

Thai Beverage Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2006 and 2005

(f) Inventories

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

Cost of raw material, packaging materials, work in progress and finished goods is calculated using the weighted average cost 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 to complete and to make the sale.

(g) Investments

Investments in subsidiaries and associates

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

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

Investments in other equity securities

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

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

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

Disposal of investments

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

(h) Property, plant and equipment

Owned assets

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

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

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

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

Subsequent expenditure

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

Depreciation

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvement	5-20 years
Building and structures	5-40 years
Building improvements	5-20 years
Machinery and equipment	4-40 years
Oak barrels	10-20 years
Furniture, fixtures and office equipment	3-10 years
Vehicles	5-10 years

No depreciation is provided on freehold land and assets under construction.

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(i) Intangible assets

Goodwill

Goodwill in a business combination represents the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired.

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

Other intangible assets

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

Amortisation

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

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

(j) 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.

(k) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the period of the borrowings on an effective interest basis.

(l) Trade and other accounts payable

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

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(m) Provisions

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

(n) Difference arising from common control transactions

Difference arising from common control transactions relates to the restructuring of businesses under the common control of the ultimate majority shareholder of the Company and arises from the difference between the cost of the combination and the carrying amounts of net identifiable assets at the date of combination (except for businesses acquired that are not under common control, net identifiable assets are measured at the fair value). The Company recognises the difference arising from common control transactions under shareholders' equity until disposal of the investment.

(o) Revenue

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

Sale of goods and services rendered

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

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

Construction contracts

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

Interest and dividend income

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

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(p) Expenses

Operating leases

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

Finance costs

Interest expenses and similar costs are charged to the statement of income in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

Research and development

Research and development costs, including costs of developing new drinks products and package design is expensed in the period in which it is incurred.

Other income and expenses are recognised on an accrual basis.

(q) Income tax

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

4 Business restructuring

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

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

The difference between the cost of the combination and the carrying amounts of net identifiable assets at the date of combination (except for businesses acquired that were not under common control, whereby net identifiable assets were measured at their fair value) was recorded as "Difference arising from common control transactions", which is shown as a reduction in shareholders' equity.

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

In 2005, the Group entered into four transfer transactions involving entities under common control, namely the transfer of Cosmos Brewery (Thailand) Co., Ltd., T.C.C. Cosmo Corporation Ltd., Beer Chang Co., Ltd. and Archa Beer Co., Ltd. from the ultimate controlling shareholder, who controlled the businesses and operations of the four companies transferred to the Group both before and after the transfer. Accordingly, the transfer of businesses and operations has been accounted for in a manner similar to a pooling of interests, as previously applied to similar transactions in 2003. As such, the Company has prepared the consolidated financial statements as if the transfers were completed at the beginning of the earliest period presented.

The result of the transfer was an increase in "Difference arising from common control transactions" of Baht 6,326.65 million. This represents the difference between consideration of Baht 9,646 million paid to the ultimate controlling shareholder of the Group and the carrying amounts of net identifiable assets of the four companies at the date of the transfer of Baht 3,319.35 million.

Subsequently, in 2006, a further 20 entities were transferred to the Group in transactions involving entities under common control, namely Pacific Spirits (UK) Limited (consisting of 15 subsidiaries and three associates) and Best Spirits Company Limited. The result of the transfer was an increase in "Difference arising from common control transactions" of Baht 1,162.14 million. This represents the difference between consideration of Baht 1,505.24 million paid to the ultimate controlling shareholder of the Group and the carrying amounts of net identifiable assets of the two companies at the date of the transfer of Baht 343.10 million.

During the year 2006 and 2005, prior to being transferred to the Company, certain businesses, now subsidiaries of the Company, increased their share capital in the amount of Baht 27.04 million and Baht 46.59 million, respectively. The currency translation change reserves of those subsidiaries amounted to Baht 8.54 million and Baht 17.69 million, respectively. The profits (losses) of such entities transferred prior to restructuring amounted to Baht (23.87) million and Baht 204.47 million, respectively.

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Restatement

The consolidated financial statements for the year ended 31 December 2005 have been restated as a result of 20 transactions involving entities under common control, which occurred in 2006 and were accounted for in a manner similar to a pooling of interest method. The effects of the restatement on the consolidated balance sheet as at 31 December 2005 and the consolidated statement of income for the year ended 31 December 2005 are summarised as follows:

	Balance previously reported	Consolidated 2005 Effect of the restatement <i>(in million Baht)</i>	Balance after restatement
Balance sheet			
Total assets	81,211.38	5,925.65	87,137.03
Total liabilities	49,845.35	5,577.17	55,422.52
Difference arising from common control transactions	(15,979.26)	348.47	(15,630.79)
Shareholders' equity	31,366.03	348.47	31,714.50
	Results previously reported	Effect of the restatement <i>(in million Baht)</i>	Results after restatement
Statement of income			
Net profit	10,409.37	(72.12)	10,337.25
Basic earnings per share (Baht)	0.47	-	0.47

5 Related party transactions and balances

Related parties are those parties linked to the Group and the Company by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market prices exist, at contractually agreed prices.

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

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

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Transactions for the years ended 31 December 2006 and 2005 with related parties were summarised as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Revenues				
Revenue from sales	145.84	382.22	-	-
Service income	32.63	9.03	3,432.47	2,349.83
Interest income	0.02	27.45	843.88	615.87
Other income	18.30	24.96	4.87	1.92
Share of profits from investments accounted for using the equity method	23.68	22.04	9,128.59	9,812.31
Expenses				
Purchase of raw materials and packaging	4,800.28	4,067.74	-	-
Production service fees	1.99	10.70	-	-
Overhead costs	175.23	235.86	-	-
Interest expense	109.00	103.13	885.51	356.91
Other expenses	274.21	249.82	-	-
Directors' remuneration	264.76	250.93	254.73	218.04
Others				
Sale of investments	-	1,108.98	-	-
Sale of property	-	474.83	-	-
Sale of plant and equipment	0.66	52.02	-	-
Consideration paid for common control transactions	1,505.24	9,646.00	-	9,619.91
Purchase of investments	-	-	110.00	-
Purchase of property	-	491.35	-	-
Purchase of equipment and others	3.76	17.36	-	27.85

Balances as at 31 December 2006 and 2005 with related parties were as follows:

Trade accounts receivable

*(being part of trade accounts
receivable in the balance sheets)*

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
PS Recycle Co., Ltd.	6.67	8.83	-	-
Madrigal Trading Ltd.	5.74	-	-	-
Pisetkij Co., Ltd.	3.85	6.49	-	-
Oishi Trading Co., Ltd.	2.57	-	-	-
U W D Marketing Co., Ltd.	-	34.15	-	-
Others	2.25	1.80	-	-
Total	21.08	51.27	-	-

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Short-term loans to and amounts due from related parties

	Consolidated			The Company			
	2006	2005	2006	2005	2006	2005	
	Short-term loans to	Short-term loans to	Short-term loans to	Short-term loans to	Short-term loans to	Short-term loans to	
	Amounts due from	Amounts due from	Amounts due from	Amounts due from	Amounts due from	Amounts due from	
	Total	Total	Total	Total	Total	Total	
	<i>(in million Baht)</i>						
Subsidiaries (continued)							
Num Muang Co., Ltd.	-	-	46.67	-	46.67	65.02	
Num Nakorn Co., Ltd.	-	-	24.55	-	24.55	34.01	
Num Palang Co., Ltd.	-	-	38.91	-	38.91	55.60	
Num Kijjakarn Co., Ltd.	-	-	89.36	-	89.36	119.29	
Pomthip Co., Ltd.	-	-	37.32	-	37.32	11.06	
Pomkit Co., Ltd.	-	-	106.68	-	106.68	15.96	
Pomkung Co., Ltd.	-	-	39.84	-	39.84	9.98	
Pomchok Co., Ltd.	-	-	47.81	-	47.81	10.74	
Pomcharoen Co., Ltd.	-	-	20.92	-	20.92	5.85	
Pomburapa Co., Ltd.	-	-	35.35	-	35.35	7.80	
Bionic Humus Co., Ltd.	-	-	0.12	23.00	23.12	0.05	
Maharas Agri Co., Ltd.	-	-	0.06	13.30	13.36	0.02	
Sahatipkarnkonsong Co., Ltd.	-	-	-	50.00	50.00	-	
Dhospaak Co., Ltd.	-	-	-	-	-	120.00	
Bang-Na Logistic Co., Ltd.	-	-	-	-	-	185.50	
Thai Beverage Marketing Co., Ltd.	-	-	-	-	-	310.00	
International Beverage Holdings Ltd.	-	-	-	-	-	50.00	
Total subsidiaries	-	-	1,483.77	8.29	1,492.06	-	
	-	-	14,868.47	1,667.55	16,536.02	1,301.69	
	-	-	-	-	13,739.90	15,041.59	

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	Consolidated			The Company			
	2006	2005	2006	2005	2006	2005	
	Short-term loans to	Short-term loans to	Short-term loans to	Short-term loans to	Short-term loans to	Short-term loans to	
	Amounts due from	Amounts due from	Amounts due from	Amounts due from	Amounts due from	Amounts due from	
	Total	Total	Total	Total	Total	Total	
	<i>(in million Baht)</i>						Total
Related companies							
Plastic Agachon Co., Ltd.	-	40.85	-	-	-	-	
The Suphanburi Sugar Industry Co., Ltd.	-	12.03	-	-	-	-	
The Choburi Sugar Corp. Ltd.	-	7.97	-	-	-	-	
The Mae Wang Sugar Industry Co., Ltd.	-	6.52	-	-	-	-	
The Uttaradit Sugar Industry Co., Ltd.	-	6.67	-	-	-	-	
Surasate (2005) Co., Ltd.	-	-	-	38.50	-	-	
Padermchai Co., Ltd.	-	0.01	-	21.75	-	-	
TCC ARGO Co., Ltd.	-	1.96	-	3.25	-	-	
Pisetkij Co., Ltd.	-	6.87	-	1.22	-	-	
Thai Glass Industries Co., Ltd.	-	1.46	-	0.44	-	-	
Thai Charoen Insurance PCL.	-	1.81	-	1.21	-	-	
Southeast Assurance (2000) Co., Ltd.	-	1.75	-	0.06	-	-	
New Noble Property And Loan Fund	-	3.55	-	0.30	-	-	
Dynamic Assets Property and Loan Fund	-	13.04	-	-	-	-	
Best Spirits (China) Co., Ltd.	-	-	-	2.56	-	-	
T.C.C. Ningbo Best Spirits Co., Ltd.	-	-	-	13.30	-	-	
Sukhothai Marketing Co., Ltd.	-	-	-	1.18	-	-	
Others	-	0.69	-	0.64	-	-	
Total related companies	-	64.33	40.85	157.68	1,667.55	1,301.69	
Total	-	64.33	40.85	157.68	16,536.02	15,041.59	

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Movements during the years on short-term loans to related parties were as follows:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
At 1 January	40.85	417.69	13,739.90	15,395.90
Increase	-	6,483.15	13,572.80	15,588.28
Decrease	(40.85)	(6,859.99)	(12,444.23)	(17,244.28)
At 31 December	-	40.85	14,868.47	13,739.90

Trade accounts payable

(being part of trade accounts payable in the balance sheets)

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Berli Jucker PCL.	553.92	273.74	-	-
Thai Beverage Can Ltd.	126.04	97.00	-	-
Pisetkij Co., Ltd.	59.58	58.78	-	-
PS Recycle Co., Ltd.	74.11	75.98	-	-
The Suphanburi Sugar Industry Co., Ltd.	3.35	-	-	-
Yunnan Yunlinquan Liquor Co., Ltd.	-	8.15	-	-
Others	2.31	7.47	-	-
Total	819.31	521.12	-	-

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	Consolidated			The Company					
	2006		2005	2006		2005			
	Short-term loans to	Amounts due from	Amounts due from (in million Baht)	Short-term loans to	Amounts due from	Short-term loans to	Amounts due from	Total	
Subsidiaries									
Beer Thip Brewery (1991) Co., Ltd.	-	-	-	3,489.00	17.78	3,506.78	990.00	3.08	993.08
Sangsom Co., Ltd.	-	-	-	1,052.00	4.58	1,056.58	2,263.00	9.05	2,272.05
Fuengfuanant Co., Ltd.	-	-	-	200.00	0.80	200.80	140.00	0.55	140.55
Thanapakdi Co., Ltd.	-	-	-	130.00	0.28	130.28	20.00	0.03	20.03
Mongkolsamai Co., Ltd.	-	-	-	92.00	0.08	92.08	135.00	0.57	135.57
Athimart Co., Ltd.	-	-	-	193.40	0.59	193.99	180.00	0.71	180.71
S.S. Kamsura Co., Ltd.	-	-	-	396.00	1.46	397.46	329.60	1.40	331.00
Theparunothai Co., Ltd.	-	-	-	286.00	1.14	287.14	311.00	0.95	311.95
United Winery and Distillery Co., Ltd.	-	-	-	394.00	2.01	396.01	212.00	0.90	212.90
Thipecalothon Co., Ltd.	-	-	-	-	-	-	686.00	2.36	688.36
Krittayabun Co., Ltd.	-	-	-	473.40	3.57	476.97	710.00	3.03	713.03
Surathip Co., Ltd.	-	-	-	594.30	2.68	596.98	916.00	3.56	919.56
Sunthronpirom Co., Ltd.	-	-	-	1,201.30	5.66	1,206.96	1,053.80	4.23	1,058.03
Piromsurang Co., Ltd.	-	-	-	772.50	3.78	776.28	795.00	3.19	798.19
Num Yuk Co., Ltd.	-	-	-	120.00	0.33	120.33	352.00	0.37	352.37
Num Thurakij Co., Ltd.	-	-	-	175.30	0.66	175.96	284.00	0.74	284.74
Num Muang Co., Ltd.	-	-	-	170.00	0.87	170.87	530.60	1.19	531.79
Num Nakorn Co., Ltd.	-	-	-	125.80	0.30	126.10	171.50	0.41	171.91
Num Palang Co., Ltd.	-	-	-	94.70	0.05	94.75	236.00	0.54	236.54
Num Kijjakarn Co., Ltd.	-	-	-	1,248.95	5.48	1,254.43	1,211.10	4.30	1,215.40
Thai Molasses Co., Ltd.	-	-	-	83.00	0.10	83.10	60.00	0.07	60.07
Thai Cooperage Co., Ltd.	-	-	-	176.50	0.80	177.30	9.50	0.04	9.54
Cosmos Brewery (Thailand) Co., Ltd.	-	-	-	2,097.00	10.69	2,107.69	2,050.00	7.08	2,057.08
Pomthip Co., Ltd.	-	-	-	444.80	2.09	446.89	388.00	1.35	389.35
Pomkit Co., Ltd.	-	-	-	1,603.10	6.88	1,609.98	255.00	0.46	255.46

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	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
At 1 January	4,015.39	4,505.21	15,540.60	7,684.20
Increase	630.35	46.21	21,391.94	22,795.80
Decrease	(30.51)	(536.03)	(19,576.44)	(14,939.40)
At 31 December	<u>4,615.23</u>	<u>4,015.39</u>	<u>17,356.10</u>	<u>15,540.60</u>

6 Cash and cash equivalents

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Cash on hand	32.55	22.51	0.02	0.02
Cash at banks	<u>1,887.03</u>	<u>3,375.48</u>	<u>15.60</u>	<u>18.54</u>
Total	<u>1,919.58</u>	<u>3,397.99</u>	<u>15.62</u>	<u>18.56</u>

7 Trade accounts receivable, net

	<i>Note</i>	Consolidated		The Company	
		2006	2005	2006	2005
		<i>(in million Baht)</i>			
Trade accounts receivable from related parties	5	21.08	51.27	-	-
Trade accounts receivable from other parties		1,320.74	1,431.11	-	-
Less allowance for doubtful accounts		<u>(23.89)</u>	<u>(18.73)</u>	<u>-</u>	<u>-</u>
Total		<u>1,317.93</u>	<u>1,463.65</u>	<u>-</u>	<u>-</u>

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Within credit terms	957.98	1,123.96	-	-
Overdue:				
Less than 3 months	343.07	242.86	-	-
3 - 6 months	17.15	39.33	-	-
6 - 12 months	18.42	39.06	-	-
Over 12 months	5.20	37.17	-	-
	<u>1,341.82</u>	<u>1,482.38</u>	<u>-</u>	<u>-</u>
Less allowance for doubtful accounts	<u>(23.89)</u>	<u>(18.73)</u>	<u>-</u>	<u>-</u>
Net	<u>1,317.93</u>	<u>1,463.65</u>	<u>-</u>	<u>-</u>

The normal credit term granted by the Group is 7 - 150 days.

Thai Beverage Public Company Limited and its Subsidiaries
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For the years ended 31 December 2006 and 2005

8 Inventories

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Raw materials	1,379.46	921.61	-	-
Packaging materials	523.61	516.43	-	-
Maturing spirits	8,160.89	7,065.93	-	-
Work in progress	3,406.65	3,243.37	-	-
Finished goods				
- at cost	13,235.05	15,958.20	-	-
- at net realisable value	880.66	279.86	-	-
Spare parts	488.81	540.25	-	-
Others	240.03	221.37	-	-
Total	<u>28,315.16</u>	<u>28,747.02</u>	<u>-</u>	<u>-</u>

As at 31 December 2005, certain finished goods of subsidiaries with a carrying amount of Baht 4,054.76 million were pledged as security for short-term loans from financial institutions and a long-term loan as disclosed in Note 15.

9 Other current assets

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Prepaid excise tax	687.75	1,553.55	-	-
Refundable VAT	380.58	260.80	8.95	8.06
Deposits	374.23	103.35	0.19	0.09
Prepaid property tax	151.77	148.44	-	-
Refundable excise tax	102.51	168.35	-	-
Prepaid expenses	55.75	133.11	0.84	0.75
Prepaid income tax	51.87	33.63	-	-
Withholding tax	30.52	43.32	-	-
Advanced payments	37.14	44.23	7.01	-
Advanced payments for construction	9.56	74.74	-	-
Others	50.66	23.50	-	0.66
	<u>1,932.34</u>	<u>2,587.02</u>	<u>16.99</u>	<u>9.56</u>
Less allowance for doubtful accounts	(18.10)	(14.02)	-	-
Net	<u>1,914.24</u>	<u>2,573.00</u>	<u>16.99</u>	<u>9.56</u>

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Notes to the financial statements
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10 Investments accounted for using the equity method

	The Company	
	2006	2005
	<i>(in million Baht)</i>	
Net book value at 1 January	68,045.38	59,761.28
Purchase of investments	110.00	9,619.91
Increase in share capital in subsidiaries	400.00	535.05
Adjustment of difference arising from common control transactions (Note 4)	(1,162.14)	(6,326.65)
Share of net profits of investments - equity method	9,128.59	9,812.30
Dividend income	(8,055.41)	(5,235.68)
Surplus on assets revaluation	1.53	(114.48)
Excess of share of losses over costs of investments	937.24	(0.93)
Unrealised loss on investment in securities of subsidiary	-	(0.08)
Currency translation changes	(14.17)	(5.34)
Net book value at 31 December	<u>69,391.02</u>	<u>68,045.38</u>

Disclosed as:

	The Company	
	2006	2005
	<i>(in million Baht)</i>	
Investments accounted for using the equity method	69,391.02	68,045.38
Excess of share of losses over costs of investments	(937.92)	(0.67)
Total	<u>68,453.10</u>	<u>68,044.71</u>

Thai Beverage Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2006 and 2005

Investments accounted for using the equity method for consolidated financial statements as at 31 December 2006 and 2005, and dividend income from those investments during the years ended on those dates, were as follows:

	Ownership interest		Paid-up capital		Consolidated Cost method		Equity method		Dividend income	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	(in million Baht)									
Associates										
<i>Held by subsidiaries of indirect subsidiaries</i>										
Liquorland Limited	49.90	49.90	69.06	69.06	51.35	51.35	135.49	128.78	16.97	23.39
Inver House Polska Limited	40.00	40.00	8.50	8.50	3.75	3.75	-	-	-	-
Inver House Distribution SA	50.00	50.00	1.70	1.70	0.85	0.85	-	-	-	-

Investments accounted for using the equity method for the separate financial statements as at 31 December 2006 and 2005, and dividend income from those investments during the years ended on those dates, were as follows:

	Ownership interest		Paid-up capital		The Company Cost method		Equity method		Dividend income	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	(in million Baht)									
Direct subsidiaries										
Beer Thai (1991) PCL.	100.00	100.00	5,550.00	5,550.00	12,500.00	12,500.00	9,156.18	8,944.94	821.40	666.00
Beer Thip Brewery (1991) Co., Ltd.	100.00	100.00	6,600.00	6,600.00	12,500.00	12,500.00	9,185.50	8,894.18	1,089.00	660.00
Cosmos Brewery (Thailand) Co., Ltd.	100.00	100.00	1,666.67	1,666.67	5,150.00	5,150.00	3,431.43	3,308.38	256.67	-
Thai Alcohol PCL.	100.00	100.00	800.00	800.00	1,665.60	1,665.60	2,200.96	2,333.72	120.00	80.00
Sangsom Co., Ltd.	100.00	100.00	7,500.00	7,500.00	7,500.00	7,500.00	10,846.15	11,473.56	840.00	562.50
Red Bull Distillery (1988) Co., Ltd.	100.00	100.00	3,000.00	3,000.00	3,000.00	3,000.00	3,286.78	3,478.71	-	30.00
United Winery and Distillery Co., Ltd.	100.00	100.00	1,800.00	1,800.00	1,800.00	1,800.00	2,046.13	2,025.71	66.60	21.60
Sura Bangyikhan Co., Ltd.	100.00	100.00	4,000.00	4,000.00	4,000.00	4,000.00	6,161.19	5,952.10	60.00	80.00
Fuengfuanant Co., Ltd.	100.00	100.00	900.00	900.00	900.00	900.00	1,314.15	1,301.14	104.40	112.50
Athimart Co., Ltd.	100.00	100.00	900.00	900.00	900.00	900.00	1,262.76	1,258.97	108.90	135.00
S.S. Karnsura Co., Ltd.	100.00	100.00	800.00	800.00	800.00	800.00	1,281.26	1,259.23	128.80	120.00
Kankwan Co., Ltd.	100.00	100.00	800.00	800.00	800.00	800.00	1,171.72	1,150.26	122.40	160.00

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	Ownership interest (%)		Paid-up capital		The Company		Equity method		Dividend income	
	2006	2005	2006	2005	Cost method	2006	2005	2006	2005	
	<i>(in million Baht)</i>									
<i>Direct subsidiaries (Continued)</i>										
Theparunothai Co., Ltd.	100.00	100.00	700.00	700.00	700.00	1,038.06	1,017.71	95.20	105.00	
Thanapakdi Co., Ltd.	100.00	100.00	700.00	700.00	700.00	845.82	834.72	24.50	-	
Mongkolsamai Co., Ltd.	100.00	100.00	700.00	700.00	700.00	808.88	843.81	24.50	-	
Simathurakij Co., Ltd.	100.00	100.00	900.00	900.00	900.00	1,157.70	1,134.23	22.50	54.00	
Kanchanasingkorn Co., Ltd.	100.00	100.00	700.00	700.00	700.00	968.10	973.97	32.20	52.50	
Luekchai Liquor Trading Co., Ltd.	100.00	100.00	800.00	800.00	800.00	1,413.04	1,386.02	24.00	40.00	
Nateechai Co., Ltd.	100.00	100.00	800.00	800.00	800.00	1,211.23	1,171.43	37.60	100.00	
Thipchalothorn Co., Ltd.	100.00	100.00	1.00	1.00	2.59	165.43	345.36	232.79	149.99	
Kritayabun Co., Ltd.	100.00	100.00	5.00	5.00	26.65	187.23	229.73	234.50	55.00	
Surathip Co., Ltd.	100.00	100.00	1.20	1.20	6.84	673.10	630.62	413.31	191.90	
Sunthronpirom Co., Ltd.	100.00	100.00	5.00	5.00	24.75	1,017.77	892.94	436.99	400.00	
Piromsurang Co., Ltd.	100.00	100.00	5.00	5.00	23.80	707.51	690.79	350.00	300.00	
T.C.C. Cosmo Corporation Ltd.	100.00	100.00	5.00	5.00	38.95	9.19	6.07	0.06	-	
Pomthip Co., Ltd.	100.00	100.00	10.00	10.00	10.00	221.84	143.36	100.00	70.00	
Pomkit Co., Ltd.	100.00	100.00	10.00	10.00	10.00	323.88	40.10	116.00	130.00	
Pomkung Co., Ltd.	100.00	100.00	10.00	10.00	10.00	205.04	96.32	74.00	50.00	
Pomehok Co., Ltd.	100.00	100.00	10.00	10.00	10.00	410.52	224.82	155.00	100.00	
Pomcharoen Co., Ltd.	100.00	100.00	10.00	10.00	10.00	27.35	7.96	-	25.00	
Pomburapra Co., Ltd.	100.00	100.00	10.00	10.00	10.00	294.18	158.90	93.00	60.00	
Num Yuk Co., Ltd.	100.00	100.00	10.00	10.00	10.00	723.48	671.04	247.04	200.00	
Num Kijjakarn Co., Ltd.	100.00	100.00	10.00	10.00	10.00	1,228.42	1,102.28	604.00	200.00	
Num Palang Co., Ltd.	100.00	100.00	10.00	10.00	10.00	394.86	387.43	170.33	30.00	
Num Muang Co., Ltd.	100.00	100.00	10.00	10.00	10.00	507.27	498.89	267.00	50.00	
Num Nakorn Co., Ltd.	100.00	100.00	10.00	10.00	10.00	198.94	202.45	119.04	20.00	
Num Thurakij Co., Ltd.	100.00	100.00	10.00	10.00	10.00	385.11	390.48	196.31	60.00	
Beer Chang Co., Ltd.	100.00	100.00	1.00	1.00	4,301.04	187.32	166.87	95.55	-	
Archa beer Co., Ltd.	100.00	100.00	1.00	1.00	129.92	34.26	4.95	1.60	-	
Maharas Agri Co., Ltd.	100.00	100.00	2.00	2.00	2.00	-	-	-	-	
Pan International (Thailand) Co., Ltd.	100.00	100.00	1.00	1.00	53.62	73.71	59.28	18.86	21.98	
Additive Food Co., Ltd.	100.00	100.00	1.00	1.00	38.11	41.38	31.04	12.41	6.00	
Charun Business 52 Co., Ltd.	100.00	100.00	121.80	121.80	84.53	103.56	102.27	-	-	

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	Ownership interest (%)		Paid-up capital		The Company		Equity method		Dividend income		
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	
					<i>(in million Baht)</i>						
<i>Direct subsidiaries (Continued)</i>											
Bionic Humus Co., Ltd.	100.00	100.00	10.00	10.00	14.36	14.36	5.56	12.76	-	3.50	
Thai Molasses Co., Ltd.	99.72	99.72	40.00	40.00	35.41	35.41	117.67	88.35	62.70	47.86	
Sahatipkarnkonsong Co., Ltd.	100.00	100.00	12.00	12.00	12.00	12.00	85.10	60.12	22.80	9.60	
Thai Cooperage Co., Ltd.	100.00	100.00	300.00	300.00	300.00	300.00	553.70	515.10	7.80	-	
Dhanasindhi Co., Ltd.	100.00	100.00	20.00	20.00	23.89	23.89	32.14	32.52	8.40	-	
Bang-Na Logistic Co., Ltd.	100.00	100.00	123.00	123.00	134.07	134.07	196.57	169.47	29.75	30.75	
Thai Beverage Marketing Co., Ltd.	100.00	100.00	300.00	300.00	300.00	300.00	931.04	840.95	7.50	45.00	
Dhospaak Co., Ltd.	100.00	100.00	25.00	25.00	61.50	61.50	61.22	15.10	-	-	
International Beverage Holdings Limited	100.00	100.00	535.10	535.10	535.10	535.10	-	484.27	-	-	
Sura Piset Thipparat Co., Ltd.	100.00	-	500.00	-	510.00	-	499.63	-	-	-	
Total					<u>63,594.73</u>	<u>63,084.73</u>	<u>69,391.02</u>	<u>68,045.38</u>	<u>8,955.41</u>	<u>5,235.68</u>	

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12 Property, plant and equipment

	<i>Land</i>		Consolidated							Total	
	Cost	surplus on land revaluation	Land improvement	Building and improvements	Machinery and equipment	Oak barrels	Furniture fixtures and office equipment	Vehicles	Construction in progress		
<i>Cost/valuation</i>					<i>(in million Baht)</i>						
At 1 January 2005	7,856.60	6,699.71	719.20	15,361.49	34,031.61	2,782.31	447.87	2,698.08	1,479.71	72,076.58	
Additions	560.54	20.35	0.06	28.54	153.66	5.80	74.37	50.77	6,428.27	7,322.36	
Transfers	-	-	0.83	150.68	796.59	-	50.90	(2.46)	(739.04)	257.50	
Disposals	(475.84)	(134.83)	-	(138.75)	(91.70)	(35.19)	(11.75)	(30.88)	(0.88)	(919.82)	
At 31 December 2005	7,941.30	6,585.23	720.09	15,401.96	34,890.16	2,752.92	561.39	2,715.51	7,168.06	78,736.62	
Additions	423.65	3.16	1.95	200.19	1,069.89	30.79	83.63	29.43	2,199.01	4,041.70	
Transfers	-	-	434.07	795.84	5,438.83	0.18	(35.11)	(20.84)	(6,612.97)	-	
Disposals	(0.12)	(1.63)	(1.96)	(10.54)	(92.01)	(0.22)	(11.11)	(25.23)	(0.49)	(143.31)	
At 31 December 2006	8,364.83	6,586.76	1,154.15	16,387.45	41,306.87	2,783.67	598.80	2,698.87	2,753.61	82,635.01	
<i>Accumulated depreciation</i>											
At 1 January 2005	-	-	155.76	4,489.27	16,657.91	1,115.50	271.81	1,758.90	-	24,449.15	
Depreciation charge for the year	-	-	45.40	724.89	3,008.67	133.32	65.13	359.76	-	4,337.17	
Transfers	-	-	-	-	64.44	-	(15.44)	(3.51)	-	45.49	
Disposals	-	-	-	(26.35)	(58.37)	(7.99)	(8.35)	(21.97)	-	(123.03)	
At 31 December 2005	-	-	201.16	5,187.81	19,672.65	1,240.83	313.15	2,093.18	-	28,708.78	
Depreciation charge for the year	-	-	52.97	732.51	3,171.31	134.05	75.69	314.25	-	4,480.78	
Transfers	-	-	224.14	(260.99)	85.79	0.18	(34.45)	(14.67)	-	-	
Disposals	-	-	(1.42)	(5.81)	(48.23)	(0.05)	(9.23)	(21.95)	-	(86.69)	
At 31 December 2006	-	-	476.85	5,653.52	22,881.52	1,375.01	345.16	2,370.81	-	33,102.87	
<i>Net book value</i>											
At 31 December 2005	7,941.30	6,585.23	518.93	10,214.15	15,217.51	1,512.09	248.24	622.33	7,168.06	50,027.84	
At 31 December 2006	8,364.83	6,586.76	677.30	10,733.93	18,425.35	1,408.66	253.64	328.06	2,753.61	49,532.14	

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As at 31 December 2006 the historical cost of fully depreciated plant and equipment, which were still in use amounted to Baht 3,025.90 million (2005: *Baht 2,253.62 million*).

As at 31 December 2006 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 34,530.16 million (2005: *Baht 31,658.05 million*).

As at 31 December 2006 the carrying amount of idle land, which is held for planned future business operations amounted to Baht 1,625.97 million (2005: *Baht 1,735.21 million*).

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	Cost	Land surplus on land revaluation	Total	The Company Furniture, fixtures and office equipment (in million Baht)	Vehicles	Construction in progress	Total
Cost/valuation							
At 1 January 2005	410.90	134.52	545.42	4.65	-	121.90	671.97
Additions	-	-	-	63.06	24.18	-	87.24
Disposals	-	-	-	-	-	(0.98)	(0.98)
At 31 December 2005	410.90	134.52	545.42	67.71	24.18	120.92	758.23
Additions	-	-	-	27.12	0.02	99.93	127.07
Disposals	-	-	-	(0.17)	-	(10.89)	(11.06)
At 31 December 2006	410.90	134.52	545.42	94.66	24.20	209.96	874.24
Accumulated depreciation							
At 1 January 2005	-	-	-	0.28	-	-	0.28
Depreciation charge for the year	-	-	-	5.00	1.62	-	6.62
At 31 December 2005	-	-	-	5.28	1.62	-	6.90
Depreciation charge for the year	-	-	-	16.64	4.84	-	21.48
Disposals	-	-	-	(0.07)	-	-	(0.07)
At 31 December 2006	-	-	-	21.85	6.46	-	28.31
Net book value							
At 31 December 2005	410.90	134.52	545.42	62.43	22.56	120.92	751.33
At 31 December 2006	410.90	134.52	545.42	72.81	17.74	209.96	845.93

Thai Beverage Public Company Limited and its Subsidiaries
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In 2006 and 2005, the Company and subsidiaries recognized revaluation land as disclosed in Note 19.

Depreciation of plant and equipment for the years ended 31 December, consisted of:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Included in cost of production	2,879.58	2,378.45	-	-
Included in selling and administrative expenses	1,601.20	1,958.72	21.48	6.62
Total	4,480.78	4,337.17	21.48	6.62

Borrowing costs for the years ended 31 December capitalized as part of asset cost, consisted of:

	Consolidated		The Company	
	2006	2005	2006	2005
	<i>(in million Baht)</i>			
Interest expense	154.33	82.71	-	-

13 Intangible assets

	Trademark	Leasehold	Consolidated			Total
			Computer software	Broadcasting rights	Goodwill	
	<i>(in million Baht)</i>					
Cost						
At 1 January 2005	304.86	1.04	4.28	101.96	426.11	838.25
Additions	1.82	0.12	11.69	59.93	-	73.56
Transfer	-	-	0.32	-	-	0.32
At 31 December 2005	306.68	1.16	16.29	161.89	426.11	912.13
Additions	3.43	0.70	8.93	-	-	13.06
At 31 December 2006	310.11	1.86	25.22	161.89	426.11	925.19
Accumulated amortisation						
At 1 January 2005	158.01	0.13	0.58	19.83	140.19	318.74
Amortisation charge for the year	24.67	0.18	1.57	18.53	34.73	79.68
Transfers	-	-	0.02	-	-	0.02
At 31 December 2005	182.68	0.31	2.17	38.36	174.92	398.44
Amortisation charge for the year	24.93	0.26	3.87	123.53	18.74	171.33
At 31 December 2006	207.61	0.57	6.04	161.89	193.66	569.77
Net book value						
At 31 December 2005	124.00	0.85	14.12	123.53	251.19	513.69
At 31 December 2006	102.50	1.29	19.18	-	232.45	355.42

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	The Company Computer software <i>(in million Baht)</i>
<i>Cost</i>	
At 1 January 2005	1.36
Additions	8.20
At 31 December 2005	9.56
Additions	6.67
At 31 December 2006	16.23
<i>Accumulated amortisation</i>	
At 1 January 2005	0.07
Amortisation charge for the year	1.22
At 31 December 2005	1.29
Amortisation charge for the year	2.59
At 31 December 2006	3.88
<i>Net book value</i>	
At 31 December 2005	8.27
At 31 December 2006	12.35