognize deferred tax assets or liabilities.

In our IFRS financial statements 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 book values of assets and liabilities. The deferred tax charge or credit is the change in the period in deferred tax liabilities and assets. Under our accounting policy for deferred tax, deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be fully utilized. We have provided for deferred tax for all identified temporary differences.

In our IFRS financial statements, we offset deferred tax assets and liabilities if and only if we:

- have a legally enforceable right to set off the recognized amounts; and
- intend to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

Financial instruments

Thai GAAP has certain disclosure requirements for financial instruments, but only limited guidance on the recognition and measurement of financial instruments. In our Thai GAAP financial statements, we have elected not to recognize 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.

In our IFRS financial statements, derivative financial instruments are recognized 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. We recognize movements in fair values in the consolidated statement of income.

Accounting for employee benefits

There is currently no Thai accounting standard in relation to accounting for employee benefits, including termination, retirement and post-retirement benefits. Our primary obligations in respect of employee benefits are contributions on behalf of employees to our provident funds and the payment of statutory severance benefits on retirement and terminating employment involuntarily (i.e., redundancy or dismissal). Severance, termination and retirement benefits are variable according to various factors, including the employee's service life and salary.

In our Thai GAAP financial statements, we charge contributions to the provident funds and statutory severance and retirement payments as incurred.

In our IFRS financial statements, employee benefits are accounted for in accordance with IAS No. 19 *Employee Benefits*. Accordingly, termination benefits are recognized 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 recognized 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. We recognize as an expense the net total of current service costs, interest costs, past service costs and any actuarial gains and losses.

Cash and Cash Equivalents

In the Group's Thai GAAP financial statements, cash and cash equivalents include cash balances, call deposits and highly liquid short-term investments that have a short maturity of three months or less from the balance sheet date.

In accordance with IAS No. 7, cash and cash equivalents should include investments that have a short maturity of three months or less from the date of acquisition.

Revenues

In our Thai GAAP financial statements, we present reversal of allowance for impairment of assets, gain on foreign exchange, interest receivable on funds invested and other income as revenues in the statement of income.

In our IFRS financial statements, we present these items as other operating income or financing income (costs), as appropriate.

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Report of the independent auditors

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

We have audited the accompanying consolidated balance sheets of Thai Beverage Public Company Limited and its subsidiaries as at 31 December 2005, 2004 and 2003, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial positions of Thai Beverage Public Company Limited and its subsidiaries as at 31 December 2005, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in accordance with International Financial Reporting Standards.

As more fully described in note 1 of the notes to the consolidated financial statements, the consolidated financial statements for the years ended 31 December 2004 and 2003 have been revised to give retrospective application to four transactions involving entities under common control, which occurred in 2005 and were accounted for in a manner similar to a pooling of interest method.

The accompanying consolidated balance sheet as at 31 December 2005 and the consolidated statements of income and cash flows for the year ended 31 December 2005 have been translated into United States Dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the consolidated balance sheet as at 31 December 2005 and statements of income and cash flows for the year then ended expressed in Thai Baht have been translated into United States Dollars on the basis set forth in note 2 of the notes to the consolidated financial statements.

KPMG Phoomchai Audit Ltd.
Bangkok
31 March 2006

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

Consolidated balance sheets
As at 31 December 2005, 2004 and 2003

	Note	(See Note 2) 2005 (In million US\$)	2005	(Revised) 2004	(Revised) 2003
			(In million Baht)		
ASSETS					
<i>Current assets</i>					
Cash and cash equivalents	5	79.39	3,260.65	887.53	3,962.40
Trade accounts receivable	6	9.75	400.60	840.64	1,077.32
Short-term loans to and amounts due from related parties	4	3.48	142.94	5,553.64	1,146.71
Inventories	7, 15	633.89	26,034.67	30,737.92	32,172.65
Prepaid excise tax		37.83	1,553.55	1,971.91	3,920.77
Other current assets	8	24.56	1,008.67	1,572.14	1,320.69
Total current assets		<u>788.90</u>	<u>32,401.08</u>	<u>41,563.78</u>	<u>43,600.54</u>
<i>Non-current assets</i>					
Other long-term investments, net	9	0.03	1.27	1,110.67	10.83
Property, plant and equipment, net	10, 15	1,173.44	48,194.38	45,847.55	47,193.14
Intangible assets, net	11	6.39	262.20	233.59	230.54
Investment property	12	1.21	49.71	51.77	—
Deferred tax assets	13	22.69	931.96	825.24	861.35
Other non-current assets, net	14	6.19	254.32	279.25	519.68
Total non-current assets		<u>1,209.95</u>	<u>49,693.84</u>	<u>48,348.07</u>	<u>48,815.54</u>
Total assets	1	<u>1,998.85</u>	<u>82,094.92</u>	<u>89,911.85</u>	<u>92,416.08</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
<i>Current liabilities</i>					
Interest-bearing liabilities	15	983.34	40,386.75	46,040.15	56,975.50
Trade accounts payable	16	36.64	1,504.62	1,797.93	2,373.85
Short-term loans from and amounts due to related parties	4	0.93	38.34	562.14	1,625.40
Current tax payable		61.27	2,516.30	2,935.85	2,131.34
Other current liabilities	17	127.42	5,233.28	3,242.85	3,355.48
Total current liabilities		<u>1,209.60</u>	<u>49,679.29</u>	<u>54,578.92</u>	<u>66,461.57</u>
<i>Non-current liabilities</i>					
Interest-bearing liabilities	15	—	—	1,086.60	—
Employee benefits	18	11.18	459.09	404.13	367.01
Deferred tax liabilities	13	54.64	2,244.32	2,298.42	2,268.26
Other non-current liabilities		4.73	194.36	149.23	112.86
Total non-current liabilities		<u>70.55</u>	<u>2,897.77</u>	<u>3,938.38</u>	<u>2,748.13</u>
Total liabilities	1	<u>1,280.15</u>	<u>52,577.06</u>	<u>58,517.30</u>	<u>69,209.70</u>
<i>Shareholders' equity</i>					
<i>Share capital</i>					
Authorised share capital	19, 31	706.09	29,000.00	22,000.00	22,000.00
Issued and paid-up share capital		535.66	22,000.00	22,000.00	22,000.00
Difference arising from common control transactions	1	(382.03)	(15,690.22)	(6,329.44)	(4,407.06)
Currency translation reserve	20	(0.13)	(5.34)	—	—
Fair value and revaluation reserve	20	111.36	4,573.71	4,653.90	4,517.08
<i>Retained earnings</i>					
Appropriated to legal reserve	20, 26	27.03	1,110.00	2.50	—
Unappropriated		426.81	17,529.71	11,067.59	868.84
Total Equity attributable to the Company		<u>718.70</u>	<u>29,517.86</u>	<u>31,394.55</u>	<u>22,978.86</u>
Equity not attributable to the Company	1, 21	—	—	—	227.52
Total shareholders' equity	1	<u>718.70</u>	<u>29,517.86</u>	<u>31,394.55</u>	<u>23,206.38</u>
Total liabilities and shareholders' equity		<u>1,998.85</u>	<u>82,094.92</u>	<u>89,911.85</u>	<u>92,416.08</u>

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

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

**Consolidated statements of income
For the years ended 31 December 2005, 2004 and 2003**

	Note	(See Note 2) 2005 <u>(In million US\$)</u>	2005	(Revised) 2004 <u>(In million Baht)</u>	(Revised) 2003 <u>(In million Baht)</u>
Revenue from sales	4	2,242.24	92,091.21	90,126.26	91,629.74
Cost of sales	4	<u>1,537.42</u>	<u>63,143.48</u>	<u>63,603.13</u>	<u>66,829.93</u>
Gross profit		704.82	28,947.73	26,523.13	24,799.81
Other operating income	4	3.92	160.89	249.46	1,072.74
General and administrative expenses	4, 23	<u>306.10</u>	<u>12,571.96</u>	<u>11,138.76</u>	<u>11,203.39</u>
Operating profit before financing costs ...		402.64	16,536.66	15,633.83	14,669.16
Financial income	4	2.74	112.65	211.03	501.78
Financial expense	4	<u>38.18</u>	<u>1,567.97</u>	<u>1,805.31</u>	<u>2,787.52</u>
Profit before tax		367.20	15,081.34	14,039.55	12,383.42
Income tax	24	<u>111.67</u>	<u>4,586.50</u>	<u>4,499.77</u>	<u>3,382.84</u>
Net profit		<u>255.53</u>	<u>10,494.84</u>	<u>9,539.78</u>	<u>9,000.58</u>
Net profit attributable to the Company ...		255.53	10,494.84	10,288.67	6,868.23
Net profit (loss) not attributable to the Company	1, 21	<u>—</u>	<u>—</u>	<u>(748.89)</u>	<u>2,132.35</u>
Net profit	1	<u>255.53</u>	<u>10,494.84</u>	<u>9,539.78</u>	<u>9,000.58</u>
Earnings per share (Baht)					
Based on net profit	25	0.01	0.48	0.43	0.41
Based on net profit attributable to the Company	1, 25	0.01	0.48	0.47	0.31

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

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

Consolidated statements of changes in shareholders' equity
For the years ended 31 December 2005, 2004 and 2003

Note	Issued and Paid-Up Share Capital	Difference Arising from Common Control Transactions	Currency Translation Reserve	Fair Value and Revaluation Reserve	Retained Earnings		Total Equity Attributable to the Company	Equity Not Attributable to the Company	Total Shareholders' Equity	
					Legal Reserve	Unappropriated				
(In million Baht)										
<i>(2003: revised)</i>										
Balance at 1 January 2003	1	—	32,013.37	—	—	—	—	32,013.37	579.10	32,592.47
Share capital increase	19	22,000.00	—	—	—	—	—	22,000.00	—	22,000.00
Net surplus on revaluation of assets	10, 20	—	—	—	4,517.10	—	—	4,517.10	0.34	4,517.44
Net unrealised loss on investment ...		—	—	—	(0.02)	—	—	(0.02)	—	(0.02)
Net profit for the year	1	—	5,999.39	—	—	—	868.84	6,868.23	2,132.35	9,000.58
Dividend payments of subsidiaries before common control transactions.....	1	—	(7,635.07)	—	—	—	—	(7,635.07)	—	(7,635.07)
Reduction of share capital in subsidiaries before common control transactions.....	1	—	(25,510.00)	—	—	—	—	(25,510.00)	—	(25,510.00)
Increase in share capital in subsidiaries before common control transactions.....	1	—	7,068.00	—	—	—	—	7,068.00	—	7,068.00
Equity contributions from shareholders	1	—	22,291.87	—	—	—	—	22,291.87	—	22,291.87
Equity distributions not attributable to the Company.....	1	—	—	—	—	—	—	—	(2,484.27)	(2,484.27)
Consideration paid to shareholders of subsidiaries for common control transactions.....	1	—	(38,634.62)	—	—	—	—	(38,634.62)	—	(38,634.62)
Balance at 31 December 2003		22,000.00	(4,407.06)	—	4,517.08	—	868.84	22,978.86	227.52	23,206.38
<i>(2004: revised)</i>										
Balance at 1 January 2004	1	22,000.00	(4,407.06)	—	4,517.08	—	868.84	22,978.86	227.52	23,206.38
Dividend payments of subsidiaries before common control transactions.....	1	—	(2,009.80)	—	—	—	—	(2,009.80)	—	(2,009.80)
Net surplus on revaluation of assets	10, 20	—	—	—	136.80	—	—	136.80	0.08	136.88
Reversal of net unrealised loss on investment		—	—	—	0.02	—	—	0.02	—	0.02
Appropriation to legal reserve	26	—	—	—	—	2.50	(2.50)	—	—	—
Net profit (loss) for the year.....	1	—	87.42	—	—	—	10,201.25	10,288.67	(748.89)	9,539.78
Equity contributions not attributable to the Company.....	1	—	—	—	—	—	—	—	521.29	521.29
Balance at 31 December 2004		22,000.00	(6,329.44)	—	4,653.90	2.50	11,067.59	31,394.55	—	31,394.55
Consideration paid to shareholders of subsidiaries for common control transactions.....	1	—	(9,646.00)	—	—	—	—	(9,646.00)	—	(9,646.00)
Currency translation reserve.....		—	—	(5.34)	—	—	—	(5.34)	—	(5.34)
Net surplus on revaluation	10, 20	—	—	—	(80.14)	—	—	(80.14)	—	(80.14)
Net unrealised loss on investment ...		—	—	—	(0.05)	—	—	(0.05)	—	(0.05)
Appropriation to legal reserve	26	—	—	—	—	1,107.50	(1,107.50)	—	—	—
Dividend payments of the Company	26	—	—	—	—	—	(2,640.00)	(2,640.00)	—	(2,640.00)
Net profit for the year	1	—	285.22	—	—	—	10,209.62	10,494.84	—	10,494.84
Balance at 31 December 2005		22,000.00	(15,690.22)	(5.34)	4,573.71	1,110.00	17,529.71	29,517.86	—	29,517.86

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

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

Consolidated statements of cash flows
For the years ended 31 December 2005, 2004 and 2003

	Note	(See Note 2) 2005	2005	(Revised) 2004	(Revised) 2003
		(In million US\$)		(In million Baht)	
Cash flows from operating activities					
Net profit		255.53	10,494.84	10,288.67	6,868.23
Adjustments for					
Depreciation and amortisation		104.26	4,282.22	4,294.29	4,110.95
Loss on land revaluation		—	—	110.99	57.39
Allowance for obsolete inventories		3.97	162.90	33.69	39.53
Allowance for declining in value of investments		(0.04)	(1.46)	2.19	3.60
(Gain) Loss on sales of long-term investments		(0.02)	(0.93)	411.09	49.57
Allowance for impairment loss on equipment		0.02	0.92	—	—
(Gain) Loss on sales and disposal of property, plant and equipment		(0.32)	(13.26)	28.30	66.37
Unrealised (gain) loss on exchange rate		(0.24)	(9.89)	(13.29)	6.09
Net profit (loss) not attributable to the Company	1	—	—	(748.89)	2,132.35
Employee benefit provision		1.73	71.02	61.46	55.76
Provisions		1.72	70.83	—	—
Financial income		(2.50)	(102.75)	(197.74)	(507.88)
Financial expense		38.18	1,567.96	1,805.31	2,787.52
Income tax expense		111.67	4,586.50	4,499.78	3,382.84
Profit from operating activities before changes in operating assets and liabilities		513.96	21,108.90	20,575.85	19,052.32
Changes in operating assets and liabilities					
Trade accounts receivable		10.72	440.23	236.67	1,873.76
Amounts due from related parties		122.57	5,033.87	(4,659.92)	1,472.43
Inventories		110.55	4,540.34	1,401.04	3,977.01
Prepaid excise tax		10.19	418.36	1,948.85	(210.28)
Other current assets		13.44	552.13	(286.88)	(180.37)
Trade accounts payable		(7.11)	(291.85)	(562.62)	(549.31)
Amounts due to related parties		(5.96)	(244.84)	54.67	(143.01)
Other current liabilities		49.33	2,026.01	18.00	60.00
Other non-current liabilities		(0.63)	(25.71)	36.37	(178.17)
Cash generated from the operations		817.06	33,557.44	18,762.03	25,174.38
Income taxes paid		(124.97)	(5,132.50)	(3,687.63)	(1,836.42)
Employee benefit paid		(0.39)	(16.06)	(24.34)	(24.59)
Net cash provided by operating activities		691.70	28,408.88	15,050.06	23,313.37
Cash flows from investing activities					
Financial income received		2.78	114.24	231.26	495.05
Decrease in short-term loans to related parties		9.18	376.84	252.99	8,919.70
Decrease in other short-term loan receivable		—	—	2.00	192.47
Consideration paid to shareholders of subsidiaries for common control transactions	1	(234.86)	(9,646.00)	—	(38,634.62)
Acquisition of other long-term investments		—	—	(1,766.91)	(914.06)
Proceeds from sales of other long-term investments		27.07	1,111.71	253.81	3,321.95
Acquisition of property, plant and equipment		(175.80)	(7,220.15)	(3,070.61)	(3,060.83)
Proceeds from sales of property, plant and equipment		13.42	551.26	173.92	855.67
Acquisition of intangible assets		(1.79)	(73.56)	(33.65)	(62.38)
Acquisition of investment property		—	—	(0.24)	—
Decrease in other non-current assets		0.23	9.63	223.74	27.13
Net cash used in investing activities		(359.77)	(14,776.03)	(3,733.69)	(28,859.92)
Cash flows from financing activities					
Financial expense paid		(38.85)	(1,595.43)	(1,786.03)	(2,792.47)
Increase (Decrease) in current interest-bearing liabilities		(123.44)	(5,070.00)	(1,554.84)	40,719.06
Decrease in short-term loans from related parties		(6.79)	(278.96)	(1,117.94)	(12,522.42)
Increase (Decrease) in other short-term loan payable		—	—	(150.00)	100.00
Increase (Decrease) in non-current interest-bearing liabilities		(32.14)	(1,320.00)	(7,766.00)	(33,254.38)
Proceeds from issuance of share capital	19	—	—	—	22,000.00
Reduction of share capital of subsidiaries before common control transactions	1	—	—	—	(25,510.00)
Increase in share capital in subsidiaries before common control transactions	1	—	—	—	7,068.00
Dividend payments of subsidiaries before common control transactions	1	—	—	(2,009.80)	(7,635.07)
Dividend payments of the Company	26	(64.28)	(2,640.00)	—	—
Equity contributions (distributions) not attributable to the Company	1	—	—	521.29	(2,484.27)
Equity contributions from shareholders	1	—	—	—	22,291.87
Net cash provided by (used in) financing activities		(265.50)	(10,904.39)	(13,863.32)	7,980.32
Currency translation reserve		(0.13)	(5.34)	—	—
Net increase (decrease) in cash and cash equivalents		66.30	2,723.12	(2,546.95)	2,433.77
Cash and cash equivalents at 1 January		13.08	537.38	3,084.33	650.56
Cash and cash equivalents at 31 December	5	79.38	3,260.50	537.38	3,084.33

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

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

**Notes to the consolidated financial statements
For the years ended 31 December 2005, 2004 and 2003**

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**Notes to the consolidated financial statements
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These notes form an integral part of the consolidated financial statements.

The consolidated financial statements were authorised for issue by the directors on 27 March 2006.

1 General information and business restructuring

General information

Thai Beverage Public Company Limited, the “Company”, was 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. 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 principal activities of the Company and its subsidiaries, the “Group” are the production, distribution and marketing of alcoholic and non-alcoholic beverages, industrial alcohol and other by-products.

The Group primarily operates in Thailand and employs 19,932 employees as of 31 December 2005 (2004: 22,017, 2003: 20,960). The employee costs of the Group for the year ended 31 December 2005 amounted to Baht 4,041.06 million (2004: Baht 3,683.10 million, 2003: Baht 3,370.86 million).

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. Pursuant to the restructuring these businesses 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 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 consolidated balance sheets have been prepared to present assets and liabilities as if the restructuring had been completed as of the beginning of 2003. Therefore, the consolidated financial statements for the years ended 31 December 2003 and 2004 have been revised to include the assets, liabilities and operations of the businesses transferred during 2005. The assets and liabilities transferred have been stated at their carrying values, after adjusting for intercompany transactions and transactions with the ultimate controlling shareholder. The consolidated statements of income and cash flows include the results of operations and cash flows as if the businesses and operations had been transferred at the beginning of 2003.

Transfer of businesses that are now subsidiaries of the Company

At the beginning of 2003 the total book value of the net assets of the businesses combined of Baht 32,013.37 million was recorded as “Difference arising from common control transactions”. This was recognised in the statements of changes in shareholders’ equity as a separate component of shareholders’ equity. The consideration paid to the common ultimate controlling shareholder during 2003 of Baht 38,634.62 million (primarily comprised of cash and cash equivalents) was deducted from this Difference. Net profit for the period 2003 attributable to the entities transferred prior to the restructuring of Baht 5,999.39 million resulted in an increase in the “Difference arising from common control transactions” as it was attributable to the shareholders of those entities prior to restructuring but was contributed to the Company upon restructuring.

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During 2003, prior to being transferred to the Company, certain businesses, now subsidiaries of the Company, approved the payment of dividends to shareholders totalling Baht 7,635.07 million (comprised of cash and cash equivalents), which resulted in a reduction in the “Difference arising from common control transactions”.

During 2003, prior to being transferred to the Company, certain companies, now subsidiaries of the Company, underwent capital restructuring through share capital reduction, and returned a total of Baht 25,510.00 million to their shareholders (comprised of cash and cash equivalents), which resulted in a reduction in the “Difference arising from common control transactions”. Similarly, certain companies, now subsidiaries of the Company, received a share capital injection totalling Baht 7,068.00 million, which resulted in an increase in the “Difference arising from common control transactions”.

Also during 2003, prior to being transferred to the Company, certain companies, now subsidiaries of the Company, had transactions with the ultimate controlling shareholder of the Company as part of the ultimate controlling shareholder’s financial management of the businesses before the Group was formed. Upon consolidation these transactions are reflected as equity contributions from shareholders, totalling Baht 22,291.87 million (comprised of cash and cash equivalents), which resulted in an increase in the “Difference arising from common control transactions”. This contribution was consequent to equity distributions of the same amount, which occurred prior to 2003, which are included in the balance of the “Difference arising from common control transactions” at the beginning of 2003.

During 2004, prior to being transferred to the Company, certain businesses, now subsidiaries of the Company, approved the payment of dividends to shareholders totalling Baht 2,009.80 million, which resulted in a reduction in the “Difference arising from common control transactions”. Net profit for the period 2004 attributable to these entities transferred prior to being transferred to the Company of Baht 87.42 million resulted in an increase in the “Difference arising from common control transactions” as it was attributable to the shareholders of those entities prior to restructuring but was contributed to the Company upon restructuring.

During 2005, further consideration was paid to the ultimate controlling shareholder of Baht 9,646.00 million (primarily comprised of cash and cash equivalents) for the transfers of the four businesses and was deducted from the “Difference arising from common control transactions”. Net profit for the period 2005 attributable to these entities transferred prior to being transferred to the Company of Baht 285.22 million resulted in an increase in the “Difference arising from common control transactions” as it was attributable to the shareholders of those entities prior to restructuring but was contributed to the Company upon restructuring.

The balance of the “Difference arising from common control transactions”, which is shown as a reduction in shareholders’ equity, as a separate component in the consolidated and the Company’s balance sheets as at 31 December 2005, represents the total excess of the consideration paid for the entities and businesses transferred over the book value of the net assets transferred at the dates of transfer.

Transfer of businesses from companies outside the Group

During 2003, as part of the business restructuring, some assets, liabilities and operations of certain beverages businesses were transferred from companies outside the Group, but under the common control of the ultimate controlling shareholder of the Company, to companies which are now subsidiaries within the Group. These transactions are also recognised as business combinations involving businesses under common control and have been accounted for in a manner similar to a pooling of interests, whereby the assets, liabilities and contingent liabilities have been accounted for at book values.

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 stand alone basis.

**Thai Beverage Public Company Limited and its Subsidiaries
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**Notes to the consolidated financial statements
For the years ended 31 December 2005, 2004 and 2003**

As at 31 December 2003, some assets and liabilities clearly applicable to these beverage businesses transferred to the Group had not yet been formally transferred to the Group. The transfers were formally completed during 2004. The portion of net assets not formally transferred to the Group as at 31 December 2003 is included in the consolidated net assets in the consolidated balance sheet as at 31 December 2003 but disclosed separately as “Equity not attributable to the Company” to arrive at total equity. The profits or losses derived by these businesses prior to their formal transfer to the Group were retained by the transferor companies and were not subsequently contributed to the Group. The financial results of these businesses prior to their transfer to the Group have been included in income and expenses in the consolidated statements of income, to facilitate comparison of the consolidated income and expenditure between the financial periods presented, but are then disclosed separately as “Net profit (loss) not attributable to the Company” and “Net profit attributable to the Company”, being the net profit attributable to shareholders of the Company by virtue of their shareholding in the Company.

The movements in “Equity not attributable to the Company”, presented in the Consolidated Statement of Changes in Shareholders’ Equity, include the net profit (loss) not attributable to the Company of Baht 2,132.35 million and Baht (748.89) million for the years ended 31 December 2003 and 2004, respectively. The item also includes equity distributions made by the businesses before being wholly transferred to the Group of Baht 2,484.27 million and equity contributions received of Baht 521.29 million for the years ended 31 December 2003 and 2004, respectively. As at 31 December 2004 all assets and liabilities applicable to the businesses transferred had been formally transferred, therefore all consolidated net assets were attributable to the Company.

These beverages businesses were transferred to and from the following companies:

Business Transferred from

Wattanapat Trading Co., Ltd.
B.T.C.L. Trading PCL.
Praserdsuk Karnsura Co., Ltd.
Peampolkanka Co., Ltd.
Parksiri Co., Ltd.
Yingmitr Co., Ltd.
Permpoonkarnsura Co., Ltd.
Sermsarng Karnkaa Co., Ltd.
Surapiset Rungroj Co., Ltd.

Business Transferred to

Thipchalothorn Co., Ltd. & Krittayabun Co., Ltd.
Thipchalothorn Co., Ltd. & Krittayabun Co., Ltd.
Num Nakorn Co., Ltd.
Num Thurakij Co., Ltd.
Num Kijjakarn Co., Ltd.
Num Palang Co., Ltd.
Num Yuk Co., Ltd.
Num Muang Co., Ltd.
Red Bull Distillery (1988) Co., Ltd.

For businesses acquired that are not under common control, the assets and liabilities and contingent liabilities are measured, for consolidation purposes, at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

Revisions to consolidated financial statements for prior years

The consolidated financial statements for the years ended 31 December 2004 and 2003 have been revised to give retrospective application to four transactions involving entities under common control, which occurred in 2005 and were accounted for in a manner similar to a pooling of interest method. The effects of the revisions on the consolidated balance sheets as at 31 December 2004 and 2003 and the

**Thai Beverage Public Company Limited and its Subsidiaries
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**Notes to the consolidated financial statements
For the years ended 31 December 2005, 2004 and 2003**

consolidated statement of income for the years ended 31 December 2004 and 2003 are summarised as follows:

	2004		
	<u>Previously Reported</u>	<u>Adjustments</u>	<u>As Revised</u>
	(In million Baht)		
<i>Balance sheet</i>			
Total assets	86,421.26	3,490.59	89,911.85
Total liabilities.....	58,066.80	450.50	58,517.30
Difference arising from common control transactions.....	(9,369.53)	3,040.09	(6,329.44)
Shareholders' equity	28,354.46	3,040.09	31,394.55
<i>Statement of income</i>			
Net profit	9,452.36	87.42	9,539.78
Basic earnings per share (Baht)	0.46	0.01	0.47
	2003		
	<u>Previously Reported</u>	<u>Adjustments</u>	<u>As Revised</u>
	(In million Baht)		
<i>Balance sheet</i>			
Total assets	87,221.14	5,194.94	92,416.08
Total liabilities.....	68,988.26	221.44	69,209.70
Difference arising from common control transactions.....	(9,369.53)	4,962.47	(4,407.06)
Equity not attributable to the Company.....	216.49	11.03	227.52
Shareholders' equity	18,232.88	4,973.50	23,206.38
<i>Statement of income</i>			
Net profit	8,420.54	580.04	9,000.58
Basic earnings per share (Baht)	0.29	0.02	0.31

Current shareholding structure

As of 31 December, the Group consisted of the Company and the following subsidiaries:

<u>Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Nature of Business</u>	<u>Ownership Interest (%)</u>		
			<u>2005</u>	<u>2004</u>	<u>2003</u>
<i>Direct subsidiaries</i>					
1. Beer Thai (1991) PCL.	Thailand	Beer brewery	100.00	100.00	100.00
2. Beer Thip Brewery (1991) Co., Ltd.	Thailand	Beer brewery	100.00	100.00	100.00
3. Sangsom Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
4. Fuengfuanant Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
5. Mongkolsamai Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
6. Thanapakdi Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
7. Kanchanasingkorn Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
8. Sura Bangyikhan Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
9. Athimart Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
10. S.S. Karnsura Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
11. Kankwan Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
12. Theparunothai Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
13. Red Bull Distillery (1988) Co., Ltd. ...	Thailand	Spirits distillery	100.00	100.00	100.00
14. United Winery and Distillery Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00

**Thai Beverage Public Company Limited and its Subsidiaries
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<u>Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Nature of Business</u>	<u>Ownership Interest (%)</u>		
			<u>2005</u>	<u>2004</u>	<u>2003</u>
15. Simathurakij Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
16. Nateechai Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
17. Luckchai Liquor Trading Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
18. Thai Alcohol PCL	Thailand	Alcohol distillery	100.00	100.00	100.00
19. Pomthip Co., Ltd.	Thailand	Beer distributor	100.00	100.00	100.00
20. Pomkit Co., Ltd.	Thailand	Beer distributor	100.00	100.00	100.00
21. Pomkung Co., Ltd.	Thailand	Beer distributor	100.00	100.00	100.00
22. Pomchok Co., Ltd.	Thailand	Beer distributor	100.00	100.00	100.00
23. Pomcharoen Co., Ltd.	Thailand	Beer distributor	100.00	100.00	100.00
24. Pomburapa Co., Ltd.	Thailand	Beer distributor	100.00	100.00	100.00
25. Num Yuk Co., Ltd.	Thailand	Spirits distributor	100.00	100.00	100.00
26. Num Kijjakarn Co., Ltd.	Thailand	Spirits distributor	100.00	100.00	100.00
27. Num Palang Co., Ltd.	Thailand	Spirits distributor	100.00	100.00	100.00
28. Num Muang Co., Ltd.	Thailand	Spirits distributor	100.00	100.00	100.00
29. Num Nakorn Co., Ltd.	Thailand	Spirits distributor	100.00	100.00	100.00
30. Num Thurakij Co., Ltd.	Thailand	Spirits distributor	100.00	100.00	100.00
31. Thipchalothorn Co., Ltd.	Thailand	Beer agency	100.00	100.00	100.00
32. Krittayabun Co., Ltd.	Thailand	Beer agency	100.00	100.00	100.00
33. Surathip Co., Ltd.	Thailand	Spirits agency	100.00	100.00	100.00
34. Sunthronpirom Co., Ltd.	Thailand	Spirits agency	100.00	100.00	100.00
35. Piromsurang Co., Ltd.	Thailand	Spirits agency	100.00	100.00	100.00
36. Bionic Humus Co., Ltd.	Thailand	Trading of fertilizer	100.00	100.00	100.00
37. Maharas Agri Co., Ltd.	Thailand	Japanese rice farming	100.00	100.00	100.00
38. Thai Molasses Co., Ltd.	Thailand	Trading of molasses	99.72	99.72	99.66
39. Additive Food Co., Ltd.	Thailand	Trading of feeds	100.00	100.00	100.00
40. Pan International (Thailand) Co., Ltd.	Thailand	Trading of equipment and supplies	100.00	100.00	100.00
41. Charun Business 52 Co., Ltd.	Thailand	Brick producer	100.00	100.00	100.00
42. Thai Cooperage Co., Ltd.	Thailand	Oak barrel producer	100.00	100.00	100.00
43. Bang-Na Logistic Co., Ltd.	Thailand	Trading of bottles	100.00	100.00	100.00
44. Sahatipkarnkonsong Co., Ltd.	Thailand	Transportation	100.00	100.00	100.00
45. Thai Beverage Marketing Co., Ltd. (formerly Thai Beverages Marketing Co., Ltd.)	Thailand	International marketing (import/ export of spirits)	100.00	100.00	100.00
46. Dhanasindhi Co., Ltd.	Thailand	Construction	100.00	100.00	100.00
47. Dhospaak Co., Ltd.	Thailand	Advertising agency	100.00	100.00	100.00
48. International Beverage Holding Ltd.** ..	Hong Kong	Holding company	100.00	100.00	—
49. Cosmos Brewery (Thailand) Co., Ltd.** ..	Thailand	Beer brewery	100.00	—	—
50. Beer Chang Co., Ltd.** ..	Thailand	Trademark owner	100.00	—	—
51. Archa Beer Co., Ltd.** ..	Thailand	Trademark owner	100.00	—	—
52. T.C.C. Cosmo Corporation Ltd.** ..	Thailand	Trademark owner	100.00	—	—

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<u>Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Nature of Business</u>	<u>Ownership Interest (%)</u>		
			<u>2005</u>	<u>2004</u>	<u>2003</u>
<i>Indirect subsidiaries</i>					
53. Thai Thum Distillery Co., Ltd.*	Thailand	Trading of spirits	99.90	99.90	99.90
54. Sura Piset Sahasan Co., Ltd.*	Thailand	Production/distribution of spirits	100.00	100.00	100.00
55. Sura Piset Sampan Co., Ltd.*	Thailand	Production/distribution of spirits	100.00	100.00	100.00
56. Sura Piset Phatra Lanna Co., Ltd.*	Thailand	Production/distribution of spirits	100.00	100.00	100.00
57. Sura Piset Thipparat Co., Ltd.*	Thailand	Production/distribution of spirits	100.00	100.00	100.00
58. Muangkij Co., Ltd.*	Thailand	Import of oak woods	100.00	100.00	99.99
59. Sint Ek Panich Co., Ltd.*	Thailand	Mining	100.00	99.99	99.99
60. Pan Alcohol Co., Ltd.*	Thailand	Production/distribution of vinegar	100.00	100.00	99.98
61. Banglen Agriculture Co., Ltd.*	Thailand	Agriculture	100.00	99.99	99.99
62. Vitayathan Co., Ltd.**	Thailand	Environmental public relations	100.00	100.00	—
63. Interbev (Singapore) Ltd.***	Singapore	Trading and investment	100.00	—	—

* These are currently non-trading companies.

** These two subsidiaries were acquired during 2004.

*** These companies were transferred during 2005.

**** This subsidiary was acquired during 2005.

2 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared for inclusion in filings associated with a proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations adopted by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been presented in Thai Baht ("Baht"), rounded to the nearest million. The figures in United States Dollars ("U.S. Dollars" or "US\$") as at and for the year ended 31 December 2005, which are presented as supplementary information solely for the convenience of the reader, have been calculated by translating the amounts in the consolidated financial statements at the weighted average interbank exchange rate announced by the Bank of Thailand as at 30 December 2005 of Baht 41.071 to US\$1. This translation should not be construed as a representation that those amounts now translated into U.S. Dollars have been, or could be, converted into U.S. Dollars at this or any other rate.

The consolidated financial statements are prepared on the historical cost basis except for the following assets which are stated at fair value: land, investments in available-for-sale equity securities and derivative financial instruments.

The preparation of consolidated financial statements in conformity with IFRS 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.

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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.

The consolidated financial statements for the years ended 31 December 2005, 2004 and 2003 comprise the Company, its subsidiaries, (together referred to as the “Group”) and some businesses that were transferred from companies outside the Group, under the common control of the ultimate controlling shareholder of the Company, to companies now within the Group as detailed in Note 1.

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

3 Significant accounting policies

3.1 Basis of consolidation

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.

3.2 Foreign currencies

Foreign currency transactions

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

Financial statements of 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 shareholders’ equity until disposal of the investments.

3.3 Derivative financial instruments

Derivative financial instruments are used to manage exposure to foreign exchange risks arising from operational and investment activities. Derivative financial instruments are not used for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequently, they are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the statement of income. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

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3.4 Cash and cash equivalents

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

3.5 Trade and other accounts receivable

Trade and other accounts receivables (including balances with related parties) are stated at their cost less impairment losses.

3.6 Inventories

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

Cost of raw materials, packaging materials, work in progress and finished goods is calculated using the weighted average cost formula 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 necessary to make the sale.

3.7 Investments

Investments in other equity securities

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

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

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

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.

Investment properties

Investment properties are properties, which are held to earn rental income, for capital appreciation or for both.

Investment properties comprise land, building and structure and are stated at cost less accumulated depreciation and impairment losses in accordance with the cost model adopted for the recognition of property, plant and equipment.

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of buildings and structures of 20 years. No depreciation is provided on freehold land.

3.8 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.

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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

Land is stated at fair value, based on valuations by independent professional valuers. 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 the revaluation reserve unless it offsets a previous decrease in value recognised in the statement of income. A decrease in value is recognised in the statement of income to the extent it exceeds an increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation surplus is transferred directly from the revaluation reserve 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.

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
Buildings and improvements	5-30 years
Machinery and equipment	5-30 years
Oak barrels	20 years
Vehicles	5-10 years
Furniture, fixtures and office equipment	3-10 years

No depreciation is provided on freehold land and assets under construction.

3.9 Intangible assets

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

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Amortisation

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

Trademarks	10 years (straight-line method)
Leasehold	Lease term (straight-line method)
Computer software	5-10 years (straight-line method)
Broadcasting rights	1-4 years (unit of production method)

3.10 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.

Intangible assets not yet available for use are tested for impairment annually and as and when indicators of impairment are identified.

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.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognised in the statement of income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of income.

Calculation of recoverable amount

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

Reversals of impairment

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the statement of income.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.11 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at cost 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.

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3.12 Trade and other accounts payable

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

3.13 Employee benefits

Statutory severance pay

Under labour laws in Thailand, all employees with more than 120 days of service are entitled to severance pay on termination of service or in the event of retirement at age 60. This is known as the Statutory Severance Pay.

The Group's obligation in respect of this statutory liability is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. These benefits are discounted to determine their present value. The discount rate is determined by reference to market yields on high quality bonds. Where there is no deep corporate bond market then the yields on Government bonds are used. The bonds so chosen have durations consistent with the duration of the liabilities. The calculation is performed by a qualified actuary using the projected unit credit method.

When the estimated benefits of the statutory liability change, the portion of the increased benefit relating to past service by employees is recognised as an expense in the consolidated statement of income on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the statement of income.

In calculating the Group's obligation in respect of the liability, to the extent that any cumulative unrecognised actuarial gain or loss exceeds 10% of the present value of the obligation, that excess is recognised in the consolidated statement of income over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

As per Group policy all permanent employees of the Group are entitled to the statutory severance pay as well as special severance pay in case of retrenchment depending upon the reason for termination. The severance pay benefit is calculated to be 30 to 300 days' basic pay depending upon the length of service of the employee.

3.14 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.

3.15 Difference arising from common control transactions

Difference arising from common control transactions relates to the transactions disclosed in Note 1 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 difference arising from common control transactions is recognised as a separate component of shareholders' equity until disposal of the investment.

3.16 Revenue

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

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Sale of goods and services rendered

Revenue from the sale of goods 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 are significant uncertainties regarding recovery of the consideration due, associated costs, the probable return of goods or the continuing management involvement with the goods.

As soon as the outcome of a contract for the rendering of services can be estimated reliably, revenue associated with the contract is recognised in the statement of income in proportion to the stage of completion of the contract 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.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of income in proportion to the stage of completion of the contract at the balance sheet date. The stage of completion is assessed using 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 quoted securities is usually the ex-dividend date.

3.17 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 drinks products and package design, are expensed in the period in which they are incurred.

Other income and expenses are recognised on an accrual basis.

3.18 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of income except to the extent that it relates to items recognised directly in equity.

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Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided, using the liability method, on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not recognised for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profit will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4 Related party transactions and balances

Related parties are those parties linked to companies in the Group by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or at contractually agreed prices where no obvious market prices exist.

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

<u>Pricing Policies</u>	
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

Significant transactions with related parties for the years ended 31 December 2005, 2004 and 2003, are summarised as follows:

	2005	2004	2003
	(In million Baht)		
Revenues			
Revenue from sales	194.00	342.47	1,269.64
Service income	9.03	10.30	50.68
Interest income	27.45	5.06	436.23
Other income	24.96	41.94	744.14

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	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
<i>Expenses</i>			
Purchase of raw materials and packaging	4,126.00	4,427.85	3,711.25
Production service fees	10.70	1.44	—
Interest expense	2.83	50.00	707.81
Overhead costs	235.86	231.12	81.45
Directors' remuneration	248.38	154.77	96.51
Loss on sales of investment	—	410.79	—
Other expenses	141.74	273.06	688.88
<i>Others</i>			
Sales of investments	1,108.98	247.78	3,115.89
Sales of land	474.83	—	—
Sales of plant and equipment	52.02	0.56	—
Consideration paid for common control transactions	9,646.00	—	38,634.62
Purchases of investments	—	1,766.61	—
Purchases of land	491.35	1,260.37	—
Purchases of equipment and others	17.36	—	—

Balances as at 31 December 2005, 2004 and 2003 with related parties are summarised as follows:

Assets

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
<i>Trade accounts receivable</i> (being part of trade accounts receivable in the balance sheet)			
Sukothai Marketing Co., Ltd.	—	373.40	657.93
UWD Marketing Co., Ltd.	34.15	42.50	1.95
Pisetkij Co., Ltd	6.49	23.58	0.24
P.S. Recycle Co., Ltd.	8.83	0.96	1.04
Nakornchuen Co.,Ltd.	—	—	53.92
Others	<u>1.80</u>	<u>10.53</u>	<u>22.96</u>
Total	<u>51.27</u>	<u>450.97</u>	<u>738.04</u>

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	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
<i>Short-term loans to and amounts due from related parties</i>			
LSPV Co., Ltd.	—	4,035.85	180.00
LSPV (2001) Co., Ltd.	—	1,021.53	116.93
T.C.C. Group's Management Co., Ltd.	—	247.86	—
Wattanapat Trading Co., Ltd.	—	129.82	300.22
Taksin Paisarn Co., Ltd.	—	—	195.28
Suramahathip Co., Ltd.	—	—	109.11
Surathip Nakornket Co., Ltd.	—	—	74.47
Pattaralanna Co., Ltd.	—	—	50.00
Plastic Agachon Co., Ltd.	43.95	40.91	—
Surasate (2005) Co., Ltd. (Formerly: Thai Molasses (2004) Co., Ltd.)	38.50	38.50	—
Green Centre Co., Ltd.	—	—	34.58
Parksiri Co., Ltd.	—	—	33.78
Padermchai Co., Ltd.	21.75	21.76	—
The Suphanburi Sugar Industry Co., Ltd.	10.50	—	—
Pisetkij Co., Ltd.	1.22	8.02	9.91
T.C.C. Technology Co., Ltd.	—	—	7.51
Dolpark Co., Ltd.	—	—	6.33
T.C.C. Agriculture Co., Ltd.	—	—	5.17
Sukothai Marketing Co., Ltd.	1.18	—	5.39
Asiabev Co., Ltd.	—	—	4.61
Better Impact Presentation Co., Ltd.	—	—	1.61
The Chonburi Sugar Corp. Ltd.	7.93	—	—
The Mae Wang Sugar Industry Co., Ltd.	3.86	—	—
Uttaradit Sugar Industry Co., Ltd.	7.03	—	—
T.C.C. Argo Co., Ltd.	3.25	—	—
Others	<u>3.77</u>	<u>9.39</u>	<u>11.81</u>
Total	<u><u>142.94</u></u>	<u><u>5,553.64</u></u>	<u><u>1,146.71</u></u>

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
<i>Movement on short-term loans to related parties</i>			
At 1 January	417.69	670.68	9,590.38
Increase	6,483.15	1,351.73	9,245.62
Decrease	<u>(6,859.99)</u>	<u>(1,604.72)</u>	<u>(18,165.32)</u>
At 31 December	<u><u>40.85</u></u>	<u><u>417.69</u></u>	<u><u>670.68</u></u>

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Liabilities

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
<i>Trade accounts payable</i> (being part of trade accounts payable in the balance sheet)			
Berli Jucker Plc.	273.74	507.08	572.15
Thai Beverage Can Ltd.	97.00	74.25	81.15
Pisetkij Co., Ltd.	58.78	33.58	46.29
Plastic Agachon Co., Ltd.	—	3.09	10.77
P.S. Recycle Co., Ltd.	75.98	42.25	30.29
Nakornchuen Co.,Ltd.	—	—	21.26
Inverhouse Distillers Co., Ltd.	11.15	—	—
Bang-Na Glass Co., Ltd.	4.37	25.56	8.14
B.T.C.L. Trading PCL	—	—	5.86
Others.....	<u>0.32</u>	<u>1.89</u>	<u>5.48</u>
Total	<u>521.34</u>	<u>687.70</u>	<u>781.39</u>

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
<i>Short-term loans from and amounts due to related parties</i>			
T.C.C. Technology Co., Ltd.	6.17	5.15	21.38
Southeast Capital Co., Ltd. (formerly: T.C.C. Car rent Co., Ltd.)	13.32	6.93	0.38
Wattanapat Trading Co., Ltd.	—	192.60	1,111.34
Thaksin Paisan Co., Ltd.	—	—	191.49
T.C.C. Property Development Co., Ltd.	6.38	—	—
Ms. Wantanee Chevasiri	—	100.25	145.62
Mr. Paisal Chevasiri	—	—	80.06
Red Bull Brewery (1991) Co., Ltd.	—	179.00	—
Inverhouse Distillers Co., Ltd.	3.91	—	—
T.C.C. Holding Co., Ltd.	—	58.21	—
Dr. Pisanu Vichiensanth	—	—	19.05
Surathip Vieng Ping Co., Ltd.	—	—	18.99
LSPV (2001) Co., Ltd.	—	—	12.00
Dolpark Co., Ltd.	—	—	6.73
T.C.C. Agriculture Co., Ltd.	—	—	3.52
Surathip San Sukho Co.,Ltd	—	—	2.43
Plastic Agachon Co., Ltd.	0.73	0.08	2.34
P.S. Recycle Co., Ltd.	—	5.07	—
Thai Charoen Insurance Co., Ltd.	6.24	12.08	2.37
Others	<u>1.59</u>	<u>2.77</u>	<u>7.70</u>
Total	<u>38.34</u>	<u>562.14</u>	<u>1,625.40</u>

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	2005	2004	2003
	(In million Baht)		
<i>Movement on short-term loans from related parties</i>			
At 1 January	278.96	1,396.90	13,919.32
Increase	25.18	709.46	11,622.19
Decrease	(304.14)	(1,827.40)	(24,144.61)
At 31 December	—	278.96	1,396.90

5 Cash and cash equivalents

	Note	2005	2004	2003
		(In million Baht)		
Cash on hand		22.44	17.76	18.75
Cash at banks		3,238.21	869.77	3,943.65
Cash and cash equivalents		3,260.65	887.53	3,962.40
<i>Less bank overdrafts</i>	15	(0.15)	(350.15)	(878.07)
Cash and cash equivalents in the statements of cash flows		3,260.50	537.38	3,084.33

6 Trade accounts receivable

	Note	2005	2004	2003
		(In million Baht)		
Trade accounts receivable from third parties		352.05	394.65	346.29
Trade accounts receivable from related parties	4	51.27	450.97	738.04
Total		403.32	845.62	1,084.33
<i>Less allowance for doubtful accounts</i>		(2.72)	(4.98)	(7.01)
Net		400.60	840.64	1,077.32
		2005	2004	2003
		(In million Baht)		
Current		320.95	4.11	179.15
Overdue:				
Less than 3 months		33.58	430.16	504.80
3-6 months		8.47	9.29	182.26
6-12 months		25.89	78.49	195.12
Over 12 months		14.43	323.57	23.00
Total		403.32	845.62	1,084.33
<i>Less allowance for doubtful accounts</i>		(2.72)	(4.98)	(7.01)
Net		400.60	840.64	1,077.32

The normal credit term granted by the Group is 7—30 days.

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7 Inventories

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Finished goods	16,066.58	20,203.01	21,750.09
Maturing spirits	4,547.04	4,228.78	4,083.39
Work in progress	3,240.25	3,796.36	3,768.87
Raw materials	909.92	977.43	1,078.98
Packaging materials	443.82	659.83	559.22
Spare parts	539.19	642.20	715.27
Others	<u>287.87</u>	<u>230.31</u>	<u>216.83</u>
Total	<u><u>26,034.67</u></u>	<u><u>30,737.92</u></u>	<u><u>32,172.65</u></u>

As at 31 December 2005, 2004 and 2003 certain finished goods of subsidiary companies were pledged as security for short-term and long-term loans; as disclosed in Note 15.

8 Other current assets

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Refundable excise tax	168.35	199.11	231.57
Refundable VAT	260.80	515.79	391.51
Prepaid property tax	148.45	161.90	176.76
Withholding tax	43.32	35.68	14.29
Prepaid income tax	33.63	0.45	1.20
Deposits	103.94	234.69	147.44
Prepaid expenses	120.21	116.76	73.43
Advanced payments for construction	73.81	123.28	4.19
Other advanced payments	44.23	20.07	5.77
Other receivables	10.54	153.54	82.33
Derivative assets	2.45	16.03	48.77
Others	<u>12.96</u>	<u>17.16</u>	<u>146.90</u>
Total	1,022.69	1,594.46	1,324.16
<i>Less</i> allowance for doubtful accounts	<u>(14.02)</u>	<u>(22.32)</u>	<u>(3.47)</u>
Net	<u><u>1,008.67</u></u>	<u><u>1,572.14</u></u>	<u><u>1,320.69</u></u>

9 Other long-term investments

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Available-for-sale equity securities	—	0.08	6.38
Non-marketable equity securities	<u>5.59</u>	<u>1,116.38</u>	<u>8.05</u>
Total	5.59	1,116.46	14.43
<i>Less</i> allowance for decline in value of investments	<u>(4.32)</u>	<u>(5.79)</u>	<u>(3.60)</u>
Net	<u><u>1.27</u></u>	<u><u>1,110.67</u></u>	<u><u>10.83</u></u>

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10 Property, plant and equipment

	2005						2004		2003		
	Cost/Valuation			Accumulated Depreciation			Net Book Value				
	Beginning	Addition	Disposal	Transfer	Ending	Beginning	Depreciation	Disposal	Transfer	Ending	Beginning
Land—cost	7,799.92	560.54	(474.74)	—	7,885.72	—	—	—	—	7,799.92	7,885.72
—surplus on revaluation of land	6,648.86	20.35	(134.83)	—	6,534.38	—	—	—	—	6,648.86	6,534.38
Total land	14,448.78	580.89	(609.57)	—	14,420.10	—	—	—	—	14,448.78	14,420.10
Land improvement	719.20	0.06	—	0.83	720.09	155.76	45.40	—	201.16	563.44	518.93
Buildings and improvements	13,935.41	18.89	(44.04)	150.68	14,060.94	4,158.87	670.28	(5.69)	4,823.46	9,776.54	9,237.48
Machinery and equipment	33,144.97	87.14	(38.19)	538.77	33,732.69	16,135.29	2,963.30	(25.51)	18.94	17,009.68	14,640.67
Oak barrels	2,428.66	0.36	—	—	2,429.02	973.29	116.35	(0.01)	—	1,455.37	1,339.39
Furniture, fixtures and office equipment	446.12	74.12	(11.67)	51.22	559.79	271.27	64.83	(8.31)	(15.43)	174.85	247.43
Vehicles	2,698.08	50.77	(30.88)	(2.46)	2,715.51	1,758.91	359.75	(21.96)	(3.51)	939.17	622.32
Construction in progress	1,479.72	6,428.26	(0.88)	(739.04)	7,168.06	—	—	—	—	1,479.72	7,168.06
Total	<u>69,300.94</u>	<u>7,240.49</u>	<u>(735.23)</u>	<u>—</u>	<u>75,806.20</u>	<u>23,453.39</u>	<u>4,219.91</u>	<u>(61.48)</u>	<u>—</u>	<u>45,847.55</u>	<u>48,194.38</u>

As at 31 December 2005 the historical cost of fully depreciated plant and equipment still in use amounted to Baht 2,253.62 million.

As at 31 December 2005 the net book value of property, plant and equipment of certain subsidiary companies, used as security under the Negative Pledge agreement, as disclosed in Note 15, totaled Baht 31,658.05 million.

As at 31 December 2005 the carrying amount of idle land, which is held for planned future business operations amounted to Baht 1,735.21 million.

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2004

	Cost/Valuation			Accumulated Depreciation			Net Book Value					
	Beginning	Addition	Disposal	Transfer	Ending	Beginning	Depreciation	Disposal	Transfer	Ending	Beginning	Ending
Land—cost	6,707.37	1,265.39	(135.85)	(36.99)	7,799.92	—	—	—	—	—	6,707.37	7,799.92
—surplus on revaluation of land	6,453.34	246.38	—	(50.86)	6,648.86	—	—	—	—	—	6,453.34	6,648.86
Total land	13,160.71	1,511.77	(135.85)	(87.85)	14,448.78	—	—	—	—	—	13,160.71	14,448.78
Land improvement	660.03	1.88	(0.10)	57.39	719.20	112.24	43.57	(0.05)	—	155.76	547.79	563.44
Buildings and improvements	13,873.00	30.80	(31.41)	63.02	13,935.41	3,527.71	668.29	(3.51)	(33.62)	4,158.87	10,345.29	9,776.54
Machinery and equipment	32,767.90	183.19	(103.67)	297.55	33,144.97	13,220.27	2,957.33	(50.24)	7.93	16,135.29	19,547.63	17,009.68
Oak barrels	2,420.44	8.69	(0.47)	—	2,428.66	838.78	134.51	—	—	973.29	1,581.66	1,455.37
Furniture, fixtures and office equipment	388.16	66.68	(10.97)	2.25	446.12	227.18	52.39	(8.29)	(0.01)	271.27	160.98	174.85
Vehicles	2,784.05	106.77	(197.53)	4.79	2,698.08	1,478.43	389.85	(109.37)	—	1,758.91	1,305.62	939.17
Construction in progress	543.46	1,407.21	(4.67)	(466.28)	1,479.72	—	—	—	—	—	543.46	1,479.72
Total	66,597.75	3,316.99	(484.67)	(129.13)	69,300.94	19,404.61	4,245.94	(171.46)	(25.70)	23,453.39	47,193.14	45,847.55

As at 31 December 2004 the carrying amount of idle land, which is held for planned future business operations amounted to Baht 1,377.87 million.

2003

	Cost/Valuation			Accumulated Depreciation			Net Book Value					
	Beginning	Addition	Disposal	Transfer	Ending	Beginning	Depreciation	Disposal	Transfer	Ending	Beginning	Ending
Land—cost	6,051.33	724.52	(67.98)	(0.50)	6,707.37	—	—	—	—	—	6,051.33	6,707.37
—surplus on revaluation of land	—	6,453.34	—	—	6,453.34	—	—	—	—	—	—	6,453.34
Total land	6,051.33	7,177.86	(67.98)	(0.50)	13,160.71	—	—	—	—	—	6,051.33	13,160.71
Land improvement	611.44	48.59	—	—	660.03	78.12	34.12	—	—	112.24	533.32	547.79
Buildings and improvements	13,589.10	316.50	(295.25)	262.65	13,873.00	2,862.37	699.56	(34.22)	—	3,527.71	10,726.73	10,345.29
Machinery and equipment	31,355.65	601.17	(248.38)	1,059.46	32,767.90	10,582.91	2,783.51	(159.73)	13.58	13,220.27	20,772.74	19,547.63
Oak barrels	2,408.60	11.84	—	—	2,420.44	696.27	142.51	—	—	838.78	1,712.33	1,581.66
Furniture, fixtures and office equipment	372.97	54.01	(38.95)	0.13	388.16	204.36	52.31	(29.49)	—	227.18	168.61	160.98
Vehicles	2,422.47	829.91	(449.98)	(18.35)	2,784.05	1,241.59	337.35	(86.93)	(13.58)	1,478.43	1,180.88	1,305.62
Construction in progress	1,561.83	474.29	(189.27)	(1,303.39)	543.46	—	—	—	—	—	1,561.83	543.46
Total	58,373.39	9,514.17	(1,289.81)	—	66,597.75	15,665.62	4,049.36	(310.37)	—	19,404.61	42,707.77	47,193.14

As at December 31, 2003 the carrying amount of idle land, which is held for planned future business operations amounted to Baht 758.32 million.

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In 2005 and 2004, the Group revalued its land, as disclosed in Note 20.

Depreciation of plant and equipment for the years ended 31 December 2005, 2004 and 2003 consisted of:

	2005	2004	2003
	(In million Baht)		
Included in cost of production	2,315.71	2,821.59	2,821.57
Included in selling and administrative expenses	1,904.21	1,424.35	1,227.79
Total	4,219.92	4,245.94	4,049.36

Borrowing costs for the year ended 31 December 2005 capitalised as part of asset cost amounted to Baht 82.71 million (2004: Baht nil; 2003: Baht 2.07 million).

11 Intangible assets

	2005									
	Cost				Accumulated Amortisation				Net Book Value	
	Beginning	Addition	Disposal	Ending	Beginning	Amortisation	Disposal	Ending	Beginning	Ending
	(In million Baht)									
Trademarks	304.86	1.82	—	306.68	158.01	24.67	—	182.68	146.85	124.00
Leasehold land	1.04	0.12	—	1.16	0.13	0.18	—	0.31	0.91	0.85
Computer software ..	4.28	11.68	—	15.96	0.58	1.57	—	2.15	3.70	13.81
Broadcasting rights ..	101.96	59.94	—	161.90	19.83	18.53	—	38.36	82.13	123.54
Total	412.14	73.56	—	485.70	178.55	44.95	—	223.50	233.59	262.20
	2004									
	Cost				Accumulated Amortisation				Net Book Value	
	Beginning	Addition	Disposal	Ending	Beginning	Amortisation	Disposal	Ending	Beginning	Ending
	(In million Baht)									
Trademarks	303.51	1.35	—	304.86	133.53	24.48	—	158.01	169.98	146.85
Leasehold land	—	1.04	—	1.04	—	0.13	—	0.13	—	0.91
Computer software ..	2.88	1.40	—	4.28	0.18	0.40	—	0.58	2.70	3.70
Broadcasting rights ..	72.10	29.86	—	101.96	14.24	5.59	—	19.83	57.86	82.13
Total	378.49	33.65	—	412.14	147.95	30.60	—	178.55	230.54	233.59
	2003									
	Cost				Accumulated Amortisation				Net Book Value	
	Beginning	Addition	Disposal	Ending	Beginning	Amortisation	Disposal	Ending	Beginning	Ending
	(In million Baht)									
Trademarks	302.39	1.12	—	303.51	109.23	24.30	—	133.53	193.16	169.98
Leasehold land	15.10	—	(15.10)	—	2.37	0.65	(3.02)	—	12.73	—
Computer software ..	1.87	3.80	(2.79)	2.88	0.05	0.37	(0.24)	0.18	1.82	2.70
Broadcasting rights ..	—	72.10	—	72.10	—	14.24	—	14.24	—	57.86
Total	319.36	77.02	(17.89)	378.49	111.65	39.56	(3.26)	147.95	207.71	230.54

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12 Investment property

	2005									
	Cost				Accumulated Amortisation				Net Book Value	
	Beginning	Addition	Transfer	Ending	Beginning	Amortisation	Transfer	Ending	Beginning	Ending
	(In million Baht)									
Land	37.23	—	—	37.23	—	—	—	—	37.23	37.23
Buildings and improvements	41.28	—	—	41.28	26.74	2.06	—	28.80	14.54	12.48
Total	<u>78.51</u>	<u>—</u>	<u>—</u>	<u>78.51</u>	<u>26.74</u>	<u>2.06</u>	<u>—</u>	<u>28.80</u>	<u>51.77</u>	<u>49.71</u>

	2004									
	Cost				Accumulated Amortisation				Net Book Value	
	Beginning	Addition	Transfer	Ending	Beginning	Amortisation	Transfer	Ending	Beginning	Ending
	(In million Baht)									
Land	—	0.24	36.99	37.23	—	—	—	—	—	37.23
Buildings and improvements	—	—	41.28	41.28	—	1.04	25.70	26.74	—	14.54
Total	<u>—</u>	<u>0.24</u>	<u>78.27</u>	<u>78.51</u>	<u>—</u>	<u>1.04</u>	<u>25.70</u>	<u>26.74</u>	<u>—</u>	<u>51.77</u>

Investment property comprises a number of properties that are leased to related parties and third parties and held for capital appreciation.

13 Deferred tax

Deferred tax assets and liabilities determined after appropriate offsetting are included in the balance sheets as follows:

	2005	2004	2003
	(In million Baht)		
Deferred tax assets	931.96	825.24	861.35
Deferred tax liabilities	(2,244.32)	(2,298.42)	(2,268.26)
Net	<u>(1,312.36)</u>	<u>(1,473.18)</u>	<u>(1,406.91)</u>

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Movements in deferred tax assets and liabilities, prior to offsetting of balances, during the year are as follows:

	2005			At 31 December 2005
	At 1 January 2005	Charged/(Credited) to Statement of Income (Note 24)	Equity	
	(In million Baht)			
<i>Deferred tax assets</i>				
Property, plant and equipment	52.62	(0.31)	—	52.31
Investments	279.29	(0.44)	0.02	278.87
Inventories	324.00	82.43	—	406.43
Employee benefits	121.24	16.49	—	137.73
Tax losses recognised	11.75	(2.42)	—	9.33
Other items	36.34	10.95	—	47.29
Total	<u>825.24</u>	<u>106.70</u>	<u>0.02</u>	<u>931.96</u>
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(2,293.61)	15.68	34.35	(2,243.58)
Other items	(4.81)	4.07	—	(0.74)
Total	<u>(2,298.42)</u>	<u>19.75</u>	<u>34.35</u>	<u>(2,244.32)</u>
Net	<u>(1,473.18)</u>	<u>126.45</u>	<u>34.37</u>	<u>(1,312.36)</u>
	2004			
	Charged/(Credited) to			At 31 December 2004
	At 1 January 2004	Statement of Income (Note 24)	Equity	
	(In million Baht)			
<i>Deferred tax assets</i>				
Property, plant and equipment	18.79	33.83	—	52.62
Investments	278.64	0.66	(0.01)	279.29
Inventories	439.45	(115.45)	—	324.00
Employee benefits	110.10	11.14	—	121.24
Tax losses recognised	9.22	2.53	—	11.75
Other items	5.15	31.19	—	36.34
Total	<u>861.35</u>	<u>(36.10)</u>	<u>(0.01)</u>	<u>825.24</u>
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(2,253.63)	18.65	(58.63)	(2,293.61)
Other items	(14.63)	9.82	—	(4.81)
Total	<u>(2,268.26)</u>	<u>28.47</u>	<u>(58.63)</u>	<u>(2,298.42)</u>
Net	<u>(1,406.91)</u>	<u>(7.63)</u>	<u>(58.64)</u>	<u>(1,473.18)</u>

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	2003			At 31 December 2003
	At 1 January 2003	Charged/(Credited) to		
		Statement of Income (Note 24)	Equity	
(In million Baht)				
<i>Deferred tax assets</i>				
Property, plant and equipment	0.33	18.46	—	18.79
Investments	16.24	262.39	0.01	278.64
Inventories	338.13	101.32	—	439.45
Employee benefits	100.75	9.35	—	110.10
Tax losses recognised	313.80	(304.58)	—	9.22
Other items	<u>128.78</u>	<u>(123.63)</u>	—	<u>5.15</u>
Total	<u>898.03</u>	<u>(36.69)</u>	<u>0.01</u>	<u>861.35</u>
<i>Deferred tax liabilities</i>				
Property, plant and equipment	(317.17)	(0.56)	(1,935.90)	(2,253.63)
Other items	<u>(8.97)</u>	<u>(5.66)</u>	—	<u>(14.63)</u>
Total	<u>(326.14)</u>	<u>(6.22)</u>	<u>(1,935.90)</u>	<u>(2,268.26)</u>
Net	<u>571.89</u>	<u>(42.91)</u>	<u>(1,935.89)</u>	<u>(1,406.91)</u>

The following temporary differences have not been recognised:

	2005	2004	2003
(In million Baht)			
Deductible temporary differences	0.04	2.41	—
Tax losses	<u>28.34</u>	<u>2.85</u>	<u>3.23</u>
Total	<u>28.38</u>	<u>5.26</u>	<u>3.23</u>

14 Other non-current assets

	2005	2004	2003
(In million Baht)			
Bottles, crates and pallets	174.69	159.50	435.67
Deposits	67.29	67.74	60.95
Others	<u>18.59</u>	<u>59.46</u>	<u>23.06</u>
Total	260.57	286.70	519.68
<i>Less Allowance for impairment of assets</i>	<u>(6.25)</u>	<u>(7.45)</u>	—
Net	<u>254.32</u>	<u>279.25</u>	<u>519.68</u>

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15 Interest-bearing liabilities

Interest-bearing liabilities from financial institutions as at 31 December comprised:

	<u>Note</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
(In million Baht)				
Current				
Bank overdrafts				
—secured		—	0.14	42.68
—guaranteed		0.15	125.27	825.73
—unsecured		—	224.74	9.66
		<u>0.15</u>	<u>350.15</u>	<u>878.07</u>
Short-term loans from financial institutions				
—secured		2,700.00	3,300.00	10,055.00
—guaranteed/negative pledge		36,600.00	38,100.00	33,100.00
—unsecured		—	2,970.00	2,769.83
		<u>39,300.00</u>	<u>44,370.00</u>	<u>45,924.83</u>
Current portion of long-term loans				
—secured		<u>1,086.60</u>	<u>1,320.00</u>	<u>10,172.60</u>
		<u>1,086.60</u>	<u>1,320.00</u>	<u>10,172.60</u>
		<u>40,386.75</u>	<u>46,040.15</u>	<u>56,975.50</u>
Non-current				
Long-term loans from financial institutions				
—secured		—	1,086.60	—
		—	<u>1,086.60</u>	—
Total		<u>40,386.75</u>	<u>47,126.75</u>	<u>56,975.50</u>

The period to maturity of interest-bearing borrowings is as follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
(In million Baht)			
Within one year	40,386.75	46,040.15	56,975.50
After one year but within five years	—	1,086.60	—
Total	<u>40,386.75</u>	<u>47,126.75</u>	<u>56,975.50</u>

As at 31 December, the interest rate exposure of the borrowings is as follows:

	<u>2005</u>		<u>2004</u>		<u>2003</u>	
	<u>Range</u>	<u>Weighted</u>	<u>Range</u>	<u>Weighted</u>	<u>Range</u>	<u>Weighted</u>
(%)						
Bank overdrafts	7.00	7.00	5.50-7.75	6.12	5.85-6.50	6.16
Short-term loans from financial institutions	3.75-5.00	4.74	2.35-3.50	3.13	2.50-5.00	2.75
Long-term loan and current portion	5.00	5.00	4.00	4.00	4.00-5.00	4.82

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Secured borrowings are secured by the following assets:

	2005	2004	2003
	(In million Baht)		
Land	—	—	80.00
Inventories	3,786.60	5,706.60	20,147.60
Total	3,786.60	5,706.60	20,227.60

As at 31 December 2005 the net book value of property, plant and equipment of certain subsidiary companies subject to the Negative Pledge agreement (see below) totaled Baht 31,658.05 million.

The principal features of the borrowings are as follows:

(a) Bank overdrafts are repayable on demand. As at 31 December 2005, the Group has total overdraft facilities amounting to Baht 2,533.00 million (2004: Baht 2,535.00 million; 2003: Baht 2,015.00 million) which is partially guaranteed by five subsidiary companies and a related company.

(b) Short-term loans from financial institutions primarily comprise promissory notes issued by the Company to several domestic commercial banks totaling Baht 36,600.00 million as at 31 December 2005 (2004: Baht 38,100.00 million; 2003: Baht 33,100.00 million) with interest payable monthly. These loans are guaranteed by certain subsidiaries, namely Sangsom Co., Ltd.; Sura Bangyikhan Co., Ltd.; Beer Thai (1991) PCL.; and Beer Thip Brewery (1991) Co., Ltd.

In addition, 17 subsidiary companies entered into a Negative Pledge agreement, 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, during any period that the Company has not yet repaid these loans and/or is still liable to the banks under these promissory notes, unless written consent from the banks is received. These subsidiaries are Sangsom Co., Ltd., Sura Bangyikhan Co., Ltd., United Winery and Distillery Co., Ltd., Red Bull Distillery (1988) Co., Ltd., Fuengfuanant Co., Ltd., Athimart Co., Ltd., S.S. Karnsura Co., Ltd., Kankwan Co., Ltd., Theparunothai Co., Ltd., Thanapakdi Co., Ltd., Simathurakij Co., Ltd., Mongkolsamai Co., Ltd., Kanchanasingkorn Co., Ltd., Luckchai Liquor Trading Co., Ltd., Nateechai Co., Ltd., Beer Thai (1991) PCL. and Beer Thip Brewery (1991) Co., Ltd.

The remaining short-term loans from financial institutions are guaranteed by certain subsidiary companies and are secured on inventories of certain subsidiaries.

(c) The current portion of long-term loan in the consolidated balance sheets as at 31 December 2005 and 2004 comprised the contractual current portion of the remaining long-term loan. The current portion as at 31 December 2003 comprised the contractual current portion and the early repaid portion of loans from domestic commercial banks, which are secured on certain inventories of subsidiary companies, and the current portion of promissory notes and bills of exchange issued to various private lenders.

(d) The remaining long-term loan in the consolidated balance sheets as at 31 December 2004 was obtained from a domestic commercial bank by a subsidiary and is to be repaid in 23 monthly instalments of Baht 110.00 million for the first 22 instalments and Baht 96.60 million for the last instalment, from December 2004. Interest is payable monthly at a fixed rate of 4% per annum for the first year and MLR minus 1.75% per annum afterwards. This loan is secured by inventories of certain subsidiaries.

As at 31 December 2005 the Group had unutilised credit facilities totalling Baht 14,851.74 million.

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16 Trade accounts payable

	<u>Note</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
(In million Baht)				
Trade accounts payable—third parties		983.28	1,110.23	1,592.46
Trade accounts payable—related parties	4	<u>521.34</u>	<u>687.70</u>	<u>781.39</u>
Total		<u><u>1,504.62</u></u>	<u><u>1,797.93</u></u>	<u><u>2,373.85</u></u>

17 Other current liabilities

	<u>2005</u>	<u>2004</u>	<u>2003</u>
(In million Baht)			
Outstanding cheque paid for excise tax	918.68	—	—
Value added tax payable	723.24	563.24	958.88
Withholding tax payable	72.80	75.87	60.71
Advanced payments from customers for purchase of goods	1,879.05	1,669.65	1,539.92
Accrued expenses	364.52	488.75	456.65
Accrued interest expense	15.13	15.12	47.07
Deposits and retentions payable	318.74	63.44	23.54
Construction payables	596.98	178.51	17.14
Accrued promotion expenses	230.41	8.39	8.73
Derivative liabilities	28.30	55.87	4.55
Others	<u>85.43</u>	<u>124.01</u>	<u>238.29</u>
Total	<u><u>5,233.28</u></u>	<u><u>3,242.85</u></u>	<u><u>3,355.48</u></u>

18 Employee benefits

The Company instructed an independent actuary to carry out a valuation of its statutory severance pay obligations using the projected unit credit method. The report of the actuary, dated 24 February 2006 resulted in the following liabilities, expenses and disclosures

Recognised in the balance sheets

	<u>2005</u>	<u>2004</u>	<u>2003</u>
(In million Baht)			
Present value of unfunded benefit obligations	444.75	438.13	366.66
Unrecognised actuarial gains and losses	<u>14.34</u>	<u>(34.00)</u>	<u>0.35</u>
Net liability recognised in balance sheets	<u><u>459.09</u></u>	<u><u>404.13</u></u>	<u><u>367.01</u></u>

Recognised in the statements of income

	<u>2005</u>	<u>2004</u>	<u>2003</u>
(In million Baht)			
Current service cost	40.31	34.93	35.31
Interest cost	<u>30.71</u>	<u>26.53</u>	<u>20.45</u>
Expenses recognised in the statements of income	<u><u>71.02</u></u>	<u><u>61.46</u></u>	<u><u>55.76</u></u>

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Reconciliation of present value of benefit obligations

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Present value of benefit obligations at 1 January	438.13	366.66	335.84
Service cost	40.31	34.93	35.31
Interest cost	30.71	26.53	20.45
Benefits paid	(16.06)	(24.34)	(24.59)
Actuarial (gains)/losses on obligation	(48.34)	34.35	(0.35)
Present value of benefit obligations at 31 December	<u>444.75</u>	<u>438.13</u>	<u>366.66</u>

Reconciliation of movement of the net liability recognised in the balance sheets

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Net liability at 1 January	404.13	367.01	335.84
Expenses recognised in statements of income	71.02	61.46	55.76
Benefits paid	(16.06)	(24.34)	(24.59)
Net liability at 31 December	<u>459.09</u>	<u>404.13</u>	<u>367.01</u>

Principal actuarial assumptions

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Discount rate	7.50%	7.25%	7.50%
Future salary increase	5.00%	5.00%	5.00%

19 Share capital

	Par Value (In Baht)	<u>2005</u>		<u>2004</u>		<u>2003</u>	
		Number	Baht	Number	Baht	Number	Baht
(In million)							
<i>Authorised</i>							
At 1 January							
—ordinary shares	1	22,000	22,000	22,000	22,000	—	—
Creation of new shares							
—ordinary shares	1	<u>7,000</u>	<u>7,000</u>	—	—	<u>22,000</u>	<u>22,000</u>
At 31 December							
—ordinary shares	1	<u>29,000</u>	<u>29,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>
<i>Issued and fully paid</i>							
At 1 January							
—ordinary shares	1	22,000	22,000	22,000	22,000	—	—
Issue of new shares							
—ordinary shares		—	—	—	—	<u>22,000</u>	<u>22,000</u>
At 31 December							
—ordinary shares	1	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>

On 29 October 2003, Thai Beverages Public Company Limited was registered as a public company with authorised and paid-up share capital of Baht 20,000.00 million. Subsequently, the Extraordinary Meeting of Shareholders No. 1/2003 held on 21 November 2003 approved resolutions to increase the authorised share capital from Baht 20,000.00 million to Baht 22,000.00 million through the issue of

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2,000 million ordinary shares with a Baht 1 par value. This issue comprises 600 million shares allocated to specific investors or shareholders and 1,400 million shares allocated to the existing shareholders at a ratio of seven new shares for every 100 existing shares held.

The Extraordinary Meeting of Shareholders of the Company No. 1/2005 held on 8 July 2005 unanimously approved to increase the authorised share capital of the Company from Baht 22,000.00 million to Baht 29,000.00 million through the creation of 7,000 million ordinary shares with a Baht 1 par value. Of this increase, an amount not exceeding 6,000 million shares will be allocated to the public and an amount not exceeding 1,000 million shares will be available as a “Greenshoe Option”. The Company registered the increase of its authorised share capital with the Ministry of Commerce on 11 July 2005.

20 Reserves

Currency translation reserve

Currency translation reserve consisted of foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.

Fair value and revaluation reserves

Revaluation reserve

During 2003 and 2004, the Group revalued all land held. Revaluations of land are carried out by independent professional valuers on an open market basis. The revaluations were originally based on valuations reported by the independent professional valuers in 2003 and 2004. In September 2005, the valuers updated the valuations, which have been recognised as adjusting events occurring after the balance sheet date. As a result of the updated revaluations a surplus of Baht 4,517.44 million (net of deferred tax liabilities of Baht 1,935.90 million) was recognised as a revaluation reserve in 2003 as a component of shareholders' equity, of which Baht 0.34 million was not attributable to the Company and a surplus of Baht 172.48 million (net of deferred tax liabilities of Baht 73.90 million) was recognised in 2004, of which Baht 0.08 million was not attributable to the Company. A surplus of Baht 94.38 million (net of deferred tax liabilities of Baht 40.45 million) was also reversed in 2005 as a result of the updated revaluation.

In addition, a surplus of Baht 35.60 million (net of deferred tax liabilities of Baht 15.26 million) was reversed in 2004, as a result of land with a historic cost of Baht 36.99 million being transferred to investment property, which is recognised using the cost method.

Subsequently, in 2005, a subsidiary company obtained a revaluation of its land from independent professional valuers and a surplus of Baht 14.24 million (net of deferred tax liabilities of Baht 6.11 million) was also recognised in the 2005 financial statements.

Fair value reserve

The fair value and revaluation reserve also includes the cumulative net change in the fair value of available-for-sale equity securities.

Legal reserve

A legal reserve is set up under the provisions of Section 116 of the Public Companies Act B.E. 2535. Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

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21 Net profit (loss) and equity not attributable to the Company

Net profit (loss) not attributable to the Company has arisen from the basis of consolidation adopted (see Note 1) and relates to the portion of income and expense that is included in the consolidated statements of income but which is not attributable to the shareholders of the Company by virtue of their shareholding in the Company.

Equity not attributable to the Company relates to net assets belonging to businesses transferred to the Group and included in the consolidated balance sheets, but which had not yet been formally transferred to the Group at the balance sheet date.

22 Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary format—business segments—is based on the Group's management and internal reporting structure. Management considers that the Group operates primarily in a single geographical area, namely in Thailand, and has, therefore, only one major geographical segment.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Liabilities and related interest expense that were not specifically attributable to a particular segment have been 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.

Business segments

The business operations of the Group, as reflected in the consolidated financial statements, are classified into four major segments as follows:

<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 materials and sale of by-products (mostly within the Group).

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Segment financial information

	2005					Total
	Beer/ Water	Spirits	Alcohol	Related	Elimination	
	(In million Baht)					
<i>Results of operations</i>						
Revenue from sales	42,263.9	49,910.0	869.2	6,633.0	(7,584.9)	92,091.2
Cost of sales	<u>32,543.7</u>	<u>29,920.4</u>	<u>471.4</u>	<u>6,068.2</u>	<u>(5,860.2)</u>	<u>63,143.5</u>
Gross profit	9,720.2	19,989.6	397.8	564.8	(1,724.7)	28,947.7
Other income	90.5	102.6	3.1	17.8	(53.1)	160.9
General and administrative expenses ..	<u>6,968.5</u>	<u>6,691.1</u>	<u>166.1</u>	<u>520.5</u>	<u>(1,774.3)</u>	<u>12,571.9</u>
Operating profits before financing income and expense	2,842.2	13,401.1	234.8	62.1	(3.5)	16,536.7
Financial income	46.5	42.6	9.7	15.2	(1.5)	112.5
Financial expense	<u>325.8</u>	<u>1,141.7</u>	<u>37.3</u>	<u>64.6</u>	<u>(1.5)</u>	<u>1,567.9</u>
Profit before tax	2,562.9	12,302.0	207.2	12.7	(3.5)	15,081.3
Income tax	<u>1,356.4</u>	<u>3,116.2</u>	<u>34.9</u>	<u>79.0</u>	<u>—</u>	<u>4,586.5</u>
Net profit	<u><u>1,206.5</u></u>	<u><u>9,185.8</u></u>	<u><u>172.3</u></u>	<u><u>(66.3)</u></u>	<u><u>(3.5)</u></u>	<u><u>10,494.8</u></u>
<i>Financial positions</i>						
Inventories	2,812.4	22,817.5	119.0	285.8		26,034.7
Property, plant & equipment	20,483.9	23,631.1	1,734.0	2,345.3		48,194.3
Other assets	<u>944.6</u>	<u>5,686.5</u>	<u>148.6</u>	<u>1,086.2</u>		<u>7,865.9</u>
Total assets	<u><u>24,240.9</u></u>	<u><u>52,135.1</u></u>	<u><u>2,001.6</u></u>	<u><u>3,717.3</u></u>		<u><u>82,094.9</u></u>
Total debt	10,562.7	27,317.9	905.6	1,600.6		40,386.8
Other liabilities	<u>5,155.7</u>	<u>5,844.0</u>	<u>365.3</u>	<u>825.3</u>		<u>12,190.3</u>
Total liabilities	<u><u>15,718.4</u></u>	<u><u>33,161.9</u></u>	<u><u>1,270.9</u></u>	<u><u>2,425.9</u></u>		<u><u>52,577.1</u></u>
Gross capital expenditure						
—Fixed assets	6,389.2	399.5	254.0	177.5		7,220.2
—Intangible assets	4.6	5.4	0.2	63.3		73.5
Depreciation	1,901.4	2,114.3	120.5	85.8		4,222.0
Amortisation	16.4	25.1	—	18.7		60.2

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	2004					Total
	Beer/ Water	Spirits	Alcohol	Related	Elimination	
	(In million Baht)					
<i>Results of operations</i>						
Revenue from sales	47,749.2	42,188.6	697.7	7,289.6	(7,798.8)	90,126.3
Cost of sales	36,846.7	26,089.9	468.9	6,670.6	(6,473.0)	63,603.1
Gross profit	10,902.5	16,098.7	228.8	619.0	(1,325.8)	26,523.2
Other income	79.0	170.8	6.5	31.5	(38.3)	249.5
General and administrative expenses ..	4,588.6	7,055.8	54.1	791.5	(1,351.2)	11,138.8
Operating profits before financing income and expense	6,392.9	9,213.7	181.2	(141.0)	(12.9)	15,633.9
Financial income	205.1	7.7	0.5	4.4	(6.7)	211.0
Financial expense	339.5	1,400.0	34.6	37.9	(6.7)	1,805.3
Profit before tax	6,258.5	7,821.4	147.1	(174.5)	(12.9)	14,039.6
Income tax	1,676.9	2,667.2	50.0	105.7	—	4,499.8
Net profit	<u>4,581.6</u>	<u>5,154.2</u>	<u>97.1</u>	<u>(280.2)</u>	<u>(12.9)</u>	<u>9,539.8</u>
<i>Financial positions</i>						
Inventories	3,771.5	26,296.1	316.9	353.5		30,738.0
Property, plant & equipment	16,673.5	25,331.5	1,598.9	2,243.6		45,847.5
Other assets	3,770.3	8,993.1	68.9	494.1		13,326.4
Total assets	<u>24,215.3</u>	<u>60,620.7</u>	<u>1,984.7</u>	<u>3,091.2</u>		<u>89,911.9</u>
Total debt	10,773.8	34,387.6	852.5	1,112.9		47,126.8
Other liabilities	4,799.2	5,094.5	430.3	1,066.5		11,390.5
Total liabilities	<u>15,573.0</u>	<u>39,482.1</u>	<u>1,282.8</u>	<u>2,179.4</u>		<u>58,517.3</u>
Gross capital expenditure						
—Fixed assets	1,552.7	1,018.6	443.5	56.1		3,070.9
—Intangible assets	1.7	2.0	—	29.9		33.6
Depreciation	1,929.3	2,120.9	120.3	76.4		4,246.9
Amortisation	17.5	24.2	—	5.7		47.4

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	2003					
	Beer/ Water	Spirits	Alcohol	Related	Elimination	Total
	(In million Baht)					
Results of operations						
Revenue from sales	52,085.2	38,713.1	609.6	2,143.6	(1,921.8)	91,629.7
Cost of sales	39,641.1	26,338.6	450.3	1,762.5	(1,362.6)	66,829.9
Gross profit	12,444.1	12,374.5	159.3	381.1	(559.2)	24,799.8
Other income	187.0	495.2	44.6	363.7	(17.8)	1,072.7
General and administrative expenses ..	4,977.3	6,440.7	65.8	296.5	(576.9)	11,203.4
Operating profits before financing income and expense	7,653.8	6,429.0	138.1	448.3	(0.1)	14,669.1
Financial income	73.2	446.6	13.1	5.6	(36.8)	501.7
Financial expense	300.0	2,488.1	1.4	34.7	(36.8)	2,787.4
Profit before tax	7,427.0	4,387.5	149.8	419.2	(0.1)	12,383.4
Income tax	2,197.3	995.3	47.2	143.0	—	3,382.8
Net profit	5,229.7	3,392.2	102.6	276.2	(0.1)	9,000.6
Financial positions						
Inventories	3,519.3	28,076.5	292.8	284.1		32,172.7
Property, plant & equipment	17,203.0	27,232.2	1,272.8	1,485.1		47,193.1
Other assets	5,862.5	6,750.3	123.7	313.8		13,050.3
Total assets	26,584.8	62,059.0	1,689.3	2,083.0		92,416.1
Total debt	12,444.8	42,784.8	763.9	1,132.0		57,125.5
Other liabilities	5,604.8	5,849.5	389.8	240.1		12,084.2
Total liabilities	18,049.6	48,634.3	1,153.7	1,372.1		69,209.7
Gross capital expenditure						
—Fixed assets	660.7	1,987.3	327.1	85.7		3,060.8
—Intangible assets	4.9	—	—	72.1		77.0
Depreciation	1,821.2	2,042.3	125.1	60.8		4,049.4
Amortisation	22.6	24.8	—	14.2		61.6

23 General and administrative expenses

	2005	2004	2003
	(In million Baht)		
Marketing and advertising expenses	4,746.41	4,206.40	4,842.65
Employee costs	2,764.70	2,492.29	2,313.79
Depreciation and amortisation	464.38	531.01	605.15
Unallocated overheads	2,165.00	1,239.59	722.04
Vehicle and transportation expenses	773.77	747.97	941.04
Loss on sale of investments	—	411.09	53.87
Others	1,657.70	1,510.41	1,724.85
Total	12,571.96	11,138.76	11,203.39

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24 Income tax expense

	<u>Note</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
(In million Baht)				
<i>Current tax expense</i>				
Current year		4,712.73	4,488.69	3,339.93
Under/ (over) provided in prior years		<u>0.22</u>	<u>3.45</u>	<u>—</u>
		<u>4,712.95</u>	<u>4,492.14</u>	<u>3,339.93</u>
<i>Deferred tax expense</i>				
	13			
Movements in temporary differences		(128.87)	10.16	(261.67)
Benefit of tax losses recognised		<u>2.42</u>	<u>(2.53)</u>	<u>304.58</u>
Total		<u><u>4,586.50</u></u>	<u><u>4,499.77</u></u>	<u><u>3,382.84</u></u>

Reconciliation of effective tax rate

	<u>2005</u>		<u>2004</u>		<u>2003</u>	
	<u>Rate (%)</u>	<u>(In million Baht)</u>	<u>Rate (%)</u>	<u>(In million Baht)</u>	<u>Rate (%)</u>	<u>(In million Baht)</u>
Profit before tax		<u>15,081.34</u>		<u>14,039.55</u>		<u>12,383.42</u>
Income tax using the Thai corporation tax rate	30.00	4,524.40	30.00	4,211.86	30.00	3,715.03
Income tax reductions	(0.02)	(2.31)	(0.02)	(2.25)	(0.01)	(1.60)
Income not subject to tax	(0.28)	(42.20)	(0.04)	(5.15)	(0.12)	(15.19)
Expenses not deductible for tax purposes ..	0.52	77.81	0.44	61.86	0.33	40.68
Utilisation of previously unrecognised tax losses	0.19	28.34	0.02	2.85	0.02	3.23
Deductible temporary differences not recognised	—	0.04	0.02	2.41	—	—
Under/ (over) provided in prior years	—	0.36	0.03	3.45	—	—
Other permanent differences	—	<u>0.06</u>	<u>1.60</u>	<u>224.74</u>	<u>(2.90)</u>	<u>(359.31)</u>
Total	<u><u>30.41</u></u>	<u><u>4,586.50</u></u>	<u><u>32.05</u></u>	<u><u>4,499.77</u></u>	<u><u>27.32</u></u>	<u><u>3,382.84</u></u>

Deferred tax recognised directly in equity

	<u>2005</u>	<u>2004</u>	<u>2003</u>
(In million Baht)			
Relating to revaluation of land	34.35	(58.63)	(1,935.90)
Relating to equity securities available-for-sale	<u>0.02</u>	<u>(0.01)</u>	<u>0.01</u>
Total	<u><u>34.37</u></u>	<u><u>(58.64)</u></u>	<u><u>(1,935.89)</u></u>

25 Earnings per share

Based on net profit

Earnings per share based on net profit has been calculated based on the net profit from businesses and operations comprising the Group on the basis that those businesses and operations had been transferred at the beginning of 2003 and on the 22,000 million shares issued by the Company, pursuant to the formation of the Group.

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Based on net profit attributable to the Company

Earnings per share based on net profit attributable to the Company has been calculated based on net profit after deducting profit included from businesses and operations transferred during 2003 and 2004, which is not attributable to shareholders of the Company by virtue of their shares held in the Company, and on the 22,000 million shares issued by the Company, pursuant to the formation of the Group.

Diluted earnings per share

For the years ended 31 December 2005, 2004 and 2003 there were no potential common shares, therefore diluted earnings per share is not presented.

26 Dividends and appropriations to legal reserve

The Annual General Meeting of Shareholders held on 27 April 2005 unanimously approved the appropriation of Baht 597.50 million from earnings to the legal reserve and the payment of dividends at Baht 0.12 per share, totalling Baht 2,640.00 million. Subsequently, the Company additionally appropriated Baht 510.00 million from its earnings to the legal reserve.

The Annual General Meeting of Shareholders held on 29 May 2004 unanimously approved the appropriation of Baht 2.50 million from earnings to the legal reserve.

27 Financial instruments

Financial risk management and policies

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

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

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

Liquidity risk

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

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 15).

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The following table indicates the effective interest rates at the balance sheet date of income-earning financial assets and interest-bearing financial liabilities and the periods in which they reprice.

	2005				
	Effective Interest Rate	Total	Less Than 1 Year	1 - 2 Years	More Than 2 Years
	(%)	(In million Baht)			
Cash and cash equivalents		3,260.65	3,260.65	—	—
Loans to related parties	5.00	40.85	40.85	—	—
Bank overdrafts	7.00	(0.15)	(0.15)	—	—
Short-term loans from financial institutions	4.74	(39,300.00)	(39,300.00)	—	—
Long-term loans	5.00	(1,086.60)	(1,086.60)	—	—
Total		<u>(37,085.25)</u>	<u>(37,085.25)</u>	<u>—</u>	<u>—</u>
	2004				
	Effective Interest Rate	Total	Less Than 1 Year	1 - 2 Years	More Than 2 Years
	(%)	(In million Baht)			
Cash and cash equivalents . .		887.53	887.53	—	—
Loans to related parties	1.25-5.00	417.69	417.69	—	—
Bank overdrafts	6.12	(350.15)	(350.15)	—	—
Loans from related parties . .	2.55-3.00	(278.96)	(278.96)	—	—
Short-term loans from financial institutions	3.13	(44,370.00)	(44,370.00)	—	—
Long-term loans	4.00	(2,406.60)	(1,320.00)	(1,086.60)	—
Total		<u>(46,100.49)</u>	<u>(45,013.89)</u>	<u>(1,086.60)</u>	<u>—</u>
	2003				
	Effective Interest Rate	Total	Less Than 1 Year	1 - 2 Years	More Than 2 Years
	(%)	(In million Baht)			
Cash and cash equivalents		3,962.40	3,962.40	—	—
Loans to related parties	1.00-7.00	670.68	670.68	—	—
Bank overdrafts	6.16	(878.07)	(878.07)	—	—
Loans from related parties	2.50-5.00	(1,396.90)	(1,396.90)	—	—
Short-term loans from financial institutions	2.75	(45,924.83)	(45,924.83)	—	—
Long-term loans	4.82	(10,172.60)	(10,172.60)	—	—
Total		<u>(53,739.32)</u>	<u>(53,739.32)</u>	<u>—</u>	<u>—</u>

Foreign currency risk

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

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The table below provides an indication of the Group's foreign currency positions as at 31 December 2005, 2004 and 2003 relating to the Group's exposure and forward exchange contracts used to hedge against the exposure as a result of the Group's policy. The amounts for forward exchange contracts shown below are presented at fair value.

	2005		2004		2003	
	(In foreign currency- million)	(In million Baht)	(In foreign currency- million)	(In million Baht)	(In foreign currency- million)	(In million Baht)
<i>Financial assets denominated in foreign currencies</i>						
Australian Dollar (AUD)	—	—	0.01	0.41	—	—
US Dollar (USD)	0.19	7.84	0.15	5.73	0.20	7.86
Singaporean Dollar (SGD)	0.15	3.57	0.08	1.83	0.04	0.87
Hong Kong Dollar (HKD)	—	—	0.01	0.05	—	—
Euro (EUR)	—	0.11	—	—	—	—
Total		<u>11.52</u>		<u>8.02</u>		<u>8.73</u>
<i>Financial liabilities denominated in foreign currencies</i>						
British Pounds (GBP)	0.59	42.03	0.96	72.33	1.91	135.11
Euro (EUR)	0.79	38.62	1.25	66.74	1.43	71.56
Australian Dollar (AUD)	0.24	7.42	0.72	21.96	5.52	165.45
US Dollar (USD)	1.28	52.55	0.32	12.65	1.04	41.30
Swiss Francs (CHF)	0.01	0.03	—	—	0.01	0.36
Danish Krone (KR)	0.03	0.19	0.01	0.07	0.28	1.89
Total		<u>140.84</u>		<u>173.75</u>		<u>415.67</u>
<i>Forward exchange contracts to buy foreign currencies</i>						
British Pounds (GBP)	5.41	384.81	1.39	104.26	6.46	434.17
Euro (EUR)	20.17	991.86	4.57	243.43	0.78	35.37
Australian Dollar (AUD)	3.97	119.55	7.76	228.10	13.52	376.72
US Dollar (USD)	16.24	667.39	38.92	1,521.20	7.39	293.99
Total		<u>2,163.61</u>		<u>2,096.99</u>		<u>1,140.25</u>
<i>Forward exchange contracts to sell foreign currencies</i>						
US Dollar (USD)	1.20	49.16	4.63	187.00	1.98	80.94
Total		<u>49.16</u>		<u>187.00</u>		<u>80.94</u>

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Group takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument. As the carrying amounts of financial assets and financial liabilities presented in the balance sheets are mostly short-term, the management

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believes that the fair value of those financial assets and financial liabilities does not materially differ from their carrying amounts.

	2005		2004		2003	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In million Baht)					
Cash and cash equivalents	3,260.65	3,260.65	887.53	887.53	3,962.40	3,962.40
Trade accounts receivable	400.60	400.60	840.64	840.64	1,077.32	1,077.32
Bank overdrafts	(0.15)	(0.15)	(350.15)	(350.15)	(878.07)	(878.07)
Trade accounts payable	(1,504.62)	(1,504.62)	(1,797.93)	(1,797.93)	(2,373.85)	(2,373.85)
Loans						
—Secured	(3,786.60)	(3,786.60)	(5,706.60)	(5,706.60)	(20,227.60)	(20,227.60)
—Guaranteed/ negative pledge	(36,600.00)	(36,600.00)	(38,100.00)	(38,100.00)	(33,100.00)	(33,100.00)
—Unsecured	—	—	(2,970.00)	(2,970.00)	(2,769.83)	(2,769.83)
Total	<u>(38,230.12)</u>	<u>(38,230.12)</u>	<u>(47,196.51)</u>	<u>(47,196.51)</u>	<u>(54,309.63)</u>	<u>(54,309.63)</u>

28 Commitments

As at 31 December 2005 commitments of the Group are as follows:

	In Million Baht	In Million US\$	In Million AUD	In Million Euro	In Million GBP
Construction contracts	1,330.20	—	—	7.17	—
Raw material purchasing agreements (Malt & Hop)	—	17.63	4.45	11.58	5.09
Raw material sale agreements	20.84	—	—	—	—
Operating lease agreements for land, buildings and equipment	487.06	—	—	—	—
Consulting and supervising service agreement for beer production	33.12	—	—	—	—
Advertising and sponsorship agreements	99.56	—	—	—	0.50
Other service agreements	110.98	—	—	—	—
Others	—	—	—	0.27	—

Further to the above, the Group has the following additional commitments:

(a) A subsidiary of the Company entered into a number of molasses purchasing agreements with various suppliers (including some related parties) totalling Baht 1,448.09 million. As at 31 December 2005 the outstanding commitments relating to these agreements totalled Baht 855.83 million.

(b) 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 has 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, amount to Baht 1,766.20 million. As at 31 December 2005 the remaining commitments to be paid, relating to these agreements, was Baht 1,692.03 million.

Subsequently, on 30 December 2005, the Company and the four subsidiaries entered into addendums to the original agreements described above. The addendum became effective on 1 January 2006

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whereby the Company paid Baht 375.00 million and the four subsidiaries paid a total of Baht 1,625.00 million as consideration to the specialist in January 2006 to exclusively secure his services. Under the addendum, the Company and the four subsidiaries concerned are entitled to seek damages, not exceeding Baht 2,000.00 million, for any intentional breach that the specialist fails to remedy, including non-performance of his contractual duties.

(c) During 2005, a subsidiary renewed a sponsorship agreement with Everton Football Club, in the United Kingdom, for a period of three years 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.

(d) 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.

29 Promotional privileges

Promotional privileges from the Board of Investment

In 2004, a subsidiary was granted promotional privileges from the Board of Investment for the production of alcohol and agricultural fuel. The privileges granted include the exemption from the payment of import duty on approved machinery and exemption from the payment of corporate income tax for eight years from the date revenues are first generated. In the event the subsidiary incurs a loss during this eight year period, the subsidiary can carry these losses forward to deduct from any future profits for a period of five years. The Company also obtains a privilege related to the exemption from corporate income tax on dividends derived from the promoted business of its subsidiary during this eight year period. However, the subsidiary has to comply with terms and conditions outlined in the investment promotional certificate.

Privileges granted to business operator in Free Zone

Also in 2004 another subsidiary was granted approval from the Customs Department to operate in a "Free Zone", whereby the subsidiary obtains privileges related to the payment of import and export taxes, valued added tax and excise tax. Various other privileges are also granted.

30 Litigation

As at 31 December 2005 the Group was involved in litigation proceedings as follows:

Property tax

Since 2002 up to 2005, a subsidiary's property tax assessment totalled Baht 161.30 million, which it recognised as expenses of Baht 13.03 million and other current assets of Baht 148.27 million. However, the subsidiary filed an application to the Central Tax Court to withdraw the assessment of the property tax (amount recognised as other current assets). During 2004 and 2005, the Central Tax Court ruled that the subsidiary should pay additional property taxes amounting to Baht 13.55 million. These additional taxes have been paid by the subsidiary and recognised as an expense.

The subsidiary has appealed and the case is currently being considered by the Central Tax Court and the Supreme Court. The management of the subsidiary and their attorney believe that the likelihood of winning is high.

Health Hazardous Work Permit

In 2002 a subsidiary was ordered by the Administrative Court to be co-defendant with a government officer in a lawsuit whereby one local public organisation filed for the government officer to withdraw an order given to the local public organisation to extend the subsidiary's Health Hazardous Work Permit at

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Phra Nakorn Sri Ayudhaya province. In 2004 the Administrative Court ruled in favour of the subsidiary by discharging the lawsuit and extending the Health Hazardous Work Permits.

31 Events after the balance sheet date

Significant events after the balance sheet date were as follows:

(a) The Extraordinary Meeting of Shareholders of the Company No. 1/2006 held on 16 January 2006 unanimously approved the following resolutions:

- To seek a listing on the Singapore Exchange Securities Trading Limited (“SGX-ST”) and/or other foreign stock exchanges as appropriate.
- The amendment of the Extraordinary Meeting of Shareholders of the Company No. 1/2005 held on 8 July 2005 relating to the share capital as follows:
 - The allocation of not exceeding 6,000 million shares with a Baht 1 par value to the local and/or foreign public.
 - To seek a future listing on the Stock Exchange of Thailand and/or other foreign stock exchanges.
- The issuance of all types of bonds with total credit line not exceeding Baht 20,000.00 million and a credit period not exceeding 7 years from the date of the issue.

(b) On 22 February 2006 the Company issued guaranteed bonds totalling Baht 10,000.00 million with a full co-guarantee by four subsidiaries and a further agreement made by 17 subsidiaries not to pledge their existing land, buildings, plant and machinery (“Negative pledge”). The Executive Board of Directors’ Meeting No. 1/2006 held on 1 February 2006 unanimously approved the negative pledge of the subsidiary companies. The bonds were issued with a consolidated debt to equity ratio covenant of 2.5 to 1 and the following terms:

	<u>Amount</u> (In million Baht)	<u>Fixed Interest Rate</u> (%)	<u>Maturity</u>
First tranche	2,500.00	4.95%	6 months
Second tranche	2,200.00	5.40%	12 months
Third tranche	2,300.00	5.55%	18 months
Fourth tranche	3,000.00	5.75%	24 months

These terms were subsequently recognised by the Board of Directors’ Meeting No. 3/2006 held on 24 February 2006.

(c) The Board of Directors’ Meeting No. 3/2006 held on 24 February 2006 unanimously passed the following resolutions:

- Approval for the reorganisation of the management structure.
- Recognition of the permission granted by the Office of the Securities Exchange Commission for the overseas initial public offering.

(d) On 3 March 2006 a subsidiary entered into purchasing contracts for machinery with an overseas supplier totalling Euro 13.90 million.

(e) Between 17 March 2006 and 24 March 2006, the Company entered into loan agreements with eight commercial banks as previously approved by the Executive Board of Directors’ Meeting No. 3/2006 to obtain long-term borrowings totaling Baht 26,000.00 million in order to repay short-term loans. The borrowings will be fully co-guaranteed by four subsidiaries with a negative pledge made by 17 subsidiaries whereby these subsidiaries agree not to sell, transfer, mortgage, pledge,

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encumber or grant any preferential right in relation to their land, buildings, plant and machinery. The loans were approved by the Board of Directors' Meeting No. 3/2006 held on 24 February 2006.

(f) The Annual General Meeting of Shareholders held on 27 March 2006 unanimously passed the following resolutions:

- Approval for a dividend payment of Baht 0.24 per share, totalling Baht 5,280.00 million.
- Consent for payments made by the Company and its four subsidiaries under addendums to production and blending control agreements with a specialist totalling Baht 2,000.00 million, as disclosed in Note 28.

32 Reclassification of accounts

Certain accounts in the consolidated financial statements for the years ended 31 December 2004 and 2003 have been reclassified to conform with the presentation in the consolidated financial statements for the year ended 31 December 2005.

Review report of independent auditors

To the Board of Directors of Thai Beverage Public Company Limited
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We have reviewed the accompanying condensed consolidated interim balance sheet of Thai Beverage Public Company Limited and its subsidiaries as at 31 March 2006 and the condensed consolidated interim statements of income, changes in shareholders' equity and cash flows for the three-month periods ended 31 March 2006 and 2005. These condensed consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report based on our reviews.

We conducted our reviews in accordance with International Standard on Review Engagements 2400. This Standard requires that we plan and perform the review 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. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not presented fairly, in all material respects, in accordance with International Financial Reporting Standards.

The accompanying condensed consolidated interim balance sheet as at 31 March 2006 and the condensed consolidated interim statements of income and cash flows for the three-month period ended 31 March 2006 have been translated into United States Dollars solely for the convenience of the reader. We have reviewed the translation and, based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim balance sheet as at 31 March 2006 and condensed consolidated interim statements of income and cash flows for the three-month period then ended expressed in Thai Baht have not been translated into United States Dollars on the basis set forth in note 2 of the notes to the condensed consolidated interim financial statements.

We have previously audited the consolidated financial statements of Thai Beverage Public Company Limited and its subsidiaries for the years ended 31 December 2005, 2004 and 2003 in accordance with International Standards on Auditing and expressed an unqualified opinion on those statements in our report dated 31 March 2006. The consolidated balance sheet of Thai Beverage Public Company Limited and its subsidiaries as at 31 December 2005, which has been presented herein for comparative purpose, is a component of those financial statements, which we have audited and previously reported on. We have not performed any audit procedures subsequent to the date of that report.

KPMG Phoomchai Audit Ltd.
Bangkok
26 April 2006

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**Condensed consolidated balance sheets
As at 31 March 2006 and 31 December 2005**

	Note	(See Note 2) 31 March 2006 (Unaudited) (In million US\$)	31 March 2006 (Unaudited) (in million Baht)	31 December 2005
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents		47.17	1,831.73	3,260.65
Trade accounts receivable	6	5.13	199.53	400.60
Short-term loans to and amounts due from related parties	5	0.42	16.23	142.94
Inventories		688.87	26,751.43	25,963.79
Prepaid excise tax		24.03	933.30	1,553.55
Other current assets		29.15	1,131.99	1,008.67
Total current assets		<u>794.77</u>	<u>30,864.21</u>	<u>32,330.20</u>
<i>Non-current assets</i>				
Other long-term investments, net		0.03	1.27	1.27
Property, plant and equipment, net		1,234.99	47,959.59	48,406.69
Intangible assets, net		6.60	256.15	262.20
Investment property		1.27	49.19	49.71
Deferred tax assets		22.99	892.84	931.96
Other non-current assets, net	4	55.35	2,149.48	112.89
Total non-current assets		<u>1,321.23</u>	<u>51,308.52</u>	<u>49,764.72</u>
Total assets		<u>2,116.00</u>	<u>82,172.73</u>	<u>82,094.92</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
<i>Current liabilities</i>				
Interest-bearing liabilities	7	182.80	7,098.92	40,386.75
Trade accounts payable		52.29	2,030.78	1,504.62
Short-term loans from and amounts due to related parties	5	1.95	75.72	38.34
Current tax payable		91.52	3,553.99	2,516.30
Accrued dividends	9	135.96	5,280.00	—
Other current liabilities		105.92	4,113.01	5,233.28
Total current liabilities		<u>570.44</u>	<u>22,152.42</u>	<u>49,679.29</u>
<i>Non-current liabilities</i>				
Interest-bearing liabilities	7	782.82	30,400.00	—
Employee benefits		12.19	473.49	459.09
Deferred tax liabilities		57.71	2,241.27	2,244.32
Other non-current liabilities		5.30	205.73	194.36
Total non-current liabilities		<u>858.02</u>	<u>33,320.49</u>	<u>2,897.77</u>
Total liabilities		<u>1,428.46</u>	<u>55,472.91</u>	<u>52,577.06</u>
<i>Shareholders' equity</i>				
<i>Share capital</i>				
Authorised share capital		746.77	29,000.00	29,000.00
Issued and paid-up share capital		566.51	22,000.00	22,000.00
Difference arising from common control transactions		(404.03)	(15,690.22)	(15,690.22)
Currency translation reserve		(0.77)	(29.94)	(5.34)
Fair value and revaluation reserve		117.78	4,573.71	4,573.71
<i>Retained earnings</i>				
Appropriated—legal reserve		28.58	1,110.00	1,110.00
Unappropriated		379.47	14,736.27	17,529.71
Total shareholders' equity		<u>687.54</u>	<u>26,699.82</u>	<u>29,517.86</u>
Total liabilities and shareholders' equity		<u>2,116.00</u>	<u>82,172.73</u>	<u>82,094.92</u>

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

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**Unaudited condensed consolidated statements of income
For the three-month periods ended 31 March 2006 and 2005**

	<u>Note</u>	(See Note 2) <u>2006</u>	<u>2006</u>	<u>2005</u>
		(In million US\$)	(In million Baht)	
			(Except per share amounts)	
Revenue from sales	5	585.37	22,732.32	22,884.54
Cost of sales	5	<u>403.48</u>	<u>15,668.68</u>	<u>15,513.80</u>
Gross profit		181.89	7,063.64	7,370.74
Other operating income	5	0.75	29.08	19.09
General and administrative expenses	5	<u>77.49</u>	<u>3,009.33</u>	<u>2,836.99</u>
Operating profit before financial income and expense ...		105.15	4,083.39	4,552.84
Financial income	5	0.27	10.49	35.92
Financial expense	5	<u>13.13</u>	<u>509.88</u>	<u>388.34</u>
Profit before tax		92.29	3,584.00	4,200.42
Income tax		<u>28.26</u>	<u>1,097.44</u>	<u>1,271.24</u>
Net profit		<u>64.03</u>	<u>2,486.56</u>	<u>2,929.18</u>
Basic earnings per share (US\$/Baht)	10	0.003	0.11	0.13

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

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**Unaudited condensed consolidated statements of changes in shareholders' equity
For the three-month periods ended 31 March 2006 and 2005**

	Note	Issued and Paid-Up Share Capital	Difference Arising from Common Control Transactions	Currency Translation Reserve	Fair Value and Revaluation Reserve	Retained Earnings		Total Shareholders' Equity
						Legal Reserve	Unappropriated	
(In million Baht)								
Balance at 1 January 2005 ..		22,000.00	(6,329.44)	—	4,653.90	2.50	11,067.59	31,394.55
Net profit		—	89.90	—	—	—	2,839.28	2,929.18
Balance at 31 March 2005 ..		<u>22,000.00</u>	<u>(6,239.54)</u>	<u>—</u>	<u>4,653.90</u>	<u>2.50</u>	<u>13,906.87</u>	<u>34,323.73</u>
Balance at 1 January 2006 ..		22,000.00	(15,690.22)	(5.34)	4,573.71	1,110.00	17,529.71	29,517.86
Currency translation reserve		—	—	(24.60)	—	—	—	(24.60)
Net profit		—	—	—	—	—	2,486.56	2,486.56
Dividends	9	—	—	—	—	—	(5,280.00)	(5,280.00)
Balance at 31 March 2006 ..		<u>22,000.00</u>	<u>(15,690.22)</u>	<u>(29.94)</u>	<u>4,573.71</u>	<u>1,110.00</u>	<u>14,736.27</u>	<u>26,699.82</u>

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)

Unaudited condensed consolidated statements of cash flows
For the three-month periods ended 31 March 2006 and 2005

	Note	(See Note 2)	2006	2005
		2006		
		(In million US\$)	(In million Baht)	
Cash flows from operating activities				
Net profit		64.03	2,486.56	2,929.18
Adjustments for				
Depreciation and amortisation		26.86	1,043.22	1,054.18
Allowance for obsolete inventories		(0.11)	(4.14)	9.21
Allowance for declining in value of investments		—	—	(3.27)
(Gain) Loss on sales and disposal of property, plant and equipment		0.02	0.69	(3.53)
Unrealised (gain) loss on exchange rate		0.13	5.06	(0.52)
Employee benefit provision		0.50	19.61	17.76
Provisions		0.32	12.50	—
Financial income		(0.24)	(9.20)	(35.38)
Financial expense		12.97	503.53	388.31
Income tax expense		28.26	1,097.44	1,271.24
Profit provided by operating activities before changes in operating assets and liabilities		132.74	5,155.27	5,627.18
Changes in operating assets and liabilities				
Trade accounts receivable		5.18	201.10	123.12
Amounts due from related parties		2.21	85.85	(1,124.00)
Inventories		(20.17)	(783.50)	222.81
Prepaid excise tax		15.97	620.25	(143.15)
Other current assets		(3.11)	(120.71)	274.25
Trade accounts payable		13.58	527.26	84.65
Amounts due to related parties		0.96	37.39	44.51
Other current liabilities		(31.08)	(1,206.99)	72.14
Other non-current liabilities		(0.03)	(1.13)	2.98
Cash generated from the operations		116.25	4,514.79	5,184.49
Advance payments to a specialist	4	(51.50)	(2,000.00)	—
Income taxes paid		(0.61)	(23.69)	(33.44)
Employee benefit paid		(0.13)	(5.21)	(4.02)
Net cash provided by operating activities		64.01	2,485.89	5,147.03
Cash flows from investing activities				
Financial income received		0.10	4.08	30.59
(Increase) Decrease in short-term loans to related parties		1.05	40.85	(293.29)
Proceeds from sales of long-term investments		—	—	1,109.44
Acquisition of property, plant and equipment		(16.15)	(627.16)	(883.56)
Proceeds from sales of equipment		0.97	37.79	6.83
Acquisition of intangible assets		(0.02)	(0.87)	(2.48)
Increase in other non-current assets		(0.94)	(36.59)	(7.35)
Net cash used in investing activities		(14.99)	(581.90)	(39.82)
Cash flows from financing activities				
Financial expense paid		(10.83)	(420.48)	(383.50)
Decrease in current interest-bearing liabilities	7	(890.97)	(34,600.00)	(1,470.00)
Decrease in short-term loans from related parties		—	—	(178.96)
Increase (Decrease) in non-current interest-bearing liabilities	7	812.95	31,570.00	(330.00)
Net cash used in financing activities		(88.85)	(3,450.48)	(2,362.46)
Adjustment form financial statement translation		(0.63)	(24.60)	—
Net increase (decrease) in cash and cash equivalents		(40.46)	(1,571.09)	2,744.75
Cash and cash equivalents at beginning of period		83.96	3,260.50	537.38
Cash and cash equivalents at end of period		43.50	1,689.41	3,282.13

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 unaudited condensed consolidated interim financial statements
For the three-month periods ended 31 March 2006 and 2005**

These notes form an integral part of the financial statements.

The consolidated interim financial statements were authorised for issue by the directors on 26 April 2006.

1 General information and business restructuring

General information

Thai Beverage Public Company Limited, the “Company”, was 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. 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 principal activities of the Company and its subsidiaries, the “Group”, are the production, distribution and marketing of alcoholic and non-alcoholic beverages, industrial alcohol and other by-products.

The Group primarily operates in Thailand and employs 19,859 employees as of 31 March 2006 (2005:19,283). The employee costs of the Group for the three-month period ended 31 March 2006 amounted to Baht 1,211.42 million (2005: Baht 1,114.08 million).

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 consolidated financial statements for the year ended 31 December 2005.

2 Basis of preparation of unaudited condensed consolidated interim financial statements

The unaudited condensed consolidated interim financial statements have been prepared for inclusion in filings associated with a proposed listing of the Company’s shares on the Singapore Exchange Securities Trading Limited (“SGX-ST”). The consolidated interim financial statements have been prepared on a condensed basis in accordance with International Financial Reporting Standard (“IFRS”) IAS 34 *Interim Financial Reporting* including related interpretations and guidelines promulgated by the International Accounting Standards Board (“IASB”).

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

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

The unaudited condensed consolidated interim financial statements have been presented in Thai Baht (“Baht”), rounded to the nearest million. The figures in United States Dollars (“U.S. Dollars” or “US\$”) as at and for the three-month period ended 31 March 2006, which are presented as supplementary

**Thai Beverage Public Company Limited and its Subsidiaries
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information solely for the convenience of the reader, have been calculated by translating the amounts in the unaudited condensed consolidated interim financial statements at the weighted average interbank exchange rate announced by the Bank of Thailand as at 31 March 2006 of Baht 38.834 to US\$1. This translation should not be construed as a representation that those amounts now translated into U.S. Dollars have been, or could be, converted into U.S. Dollars at this or any other rate.

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 three-month period ended 31 March 2006 are as follows:

(a) On 5 January 2006 the Company paid Baht 375.00 million, and four subsidiaries paid a total of Baht 1,625.00 million, as an advance to a specialist under addendums to the production and blending control agreements as disclosed in Note 11. 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 2,000.00 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 an advance to a specialist and classified within other non-current assets in the balance sheet as at 31 March 2006. The total payment has also been classified within net cash used in operating activities in the statement of cash flows for the three-month period ended 31 March 2006. As the specialist performs his contractual services under the addendums, the expense will be recognised in the statement of income on a straight-line basis over the term of the contract with a corresponding provision recognised 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.

5 Related party transactions and balances

Related parties are those parties linked to companies in the Group by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or at contractually agreed prices where no obvious market prices exist.

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

<u>Transactions</u>	<u>Pricing Policies</u>
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

Significant transactions for the three-month periods ended 31 March 2006 and 2005 with related parties are summarised as follows:

	<u>2006</u>	<u>2005</u>
	(In million Baht)	
Revenues		
Revenue from sales of goods	46.16	53.21
Service income	8.01	0.57
Interest income	0.02	17.81
Other income	2.31	5.29
Expenses		
Purchase of raw materials and packaging	964.08	1,089.11
Production service fees	0.40	0.36
Interest expense	0.08	1.87
Overhead costs	31.34	84.89
Directors' remuneration	129.62	84.78
Other expenses	75.05	21.20
Others		
Sales of investments	—	1,107.04

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

Assets

	<u>31 March 2006</u>	<u>31 December 2005</u>
	(In million Baht)	
Trade accounts receivable		
<i>(being part of trade accounts receivable in the balance sheets)</i>		
UWD Marketing Co., Ltd.	—	34.15
Pisetkij Co., Ltd.	7.86	6.49
P.S. Recycle Co., Ltd.	6.30	8.83
Others	<u>2.10</u>	<u>1.80</u>
Total	<u>16.26</u>	<u>51.27</u>

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Notes to the unaudited condensed consolidated interim financial statements
For the three-month periods ended 31 March 2006 and 2005

	31 March 2006	31 December 2005
(In million Baht)		
<i>Short-term loans to and amounts due from related parties</i>		
Plastic Agachon Co., Ltd.	—	43.95
Surasate (2005) Co., Ltd.	—	38.50
Padermchai Co., Ltd.	—	21.75
The Suphanburi Sugar Industry Co., Ltd.	3.93	10.50
The Chonburi Sugar Corp. Ltd.	3.11	7.93
Uttaradit Sugar Industry Co., Ltd.	0.63	7.03
The Mae Wang Sugar Industry Co., Ltd.	—	3.86
T.C.C. Agro Co., Ltd.	2.25	3.25
Pisetkij Co., Ltd.	1.47	1.22
Sukothai Marketing Co., Ltd.	—	1.18
Thai Charoen Insurance Co., Ltd.	2.01	1.21
Others	2.83	2.56
Total	16.23	142.94

Movements of short-term loans to related parties during the three-month periods ended 31 March are as follows:

	2006	2005
(In million Baht)		
At 1 January	40.85	417.69
Increase	—	4,344.16
Decrease	(40.85)	(4,050.87)
At 31 March	—	710.98

Liabilities

	31 March 2006	31 December 2005
(In million Baht)		
<i>Trade accounts payable</i>		
<i>(being part of trade accounts payable in the balance sheets)</i>		
Berli Jucker Plc.	351.96	273.74
Thai Beverage Can Ltd.	100.33	97.00
P.S. Recycle Co., Ltd.	49.27	75.98
Pisetkij Co., Ltd.	56.70	58.78
Inver House Distillers Ltd.	22.02	11.15
Bang-Na Glass Co., Ltd.	3.94	4.37
The Chonburi Sugar Corp Ltd.	8.21	—
The Mae Wang Sugar Industry Co., Ltd.	6.13	—
The Suphanburi Sugar Industry Co., Ltd.	12.64	—
Uttaradit Sugar Industry Co., Ltd.	14.95	—
Others	0.59	0.32
Total	626.74	521.34

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	31 March 2006	31 December 2005
<i>(In million Baht)</i>		
<i>Short-term loans from and amounts due to related parties</i>		
Southeast Capital Co., Ltd.	13.22	13.32
T.C.C. Property Development Co., Ltd.	6.38	6.38
Thai Charoen Insurance Co., Ltd.	10.43	6.24
T.C.C. Technology Co., Ltd.	3.89	6.17
Inver House Distillers Ltd.	9.45	3.91
Southeast Assurance (2000) Co., Ltd.	6.72	0.68
Southeast Life Insurance Co., Ltd.	5.55	—
Plaza Athenee Hotel (Thailand) Co., Ltd.	9.49	0.32
Queen's Park Hotel Co., Ltd.	3.56	0.03
Indara Insurance Public Co., Ltd.	1.77	—
Mae Ping Hotel (1988) Co., Ltd.	1.83	—
New Noble Property And Loan Fund	1.08	—
Plastic Agachon Co., Ltd.	—	0.73
Other	<u>2.35</u>	<u>0.56</u>
Total	<u><u>75.72</u></u>	<u><u>38.34</u></u>

Movements of short-term loans from related parties during the three-month periods ended 31 March are as follows:

	2006	2005
<i>(In million Baht)</i>		
At 1 January	—	278.96
Increase	—	20.00
Decrease	—	<u>(198.96)</u>
At 31 March	<u><u>—</u></u>	<u><u>100.00</u></u>

6 Trade accounts receivable

	31 March 2006	31 December 2005
Within credit terms	151.45	320.95
Overdue:		
Less than 3 months	37.97	33.58
3-6 months	0.35	8.47
6-12 months	8.17	25.89
Over 12 months	<u>4.27</u>	<u>14.43</u>
Total	202.21	403.32
Less allowance for doubtful accounts	<u>(2.68)</u>	<u>(2.72)</u>
Net	<u><u>199.53</u></u>	<u><u>400.60</u></u>

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**Notes to the unaudited condensed consolidated interim financial statements
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7 Interest-bearing liabilities

Interest-bearing liabilities as at 31 March 2006 and 31 December comprised:

	<u>31 March 2006</u>	<u>31 December 2005</u>
Current		
Bank overdrafts	142.32	0.15
Short-term loans from financial institutions	—	39,300.00
Current portion of long-term loans	2,256.60	1,086.60
Short-term bonds	<u>4,700.00</u>	<u>—</u>
	<u>7,098.92</u>	<u>40,386.75</u>
Non-current		
Long-term bonds	5,300.00	—
Long-term loans from financial institutions	<u>25,100.00</u>	<u>—</u>
	<u>30,400.00</u>	<u>—</u>
Total	<u><u>37,498.92</u></u>	<u><u>40,386.75</u></u>

(a) On 22 February 2006 the Company issued guaranteed bonds totalling Baht 10,000.00 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. 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 and has the following payment terms:

	<u>Amount</u> (In million Baht)	<u>Fixed Interest Rate</u> (% per annum)	<u>Maturity</u>
First tranche	2,500.00	4.95%	22 August 2006
Second tranche	2,200.00	5.40%	22 February 2007
Third tranche	2,300.00	5.55%	22 August 2007
Fourth tranche	3,000.00	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.

(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 totaling Baht 26,600.00 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 702.2 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.

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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.

(c) The current portion of long-term loans as at 31 March 2006 consisted of the remaining current portion of the previous loans brought forward from 31 December 2005 amounting to Baht 756.60 million and the current portion of new loans amounting to Baht 1,500 million.

8 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

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 sale of by-products (mostly within the Group).

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Segment results of operations for the three-month periods ended 31 March 2006 and 2005 are as follows:

	2006					
	Beer/ Water	Spirits	Alcohol	Related	Elimination	Total
	(In million Baht)					
Revenue from sales	10,790.8	12,034.4	75.9	1,620.9	(1,789.7)	22,732.3
Cost of sales	<u>8,186.1</u>	<u>7,352.6</u>	<u>52.6</u>	<u>1,457.7</u>	<u>(1,380.3)</u>	<u>15,668.7</u>
Gross profit	2,604.7	4,681.8	23.3	163.2	(409.4)	7,063.6
Other income	9.9	27.3	0.2	7.9	(16.2)	29.1
General and administrative Expenses	<u>1,516.6</u>	<u>1,683.7</u>	<u>56.3</u>	<u>174.3</u>	<u>(421.6)</u>	<u>3,009.3</u>
Operating profit before financial income and expense	1,098.0	3,025.4	(32.8)	(3.2)	(4.0)	4,083.4
Financial income	1.0	5.6	0.1	4.5	(0.7)	10.5
Financial expense	<u>161.1</u>	<u>319.6</u>	<u>13.0</u>	<u>16.9</u>	<u>(0.7)</u>	<u>509.9</u>
Profit before tax	937.9	2,711.4	(45.7)	(15.6)	(4.0)	3,584.0
Income tax	<u>434.0</u>	<u>648.5</u>	<u>(4.1)</u>	<u>19.0</u>	<u>—</u>	<u>1,097.4</u>
Net profit	<u><u>503.9</u></u>	<u><u>2,062.9</u></u>	<u><u>(41.6)</u></u>	<u><u>(34.6)</u></u>	<u><u>(4.0)</u></u>	<u><u>2,486.6</u></u>
	2005					
	Beer/ Water	Spirits	Alcohol	Related	Elimination	Total
	(In million Baht)					
Revenue from sales	10,539.2	12,319.2	200.5	1,656.4	(1,830.8)	22,884.5
Cost of sales	<u>8,341.2</u>	<u>7,083.8</u>	<u>117.1</u>	<u>1,494.6</u>	<u>(1,522.9)</u>	<u>15,513.8</u>
Gross profit	2,198.0	5,235.4	83.4	161.8	(307.9)	7,370.7
Other income	9.0	20.5	0.6	3.0	(14.0)	19.1
General and administrative Expenses	<u>1,636.4</u>	<u>1,461.8</u>	<u>23.0</u>	<u>105.0</u>	<u>(389.2)</u>	<u>2,837.0</u>
Operating profit before financial income and expense	570.6	3,794.1	61.0	59.8	67.3	4,552.8
Financial income	25.5	0.3	7.7	2.6	(0.2)	35.9
Financial expense	<u>106.2</u>	<u>266.0</u>	<u>7.0</u>	<u>9.3</u>	<u>(0.2)</u>	<u>388.3</u>
Profit before tax	489.9	3,528.4	61.7	53.1	67.3	4,200.4
Income tax	<u>137.1</u>	<u>1,089.2</u>	<u>20.4</u>	<u>24.5</u>	<u>—</u>	<u>1,271.2</u>
Net profit	<u><u>352.8</u></u>	<u><u>2,439.2</u></u>	<u><u>41.3</u></u>	<u><u>28.6</u></u>	<u><u>67.3</u></u>	<u><u>2,929.2</u></u>

Segment gross capital expenditure and depreciation and amortisation for the three-month periods ended 31 March 2006 and 2005 are as follows:

	2006				
	Beer/ Water	Spirits	Alcohol	Related	Total
	(In million Baht)				
Gross capital expenditure					
—Fixed assets	508.5	101.3	13.5	3.9	627.2
—Intangible assets	0.4	0.4	—	—	0.8
Depreciation	467.5	514.6	29.9	24.3	1,036.3
Amortisation	0.4	6.4	—	0.1	6.9

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	2005				
	Beer/ Water	Spirits	Alcohol	Related	Total
	(In million Baht)				
Gross capital expenditure					
—Fixed assets	634.4	159.1	81.4	8.7	883.6
—Intangible assets	0.8	1.5	0.1	0.1	2.5
Depreciation	478.9	519.0	30.1	19.8	1,047.8
Amortisation	0.2	6.2	—	—	6.4

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

	31 March 2006				
	Beer/ Water	Spirits	Alcohol	Related	Total
	(In million Baht)				
Inventories, net	2,887.6	23,478.1	89.0	296.7	26,751.4
Property, plant & equipment, net	20,734.6	23,183.8	1,719.7	2,321.5	47,959.6
Other assets	1,200.0	4,905.5	426.7	929.5	7,461.7
Total Assets	<u>24,822.2</u>	<u>51,567.4</u>	<u>2,235.4</u>	<u>3,547.7</u>	<u>82,172.7</u>
Total debt	10,678.7	24,364.1	1,006.5	1,449.6	37,498.9
Other liabilities	6,395.8	10,042.9	494.7	1,040.6	17,974.0
Total Liabilities	<u>17,074.5</u>	<u>34,407.0</u>	<u>1,501.2</u>	<u>2,490.2</u>	<u>55,472.9</u>

	31 December 2005				
	Beer/ Water	Spirits	Alcohol	Related	Total
	(In million Baht)				
Inventories, net	2,741.5	22,817.5	119.0	285.8	25,963.8
Property, plant & equipment, net	20,695.5	23,631.9	1,734.0	2,345.3	48,406.7
Other assets	803.9	5,685.7	148.6	1,086.2	7,724.4
Total Assets	<u>24,240.9</u>	<u>52,135.1</u>	<u>2,001.6</u>	<u>3,717.3</u>	<u>82,094.9</u>
Total debt	10,562.7	27,317.9	905.6	1,600.6	40,386.8
Other liabilities	5,155.7	5,844.0	365.3	825.3	12,190.3
Total Liabilities	<u>15,718.4</u>	<u>33,161.9</u>	<u>1,270.9</u>	<u>2,425.9</u>	<u>52,577.1</u>

9 Dividends

The Annual General Meeting of Shareholders held on 27 March 2006 unanimously approved a dividend payment of Baht 0.24 per share, totalling Baht 5,280.00 million. To date, the dividend has not been paid and has been accrued in the balance sheet as at 31 March 2006.

10 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the three-month period ended 31 March 2006 is based on the profit attributable to ordinary shareholders of Baht 2,486.56 million (2005: Baht 2,929.18 million) and the weighted average number of ordinary shares outstanding during the three-month period ended 31 March 2006 of 22,000 shares (2005: 22,000 shares).

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

**Notes to the unaudited condensed consolidated interim financial statements
For the three-month periods ended 31 March 2006 and 2005**

Diluted earnings per share

During the three-month periods ended 31 March 2006 and 2005 there were no potential ordinary shares, therefore diluted earnings per share is not presented.

11 Commitments

As at 31 March 2006 commitments of the Group are as follows:

	<u>In Million Baht</u>	<u>In Million US\$</u>	<u>In Million AUD</u>	<u>In Million Euro</u>	<u>In Million GBP</u>
Construction contracts	1,135.14	—	—	6.38	—
Machinery purchase agreement	—	—	—	13.90	—
Raw material purchasing agreements (Malt & Hop)	—	12.72	2.76	9.96	3.84
Raw material sale agreements	17.30	—	—	—	—
Operating lease agreements for land, buildings and equipment	474.07	—	—	—	—
Consulting and supervising service agreement for beer production	32.76	—	—	—	—
Advertising and sponsorship agreements	56.29	—	—	—	—
Other service agreements	115.20	—	—	—	—
Others	0.29	—	—	—	—

Further to the above, the Group has the following additional commitments:

(a) A subsidiary of the Company entered into a number of molasses purchasing agreements with various suppliers (including some related parties) totalling Baht 1,659.61 million. As at 31 March 2006 the outstanding commitments relating to these agreements totalled Baht 379.83 million.

(b) 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 has 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 31 March 2006 the remaining commitments to be paid, relating to these agreements, amounted to Baht 1,678.48 million.

(c) 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.

(d) 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.

12 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.

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

**Notes to the unaudited condensed consolidated interim financial statements
For the three-month periods ended 31 March 2006 and 2005**

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.

13 Events after the balance sheet date

The Board of Directors' Meeting No. 6/2006 held on 26 April 2006 unanimously gave consent to 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 totaling SGD 77.16 million, carried out by independent valuers in connection with proposed acquisitions by International Beverage Holdings Limited, a subsidiary of the Company.

14 Reclassification of accounts

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

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Report of the independent auditors

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

We have audited the accompanying consolidated balance sheets of Thai Beverage Public Company Limited and its subsidiaries as at 31 December 2005, 2004 and 2003, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial positions of Thai Beverage Public Company Limited and its subsidiaries as at 31 December 2005, 2004 and 2003, and the consolidated results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles in Thailand.

As more fully described in note 1 of the notes to the consolidated financial statements, the consolidated financial statements for the years ended 31 December 2004 and 2003 have been revised to give retrospective application to four transactions involving entities under common control, which occurred in 2005 and were accounted for in a manner similar to a pooling of interest method.

The accompanying consolidated balance sheet as at 31 December 2005 and the consolidated statements of income and cash flows for the year ended 31 December 2005 have been translated into United States Dollars solely for the convenience of the reader. We have audited the translation and, in our opinion, the consolidated balance sheet as at 31 December 2005 and statements of income and cash flows for the year then ended expressed in Thai Baht have been translated into United States Dollars on the basis set forth in note 2 of the notes to the consolidated financial statements.

KPMG Phoomchai Audit Ltd.
Bangkok
31 March 2006

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

Consolidated balance sheets
As at 31 December 2005, 2004 and 2003

	Note	(See Note 2) 2005 (In million US\$)	2005	(Revised) 2004 (In million Baht)	(Revised) 2003
ASSETS					
<i>Current assets</i>					
Cash and cash equivalents	5	79.15	3,250.65	886.00	3,960.35
Current investments		0.24	10.00	1.53	102.05
Trade accounts receivable	6	9.75	400.60	840.64	1,077.32
Short-term loans to and amounts due from related parties	4	3.48	142.94	5,553.64	1,146.71
Inventories	7, 13	633.89	26,034.67	30,737.92	32,172.65
Prepaid excise tax		37.83	1,553.55	1,971.91	3,920.77
Other current assets	8	24.50	1,006.22	1,556.11	1,171.92
Total current assets		<u>788.84</u>	<u>32,398.63</u>	<u>41,547.75</u>	<u>43,551.77</u>
<i>Non-current assets</i>					
Other long-term investments, net	9	0.03	1.27	1,110.67	10.83
Property, plant and equipment, net	10, 13, 16	1,175.89	48,294.95	45,950.19	47,193.14
Intangible assets, net	11	6.39	262.20	233.59	230.54
Other non-current assets, net	12	6.19	254.33	279.24	519.69
Total non-current assets		<u>1,188.50</u>	<u>48,812.75</u>	<u>47,573.69</u>	<u>47,954.20</u>
Total assets	1	<u>1,977.34</u>	<u>81,211.38</u>	<u>89,121.44</u>	<u>91,505.97</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
<i>Current liabilities</i>					
Bank overdrafts and short-term loans from financial institutions	13	956.88	39,300.15	44,720.15	46,802.90
Trade accounts payable		36.63	1,504.62	1,797.93	2,373.85
Current portion of long-term loan	13	26.46	1,086.60	1,320.00	10,172.60
Short-term loans from and amounts due to related parties	4	0.93	38.34	562.14	1,625.40
Income tax payable		61.27	2,516.30	2,935.85	2,131.34
Other current liabilities	14	126.73	5,204.98	3,186.98	3,350.93
Total current liabilities		<u>1,208.90</u>	<u>49,650.99</u>	<u>54,523.05</u>	<u>66,457.02</u>
<i>Non-current liabilities</i>					
Long-term loan	13	—	—	1,086.60	—
Other non-current liabilities		4.73	194.36	149.23	112.86
Total non-current liabilities		<u>4.73</u>	<u>194.36</u>	<u>1,235.83</u>	<u>112.86</u>
Total liabilities	1	<u>1,213.63</u>	<u>49,845.35</u>	<u>55,758.88</u>	<u>66,569.88</u>
<i>Shareholders' equity</i>					
<i>Share capital</i>					
Authorised share capital	15, 26	706.09	29,000.00	22,000.00	22,000.00
Issued and paid-up share capital		535.66	22,000.00	22,000.00	22,000.00
Difference arising from common control transactions	1	(389.07)	(15,979.27)	(6,609.86)	(4,682.79)
Currency translation reserve	16	(0.13)	(5.34)	—	—
Fair value and revaluation reserve	10, 16	160.33	6,584.74	6,699.30	6,452.97
<i>Retained earnings</i>					
Appropriated to legal reserve	16	27.03	1,110.00	2.50	—
Unappropriated		429.89	17,655.90	11,270.62	938.39
Total equity attributable to the Company		<u>763.71</u>	<u>31,366.03</u>	<u>33,362.56</u>	<u>24,708.57</u>
Equity not attributable to the Company	1, 17	—	—	—	227.52
Total shareholders' equity	1	<u>763.71</u>	<u>31,366.03</u>	<u>33,362.56</u>	<u>24,936.09</u>
Total liabilities and shareholders' equity		<u>1,977.34</u>	<u>81,211.38</u>	<u>89,121.44</u>	<u>91,505.97</u>

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

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

**Consolidated statements of income
For the years ended 31 December 2005, 2004 and 2003**

	Note	(See Note 2) 2005 <u>(In million US\$)</u>	2005	(Revised) 2004 <u>(In million Baht)</u>	(Revised) 2003 <u></u>
Revenues	4				
Revenue from sales		2,242.24	92,091.21	90,126.26	91,629.74
Interest income		1.52	62.23	14.85	447.33
Other income		<u>5.47</u>	<u>224.70</u>	<u>478.46</u>	<u>1,108.32</u>
Total revenues		2,249.23	92,378.14	90,619.57	93,185.39
Expenses	4				
Cost of sales		1,537.42	63,143.48	63,603.13	66,829.93
Selling and administrative expenses	19	<u>304.77</u>	<u>12,516.95</u>	<u>11,115.42</u>	<u>11,173.37</u>
Total expenses		<u>1,842.19</u>	<u>75,660.43</u>	<u>74,718.55</u>	<u>78,003.30</u>
Profit before interest and income tax expenses		407.04	16,717.71	15,901.02	15,182.09
Interest expense	4	(38.84)	(1,595.39)	(1,740.31)	(2,781.93)
Income tax expense		<u>(114.75)</u>	<u>(4,712.95)</u>	<u>(4,492.14)</u>	<u>(3,339.93)</u>
Net profit before the portion not attributable to the Company		253.45	10,409.37	9,668.57	9,060.23
Net profit (loss) not attributable to the Company	1, 17	<u>—</u>	<u>—</u>	<u>(748.89)</u>	<u>2,132.35</u>
Net profit	1	<u><u>253.45</u></u>	<u><u>10,409.37</u></u>	<u><u>10,417.46</u></u>	<u><u>6,927.88</u></u>
Earnings per share (Baht)					
Based on net profit before the portion not attributable to the Company	1, 20	0.01	0.47	0.44	0.41
Based on net profit	1, 20	0.01	0.47	0.47	0.31

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

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

**Consolidated statements of changes in shareholders' equity
For the years ended 31 December 2005, 2004 and 2003**

Note	Issued and Paid-Up Share Capital	Difference Arising from Common Control Transactions	Currency Translation Reserve	Fair Value and Revaluation Reserve	Retained Earnings		Total Equity Attributable to the Company	Equity Not Attributable to the Company	Total Shareholders' Equity	
					Legal Reserve	Unappropriated				
(In million Baht)										
<i>(2004 and 2003: revised)</i>										
Balance at 1 January 2003	1	—	31,747.54	—	—	—	—	31,747.54	579.10	32,326.64
Share capital increase	15	22,000.00	—	—	—	—	—	22,000.00	—	22,000.00
Surplus on revaluation of assets	10, 16	—	—	—	6,453.00	—	—	6,453.00	0.34	6,453.34
Unrealised loss on investment		—	—	—	(0.03)	—	—	(0.03)	—	(0.03)
Net profit for the year	1	—	5,989.49	—	—	—	938.39	6,927.88	2,132.35	9,060.23
Dividend payments of subsidiaries before common control transactions	1	—	(7,635.07)	—	—	—	—	(7,635.07)	—	(7,635.07)
Reduction of share capital in subsidiaries before common control transactions	1	—	(25,510.00)	—	—	—	—	(25,510.00)	—	(25,510.00)
Increase in share capital in subsidiaries before common control transactions	1	—	7,068.00	—	—	—	—	7,068.00	—	7,068.00
Equity contributions from shareholders	1	—	22,291.87	—	—	—	—	22,291.87	—	22,291.87
Equity distributions not attributable to the Company	1	—	—	—	—	—	—	—	(2,484.27)	(2,484.27)
Consideration paid to shareholders of subsidiaries for common control transactions	1	—	(38,634.62)	—	—	—	—	(38,634.62)	—	(38,634.62)
Balance at 31 December 2003		22,000.00	(4,682.79)	—	6,452.97	—	938.39	24,708.57	227.52	24,936.09
Balance at 1 January 2004	1	22,000.00	(4,682.79)	—	6,452.97	—	938.39	24,708.57	227.52	24,936.09
Dividend payments of subsidiaries before common control transactions	1	—	(2,009.80)	—	—	—	—	(2,009.80)	—	(2,009.80)
Surplus on revaluation of assets	10, 16	—	—	—	246.30	—	—	246.30	0.08	246.38
Reversal of unrealised loss on investment		—	—	—	0.03	—	—	0.03	—	0.03
Appropriation to legal reserve	16, 21	—	—	—	—	2.50	(2.50)	—	—	—
Net profit (loss) for the year	1	—	82.73	—	—	—	10,334.73	10,417.46	(748.89)	9,668.57
Equity contributions not attributable to the Company	1	—	—	—	—	—	—	—	521.29	521.29
Balance at 31 December 2004		22,000.00	(6,609.86)	—	6,699.30	2.50	11,270.62	33,362.56	—	33,362.56
Consideration paid to shareholders of subsidiaries for common control transactions	1	—	(9,646.00)	—	—	—	—	(9,646.00)	—	(9,646.00)
Currency translation reserve		—	—	(5.34)	—	—	—	(5.34)	—	(5.34)
Surplus on revaluation	10, 16	—	—	—	(114.48)	—	—	(114.48)	—	(114.48)
Unrealised loss on investment		—	—	—	(0.08)	—	—	(0.08)	—	(0.08)
Appropriation to legal reserve	16, 21	—	—	—	—	1,107.50	(1,107.50)	—	—	—
Dividend payments of the Company	21	—	—	—	—	—	(2,640.00)	(2,640.00)	—	(2,640.00)
Net profit for the year	1	—	276.59	—	—	—	10,132.78	10,409.37	—	10,409.37
Balance at 31 December 2005		22,000.00	(15,979.27)	(5.34)	6,584.74	1,110.00	17,655.90	31,366.03	—	31,366.03

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

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

Consolidated statements of cash flows
For the years ended 31 December 2005, 2004 and 2003

	Note	(See Note 2) 2005	2005	(Revised) 2004	(Revised) 2003
		(In million US\$)		(In million Baht)	
Cash flows from operating activities					
Net profit		253.45	10,409.37	10,417.46	6,927.88
Adjustments for					
Depreciation and amortisation		104.26	4,282.22	4,294.29	4,110.95
Loss on land revaluation		—	—	110.99	57.39
Allowance for obsolete inventories		3.97	162.90	33.69	39.53
Allowance for declining in value of investments		(0.04)	(1.46)	2.19	3.60
(Gain) Loss on sales of long-term investments		(0.02)	(0.93)	411.09	49.57
Allowance for impairment loss on equipment		0.02	0.92	—	—
(Gain) Loss on sales and disposal of property, plant and equipment		(0.32)	(13.26)	28.30	66.37
Unrealised (gain) loss on exchange rate		(0.24)	(9.89)	(13.29)	6.09
Net profit (loss) not attributable to the Company	1	—	—	(748.89)	2,132.35
Provisions		1.72	70.83	—	—
Interest income		(1.52)	(62.23)	(14.85)	(447.33)
Interest expense		38.85	1,595.39	1,740.31	2,781.93
Income tax expense		114.75	4,712.95	4,492.14	3,339.93
Profit from operating activities before changes in operating assets and liabilities		514.88	21,146.81	20,753.43	19,068.26
Changes in operating assets and liabilities					
Decrease in trade accounts receivable		10.72	440.23	236.67	1,873.76
(Increase) Decrease in amounts due from related parties		122.57	5,033.87	(4,659.92)	1,472.43
Decrease in inventories		110.55	4,540.34	1,401.04	3,977.01
Prepaid excise tax		10.19	418.36	1,948.85	(210.28)
(Increase) Decrease in other current assets		13.44	552.13	(386.88)	(80.37)
Decrease in trade accounts payable		(7.11)	(291.85)	(562.62)	(549.31)
Increase (Decrease) in amounts due to related parties		(5.96)	(244.84)	54.67	(143.01)
Increase in other current liabilities		49.33	2,026.01	18.00	60.00
Increase (Decrease) in other non-current liabilities		(0.63)	(25.71)	36.37	(178.17)
Cash generated from the operations		817.98	33,595.35	18,839.61	25,290.32
Income taxes paid		(124.97)	(5,132.50)	(3,687.63)	(1,836.42)
Net cash provided by operating activities		693.01	28,462.85	15,151.98	23,453.90
Cash flows from investing activities					
Interest received		1.47	60.22	15.56	453.36
(Increase) Decrease in current investments		(0.21)	(8.47)	100.52	250.58
Decrease in short-term loans to related parties		9.18	376.84	252.99	8,919.70
Decrease in other short-term loan receivable		—	—	2.00	192.47
Consideration paid to shareholders of subsidiaries for common control transactions	1	(234.86)	(9,646.00)	—	(38,634.62)
Acquisition of other long-term investments		—	—	(1,766.91)	(914.06)
Proceeds from sales of other long-term investments		27.07	1,111.71	253.81	3,321.95
Acquisition of property, plant and equipment		(175.80)	(7,220.15)	(3,070.85)	(3,060.83)
Proceeds from sales of property, plant and equipment		13.42	551.26	173.92	855.67
Acquisition of intangible assets		(1.79)	(73.56)	(33.65)	(62.38)
Decrease in other non-current assets		0.23	9.63	223.74	27.13
Net cash used in investing activities		(361.29)	(14,838.52)	(3,848.87)	(28,651.03)
Cash flows from financing activities					
Interest paid		(38.84)	(1,595.38)	(1,772.25)	(2,791.30)
Increase (Decrease) in bank overdrafts and short-term loans from financial institutions		(131.97)	(5,420.00)	(2,082.76)	40,572.03
Decrease in short-term loans from related parties		(6.79)	(278.96)	(1,117.94)	(12,522.42)
Increase (Decrease) in other short-term loan payable		—	—	(150.00)	100.00
Decrease in long-term loans		(32.14)	(1,320.00)	(7,766.00)	(33,254.38)
Proceeds from issuance of share capital	15	—	—	—	22,000.00
Reduction of share capital of subsidiaries before common control transactions	1	—	—	—	(25,510.00)
Increase in share capital in subsidiaries before common control transactions	1	—	—	—	7,068.00
Dividend payments of subsidiaries before common control transactions	1	—	—	(2,009.80)	(7,635.07)
Dividend payments of the Company	21	(64.28)	(2,640.00)	—	—
Equity contributions (distributions) not attributable to the Company	1	—	—	521.29	(2,484.27)
Equity contributions from shareholders	1	—	—	—	22,291.87
Net cash provided by (used in) financing activities		(274.02)	(11,254.34)	(14,377.46)	7,834.46
Currency translation reserve	16	(0.12)	(5.34)	—	—
Net increase (decrease) in cash and cash equivalents		57.58	2,364.65	(3,074.35)	2,637.33
Cash and cash equivalents at 1 January		21.57	886.00	3,960.35	1,323.02
Cash and cash equivalents at 31 December	5	79.15	3,250.65	886.00	3,960.35

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

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The consolidated financial statements were authorised for issue by the directors on 27 March 2006.

1 General information and business restructuring

General information

Thai Beverage Public Company Limited, the “Company”, was 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. 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 principal activities of the Company and its subsidiaries, the “Group”, are the production, distribution and marketing of alcoholic and non-alcoholic beverages, industrial alcohol and other by-products.

The Group primarily operates in Thailand and employs 19,932 employees as of 31 December 2005 (2004: 22,017, 2003: 20,960). The employee costs of the Group for the year ended 31 December 2005 amounted to Baht 3,986.10 million (2004: Baht 3,645.97 million, 2003: Baht 3,339.69 million).

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. Pursuant to the restructuring these businesses 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 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 consolidated balance sheets have been prepared to present assets and liabilities as if the restructuring had been completed as of the beginning of 2003. Therefore, the consolidated financial statements for the years ended 31 December 2003 and 2004 have been revised to include the assets, liabilities and operations of the businesses transferred during 2005. The assets and liabilities transferred have been stated at their carrying values, after adjusting for intercompany transactions and transactions with the ultimate controlling shareholder. The consolidated statements of income and cash flows include the results of operations and cash flows as if the businesses and operations had been transferred at the beginning of 2003.

Transfer of businesses that are now subsidiaries of the Company

At the beginning of 2003 the total book value of the net assets of the businesses combined of Baht 31,747.54 million was recorded as “Difference arising from common control transactions”. This was recognised in the statements of changes in shareholders’ equity as a separate component of shareholders’ equity. The consideration paid to the common ultimate controlling shareholder during 2003 of Baht 38,634.62 million (primarily comprised of cash and cash equivalents) was deducted from this Difference. Net profit for the period 2003 attributable to the entities transferred prior to the restructuring of Baht 5,989.49 million resulted in an increase in the “Difference arising from common control transactions” as it was attributable to the shareholders of those entities prior to restructuring but was contributed to the Company upon restructuring.

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During 2003, prior to being transferred to the Company, certain businesses, now subsidiaries of the Company, approved the payment of dividends to shareholders totalling Baht 7,635.07 million (comprised of cash and cash equivalents), which resulted in a reduction in the “Difference arising from common control transactions”.

During 2003, prior to being transferred to the Company, certain companies, now subsidiaries of the Company, underwent capital restructuring through share capital reduction, and returned a total of Baht 25,510.00 million to their shareholders (comprised of cash and cash equivalents), which resulted in a reduction in the “Difference arising from common control transactions”. Similarly, certain companies, now subsidiaries of the Company, received a share capital injection totalling Baht 7,068.00 million, which resulted in an increase in the “Difference arising from common control transactions”.

Also during 2003, prior to being transferred to the Company, certain companies, now subsidiaries of the Company, had transactions with the ultimate controlling shareholder of the Company as part of the ultimate controlling shareholder’s financial management of the businesses before the Group was formed. Upon consolidation these transactions are reflected as equity contributions from shareholders, totalling Baht 22,291.87 million (comprised of cash and cash equivalents), which resulted in an increase in the “Difference arising from common control transactions”. This contribution was consequent to equity distributions of the same amount, which occurred prior to 2003, which are included in the balance of the “Difference arising from common control transactions” at the beginning of 2003.

During 2004, prior to being transferred to the Company, certain businesses, now subsidiaries of the Company, approved the payment of dividends to shareholders totalling Baht 2,009.80 million, which resulted in a reduction in the “Difference arising from common control transactions”. Net profit for the period 2004 attributable to these entities transferred prior to being transferred to the Company of Baht 82.73 million resulted in an increase in the “Difference arising from common control transactions” as it was attributable to the shareholders of those entities prior to restructuring but was contributed to the Company upon restructuring.

During 2005, further consideration was paid to the ultimate controlling shareholder of Baht 9,646.00 million (primarily comprised of cash and cash equivalents) for the transfers of the four businesses and was deducted from the “Difference arising from common control transactions”. Net profit for the period 2005 attributable to these entities transferred prior to being transferred to the Company of Baht 276.59 million resulted in an increase in the “Difference arising from common control transactions” as it was attributable to the shareholders of those entities prior to restructuring but was contributed to the Company upon restructuring.

The balance of the “Difference arising from common control transactions”, which is shown as a reduction in shareholders’ equity, as a separate component in the consolidated and the Company’s balance sheets as at 31 December 2005, represents the total excess of the consideration paid for the entities and businesses transferred over the book value of the net assets transferred at the dates of transfer.

Transfer of businesses from companies outside the Group

During 2003, as part of the business restructuring, some assets, liabilities and operations of certain beverages businesses were transferred from companies outside the Group, but under the common control of the ultimate controlling shareholder of the Company, to companies which are now subsidiaries within the Group. These transactions are also recognised as business combinations involving businesses under common control and have been accounted for in a manner similar to a pooling of interests, whereby the assets, liabilities and contingent liabilities have been accounted for at book values.

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 stand alone basis.

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As at 31 December 2003, some assets and liabilities clearly applicable to these beverage businesses transferred to the Group had not yet been formally transferred to the Group. The transfers were formally completed during 2004. The portion of net assets not formally transferred to the Group as at 31 December 2003 is included in the consolidated net assets in the consolidated balance sheet as at 31 December 2003 but disclosed separately as “Equity not attributable to the Company” to arrive at total equity. The profits or losses derived by these businesses prior to their formal transfer to the Group were retained by the transferor companies and were not subsequently contributed to the Group. The financial results of these businesses prior to their transfer to the Group have been included in income and expenses in the consolidated statements of income, to facilitate comparison of the consolidated income and expenditure between the financial periods presented, but are then disclosed separately as “Net profit (loss) not attributable to the Company” to arrive at the “Net profit attributable to the Company”, being the net profit attributable to shareholders of the Company by virtue of their shareholding in the Company.

The movements in “Equity not attributable to the Company”, presented in the Consolidated Statement of Changes in Shareholders’ Equity, include the net profit (loss) not attributable to the Company of Baht 2,132.35 million and Baht (748.89) million for the years ended 31 December 2003 and 2004, respectively. The item also includes equity distributions made by the businesses before being wholly transferred to the Group of Baht 2,484.27 million and equity contributions received of Baht 521.29 million for the years ended 31 December 2003 and 2004, respectively. As at 31 December 2004 all assets and liabilities applicable to the businesses transferred had been formally transferred, therefore all consolidated net assets were attributable to the Company.

These beverages businesses were transferred to and from the following companies:

Business Transferred from

Wattanapat Trading Co., Ltd
B.T.C.L. Trading PCL.
Praserdsuk Karnsura Co., Ltd.
Peampolkanka Co., Ltd.
Parksiri Co., Ltd.
Yingmitr Co., Ltd.
Permpoonkarnsura Co., Ltd.
Sermsarng Karnkaa Co., Ltd.
Surapiset Rungroj Co., Ltd.

Business Transferred to

Thipchalothorn Co., Ltd. & Krittayabun Co., Ltd.
Thipchalothorn Co., Ltd. & Krittayabun Co., Ltd.
Num Nakorn Co., Ltd.
Num Thurakij Co., Ltd.
Num Kijjakarn Co., Ltd.
Num Palang Co., Ltd.
Num Yuk Co., Ltd.
Num Muang Co., Ltd.
Red Bull Distillery (1988) Co., Ltd.

For businesses acquired that are not under common control, the assets and liabilities and contingent liabilities are measured, for consolidation purposes, at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired is credited to profit and loss in the period of acquisition.

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Revisions to consolidated financial statements for prior years

The consolidated financial statements for the years ended 31 December 2004 and 2003 have been revised to give retrospective application to four transactions involving entities under common control, which occurred in 2005 and were accounted for in a manner similar to a pooling of interest method. The effects of the revisions on the consolidated balance sheets as at 31 December 2004 and 2003 and the consolidated statements of income for the years ended 31 December 2004 and 2003 are summarised as follows:

	2004		
	Previously Reported	Adjustments	As Revised
	(In million Baht)		
<i>Balance sheet</i>			
Total assets	85,632.11	3,489.33	89,121.44
Total liabilities.....	55,312.32	446.56	55,758.88
Difference arising from common control transactions.....	(9,652.63)	3,042.77	(6,609.86)
Shareholders' equity	30,319.79	3,042.77	33,362.56
<i>Statement of income</i>			
Net profit	10,334.73	82.73	10,417.46
Basic earnings per share (Baht)	0.47	—	0.47
	2003		
	Previously Reported	Adjustments	As Revised
	(In million Baht)		
<i>Balance sheet</i>			
Total assets	86,314.18	5,191.79	91,505.97
Total liabilities.....	66,358.96	210.92	66,569.88
Difference arising from common control transactions.....	(9,652.63)	4,969.84	(4,682.79)
Equity not attributable to the Company.....	216.49	11.03	227.52
Shareholders' equity	19,955.22	4,980.87	24,936.09
<i>Statement of income</i>			
Net profit	6,343.97	583.91	6,927.88
Basic earnings per share (Baht)	0.29	0.02	0.31

Current shareholding structure

As of 31 December, the Group consisted of the Company and the following subsidiaries:

Subsidiaries	Country of Incorporation	Nature of Business	Ownership Interest (%)		
			2005	2004	2003
<i>Direct subsidiaries</i>					
1. Beer Thai (1991) PCL	Thailand	Beer brewery	100.00	100.00	100.00
2. Beer Thip Brewery (1991) Co., Ltd.	Thailand	Beer brewery	100.00	100.00	100.00
3. Sangsom Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
4. Fuengfuanant Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
5. Mongkolsamai Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
6. Thanapakdi Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
7. Kanchanasingkorn Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
8. Sura Bangyikhan Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
9. Athimart Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
10. S.S. Karnsura Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00

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<u>Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Nature of Business</u>	<u>Ownership Interest (%)</u>		
			<u>2005</u>	<u>2004</u>	<u>2003</u>
11. Kankwan Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
12. Theparunothai Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
13. Red Bull Distillery (1988) Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
14. United Winery and Distillery Co., Ltd. ...	Thailand	Spirits distillery	100.00	100.00	100.00
15. Simathurakij Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
16. Nateechai Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
17. Luckchai Liquor Trading Co., Ltd.	Thailand	Spirits distillery	100.00	100.00	100.00
18. Thai Alcohol PCL	Thailand	Alcohol distillery	100.00	100.00	100.00
19. Pomthip Co., Ltd.	Thailand	Beer distributor	100.00	100.00	100.00
20. Pomkit Co., Ltd.	Thailand	Beer distributor	100.00	100.00	100.00
21. Pomkung Co., Ltd.	Thailand	Beer distributor	100.00	100.00	100.00
22. Pomchok Co., Ltd.	Thailand	Beer distributor	100.00	100.00	100.00
23. Pomcharoen Co., Ltd.	Thailand	Beer distributor	100.00	100.00	100.00
24. Pomburapa Co., Ltd.	Thailand	Beer distributor	100.00	100.00	100.00
25. Num Yuk Co., Ltd.	Thailand	Spirits distributor	100.00	100.00	100.00
26. Num Kijjakarn Co., Ltd.	Thailand	Spirits distributor	100.00	100.00	100.00
27. Num Palang Co., Ltd.	Thailand	Spirits distributor	100.00	100.00	100.00
28. Num Muang Co., Ltd.	Thailand	Spirits distributor	100.00	100.00	100.00
29. Num Nakorn Co., Ltd.	Thailand	Spirits distributor	100.00	100.00	100.00
30. Num Thurakij Co., Ltd.	Thailand	Spirits distributor	100.00	100.00	100.00
31. Thipchalothorn Co., Ltd.	Thailand	Beer agency	100.00	100.00	100.00
32. Krittayabun Co., Ltd.	Thailand	Beer agency	100.00	100.00	100.00
33. Surathip Co., Ltd.	Thailand	Spirits agency	100.00	100.00	100.00
34. Sunthronpirom Co., Ltd.	Thailand	Spirits agency	100.00	100.00	100.00
35. Piromsurang Co., Ltd.	Thailand	Spirits agency	100.00	100.00	100.00
36. Bionic Humus Co., Ltd.	Thailand	Trading of fertilizer	100.00	100.00	100.00
37. Maharas Agri Co., Ltd.	Thailand	Japanese rice farming	100.00	100.00	100.00
38. Thai Molasses Co., Ltd.	Thailand	Trading of molasses	99.72	99.72	99.66
39. Additive Food Co., Ltd.	Thailand	Trading of feeds	100.00	100.00	100.00
40. Pan International (Thailand) Co., Ltd. ...	Thailand	Trading of equipment and supplies	100.00	100.00	100.00
41. Charun Business 52 Co., Ltd.	Thailand	Brick producer	100.00	100.00	100.00
42. Thai Cooperage Co., Ltd.	Thailand	Oak barrel producer	100.00	100.00	100.00
43. Bang-Na Logistic Co., Ltd.	Thailand	Trading of bottles	100.00	100.00	100.00
44. Sahatipkarnkonsong Co., Ltd.	Thailand	Transportation	100.00	100.00	100.00
45. Thai Beverage Marketing Co., Ltd. (formerly Thai Beverages Marketing Co., Ltd.)	Thailand	International marketing (import/ export of spirits)	100.00	100.00	100.00
46. Dhanasindhi Co., Ltd.	Thailand	Construction	100.00	100.00	100.00
47. Dhospaak Co., Ltd.	Thailand	Advertising agency	100.00	100.00	100.00
48. International Beverage Holding Ltd.** ...	Hong Kong	Holding company	100.00	100.00	—
49. Cosmos Brewery (Thailand) Co., Ltd.***	Thailand	Beer brewery	100.00	—	—
50. Beer Chang Co., Ltd.***	Thailand	Trademark owner	100.00	—	—

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<u>Subsidiaries</u>	<u>Country of Incorporation</u>	<u>Nature of Business</u>	<u>Ownership Interest (%)</u>		
			<u>2005</u>	<u>2004</u>	<u>2003</u>
51. Archa Beer Co., Ltd.***	Thailand	Trademark owner	100.00	—	—
52. T.C.C. Cosmo Corporation Ltd.***	Thailand	Trademark owner	100.00	—	—
<i>Indirect subsidiaries</i>					
53. Thai Thum Distillery Co., Ltd.*	Thailand	Trading of spirits	99.90	99.90	99.90
54. Sura Piset Sahasan Co., Ltd.*	Thailand	Production/distribution of spirits	100.00	100.00	100.00
55. Sura Piset Sampan Co., Ltd.*	Thailand	Production/distribution of spirits	100.00	100.00	100.00
56. Sura Piset Phatra Lanna Co., Ltd.*	Thailand	Production/distribution of spirits	100.00	100.00	100.00
57. Sura Piset Thipparat Co., Ltd.*	Thailand	Production/distribution of spirits	100.00	100.00	100.00
58. Muangkij Co., Ltd.*	Thailand	Import of oak woods	100.00	100.00	99.99
59. Sint Ek Panich Co., Ltd.*	Thailand	Mining	100.00	99.99	99.99
60. Pan Alcohol Co., Ltd.*	Thailand	Production/distribution of vinegar	100.00	100.00	99.98
61. Banglen Agriculture Co., Ltd.*	Thailand	Agriculture	100.00	99.99	99.99
62. Vitayathan Co., Ltd.**	Thailand	Environmental public relations	100.00	100.00	—
63. Interbev (Singapore) Ltd.****	Singapore	Trading and investment	100.00	—	—

* These are currently non-trading companies.

** These two subsidiaries were acquired during 2004.

*** These companies were transferred during 2005.

**** This subsidiary was acquired during 2005.

2 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared for inclusion in filings associated with a proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The consolidated financial statements are prepared in accordance with Thai Accounting Standards ("TAS") including related interpretations and guidelines promulgated by the Federation of Accounting Professions and with generally accepted accounting principles in Thailand.

In 2005, the Group adopted the following new TAS which are relevant to its operations:

TAS 52 Events after the Balance Sheet Date

TAS 53 Provisions, Contingent Liabilities and Contingent Assets

The adoption of these new TAS has no material effect on the consolidated financial statements.

The consolidated financial statements have been presented in Thai Baht ("Baht"), rounded to the nearest million. The figures in United States Dollars ("U.S. Dollars" or "US\$") as at and for the year ended 31 December 2005, which are presented as supplementary information solely for the convenience of the reader, have been calculated by translating the amounts in the consolidated financial statements at the weighted average interbank exchange rate announced by the Bank of Thailand as at 30 December 2005 of Baht 41.071 to US\$1. This translation should not be construed as a representation that those amounts now translated into U.S. Dollars have been, or could be, converted into U.S. Dollars at this or any other rate.

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The consolidated financial statements are prepared on the historical cost basis except for the following assets which are stated at fair value: land and investments in available-for-sale equity securities.

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.

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.

The consolidated financial statements for the years ended 31 December 2005, 2004 and 2003 comprise the Company, its subsidiaries, (together referred to as the “Group”) and some businesses that were transferred from companies outside the Group, under the common control of the ultimate controlling shareholder of the Company, to companies now within the Group as detailed in Note 1.

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

3 Significant accounting policies

3.1 Basis of consolidation

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.

3.2 Foreign currencies

Foreign currency transactions

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

Financial statements of 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 shareholders' equity until disposal of the investments.

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3.3 *Derivative financial instruments*

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

3.4 *Cash and cash equivalents*

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

3.5 *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.

3.6 *Inventories*

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

Cost of raw materials, packaging materials, work in progress and finished goods is calculated using the weighted average cost formula 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 necessary to make the sale.

3.7 *Investments*

Investments in other equity securities

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

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

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

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.

3.8 *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.

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.

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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

Land is stated at fair value, based on valuations by independent professional valuers. 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 the revaluation reserve unless it offsets a previous decrease in value recognised in the statement of income. A decrease in value is recognised in the statement of income to the extent it exceeds an increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation surplus is transferred directly from the revaluation reserve 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.

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
Buildings and improvements	5-30 years
Machinery and equipment	5-30 years
Oak barrels	20 years
Vehicles	5-10 years
Furniture, fixtures and office equipment	3-10 years

No depreciation is provided on freehold land and assets under construction.

3.9 Intangible assets

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

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Amortisation

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

Trademarks	10 years (straight-line method)
Leasehold	Lease term (straight-line method)
Computer software	5-10 years (straight-line method)
Broadcasting rights	1-4 years (unit of production method)

3.10 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.

3.11 Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at cost 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.

3.12 Trade and other accounts payable

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

3.13 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.

3.14 Difference arising from common control transactions

Difference arising from common control transactions relates to the transactions disclosed in Note 1 and arises from the difference between the cost of the combination and the carrying amounts of net identifiable assets at the date of combination. The difference arising from common control transactions is recognised as a separate component of shareholders' equity until disposal of the investment.

3.15 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 from the sale of goods 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 are

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significant uncertainties regarding recovery of the consideration due, associated costs, the probable return of goods or the continuing management involvement with the goods.

As soon as the outcome of a contract for the rendering of services can be estimated reliably, revenue associated with the contract is recognised in the statement of income in proportion to the stage of completion of the contract 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.

Construction contracts

When the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in the statement of income in proportion to the stage of completion of the contract at the balance sheet date. The stage of completion is assessed using 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 quoted securities is usually the ex-dividend date.

3.16 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 drinks products and package design, are expensed in the period in which they are incurred.

Other income and expenses are recognised on an accrual basis.

3.17 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 or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

4 Related party transactions and balances

Related parties are those parties linked to companies in the Group by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or at contractually agreed prices where no obvious market prices exist.

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

<u>Pricing Policies</u>	
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

Significant transactions with related parties for the years ended 31 December 2005, 2004 and 2003, are summarised as follows:

	2005	2004	2003
	(In million Baht)		
Revenues			
Revenue from sales	194.00	342.47	1,269.64
Service income	9.03	10.30	50.68
Interest income	27.45	5.06	436.23
Other income	24.96	41.94	744.14
Expenses			
Purchase of raw materials and packaging	4,126.00	4,427.85	3,711.25
Production service fees	10.70	1.44	—
Interest expense	2.83	50.00	707.81
Overhead costs	235.86	231.12	81.45
Directors' remuneration	248.38	154.77	96.51
Loss on sales of investment	—	410.79	—
Other expenses	141.74	273.06	688.88
Others			
Sales of investments	1,108.98	247.78	3,115.89
Sales of land	474.83	—	—
Sales of plant and equipment	52.02	0.56	—
Consideration paid for common control transactions	9,646.00	—	38,634.62
Purchases of investments	—	1,766.61	—
Purchases of land	491.35	1,260.37	—
Purchases of equipment and others	17.36	—	—

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Balances as at 31 December 2005, 2004 and 2003 with related parties are summarised as follows:

Assets

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
<i>Trade accounts receivable</i> (being part of trade accounts receivable in the balance sheet)			
Sukothai Marketing Co., Ltd.	—	373.40	657.93
UWD Marketing Co., Ltd.	34.15	42.50	1.95
Pisetkij Co., Ltd.	6.49	23.58	0.24
P.S. Recycle Co., Ltd.	8.83	0.96	1.04
Nakornchuen Co., Ltd.	—	—	53.92
Others.....	<u>1.80</u>	<u>10.53</u>	<u>22.96</u>
Total	<u>51.27</u>	<u>450.97</u>	<u>738.04</u>

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
<i>Short-term loans to and amounts due from related parties</i>			
LSPV Co., Ltd.	—	4,035.85	180.00
LSPV (2001) Co., Ltd.	—	1,021.53	116.93
T.C.C. Group's Management Co., Ltd.	—	247.86	—
Wattanapat Trading Co., Ltd.	—	129.82	300.22
Taksin Paisarn Co., Ltd.	—	—	195.28
Suramahathip Co., Ltd.	—	—	109.11
Surathip Nakornket Co., Ltd.	—	—	74.47
Pattaralanna Co., Ltd.	—	—	50.00
Plastic Agachon Co., Ltd.	43.95	40.91	—
Surasate (2005) Co., Ltd. (Formerly: Thai Molasses (2004) Co., Ltd.)	38.50	38.50	—
Green Centre Co., Ltd.	—	—	34.58
Parksiri Co., Ltd.	—	—	33.78
Padermchai Co., Ltd.	21.75	21.76	—
The Suphanburi Sugar Industry Co., Ltd.	10.50	—	—
Pisetkij Co., Ltd.	1.22	8.02	9.91
T.C.C. Technology Co., Ltd.	—	—	7.51
Dolpark Co., Ltd.	—	—	6.33
T.C.C. Agriculture Co., Ltd.	—	—	5.17
Sukothai Marketing Co., Ltd.	1.18	—	5.39
Asiabev Co., Ltd.	—	—	4.61
Better Impact Presentation Co., Ltd.	—	—	1.61
The Chonburi Sugar Corp. Ltd.	7.93	—	—
The Mae Wang Sugar Industry Co., Ltd.	3.86	—	—
Uttaradit Sugar Industry Co., Ltd.	7.03	—	—
T.C.C. Argo Co., Ltd.	3.25	—	—
Others.....	<u>3.77</u>	<u>9.39</u>	<u>11.81</u>
Total	<u>142.94</u>	<u>5,553.64</u>	<u>1,146.71</u>

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	2005	2004	2003
	(In million Baht)		
<i>Movement on short-term loans to related parties</i>			
At 1 January	417.69	670.68	9,590.38
Increase	6,483.15	1,351.73	9,245.62
Decrease	(6,859.99)	(1,604.72)	(18,165.32)
At 31 December	40.85	417.69	670.68

Liabilities

	2005	2004	2003
	(In million Baht)		
<i>Trade accounts payable</i> (being part of trade accounts payable in the balance sheet)			
Berli Jucker Plc.	273.74	507.08	572.15
Thai Beverage Can Ltd.	97.00	74.25	81.15
Pisetkij Co., Ltd.	58.78	33.58	46.29
Plastic Agachon Co., Ltd.	—	3.09	10.77
P.S. Recycle Co., Ltd.	75.98	42.25	30.29
Nakornchuen Co., Ltd.	—	—	21.26
Inverhouse Distillers Co., Ltd.	11.15	—	—
Bang-Na Glass Co., Ltd.	4.37	25.56	8.14
B.T.C.L. Trading PCL	—	—	5.86
Others	0.32	1.89	5.48
Total	521.34	687.70	781.39

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	(In million Baht)		
<i>Short-term loans from and amounts due to related parties</i>			
T.C.C. Technology Co., Ltd.	6.17	5.15	21.38
Southeast Capital Co., Ltd. (formerly: T.C.C. Car rent Co., Ltd.) ...	13.32	6.93	0.38
Wattanapat Trading Co., Ltd.	—	192.60	1,111.34
Thaksin Paisan Co., Ltd.	—	—	191.49
T.C.C. Property Development Co., Ltd.	6.38	—	—
Ms. Wantanee Chevasiri	—	100.25	145.62
Mr. Paisal Chevasiri	—	—	80.06
Red Bull Brewery (1991) Co., Ltd.	—	179.00	—
Inverhouse Distillers Co., Ltd.	3.91	—	—
T.C.C. Holding Co., Ltd.	—	58.21	—
Dr. Pisanu Vichiensanth	—	—	19.05
Surathip Vieng Ping Co., Ltd.	—	—	18.99
LSPV (2001) Co., Ltd.	—	—	12.00
Dolpark Co., Ltd.	—	—	6.73
T.C.C. Agriculture Co., Ltd.	—	—	3.52
Surathip San Sukho Co., Ltd.	—	—	2.43
Plastic Agachon Co., Ltd.	0.73	0.08	2.34
P.S. Recycle Co., Ltd.	—	5.07	—
Thai Charoen Insurance Co., Ltd.	6.24	12.08	2.37
Others	<u>1.59</u>	<u>2.77</u>	<u>7.70</u>
Total	<u><u>38.34</u></u>	<u><u>562.14</u></u>	<u><u>1,625.40</u></u>

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
<i>Movement on short-term loans from related parties</i>			
At 1 January	278.96	1,396.90	13,919.32
Increase	25.18	709.46	11,622.19
Decrease	<u>(304.14)</u>	<u>(1,827.40)</u>	<u>(24,144.61)</u>
At 31 December	<u><u>—</u></u>	<u><u>278.96</u></u>	<u><u>1,396.90</u></u>

5 Cash and cash equivalents

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Cash on hand	22.44	17.76	18.75
Cash at banks	<u>3,228.21</u>	<u>868.24</u>	<u>3,941.60</u>
Cash and cash equivalents	<u><u>3,250.65</u></u>	<u><u>886.00</u></u>	<u><u>3,960.35</u></u>

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6 Trade accounts receivable

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Trade accounts receivable from third parties	352.05	394.65	346.29
Trade accounts receivable from related parties	<u>51.27</u>	<u>450.97</u>	<u>738.04</u>
Total	403.32	845.62	1,084.33
<i>Less</i> allowance for doubtful accounts	<u>(2.72)</u>	<u>(4.98)</u>	<u>(7.01)</u>
Net	<u><u>400.60</u></u>	<u><u>840.64</u></u>	<u><u>1,077.32</u></u>
	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Current	320.95	4.11	179.15
Overdue:			
Less than 3 months	33.58	430.16	504.80
3-6 months	8.47	9.29	182.26
6-12 months	25.89	78.49	195.12
Over 12 months	<u>14.43</u>	<u>323.57</u>	<u>23.00</u>
Total	403.32	845.62	1,084.33
<i>Less</i> allowance for doubtful accounts	<u>(2.72)</u>	<u>(4.98)</u>	<u>(7.01)</u>
Net	<u><u>400.60</u></u>	<u><u>840.64</u></u>	<u><u>1,077.32</u></u>

The normal credit term granted by the Group is 7 — 30 days.

7 Inventories

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Finished goods	16,066.58	20,203.01	21,750.09
Maturing spirits	4,547.04	4,228.78	4,083.39
Work in progress	3,240.25	3,796.36	3,768.87
Raw materials	909.92	977.43	1,078.98
Packaging materials	443.82	659.83	559.22
Spare parts	539.19	642.20	715.27
Others	<u>287.87</u>	<u>230.31</u>	<u>216.83</u>
Total	<u><u>26,034.67</u></u>	<u><u>30,737.92</u></u>	<u><u>32,172.65</u></u>

As at 31 December 2005, certain finished goods of subsidiary companies were pledged as security for short-term and long-term loans, as disclosed in Note 13.

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8 Other current assets

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Refundable excise tax	168.35	199.11	231.57
Refundable VAT	260.80	515.79	391.51
Prepaid property tax	148.45	161.90	176.76
Withholding tax	43.32	35.68	14.29
Prepaid income tax	33.63	0.45	1.20
Deposits	103.94	234.69	147.44
Prepaid expenses	120.21	116.76	73.43
Advanced payments for construction	73.81	123.28	4.19
Other advanced payments	44.23	20.07	5.77
Other receivables	10.54	153.54	82.33
Others	<u>12.96</u>	<u>17.16</u>	<u>46.90</u>
Total	1,020.24	1,578.43	1,175.39
<i>Less</i> allowance for doubtful accounts	<u>(14.02)</u>	<u>(22.32)</u>	<u>(3.47)</u>
Net	<u><u>1,006.22</u></u>	<u><u>1,556.11</u></u>	<u><u>1,171.92</u></u>

9 Other long-term investments

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Available-for-sale equity securities	—	0.08	6.38
Non-marketable equity securities	<u>5.59</u>	<u>1,116.38</u>	<u>8.05</u>
Total	5.59	1,116.46	14.43
<i>Less</i> allowance for decline in value of investments	<u>(4.32)</u>	<u>(5.79)</u>	<u>(3.60)</u>
Net	<u><u>1.27</u></u>	<u><u>1,110.67</u></u>	<u><u>10.83</u></u>

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10 Property, plant and equipment

	2005											
	Cost/Valuation			Accumulated Depreciation			Net Book Value					
	Beginning	Addition	Disposal	Transfer	Ending	Beginning	Depreciation	Disposal	Transfer	Ending	Beginning	Ending
Land—cost	7,837.15	560.54	(474.74)	—	7,922.95	—	—	—	—	—	7,837.15	7,922.95
—surplus on revaluation of land	6,699.72	20.35	(134.83)	—	6,585.24	—	—	—	—	—	6,699.72	6,585.24
Total land	14,536.87	580.89	(609.57)	—	14,508.19	—	—	—	—	—	14,536.87	14,508.19
Land improvement	719.20	0.06	—	0.83	720.09	155.76	45.40	—	—	201.16	563.44	518.93
Buildings and improvements	13,976.69	18.89	(44.04)	150.68	14,102.22	4,185.61	672.34	(5.69)	—	4,852.26	9,791.08	9,249.96
Machinery and equipment	33,144.97	87.14	(38.19)	538.77	33,732.69	16,135.29	2,963.30	(25.51)	18.94	19,092.02	17,009.68	14,640.67
Oak barrels	2,428.66	0.36	—	—	2,429.02	973.29	116.35	(0.01)	—	1,089.63	1,455.37	1,339.39
Furniture, fixtures and office equipment	446.12	74.12	(11.67)	51.22	559.79	271.27	64.83	(8.31)	(15.43)	312.36	174.85	247.43
Vehicles	2,698.08	50.77	(30.88)	(2.46)	2,715.51	1,758.90	359.76	(21.96)	(3.51)	2,093.19	939.18	622.32
Construction in progress	1,479.72	6,428.26	(0.88)	(739.04)	7,168.06	—	—	—	—	—	1,479.72	7,168.06
Total	<u>69,430.31</u>	<u>7,240.49</u>	<u>(735.23)</u>	<u>—</u>	<u>75,935.57</u>	<u>23,480.12</u>	<u>4,221.98</u>	<u>(61.48)</u>	<u>—</u>	<u>27,640.62</u>	<u>45,950.19</u>	<u>48,294.95</u>

As at 31 December 2005 the historical cost of fully depreciated plant and equipment still in use amounted to Baht 2,253.62 million.

As at 31 December 2005 the net book value of property, plant and equipment of certain subsidiary companies, used as security under the Negative Pledge agreement, as disclosed in Note 13, totalled Baht 31,658.05 million.

As at 31 December 2005 the carrying amount of idle land, which is held for planned future business operations amounted to Baht 1,735.21 million.

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2004

	Cost/Valuation			Accumulated Depreciation			Net Book Value					
	Beginning	Addition	Disposal	Transfer	Ending	Beginning	Depreciation	Disposal	Transfer	Ending	Beginning	Ending
Land—cost	6,707.37	1,265.63	(135.85)	—	7,837.15	—	—	—	—	—	6,707.37	7,837.15
—surplus on revaluation of land	6,453.34	246.38	—	—	6,699.72	—	—	—	—	—	6,453.34	6,699.72
Total land	13,160.71	1,512.01	(135.85)	—	14,536.87	—	—	—	—	—	13,160.71	14,536.87
Land improvement	660.03	1.88	(0.10)	57.39	719.20	112.24	43.57	(0.05)	—	155.76	547.79	563.44
Buildings and improvements	13,873.00	30.80	(31.41)	104.30	13,976.69	3,527.71	669.33	(3.51)	(7.92)	4,185.61	10,345.29	9,791.08
Machinery and equipment	32,767.90	183.19	(103.67)	297.55	33,144.97	13,220.27	2,957.33	(50.24)	7.93	16,135.29	19,547.63	17,009.68
Oak barrels	2,420.44	8.69	(0.47)	—	2,428.66	838.78	134.51	—	—	973.29	1,581.66	1,455.37
Furniture, fixtures and office equipment	388.16	66.68	(10.97)	2.25	446.12	227.18	52.39	(8.29)	(0.01)	271.27	160.98	174.85
Vehicles	2,784.05	106.77	(197.53)	4.79	2,698.08	1,478.43	389.85	(109.38)	—	1,758.90	1,305.62	939.18
Construction in progress	543.46	1,407.21	(4.67)	(466.28)	1,479.72	—	—	—	—	—	543.46	1,479.72
Total	66,597.75	3,317.23	(484.67)	—	69,430.31	19,404.61	4,246.98	(171.47)	—	23,480.12	47,193.14	45,950.19

As at 31 December 2004 the carrying amount of idle land, which is held for planned future business operations amounted to Baht 1,377.87 million.

2003

	Cost/Valuation			Accumulated Depreciation			Net Book Value					
	Beginning	Addition	Disposal	Transfer	Ending	Beginning	Depreciation	Disposal	Transfer	Ending	Beginning	Ending
Land—cost	6,051.33	724.52	(67.98)	(0.50)	6,707.37	—	—	—	—	—	6,051.33	6,707.37
—surplus on revaluation of land	—	6,453.34	—	—	6,453.34	—	—	—	—	—	—	6,453.34
Total land	6,051.33	7,177.86	(67.98)	(0.50)	13,160.71	—	—	—	—	—	6,051.33	13,160.71
Land improvement	611.44	48.59	—	—	660.03	78.12	34.12	—	—	112.24	533.32	547.79
Buildings and improvements	13,589.10	316.50	(295.25)	262.65	13,873.00	2,862.37	699.56	(34.22)	—	3,527.71	10,726.73	10,345.29
Machinery and equipment	31,355.65	601.17	(248.38)	1,059.46	32,767.90	10,582.91	2,783.51	(159.73)	13.58	13,220.27	20,772.74	19,547.63
Oak barrels	2,408.60	11.84	—	—	2,420.44	696.27	142.51	—	—	838.78	1,712.33	1,581.66
Furniture, fixtures and office equipment	372.97	54.01	(38.95)	0.13	388.16	204.36	52.31	(29.49)	—	227.18	168.61	160.98
Vehicles	2,422.47	829.91	(449.98)	(18.35)	2,784.05	1,241.59	337.35	(86.93)	(13.58)	1,478.43	1,180.88	1,305.62
Construction in progress	1,561.83	474.29	(189.27)	(1,303.39)	543.46	—	—	—	—	—	1,561.83	543.46
Total	58,373.39	9,514.17	(1,289.81)	—	66,597.75	15,665.62	4,049.36	(310.37)	—	19,404.61	42,707.77	47,193.14

As at 31 December 2003 the carrying amount of idle land, which is held for planned future business operations amounted to Baht 758.32 million.

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In 2005 and 2004, the Group revalued its land, as disclosed in Note 16.

Depreciation of plant and equipment for the years ended 31 December 2005, 2004 and 2003 consisted of:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Included in cost of production	2,315.71	2,821.59	2,821.57
Included in selling and administrative expenses	<u>1,906.27</u>	<u>1,425.39</u>	<u>1,227.79</u>
Total	<u><u>4,221.98</u></u>	<u><u>4,246.98</u></u>	<u><u>4,049.36</u></u>

Borrowing costs for the year ended 31 December 2005 capitalised as part of asset cost amounted to Baht 82.71 million (2004: Baht nil; 2003 Baht 2.07 million).

11 Intangible assets

	2005									
	Cost				Accumulated Amortisation				Net Book Value	
	Beginning	Addition	Disposal	Ending	Beginning	Amortisation	Disposal	Ending	Beginning	Ending
	(In million Baht)									
Trademarks	304.86	1.82	—	306.68	158.01	24.67	—	182.68	146.85	124.00
Leasehold land	1.04	0.12	—	1.16	0.13	0.18	—	0.31	0.91	0.85
Computer software	4.28	11.68	—	15.96	0.58	1.57	—	2.15	3.70	13.81
Broadcasting rights	<u>101.96</u>	<u>59.94</u>	—	<u>161.90</u>	<u>19.83</u>	<u>18.53</u>	—	<u>38.36</u>	<u>82.13</u>	<u>123.54</u>
Total	<u><u>412.14</u></u>	<u><u>73.56</u></u>	—	<u><u>485.70</u></u>	<u><u>178.55</u></u>	<u><u>44.95</u></u>	—	<u><u>223.50</u></u>	<u><u>233.59</u></u>	<u><u>262.20</u></u>

	2004									
	Cost				Accumulated Amortisation				Net Book Value	
	Beginning	Addition	Disposal	Ending	Beginning	Amortisation	Disposal	Ending	Beginning	Ending
	(In million Baht)									
Trademarks	303.51	1.35	—	304.86	133.53	24.48	—	158.01	169.98	146.85
Leasehold land	—	1.04	—	1.04	—	0.13	—	0.13	—	0.91
Computer software	2.88	1.40	—	4.28	0.18	0.40	—	0.58	2.70	3.70
Broadcasting rights	<u>72.10</u>	<u>29.86</u>	—	<u>101.96</u>	<u>14.24</u>	<u>5.59</u>	—	<u>19.83</u>	<u>57.86</u>	<u>82.13</u>
Total	<u><u>378.49</u></u>	<u><u>33.65</u></u>	—	<u><u>412.14</u></u>	<u><u>147.95</u></u>	<u><u>30.60</u></u>	—	<u><u>178.55</u></u>	<u><u>230.54</u></u>	<u><u>233.59</u></u>

	2003									
	Cost				Accumulated Amortisation				Net Book Value	
	Beginning	Addition	Disposal	Ending	Beginning	Amortisation	Disposal	Ending	Beginning	Ending
	(In million Baht)									
Trademarks	302.39	1.12	—	303.51	109.23	24.30	—	133.53	193.16	169.98
Leasehold land	15.10	—	(15.10)	—	2.37	0.65	(3.02)	—	12.73	—
Computer software ...	1.87	3.80	(2.79)	2.88	0.05	0.37	(0.24)	0.18	1.82	2.70
Broadcasting rights ...	—	<u>72.10</u>	—	<u>72.10</u>	—	<u>14.24</u>	—	<u>14.24</u>	—	<u>57.86</u>
Total	<u><u>319.36</u></u>	<u><u>77.02</u></u>	<u><u>(17.89)</u></u>	<u><u>378.49</u></u>	<u><u>111.65</u></u>	<u><u>39.56</u></u>	<u><u>(3.26)</u></u>	<u><u>147.95</u></u>	<u><u>207.71</u></u>	<u><u>230.54</u></u>

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12 Other non-current assets

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Bottles, crates and pallets	174.69	159.50	435.67
Deposits	67.29	67.74	60.95
Others	<u>18.60</u>	<u>59.45</u>	<u>23.07</u>
Total	260.58	286.69	519.69
Less allowance for impairment of assets	<u>(6.25)</u>	<u>(7.45)</u>	<u>—</u>
Net	<u><u>254.33</u></u>	<u><u>279.24</u></u>	<u><u>519.69</u></u>

13 Borrowings

Borrowings from financial institutions as at 31 December comprised:

	<u>Note</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
		(In million Baht)		
Current				
Bank overdrafts				
—secured		—	0.14	42.68
—guaranteed		0.15	125.27	825.73
—unsecured		<u>—</u>	<u>224.74</u>	<u>9.66</u>
		<u>0.15</u>	<u>350.15</u>	<u>878.07</u>
Short-term loans from financial institutions				
—secured		2,700.00	3,300.00	10,055.00
—guaranteed/negative pledge		36,600.00	38,100.00	33,100.00
—unsecured		<u>—</u>	<u>2,970.00</u>	<u>2,769.83</u>
		<u>39,300.00</u>	<u>44,370.00</u>	<u>45,924.83</u>
Current portion of long-term loans				
—secured		<u>1,086.60</u>	<u>1,320.00</u>	<u>10,172.60</u>
		<u>1,086.60</u>	<u>1,320.00</u>	<u>10,172.60</u>
		<u><u>40,386.75</u></u>	<u><u>46,040.15</u></u>	<u><u>56,975.50</u></u>
Non-current				
Long-term loans from financial institutions				
—secured		<u>—</u>	<u>1,086.60</u>	<u>—</u>
		<u>—</u>	<u>1,086.60</u>	<u>—</u>
Total		<u><u>40,386.75</u></u>	<u><u>47,126.75</u></u>	<u><u>56,975.50</u></u>

As at 31 December, the interest rate exposure of the borrowings is as follows:

	<u>2005</u>		<u>2004</u>		<u>2003</u>	
	<u>Range</u>	<u>Weighted</u>	<u>Range</u>	<u>Weighted</u>	<u>Range</u>	<u>Weighted</u>
				(%)		
Bank overdrafts	7.00	7.00	5.50-7.75	6.12	5.85-6.50	6.16
Short-term loans from financial institutions	3.75-5.00	4.74	2.35-3.50	3.13	2.50-5.00	2.75
Long-term loan and current portion	5.00	5.00	4.00	4.00	4.00-5.00	4.82

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Secured borrowings are secured by the following assets:

	2005	2004	2003
	(In million Baht)		
Land	—	—	80.00
Inventories	3,786.60	5,706.60	20,147.60
Total	3,786.60	5,706.60	20,227.60

As at 31 December 2005 the net book value of property, plant and equipment of certain subsidiary companies subject to the Negative Pledge agreement (see below) totalled Baht 31,658.05 million.

The principal features of the borrowings are as follows:

(a) Bank overdrafts are repayable on demand. As at 31 December 2005, the Group has total overdraft facilities amounting to Baht 2,533.00 million (*2004: Baht 2,535.00 million; 2003: Baht 2,015.00 million*) which is partially guaranteed by five subsidiary companies and a related company.

(b) Short-term loans from financial institutions primarily comprise promissory notes issued by the Company to several domestic commercial banks totalling Baht 36,600.00 million as at 31 December 2005 (*2004: Baht 38,100.00 million; 2003: Baht 33,100 million*) with interest payable monthly. These loans are guaranteed by certain subsidiaries, namely Sangsom Co., Ltd.; Sura Bangyikhan Co., Ltd.; Beer Thai (1991) PCL.; and Beer Thip Brewery (1991) Co., Ltd.

In addition, 17 subsidiary companies entered into a Negative Pledge agreement, 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, during any period that the Company has not yet repaid these loans and/or is still liable to the banks under these promissory notes, unless written consent from the banks is received. These subsidiaries are Sangsom Co., Ltd., Sura Bangyikhan Co., Ltd., United Winery and Distillery Co., Ltd., Red Bull Distillery (1988) Co., Ltd., Fuengfuanant Co., Ltd., Athimart Co., Ltd., S.S. Karnsura Co., Ltd., Kankwan Co., Ltd., Theparunothai Co., Ltd., Thanapakdi Co., Ltd., Simathurakij Co., Ltd., Mongkolsamai Co., Ltd., Kanchanasingkorn Co., Ltd., Luckchai Liquor Trading Co., Ltd., Nateechai Co., Ltd., Beer Thai (1991) PCL. and Beer Thip Brewery (1991) Co., Ltd.

The remaining short-term loans from financial institutions are guaranteed by certain subsidiary companies and are secured on inventories of certain subsidiaries.

(c) The current portion of long-term loan in the consolidated balance sheets as at 31 December 2005 and 2004 comprised the contractual current portion of the remaining long-term loan. The current portion as at 31 December 2003 comprised the contractual current portion and the early repaid portion of loans from domestic commercial banks, which are secured on certain inventories of subsidiary companies, and the current portion of promissory notes and bills of exchange issued to various private lenders.

(d) The remaining long-term loan in the consolidated balance sheets as at 31 December 2004 was obtained from a domestic commercial bank by a subsidiary and is to be repaid in 23 monthly instalments of Baht 110.00 million for the first 22 instalments and Baht 96.60 million for the last instalment, from December 2004. Interest is payable monthly at a fixed rate of 4% per annum for the first year and MLR minus 1.75% per annum afterwards. This loan is secured by inventories of certain subsidiaries.

As at 31 December 2005 the Group had unutilised credit facilities totalling Baht 14,851.74 million.

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14 Other current liabilities

	<u>2005</u>	<u>2004</u>	<u>2003</u>
	(In million Baht)		
Outstanding cheque paid for excise tax	918.68	—	—
Value added tax payable	723.24	563.24	958.88
Withholding tax payable	72.80	75.87	60.71
Advanced payments from customers for purchase of goods	1,879.05	1,669.65	1,539.92
Accrued expenses	364.52	488.75	456.65
Accrued interest expense	15.13	15.12	47.07
Deposits and retentions payable	318.74	63.44	23.54
Construction payables	596.98	178.51	17.14
Accrued promotion expenses	230.41	8.39	8.73
Others	85.43	124.01	238.29
Total	<u>5,204.98</u>	<u>3,186.98</u>	<u>3,350.93</u>

15 Share capital

	Par Value (In Baht)	2005		2004		2003	
		Number	Baht	Number	Baht	Number	Baht
(In million)							
<i>Authorised</i>							
At 1 January							
—ordinary shares	1	22,000	22,000	22,000	22,000	—	—
Creation of new shares							
—ordinary shares	1	<u>7,000</u>	<u>7,000</u>	—	—	<u>22,000</u>	<u>22,000</u>
At 31 December							
—ordinary shares	1	<u>29,000</u>	<u>29,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>
<i>Issued and fully paid</i>							
At 1 January							
—ordinary shares	1	22,000	22,000	22,000	22,000	—	—
Issue of new shares							
—ordinary shares		—	—	—	—	<u>22,000</u>	<u>22,000</u>
At 31 December							
—ordinary shares	1	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>	<u>22,000</u>

On 29 October 2003, Thai Beverages Public Company Limited was registered as a public company with authorised and paid-up share capital of Baht 20,000.00 million. Subsequently, the Extraordinary Meeting of Shareholders No. 1/2003 held on 21 November 2003 approved resolutions to increase the authorised share capital from Baht 20,000.00 million to Baht 22,000 million through the issue of 2,000 million ordinary shares with a Baht 1 par value. This issue comprises 600 million shares allocated to specific investors or shareholders and 1,400 million shares allocated to the existing shareholders at a ratio of seven new shares for every 100 existing shares held.

The Extraordinary Meeting of Shareholders of the Company No. 1/2005 held on 8 July 2005 unanimously approved to increase the authorised share capital of the Company from Baht 22,000.00 million to Baht 29,000.00 million through the creation of 7,000 million ordinary shares with a Baht 1 par value. Of this increase, an amount not exceeding 6,000 million shares will be allocated to the public and an amount not exceeding 1,000 million shares will be available as a “Greenshoe Option”. The

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Company registered the increase of its authorised share capital with the Ministry of Commerce on 11 July 2005.

16 Reserves

Currency translation reserve

Currency translation reserve consisted of foreign exchange differences arising from translation of the financial statements of foreign operations to Thai Baht.

Fair value and revaluation reserves

Revaluation reserve

During 2003 and 2004, the Group revalued all land held. Revaluations of land are carried out by independent professional valuers on an open market basis. The revaluations were originally based on valuations reported by the independent professional valuers in 2003 and 2004. In September 2005, the valuers updated the valuations, which have been recognised as adjusting events occurring after the balance sheet date. As a result of the updated revaluations a surplus of Baht 6,453.34 million was recognised as a revaluation reserve in 2003 as a component of shareholders' equity, of which Baht 0.34 million was not attributable to the Company and a surplus of Baht 246.38 million was recognized in 2004, of which Baht 0.08 million was not attributable to the Company and a surplus of Baht 134.83 million was reversed in 2005.

In addition, in 2005, a subsidiary company obtained a revaluation of its land from independent professional valuers and a surplus of Baht 20.35 million was recognised in the 2005 financial statements.

Fair value reserve

The fair value and revaluation reserve also includes the cumulative net change in the fair value of available-for-sale equity securities.

Legal reserve

A legal reserve is set up under the provisions of Section 116 of the Public Companies Act B.E. 2535. Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

17 Net profit (loss) and equity not attributable to the Company

Net profit (loss) not attributable to the Company has arisen from the basis of consolidation adopted (see Note 1) and relates to the portion of income and expense that is included in the consolidated statements of income but which is not attributable to the shareholders of the Company by virtue of their shareholding in the Company.

Equity not attributable to the Company relates to net assets belonging to businesses transferred to the Group and included in the consolidated balance sheets, but which had not yet been formally transferred to the Group at the balance sheet date.

18 Segment information

Segment information is presented in respect of the Group's business and geographical segments. The primary format—business segments—is based on the Group's management and internal reporting structure. Management considers that the Group operates primarily in a single geographical area, namely in Thailand, and has, therefore, only one major geographical segment.

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Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Liabilities and related interest expense that were not specifically attributable to a particular segment have been 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.

Business segments

The business operations of the Group, as reflected in the consolidated financial statements, are classified into four major segments as follows:

<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 materials and sale of by-products (mostly within the Group).

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Segment financial information

	2005					Total
	Beer/ Water	Spirits	Alcohol	Related	Elimination	
	(In million Baht)					
Results of operations						
Revenue from sales	42,263.9	49,910.0	869.2	6,633.0	(7,584.9)	92,091.2
Interest income	9.2	41.9	0.4	12.2	(1.5)	62.2
Other income	141.0	103.7	12.4	20.7	(53.1)	224.7
Total Revenues	42,414.1	50,055.6	882.0	6,665.9	(7,639.5)	92,378.1
Cost of sales	32,543.7	29,920.4	471.3	6,068.3	(5,860.3)	63,143.4
Selling and administrative expenses...	6,953.7	6,656.3	166.0	515.3	(1,774.3)	12,517.0
Profit before interest expense and income tax	2,916.7	13,478.9	244.7	82.3	(4.9)	16,717.7
Interest expense	349.8	1,143.8	42.3	60.9	(1.4)	1,595.4
Income tax expense	1,332.0	3,249.3	51.7	79.9	—	4,712.9
Net profit before the portion not attributable to the Company	1,234.9	9,085.8	150.7	(58.5)	(3.5)	10,409.4
Net loss not attributable to the Company	—	—	—	—	—	—
Net profit	1,234.9	9,085.8	150.7	(58.5)	(3.5)	10,409.4
Financial positions						
Inventories, net	2,812.4	22,817.5	119.0	285.8		26,034.7
Property, plant & equipment, net	20,480.9	23,732.9	1,736.7	2,344.5		48,295.0
Other assets	846.1	4,840.5	144.8	1,050.3		6,881.7
Total assets	24,139.4	51,390.9	2,000.5	3,680.6		81,211.4
Total debt	10,416.7	27,377.2	1,035.0	1,557.8		40,386.7
Other liabilities	4,792.0	3,801.4	78.1	787.1		9,458.6
Total liabilities	15,208.7	31,178.6	1,113.1	2,344.9		49,845.3
Gross capital expenditure						
—Fixed assets	6,388.8	399.7	254.3	177.4		7,220.2
—Intangible assets	4.6	5.4	0.2	63.3		73.5
Depreciation	1,901.4	2,114.3	120.5	85.8		4,222.0
Amortisation	16.4	25.1	—	18.7		60.2

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	2004					Total
	Beer/ Water	Spirits	Alcohol	Related	Elimination	
	(In million Baht)					
Results of operations						
Revenue from sales	47,749.2	42,188.6	697.7	7,289.6	(7,798.8)	90,126.3
Interest income	10.8	6.3	0.3	4.1	(6.6)	14.9
Other income	306.7	171.8	6.5	31.7	(38.3)	478.4
Total Revenues	48,066.7	42,366.7	704.5	7,325.4	(7,843.7)	90,619.6
Cost of sales	36,846.7	26,089.9	468.9	6,670.6	(6,473.0)	63,603.1
Selling and administrative expenses...	4,580.0	7,030.9	65.6	790.2	(1,351.2)	11,115.5
Profit before interest expense and income tax	6,640.0	9,245.9	170.0	(135.4)	(19.5)	15,901.0
Interest expense	284.5	1,401.0	26.0	35.4	(6.6)	1,740.3
Income tax expense	1,704.2	2,608.8	69.2	109.9	—	4,492.1
Net profit before the portion not attributable to the Company	4,651.3	5,236.1	74.8	(280.7)	(12.9)	9,668.6
Net loss not attributable to the Company	—	(748.9)	—	—	—	(748.9)
Net profit	4,651.3	5,985.0	74.8	(280.7)	(12.9)	10,417.5
Financial positions						
Inventories, net	3,771.4	26,296.1	316.9	353.5		30,737.9
Property, plant & equipment, net	16,671.0	25,434.8	1,601.3	2,243.1		45,950.2
Other assets	3,630.2	8,277.7	65.9	459.5		12,433.3
Total assets	24,072.6	60,008.6	1,984.1	3,056.1		89,121.4
Total debt	10,630.4	34,426.1	990.7	1,079.6		47,126.8
Other liabilities	4,383.6	3,085.1	126.6	1,036.8		8,632.1
Total liabilities	15,014.0	37,511.2	1,117.3	2,116.4		55,758.9
Gross capital expenditure						
—Fixed assets	1,550.7	1,019.2	445.4	55.6		3,070.9
—Intangible assets	1.7	2.0	—	29.9		33.6
Depreciation	1,929.3	2,120.9	120.3	76.4		4,246.9
Amortisation	17.5	24.2	—	5.7		47.4

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	2003					
	<u>Beer/ Water</u>	<u>Spirits</u>	<u>Alcohol</u>	<u>Related</u>	<u>Elimination</u>	<u>Total</u>
	(In million Baht)					
<i>Results of operations</i>						
Revenue from sales	52,085.2	38,713.1	609.6	2,143.6	(1,921.8)	91,629.7
Interest income	27.6	446.5	5.8	4.2	(36.8)	447.3
Other income	213.8	495.3	51.9	365.1	(17.8)	1,108.3
Total Revenues	<u>52,326.6</u>	<u>39,654.9</u>	<u>667.3</u>	<u>2,512.9</u>	<u>(1,976.4)</u>	<u>93,185.3</u>
Cost of sales	39,641.1	26,338.6	450.3	1,762.5	(1,362.6)	66,829.9
Selling and administrative expenses...	4,969.9	6,419.8	65.4	295.2	(576.9)	11,173.4
Profit before interest expense and income tax	7,715.6	6,896.5	151.6	455.2	(36.9)	15,182.0
Interest expense	294.5	2,487.9	1.6	34.7	(36.8)	2,781.9
Income tax expense	<u>1,937.9</u>	<u>1,203.4</u>	<u>48.1</u>	<u>150.5</u>	<u>—</u>	<u>3,339.9</u>
Net profit before the portion not attributable to the Company	5,483.2	3,205.2	101.9	270.0	(0.1)	9,060.2
Net profit not attributable to the Company	<u>1,139.1</u>	<u>993.2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,132.3</u>
Net profit	<u><u>4,344.1</u></u>	<u><u>2,212.0</u></u>	<u><u>101.9</u></u>	<u><u>270.0</u></u>	<u><u>(0.1)</u></u>	<u><u>6,927.9</u></u>
<i>Financial positions</i>						
Inventories, net	3,519.3	28,076.5	292.8	284.1		32,172.7
Property, plant & equipment, net	17,203.0	27,232.2	1,272.8	1,485.1		47,193.1
Other assets	<u>5,705.7</u>	<u>6,029.1</u>	<u>121.6</u>	<u>283.8</u>		<u>12,140.2</u>
Total assets	<u><u>26,428.0</u></u>	<u><u>61,337.8</u></u>	<u><u>1,687.2</u></u>	<u><u>2,053.0</u></u>		<u><u>91,506.0</u></u>
Total debt	12,224.9	42,878.4	923.0	1,099.2		57,125.5
Other liabilities	<u>5,197.3</u>	<u>3,963.6</u>	<u>68.8</u>	<u>214.7</u>		<u>9,444.4</u>
Total liabilities	<u><u>17,422.2</u></u>	<u><u>46,842.0</u></u>	<u><u>991.8</u></u>	<u><u>1,313.9</u></u>		<u><u>66,569.9</u></u>
Gross capital expenditure						
—Fixed assets	660.7	1,987.3	327.1	85.7		3,060.8
—Intangible assets	4.9	—	—	72.1		77.0
Depreciation	1,821.2	2,042.3	125.1	60.8		4,049.4
Amortisation	22.6	24.8	—	14.2		61.6

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19 Selling and administrative expenses

	<u>2005</u>	<u>2004</u>	<u>2003</u>
		(In million Baht)	
Marketing and advertising expenses	4,746.41	4,206.40	4,842.65
Employee costs	2,709.74	2,455.18	2,282.62
Depreciation and amortisation	464.38	531.01	605.15
Unallocated overheads	2,165.00	1,239.59	722.04
Vehicle and transportation expenses	773.77	747.97	941.04
Loss on sale of investments	—	411.09	53.87
Others	<u>1,657.65</u>	<u>1,524.18</u>	<u>1,726.00</u>
Total	<u><u>12,516.95</u></u>	<u><u>11,115.42</u></u>	<u><u>11,173.37</u></u>

20 Earnings per share

Based on net profit before the portion not attributable to the Company

Earnings per share based on net profit before the portion not attributable to the Company has been calculated based on the net profit from businesses and operations comprising the Group on the basis that those businesses and operations had been transferred at the beginning of 2003 and on the 22,000 million shares issued by the Company, pursuant to the formation of the Group.

Based on net profit

Earnings per share based on net has been calculated based on net profit after deducting profit included from businesses and operations transferred during 2003 and 2004, which is not attributable to shareholders of the Company by virtue of their shares held in the Company, and on the 22,000 million shares issued by the Company, pursuant to the formation of the Group.

Diluted earnings per share

For the years ended 31 December 2005, 2004 and 2003 there were no potential common shares, therefore diluted earnings per share is not presented.

21 Dividends and appropriations to legal reserve

The Annual General Meeting of Shareholders held on 27 April 2005 unanimously approved the appropriation of Baht 597.50 million from earnings to the legal reserve and the payment of dividends at Baht 0.12 per share, totalling Baht 2,640.00 million. Subsequently, the Company additionally appropriated Baht 510.00 million from its earnings to the legal reserve.

The Annual General Meeting of Shareholders held on 29 May 2004 unanimously approved the appropriation of Baht 2.50 million from earnings to the legal reserve.

22 Financial instruments

Financial risk management and policies

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

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

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

Liquidity risk

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

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk from its borrowings (Note 13).

Foreign currency risk

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

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The table below provides an indication of the Group's foreign currency positions as at 31 December 2005, 2004 and 2003 relating to the Group's exposure and forward exchange contracts used to hedge against the exposure as a result of the Group's policy. The amounts for forward exchange contracts shown below are presented at fair value.

	2005		2004		2003	
	(In foreign currency million)	(In million Baht)	(In foreign currency million)	(In million Baht)	(In foreign currency million)	(In million Baht)
<i>Financial assets denominated in foreign currencies</i>						
Australian Dollar (AUD)	—	—	0.01	0.41	—	—
US Dollar (USD)	0.19	7.84	0.15	5.73	0.20	7.86
Singaporean Dollar (SGD)	0.15	3.57	0.08	1.83	0.04	0.87
Hong Kong Dollar (HKD)	—	—	0.01	0.05	—	—
Euro (EUR)	—	0.11	—	—	—	—
Total		<u>11.52</u>		<u>8.02</u>		<u>8.73</u>
<i>Financial liabilities denominated in foreign currencies</i>						
British Pounds (GBP)	0.59	42.03	0.96	72.33	1.91	135.11
Euro (EUR)	0.79	38.62	1.25	66.74	1.43	71.56
Australian Dollar (AUD)	0.24	7.42	0.72	21.96	5.52	165.45
US Dollar (USD)	1.28	52.55	0.32	12.65	1.04	41.30
Swiss Francs (CHF)	0.01	0.03	—	—	0.01	0.36
Danish Krone (KR)	0.03	0.19	0.01	0.07	0.28	1.89
Total		<u>140.84</u>		<u>173.75</u>		<u>415.67</u>
<i>Forward exchange contracts to buy foreign currencies</i>						
British Pounds (GBP)	5.41	384.81	1.39	104.26	6.46	434.17
Euro (EUR)	20.17	991.86	4.57	243.43	0.78	35.37
Australian Dollar (AUD)	3.97	119.55	7.76	228.10	13.52	376.72
US Dollar (USD)	16.24	667.39	38.92	1,521.20	7.39	293.99
Total		<u>2,163.61</u>		<u>2,096.99</u>		<u>1,140.25</u>
<i>Forward exchange contracts to sell foreign currencies</i>						
US Dollar (USD)	1.20	49.16	4.63	187.00	1.98	80.94
Total		<u>49.16</u>		<u>187.00</u>		<u>80.94</u>

Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Group takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument. As the carrying amounts of financial assets and financial liabilities presented in the balance sheets are mostly short-term, the management believes that the fair value of those financial assets and financial liabilities does not materially differ from their carrying amounts.

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23 Commitments

As at 31 December 2005 commitments of the Group are as follows:

	<u>In Million Baht</u>	<u>In Million US\$</u>	<u>In Million AUD</u>	<u>In Million Euro</u>	<u>In Million GBP</u>
Construction contracts	1,330.20	—	—	7.17	—
Raw material purchasing agreements (Malt & Hop)	—	17.63	4.45	11.58	5.09
Raw material sale agreements	20.84	—	—	—	—
Operating lease agreements for land, buildings and equipment	487.06	—	—	—	—
Consulting and supervising service agreement for beer production	33.12	—	—	—	—
Advertising and sponsorship agreements	99.56	—	—	—	0.50
Other service agreements	110.98	—	—	—	—
Others	—	—	—	0.27	—

Further to the above, the Group has the following additional commitments:

(a) A subsidiary of the Company entered into a number of molasses purchasing agreements with various suppliers (including some related parties) totalling Baht 1,448.09 million. As at 31 December 2005 the outstanding commitments relating to these agreements totalled Baht 855.83 million.

(b) 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 has 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 31 December 2005 the remaining commitments to be paid, relating to these agreements, was Baht 1,692.03 million.

Subsequently, on 30 December 2005, the Company and the four subsidiaries entered into addendums to the original agreements described above. The addendum became effective on 1 January 2006 whereby the Company paid Baht 375.00 million and the four subsidiaries paid a total of Baht 1,625.00 million as consideration to the specialist in January 2006 to exclusively secure his services. Under the addendum, the Company and the four subsidiaries concerned are entitled to seek damages, not exceeding Baht 2,000.00 million, for any intentional breach that the specialist fails to remedy, including non-performance of his contractual duties.

(c) During 2005, a subsidiary renewed a sponsorship agreement with Everton Football Club, in the United Kingdom, for a period of three years 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.

(d) 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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24 Promotional privileges

Promotional privileges from the Board of Investment

In 2004, a subsidiary was granted promotional privileges from the Board of Investment for the production of alcohol and agricultural fuel. The privileges granted include the exemption from the payment of import duty on approved machinery and exemption from the payment of corporate income tax for eight years from the date revenues are first generated. In the event the subsidiary incurs a loss during this eight year period, the subsidiary can carry these losses forward to deduct from any future profits for a period of five years. The Company also obtains a privilege related to the exemption from corporate income tax on dividends derived from the promoted business of its subsidiary during this eight year period. However, the subsidiary has to comply with terms and conditions outlined in the investment promotional certificate.

Privileges granted to business operator in Free Zone

Also in 2004 another subsidiary was granted approval from the Customs Department to operate in a "Free Zone", whereby the subsidiary obtains privileges related to the payment of import and export taxes, valued added tax and excise tax. Various other privileges are also granted.

25 Litigation

As at 31 December 2005 the Group was involved in litigation proceedings as follows:

Property tax

Since 2002 up to 2005, a subsidiary's property tax assessment totalled Baht 161.30 million, which it recognised as expenses of Baht 13.03 million and other current assets of Baht 148.27 million. However, the subsidiary filed an application to the Central Tax Court to withdraw the assessment of the property tax (amount recognised as other current assets). During 2004 and 2005, the Central Tax Court ruled that the subsidiary should pay additional property taxes amounting to Baht 13.55 million. These additional taxes have been paid by the subsidiary and recognised as an expense.

The subsidiary has appealed and the case is currently being considered by the Central Tax Court and the Supreme Court. The management of the subsidiary and their attorney believe that the likelihood of winning is high.

Health Hazardous Work Permit

In 2002 a subsidiary was ordered by the Administrative Court to be co-defendant with a government officer in a lawsuit whereby one local public organisation filed for the government officer to withdraw an order given to the local public organisation to extend the subsidiary's Health Hazardous Work Permit at Phra Nakorn Sri Ayudhaya province. In 2004 the Administrative Court ruled in favour of the subsidiary by discharging the lawsuit and extending the Health Hazardous Work Permits.

26 Events after the balance sheet date

Significant events after the balance sheet date were as follows:

(a) The Extraordinary Meeting of Shareholders of the Company No. 1/2006 held on 16 January 2006 unanimously approved the following resolutions:

- To seek a listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") and/or other foreign stock exchanges as appropriate.
- The amendment of the Extraordinary Meeting of Shareholders of the Company No. 1/2005 held on 8 July 2005 relating to the share capital as follows:
 - The allocation of not exceeding 6,000 million shares with a Baht 1 par value to the local and/or foreign public.

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- To seek a future listing on the Stock Exchange of Thailand and/or other foreign stock exchanges.
- The issuance of all types of bonds with total credit line not exceeding Baht 20,000.00 million and a credit period not exceeding 7 years from the date of the issue.

(b) On 22 February 2006 the Company issued guaranteed bonds totalling Baht 10,000.00 million with a full co-guarantee by four subsidiaries and a further agreement made by 17 subsidiaries not to pledge their existing land, buildings, plant and machinery (“Negative pledge”). The Executive Board of Directors’ Meeting No. 1/2006 held on 1 February 2006 unanimously approved the negative pledge of the subsidiary companies. The bonds were issued with a consolidated debt to equity ratio covenant of 2.5 to 1 and the following terms:

	<u>Amount</u> (In million Baht)	<u>Fixed Interest Rate</u> (%)	<u>Maturity</u>
First tranche	2,500.00	4.95%	6 months
Second tranche	2,200.00	5.40%	12 months
Third tranche	2,300.00	5.55%	18 months
Fourth tranche	3,000.00	5.75%	24 months

These terms were subsequently recognised by the Board of Directors’ Meeting No. 3/2006 held on 24 February 2006.

(c) The Board of Directors’ Meeting No. 3/2006 held on 24 February 2006 unanimously passed the following resolutions:

- Approval for the reorganisation of the management structure.
- Recognition of the permission granted by the Office of the Securities Exchange Commission for the overseas initial public offering.

(d) On 3 March 2006 a subsidiary entered into purchasing contracts for machinery with an overseas supplier totalling Euro 13.90 million.

(e) Between 17 March 2006 and 24 March 2006, the Company entered into loan agreements with eight commercial banks as previously approved by the Executive Board of Directors’ Meeting No. 3/2006 to obtain long-term borrowings totaling Baht 26,000.00 million in order to repay short-term loans. The borrowings will be 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 approved by the Board of Directors’ Meeting No. 3/2006 held on 24 February 2006.

(f) The Annual General Meeting of Shareholders held on 27 March 2006 unanimously passed the following resolutions:

- Approval for a dividend payment of Baht 0.24 per share, totalling Baht 5,280.00 million.
- Consent for payments made by the Company and its four subsidiaries under addendums to production and blending control agreements with a specialist totalling Baht 2,000.00 million, as disclosed in Note 23.

27 Reclassification of accounts

Certain accounts in the consolidated financial statements for the years ended 31 December 2004 and 2003 have been reclassified to conform with the presentation in the consolidated financial statements for the year ended 31 December 2005.

Review report of independent auditors

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

We have reviewed the accompanying condensed consolidated interim balance sheet of Thai Beverage Public Company Limited and its subsidiaries as at 31 March 2006 and the condensed consolidated interim statements of income, changes in shareholders' equity and cash flows for the three-month periods ended 31 March 2006 and 2005. These condensed consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

We conducted our reviews in accordance with auditing standard applicable to review engagements in Thailand. This Standard requires that we plan and perform the review 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 in Thailand. Accordingly, we do not express an audit opinion on the reviewed financial statements.

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles in Thailand.

The accompanying condensed consolidated interim balance sheet as at 31 March 2006 and the condensed consolidated interim statements of income and cash flows for the three-month period ended 31 March 2006 have been translated into United States Dollars solely for the convenience of the reader. We have reviewed the translation and, based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim balance sheet as at 31 March 2006 and condensed consolidated interim statements of income and cash flows for the three-month period then ended expressed in Thai Baht have not been translated into United States Dollars on the basis set forth in note 2 of the notes to the condensed consolidated interim financial statements.

We have previously audited the consolidated financial statements of Thai Beverage Public Company Limited and its subsidiaries for the years ended 31 December 2005, 2004 and 2003 in accordance with generally accepted auditing standards in Thailand and expressed an unqualified opinion on those statements in our report dated 31 March 2006. The consolidated balance sheet of Thai Beverage Public Company Limited and its subsidiaries as at 31 December 2005, which has been presented herein for comparative purpose, is a component of those financial statements, which we have audited and previously reported on. We have not performed any audit procedures subsequent to the date of that report.

KPMG Phoomchai Audit Ltd.
Bangkok
26 April 2006

Thai Beverage Public Company Limited and its Subsidiaries
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Condensed consolidated balance sheets
As at 31 March 2006 and 31 December 2005

	Note	(See Note 2) 31 March 2006 (Unaudited) (In million US\$)	31 March 2006 (Unaudited) (In million Baht)	31 December 2005
ASSETS				
<i>Current assets</i>				
Cash and cash equivalents		47.07	1,828.01	3,250.65
Current investments		0.10	3.72	10.00
Trade accounts receivable	6	5.13	199.53	400.60
Short-term loans to and amounts due from related parties	5	0.42	16.23	142.94
Inventories		688.87	26,751.43	25,963.79
Prepaid excise tax		24.03	933.30	1,553.55
Other current assets		29.01	1,126.66	1,006.22
Total current assets		<u>794.63</u>	<u>30,858.88</u>	<u>32,327.75</u>
<i>Non-current assets</i>				
Other long-term investments, net		0.03	1.27	1.27
Property, plant and equipment, net		1,237.57	48,059.65	48,507.26
Intangible assets, net		6.60	256.15	262.20
Other non-current assets, net	4	55.35	2,149.48	112.90
Total non-current assets		<u>1,299.55</u>	<u>50,466.55</u>	<u>48,883.63</u>
Total assets		<u>2,094.18</u>	<u>81,325.43</u>	<u>81,211.38</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
<i>Current liabilities</i>				
Bank overdrafts and short-term loans from financial institutions	7	3.66	142.32	39,300.15
Trade accounts payable		52.29	2,030.78	1,504.62
Short-term bonds	7	121.03	4,700.00	—
Current portion of long-term loan	7	58.11	2,256.60	1,086.60
Short-term loans from and amounts due to related parties	5	1.95	75.72	38.34
Current tax payable		91.52	3,553.99	2,516.30
Accrued dividends	10	135.96	5,280.00	—
Other current liabilities		104.40	4,054.17	5,204.98
Total current liabilities		<u>568.92</u>	<u>22,093.58</u>	<u>49,650.99</u>
<i>Non-current liabilities</i>				
Long-term bonds	7	136.48	5,300.00	—
Long-term loans from financial institutions	7	646.34	25,100.00	—
Other non-current liabilities		5.30	205.73	194.36
Total non-current liabilities		<u>788.12</u>	<u>30,605.73</u>	<u>194.36</u>
Total liabilities		<u>1,357.04</u>	<u>52,699.31</u>	<u>49,845.35</u>
<i>Shareholders' equity</i>				
<i>Share capital</i>				
Authorised share capital		746.77	29,000.00	29,000.00
Issued and paid-up share capital		566.51	22,000.00	22,000.00
Difference arising from common control transactions		(411.47)	(15,979.27)	(15,979.27)
Currency translation reserve		(0.77)	(29.94)	(5.34)
Fair value and revaluation reserve		169.56	6,584.74	6,584.74
<i>Retained earnings</i>				
Appropriated—legal reserve		28.58	1,110.00	1,110.00
Unappropriated		384.73	14,940.59	17,655.90
Total shareholders' equity		<u>737.14</u>	<u>28,626.12</u>	<u>31,366.03</u>
Total liabilities and shareholders' equity		<u>2,094.18</u>	<u>81,325.43</u>	<u>81,211.38</u>

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

Thai Beverage Public Company Limited and its Subsidiaries
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Unaudited condensed consolidated statements of income
For the three-month periods ended 31 March 2006 and 2005

	<u>Note</u>	<u>(See Note 2)</u> <u>2006</u>	<u>2006</u>	<u>2005</u>
		<u>(In million US\$)</u>	<u>(In million Baht)</u>	
		<u>(Except per share amounts)</u>		
Revenues	5			
Revenue from sales		585.37	22,732.32	22,884.54
Interest income		0.09	3.65	19.17
Other income		<u>0.76</u>	<u>29.35</u>	<u>30.74</u>
Total revenues		586.22	22,765.32	22,934.45
Expenses	5			
Cost of sales		403.48	15,668.68	15,513.80
Selling and administrative expenses		<u>78.04</u>	<u>3,030.70</u>	<u>2,825.31</u>
Total expenses		<u>481.52</u>	<u>18,699.38</u>	<u>18,339.11</u>
Profit before interest and income tax expenses		104.70	4,065.94	4,595.34
Interest expense	5	11.33	439.87	376.40
Income tax expense	9	<u>27.33</u>	<u>1,061.38</u>	<u>1,454.47</u>
Net profit		<u>66.04</u>	<u>2,564.69</u>	<u>2,764.47</u>
Basic earnings per share (US\$/Baht)	11	0.003	0.12	0.13

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

**Thai Beverage Public Company Limited and its Subsidiaries
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**Unaudited condensed consolidated statements of changes in shareholders' equity
For the three-month periods ended 31 March 2006 and 2005**

	Note	Issued and Paid-up Share Capital	Difference Arising from Common Control Transactions	Currency Translation Reserve	Fair Value and Revaluation Reserve	Retained Earnings		Total Shareholders' Equity
						Legal Reserve	Unappropriated	
(In million Baht)								
Balance at 1 January								
2005		22,000.00	(6,609.86)	—	6,699.30	2.50	11,270.62	33,362.56
Net profit		—	89.90	—	—	—	2,674.57	2,764.47
Balance at 31 March								
2005		<u>22,000.00</u>	<u>(6,519.96)</u>	<u>—</u>	<u>6,699.30</u>	<u>2.50</u>	<u>13,945.19</u>	<u>36,127.03</u>
Balance at 1 January								
2006		22,000.00	(15,979.27)	(5.34)	6,584.74	1,110.00	17,655.90	31,366.03
Currency translation reserve		—	—	(24.60)	—	—	—	(24.60)
Net profit		—	—	—	—	—	2,564.69	2,564.69
Dividends	10	—	—	—	—	—	(5,280.00)	(5,280.00)
Balance at 31 March								
2006		<u>22,000.00</u>	<u>(15,979.27)</u>	<u>(29.94)</u>	<u>6,584.74</u>	<u>1,110.00</u>	<u>14,940.59</u>	<u>28,626.12</u>

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

Thai Beverage Public Company Limited and its Subsidiaries
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Unaudited condensed consolidated statements of cash flows
For the three-month periods ended 31 March 2006 and 2005

	Note	(See Note 2) 2006 (In million US\$)	2006 (In million Baht)	2005
Cash flows from operating activities				
Net profit		66.04	2,564.69	2,764.47
Adjustments for				
Depreciation and amortisation		26.86	1,043.22	1,054.18
Allowance for obsolete inventories		(0.11)	(4.14)	9.21
Allowance for declining in value of investments		—	—	(3.27)
(Gain) Loss on sales and disposal of property, plant and equipment		0.02	0.69	(3.53)
Unrealised (gain) loss on exchange rate		0.13	5.06	(0.52)
Provisions		0.32	12.50	—
Interest income		(0.09)	(3.65)	(19.17)
Interest expense		11.33	439.87	376.40
Income tax expense		27.33	1,061.38	1,454.47
Profit provided by operating activities before changes in operating assets and liabilities		131.83	5,119.62	5,632.24
Changes in operating assets and liabilities				
Decrease in Trade accounts receivable		5.18	201.10	123.12
(Increase) Decrease in amounts due from related parties		2.21	85.85	(1,124.00)
(Increase) Decrease in inventories		(20.17)	(783.50)	222.81
(Increase) Decrease in prepaid excise tax		15.97	620.25	(143.15)
(Increase) Decrease in other current assets		(3.11)	(120.71)	275.34
Increase in trade accounts payable		13.58	527.26	84.65
Increase in amounts due to related parties		0.96	37.39	44.51
Increase (Decrease) in other current liabilities		(31.08)	(1,206.99)	72.14
Increase (Decrease) in other non-current liabilities		(0.03)	(1.13)	2.98
Cash generated from the operations		115.34	4,479.14	5,190.64
Advance payment to a specialist	4	(51.50)	(2,000.00)	—
Income taxes paid		(0.61)	(23.69)	(33.44)
Net cash provided by operating activities		63.23	2,455.45	5,157.20
Cash flows from investing activities				
Interest received		0.10	3.86	19.17
(Increase) Decrease in current investments		0.16	6.28	(1.18)
(Increase) Decrease in short-term loans to related parties		1.05	40.85	(293.29)
Proceeds from sales of long-term investments		—	—	1,109.44
Acquisition of property, plant and equipment		(16.15)	(627.16)	(883.56)
Proceeds from sales equipment		0.97	37.79	6.83
Acquisition of intangible assets		(0.02)	(0.87)	(2.48)
Increase in other non-current assets		(0.94)	(36.59)	(7.35)
Net cash used in investing activities		(14.83)	(575.84)	(52.42)
Cash flows from financing activities				
Interest paid		(10.04)	(389.82)	(381.17)
Decrease in bank overdrafts and short-term loans from financial institutions	7	(1,008.34)	(39,157.83)	(1,720.62)
Increase in short-term bonds	7	121.03	4,700.00	—
Decrease in short-term loans from related parties		—	—	(178.96)
Increase in long-term bonds	7	136.48	5,300.00	—
Increase (Decrease) in long-term loan from financial institutions	7	676.47	26,270.00	(330.00)
Net cash used in financing activities		(84.40)	(3,277.65)	(2,610.75)
Currency translation reserve		(0.63)	(24.60)	—
Net increase (decrease) in cash and cash equivalents		(36.63)	(1,422.64)	2,494.03
Cash and cash equivalents at beginning of period		83.70	3,250.65	886.00
Cash and cash equivalents at end of period		47.07	1,828.01	3,380.03

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

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These notes form an integral part of the financial statements.

The consolidated interim financial statements were authorised for issue by the directors on 26 April 2006.

1 General information and business restructuring

General information

Thai Beverage Public Company Limited, the “Company”, was 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. 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 principal activities of the Company and its subsidiaries, the “Group”, are the production, distribution and marketing of alcoholic and non-alcoholic beverages, industrial alcohol and other by-products.

The Group primarily operates in Thailand and employs 19,859 employees as of 31 March 2006 (2005:19,283). The employee costs of the Group for the three-month period ended 31 March 2006 amounted to Baht 1,197.02 million (2005: Baht 1,100.34 million).

Business restructuring

The Company was formed in 2003 to combine the separate beverages businesses of the ultimate controlling shareholder group, the Siritwadhanabhakdi 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 consolidated financial statements for the year ended 31 December 2005.

2 Basis of preparation of unaudited condensed consolidated interim financial statements

The unaudited condensed consolidated 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 unaudited condensed consolidated 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.

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

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

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The unaudited condensed consolidated interim financial statements have been presented in Thai Baht (“Baht”), rounded to the nearest million. The figures in United States Dollars (“U.S. Dollars” or “US\$”) as at and for the three-month period ended 31 March 2006, which are presented as supplementary information solely for the convenience of the reader, have been calculated by translating the amounts in the unaudited condensed consolidated interim financial statements at the weighted average interbank exchange rate announced by the Bank of Thailand as at 31 March 2006 of Baht 38.834 to US\$1. This translation should not be construed as a representation that those amounts now translated into U.S. Dollars have been, or could be, converted into U.S. Dollars at this or any other rate.

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 three-month period ended 31 March 2006 are as follows:

(a) On 5 January 2006 the Company paid Baht 375.00 million, and four subsidiaries paid a total of Baht 1,625.00 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 2,000.00 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 an advance to a specialist and classified within other non-current assets in the balance sheet as at 31 March 2006. The total payment has also been classified within net cash used in operating activities in the statement of cash flows for the three-month period ended 31 March 2006. As the specialist performs his contractual services under the addendums, the expense will be recognised in the statement of income on a straight-line basis over the term of the contract with a corresponding provision recognised 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.

5 Related party transactions and balances

Related parties are those parties linked to companies in the Group by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or at contractually agreed prices where no obvious market prices exist.

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

<u>Transactions</u>	<u>Pricing Policies</u>
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

Significant transactions for the three-month periods ended 31 March 2006 and 2005 with related parties are summarised as follows:

	<u>2006</u>	<u>2005</u>
	(In million Baht)	
Revenues		
Revenue from sales of goods	46.16	53.21
Service income	8.01	0.57
Interest income	0.02	17.81
Other income	2.31	5.29
Expenses		
Purchase of raw materials and packaging	964.08	1,089.11
Production service fees	0.40	0.36
Interest expense	0.08	1.87
Overhead costs	31.34	84.89
Directors' remuneration	129.62	84.78
Other expenses	75.05	21.20
Others		
Sales of investments	—	1,107.04

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

Assets

	<u>31 March 2006</u>	<u>31 December 2005</u>
	(In million Baht)	
Trade accounts receivable		
<i>(being part of trade accounts receivable in the balance sheets)</i>		
UWD Marketing Co., Ltd.	—	34.15
Pisetkij Co., Ltd.	7.86	6.49
P.S. Recycle Co., Ltd.	6.30	8.83
Others	<u>2.10</u>	<u>1.80</u>
Total	<u>16.26</u>	<u>51.27</u>

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	31 March 2006	31 December 2005
(In million Baht)		
<i>Short-term loans to and amounts due from related parties</i>		
Plastic Agachon Co., Ltd.	—	43.95
Surasate (2005) Co., Ltd.	—	38.50
Padermchai Co., Ltd.	—	21.75
The Suphanburi Sugar Industry Co., Ltd.	3.93	10.50
The Chonburi Sugar Corp. Ltd.	3.11	7.93
Uttaradit Sugar Industry Co., Ltd.	0.63	7.03
The Mae Wang Sugar Industry Co., Ltd.	—	3.86
T.C.C. Agro Co., Ltd.	2.25	3.25
Pisetkij Co., Ltd.	1.47	1.22
Sukothai Marketing Co., Ltd.	—	1.18
Thai Charoen Insurance Co., Ltd.	2.01	1.21
Others	2.83	2.56
Total	16.23	142.94

Movements of short-term loans to related parties during the three-month periods ended 31 March are as follows:

	2006	2005
(In million Baht)		
At 1 January	40.85	417.69
Increase	—	4,344.16
Decrease	(40.85)	(4,050.87)
At 31 March	—	710.98

Liabilities

	31 March 2006	31 December 2005
(In million Baht)		
<i>Trade accounts payable</i>		
<i>(being part of trade accounts payable in the balance sheets)</i>		
Berli Jucker Plc.	351.96	273.74
Thai Beverage Can Ltd.	100.33	97.00
P.S. Recycle Co., Ltd.	49.27	75.98
Pisetkij Co., Ltd.	56.70	58.78
Inver House Distillers Ltd.	22.02	11.15
Bang-Na Glass Co., Ltd.	3.94	4.37
The Chonburi Sugar Corp Ltd.	8.21	—
The Mae Wang Sugar Industry Co. Ltd.	6.13	—
The Suphanburi Sugar Industry Co. Ltd.	12.64	—
Uttaradit Sugar Industry Co. Ltd.	14.95	—
Others	0.59	0.32
Total	626.74	521.34

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	31 March 2006	31 December 2005
	(In million Baht)	
<i>Short-term loans from and amounts due to related parties</i>		
Southeast Capital Co., Ltd.	13.22	13.32
T.C.C. Property Development Co., Ltd.	6.38	6.38
Thai Charoen Insurance Co., Ltd.	10.43	6.24
T.C.C. Technology Co., Ltd.	3.89	6.17
Inver House Distillers Ltd.	9.45	3.91
Southeast Assurance (2000) Co., Ltd.	6.72	0.68
Southeast Life Insurance Co., Ltd.	5.55	—
Plaza Athenee Hotel (Thailand) Co., Ltd.	9.49	0.32
Queen's Park Hotel Co., Ltd.	3.56	0.03
Indara Insurance Public Co., Ltd.	1.77	—
Mae Ping Hotel (1988) Co., Ltd.	1.83	—
New Noble Property And Loan Fund	1.08	—
Plastic Agachon Co., Ltd.	—	0.73
Other	<u>2.35</u>	<u>0.56</u>
Total	<u><u>75.72</u></u>	<u><u>38.34</u></u>

Movements of short-term loans from related parties during the three-month periods ended 31 March are as follows:

	2006	2005
	(In million Baht)	
At 1 January	—	278.96
Increase	—	20.00
Decrease	—	<u>(198.96)</u>
At 31 March	<u><u>—</u></u>	<u><u>100.00</u></u>

6 Trade accounts receivable

	31 March 2006	31 December 2005
Within credit terms	151.45	320.95
Overdue:		
Less than 3 months	37.97	33.58
3-6 months	0.35	8.47
6-12 months	8.17	25.89
Over 12 months	<u>4.27</u>	<u>14.43</u>
Total	202.21	403.32
Less allowance for doubtful accounts	<u>(2.68)</u>	<u>(2.72)</u>
Net	<u><u>199.53</u></u>	<u><u>400.60</u></u>

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7 Interest-bearing liabilities

Interest-bearing liabilities as at 31 March 2006 and 31 December comprised:

	<u>31 March 2006</u>	<u>31 December 2005</u>
<i>Current</i>		
Bank overdrafts	142.32	0.15
Short-term loans from financial institutions	—	39,300.00
Current portion of long-term loans	2,256.60	1,086.60
Short-term bonds	<u>4,700.00</u>	<u>—</u>
	<u>7,098.92</u>	<u>40,386.75</u>
<i>Non-current</i>		
Long-term bonds	5,300.00	—
Long-term loans from financial institutions	<u>25,100.00</u>	<u>—</u>
	<u>30,400.00</u>	<u>—</u>
Total	<u><u>37,498.92</u></u>	<u><u>40,386.75</u></u>

(a) On 22 February 2006 the Company issued guaranteed bonds totalling Baht 10,000.00 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. 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 and has the following payment terms:

	<u>Amount</u> (In million Baht)	<u>Fixed Interest Rate</u> (% per annum)	<u>Maturity</u>
First tranche	2,500.00	4.95%	22 August 2006
Second tranche	2,200.00	5.40%	22 February 2007
Third tranche	2,300.00	5.55%	22 August 2007
Fourth tranche	3,000.00	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.

(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 totaling Baht 26,600.00 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 702.2 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.

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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.

(c) The current portion of long-term loans as at 31 March 2006 consisted of the remaining current portion of the previous loans brought forward from 31 December 2005 amounting to Baht 756.60 million and the current portion of new loans amounting to Baht 1,500 million.

8 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

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 sale of by-products (mostly within the Group).

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Segment results of operations for the three-month periods ended 31 March 2006 and 2005 are as follows:

	2006					
	Beer/ Water	Spirits	Alcohol	Related	Elimination	Total
	(In million Baht)					
Results of operations						
Revenue from sales	10,790.8	12,034.4	75.9	1,620.9	(1,789.7)	22,732.3
Interest income	—	—	—	4.4	(0.7)	3.7
Other income	9.9	27.5	0.3	7.8	(16.2)	29.3
Total Revenues	10,800.7	12,061.9	76.2	1,633.1	(1,806.6)	22,765.3
Cost of sales	8,186.1	7,352.6	52.6	1,457.7	(1,380.3)	15,668.7
Selling and administrative expenses	1,547.6	1,674.7	56.2	173.8	(421.6)	3,030.7
Profit before interest expense and income tax	1,067.0	3,034.6	(32.6)	1.6	(4.7)	4,065.9
Interest expense	89.0	319.8	14.2	17.5	(0.7)	439.8
Income tax expense	454.9	586.7	—	19.8	—	1,061.4
Net profit	523.1	2,128.1	(46.8)	(35.7)	(4.0)	2,564.7
2005						
	Beer/ Water	Spirits	Alcohol	Related	Elimination	Total
	(In million Baht)					
Results of operations						
Revenue from sales	10,539.2	12,319.2	200.5	1,656.4	(1,830.8)	22,884.5
Interest income	18.0	0.7	—	0.7	(0.2)	19.2
Other income	10.9	20.4	8.6	4.8	(13.9)	30.8
Total Revenues	10,568.1	12,340.3	209.1	1,661.9	(1,844.9)	22,934.5
Cost of sales	8,341.2	7,083.8	117.1	1,494.6	(1,522.9)	15,513.8
Selling and administrative expenses	1,634.6	1,453.2	22.9	103.8	(389.2)	2,825.3
Profit before interest expense and income tax	592.3	3,803.3	69.1	63.5	67.2	4,595.4
Interest expense	92.9	266.6	8.0	9.1	(0.2)	376.4
Income tax expense	307.3	1,100.7	23.6	22.9	—	1,454.5
Net profit	192.1	2,436.0	37.5	31.5	67.4	2,764.5

Segment gross capital expenditure and depreciation and amortisation for the three-month periods ended 31 March 2006 and 2005 are as follows:

	2006				
	Beer/ Water	Spirits	Alcohol	Related	Total
	(In million Baht)				
Gross capital expenditure					
—Fixed assets	508.3	101.4	13.6	3.9	627.2
—Intangible assets	0.4	0.4	—	—	0.8
Depreciation	467.5	514.6	29.9	24.3	1,036.3
Amortisation	0.4	6.4	—	0.1	6.9

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	2005				
	Beer/ Water	Spirits	Alcohol	Related	Total
	(In million Baht)				
Gross capital expenditure					
—Fixed assets	634.4	159.1	81.4	8.7	883.6
—Intangible assets	0.8	1.5	0.1	0.1	2.5
Depreciation	478.9	519.0	30.1	19.8	1,047.8
Amortisation	0.2	6.2	—	—	6.4

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

	31 March 2006				
	Beer/ Water	Spirits	Alcohol	Related	Total
	(In million Baht)				
Inventories, net	2,887.6	23,478.1	89.0	296.7	26,751.4
Property, plant & equipment, net	20,731.5	23,285.3	1,722.2	2,320.6	48,059.6
Other assets	1,083.4	4,115.0	423.3	892.7	6,514.4
Total Assets	<u>24,702.5</u>	<u>50,878.4</u>	<u>2,234.5</u>	<u>3,510.0</u>	<u>81,325.4</u>
Total debt	10,533.6	24,429.9	1,125.6	1,409.8	37,498.9
Other liabilities	5,975.8	7,998.6	228.5	997.5	15,200.4
Total Liabilities	<u>16,509.4</u>	<u>32,428.5</u>	<u>1,354.1</u>	<u>2,407.3</u>	<u>52,699.3</u>

	31 December 2005				
	Beer/ Water	Spirits	Alcohol	Related	Total
	(In million Baht)				
Inventories, net	2,741.5	22,817.5	119.0	285.8	25,963.8
Property, plant & equipment, net	20,692.5	23,733.6	1,736.7	2,344.5	48,507.3
Other assets	705.4	4,839.8	144.8	1,050.3	6,740.3
Total Assets	<u>24,139.4</u>	<u>51,390.9</u>	<u>2,000.5</u>	<u>3,680.6</u>	<u>81,211.4</u>
Total debt	10,416.7	27,377.3	1,035.0	1,557.8	40,386.8
Other liabilities	4,792.0	3,801.4	78.1	787.1	9,458.6
Total Liabilities	<u>15,208.7</u>	<u>31,178.7</u>	<u>1,113.1</u>	<u>2,344.9</u>	<u>49,845.4</u>

9 Taxation

The actual effective tax rate of 34.5% in the three-month period ended 31 March 2005 differed from the enacted tax rate of 30% primarily because no income tax benefit was recognized on operating losses generated by certain subsidiaries during that period. For the three-month period ended 31 March 2006 the actual effective tax rate was substantially consistent with enacted tax rate.

10 Dividends

The Annual General Meeting of Shareholders held on 27 March 2006 unanimously approved a dividend payment of Baht 0.24 per share, totalling Baht 5,280.00 million. To date, the dividend has not been paid and has been accrued in the balance sheet as at 31 March 2006.

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11 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the three-month period ended 31 March 2006 was based on the profit attributable to ordinary shareholders of Baht 2,564.69 million (2005: Baht 2,764.47 million) and the weighted average number of ordinary shares outstanding during the three-month period ended 31 March 2006 of 22,000 shares (2005: 22,000 shares).

Diluted earnings per share

During the three-month periods ended 31 March 2006 and 2005 there were no potential ordinary shares, therefore diluted earnings per share is not presented.

12 Commitments

As at 31 March 2006 commitments of the Group are as follows:

	<u>In Million Baht</u>	<u>In Million US\$</u>	<u>In Million AUD</u>	<u>In Million Euro</u>	<u>In Million GBP</u>
Construction contracts	1,135.14	—	—	6.38	—
Machinery purchase agreement	—	—	—	13.90	—
Raw material purchasing agreements (Malt & Hop)	—	12.72	2.76	9.96	3.84
Raw material sale agreements	17.30	—	—	—	—
Operating lease agreements for land, buildings and equipment	474.07	—	—	—	—
Consulting and supervising service agreement for beer production	32.76	—	—	—	—
Advertising and sponsorship agreements	56.29	—	—	—	—
Other service agreements	115.20	—	—	—	—
Others	0.29	—	—	—	—

Further to the above, the Group has the following additional commitments:

(a) A subsidiary of the Company entered into a number of molasses purchasing agreements with various suppliers (including some related parties) totalling Baht 1,659.61 million. As at 31 March 2006 the outstanding commitments relating to these agreements totalled Baht 379.83 million.

(b) 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 has 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 31 March 2006 the remaining commitments to be paid, relating to these agreements, amounted to Baht 1,678.48 million.

(c) 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.

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

**Notes to the unaudited condensed consolidated interim financial statements
For the three-month periods ended 31 March 2006 and 2005**

(d) 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.

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

The Board of Directors' Meeting No. 6/2006 held on 26 April 2006 unanimously gave consent to 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 totaling SGD 77.16 million, carried out by independent valuers in connection with proposed acquisitions by International Beverage Holdings Limited, a subsidiary of the Company.

15 Reclassification of accounts

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

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**LETTER DATED 3 MAY 2006 FROM SAC CAPITAL PRIVATE LIMITED
TO THE NON-INTERESTED DIRECTORS IN RESPECT OF
THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS**

SAC CAPITAL PRIVATE LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No: 200401542N)

No. 1 Shenton Way #09-06

Singapore 068803

3 May 2006

To: The Non-Interested Directors of Thai Beverage Public Company Limited
(in relation to the Shareholders' Mandate for Interested Person Transactions)

Mr. Paisal Chevasiri
Mr. Samut Hatthasing
Ms. Kanoknart Rangsihienchai
Dr. Pisanu Vichiensanth
Mr. Vivat Tejapaibul
Mr. Puchchong Chandhanakij

Gen. Dr. Choo-chat Kambhu Na Ayudhya
Prof. Pornchai Matangkasombut
Mr. Michael Lau Hwai Keong
Mr. Sakthip Krairiksh
Prof. Kanung Luchai
Mr. Manu Leopairote
Mr. Ng Tat Pun

Dear Sirs

**THE PROPOSED ADOPTION OF A SHAREHOLDERS' MANDATE FOR INTERESTED
PERSON TRANSACTIONS**

Unless otherwise defined or the context otherwise requires, all terms defined in the document issued in connection with the Combined Offering (the "Document") shall have the same meanings herein.

1. INTRODUCTION

Thai Beverage Public Company Limited (the "**Company**") is proposing to adopt a shareholders' mandate (the "**Shareholders' Mandate**") to enable the Company and its subsidiaries (collectively, the "**Group**" for the purposes of the Shareholders' Mandate) to enter into transactions in the ordinary course of business with certain interested persons set out on page 142 of the Document (collectively, the "**Mandated Interested Persons**").

It is anticipated that the Group would, in the ordinary course of its business, enter into recurring transactions with the Mandated Interested Persons (the "**IPTs**") with some degree of frequency and could arise at any time and from time to time. The details of these transactions are set out on page 143 of the Document.

Pursuant to Rule 906 of the Listing Manual, the Company is required to obtain Shareholders' approval for any IPT (or series of IPTs with the same interested person during the same financial year) of a value equal to or more than 5% of the Group's latest audited NTA. Based on the Group's audited NTA of approximately Bt29,255.7 million as at 31 December 2005, the relevant 5% threshold would be approximately Bt1,462.8 million.

The Group is proposing to adopt the Shareholders' Mandate to cover the on-going and recurring transactions with the Mandated Interested Persons. In compliance with the requirements of Chapter 9 of the Listing Manual, the Company has appointed us as the independent financial advisor to the directors of the Company who are independent of the Mandated Interested Persons (collectively, the "**Non-Interested Directors**") to render an opinion on whether the methods and review procedures as described on pages 143 to 147 of the Document for determining transaction prices for the IPTs are sufficient to ensure that the IPTs will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders. For clarity, our scope of work excludes the non-recurring IPTs referred to on page 146 of the Document.

This letter, which sets out our evaluation and opinion, has been prepared for the use of the Non-Interested Directors in connection with their consideration of the Shareholders' Mandate and their recommendation to Shareholders arising thereof.

2. TERMS OF REFERENCE

As the independent financial advisor to the Non-Interested Directors in relation to the Shareholders' Mandate, we are not and were not involved in any aspect of the negotiations entered into by the Group in connection with the transactions contemplated under the Shareholders' Mandate, nor were we involved in the deliberations leading up to the decision of the Directors to obtain the Shareholders' Mandate. We do not, by this letter, warrant the merits of the Shareholders' Mandate other than to form an opinion, for the purposes of Chapter 9 of the Listing Manual, on whether the methods and review procedures to determine the transaction prices pursuant to the Shareholders' Mandate are adequate to ensure that the IPTs will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders. We have not conducted a comprehensive review of the business, operations or financial condition of the Company or the Group.

In arriving at our opinion, we have taken into account, *inter alia*, the review procedures for determining the transaction prices for the IPTs but have not evaluated and have not been requested to comment on the strategic or commercial merits or risks of the Shareholders' Mandate or the prospects or earnings potential of the Company or the Group, and such evaluation shall remain the sole responsibility of the Directors.

In the course of our evaluation of the review procedures, we have held discussions with the Directors and management of the Company and relied on information furnished by them. We have not independently verified such information furnished by the Directors and management of the Company or any representations made by them, whether written or verbal, and accordingly cannot and do not warrant or accept responsibility for the correctness and completeness of these information or representations. We have, however, made reasonable enquiries and exercised our judgment in assessing the information furnished by the Directors and management of the Company and those contained in the Document, and have found no reason to doubt the reliability of such information or representations which we have relied on.

The Directors (including those who may have delegated detailed supervision of the Document) have confirmed to us, having made all reasonable enquiries and to the best of their knowledge and belief, that (a) all material information available to them in connection with the Shareholders' Mandate has been disclosed in the Document; (b) such information is true and accurate in all material respects; and (c) there is no other material information or fact, the omission of which would cause any information disclosed to us or the opinion made by us in this letter to be inaccurate, incomplete or misleading in any material respect. Accordingly, no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information or facts.

In arriving at our opinion, we have not had regard to the specific investment objectives, financial situation, tax position or unique needs and constraints of any Shareholder or any specific group of Shareholders. We recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) should consult his or their legal, financial, tax or other professional advisor.

Our opinion, as set out in this letter, is based on the market, economic, industry, monetary and other applicable conditions subsisting on, and the information made available to us as of, the Latest Practicable Date. We assume no responsibility to update, revise or reaffirm our opinion in the light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

Our opinion in relation to the Shareholders' Mandate should be considered in the context of the entirety of this letter and the Document.

3. THE SHAREHOLDERS' MANDATE

3.1 General

Background information on the Mandated Interested Persons and the nature of the IPTs are set out on pages 124 to 133 and on page 143 of the Document.

It is anticipated that the Group would, in the ordinary course of its business, continue to enter into certain transactions with the Mandated Interested Persons, including but not limited to the categories of transactions described on page 143 of the Document. In view of the time-sensitive nature of commercial transactions, it would be advantageous for the Group to obtain the Shareholders' Mandate to enter into certain IPTs in its ordinary course of business, provided that such transactions are conducted on normal commercial terms and are not prejudicial to the interests of the Company and minority Shareholders.

Pursuant to Chapter 9 of the Listing Manual, transactions entered into by the Group with an interested person that is below S\$100,000 in value are not subject to the requirements of Chapter 9. Therefore, the Shareholders' Mandate does not relate to any such IPT. In addition, the Shareholders' Mandate will cover only recurrent transactions of a revenue or trading nature or those necessary for the day-to-day operations of the Group (such as the purchase and sale of supplies and materials) and will not cover transactions relating to the purchase or sale of assets, undertakings or businesses).

Transactions with interested persons (including the Mandated Interested Persons) that do not fall within the ambit of the Shareholders' Mandate will be subject to Chapter 9 and/or other applicable provisions of the Listing Manual.

3.2 Rationale for the Shareholders' Mandate

The transactions with the Mandated Interested Persons are entered into or to be entered into by the Group in its ordinary course of business. They are recurring transactions which are likely to occur with some degree of frequency and arise at any time and from time to time. The Directors are of the view that it will be beneficial to the Group to transact or continue to transact with the Mandated Interested Persons.

The Directors believe that the Group will be able to benefit from its transactions with the Mandated Interested Persons. The Shareholders' Mandate, and the renewal of the Shareholders' Mandate on an annual basis, will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential IPTs with the Mandated Interested Persons arise, thereby reducing substantially the administrative time and expenses in convening general meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to the Group.

The Shareholders' Mandate is intended to facilitate transactions in the Group's ordinary course of business which are transacted from time to time with the Mandated Interested Persons, provided that they are conducted on normal commercial terms and are not prejudicial to the interests of the Company and minority Shareholders.

3.3 Review Procedures for the IPTs

(a) The Audit Committee has oversight of all IPTs undertaken by the Group, including the review and, where required, approval of such transactions. For this purpose, the Board of Directors has appointed Mr. Ng Tat Pun, an independent non-executive Director and a member of the Audit Committee, to lead the Audit Committee in its role in respect of IPTs undertaken by the Group (the "**Lead Independent Director for IPTs**"). The Audit Committee led by the Lead Independent Director for IPTs will review all IPTs to ensure that the prevailing rules and regulations of the SGX-ST (in particular, Chapter 9 of the Listing Manual) are complied with.

(b) The following review procedures have been implemented to ensure that all IPTs are conducted on normal commercial terms which are consistent with the Group's usual business practices and policies and on terms which are generally no more favorable to the Mandated Interested Person than those extended to or obtained from unrelated third parties:

(i) Procurement and purchase of goods and obtaining services

(aa) All procurement and purchases made by the Group of a recurring nature which are in the ordinary course of business of the Group or which are necessary for the day-to-day operations of the Group, including procurement and purchases which are transactions with the Mandated Interested Persons (such as the transactions referred to in paragraphs (a), (b), (c), (d) and (j) on page 143 under "General Mandate for Interested Persons Transactions—Mandated Transactions") will be governed by internal control procedures, which detail matters such as the constitution of internal approving authorities, their approval limits, the number of vendors (minimum of two) who provide quotes to the Group and the review procedures. The guiding

principle is to objectively obtain the best goods and/or services on the best terms through competitive quotations, if appropriate. In determining whether the price and terms offered by interested persons are fair and reasonable, factors such as, but not limited to, delivery schedules, specification compliance, track record, experience and expertise, preferential rates, discounts or rebates offered for bulk purchases, will be taken into consideration. In addition, each IPT entered into by the Group will be monitored as an individual transaction and, based on the value of the transaction, will require the prior approval of the corresponding approving authority who is a Director or management employee of the Group (not being an interested person or his associate) and who does not have any interests, whether direct or indirect, in relation to the transaction (the “**Relevant Approving Authority**”) as follows:

<u>Approval Limits</u>	<u>Relevant Approving Authority</u>
IPT not exceeding Baht 500,000 in value	A deputy managing director or officer of equivalent rank
IPT above Baht 500,000 but not exceeding Baht 5 million in value	A managing director or officer of equivalent rank
IPT above Baht 5 million but not exceeding Baht 10 million in value	A vice-chairman or officer of equivalent rank
IPT above Baht 10 million but not exceeding Baht 20 million in value	A chairman or officer of equivalent rank
IPT above Baht 20 million but not exceeding 3% of the latest audited net tangible assets of the Group in value	Any two vice-chairmen and/or chairmen or officers of equivalent rank
IPT above 3% of the latest audited net tangible assets of the Group in value	Any two Audit Committee members, one of whom must be the Lead Independent Director for IPTs

In relation to paragraph (j) under “General Mandate for Interested Persons Transactions—Mandated Transactions,” the Relevant Approving Authority (as determined by the value of the transaction) will also assess and approve that the proposed transaction is one which is incidental to or in connection with the provision or obtaining of products and/or services in subparagraphs (a), (b), (c) and (d) above under “General Mandate for Interested Persons Transactions—Mandated Transactions.”

(bb) In the event that the Group cannot obtain competitive quotations (for instance, if there are no unrelated third party vendors of similar products and services (taking into account quantum, specifications and delivery schedules among others), or if the product is proprietary in nature), based on the value of the proposed IPT, the corresponding Relevant Approving Authority as set out above (not being an interested person or his associate) and who does not have any interests, direct or indirect, in relation to the transaction, will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable.

(cc) Purchases under the prevailing terms of the Glass Bottle Purchase Agreement will be covered under the Shareholders’ Mandate, provided that any amendment to the material provisions of the Glass Bottle Purchase Agreement, including any adjustment authorized by the agreement to the purchase price for glass bottles pursuant to and any renewal or extension of tenure of the Glass Bottle Purchase Agreement, requires the approval of the Board of Directors and the Audit Committee.

(ii) Other IPTs of a recurring nature

(aa) The Group intends to conduct other IPTs not covered by paragraph (i) above which are of a recurring nature and that occur in the ordinary course of business of the Group. Such transactions are necessary for the day-to-day operations of the Group and include the sale of products and provision of services to the Mandated Interested Persons and lease or sub-lease of property to or from the Mandated Interested Persons and the transactions with the Mandated Interested Persons referred to in paragraphs (e), (f), (g), (h), (i) and (j) under “General Mandate for Interested Persons Transactions—Mandated Transactions.” The Group intends to conduct such transactions at the prevailing market rates or prices of the product or service to be provided, and at prevailing market rentals for leases and sub-leases of property, on terms no more

favorable to the Mandated Interested Person than the usual commercial terms extended to or, where applicable, by unrelated third parties (including, where applicable, preferential rates, discounts to favored customers or for bulk purchases) or otherwise in accordance with applicable industry norms, provided that:

(1) in relation to the sale of products and provision of services which are not contemporaneously in time as the proposed IPT being sold or provided to an unrelated third party, quotes from at least two other suppliers who are unrelated third parties not being the relevant interested person or his associates of similar products or services will be obtained; and

(2) in relation to the lease or sub-lease of property, the Group is required to obtain enquiries with at least two landlords and/or tenants who are unrelated third parties not being the relevant interested person or his associates of similarly sized and located properties put to similar use.

In addition, each IPT entered into by the Group will be monitored as an individual transaction and, based on the value of the transaction, will require the prior approval of the corresponding Relevant Approving Authority who is a Director or management employee of the Group (not being an interested person or his associate) and who does not have any interests, whether direct or indirect, in relation to the transaction as follows:

<u>Approval Limits</u>	<u>Relevant Approving Authority</u>
IPT not exceeding Baht 200,000 in value	A deputy managing director or officer of equivalent rank
IPT above Baht 200,000 but not exceeding Baht 500,000 in value	A managing director or officer of equivalent rank
IPT above Baht 500,000 but not exceeding Baht 5 million in value	A vice-chairman or officer of equivalent rank
IPT above Baht 5 million but not exceeding 3% of the latest audited net tangible assets of the Group in value	A chairman or officer of equivalent rank
IPT above 3% of the latest audited net tangible assets of the Group in value	Any two Audit Committee members, one of whom must be the Lead Independent Director for IPTs

In relation to paragraph (j) under “General Mandate for Interested Persons Transactions—Mandated Transactions,” the Relevant Approving Authority (as determined by the value of the transaction) will also assess and approve that the proposed transaction is one which is incidental to or in connection with the provision or obtaining of products and/or services in subparagraphs (e), (f), (g), (h) and (i) above under “General Mandate for Interested Persons Transactions—Mandated Transactions.”

(bb) Where the prevailing market rates or prices are not available, whether due to the nature of products to be sold or services to be provided, the unavailability or impracticality of obtaining quotes from third party sources or otherwise, the Group’s pricing for these products and services will be determined in accordance with the Group’s usual business practices and pricing policies, consistent with the usual margin the Group will obtain for the same or substantially similar type of transaction with unrelated third parties. In determining the transaction price payable by the Mandated Interested Persons for these products or services, factors such as, but not limited to, quantity, volume, consumption, customer requirements, specifications, duration of contract and strategic purposes of the transaction will be taken into account. In relation to leases and sub-leases of property, where prevailing market rentals are not available, whether due to the unavailability or impracticality of obtaining rental comparisons or otherwise, rental will be determined according to the Group’s usual business practices and policies. In addition, based on the value of the proposed IPT, the corresponding Relevant Approving Authority as set out in paragraph (aa) above (not being an interested person or his associate) and who does not have any interests, direct or indirect, in relation to the transaction, will determine whether the price and terms offered by the Mandated Interested Person are fair and reasonable.

(c) The Group Chief Financial Officer will maintain a register of all transactions conducted with the Mandated Interested Persons (and the basis, including the quotations obtained to support such basis, on which these transactions are entered into).

(d) On a quarterly basis, the Group Chief Financial Officer will submit a report to the Audit Committee of all recorded IPTs, and the basis of all recorded IPTs, entered into by the Group. The Company's annual internal audit plan will incorporate a review of all IPTs, including the established review procedures for the monitoring of the IPTs, entered into or existing IPTs that are renewed or revised during the current financial year pursuant to the Shareholders' Mandate.

(e) In addition, the Audit Committee led by the Lead Independent Director for IPTs will review on a quarterly basis the internal controls and review procedures for IPTs to determine if they are adequate and/or commercially practicable in ensuring that the transactions between the Group and the Mandated Interested Persons are conducted on normal commercial terms and are not prejudicial to the interests of the Company and minority Shareholders. In conjunction with this review, the Audit Committee will also ascertain whether the Group has complied with the established review procedures.

If during these periodic reviews by the Audit Committee, the Audit Committee is of the view that the internal controls and review procedures for IPTs are inappropriate or not sufficient to ensure that the IPTs will be conducted on normal commercial terms and are not prejudicial to the interests of the Company and minority Shareholders, the Audit Committee will (pursuant to Rule 920(1)(b)(iv) and (vii) of the Listing Manual) revert to Shareholders for a new Shareholders' Mandate based on new internal controls and review procedures for transactions with the Mandated Interested Persons. During the period prior to obtaining a new mandate from Shareholders, all transactions with the Mandated Interested Persons will be subject to prior review and approval by the Audit Committee.

For the purposes of the above review of the internal controls and review procedures, any member of the Audit Committee who is not considered independent will abstain from participating in the Audit Committee's review of the internal controls and review procedures.

The Audit Committee will have overall responsibility for determining the review procedures with the authority to delegate to individuals or committees within the Group as they deem appropriate.

3.4 Validity Period of the Shareholders' Mandate

The Shareholders' Mandate will be effective until the earlier of the following:

- (a) the first annual general meeting following the date of listing (the "**Listing Date**") of the Company on the Main Board of the SGX-ST; or
- (b) the first anniversary of the Listing Date.

Thereafter, the Company will seek the approval of Shareholders for the renewal of the Shareholders' Mandate at each subsequent annual general meeting.

4. OPINION

In arriving at our opinion in respect of the Shareholders' Mandate, we have considered, *inter alia*, the following:

- (a) the rationale for and benefits of the Shareholders' Mandate, as set out on page 143 of the Document;
- (b) the types and nature of transactions to be covered under the Shareholders' Mandate as set out on page 143 of the Document, details of which are set out on pages 124 to 133 of the Document; and
- (c) the review procedures of the Company in relation to the Shareholders' Mandate, including the role of the Audit Committee in enforcing the Shareholders' Mandate, as set out on pages 143 to 147 of the Document.

Based on the above, we are of the opinion that the methods and review procedures for determining the transaction prices pursuant to the Shareholders' Mandate, if adhered to, are sufficient to ensure that the IPTs will be conducted on normal commercial terms and will not be prejudicial to the interests of the Company and minority Shareholders.

Our opinion is addressed to the Non-Interested Directors for the purpose of their consideration of the Shareholders' Mandate, and the recommendation to be made by them to Shareholders shall remain the sole responsibility of the Non-Interested Directors. Whilst a copy of this letter may be reproduced in the Document, neither the Company nor the Directors may reproduce, disseminate or quote this letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case. Our opinion is governed by and shall be construed in accordance with the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully
For and on behalf of
SAC CAPITAL PRIVATE LIMITED

Wong Bee Eng
Chief Executive Officer

Huong Wei Beng
Vice President

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COMPARISON OF THAI CORPORATE LAW WITH SINGAPORE CORPORATE LAW

The following table sets forth a summary of certain differences between the provisions of the laws of Thailand applicable to our Company and the laws applicable to Singapore companies (namely, under the Singapore Companies Act), respectively, and their shareholders. The summaries below are not to be regarded as advice on Thai corporate law or the differences between it and the laws of any jurisdiction, including, without limitation, the Singapore Companies Act. The summaries below do not purport to be a comprehensive description of all of the rights and privileges of shareholders conferred by Thai corporate law as compared to the Singapore Companies Act that may be relevant to prospective investors. In addition, prospective investors should also note that the laws applicable to Singapore companies may change, whether as a result of proposed legislative reforms to the Singapore Companies Act or otherwise. The summaries below do not describe the regulations and requirements prescribed by the Listing Manual of the SGX-ST. Prospective investors are advised to seek independent legal advice.

Singapore Corporate Law

Thai Law

Power of Directors to Allot and Issue Shares

The power to issue shares in a company is usually vested with the directors of that company subject to any restrictions in the articles of association of that company. However, notwithstanding anything to the contrary in the memorandum or articles of association of a company, prior approval of the company at a general meeting is required to authorize the directors to exercise any power of the company to issue shares, or the share issue is void under the Singapore Companies Act. Such approval need not be specific but may be general and, once given, will only continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier.

The power to issue newly shares in a company is a power of the shareholders. The PLCA stipulates that a company may increase the amount of its registered capital by the issuance of new shares on these conditions:

- (i) all the shares have been completely sold and paid-up in full, or if the shares have not been completely issued, the remaining authorized shares shall be the shares authorized for the exercise of rights under convertible debentures or warrant to purchase shares;
- (ii) a shareholders' meeting has passed a resolution by shareholders holding not less than three quarters of the total number of voting rights of the shareholders attending the meeting and having the right to vote; and
- (iii) the said resolution has been submitted to the registrar for the registration of a change in the registered capital within fourteen days of the date on which the meeting passed the resolution.

Therefore, the board of directors of a company has no power to issue or allocate new shares. Generally, the board of directors will propose this matter to a shareholders meeting for further consideration and approval.

The shareholders' meeting, however, may authorize the board of directors, any authorized directors, the chief executive officer or any person as it deems appropriate to have the power to specify other details and to perform acts and things in relation to the issuance and offering of shares.

Power of Directors to Dispose of the Issuer's or Any of its Subsidiaries' Assets and to Conduct the Company's Business

The Singapore Companies Act provides that the business of a company is to be managed by or under the direction of the directors. The directors may exercise all the powers of a company except

Pursuant to the PLCA, the board of directors has the power and duty to manage a company in compliance with the laws, objectives and the articles of associations of a company as well as the

Singapore Corporate Law

any power that the Singapore Companies Act or the memorandum and articles of association of the company require the company to exercise in general meeting. Under the Singapore Companies Act, prior approval of the company at a general meeting is required before the directors can carry into effect any proposals for disposing of the whole or substantially the whole of the company's undertaking or property, notwithstanding anything in a company's memorandum or articles of association.

Loans to Directors

A company (other than an exempt private company) is prohibited from making a loan to a director of the company or a director of a related company (and to the spouse or natural, step or adopted children of any such director), and from giving a guarantee or providing any security in connection with such a loan, except in the following circumstances:

- (i) (subject to, *inter alia*, the approval of the company in a general meeting) the provision of funds to such a director to meet expenditure incurred or to be incurred for the purposes of the company or for the purpose of enabling him properly to perform his duties as an officer of the company;
- (ii) (subject to, *inter alia*, the approval of the company in a general meeting) a loan to a director in full time employment of the company or a related company for the purpose of purchasing or otherwise acquiring a home occupied or to be occupied by that director; however, not more than one such loan may be outstanding from the director at any one time;
- (iii) any loan to a director in full time employment of the company or a related company pursuant to an employee loan scheme approved in a general meeting, provided the loan is in accordance with that scheme; and
- (iv) a loan made in the ordinary course of business by a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the Monetary Authority of Singapore.

For these purposes, a related company of a company means its holding company, its subsidiary and a subsidiary of its holding company.

A company (the "first mentioned company") (other than an exempt private company) is also

Thai Law

resolutions of shareholders. A resolution passed by shareholders holding not less than three quarters of the total number of voting rights of shareholders who attend the meeting and have the right to vote is required for the sale or transfer of the whole or important parts of the business of a company to other persons.

A company shall not grant a loan (including a guarantee for a purchase or discount of a bill and provide the collateral for the repayment of a loan) to any directors, staff member or employees of a company unless:

- (i) it is a loan in accordance with the regulations on the welfare of the staff members and employee: or
- (ii) it is a loan in accordance with the law relating to commercial banking, life insurance or other laws.

Please note that the granting of a loan as mentioned above shall be regarded as the granting of a loan to a director, staff member or employee of a company if it is:

- (i) the granting of a loan to the spouse or a child who is not sui juris of such director, staff member or employee;
- (ii) the granting of a loan to an ordinary partnership in which such director, staff member or employee, or spouse or a child who is not sui juris of a director, staff member or employee, is a partner;
- (iii) the granting of a loan to a limited liability partnership in which such director, staff member or employee, or spouse or a child who is not sui juris of a director, staff member or employee, is a partner with unlimited liability; or
- (iv) the granting of a loan to another company or private company in which such director, staff member or employee, or spouse or a child who is not sui juris of such director, staff member or employee holds shares in aggregate more than one half of the total number of shares of such another company or private company.

Singapore Corporate Law

Thai Law

prohibited from making loans to connected persons or entering into any guarantee or providing any security in connection with a loan made to connected persons by a third-party. Connected persons of the first mentioned company include companies in which the director(s) of the first mentioned company, individually or collectively, have an interest in 20% or more (as determined in accordance with the Singapore Companies Act). This prohibition does not apply to:

- (i) anything done by a company where the other company is its subsidiary, holding company or a subsidiary of its holding company; or
- (ii) a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, to anything done in the ordinary course of that business if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by the Monetary Authority of Singapore.

Giving of Financial Assistance to Purchase the Issuer's or its Holding Company's Shares

Generally, a company is prohibited from giving financial assistance to any person directly or indirectly for the purpose of, or in connection with, the acquisition of that company's shares or shares of its holding company.

Financial assistance includes the making of a loan, the giving of a guarantee, the provision of security, and the release of a debt or obligation.

Certain transactions are specifically provided by the Singapore Companies Act not to be prohibited. These include the payment of a dividend in good faith and in the ordinary course of commercial dealing; the payment by a company pursuant to a reduction of capital in accordance with the Singapore Companies Act; the giving by a company in good faith and in the ordinary course of commercial dealing of any representation, warranty or indemnity in relation to an offer to the public of, or an invitation to the public to subscribe for or purchase shares in the company; and the entering into by the company, in good faith and in the ordinary course of commercial dealing, of an agreement with a subscriber for shares in the company permitting the subscriber to make payments for the shares by installments.

The Singapore Companies Act further provides that a company can give financial assistance to third parties in certain circumstances, including in connection with acquisition of the company's shares or shares of its holding company if (i) the amount of financial assistance does not exceed 10% of the aggregate of the total paid-up capital and reserves of the company and the company receives fair

No equivalent prohibition under Thai law. However, if a person who borrows money from the company to purchase the company's shares is a nominee of a company, this will constitute the purchase by the company of its own shares which is prohibited under the PLCA. The PLCA allows the company to own its shares only in certain circumstances. See "Description of Our Share Capital—Acquisition by Us of Our Own Shares."

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value in connection with the financial assistance; and (ii) all the shareholders of the company approve the giving of the financial assistance, provided that certain procedural requirements are complied with such as the making of a solvency statement in accordance with the Singapore Companies Act by all directors of the company and the passing of directors' resolution and shareholders' resolution (in the case of (ii)) to approve the provision of the financial assistance. Where the company is a subsidiary of a listed corporation or a subsidiary whose ultimate holding company is incorporated in Singapore, the listed corporation or the ultimate holding company, as the case may be, is also required to pass a special resolution to approve the giving of the financial assistance. In addition, the financial assistance must be given not more than 12 months after the passing of the special resolutions.

Disclosure of Interest in Contracts with the Issuer

The Singapore Companies Act provides that, where a director of a company is directly or indirectly interested in a transaction or proposed transaction with that company, such a director must, as soon as practicable after the relevant facts have come to his knowledge, declare the nature of his interest at a meeting of directors of the company. For these purposes, an interest of a member of a director's family (this includes his spouse, natural, step or adopted children) is treated as an interest of that director.

The Singapore Companies Act also provides that every director of a company who holds any office or possesses any property whereby whether directly or indirectly duties or interests might be created in conflict with his duties or interests as director shall declare at a meeting of the directors of the company the fact and the nature, character and extent of the conflict. For this purpose, an interest of a member of a director's family shall be treated as an interest of the director.

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The PLCA specifies that a director shall notify a company without delay when the following events occur:

- (i) he or she has a direct or indirect interest in any contract which is made between such director and the company during any fiscal year, and shall indicate the nature of the contract, the names of the contracting parties and the interest of the director in the contract (if any); or
- (ii) he or she holds shares or debentures issued by the company or its affiliated company, and shall indicate any change in total number of shares or debentures during any fiscal year (if any).

In addition, a director shall not operate any business which has the same nature as and is in competition with the business of a company or become a partner in an ordinary partnership or become a partner with unlimited liability in a limited partnership or become a director of a private company or any other company operating business which has the same nature as and is in competition with the business of a company, either for his or her own benefit or for the benefit of other persons, unless he or she notifies the shareholders' meeting prior to the consideration of the resolution for his or her appointment as the company's directors.

A director who has interests in any matter shall not be entitled to vote in such matter.

If any director purchases property of the company or sells property to the company or does any business with the company, regardless of whether it is in his or her own name or in the name of other(s), such sale or purchase or deal shall not

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Remuneration

The Singapore Companies Act provides that a company shall not provide emoluments or improve emoluments for a director in respect of his office unless the provision has been approved by a resolution that is not related to other matters, and any resolution passed in breach of this provision is void.

For these purposes, the term “emoluments” in relation to a director includes fees and percentages, expenses allowance in so far as those sums are charged to income tax in Singapore, contributions paid under a pension scheme, and any benefits received otherwise than in cash in respect of his services as a director.

Appointment, Qualification, Retirement, Resignation, Removal of Directors

Qualification and Appointment of Directors

Under the Singapore Companies Act, every company must have at least one director who is ordinarily resident in Singapore. Where the company has only one member, that sole director may also be the sole member of the company.

No person other than a natural person of full age and capacity can be a director of a company.

Every director, who is by the articles of association required to hold a specified share qualification and who is not already qualified, must obtain his qualification within two months after his appointment or such shorter period as is fixed by the articles of association.

The first directors of a company are named in the articles of association.

In the case of a public company, the appointment of directors at a general meeting must generally be voted on individually.

In addition, no person of or over the age of 70 years shall be appointed as a director of a public company or of a subsidiary of a public company, unless he has been appointed, re-appointed or authorized to continue in office as a director by an ordinary resolution passed at an annual general meeting of the company until the next general meeting of the company.

Subject to the provisions of the Singapore Companies Act, the articles of association of a company may also empower the board of directors to appoint any directors to fill a casual vacancy or an additional director.

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bind the company unless approved by the board of directors.

The PLCA provides that a company shall not pay money or give any property to any director unless it is a payment of remuneration under the articles of association of a company.

In case that the articles of association does not stipulate such matter, the payment of remuneration shall be approved by way of a resolution passed by shareholders holding not less than two-thirds of the total number of voting rights of the shareholders present at the meeting.

Qualification and Appointment of Directors

Qualification of Directors

Under the PLCA, a company shall have a board of directors consisting of at least five directors to conduct the business of a company, not less than half of whom shall reside within Thailand.

The PLCA and regulations promulgated under the SEC Act also set out the qualifications of a director. These qualifications include that the directors shall be natural persons and shall:

- (i) be sui juris;
- (ii) not be bankrupt, incompetent or quasi-incompetent or not being ordered to be under receivership;
- (iii) have never been imprisoned on the final judgment of a court for an offense related to property committed with dishonest intent;
- (iv) have never been dismissed or removed from government service, or a government organization or a government agency in punishment for dishonest in performing their duties.
- (v) not be a person named in the list of persons whom the SET considers as not being suitable to be a director under the SET regulations;
- (vi) have not been accused or charged for a criminal offense by the authorities under the law relating to unfair action in securities trading transactions or forward contracts or in managing a business in a deceptive, fraudulent or dishonest manner;

- (vii) not be under an order of the competent authorities under foreign laws to not serve as the management of the company;
- (viii) have never been under the final judgment of a court for an offense as specified in paragraph (vi) above, or have never been fined for an offense as specified in paragraph (vi) above;
- (ix) have no reason to believe that they have or had taken any action in breach of the duty of care and duty of loyalty in relation to the best interest of a company and shareholders of a company as a whole in which they are or were the management, the controlling person, or are or were a participant or a supporter of similar actions taken by others;
- (x) have no reason to believe that they have or had taken any action which leads to dishonest or fraudulent action, or are or were a participant or a supporter of similar actions taken by others;
- (xi) have no reason to believe that they have or had taken any action constituting unfairness or taking advantage of investors, or are or were a participant or a supporter of similar actions taken by others;
- (xii) have no reason to believe that they are concealing or have concealed the actual financial status or business operation of a company listed on the SET or a company that offered its securities to the public, or that they imparted any false statement or omitted to disclose any material fact in documents to be disclosed to the public or any documents submitted to the SEC, regardless of whether such person did so for themselves or on behalf of any juristic entity over which such person has management power, or such person is or was a participant a supporter of similar actions taken by others;
- (xiii) have no reason to believe that they have or had failed to perform appropriate investigations or oversight required of the management or controlling person of a company listed on SET or a company that offered its securities to the public, or a subsidiary of the aforesaid company, of which such person was the management or controlling person, to ensure compliance with the laws, objectives and articles of association as well as the resolutions of the company's shareholders, which failure detracts from the overall confidence in the capital markets or damages the reputation, status or business operation of such

company.

An independent director of a Thai company must have the following qualifications:

- (i) hold shares of not more than 5% of the total voting rights of the company, its parent company, subsidiary, affiliated company or any company which may have a conflict of interest (i.e. a company in which the management, major shareholder, controlling person or any person who has a relationship with the aforesaid person by blood, marriage, or registration materially holds shares or has material control or other material interests, either directly or indirectly);
- (ii) is not an employee, staff, or advisor who receives a regular salary from, or a controlling shareholder of the company, its parent company, subsidiary, affiliated company or any company which may have a conflict of interest (as defined in sub-paragraph (i) above);
- (iii) is not a person with a relationship by blood or by registration according to the law as father, mother, spouse, sibling and child, including spouse of a child, management, major shareholder, controlling person or person(s) to be nominated as management or controlling person of the company or its subsidiary;
- (iv) has no business relationship with the company, its parent company, subsidiary, affiliated company or any other company which may have a conflict of interest (as defined in sub-paragraph (i) above), in which such relationship may obstruct his independent thought, and any other event that may cause him not to be able to provide independent view regarding the company's operation.

With respect to the audit committee, each audit committee member must be appointed by the board of directors or shareholders meeting and must also be an independent director. He must also have sufficient knowledge and experience to review the reliability of the financial statements, including other duties as an audit committee. In addition, a member of the audit committee shall possess the qualifications as follows:

- (i) holding not more than 5 per cent. of the paid-up capital of the company, affiliated company, associated company or related company, which shall be inclusive of the shares held by related persons;
- (ii) being a director who does not take part in the management of the company, affiliated

company, associated company or related company or majority shareholder of the company, and is not an employee, staff member or advisor who receives a regular salary from the company, affiliated company, associated company, related company or majority shareholder of the company;

- (iii) being a director who has no direct or indirect benefit or interest in finance and management of the company, affiliated company, associated company or majority shareholder of the company, including the benefit or interest of the said nature during the period of one year before his appointment as a member of the audit committee except where the board of directors has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions;
- (iv) being a director who is not a related person or close relative of any management member or majority shareholder of the company;
- (v) being a director whom is not appointed as a representative to safeguard interests of the company's directors, majority shareholders or shareholders who are related to the company's majority shareholders; and
- (vi) being capable of performing duties, giving opinions or reporting the results of performance of work according to the duties delegated by the board of directors free and clear of the control of the management or the majority shareholders of the company including related persons or close relatives of the said persons.

The PLCA further states that there shall be no restrictions on a shareholder becoming a director.

Appointment of Directors

Pursuant to the PLCA, unless otherwise prescribed by a company in its articles of association, the directors shall be elected at the shareholders' meeting in accordance with the following rules and procedures:

- (i) each shareholder shall have a number of votes equal to the number of shares held multiplied by the number of the directors to be elected;
- (ii) each shareholder may exercise all the votes he or she has under (i) to elect one or several persons as director or directors. If several persons are to be elected as directors, the shareholder may allot his or her votes to any person in any number; and
- (iii) after the vote, the candidates shall be ranked

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in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled.

However, if the articles of association of a company stipulate other procedures for election of directors, such articles of association shall not impair the shareholders' rights in voting for election of directors. The Company's articles of association do stipulate different procedures—please see Article 10 of the Company's Articles Association set out in Appendix C.

In case of a vacancy in the board of director for reasons other than the expiration of the director's term of office, for example death, resignation or lack of qualifications or possession of prohibited characteristics, the board of directors shall elect a person who has a qualification and possesses no prohibited characteristics as the substitute director at the next meeting of the board of directors, unless the remaining term of office of the said director is less than two months. The substitute director shall hold office only for the remaining term of office of a director whom he or she replaces. The resolution of the board of directors shall be by a vote of not less than three quarters of the number of directors remaining.

In case the whole board of directors vacates office, the retired board of directors shall call a shareholders' meeting to elect a new board of directors within one month of its date of retirement.

In case of vacancies in the board of directors resulting in the number of directors being less than the number required for a quorum, the remaining directors may perform any act in the name of the board of directors only in matters relating to the calling of shareholders' meeting to elect directors to replace all the vacancies within one month of the date that the number of directors falls below the number required for a quorum. The substitute director shall hold office only for the remaining term of office of the director whom he or she replaces.

Disqualification of Directors

Under the Singapore Companies Act, a person may not act as a director of any corporation if he is an undischarged bankrupt unless he has the leave of the Singapore courts or the written permission of the Official Assignee to do so.

A person may be disqualified from acting as a director of a company by the Singapore courts for a period not exceeding five years if (i) he is or has been a director of a company which has at any time gone into liquidation (whether while he was a director or within three years of his ceasing to be a

Disqualification of Directors

Under the PLCA and the SEC Act, a person may not act as a director of a company if he or she is (i) lack of qualifications or possession of prohibited characteristics as mentioned above; (ii) removed by a resolution of the shareholders' meeting, by a vote of not less than three quarters of the number of shareholders attending the meeting who have the right to vote and who hold shares totaling not less than half of the number of shares held by the shareholders attending the meeting and having the right to vote; and (iii) removed by a court order.

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director) and was insolvent at that time and
(ii) his conduct makes him unfit to be a director of a company.

A person may, subject to certain exceptions, also be disqualified from acting as a director by the Singapore courts for a period of three years if he is a director of a company which is ordered to be wound up by the Singapore courts on the ground that it is being used for purposes against national security or interest.

He could also be disqualified on other grounds; such as conviction of any offence (whether in Singapore or elsewhere) involving fraud or dishonesty which is punishable with imprisonment for three months or more, or because of persistent default in relation to delivery of documents to the Registrar of Companies.

Resignation of Directors

Under the Singapore Companies Act, a director of a company cannot resign or vacate his office unless there is remaining in the company at least one director who is ordinarily resident in Singapore, and any purported resignation or vacation of office in breach of this provision is deemed to be invalid.

Subject to the provisions of the Singapore Companies Act, the articles of association of a company may provide that a director's resignation is effective by giving written notice of the company, unless the director's contract or the articles of association otherwise provide.

Removal of Directors

A director of a public company may be removed before the expiration of his period of office by an ordinary resolution (which requires special notice to be given in accordance with the provisions of the Singapore Companies Act) of the shareholders, notwithstanding anything in the memorandum or articles of association of that company or in any agreement between that company and the director, but where any director so removed was appointed to represent the interests of any particular class of shareholders or debenture holders, the resolution to remove him shall not take effect until his successor has been appointed.

Subject to the provisions of the Singapore Companies Act, the articles of association of a company may prescribe the manner in which a director may be removed from office before the expiration of his term of office

Mergers and Similar Arrangements

Merger

The Singapore Companies Act provides that the

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Resignation of Directors

Under the PLCA, any director wishing to resign from office shall submit his/her resignation letter to a company, and the resignation shall be effective from the date on which a company receives the resignation letter.

Removal of Directors

Under the PLCA, the shareholders' meeting may pass a resolution removing any directors from office prior to retirement as a result of the expiration of the directors' term, by a vote of not less than three quarters of the number of shareholders attending the meeting and having the right to vote. Such shareholders shall hold shares totaling not less than half of the number of shares held by shareholders attending the meeting and having the right to vote.

In addition, directors may be removed from office by a court order.

Mergers

The PLCA stipulates that two or more public

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Singapore courts have the authority, in connection with a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies and that under the scheme the whole or any part of the undertaking or the property of any company concerned in the scheme (the transferor company) is to be transferred to another company (the transferee company), to order the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of the transferor company. Such power only exists in relation to companies incorporated in Singapore.

The Singapore Companies Act further provides for a voluntary amalgamation process without the need for a court order. Under this voluntary amalgamation process, two or more companies may amalgamate and continue as one company, which may be one of the amalgamating companies or a new company, in accordance with the procedures set out in the Singapore Companies Act. As part of these procedures, the board of directors of each of the amalgamating company must make a solvency statement in relation to both the amalgamating company and the amalgamated company.

Appraisal Rights

The Singapore Companies Act does not provide for appraisal rights to the shareholders of a company in connection with a merger.

Conversion

The Singapore Companies Act provides that a private company may be converted to a public company and *vice versa* by, *inter alia*, passing a

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limited companies or a public limited company and a private company may amalgamate to become a new company by a resolution of shareholders of each company passed by shareholders holding not less than three quarters of the total number of voting rights of the shareholders attending the meeting who have the right to vote or by a special resolution passed in accordance with the Civil and Commercial Code of Thailand, in case of a private company.

Once the shareholders' resolution of each company has been passed, the combined shareholders' meeting shall be convened to consider and approve matters relevant to the merger. A quorum of the meeting must be not less than half of each company's total number of shares sold and a vote required for approving relevant matters shall be not less than half of the combined number of voting rights of both companies.

The company shall notify its creditors in writing of the resolution of the amalgamation within fourteen days of the date on which the shareholders' meeting passes such resolution and shall specify in the notification that any objection thereto shall be submitted within two months of the date on which the creditors receive the notice of such resolution. If an objection is made, the company may not amalgamate unless it has paid its debt or given security for the debt.

When the merger of a company has been accepted for registration by the registrar, the former companies shall lose their status as juristic persons. The new company shall be entitled to all the assets, liabilities, rights, duties and responsibilities of all the former companies.

Appraisal Rights

The PLCA provides that where there is a resolution for an amalgamation but a shareholder objects to the amalgamation, a company shall arrange for the purchase of shares belonging to such shareholder at the price last traded on the stock market prior to the date on which the resolution of the merger is passed. In case there is no traded price on the stock market, the price determined by an independent appraiser appointed by both parties shall be adopted. If such shareholder does not agree to sell his or her shares within fourteen days of the date of receipt of the purchase offer, a company shall proceed with the amalgamation and it shall be deemed that such shareholder is a shareholder of a company formed by the amalgamation.

Conversion

The PLCA specifies that a conversion of private company into a public company requires a special resolution of shareholders of that private company

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special resolution. A limited company could be converted into an unlimited company and *vice versa* by complying with the provisions in the Singapore Companies Act.

Minority Oppression Rights

A member or a holder of a debenture of a company may apply to the Singapore courts for an order under Section 216 of the Singapore Companies Act to remedy situations where:

- (i) a company's affairs are being conducted or the powers of the company's directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the members, shareholders or holders of debentures of the company, including the applicant; or
- (ii) a company has done an act, or threatens to do an act, or the members or holders of debentures have passed some resolution, or propose to pass some resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the company's members or holders of debentures, including the applicant.

Singapore courts have wide discretion as to the relief they may grant under such application, including, *inter alia*, directing or prohibiting any act or cancelling or varying any transaction or resolution, providing that the company be wound up, or authorizing civil proceedings to be brought in the name of or on behalf of the company by such person or persons and on such terms as the court directs.

In addition, a member of a company who is seeking relief for damage done to the company may bring a common law derivative action in certain circumstances against the persons who have done wrong to the company.

Further, Section 216A of the Singapore Companies Act prescribes a procedure to bring a statutory

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in accordance with the Civil and Commercial Code. The special resolution requires two successive shareholders meetings. In the first shareholders meeting, a company shall obtain a vote of not less than three-fourths of the total number of votes of shareholders attending the meeting. In the second shareholders meeting, a vote of not less than two-thirds of the total number of votes confirming the first resolution to convert shall be obtained. In addition, the shareholders' meeting shall approve to amend the memorandum of association and article of association to be in line with the PLCA including appointments of directors and auditors. The newly-elected board of directors shall make an application to register the conversion into public limited company within fourteen days of the date of completion of the meeting. A company which has registered its conversion into a public limited company shall be entitled to own and assume all the assets, debts, rights and liabilities of the former private company.

- (1) Any shareholder or shareholders holding in aggregate of not less than 5% of the total number of shares sold may bring an action to the court to claim compensation from a director (on behalf of the company) in the case where a director performs and act or does not perform any act which constitutes non-compliance with laws, objectives and articles of association of the company, including the shareholders resolution in good faith and with care to preserve the interest of the company, provided that:
 - such act or omission to act causes damage to the company; and
 - the company does not claim for compensation from such director even though a shareholder or shareholders holding in aggregate of not less than 5% of the total number of shares sold has notified the company to do so.

In addition, if such act or omission to act by a director is likely to cause damage to the company, any one or more shareholders holding shares of not less than 5% of the total number of shares sold may request the court to order that such act be stopped.

Such shareholder may also request the court to remove such director from office.

In any event, a shareholder who will undertake the above actions must hold shares of the company at the time such director performs or does not perform the act which causes or is likely to cause damages to the company.

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derivative action. The statutory procedure is available to, *inter alia*, a member of a company not listed on the SGX-ST, any other person who, in the discretion of the court, is a proper person to make an application under Section 216A of the Singapore Companies Act.

Directors' Fiduciary Duties

Every director by virtue of his office occupies a fiduciary position with respect to the company. The fiduciary relationship is similar to that of a principal and agent relationship. This relationship arises from the fact that a company being an artificial person can only act through the agency of natural persons. Such being the case, a company can only act through agents, i.e., its individual directors and its board of directors, and it is the duty of the "agents" to act in the best interests of the company. Accordingly, a director is not permitted to place himself in a situation where his interests conflict with his duty. Duties are imposed upon any person who becomes a director of a company and breaches of these duties may lead to criminal or civil liabilities. Such duties are governed by statute and common law. Such duties include (without limitation) duties of care and skill and duties to act in good faith in the best interest of the company, as well as the statutory duty under the Singapore Companies Act to act honestly and to use reasonable diligence in the discharge of the duties of his office at all times.

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(2) In case any director operates any business which has the same nature as and is in competition with the business of the company or becomes a partner in an ordinary partnership or becomes a partner with unlimited liability in a limited partnership or becomes a director of a private company or any other company operating business which has the same nature as and is in competition with the business of the company, either for his or her own benefit or for benefit of other person(s), without notifying the shareholders meeting prior to the resolution for his or her appointment, and if:

- there is damage caused by such director; and
- the company does not claim for compensation from such director (the prescription period is one year from the date the company knows of this breach or two years from the date of such breach),

then, a shareholder or shareholders holding in aggregate of not less than 5% of the total number of shares sold may be written notice to direct the company to make such a claim. If the company does not proceed as directed by the shareholders within one month of the date of such notification, or if the prescription period remains less than one month, such shareholder may exercise the right to claim for compensation on behalf of the company. In this regard, paragraphs 2 and 3 of (1) also applies.

The PLCA does not make express reference to directors' fiduciary duties. Nevertheless, the PLCA states that in conducting the business of the company, the directors shall comply with all laws, the objectives and the articles of association of the company, and the resolution of the shareholders in good faith and with care to preserve the interests of the company. In addition, if any director purchases property of the company or sells property to the company or does any business with the company, regardless of whether it is in his or her own name or in the name of other persons, unless approved by the board of directors, such purchase, sale or deal shall not bind the company.

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Shareholder Action by Written Consent

Notwithstanding any other provision of the Singapore Companies Act, a private company may pass any resolution by written means in accordance with the provisions of the Singapore Companies Act. There is no corresponding provision in the Singapore Companies Act which applies to a public company.

Shareholder Proposals

Under the Singapore Companies Act, (i) any number of members representing not less than 5% of the total voting rights of all the members having at the date of requisition a right to vote at a meeting to which the requisition relates or (ii) not less than 100 members holding shares on which there has been paid up an average sum, per member, of not less than S\$500, may requisition the company to give to members notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting, and circulate to members any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

Members holding not less than 10% of the paid up capital of a company may requisition for an extraordinary general meeting in accordance with the provisions of the Singapore Companies Act. The directors must convene the meeting to be held as soon as practicable, but in any case not later than two months, after the receipt by the company of the requisition.

Two or more members holding not less than 10% of the company's issued share capital may also call a meeting of the company in accordance with the provisions of the Singapore Companies Act

Cumulative Voting for Election of Directors

Singapore law does not provide for cumulative voting for election of directors.

Transactions with Interested Shareholders

The Singapore Companies Act does not impose compliance requirements relating to transactions with interested shareholders. The compliance requirements imposed on a company listed on the SGX-ST under the Listing Manual of the SGX-ST, insofar as transactions with interested persons are concerned, apply to that company regardless of whether such company is incorporated in Singapore or elsewhere.

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No equivalent provision in Thailand. All shareholders meetings must take place by way of physical meetings.

Pursuant to the PLCA, the board of directors may call an extraordinary general meeting of shareholders any time the board considers it expedient to do so. In addition, shareholders holding shares in aggregate amounting to not less than one-fifth of the total number of shares sold or shareholders numbering not less than twenty-five persons holding shares in aggregate amounting to not less than one-tenth of the total number of shares sold may submit their names in a request directing the board of directors to call an extraordinary general meeting at any time, but the reasons for calling such meeting shall be clearly stated in such request. The board of directors shall proceed to call a shareholders meeting to be held within one month of the date of receipt of such request from the said shareholders.

The PLCA stipulates cumulative voting for election of directors and provides that each shareholder shall have a number of votes equal to the number of shares held multiplied by the number of the directors to be elected. Nevertheless, the articles of association of a company may stipulate other procedures for election of directors, but such articles of association shall not restrict the shareholders' rights in voting for election of directors.

The PLCA does not impose compliance requirements relating to transactions with interested shareholders. However, any shareholder who has a special interest in any matter shall not be entitled to vote on such matter, except for voting on the election of directors. Regulations promulgated under the SEC Act requires a company to comply with certain procedures with respect to transactions with interested shareholders. Please see "Interested

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Dissolution; Winding Up

Dissolution

A company incorporated in Singapore may be dissolved:

- (i) through the process of liquidation pursuant to the winding up of the company;
- (ii) in a merger or amalgamation of two companies where the court may order the dissolution of one after its assets and liabilities have been transferred to the other; or
- (iii) when it is struck off the register by the Registrar of Companies on the ground that it is a defunct company.

Winding up

The winding up of a company may be done in the following ways:

- (i) members' voluntary winding up;
- (ii) creditors' voluntary winding up;
- (iii) court compulsory winding up; and
- (iv) an order made pursuant to Section 216 of the Singapore Companies Act for the winding up of the company.

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Person Transactions—Compliance with Connected Transaction Requirements under Thai Law.”

Dissolution

Where one of the following grounds exists, a company shall be dissolved:

- (i) when the shareholders' meeting passes a resolution dissolving a company by a vote of shareholders holding not less than three quarters of the total number of voting rights of shareholders attending the meeting who have the right to vote;
- (ii) when the company becomes bankrupt; or
- (iii) when the court issues a final court order dissolving the company in accordance with the provisions of the PLCA.

As noted in (iii) above, the shareholders who hold shares amounting to not less than one-tenth of the total number of shares sold may submit a motion to court to order the dissolution of a company when one of the following grounds exists:

- (i) the promoters have contravened or failed to comply with the provisions relating to the statutory meeting or preparation of the report on the establishment of a company, or the board of directors has contravened or failed to comply with the provisions relating to payment on shares, the transfer of ownership in property to the company, or the making of documentation available to a company for its use of the various rights for payment for shares, the preparation of the list of shareholders, or the registration of a company;
- (ii) the number of shareholders decreases to fewer than fifteen; or
- (iii) the business of a company, if operated further, will bring only losses and recovery is hopeless.

Winding up

In case a company is dissolved on grounds other than bankruptcy, the liquidation shall proceed.

The type of winding up depends, *inter alia*, on whether the company is solvent or insolvent.

Variation of Rights of Shares

Under the Singapore Companies Act, if a provision is made in the memorandum or articles of association of a company for authorizing the variation or abrogation of the rights attached to any class of shares in the company and in pursuance of that provision such rights are at any time varied or abrogated, the holders of not less in aggregate than 5% of the issued shares of that class may apply to the Singapore courts to have the variation or abrogation canceled in accordance with the Singapore Companies Act. The Singapore courts may, if satisfied that the variation or abrogation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation or abrogation, and shall, if not so satisfied, confirm it.

Amendment of Governing Documents

Alteration of memorandum of association

Unless otherwise provided in the Singapore Companies Act, a company's memorandum of association may be altered by way of special resolution, except that any entrenching provision in the memorandum and any provision contained in the memorandum before April 1, 2004 which could not be altered before that date may be removed or altered only if all members of the company agree. For these purposes, the term "entrenching provision" means a provision of the memorandum or articles of association of a company to the effect that other provisions of the memorandum or articles (i) may not be altered in the manner provided by the Singapore Companies Act, or (ii) may not be so altered except by a resolution passed by a specific majority greater than 75%, or where other specified conditions are met.

Alteration of articles of association

Subject to the Singapore Companies Act and to any conditions in its memorandum, a company's articles of association may be altered by way of special resolution except that any entrenching provision in the articles of association may be removed or altered only if all members of the company agree.

Any alteration to the articles of association takes effect on and from the date of the special resolution approving such alteration or such later date as is specified in the resolution.

Under the PLCA, preferential rights accruing to shares already issued shall not be changed. In addition, a preferred share shall not be convertible into an ordinary share unless otherwise stipulated by a company in its articles of association. In addition, a preferred share may have less than one vote if specified clearly in the articles of association.

Alteration of memorandum of association and articles of association

A company may amend its memorandum of association or articles of association only when a resolution of the shareholders has been passed by shareholders holding not less than three quarters of the total number of voting rights of shareholders attending the meeting and having the right to vote. A company shall apply to register the amendment with fourteen days of the date on which the resolution was passed at the meeting.

OUR ARTICLES OF ASSOCIATION

Set out below is the English translation of our Articles of Association. The translation below is provided for information only, and under Thai law, the Thai version of the Articles of Association will prevail. As we are a company incorporated in Thailand, our Articles of Association must comply with applicable Thai law, including the PLCA. Accordingly, we have not incorporated the majority of the provisions set out in Appendix 2.2. of the SGX-ST Listing Manual which are generally required to be included in the constitutive documents of companies seeking a listing on the SGX-ST, as the subject matter of these provisions conflict or are already provided for (whether to the same or different extent) under applicable Thai laws and regulations. Each prospective investor is advised to consult its legal or other advisors as to the interpretation and effect of our Articles of Association. The Thai version of our Articles of Association as set out below will take effect upon registration of certain amendments with the MOC which is expected to occur before the close of the Combined Offering.

Chapter 1

General Provisions

- Article 1. The Articles of Association shall be called the Articles of Association of Thai Beverage Public Company Limited.
- Article 2. In these Articles of Association, the term “Company” herein shall mean Thai Beverage Public Company Limited.
- Article 3. Unless otherwise stated herein, the provisions of the laws pertaining to public limited company and securities and exchange shall apply.

Chapter 2

Issuance and Transfer of Shares

- Article 4. All shares of the Company shall be ordinary shares having equal value and being named set forth.
- All shares of the Company shall be fully paid-up one time in money. The Company may however issue ordinary shares to any person and deem such shares to have been fully paid-up in money if such person gives any asset other than money or grants or permits the use of copyright in any literary, artistic or scientific work, patent, trademark, design or model, chart, formula or confidential procedure, or provides any information concerning industrial, commercial or scientific experience.
- The Company may issue and offer ordinary shares, debentures, convertible debentures, preferred shares, preferred shares that can be converted into ordinary shares, warrants and any other securities under the law governing public limited companies and the law governing securities and exchange.
- Article 5. In the event of preference shares being issued the par value of issued preference shares shall be at any time equal to the par value of the issued ordinary shares and preference shareholders shall have the same rights as the ordinary shareholders as regards receiving of notices, reports and balance sheets and attending general meetings of the Company, and preference shareholders shall also have the right to vote at any meeting convened.
- The Company has power to issue further preference capital with the rights equal to, or more than preference shares already issued.
- Article 6. Each share certificate or security certificate shall be signed or printed by at least one (1) director, and shall be affixed the Company’s seal. The director may however authorize the share registrar under the law governing securities and exchange, to sign or print a signature on his/her behalf. In the case where the Company appoints Thailand Securities Depository Company Limited as its share registrar, the practice methods in relation to the registration of the securities of the Company shall be in compliance with the securities

and exchange law. Any issue of shares certificates may be subject to a charge according to applicable laws.

Article 7. All shares of the Company can be transferred without any restriction, unless such transfer causes any foreign shareholder of the Company holding an amount exceeding 49 per cent. of the total number of shares sold.

Article 8. The transfer of shares shall be valid upon the transferor's endorsement on the share certificate, by such certificate bearing the name of the transferee, being signed by both transferor and transferee and being delivered to the transferee.

The transfer of shares shall be valid against the Company upon the Company's receipt of a request for registration of the transfer of shares, and can be set up against a third party only after the Company has registered such transfer of shares.

When the shares of the Company have been listed on the Stock Exchange of Thailand, any transfer of the shares traded on the Stock Exchange of Thailand shall be in compliance with the law governing securities and exchange.

Chapter 3

Board of Directors

Article 9. The Board of Directors of the Company shall consist of at least five (5) persons. Not less than one half of the total number of directors shall reside within the Kingdom of Thailand. The directors of the Company shall have the qualifications as prescribed by the law on public limited companies and the law on securities and exchange.

Article 10. The directors shall be elected by majority votes at the shareholder's meeting in accordance with the criteria and procedures as follows:

- (1) Each shareholder shall have one vote for one share;
- (2) A shareholder who wishes to exercise the right of election may use all the votes he/she has under (1) to elect one or several persons as director or directors, however, he or she may not split unequally between any person in any number; and
- (3) The persons who receive the most votes shall be elected as directors, in the number of directors required or to be elected on the relevant occasion. In the event that votes of two or more nominees are equal in number, causing the number of directors required or to be elected on such relevant occasion to be exceeded, the chairman of the meeting shall have a casting vote.

Article 11. At every annual ordinary shareholder's meeting, one-third (1/3) of the directors, or, if the number of directors is not a multiple of three, then the number nearest to one-third (1/3) shall retire from office.

The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the directors who have remained in office for the longest time shall retire.

A retiring director may be eligible for re-election.

Article 12. Other than by rotation, a director shall retire from office upon:

- (1) death;
- (2) resignation;
- (3) disqualification or possession of prohibited characteristics under the law governing public limited companies and the law governing securities and exchange;
- (4) being removed by a resolution of the shareholders' meeting under the law governing public limited companies and the law governing securities and exchange;
- (5) removed by a court order; or
- (6) becoming a bankrupt, incompetent or quasi-incompetent.

- Article 13. To resign from office, a director shall submit his/her resignation letter to the Company. Such resignation shall become effective on the date of receipt of the said letter by the Company.
- The director who has resigned under the first paragraph may also inform the registrar of such resignation.
- Article 14. In the event that a position of director becomes vacant for any reason other than by rotation, the Board of Directors shall appoint a person, being qualified and not having prohibited characteristics under the laws governing public limited companies and the securities and exchange to be a new director at the next Board of Directors' meeting, unless the remaining office term of the vacating director is less than two (2) months.
- The replacement director shall hold office only for the remaining office term of the director whom he replaces.
- The resolution of the Board of Directors pursuant to the first paragraph shall be approved by a vote of not less than three-fourths (3/4) of the number of the remaining directors.
- Article 15. The shareholders' meeting may pass a resolution to remove any director from office prior to rotation, by a vote of not less than three-fourths (3/4) of the number of the shareholders attending the meeting and having the right to vote, whose shares represent a total of not less than one half (1/2) of the number of shares held by the shareholders attending the meeting and having the right to vote.
- Article 16. A director may or may not be a shareholder of the Company.
- Article 17. The Board of Directors shall elect one of its members to be the chairman of the Board of Directors.
- The Board of Directors may, if deemed appropriate, elect one or several directors to be vice-chairman or vice-chairmen. The vice-chairman shall have duties as assigned by the chairman of the Board of Directors.
- Article 18. At a meeting of the Board of Directors, at least one-half (1/2) of the total number of directors shall constitute a quorum. The chairman of the Board of Directors shall be the chairman of the meeting. In the case where the chairman of the Board of Directors is not present at the meeting or cannot perform his/her duty, and if there is a vice-chairman, the vice-chairman present at the meeting shall be the chairman of the meeting. If there is no vice-chairman or if there is a vice-chairman but he/she cannot perform his/her duty, the directors present at the meeting shall elect one of the directors to be the chairman of the meeting.
- Decisions of the Board of Directors' meeting shall be made by a majority vote.
- Each Director is entitled to one (1) vote, but a Director who has interests in any matter shall not be entitled to vote on such matter. In the event of an equality of votes, the chairman of the meeting shall have a second or casting vote.
- Article 19. In calling a meeting of the Board of Directors, the chairman of the Board of Directors or the person assigned by the chairman of the Board of Directors shall serve written notice calling for such meeting to the directors not less than seven (7) days prior to the date of the meeting. Where it is necessary or urgent to preserve the rights or benefits of the Company, the meeting may be notified by any other method and an earlier meeting date may be chosen.
- The Board of Directors can hold the meeting at its head office or at a place in the province in which the head office is situated or in any other province or at such place as deemed appropriate by the chairman of the Board of Directors or the authorized director.
- Article 20. The Board of Directors shall hold a meeting at least once in every three (3) months at such place as the Board of Directors may deem appropriate.
- Article 21. The directors shall perform duties in compliance with the governing laws, the objectives and Articles of Association of the Company, as well as the resolutions of the shareholders'

meeting, with honesty, in good faith and with care to preserve the interests of the Company.

The Board of Directors may appoint one or several directors or any other person to perform any acts on its behalf.

The Board of Directors may appoint one or several executive directors with such powers and duties as it may grant to them. The Directors may appoint one or more of their body to be a Chief Executive Officer (or most senior executive officer) of the Company and may remove or dismiss him from office and appoint another or others in his place. Where an appointment is for a fixed term, such term shall not exceed five (5) years. The Chief Executive Officer (or person holding the position of most senior executive officer of the Company) shall at all times be subject to the control of the Board of Directors. The Chief Executive Officer (or person holding the position of most senior executive officer of the Company) and the persons holding any other office which the Board of Directors may appoint shall have such power and authority as the Board of Directors may grant to the holders of the offices held by them.

Article 22. A director who has performed any act which has been authorized, approved or ratified by a resolution of the shareholders' meeting, notwithstanding that such resolution may later be cancelled, shall not be liable for such act to the Company, shareholders or creditors of the Company.

Article 23. The directors authorized to sign to bind the Company are any two (2) directors jointly signing together with the Company' seal affixed.

The Board of Directors has the power to prescribe and amend the name(s) of director(s) who shall have signatory authority to sign binding the Company.

Article 24. Directors' fees and remuneration shall be fixed by shareholders in the shareholders' general meeting subject to the Articles of Association of the Company.

The ordinary fees and remuneration of the Directors shall from time to time be determined by a resolution passed at a general meeting by shareholders holding not less than two-thirds of the total number of voting rights of the shareholders present at the meeting and shall not be increased except pursuant to an resolution passed at a general meeting by shareholders holding not less than two-thirds of the total number of voting rights of the shareholders present at the meeting where notice of the proposed increase shall have been given in the notice convening the General Meeting and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or failing agreement, equally, except that any Director who shall hold office for part only of the period in respect of which such fees and remuneration is payable shall be entitled only to rank in such division for a proportion of fees and remuneration related to the period during which he has held office.

The fees and remuneration in the case of a Director other than an Executive Director shall be payable by a fixed sum and shall not at any time be by commission on or percentage of the profits or turnover, and no Director whether an Executive Director or otherwise shall be remunerated by a commission on or percentage of turnover.

The provisions in this Article shall not affect the right of the director appointed from the staff members or employees of the Company to receive remuneration and benefit in his/her capacity as an employee of the Company.

Chapter 4

Shareholders' Meeting

Article 25. The Board of Directors shall summon a shareholders' meeting which is an annual ordinary general meeting within four (4) months from the last day of the fiscal year of the Company.

Shareholders' meetings other than the one referred to in the first paragraph shall be called extraordinary general meetings.

The Board of Directors may summon an extraordinary general meeting any time it deems appropriate or the shareholders holding shares amounting to not less than one-fifth (1/5) of the total number of shares sold or shareholders numbering not less than twenty-five (25) persons holding shares amounting to not less than one-tenth (1/10) of the total number of shares sold may submit their names and request the Board of Directors in writing to call an extraordinary general meeting any time, provided that, the reasons for calling such meeting shall be clearly stated in the said written request. In such an event, the Board of Directors shall proceed to call a shareholders' meeting to be held within a period of one (1) month from the date of the receipt of such request from the said shareholders.

Article 26. In calling a shareholders' meeting, the Board of Directors shall prepare a written notice specifying the place, date, time, agenda of the meeting and the matters to be proposed to the meeting in appropriate detail by clearly indicating whether it is a matter proposed for acknowledgement, for approval or for consideration, as the case may be, including the opinions of the Board of Directors on the said matters. The said notice shall be distributed to the shareholders and registrar not less than seven days prior to the date of the meeting.

The notice shall be published in a newspaper for not less than three (3) consecutive days and not less than three (3) days prior to the date of the meeting.

During the period of twenty-one (21) days prior to each shareholders' meeting, the Company may cease to accept registration of share transfers by notifying the shareholders in advance at the head office and at every branch office of the Company not less than fourteen (14) days prior to the commencement day of cessation of share transfer registration. The place of the meeting may not be in the area in which the head office of the Company is situated and may be at any other place the Board of Directors deems appropriate.

Article 27. At a shareholders' meeting there shall be not less than twenty-five (25) shareholders and proxies (if any) attending the meeting or not less than one-half (1/2) of the total number of shareholders and in either case such shareholders shall totally represent not less than one-third (1/3) of the total number of shares sold, whereby a quorum would then be constituted.

At any shareholders' meeting, if one (1) hour has passed from the time specified for the meeting and the number of shareholders attending the meeting is still inadequate for a quorum as prescribed in the first paragraph, and if such shareholders' meeting was called as a result of a request of the shareholders, such meeting shall be cancelled. If such meeting was not called as a result of a request of the shareholders, a new meeting shall be called and the notice summoning such meeting shall be despatched to shareholders not less than seven (7) days prior to the date of the meeting. In the subsequent meeting, a quorum is not required.

The chairman of the Board of Directors shall be the chairman of shareholders' meetings. If the chairman of the Board of Directors is not present at a meeting or cannot perform his duty, and if there is a vice-chairman, the vice-chairman present at the meeting shall be chairman of the meeting. If there is no vice-chairman or there is a vice-chairman but he cannot perform his duty, the shareholders present at the meeting shall elect one shareholder to be the chairman of the meeting.

A proxy need not be a shareholder of the Company. An instrument appointing a proxy shall be made in writing and signed by the shareholder and shall be in a form as specified by the Registrar. An instrument appointing a proxy shall be deemed to include the right to demand or join in demanding a poll, to propose any resolution or amendment thereof and to speak at the meeting. A proxy shall be entitled to vote on a show of hands or by poll or ballot on any matter at any general meeting.

Article 28. Holders of shares shall be entitled to be present and to vote any shareholders' meetings either personally or by proxy or to exercise any other right conferred by being a shareholder in relation to meetings of the Company.

In casting votes, a shareholder shall have the number of his/her votes equivalent to the number of the shares held by him/her, in which case one (1) vote shall be deemed for one (1) share.

At any shareholders' meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless not less than five (5) shareholders request and the shareholders' meeting passes a resolution to vote by poll or ballot then the shareholders shall be entitled to vote by poll or ballot. The procedure of the said vote by ballot shall be as specified by the chairman of the meeting.

In the case of an equality of votes, whether on a show of hands or on a poll or ballot, the chairman of the meeting at which the show of hands takes place or at which the poll or ballot is demanded shall be entitled to a casting vote.

Article 29. A resolution of a shareholders' meeting shall be passed:

- (1) in an ordinary event, a majority of the total number of votes cast of the shareholders who attend the meeting. In the case of a tie vote, the chairman of the meeting shall have a casting vote; and
- (2) in the following events, by shareholders holding not less than three-fourths (3/4) of the total number of voting rights of the shareholders who attend the meeting and have the right to vote:
 - (a) the sale or transfer of the whole or substantial part of the Company's business to any other person;
 - (b) the purchase or acceptance of business transfer of private companies or public companies or other juristic persons by the Company;
 - (c) the making, amending or terminating of any agreement with respect to the leasing out of the whole or substantial part of the Company's business, the assignment of business management of the Company to any person, or the amalgamation of the business with other persons for the purpose of profit and loss sharing;
 - (d) the amendment of the Memorandum of Association or Articles of Association of the Company; and
 - (e) the increment or decrement of capital, the issuance of debentures, the amalgamation or the dissolution of the Company.

Article 30. The matters to be conducted by the annual general meeting shall be as follows:

- (1) to consider the report of the Board of Directors concerning the Company's business in the past year;
- (2) to consider and approve the balance sheet, the statement of profit and loss;
- (3) to consider and allot profits;
- (4) to elect new directors in place of those who retire by rotation and fix their remuneration;
- (5) to appoint auditors and fix their remuneration; and
- (6) other business.

Chapter 5

Accounting, Finance and Auditing

Article 31. The fiscal year of the Company shall commence on the 1st day of January and end on the 31st day of December of every year.

Article 32. The Company shall prepare and maintain accounts, including the auditing of accounts as required by the relevant laws. The Company shall also prepare balance sheet and

statements of profit and loss at least once in each twelve (12) months which is the fiscal year of the Company.

- Article 33. Within four months after the close of the Company's financial year, the Board of Directors shall prepare a balance sheet and statements of profit and loss with explanatory notes as of the last day of the fiscal year of the Company for submission to the shareholders for consideration and approval at the annual general meeting. The Board of Directors shall cause the balance sheet and statements of profit and loss to be completely audited by auditors prior to submission to the shareholders' meeting.
- Article 34. The Board of Directors shall deliver the following documents to the shareholders together with the notice calling an annual general meeting:
- (1) copies of the balance sheet and statement of profit and loss, which have already been audited by the auditor, including the auditors' report; and
 - (2) annual report of the Board of Directors.
- Article 35. No auditor shall be a director, staff member, employee or person holding any position in the Company.

Chapter 6

Dividend and Reserve

- Article 36. No dividend shall be paid other than out of profits. If the Company has incurred an accumulated loss, no dividend shall be paid.
- Dividends shall be distributed in accordance with the number of shares, with each share receiving an equal amount. The payment of dividends shall be approved by a shareholders' meeting.
- The Board of Directors may from time to time pay to the shareholders such interim dividends as appear to the directors to be justified by the profits of the Company, and shall report to the shareholders on the payment of interim dividends at the next meeting of shareholders.
- The payment of dividends shall be made within one (1) month from the date on which the resolution was passed at the meeting of shareholders or the Board of Directors, as the case may be. The dividend payment shall be announced to the shareholders in writing and the notice of dividend payment shall be published in a Thai newspaper.
- Article 37. The Company shall allocate as a reserve fund not less than five percent (5%) of the net annual profits less the accumulated losses (if any) until the reserve fund reaches an amount of not less than ten percent (10%) of the registered capital.

Chapter 7

Additional Provisions

- Article 38. Affixed hereunder is the company's seal:
- (Seal)
- Article 39. After the Company has offered shares to the public, in the case where the Company or its subsidiary agrees to enter into a connected transaction or a transaction in relation to the acquisition or disposal of the assets of the Company or its subsidiary as defined in the Notification of the Stock Exchange of Thailand Regarding the Connected Transactions of Listed Companies or the Notification Regarding the Acquisition or Disposal of the Assets of Listed Companies, as the case may be, the Company shall comply with the criteria and procedures as prescribed by the said Notifications in the relevant respect.
- Article 40. For so long as the ordinary shares of the Company are listed on the stock exchange in Singapore, any share repurchase by the Company shall require the prior approval of a shareholders' meeting.

Article 41. For so long as the ordinary shares of the Company are listed on the stock exchange in Singapore the persons below (to the extent that they would have duties to report or disclose as stated below under Singapore law if they held shares in a Singapore incorporated company listed on the stock exchange in Singapore) have the following duties:

- (a) the duty of each director to forthwith notify the Company and the stock exchange of Singapore of the particulars of the ordinary shares owned by him at the time of his appointment and, for so long as he remains the director, of any change in such particulars;
- (b) the duty of each holder of the ordinary shares to, (i) upon becoming a substantial shareholder of ordinary shares, (ii) for so long as he remains a substantial shareholder of ordinary shares, upon a change in the percentage level of his interest(s) in the Company and (iii) upon ceasing to be a substantial shareholder of ordinary shares, give the Company and the stock exchange in Singapore a notice in writing of (x) the particulars of the ordinary shares owned by him, or (y) the particulars of the change in interests (including the date of change and the circumstances by reason of which that change has occurred), or (z) the particulars of the date and circumstances of the cessation of substantial shareholding of ordinary shares, as the case may be, within two business days after (xx) becoming a substantial shareholder of ordinary shares, (bb) the date of change in the percentage level of his interests, or (cc) the date of cessation, as the case may be; and
- (c) the duty of each holder of the Company's ordinary shares to disclose particulars of his interest and persons having an interest in those ordinary shares, to the Company upon the Company's written request.

For the purpose of Article 41, the term "substantial shareholder" shall have the meaning in Sections 81(1) and 81(2) of the Companies Act, Chapter 50 of Singapore ("Companies Act"), the term "interest (s)" shall have the meaning in Section 7 of the Companies Act and the term "percentage level" shall have the meaning in Section 83(3) of the Companies Act.

LIST OF OUR INTERESTED PERSONS AND MANDATED INTERESTED PERSONS

Section (i)—List of our Interested Persons

<u>Interested Persons</u>	<u>Relationship with Our Group</u>
T.C.C. group	
1. TCC Holding Co., Ltd.	: Our Directors, Mr. Charoen Sirivadhanabhakdi and Khunying Sirivadhanabhakdi, are the controlling shareholders, having an aggregate direct shareholding interest of approximately 92.4%, in TCC Holding Co., Ltd., an investment holding company incorporated in Thailand. The remaining shareholding interest of approximately 7.6% in TCC Holding Co., Ltd. is held by unrelated third parties.
2. Aoithip Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in agricultural business.
3. Asiabev Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and currently dormant.
4. Baan Sawasdee Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in real-estate investment.
5. Bang-Na Glass Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the manufacturing of glass containers.
6. Berli Jucker Public Company Limited	: This investment holding company is a subsidiary of TCC Holding Co., Ltd.
7. Berli Jucker Cellox Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the trading of paper tissue.
8. Berli Jucker Foods Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the manufacturing and trading of snack foods.
9. Berli Jucker Logistics Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the provision of logistic services.
10. Berli Jucker Special Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the marketing and distribution of raw materials and ingredients in various sectors, including but not limited to healthcare, construction and beverage sectors.
11. Bhandhamitri Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in property management.
12. BJC Engineering Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the provision of engineering services.
13. BJC Marketing Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the marketing and distribution of primarily wines, canned food and soap.
14. BJC Trading Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the trading of medical supplies, stationery and office supplies.
15. B.T.C.L. Trading Public Company Limited	: This investment holding company is a subsidiary of TCC Holding Co., Ltd.

<u>Interested Persons</u>	<u>Relationship with Our Group</u>
16. Chalitlarp Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in real-estate investment.
17. Chang Beer International Co., Ltd.	: This company was a subsidiary of TCC Holding Co., Ltd. at the time of the transaction and currently dormant.
18. Cosmo Liquor Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and currently dormant.
19. Dhipaya Sugar (1999) Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the trading of sugar.
20. Golden Wealth Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in real-estate management.
21. Indara Insurance Public Company Limited	: This insurance company is a subsidiary of TCC Holding Co., Ltd.
22. Lake View Golf and Yacht Club Co., Ltd.	: This investment holding company is a subsidiary of TCC Holding Co., Ltd.
23. Lake View Land Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the provision of golf course services.
24. Mae Ping Hotel (1988) Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and is engaged in the hotel business.
25. Nakornchuen Co., Ltd.	: This investment holding company is a subsidiary of TCC Holding Co., Ltd.
26. N.C.C. Management and Development Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the management of convention centers.
27. North Park Golf and Sports Club Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the provision of golf and sports club services.
28. Phonratana Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and currently dormant.
29. Pisetkij Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the trading of factory remnants.
30. Plaza Athenee Hotel (Thailand) Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in hotel management.
31. Siam Realty Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in property management.
32. Southeast Capital Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the leasing of vehicles.
33. Sukhothai Marketing Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and currently dormant.
34. T.C.C. Advisory Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in property investment.
35. T.C.C. Agro Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in agricultural business.
36. T.C.C. Capital Co., Ltd.	: This investment holding company is a subsidiary of TCC Holding Co., Ltd.
37. T.C.C. Commercial Property Management Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in property management.
38. T.C.C. Liquor Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and currently dormant.

<u>Interested Persons</u>	<u>Relationship with Our Group</u>
39. T.C.C. Technology Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the provision of IT services.
40. Tara Hotel Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the provision of hotel services.
41. Thai Beverage Can Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the production of beverage cans.
42. Thai Charoen Insurance Public Company Limited	: This insurance company is a subsidiary of TCC Holding Co., Ltd.
43. Thai Glass Industries Public Company Limited	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the manufacturing of glass containers.
44. The Chonburi Sugar Corporation Limited	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the manufacturing of sugar.
45. The Maewang Sugar Industry Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the manufacturing of sugar.
46. The New Imperial Hotel Public Company Limited	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the provision of hotel services.
47. The Southeast Life Insurance Co., Ltd.	: This insurance company is a subsidiary of TCC Holding Co., Ltd.
48. The Southeast Insurance (2000) Co., Ltd.	: This insurance company is a subsidiary of TCC Holding Co., Ltd.
49. The Suphanburi Sugar Industry Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the manufacturing of sugar.
50. The Utaradit Sugar Industry Co., Ltd.	: This company is a subsidiary of TCC Holding Co., Ltd. and engaged in the manufacturing of sugar.
51. Wattanapat Trading Co., Ltd.	This investment holding company is a subsidiary of TCC Holding Co., Ltd.
LSPV group	
52. LSPV (2001) Co., Ltd.	: Our Director and controlling shareholder, Mr. Charoen Sirivadhanabhakdi, has an indirect interest in more than 50% of the issued share capital of LSPV (2001) Co., Ltd., an investment holding company incorporated in Thailand.
53. Aphiboon Co., Ltd.	: This company was a subsidiary of LSPV (2001) Co., Ltd. and currently dormant.
54. Dolpak Co., Ltd.	: This company is a subsidiary of LSPV (2001) Co., Ltd. and currently dormant.
55. LSPV Co., Ltd.	: This company is a subsidiary of LSPV (2001) Co., Ltd. and currently dormant.
56. Nongkhai Country Golf Club Co., Ltd.	: This company is a subsidiary of LSPV (2001) Co., Ltd. and engaged in the provision of golf course services.
57. Plastic Agachon Co., Ltd.	: This company is a subsidiary of LSPV (2001) Co., Ltd. and currently dormant.
58. Poon Peum Karnsura Co., Ltd.	: This company is a subsidiary of LSPV (2001) Co., Ltd. and currently dormant.

<u>Interested Persons</u>	<u>Relationship with Our Group</u>
59. Suramaharas Public Company Limited	: This company was a subsidiary of LSPV (2001) Co., Ltd. and liquidated on September 13, 2005.
57. Surathip Saen Sukho Co., Ltd.	: This company was a subsidiary of LSPV (2001) Co., Ltd. and liquidated on January 21, 2005.
60. Surathip Sawan Vichitr Co., Ltd.	: This company was a subsidiary of LSPV (2001) Co., Ltd. and liquidated on January 24, 2005.
61. Surathip Vien Ping Co., Ltd.	: This company was a subsidiary of LSPV (2001) Co., Ltd. and liquidated on January 26, 2005.
62. U.W.D. Marketing Co., Ltd.	: This company is a subsidiary of LSPV (2001) Co., Ltd. and currently dormant.
 Controlled Companies	
63. Chang International Limited	: Our Principal Shareholders, Mr. Thapana Sirivadhanabhakdi (who is also our Director) and Ms. Atinant Sirivadhanabhakdi, are each a controlling shareholder holding 50% of the issued share capital of Chang International Limited, a company incorporated in the British Virgin Islands. This company is currently dormant.
64. Offshore Enterprises Co., Ltd.	: Our Director, Mr. Vivat Tejapaibul has a direct shareholding interest of approximately 72.5% in Offshore Enterprises Co., Ltd., an investment holding company.
65. P.S. Recycle Co., Ltd.	: The brother of our Director and controlling shareholder, Mr. Charoen Sirivadhanabhakdi, has a shareholding interest of approximately 100.0% in P.S. Recycle Co., Ltd., a company engaged in the sale of used bottles and the purchase of factory remnants.
66. Pan Glass Industry Co., Ltd.	: This company is currently dormant and an associate of Mr. Charoen Sirivadhanabhakdi.
67. Queen's Park Hotel Co., Ltd.	: This investment holding company is a subsidiary of Charoenwannakij Co., Ltd., an investment company incorporated in Thailand in which our Directors and controlling shareholders, Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi have an aggregate shareholding interest of approximately 99.98%.
68. Sinthanasatith Co., Ltd.	: This company is currently dormant and an associate of Mr. Charoen Sirivadhanabhakdi.
 Funds	
69. New Noble Property and Loan Fund	Our Directors and controlling shareholders, Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi and their associates are the principal beneficiaries of this real-estate investment fund, which is constituted in Thailand.
70. Regent Gold Property Fund	Our Directors and controlling shareholders, Mr. Charoen Sirivadnanabhakdi and Khunying Wanna Sirivadhanabhakdi and their associates are the principal beneficiaries of this real-estate investment fund, which is constituted in Thailand.

Interested Persons

71. Royal Residence Property and Loan Fund

Relationship with Our Group

Our Directors and controlling shareholders, Mr. Charoen Sirivadhanabhakdi and Khunying Wanna Sirivadhanabhakdi and their associates are the principal beneficiaries of this real-estate investment fund, which is constituted in Thailand.

Section (ii)—List of our Mandated Interested Persons

Mandated Interested Persons

1. TCC Holding Co., Ltd.
2. Bang-Na Glass Co., Ltd.
3. Berli Jucker Cellox Co., Ltd.
4. BJC Engineering Co., Ltd.
5. Berli Jucker Foods Co., Ltd.
6. Berli Jucker Logistics Co., Ltd.
7. Berli Jucker Public Company Limited
8. Berli Jucker Special Co., Ltd.
9. BJC Marketing Co., Ltd.
10. BJC Trading Co., Ltd.
11. Chalitlarp Co., Ltd.
12. Dhipaya Sugar (1999) Co., Ltd.
13. Golden Wealth Co., Ltd.
14. Indara Insurance Public Company Limited
15. Lake View Golf and Yacht Club Co., Ltd.
16. Lake View Land Co., Ltd.
17. Mae Ping Hotel (1988) Co., Ltd.
18. N.C.C. Management and Development Co., Ltd.
19. New Noble Property and Loan Fund
20. Nongkhai Country Golf Club Co., Ltd.
21. North Park Golf and Sports Club Co., Ltd.
22. P.S. Recycle Co., Ltd.
23. Pisetkij Co., Ltd.
24. Plastic Agachon Co., Ltd.
25. Plaza Athenee Hotel (Thailand) Co., Ltd.
26. Queen's Park Hotel Co., Ltd.
27. Regent Gold Property Fund
28. Siam Realty Co., Ltd.
29. Southeast Capital Co., Ltd.
30. The Southeast Insurance (2000) Co., Ltd.
31. The Southeast Life Insurance Co., Ltd.
32. The Suphanburi Sugar Industry Co., Ltd.
33. Tara Hotel Co., Ltd.
34. T.C.C. Agro Co., Ltd.
35. T.C.C. Capital Co., Ltd.
36. T.C.C. Commercial Property Management Co., Ltd.
37. T.C.C. Technology Co., Ltd.
38. Thai Beverage Can Co., Ltd.

Mandated Interested Persons

39. Thai Charoen Insurance Public Company Limited
40. The Chonburi Sugar Corporation Limited
41. Thai Glass Industries Public Company Limited
42. The Maewang Sugar Industry Co., Ltd.
43. The New Imperial Hotel Public Company Limited
44. The Utaradit Sugar Industry Co., Ltd.



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