

S & J INTERNATIONAL ENTERPRISES PUBLIC COMPANY LIMITED AND SUBSIDIARIES**NOTES TO THE INTERIM FINANCIAL STATEMENTS****JUNE 30, 2006 AND 2005****1. GENERAL INFORMATION**

1.1 Company status	A juristic person established under Thai law and listed on the Stock Exchange of Thailand.
1.2 Company location - Head office/factory - Branch - Branch	600/4 Moo 11, Sukapiban Road 8, Tambol Nhongkharm Amphur Sriracha, Chonburi, Thailand. 115 Naradhiwas Rajanakarindra Road (Soi 10), Kwaeng Tungwatdon, Khet Sathorn, Bangkok, Thailand. 662/4-6 Moo 11, Sukapiban Road 8, Tambol Nhongkharm Amphur Sriracha, Chonburi, Thailand.
1.3 Type of business	(1) Manufacturing all type of cosmetics. (2) Investing in its subsidiaries and associates which carry on business according to Note 6 to the financial statements.
1.4 Number of employees as at June 30, 2006 and 2005	(1) Including its subsidiaries 2,520 persons and 2,319 persons, respectively. (2) The Company only 1,323 persons and 1,227 persons, respectively.
1.5 Employee expenses for the six-month periods ended June 30, 2006 and 2005	(1) Including its subsidiaries Baht 193.75 million and Baht 164.00 million, respectively. (2) The Company only Baht 120.88 million and Baht 106.40 million, respectively.

2. BASIS FOR PREPARATION OF INTERIM FINANCIAL STATEMENTS

These interim financial statements are prepared in accordance with the Accounting Act B.E. 2543 (2000) and generally accepted accounting principles. The interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2005.

2.1 The interim consolidated financial statements included the interim financial statements of S & J International Enterprises Public Company Limited with its subsidiaries and the Company's portion in associates as follows:

SUBSIDIARIES

COMPANIES	% HOLDING		ESTABLISHED IN
	2006	2005	
E F Co., Ltd.	99.99	99.99	Thailand
Top Trend Manufacturing Co., Ltd.	51	51	Thailand
Sriracha Engineering Service Co., Ltd.	51	51	Thailand
Wildlives (Thailand) Co., Ltd.	99.99	99.99	Thailand

ASSOCIATES

COMPANIES	% HOLDING		ESTABLISHED IN
	2006	2005	
Yamahatsu (Thailand) Co., Ltd.	30	30	Thailand
Shaldan (Thailand) Co., Ltd.	21	21	Thailand
Operational Energy Group Limited	30	30	Thailand

2.2 Inter-company balances and transactions have been eliminated in the interim consolidation.

2.3 The difference between book value of subsidiaries and cost of investments was shown under goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and expenses recognition

The Company recognized revenues and expenses from the following bases :

- Sales - Recognized as revenues whenever goods are delivered.
- Other income - Recognized on the accrual basis.
- Expenses - Recognized on the accrual basis.

3.2 Allowance for doubtful accounts

The Company provides allowance for doubtful accounts for the estimated losses that may be incurred from the uncollected accounts receivable based on past experience in debt collection.

3.3 Inventories

Inventories are stated at cost or net realizable value, whichever is the lower. Cost is determined by the weighted average method.

The Company set up provision for diminution in value of obsolete, deteriorated goods and inventories which are expected to be unsalable by considering the condition of inventories.

3.4 Investments

Investments in subsidiaries are those companies in which the parent in the group companies, directly or indirectly, has power more than one half of the total voting rights or power to govern the financial and operating policies of subsidiaries. Investments in subsidiaries are presented by equity method and the Company is responsible for the portion of investment deficiency in proportion to its shareholding.

Investments in associates are those companies in which the parent in the group companies has shareholding from 20% to 50% of the total voting rights or has significant influence over the associates, that is the parent in the group companies has power to participate in determining relating to the financial and operating policies of the enterprise but not up to the level of governing such policies. Investments in associates are stated by equity method.

Investments in related companies are those companies in which the group companies have its shareholding less than 20% and/or the companies which directly or indirectly have some common management, major shareholders or such related persons. Investments in related companies are stated at cost after deduction of provision for diminution in investment value.

Investments in other companies are those companies in which the group companies have shareholding but has no power to govern or participate in setting up any policy. Investments in other companies are stated at cost after deduction of provision for diminution in investment value.

Investments in available-for-sale securities are investments in listed securities stated at fair value with the objective of long-term investments. The Company recognized its revaluation in available-for-sale securities as separate item in Shareholders' Equity, under the caption "Unrealized gain (loss) on investment revaluation".

Investments in Government bond, the Company classified as debt securities to be held-to-maturity, stated at amortized cost.

The Company calculated cost of the disposed securities during the periods by the weighted average method.

The Company recorded dividend income when declared.

3.5 Investments in land

Investments in land are stated at cost after deduction of loss from the impairment of assets.

3.6 Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is calculated by the straight-line method based on the estimated useful lives of the following assets:

	<u>Years</u>
Building and improvement	20
Machineries	5
Office furniture, fixtures and equipment	5
Vehicles	5

Interest expenses incurred from loans obtained for building construction project are capitalized until such building is ready for use.

Expenditures for additions, renewals or betterments which affected the significant increment in value of current assets will be capitalized, considered as capital expenditures. Regarding repair and maintenance costs are recognized as expenses during the accounting periods when incurred.

3.7 Leasehold right

Leasehold right is stated at acquisition cost less amortization by using the straight-line method over the leases period.

3.8 Computer softwares

Computer softwares are stated at acquisition cost less amortization by using the straight-line method within ten years.

3.9 Goodwill

Goodwill is amortized by the straight-line method within 10 years, unless there is the believable evidence that other procedure of amortization is more appropriate under the existing circumstance. In case the Company has supportive evidence of amortization by other procedure, the Company will select the appropriate amortization for future economic benefit that the Company expects to obtain from that goodwill.

3.10 Basic earnings per share

In 2006, basic earnings per share is calculated by dividing the periodical net profit by the number of issued and paid-up common stocks by the weighted average method.

Diluted earnings per share is calculated by dividing the periodical net profit by the number of weighted average common stocks held by outsiders during the period plus the weighted average number of common stocks which have to be issued for the conversion of all the dilutive potential common stocks to be common stocks as such no any adjustment is made to the net profit for the period.

In 2005, basic earnings per share is calculated by dividing the periodical net profit by the number of issued and paid-up common stocks at the end of the periods.

3.11 Foreign currency transactions

Foreign currency transactions incurred during the periods are recorded in Baht at the rate ruling on the date of transactions. Outstanding foreign currency assets and liabilities at the balance sheet date are converted to Baht at the rate of exchange in effect at that date.

Gains or losses on exchange rate fluctuation are credited or charged to operations during the periods.

3.12 Forward Exchange Contracts

Foreign currency transactions which are forward exchange contracts with the bank, the agreed forward exchange rates according to the remaining periods of contracts from accounting period will be used to present fair value.

3.13 Cash and cash equivalents

For the purpose of preparation of cash flows statements, cash and cash equivalents are cash on hand, fixed deposits at financial institutions due not more than 3 months with no obligation.

3.14 Estimation

In preparation of financial statements in accordance with generally accepted accounting standards requires management to use various estimations and assumptions that will be affected to the amounts of revenues, expenses, assets and liabilities included the disclosures of contingent assets and liabilities. Actual results may differ from those estimates.

4. TRADE ACCOUNTS RECEIVABLE consist of :

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED		THE COMPANY ONLY	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
Trade notes receivable	24,549	31,675	18,465	24,827
Trade accounts receivable				
Current	235,985	238,063	178,935	191,563
Overdue within 3 months	90,121	95,475	58,357	65,518
Overdue between 3 to 6 months	5,487	3,010	4,727	2,023
Overdue between 6 to 12 months	7,687	9,491	6,906	8,029
Overdue more than 12 months	15,682	10,263	11,307	8,845
Total	379,511	387,977	278,697	300,805
<u>Less</u> Allowance for doubtful accounts	(16,381)	(16,758)	(11,916)	(12,276)
Trade accounts receivable – net	363,130	371,219	266,781	288,529

5. **SHORT-TERM LOANS TO SUBSIDIARY AND RELATED COMPANIES**

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED		THE COMPANY ONLY		INTEREST RATE (%)	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
- Subsidiaries						
E F Co., Ltd.						
Beginning Balances	-	-	2,000	3,000		
Settlement during the periods	-	-	(500)	(1,000)		
Ending Balances	-	-	1,500	2,000	4.75 – 5.50	3.50 – 4.75
Wildlives (Thailand) Co., Ltd.						
Beginning Balances	-	-	4,500	3,500		
Increase during the period	-	-	-	1,000		
Settlement during the period	-	-	(500)	-		
Ending Balances	-	-	4,000	4,500	4.75 – 5.50	3.50 – 4.75
Total Short-term Loans to Subsidiaries	-	-	5,500	6,500		
- Related Companies						
Osoth Interlaboratories Co., Ltd.						
Beginning Balances	1,900	10,000	1,900	10,000		
Settlement during the period	-	(8,100)	-	(8,100)		
Ending Balances	1,900	1,900	1,900	1,900	4.75 – 5.50	3.00 – 4.75
General Glass Co., Ltd.						
Beginning Balances	-	7,450	-	7,450		
Settlement during the periods	-	(7,450)	-	(7,450)		
Ending Balances	-	-	-	-	-	2.00
Total Short-term Loans to Related Companies	1,900	1,900	1,900	1,900		
Total Short-term Loans to Subsidiary and Related Companies	1,900	1,900	7,400	8,400		

Short-term loans to subsidiary and related companies are unsecured loans.

6. INVESTMENTS FOR USING THE EQUITY METHOD consist of :

(THOUSAND BAHT)

	% Holding		Cost Method		Equity Method	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
<u>SUBSIDIARIES</u>						
E F Co., Ltd.	99.99	99.99	4,006	4,006	430	(65)
Top Trend Manufacturing Co., Ltd.	51	51	36,625	36,625	98,960	98,678
Sriracha Engineering Service Co., Ltd.	51	51	2,931	2,931	(3,611)	(4,441)
Wildlives (Thailand) Co., Ltd.	99.99	99.99	1,000	1,000	(891)	(957)
Total Investments in Subsidiaries			44,562	44,562	99,390	98,678
Total Investment Deficiency					(4,502)	(5,463)
<u>ASSOCIATES</u>						
Yamahatsu (Thailand) Co., Ltd.	30	30	6,000	6,000	19,278	15,951
Shaldan (Thailand) Co., Ltd.	21	21	4,392	4,392	3,087	3,142
Operational Energy Group Limited	30	30	13,151	13,151	27,970	20,734
Total Investments in Associates			23,543	23,543	50,335	39,827

(THOUSAND BAHT)

	TYPE OF BUSINESS	RELATIONSHIP	ISSUED AND PAID –UP SHARE CAPITAL		DIVIDEND	
			June 30, 2006	December 31, 2005	June 30, 2006	June 30, 2005
<u>SUBSIDIARIES</u>						
E F Co., Ltd.	Consumer products	Shareholders / co – directors	4,000	4,000	-	-
Top Trend Manufacturing Co., Ltd.	Plastic containers	Shareholders / co – directors	60,000	60,000	7,650	7,650
Sriracha Engineering Service Co., Ltd.	Engineering services	Shareholders / co – directors	3,000	3,000	612	-
Wildlives (Thailand) Co., Ltd.	Consumer products	Shareholders / co – directors	1,000	1,000	-	-
Total					8,262	7,650
<u>ASSOCIATES</u>						
Yamahatsu (Thailand) Co., Ltd.	Hair products	Shareholders / co – directors	20,000	20,000	-	5,940
Shaldan (Thailand) Co., Ltd.	Air refresher	Shareholders / co – directors	20,000	20,000	-	-
Operational Energy Group Limited	Servicing to operate the power plant	Shareholders / co – directors	30,000	30,000	4,500	6,000
Total					4,500	11,940

Due to as at June 30, 2006, Sriracha Engineering Service Company Limited and Wildlives (Thailand) Company Limited and as at December 31, 2005, E F Company Limited, Sriracha Engineering Service Company Limited and Wildlives (Thailand) Company Limited have capital deficiencies, therefore, investments in subsidiaries for using the equity method were shown in liabilities under “Investment deficiency”.

During 2005, the Company has increased the percentage of holding from 25.95% to 30% in Operational Energy Group Limited by acquiring additional investment in such company of 121,600 shares, worth Baht 1.89 million.

The financial statements of Yamahatsu (Thailand) Company Limited, Shaldan (Thailand) Company Limited and Operational Energy Group Limited, which applied for using the equity method are based on the financial information prepared by their management and not yet reviewed by the auditors.

7. INVESTMENTS IN RELATED COMPANIES consist of :

(THOUSAND BAHT)

	% Holding		Cost Method		Dividend	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005	June 30, 2006	June 30, 2005
1. Thai Q P Co., Ltd.	7.50	7.50	9,000	9,000	270	270
2. General Glass Co., Ltd.	16	10	9,000	2,000	-	200
3. Thai Lotte Co., Ltd.	3.64	3.64	* 8,000	* 8,000	-	-
4. Thai Fujiya Co., Ltd.	6.67	6.67	* 7,500	* 7,500	-	-
5. H & B Kabinburi Co., Ltd.	9	9	1,350	1,350	135	135
6. Osoth Interlaboratories Co., Ltd.	19	19	* 22,800	* 22,800	-	-
7. Thai Cubic Technology Co., Ltd.	5	5	* 2,000	2,000	-	-
8. Train Time Test Co., Ltd.	14	14	175	175	-	175
9. Guangdong Xiezhong Cosmetics Co., Ltd.	11.25	11.25	* 9,032	* 9,032	-	-
10. BSC Entertainment Co., Ltd.	10	10	* 20,565	20,565	-	-
11. C.V.V. Hotel Business Co., Ltd.	1.56	1.56	* 888	* 888	-	-
12. Konica Minolta Photochem (Thailand) Co., Ltd.	5	5	1,750	1,750	175	245
13. B.K.C. International Co., Ltd.	19	19	* 475	475	-	-
Total			92,535	85,535	580	1,025
<u>Less</u> Allowance for loss on capital decrease in						
- Thai Fujiya Co., Ltd. .			(5,500)	(5,500)		
- Osoth Interlaboratories Co., Ltd.			(2,850)	(2,850)		
- BSC Entertainment Co., Ltd.			(7,505)	(7,505)		
*Provision for impairment of investments in related companies			(42,595)	(33,700)		
Total Investments in Related Companies – net			34,085	35,980		

During 2006, General Glass Company Limited has increased its capital to 8,000,000 shares, amount of Baht 80 million, the Company purchased additional investments of 1,400,000 shares with duly paid-up at Baht 5 per share (par value Baht 10), worth Baht 7 million.

(THAI CURRENCY : THOUSAND BAHT)

(FOREIGN CURRENCIES : THOUSAND)

	TYPE OF BUSINESS	RELATIONSHIP	ISSUED AND PAID –UP	
			SHARE CAPITAL	
			June 30, 2006	December 31, 2005
1. Thai Q P Co., Ltd.	Consumer products	Shareholders / co – directors	120,000	120,000
2. General Glass Co., Ltd.	Glass bottles	Shareholders / co – directors	100,000	20,000
3. Thai Lotte Co., Ltd.	Chewing gum	Shareholders / co – directors	220,000	220,000
4. Thai Fujiya Co., Ltd.	Cake, bakery and restaurant	Shareholders / co – directors	30,000	30,000
5. H & B Kabinburi Co., Ltd.	Cloth toy and ware	Shareholders / co – directors	15,000	15,000
6. Osoth Interlaboratories Co., Ltd.	Medicine	Shareholders / co – directors	105,000	105,000
7. Thai Cubic Technology Co., Ltd.	Plate and varnish	Shareholders / co – directors	40,000	40,000
8. Train Time Test Co., Ltd.	Training and seminar	Shareholders / co – directors	1,250	1,250
9. Guangdong Xiezhong Cosmetics Co., Ltd.	Cosmetics	Shareholders / co – directors	US\$ 3,200	US\$ 3,200
10. BSC Entertainment Co., Ltd.	Bowling alley	Shareholders / co – directors	174,000	174,000
11. C.V.V. Hotel Business Co., Ltd	Hotel	Shareholders / co – directors	44,000	44,000
12. Konica Minolta Photochem (Thailand) Co., Ltd.	Photographic development	Co-shareholders	35,000	35,000
13. B.K.C. International Co., Ltd.	Consumer products	Shareholders / co – directors	2,500	2,500

8. INVESTMENTS IN AVAILABLE-FOR-SALE SECURITIES

Available-for-sale securities are listed securities on the stock exchange.

(THOUSAND BAHT)

COMPANIES	% Holding		Cost Method		Dividend	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005	June 30, 2006	June 30, 2005
Related Companies						
1. Boutique New City Plc.	0.02	0.02	124	124	2	2
2. Far East DDB Plc.	0.01	0.01	40	40	3	3
3. I.C.C. International Plc.	0.27	0.23	16,391	12,391	678	678
4. President Bakery Plc.	1.00	1.00	13,500	7,500	960	675
5. Sahacogen (Chonburi) Plc.	13.96	13.96	192,963	192,963	26,660	23,328
Total			223,018	213,018	28,303	24,686
<u>Add</u> Unrealized gain on investment revaluation			364,425	347,350	-	-
Total net investments in available-for-sales securities-related companies			587,443	560,368	28,303	24,686
Other Companies						
1. Nation Multimedia Group Plc.			8,586	8,586	-	132
2. Bangkok Bank Plc.			5,001	5,001	79	63
Total			13,587	13,587	79	195
<u>Add</u> Unrealized gain (loss) on investment revaluation			(789)	(434)	-	-
Total net investments in available-for-sales securities-other companies			12,798	13,153	79	195
Total investments in available-for-sales securities			600,241	573,521	28,382	24,881

(THOUSAND BAHT)

RELATED COMPANIES	TYPE OF BUSINESS	RELATIONSHIP	ISSUED AND PAID –UP SHARE CAPITAL	
			June 30, 2006	December 31, 2005
1. Boutique New City Plc.	Garment	Shareholders / co – directors	120,000	120,000
2. Far East DDB Plc.	Advertising and agency	Shareholders / co – directors	75,000	75,000
3. I.C.C. International Plc.	Commerce	Shareholders / co – directors	290,634	290,634
4. President Bakery Plc.	Food	Co-shareholders	450,000	300,000
5. Sahacogen (Chonburi) Plc.	Generating and distributing electricity	Shareholders / co – directors	955,000	955,000

During 2006, the Company purchased additional investments in I.C.C. International Public Company Limited of 100,000 shares, worth Baht 4 million and President Bakery Public Company Limited has increased its capital to 15,000,000 shares, amount of Baht 150 million, the Company purchased additional investment of 150,000 shares, worth Baht 6 million.

9. INVESTMENTS IN OTHER COMPANIES consist of :

(THOUSAND BAHT)

	% Holding		Cost Method		Dividend	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005	June 30, 2006	June 30, 2005
1. Sahapat Properties Co., Ltd.	2.50	2.50	* 500	* 500	-	-
2. Eastern Rubber Co., Ltd.	1.50	1.50	* 450	* 450	-	-
3. Advantage Footwear Co., Ltd.	0.38	0.38	* 1,387	* 1,387	-	-
4. Treasure Hill Co., Ltd.	2.00	2.00	* 4,000	* 4,000	-	-
5. Thanara Co., Ltd.	1.25	1.25	750	750	-	-
6. Thai Kamaya Co., Ltd.	5.00	5.00	5,000	5,000	-	-
7. Thai Herbal Products Co., Ltd.	1.50	1.50	* 1,200	* 1,200	-	-
8. Tipvarin Wattana Co., Ltd.	15.00	15.00	1,455	1,455	-	-
9. Saha Sehwa Co., Ltd.	3.48	3.48	5,050	* 5,050	-	-
10. T-Way Co., Ltd.	15.00	15.00	45	45	-	-
11. K. Commercial & Construction Co., Ltd.	2.20	2.20	3,278	3,278	110	220
12. E. P. F. Co., Ltd.	18.00	18.00	* 702	* 702	-	-
13. Pan Land Co., Ltd.	1.00	1.00	* 3,000	* 3,000	-	-
14. Thai Yukilon Co., Ltd.	6.94	6.94	5,000	5,000	675	-
15. Sriracha Aviation Co., Ltd.	6.06	6.06	* 2,000	* 2,000	-	-
16. Waseda Education (Thailand) Co., Ltd.	8.00	8.00	* 2,000	* 2,000	-	-
Total			35,817	35,817	785	220
<u>Less</u> *Provision for impairment of investments in other companies			(7,311)	(7,598)		
Total Investments in Other Companies – net			28,506	28,219		

10. OTHER RECEIVABLES

In 2000, the Osoth Interlaboratories Company Limited, its trade account receivable has made a letter of debt confirmation and guarantee for payment to the Company. The Company agreed to convert its trade receivable to long-term debt amounting to Baht 97.21 million with 3 year moratorium, commencing from December 28, 2000 to December 27, 2003. The evidence indicated ownership of machinery worth of Baht 44.47 million was pledged as collateral. After such moratorium, monthly settlement will be made at Baht 1.0 million of every month ended, commencing from January 2004, onwards. Later, in February 2006, the new condition for repayment was made by monthly repayment from Baht 500,000 to Baht 1,500,000 and the last payment will be made in January 2011.

11. SHARE CAPITAL

COMMON STOCK

During May 26-31, 2006, the warrant holders who are the Company's directors, employees of the Company and its subsidiaries have exercised 1,249,500 warrants to purchase 1,249,500 common stocks at an exercise price of Baht 4 each, totalling Baht 4,998,000. The Company has fully received the money from its shareholders and has registered the paid-up capital increase with the Ministry of Commerce on June 7, 2006.

During June 26-30, 2006, the warrant holders who are the Company's directors, employees of the Company and its subsidiaries have exercised 283,000 warrants to purchase 283,000 common stocks at an exercise price of Baht 4 each totalling Baht 1,132,000. The Company recorded the advance receipt from the exercise of such warrants under the caption "Advance receipt from share subscription", presenting it under shareholders' equity in the balance sheet as at June 30, 2006. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on July 5, 2006.

WARRANTS

On April 25, 2005, the Ordinary General Shareholders' Meeting was held and has a resolution approved the issuance of warrants offered to the directors, employees of the Company and its subsidiaries under the Company's ESOP programme of 5,000,000 units with 3 year maturity at the offering price of Baht zero. The exercise rate is 1 unit to 1 common stock at the exercise price of Baht 4 per share. The Meeting also has a resolution to confirm the allocation of capital increase to be reserved for the exercise of warrants offering to the directors, the Company and its subsidiaries's employees of 5,000,000 units, which was duly approved by the Ordinary General Shareholders' Meeting on April 26, 2004.

As at June 30, 2006 , the warrant holders who are the Company's directors, employees of the Company and its subsidiaries have exercised their warrants to purchase 1,532,500 common stocks. Therefore, as at June 30, 2006 there are 3,467,500 outstanding warrants.

12. LEGAL RESERVE

The Company has set up legal reserve which duly met 10 % of authorized capital, in compliance with the Public Company Act, B.E. 2535 (1992). This reserve is forbidden for dividend payment.

13. DIVIDEND PAYMENT

On April 24, 2006, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividends for 2005 to the shareholders of 100 million shares at Baht 0.60 per share, totalling Baht 60 million. The dividend payment was made on May 22, 2006.

On April 25, 2005, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividends for 2004 at Baht 0.60 per share to the shareholders of 100 million shares, totalling Baht 60 million. The dividend payment was made on May 20, 2005.

14. DIRECTORS' REMUNERATION

On April 24, 2006, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay directors' remuneration at the maximum Baht 10 million per year.

On April 18, 2006, the Ordinary General Shareholders' Meeting of Top Trend Manufacturing Company Limited was held and approved a resolution to pay directors' remuneration amount of Baht 1.14 million.

On April 25, 2005, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay directors' remuneration at the maximum Baht 10 million per year.

On April 18, 2005, the Ordinary General Shareholders' Meeting of Top Trend Manufacturing Company Limited was held and approved a resolution to pay directors' remuneration amount of Baht 1.10 million.

15. FOREIGN CURRENCY TRANSACTIONS

15.1 The Company has made Buying Forward Exchange Contracts with the local commercial bank for hedging against any risk in exchange rate fluctuation which might be affected to import trade accounts payable that can be summarized as follows :-

CURRENCIES	Amount in thousand	Exchange rate on delivery date (Baht)	Delivery date
<u>As at June 30, 2006</u>			
USD	813	38.1000 – 38.5200	July 2006 – September 2006
JPY	7,276	0.3348 – 0.3444	July 2006 – August 2006
GBP	27	70.8000 – 71.9400	July 2006 – August 2006
EUR	1	49.0000 – 49.2400	July 2006
<u>As at December 31, 2005</u>			
USD	49	40.8232 – 40.97638	January 2006 – February 2006

15.2 The Company has made Selling Forward Exchange Contracts with the local commercial bank for hedging against any risk in exchange rate fluctuation which might be affected to export trade accounts receivable that can be summarized as follows :-

CURRENCIES	Amount in thousand	Exchange rate on delivery date (Baht)	Delivery date
<u>As at June 30, 2006</u>			
USD	1,244	37.5000 – 38.5100	July 2006 – January 2007
JPY	83,085	0.3307 – 0.3417	July 2006 – August 2006
<u>As at December 31, 2005</u>			
USD	1,810	40.67050 – 41.22574	January 2006 – June 2006
JPY	26,772	0.34220 – 0.35055	January 2006 – February 2006

15.3 The Company has outstanding assets and liabilities denominated in foreign currencies which are not covered by any hedging of exchange rate risk as follows :-

(AMOUNT IN THOUSAND)

CONSOLIDATED	June 30, 2006		December 31, 2005	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
Assets				
USD	234	8,923	62	2,550
JPY	-	-	5	2
GBP	0.08	5	-	-
MYR	53	534	153	1,620
Total assets		9,462		4,172
Liabilities				
USD	72	2,776	16	662
JPY	-	-	306	107
GBP	0.8	60	-	-
EUR	0.7	36	-	-
SEK	3	16	3	15
NZD	0.2	4	0.2	5
HKD	2	9	-	-
SGD	-	-	0.1	3
CHF	5	156	26	818
Total liabilities		3,057		1,610

(AMOUNT IN THOUSAND)

THE COMPANY ONLY	June 30, 2006		December 31, 2005	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
Assets				
USD	174	6,638	23	942
JPY	-	-	5	2
GBP	0.08	5	-	-
Total assets		6,643		944
Liabilities				
USD	27	1,035	10	403
JPY	-	-	306	107
GBP	0.8	60	-	-
EUR	0.7	36	-	-
SEK	3	16	3	15
NZD	0.2	4	0.2	5
HKD	2	9	-	-
Total liabilities		1,160		530

16. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' financial information by segment for the six-month periods ended June 30, 2006 and 2005 are as follows :

(THOUSAND BAHT)

Year 2006	Cosmetics	Containers	Others	Inter-company transactions		Total
				Debit	Credit	
Sales	742,415	275,344	7,869	80,782	-	944,846
Gross margin by segment	5,856	29,235	559	85,965	87,586	37,271
Net profit						52,833
Property, plant and equipment-net	296,775	371,076	210	10,455	18,143	660,373
Leasehold right-net	8,880	1,651	-	-	-	10,531
Computer software	4,906	-	-	-	-	4,906
Total assets						2,351,178

(THOUSAND BAHT)

Year 2005	Cosmetics	Containers	Others	Inter-company transactions		Total
				Debit	Credit	
Sales	666,444	249,636	8,783	82,343	15	842,535
Gross margin by segment	2,685	34,200	294	85,893	87,324	38,610
Net profit						53,698
Property, plant and equipment-net	288,844	366,548	292	7,501	16,774	646,411
Leasehold right-net	11,719	465	-	-	-	12,184
Computer software	4,955	-	-	-	-	4,955
Total assets						2,203,977

The financial information by geographical segment can be classified to local and export sales for the six-month periods, ended June 30, 2006 and 2005 as follows:

(THOUSAND BAHT)

Particulars	Local		Export		Total	
	2006	2005	2006	2005	2006	2005
Sales	664,563	659,598	280,283	182,937	944,846	842,535
Gross margin by segment	40,294	31,696	(3,023)	6,914	37,271	38,610

17. TRANSACTIONS WITH RELATED PERSONS OR PARTIES

The Company has certain business transactions with its related persons or parties which are related through directorship or shareholding or having shareholders or some co-directors. The effects of these transactions were reflected in the accompanying financial statements in normal business and general trading conditions, except sub-lease contract as Note 19.

COMPANIES	RELATIONSHIP
Subsidiaries	See Note 6
Associates	See Note 6
Related companies	See Note 7
Better Way (Thailand) Co., Ltd.	Co – directors
International Laboratories Corp., Ltd.	Co – directors
Vitayasithi Co., Ltd.	Co – directors
Kewpie (Thailand) Co., Ltd.	Co – directors
Konica Minolta Photochem (Thailand) Co., Ltd.	Co – shareholders
Thai Wacoal Plc.	Co – shareholders
Saha Pathana Inter-Holding Plc.	Shareholders
O.C.C. Plc.	Co – directors
I.C.C. International Plc.	Co – directors
Oriental Salon Business Co., Ltd.	Co – directors
Saha Direction International Co., Ltd.	Co – directors
H & B Intertex Co., Ltd.	Co – directors

The significant transactions with related parties are as follows :

(THOUSAND BAHT)

Transactions in balance sheets	CONSOLIDATED		THE COMPANY ONLY	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
<u>Trade accounts receivable</u>				
- Subsidiaries	-	-	591	1,402
- Associates	2,046	257	36	66
- Related companies	113,745	148,797	87,191	120,515
Total	115,791	149,054	87,818	121,983
<u>Loans extended</u>				
- Subsidiaries	-	-	5,500	6,500
- Related companies	1,900	1,900	1,900	1,900
Total	1,900	1,900	7,400	8,400
<u>Revenues receivable</u>				
- Subsidiaries	-	-	601	847
- Associates	24	107	24	107
- Related companies	5	60	5	60
Total	29	167	630	1,014
<u>Other receivables</u>				
- Related companies	43,453	46,953	43,453	46,953
<u>Unearned rental</u>				
- Related companies	1,390	4,885	1,390	4,885
<u>Trade accounts payable</u>				
- Subsidiaries	-	-	23,902	19,526
- Associates	11,068	11,949	10,334	9,841
- Related companies	5,236	3,790	1,771	1,149
Total	16,304	15,739	36,007	30,516
<u>Other accounts payable</u>				
- Subsidiaries	-	-	31	4
- Associates	57	61	57	61
- Related companies	1,916	1,451	1,916	1,451
Total	1,973	1,512	2,004	1,516

(THOUSAND BAHT)

Transactions in income statements for the six-month periods ended June 30,	CONSOLIDATED		THE COMPANY ONLY	
	2006	2005	2006	2005
<u>Sales</u>				
- Subsidiaries	-	-	874	1,213
- Associates	5,677	2,970	308	668
- Related companies	387,567	395,660	329,218	330,333
Total	393,244	398,630	330,400	332,214
<u>Rental income</u>				
- Associates	4,358	2,380	4,358	2,380
- Related companies	5,706	4,928	5,706	4,928
Total	10,064	7,308	10,064	7,308
<u>Other income</u>				
- Subsidiaries	-	-	1,590	1,443
- Associates	745	558	745	558
- Related companies	631	738	631	738
Total	1,376	1,296	2,966	2,739
<u>Purchase and service</u>				
- Subsidiaries	-	-	79,777	80,987
- Associates	29,682	29,912	26,764	27,105
- Related companies	11,279	7,209	11,279	7,209
Total	40,961	37,121	117,820	115,301
<u>Rental expenses</u>				
- Associates	376	540	376	540
- Related companies	5,370	3,417	5,370	3,417
Total	5,746	3,957	5,746	3,957
<u>Other expenses</u>				
- Subsidiaries	-	-	135	154
- Associates	199	200	174	188
- Related companies	31,379	25,893	13,278	9,917
Total	31,578	26,093	13,587	10,259

Income from sales, purchase of goods and service and other income and expenses as shown in the income statements are in accordance with general trading conditions under fixing price or at market price. For the transactions with no reference of market price, the agreed prices according to the agreement are applied.

18. COMMITMENT AND CONTINGENT LIABILITIES

(THOUSAND BAHT)

	CONSOLIDATED		THE COMPANY ONLY	
	June 30, 2006	December 31, 2005	June 30, 2006	December 31, 2005
18.1 Commitment under letters of guarantee issued by commercial banks	51,592	37,355	51,172	36,335
18.2 Letters of credit	2,611	1,404	714	323
18.3 Royalty fees are payable by calculating from percentage of sales at the rate as fixed in the agreement.				
18.4 Lease contract of Preserved Food Organization (P.F.O.) yearly (See Note 19).				
18.5 Lease and service contracts for the office and warehouse having periods from 2 years onward as specified in each contract. As at June 30, 2006, the Company has commitment to pay future monthly rental and services approximately for				
	Consolidated	Baht	1,041,752	
	The Company Only	Baht	737,400	

19. LEASEHOLD RIGHT AND SUB-LEASE CONTRACT

On September 11, 1989, the Company has made Lease Contract with the Preserved Food Organization (P.F.O.), Ministry of Defense for the period of 20 years, commencing from September 11, 1989 to September 10, 2009. On July 23, 1990, the Company has made Sub-lease Contract of some portion to Thai Q P Company Limited, its related company for the period of 19 years, commencing from July 23, 1990 to July 23, 2009 as the following details :

(THOUSAND BAHT)

	Portion paid to Ministry of Defense	Portion received from Thai Q P Co., Ltd.
1. Rental fee of Preserved Food Organization (P.F.O.)		
- Amount paid at the beginning of contract	55,000	38,500
- Balance as at June 30, 2006	8,792	6,193
- Balance as at December 31, 2005	10,156	7,206
Shown under leasehold right and unearned rental		
2. Security for damage	5,000	3,500
Shown under investments in bond and guarantee income		
3. Yearly rental (increasing in every 5 years)		
- Balance as at June 30, 2006	1,390	1,390
- Balance as at December 31, 2005	4,885	4,885
Shown under prepaid and unearned rental		
4. Related insurance premiums and other expenses will be totally collected from Thai Q P Co., Ltd. (Shown under selling/administrative expenses and compensation income)		

20. DILUTED EARNINGS PER SHARE RECONCILIATION

	For the three-month period ended June 30, 2006		
	Net profit	Number of	Earnings per
	Thousand Baht	Shares	Baht
<u>Basic Earnings per share</u>			
Net profit available to ordinary shareholders	37,398	100,329,538	0.37
<u>Effect of assumed conversion</u>			
Warrants	-	3,061,850	
<u>Diluted earnings per share</u>			
Net profit available to ordinary shareholders plus assumed conversion	37,398	103,391,388	0.36

	For the six-month period ended June 30, 2006		
	Net profit	Number of	Earnings per
	Thousand Baht	Shares	Baht
<u>Basic Earnings per share</u>			
Net profit available to ordinary shareholders	52,833	100,165,680	0.53
<u>Effect of assumed conversion</u>			
Warrants	-	3,353,402	
<u>Diluted earnings per share</u>			
Net profit available to ordinary shareholders plus assumed conversion	52,833	103,519,082	0.51

21. FINANCIAL STATEMENTS APPROVAL

These interim financial statements are duly approved by the Company's directors.