

Serm Suk Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2007 and 2006

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These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 22 February 2008

1 General information

Serm Suk Public Company Limited “the Company” is incorporated in Thailand and has its head office registered office at Muang Thai-Phatra Complex, Tower 1, 27-28th Floor, 252/35-36 Rachadapisek Road, Huay Kwang, Bangkok 10320. The Company also has 5 factories for producing and distributing as follows:

- 1) Patumtani : 63 Nontaburi-Patumtani Road, Thumbon Bang Kayang, Amphur Muang, Patumtani
- 2) Nakornratchasima : 211 Moo 4 , Nakornratchasima-Kabinburi Road, Amphur Muang, Nakornratchasima
- 3) Nakornsawan : 72 Paholyothin Road, Thumbon Nakornsawan Ook, Amphur Muang, Nakornsawan
- 4) Surattani : 11 Moo 5, Asia Road 41, Thumbon Ta Rongchang, Amphur Punpin, Surattani
- 5) Chonburi : 700/369 Moo 6, Thumbon Nhongmaidang, Amphur Muang, Chonburi

The Company’s warehouses are located in the important regions in Thailand.

The Company was listed on the Stock Exchange of Thailand in 1975.

The Company’s major shareholders during the financial year were Pepsi-Cola (Thai) Trading Co., Ltd. (25% shareholding) and Seven-up Nederland, B.V. (17% shareholding), who were incorporated in Thailand and the Netherlands, respectively.

The principal activities of the Company are to produce and distribute soft drinks, drinking water, mixers and other beverages, including is distributor for energy drinks. Details of the Company’s subsidiaries and jointly controlled entities as at 31 December 2007 and 2006 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest (%)	
			2007	2006
Direct subsidiary				
Serm Suk Holdings Co., Ltd.	Investment and holding shares in other companies	Thailand	99.99	99.99
Indirect subsidiary				
Serm Suk Beverage Co., Ltd.	Produce and distribute tea and fruit juice	Thailand	99.99	99.99

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2 Basis of preparation of financial statements

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

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

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

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

TAS 45 (revised 2007) *Investments in Associates*

TAS 46 (revised 2007) *Interests in Joint Ventures*

The adoption of these revised TAS has resulted in a change in the Company’s accounting policy for interests in subsidiaries and associates in the separate financial statements of the Company. The effects of this change are disclosed in note 28.

In addition to the above revised TAS, the FAP has issued during 2007 a number of other new and revised TAS which are only effective for financial statements beginning on or after 1 January 2008 and have not been adopted in the preparation of these financial statements. These new and revised TAS are disclosed in note 32.

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

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

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

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3 Significant accounting policies

(a) *Basis of consolidation*

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

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

Subsidiaries

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

Associate

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

(b) *Foreign currencies*

Foreign currency transactions

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

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

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates that fair value was determined.

(c) *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 cash and cash equivalents for the purpose of the statement of cash flows.

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(d) *Trade and other accounts receivable*

Trade and other accounts receivable 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.

(e) *Inventories*

Raw materials, work in process and finished goods

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

Cost of finished goods, work in process, other supplies and bottles and cases are calculated using the weighted average cost principle and raw materials and supplies, and spare part are calculated using the moving-average cost principle. They comprise 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 and is calculated using standard cost adjusted to approximate average cost.

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.

The Group/Company records the allowance for decline in value of inventories for all occurring deteriorated and obsolete inventories.

(f) *Investments*

Investments in subsidiaries and associate

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted for using the cost method. This is a change of accounting policy, the effects of which are disclosed in note 28. Investments in associates in the consolidated financial statements are accounted for using the equity method.

Investments in other equity securities

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

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

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

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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.

If the Group/Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(g) Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

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:

Building, warehouses and improvement	20 years
Machinery and equipment	5-10 years
High voltage equipment	10 years
Vehicles	5 years
Furniture and office equipment	3-5 years
Plastic pallets	5 years

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

(h) Marketing promotion equipment

Marketing promotion equipment such as coolers and post-mixed tanks are stated at cost less accumulated amortization, allowance for loss of marketing promotion equipment and impairment losses.

Amortization

Amortization is charged to the statement of income on a straight-line basis over the estimated useful lives of an item of marketing promotion equipment of approximately 5 years.

(i) Negative goodwill

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

Negative goodwill is stated at cost less accumulated amortization. Negative goodwill is amortized as income in the consolidated statements of income on the straight line method based on the average remaining useful life of the acquired non-monetary assets of the subsidiary within 6 years.

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(j) *Intangible assets*

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

Amortization

Amortization is charged to the statement of income on a straight-line basis from the date that intangible assets are available for use over estimated useful lives of the assets. The estimated useful lives are as follows

Leasehold rights	30 years
Rights for distribution of goods	2 - 15 years

(k) *Impairment*

The carrying amounts of the Group/Company'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.

Calculation of recoverable amount

The recoverable amount 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. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of income, the impairment loss shall be reversed, with the amount of the reversal recognised in 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 amortization, if no impairment loss had been recognised.

(l) *Trade and other accounts payable*

Trade and other accounts payable are stated at cost.

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(m) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

(n) Provisions

A provision is recognised in the balance sheet when the Group/Company 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.

(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.

Interest income, dividend income and other 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.

Other income is recognised in the statement of income as it accrues.

(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 for the accounting period in which they are incurred.

Finance costs

Interest expenses are charged to the statement of income for the period in which they are incurred.

Other expenses are recognized as they accrue.

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(q) Income tax

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

4 The restructuring of shareholding structure in subsidiary

During 2006, the Company restructured the shareholding structure in subsidiaries in order to achieve more efficiency in the financial management for the utmost benefit to the Company and also to enhance the clarity and flexibility in the investment and supervision of the subsidiaries in the Group, which are summarized as follows;

On 23 November 2006, the Company established a new subsidiary, Serm Suk Holdings Co., Ltd., for the purpose of investment and holding shares in other companies. The subsidiary has authorized share capital of Baht 500 million divided into 50 million ordinary share of Baht 10 par value and the initial payment of share is 70% of the par value. The Company holds 49,999,993 ordinary shares, which is 99.99% of the total shares.

On 30 November 2006, the Company sold all its holding of ordinary shares of its subsidiary, Serm Suk Beverage Co., Ltd., totalling 68,958,609 shares, at 4.90 Baht per shares to Serm Suk Holdings Co., Ltd. for a total consideration of Baht 337.90 million. The book value of Serm Suk Beverage Co., Ltd. as at 30 November 2006 was Baht 334.75 million. This transaction does not affect the Company's control over Serm Suk Beverage Co., Ltd. and does not affect the negative goodwill incurred from the first business combination.

5 Related party transactions and balances

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

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Company/Group were as follows:

Name of entities	Country of incorporation/ nationality	Nature of relationships
Serm Suk Beverage Co., Ltd.	Thailand	Indirect subsidiary and co-director
Serm Suk Holdings Co., Ltd.	Thailand	Direct subsidiary and co-director
Pepsi-Cola (Thai) Trading Co., Ltd.	Thailand	Major shareholder and co-director
Petform (Thailand) Company Limited	Thailand	Associate and co-director
Bangkok Glass Company Limited	Thailand	Related company and co-director
Pepsi-Cola International	USA	Shareholder of the major shareholder
The Pet Company Limited	Thailand	Related company and co-director
Crown Seal Public Company Limited	Thailand	Related company and co-director

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

	Pricing policies
Sales of goods and rendering of services	Based on actual cost plus gross profit margin
Interest income	Charged at the rate of 1% and 10% per annum
Purchase of finished goods and raw materials	Based on actual cost of finished goods and raw materials plus gross profit margin
Subsidy for marketing expenses	Based on actual price stated in invoice
Directors' remuneration expenses representing salary, director bonus and meeting allowance	Based on approval by the Company's shareholders

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

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sale of goods and rendering of services	-	-	156,476	164,165
Purchase of finished goods	-	-	121,528	136,085
Interest income	-	-	-	704
Associate				
Purchase of raw materials	656,855	514,381	656,855	514,381
Dividend income	34,650	7,500	34,650	7,500
Other related parties				
Sale of goods and rendering of services	164,249	162,024	-	-
Purchase of finished goods and raw materials and subsidy for marketing expense	3,652,792	3,967,968	3,647,247	3,962,812
Interest income	500	500	500	500
Dividend income	8,560	3,499	8,560	3,499
Directors' remunerations	55,840	17,687	55,840	17,687

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

Trade accounts receivable from related parties	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Subsidiaries				
Serm Suk Beverage Co., Ltd.	-	-	26,763	40,622
Other related parties				
Pepsi-Cola (Thai) Trading Co., Ltd.	18,248	26,868	-	-
Total	18,248	26,868	26,763	40,622

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<i>Short-term loans to related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
<i>Comprising:</i>				
Other receivable from related parties	335,777	217,171	380,969	261,341
Short-term loan to related parties	5,000	5,000	5,000	5,000
Total	340,777	222,171	385,969	266,341

<i>Other receivable from related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
Subsidiaries				
Serm Suk Beverage Co., Ltd.	-	-	45,192	45,344
Other related parties				
Pepsi-Cola (Thai) Trading Co., Ltd.	335,410	216,804	335,410	215,630
The Pet Co., Ltd.	367	367	367	367
Total	335,777	217,171	380,969	261,341

<i>Loan to related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
<i>Short-term loan</i>				
Other related parties				
The Pet Co., Ltd.	5,000	5,000	5,000	5,000
Total	5,000	5,000	5,000	5,000

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

<i>Short-term loan to related parties</i>	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
<i>Short-term loan</i>				
Subsidiaries				
At 1 January	-	-	-	100,000
Increase	-	-	-	-
Decrease	-	-	-	(100,000)
At 31 December	-	-	-	-

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<i>Short-term loan to related parties</i>	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Other related parties				
At 1 January	5,000	5,000	5,000	5,000
Increase	-	-	-	-
Decrease	-	-	-	-
At 31 December	5,000	5,000	5,000	5,000
Total Short-term loan to related parties				
At 1 January	5,000	5,000	5,000	105,000
Increase	-	-	-	-
Decrease	-	-	-	(100,000)
At 31 December	5,000	5,000	5,000	5,000

<i>Trade accounts payable – related parties</i>	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Subsidiaries				
Serm Suk Beverage Co., Ltd.	-	-	14,170	14,192
Associate				
Petform (Thailand) Co., Ltd.	123,932	120,360	123,932	120,360
Other related companies				
Pepsi-Cola (Thai) Trading Co., Ltd.	69,447	89,426	69,447	89,426
Bangkok Glass Company Limited	54,477	37,065	54,477	37,065
The Pet Co., Ltd.	4,957	11,673	4,957	11,673
Crown Seal Public Company Limited	27,791	14,766	27,791	14,181
Total	280,604	273,290	294,774	286,897

<i>Amounts due to related parties</i>	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
<i>Accrued directors' remunerations</i>	12,000	15,104	12,000	15,104

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Significant agreements with related parties

Loan agreement

The Company entered into two loan agreements with a subsidiary to lend Baht 49 million and Baht 51 million, respectively. These loans are due within one year and bear interest at 1% p.a. These loan agreements will be automatically renewed every year unless otherwise notified by both counterparties. Later, in September 2006, the Company has fully received the repayment of such loans from the subsidiary.

On 31 January 1998 and 21 May 1998, the Company entered into a subordinated loan agreement with a related company (Borrower) of Baht 5 million with one year maturity bearing interest at 10% p.a. The subordinated loan agreement shall continue to be in effect if there is no change at the maturity date. Such subordinated loan of Baht 3 million can be converted to common stock upon the resolution of the shareholders' meeting of the borrower. In addition, the borrower agrees to repay the principal to the Company after the borrower repays all debts to other creditors or upon the special resolution of shareholders' meeting to increase its share capital.

Exclusive bottling appointment agreement

The Company entered into an agreement with a shareholder of the major shareholder of the Company to be appointed to bottle, sell and distribute carbonated drinks solely in the whole Kingdom of Thailand. The Company has to comply with certain conditions contained in the agreement for which the duration is not specified.

A subsidiary entered into a "Co-packing agreement" with the major shareholder of the Company to produce bottled tea drinks. The subsidiary has to comply with certain conditions contained in the agreement for a period of 3 years including a renewal option.

A subsidiary entered into a "Co-packing agreement" with the major shareholder of the Company to produce bottled fruit juices. The subsidiary has to comply with certain conditions contained in the agreement for a period of 3 years including a renewal option.

Distributorship agreement

The Company entered into an agreement with the major shareholder of the Company to be appointed to distribute bottled fruit juices solely in the whole Kingdom of Thailand. The Company has to comply with certain conditions contained in the agreement for a period of 3 years including a renewal option.

Cooperative advertising and marketing agreement

The Company entered into an agreement with the major shareholder of the Company for both parties to participate in a Cooperative Advertising and Marketing Program in the territory. Both parties agree to spend for advertising and marketing of the products for the term and the amount as specified in the agreement. Each agreement is effective for a period of 1 year.

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6 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Cash on hand	163,728	111,348	163,724	111,328
Call deposits	51,418	357,827	24,359	304,535
Three - month fixed deposits	11,759	11,409	11,758	11,409
Bills of exchange	1,150,000	450,000	1,150,000	450,000
Total	1,376,905	930,584	1,349,841	877,272

Cash and cash equivalents of the Group and the Company as at 31 December 2007 and 2006 were denominated entirely in Thai Baht.

7 Current investments

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Six - month fixed deposits	4,841	4,593	4,841	4,593

Current investments of the Group and the Company as at 31 December 2007 and 2006 were denominated entirely in Thai Baht.

8 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
		<i>(in thousand Baht)</i>			
Related parties	5	18,248	26,868	26,763	40,622
Other parties		1,070,826	1,093,684	1,070,826	1,093,966
		1,089,074	1,120,552	1,097,589	1,134,588
<i>Less</i> allowance for doubtful accounts		(50,898)	(66,739)	(50,898)	(66,739)
Total		1,038,176	1,053,813	1,046,691	1,067,849
Bad and doubtful debts expenses (reversal) for the year		(15,841)	9,321	(15,841)	9,321

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Aging analyses for trade accounts receivable were as follows :

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	17,946	26,868	26,763	40,622
Overdue:				
Not over 1 month	302	-	-	-
Total	18,248	26,868	26,763	40,622
Other parties				
Within credit terms	810,114	760,422	810,114	760,704
Overdue:				
Not over 1 month	217,135	273,891	217,135	273,891
More than 1 month to 3 months	29,142	43,095	29,142	43,095
Over 3 months	14,435	16,276	14,435	16,276
Total	1,070,826	1,093,684	1,070,826	1,093,966
<i>Less</i> allowance for doubtful accounts	(50,898)	(66,739)	(50,898)	(66,739)
Net	1,019,928	1,026,945	1,019,928	1,027,227
Total	1,038,176	1,053,813	1,046,691	1,067,849

The normal credit term granted by the Group is 10 - 60 days.

Trade accounts receivable of the Group and the Company as at 31 December 2007 and 2006 were denominated entirely in Thai Baht.

9 Inventories

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Finished goods	375,788	438,090	375,603	437,714
Work in process	15,100	11,877	15,100	11,877
Raw materials and supplies	156,394	220,850	141,551	197,056
Spare parts	88,468	83,849	82,144	78,995
Other supplies	3,136	3,470	3,136	3,470
Bottles and cases	1,778,510	1,699,880	1,746,754	1,643,993
Goods in transit	1,012	943	1,012	943
	2,418,408	2,458,959	2,365,300	2,374,048
<i>Less</i> Allowance for diminution in value of inventories	(109,433)	(81,486)	(94,263)	(47,000)
Total	2,308,975	2,377,473	2,271,037	2,327,048

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For the years ended 31 December 2007 and 2006

10 Other current assets

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Other receivables	54,611	79,060	54,446	78,004
Less allowance for doubtful accounts	(17,451)	(19,359)	(17,451)	(18,407)
Net	37,160	59,701	37,015	59,597
Advance payment	14,221	20,456	14,221	20,370
Prepaid expenses	30,700	30,013	30,233	29,571
Withholding tax	8,118	5,027	-	-
Others	15,306	12,726	13,382	10,918
Total	105,505	127,923	94,851	120,456
Bad and doubtful debts expenses (reversal) for the year	(1,908)	2,861	(956)	1,812

11 Investments in subsidiaries and associates

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
At 1 January	201,555	170,715	380,000	290,296
Share of net profits of investments - the equity method	43,768	38,340	-	-
Acquisition	-	-	-	600,000
Dividend income	(34,650)	(7,500)	-	-
Disposals	-	-	-	(510,296)
Net book value at 31 December	210,673	201,555	380,000	380,000

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Investments in subsidiaries and associates as at 31 December 2007 and 2006, and dividend income from those investments for the years then ended were as follows:

	Ownership interest 2007 2006 (%)		Consolidated financial statements							
			Paid-up share capital		Cost method		Equity method		Dividend income	
			2007	2006	2007	2006	2007	2006	2007	2006
<i>(in thousand Baht)</i>										
<i>Associate</i>										
Petform (Thailand) Co., Ltd.	40	40	75,000	75,000	30,000	30,000	210,673	201,555	34,650	7,500
Total			75,000	75,000	30,000	30,000	210,673	201,555	34,650	7,500
Separate financial statements										
	Ownership interest 2007 2006 (%)		Paid-up share capital		Cost method		Dividend income			
			2007	2006	2007	2006	2007	2006		
			<i>(in thousand Baht)</i>							
<i>Subsidiaries</i>										
Serm Suk Holdings Co., Ltd.	100	100	350,000	350,000	350,000	350,000	-	-		
<i>Associate</i>										
Petform (Thailand) Co., Ltd.	40	40	75,000	75,000	30,000	30,000	34,650	7,500		
Total			425,000	425,000	380,000	380,000	34,650	7,500		

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The following summarised financial information on associated companies which have been accounted for using the equity method is not adjusted for the percentage of ownership held by the Group:

	Owner- ship	Total assets	Total liabilities	Total revenues	Net profit
	(%)	(in million Baht)			
2007					
Petform (Thailand) Co., Ltd.	40	930.58	403.25	957.52	109.67
2006					
Petform (Thailand) Co., Ltd.	40	857.42	353.15	811.41	95.85

12 Other long-term investments

Consolidated financial statements and Separate financial statements

	Cost method		Dividend income	
	2007	2006	2007	2006
	(in thousand Baht)			
<i>Equity securities available for sale</i>				
Crown Seal Public Company Limited	31,732	31,732	-	-
Future Park Property Fund	30,000	30,000	2,493	-
	<u>61,732</u>	<u>61,732</u>		
<i>Less</i> valuation adjustment	<u>(17,145)</u>	<u>(22,885)</u>		
	<u>44,587</u>	<u>38,847</u>		
<i>Non marketable equity securities</i>				
The Pet Co., Ltd.	7,000	7,000	1,540	700
Bangkok Glass Co., Ltd.	17,169	17,169	2,497	832
Laos Soft Drink Co., Ltd.	-	9,919	2,029	1,966
Petpak Co., Ltd.	8,000	8,000	-	-
	<u>32,169</u>	<u>42,088</u>		
<i>Less</i> allowance for impairment loss	<u>(8,000)</u>	<u>(8,000)</u>		
Total general investments	<u>24,169</u>	<u>34,088</u>		
Total other long-term investment	<u>68,756</u>	<u>72,935</u>	<u>8,559</u>	<u>3,498</u>

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For the years ended 31 December 2007 and 2006

Movements during the years ended 31 December 2007 and 2006 of equity securities were as follows:

	Consolidated financial statements and Separate financial statements	
	2007	2006
	<i>(in thousand Baht)</i>	
<i>Equity securities available for sale</i>		
At 1 January	38,847	11,847
Purchases during the year	-	30,000
Valuation adjustment	5,740	(3,000)
At 31 December	44,587	38,847
<i>Non marketable equity securities</i>		
At 1 January	34,088	34,088
Purchases during the year	-	-
Sales during the year	9,919	-
At 31 December	24,169	34,088

The currency denomination of equity securities as at 31 December was as follows:

	Consolidated financial statements and Separate financial statements	
	2007	2006
	<i>(in thousand Baht)</i>	
Thai Baht (THB)	68,756	63,016
United States Dollars (USD)	-	9,919
	68,756	72,935

On 5 November 2007, the Company sold the investment in ordinary shares of 34,000 shares of Laos Soft Drink Co., Ltd. to a foreign company for USD 1.21 million (equivalent to Baht 40.97 million). The Company recorded a gain on sale of the investment of Baht 31.05 million.

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Notes to the financial statements

For the years ended 31 December 2007 and 2006

13 Property, plant and equipment

	Consolidated financial statements								Total
	Land	Buildings, warehouses and improvement	Machinery and equipment	High voltage equipment	Vehicle	Furniture and office equipment	Plastic pallets	Construction in progress	
<i>Cost</i>									
At 1 January 2006	469,308	1,548,216	3,383,653	22,599	1,377,320	235,468	235,874	151,080	7,423,518
Increase	-	21,018	253,858	199	178,237	22,657	46,434	243,209	765,612
Transfers	-	3,558	35,138	-	324	-	-	(39,020)	-
Disposals	-	5	18,033	-	41,211	8,546	2,768	90	70,653
At 31 December 2006 and 1 January 2007	469,308	1,572,787	3,654,616	22,798	1,514,670	249,579	279,540	355,179	8,118,477
Increase	9,104	6,820	63,960	-	12,918	13,146	16,830	378,398	501,176
Transfers	-	62,429	380,474	344	122,913	2,862	5,896	(574,918)	-
Disposals	-	-	10,315	-	29,978	10,055	808	-	51,156
At 31 December 2007	478,412	1,642,036	4,088,735	23,142	1,620,523	255,532	301,458	158,659	8,568,497

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For the years ended 31 December 2007 and 2006

	Consolidated financial statements								
	Land	Buildings, warehouses and improvement	Machinery and equipment	High voltage equipment	Vehicle	Furniture and office equipment	Plastic pallets	Construction in progress	Total
	<i>(in thousand Baht)</i>								
<i>Accumulated depreciation</i>									
At 1 January 2006	-	707,927	2,259,884	17,213	1,003,948	204,396	194,224	-	4,387,592
Depreciation charge for the year	-	68,912	253,235	1,549	128,502	21,207	20,788	-	494,193
Disposals	-	5	18,117	-	40,039	8,540	2,766	-	69,467
At 31 December 2006 and 1 January 2007	-	776,834	2,495,002	18,762	1,092,411	217,063	212,246	-	4,812,318
Depreciation charge for the year	-	71,163	261,806	1,075	153,342	17,447	23,323	-	528,156
Transfers	-	-	1,350	-	-	(2,378)	1,028	-	-
Disposals	-	-	9,115	-	29,485	9,913	797	-	49,310
At 31 December 2007	-	847,997	2,749,043	19,837	1,216,268	222,219	235,800	-	5,291,164
<i>Net book value</i>									
At 31 December 2006	469,308	795,953	1,159,614	4,036	422,259	32,516	67,294	355,179	3,306,159
At 31 December 2007	478,412	794,039	1,339,692	3,305	404,255	33,313	65,658	158,659	3,277,333

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For the years ended 31 December 2007 and 2006

	Separate financial statements								Total
	Land	Buildings, warehouses and improvement	Machinery and equipment	High voltage equipment	Vehicle	Furniture and office equipment	Plastic pallets	Construction in progress	
	<i>(in thousand Baht)</i>								
Cost									
At 1 January 2006	399,615	1,389,651	3,086,777	22,599	1,371,315	228,277	220,189	151,080	6,869,503
Increase	-	21,018	247,408	199	178,237	21,468	39,209	243,209	750,748
Transfers	-	3,558	35,138	-	324	-	-	(39,020)	-
Disposals	-	5	18,032	-	41,211	8,536	2,768	90	70,642
At 31 December 2006 and 1 January 2007	399,615	1,414,222	3,351,291	22,798	1,508,665	241,209	256,630	355,179	7,549,609
Increase	9,104	3,750	61,048	-	12,612	12,634	16,830	333,104	449,082
Transfers	-	62,429	379,124	344	122,913	5,240	4,868	(574,918)	-
Disposals	-	-	10,279	-	29,978	9,389	730	-	50,376
At 31 December 2007	408,719	1,480,401	3,781,184	23,142	1,614,212	249,694	277,598	113,365	7,948,315

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	Separate financial statements								
	Land	Buildings, warehouses and improvement	Machinery and equipment	High voltage equipment	Vehicle	Furniture and office equipment	Plastic pallets	Construction in progress	Total
<i>(in thousand Baht)</i>									
Accumulated depreciation									
At 1 January 2006	-	652,339	2,075,496	17,213	999,906	197,428	178,902	-	4,121,284
Depreciation charge for the year	-	60,984	223,211	1,549	128,106	21,023	19,873	-	454,746
Disposals	-	5	18,117	-	40,039	8,531	2,766	-	69,458
At 31 December 2006 and 1 January 2007	-	713,318	2,280,590	18,762	1,087,973	209,920	196,009	-	4,506,572
Depreciation charge for the year	-	63,188	231,348	1,075	152,888	17,071	21,721	-	487,291
Disposals	-	-	9,087	-	29,485	9,255	719	-	48,546
At 31 December 2007	-	776,506	2,502,851	19,837	1,211,376	217,736	217,011	-	4,945,317
Net book value									
At 31 December 2006	399,615	700,904	1,070,701	4,036	420,692	31,289	60,621	355,179	3,043,037
At 31 December 2007	408,719	703,895	1,278,333	3,305	402,836	31,958	60,587	113,365	3,002,998

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As at 31 December 2007 and 2006, the gross carrying amount of fully depreciated buildings and equipment that are still in use are summarized as follow;

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Buildings and equipment	<u>3,111,967</u>	<u>2,482,830</u>	<u>3,083,736</u>	<u>2,454,285</u>

14 Marketing promotion equipment

	Consolidated financial statements and Separate financial statements		
	Coolers	Post-mixed tanks	Total
	<i>(in thousand Baht)</i>		
<i>Cost</i>			
At 1 January 2006	2,444,684	573,416	3,018,100
Increase	158,050	36,718	194,768
Disposals	<u>115,766</u>	<u>9,129</u>	<u>124,895</u>
At 31 December 2006 and 1 January 2007	2,486,968	601,005	3,087,973
Increase	144,941	37,478	182,419
Disposals	<u>25,351</u>	<u>31,598</u>	<u>56,949</u>
At 31 December 2007	2,606,558	606,885	3,213,443
<i>Accumulated amortization</i>			
At 1 January 2006	1,882,013	484,767	2,366,780
Amortization charge for the year	217,634	32,873	250,507
Disposals	<u>113,707</u>	<u>9,126</u>	<u>122,833</u>
At 31 December 2006 and 1 January 2007	1,985,940	508,514	2,494,454
Amortization charge for the year	196,900	33,421	230,321
Disposals	<u>25,207</u>	<u>31,598</u>	<u>56,805</u>
At 31 December 2007	2,157,633	510,337	2,667,970
<i>Allowance for loss of marketing promotion equipment</i>			
At 1 January 2006	12,842	-	12,842
Increase	-	-	-
Disposals	<u>7,512</u>	<u>-</u>	<u>7,512</u>
At 31 December 2006 and 1 January 2007	5,330	-	5,330
Increase	-	-	-
Disposals	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2007	5,330	-	5,330
<i>Net book value</i>			
At 31 December 2006	495,698	92,491	588,189
At 31 December 2007	443,595	96,548	540,143

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15 Negative goodwill

Negative goodwill from business combination of Baht 35 million resulted from the acquisition of ordinary shares in Serm Suk Beverage Co., Ltd. for Baht 36 million, with net assets at that date of Baht 71 million.

Negative goodwill amortized as income for each of the years ended 31 December 2007 and 2006 amounted to Baht 5.84 million.

16 Intangible assets

	Consolidated financial statements and Separate financial statements		
	Leasehold rights	Right for distribution of goods <i>(in thousand Baht)</i>	Total
<i>Cost</i>			
At 1 January 2006	1,176	50,000	51,176
Increase	-	-	-
At 31 December 2006 and 1 January 2007	1,176	50,000	51,176
Increase	-	10,000	10,000
At 31 December 2007	1,176	60,000	61,176
<i>Accumulated amortization</i>			
At 1 January 2006	368	25,111	25,479
Amortization charge for the year	53	3,111	3,164
At 31 December 2006 and 1 January 2007	421	28,222	28,643
Amortization charge for the year	53	5,184	5,237
At 31 December 2007	474	33,406	33,880
<i>Net book value</i>			
At 31 December 2006	755	21,778	22,533
At 31 December 2007	702	26,594	27,296

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Notes to the financial statements

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17 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Deferred molds and packaging cylinders	3,525	3,525	-	-
Less Accumulated amortization	(2,453)	(2,453)	-	-
Allowance for impairment loss	(1,072)	(1,072)	-	-
Net	-	-	-	-
Deposits	8,107	7,768	8,107	7,768
Total	8,107	7,768	8,107	7,768

18 Trade accounts payable

		Consolidated financial statements		Separate financial statements	
		2007	2006	2007	2006
		<i>(in thousand Baht)</i>			
Related parties	5	280,604	273,290	294,774	286,897
Other parties		681,423	528,231	677,672	523,809
Total		962,027	801,521	972,446	810,706

Trade accounts payable of the Group and the Company as at 31 December 2007 and 2006 were denominated entirely in Thai Baht.

19 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Accrued value added tax	45,277	34,369	45,277	34,369
Deposits received from salesman	23,122	22,870	23,122	22,870
Other	8,879	8,167	8,463	8,147
Total	77,278	65,406	76,862	65,386

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For the years ended 31 December 2007 and 2006

20 Share capital

	Par value per share (in Baht)	2007		2006	
		Number	Amount (thousand shares/thousand Baht)	Number	Amount
Authorised					
At 31 December					
- ordinary shares	1	<u>267,958</u>	<u>267,958</u>	<u>267,958</u>	<u>267,958</u>
Issued and fully paid					
At 1 January					
- ordinary shares	1	265,174	265,174	264,809	264,809
issue of new shares	1	<u>318</u>	<u>318</u>	<u>365</u>	<u>365</u>
At 31 December					
- ordinary shares	1	<u>265,492</u>	<u>265,492</u>	<u>265,174</u>	<u>265,174</u>

Warrants exercisable to purchase ordinary shares

On 11 November 1997, the shareholders' meeting passed a resolution to sell units of warrants exercisable into the Company's ordinary shares to the employees at the executive levels. The details are as follows:

Type of warrants	:	Specified the name of the holders and non-negotiable.
Number of warrants	:	500,000 units (Subsequently, on 27 April 2001, the shareholders' meeting passed a resolution to approve the non-allocation and offering of warrants exercisable into the ordinary shares of the Company for the fifth year to the employees at the executive level, and approve the cancellation of the said unallocated warrants exercisable into the ordinary shares of the Company, totalling 54,234 units.)
Maturity of warrants	:	10 years maturity from the issuance date of warrants
Offering price	:	at the selling price of Baht zero within the period of five years from the date approved by the Securities and Exchange Commission (23 December 1997)
Exercise price	:	The shareholders' meeting passed a resolution to allocate and offer warrants exercisable into the Company's ordinary shares to the employees at the executive levels as follows:

Date of shareholders' meeting	Year	Number of warrants	Exercise price per share (Baht)
11 November 1997	1	47,195	156
10 November 1998	2	73,335	156
30 April 1999	3	142,470	156
28 April 2000	4	<u>182,766</u>	129
		<u>445,766</u>	

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Exercise ratio	:	One warrant originally carried the right to purchase one ordinary share. (On 24 April 2003, the shareholders' meeting passed resolutions to amend the terms of warrants exercisable into the ordinary shares of the Company under the employee stock option plan such that 1 warrant has the right to purchase 10 ordinary shares at Baht 15.60 and Baht 12.90 per share.)
Exercise date	:	the warrants may be exercised on 30 June of the year following the issuance of the warrants.

For the year ended 31 December 2007 and 2006, no employees at the executive level exercised their rights to purchase ordinary shares under either the Employee Stock Option Plan.

The balance of 57,552 units of unexercised warrants expired during 2007. The Company will reduce its authorized shares for these unexercised warrants, and for any unexercised rights to acquire shares, under the executive incentive plan, after expiring of rights under the executive stock incentive plan.

The executive stock incentive plan

There are additionally 3,500,000 ordinary shares which will be offered at par value to the employees at the executive level under the Executive Stock Incentive Plan. Shares will be provisionally reserved for eligible employees annually during 2001 to 2006 inclusive. The number of shares which eligible employees are entitled to purchase depends on the Company's performance over the 3 years prior to the determination date. The Board of Directors will approve the names of eligible employees and the number of shares which they are entitled to purchase within the month of April each year starting from 2004 to 2008.

The number of shares that have been approved for allocation to eligible employees is as follows:

Date of shareholders' approval	Year	Number of employees at the executive level (persons)	No. of ordinary shares (of Baht 1 per share) (shares)
12 July 2001	2001	10	724,020
25 April 2002	2002	9	309,000
24 April 2003	2003	9	403,230
22 April 2004	2004	10	341,197
28 April 2005	2005	10	458,888
			<hr/> <hr/> 2,236,335

Employees who are covered by the plan will be granted rights which entitle them to purchase ordinary shares upon vesting 3 years after the grant date.

For the year ended 31 December 2007, the executive employees have exercised their rights under the Executive Stock Incentive Plan to purchase 318,216 ordinary shares at par value of Baht 1 per share (2006: 364,921 ordinary shares at par value of Baht 1 per share), totalling the exercise of the rights under the Executive Stock Incentive Plan as at 31 December 2007 of 1,610,393 ordinary shares at par value of Baht 1 per share (2006: 1,292,177 ordinary shares at par value of Baht 1 per share). Therefore, as at 31 December 2007, the number of ordinary shares remaining under the Executive Stock Incentive Plan is 625,942 shares (2006: 944,158 shares).

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21 Reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

Fair value changes and revaluation surpluses of securities available – for – sale

Fair value changes and revaluation surpluses recognised in shareholders’ equity relate to cumulative net changes in the fair value of available-for-sale investments until the sale of the investments.

Legal reserve

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.

General reserve

Net income for the year is reserved for expansion of the Company’s operations.

The Ordinary General Meeting of Shareholders held on 25 April 2007 passed the resolution to appropriate profit for 2006 as general reserve of Baht 130,000,000.

The Ordinary General Meeting of Shareholders held on 26 April 2006 passed the resolution to appropriate profit for 2005 as general reserve of Baht 250,000,000.

22 Segment information

The Group operates in the single business of bottling and distributing beverages in Thailand. Therefore, the Management considers that the Group operates in a single business and geographic segment.

23 Other income

	Consolidated		Separate	
	financial statements		financial statements	
	2007	2006	2007	2006
		<i>(in thousand Baht)</i>		
Gain on exchange rate	630	2,910	620	2,910
Gain on disposal of building and equipment	6,436	18,692	6,436	18,692
Interest income	17,863	27,645	17,573	26,552
Sale of scrap	98,238	44,440	96,286	46,829
Dividend income	8,560	3,498	43,210	10,998
Others	31,347	14,361	24,710	9,504
Total	163,074	111,546	188,835	115,485

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24 Selling and administrative expenses

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Personnel expenses	1,676,974	1,606,012	1,669,652	1,598,632
Depreciation and amortization	449,928	446,263	445,248	441,525
Distribution	220,860	213,166	213,349	206,874
Fuel	433,654	442,145	433,654	442,145
Others	1,819,951	1,854,638	1,810,594	1,992,340
Total	4,601,367	4,562,224	4,572,497	4,681,516

25 Personnel expenses

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Salaries, wages and other benefits	1,900,800	1,843,710	1,879,703	1,822,766
Contribution to provident fund	82,508	77,565	81,675	76,818
Contribution to social fund	60,460	47,474	59,931	46,999
Total	2,043,768	1,968,749	2,021,309	1,946,583

	<i>(number of employees)</i>			
Number of employees as at 31 December	9,527	9,524	9,417	9,388

Provident fund

The Group/Company has a provident fund for those employees who indicate their willingness to join. Contributions are made monthly by the employees at rates ranging from 3% of their basic salaries and by the Group/Company at from 5% to 12% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

The employees who do not join the provident fund managed by the financial institution may still subscribe to the initial provident fund which is managed by the Company. The Company's contribution is treated as an expense in the year when the service is obtained.

The Company is committed to pay the employees benefits according to the law upon retirement including provident fund and other benefits in total not less than one month of the last salary multiplied by years of service.

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26 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December was based on the net profit attributable to ordinary shares and the weighted average number of shares outstanding during the year as follows:

Profit attributable to ordinary shareholders (basic)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Net profit attributable to ordinary shareholders (basic)	<u>330,651</u>	<u>520,749</u>	<u>337,971</u>	<u>356,506</u>

Weighted average number of ordinary shares (basic)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(thousand shares)</i>			
Issued ordinary shares at 1 January	265,174	264,809	265,174	264,809
Effect of shares issued during the years	<u>106</u>	<u>122</u>	<u>106</u>	<u>122</u>
Weighted average number of ordinary shares (basic)	<u>265,280</u>	<u>264,931</u>	<u>265,280</u>	<u>264,931</u>

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December was based on the net profit attributable to ordinary shares and the weighted average number of shares outstanding during the year as follows:

Profit attributable to ordinary shareholders (diluted)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Net profit attributable to ordinary shareholders (diluted)	<u>330,651</u>	<u>520,749</u>	<u>337,971</u>	<u>356,506</u>

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Weighted average number of ordinary shares (diluted)

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(thousand shares)</i>			
Weighted average number of ordinary shares (basic)	265,280	264,931	265,280	264,931
Effect of shares options on issue	134	183	134	183
Weighted average number of ordinary shares (diluted)	265,414	265,114	265,414	265,114

27 Dividends

At the annual general meeting of the shareholders of the Company held on 25 April 2007, the shareholders approved the appropriation of dividends of Baht 1 per share, amounting to Baht 265.17 million. The dividend was paid to shareholders during the year 2007. The unclaimed portion is presented as accrued dividends in the balance sheet.

At the annual general meeting of the shareholders of the Company held on 26 April 2006, the shareholders approved the appropriation of dividends of Baht 1 per share, amounting to Baht 264.81 million. The dividend was paid to shareholders during the year 2006. The unclaimed portion is presented as accrued dividends in the balance sheet.

28 Changes in accounting policies

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

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

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

TAS 44 (revised 2007)	<i>Consolidated and Separate Financial Statements</i>
TAS 45 (revised 2007)	<i>Investments in Associates</i>
TAS 46 (revised 2007)	<i>Interests in Joint Ventures</i>

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

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Starting from 1 January 2007, the Company has, accordingly, changed its accounting policy for its investments in subsidiary companies and associate companies in its financial statements from the equity method to the cost method. The change in accounting policy has been applied retrospectively and the Company's 2006 financial statements, which are included in the Company's 2007 financial statements for comparative purposes, have been restated accordingly. The effects of the change in accounting policy on the Company's annual 2007 and 2006 financial statements are as follows:

	Separate financial statements	
	2007	2006
	<i>(in thousand Baht)</i>	
<i>Investments in subsidiaries and associates</i>		
Balance at 1 January before change in accounting policy	500,847	246,900
Increase (decrease) in retained earnings	(120,847)	43,396
Balance at 1 January after change in accounting policy	380,000	290,296
<i>Retained earnings</i>		
Balance at 1 January before change in accounting policy	556,382	550,442
Increase in dividend income from associate	29,250	21,750
Increase (decrease) in share of profits from investments accounted for using the equity method, net	(150,097)	21,646
Net increase (decrease)	(120,847)	43,396
Balance at 1 January after change in accounting policy	435,535	593,838
<i>Net profit</i>		
Net profit for the year before change in accounting policy	330,651	520,749
Increase in dividend income from associate	34,650	7,500
Increase (decrease) in share of profits from investments accounted for using the equity method, net	(27,330)	3,806
Increase in loss on disposal of investment in subsidiary	-	(175,549)
Net increase (decrease)	7,320	(164,243)
Net profit for the year after change in accounting policy	337,971	356,506
Increase (decrease) in basic earnings per share (Baht)	0.03	(0.62)
Increase (decrease) in diluted earnings per share (Baht)	0.03	(0.62)

29 Financial instruments

Financial risk management policies

The Group/Company 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/Company does not issue derivative financial instruments for speculative or trading purposes.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group/Company's operations and its cash flows. The Group/Company does not expect that changes in interest rates will materially affect its operations.

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Foreign currency risk

The Group/Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group/Company expects that the effect of changes in exchange rates for assets and liabilities denominated in foreign currencies in the balance sheet will not have a material effect on its financial position and results of operations since the Group/Company does not have any foreign currency loan and most of the spending and purchases of raw and packing materials are transacted in local currency, exchange risks are limited only to those related to the imported spare parts and equipment.

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/Company 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/Company's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group/Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group/Company's operations and to mitigate the effects of fluctuations in cash flows.

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/Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

Cash and cash equivalents, current investment, trade accounts receivable, short-term loan to related parties and current assets have their book values approximate to their fair values.

The fair value of investments in equity, which are available for sales, are determined by reference to their quoted bid price at the balance sheet date.

Other long-term investments, which are non marketable equity securities have their fair values approximate to their book value.

Trade accounts payable, short-term loans from related parties, other payable, accrued income tax and other current liabilities have their carrying amounts approximate to their fair values.

Although the management uses its best judgment in estimating fair values of financial instruments, estimation methodologies and assumptions used to estimate fair values are inherently subjective. Accordingly, the use of different estimation methodologies and or market assumptions may have a significant effect on the estimated fair values.

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30 Commitments with non-related parties

As at 31 December 2007 and 2006, the Company had commitments on vehicle lease agreements summarized as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
<i>Commitments on vehicle lease agreements</i>				
Within one year	5,147	5,147	5,147	5,147
After one year but within five years	3,969	9,115	3,969	9,115
Total	9,116	14,262	9,116	14,262
<i>Other commitments</i>				
Unused letters of credits for goods and supplies	1,369	-	-	-
Bank guarantees	26,758	27,579	25,486	26,993
Total	28,127	27,579	25,486	26,993

31 Contingent liabilities

The Company had a contingent liability arising from a claim for compensation of Baht 4.59 million in connection with undelivered goods. The court case is still pending judgment. However, the Company's fixed deposits of Baht 4.59 million have been pledged with the court.

32 Thai Accounting Standards (TAS) not yet adopted

The Group/Company has not adopted the following TAS that have been issued as of the balance sheet date but are not yet effective. These TAS will become effective for financial periods beginning on or after 1 January 2008.

TAS 25 (revised 2007)	<i>Cash Flows Statements</i>
TAS 29 (revised 2007)	<i>Leases</i>
TAS 31 (revised 2007)	<i>Inventories</i>
TAS 33 (revised 2007)	<i>Borrowing Costs</i>
TAS 35 (revised 2007)	<i>Presentation of Financial Statements</i>
TAS 39 (revised 2007)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
TAS 41 (revised 2007)	<i>Interim Financial Reporting</i>
TAS 43 (revised 2007)	<i>Business Combinations</i>
TAS 51	<i>Intangible Assets</i>

The effect of the change on the Company's financial statements has not presently been determined by management.

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33 Reclassification of accounts

Certain accounts in the 2006 financial statements have been reclassified to conform with the presentation in the 2007 financial statements.