

# S & J INTERNATIONAL ENTERPRISES PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2008 AND 2007

### 1. GENERAL INFORMATION

<b>1.1</b> Legal status	A juristic person established under Thai law and listed on the Stock Exchange of Thailand.
<b>1.2</b> Company location	
- Head office/factory	600/4 Moo 11, Sukapiban Road 8, Tambol Nhongkharm Amphur Sriracha, Chonburi, Thailand.
- Branch	115 Naradhiwas Rajanakarindra Road (Soi 10), Kwaeng Tungwatdon, Khet Sathorn, Bangkok, Thailand.
- Branch	662/4-6 Moo 11, Sukapiban Road 8, Tambol Nhongkharm Amphur Sriracha, Chonburi, Thailand.
<b>1.3</b> Type of business	(1) Manufacturing all type of cosmetics. (2) Investing in its subsidiaries and associates which carry on business according to Note 8 to the financial statements.

### 2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

**2.1** The consolidated and separate financial statements have been prepared in accordance with the Thai Accounting Standards under the Accounting Act, B.E. 2543 (2000) including the Accounting Profession Act, B.E. 2547 (2004), and the Notification of the Office of the Securities and Exchange Commission.

#### **2.2 Announcement of new accounting standards**

The following Accounting Standards have been revised and become effective for the accounting periods beginning on or after January 1, 2007 :

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

TAS 45 (revised 2007) Investment in Associates

TAS 46 (revised 2007) Interest in Joint Ventures

The group companies have adopted according to the revised accounting standards since the effective date. In 2007 financial statements, the group companies have changed their accounting policies relating to the recording of investments according to such Accounting Standards as described in Note 3.

The following Accounting Standards have been revised and new issued which become effective for the accounting periods beginning on or after January 1, 2008 :

TAS 25 (revised 2007)	Cash Flows Statements
TAS 29 (revised 2007)	Leases
TAS 31 (revised 2007)	Inventories
TAS 33 (revised 2007)	Borrowing Costs
TAS 35 (revised 2007)	Presentation of Financial Statements
TAS 39 (revised 2007)	Accounting Policies, Changes in Accounting, Estimates and Errors
TAS 41 (revised 2007)	Interim Financial Reporting
TAS 43 (revised 2007)	Business Combinations
TAS 49 (revised 2007)	Construction Contracts
TAS 51	Intangible Assets

The management of the group companies has adopted according to the revised and new accounting standards since effective date without any significant impact to current financial statements.

The following Accounting Standards have been revised and become effective for the accounting periods beginning on or after January 1, 2009

TAS 36 (revised 2007)	Impairment of Assets
TAS 54 (revised 2007)	Non-current Assets Held for Sale and Discontinued Operations

The management of the group companies has assessed the impact on such accounting standards and believes that they will not have any significant impact on the financial statements for the effective year.

2.3 These consolidated financial statements included the 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
	2008	2007	
E F Co., Ltd.	99.99	99.99	Thailand
Top Trend Manufacturing Co., Ltd.	51	51	Thailand
Wildlives (Thailand) Co., Ltd.	99.99	99.99	Thailand
Value Sport Co., Ltd.	66.67	-	Thailand

#### **ASSOCIATES**

COMPANIES	% HOLDING		ESTABLISHED IN
	2008	2007	
Yamahatsu (Thailand) Co., Ltd.	30	30	Thailand
Shaldan (Thailand) Co., Ltd.	21	21	Thailand
Operational Energy Group Limited	30	30	Thailand

2.4 Inter-company balances and significant transactions of the Company and subsidiaries have been eliminated in the consolidation.

### **3. CHANGING IN ACCOUNTING POLICY**

In 2007, the Company has changed its accounting policy for investments in subsidiaries and associates, which is presented in the separate financial statements from the equity method to cost method following the Accounting Standard No. 44 (Revised 2007) "Consolidated and Separate Financial Statements" and Accounting Standard No. 45 (Revised 2007) "Investments in Associates". Cumulative effect on the change in accounting policy from the past which has to be decreasingly adjusted to the beginning retained earnings for the separate financial statements as at January 1, 2007 was Baht 95.05 million.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Revenues and expenses recognition**

The Company recognized revenues and expenses from the following bases :

Sales	-	Recognized as revenues whenever goods are delivered.
Sales of goods on consignment	-	Recognized as revenues whenever the consignment goods were sold to the third parties.
Rental income	-	Recognized over the lease period.
Other income	-	Recognized on the accrual basis.
Expenses	-	Recognized on the accrual basis.

##### **4.2 Investments in Open-end Fund**

Investments in Open-end Fund are considered as trading securities, stated at fair value. Cost of the disposed trading securities during the year is calculated by the weighted average method.

##### **4.3 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.

##### **4.4 Allowance for goods returned**

The Company provides allowance for goods returned based on past experience.

##### **4.5 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.

#### 4.6 Investments

Investments in subsidiaries mean 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 in the separate financial statements are stated at cost net after the provision for diminution in investment.

Investments in associates mean 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 for consolidation and cost method for the separate financial statements.

Investments in related companies mean 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 net after the provision for diminution in investment.

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

Investments in available-for-sale securities are investments in listed securities stated at fair value with the objective for 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 years by the weighted average method.

The Company recorded dividend income when declared.

#### **4.7 Investments in real estate**

Investments in real estate are stated at cost net after the loss on impairment of assets.

#### **4.8 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 as intended.

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.

#### **4.9 Leasehold right**

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

#### **4.10 Computer softwares**

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

#### **4.11 Operating leases**

Leases where most of substantial risks and rewards of ownership of assets remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to expenses in the statements of income over the lease term.

#### **4.12 Earnings per share**

Basic earnings per share is calculated by dividing the annual 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 annual net profit by the number of weighted average common stocks held by outsiders during the year 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 year.

#### **4.13 Employee benefits expenses**

##### **Employee provident fund**

The Company provides a provident fund, which is a defined contribution plan. The assets of which are held in a separate trust fund and is managed by the external fund manager. Such provident fund is contributed by payments from employees and the Company. Contributions to the provident fund are charged to the statements of income in the incurred year.

##### **Retirement fund**

Obligations to provide for retirement fund will recognize as an expense in the statements of income, by calculating following the defined formula. These benefits are payable upon retirement.

#### **4.14 Foreign currency transactions**

Foreign currency transactions incurred during the years 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 on that date.

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

#### **4.15 Forward exchange contracts**

Foreign currency transactions which are covered by forward exchange contract, the Company will record at fair value. Gains or losses on exchange rates are credited or charged to operations of each year.

#### 4.16 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.

#### 4.17 Use of accounting estimates

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

#### 5. TRADE ACCOUNTS RECEIVABLE consist of :

(BAHT)

PARTICULARS	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2008	2007	2008	2007
Trade notes receivable	14,828,251	14,633,996	11,689,254	8,738,127
Trade accounts receivable				
Current	369,679,464	339,285,237	318,569,405	271,104,541
Overdue within 3 months	135,507,830	89,592,968	98,039,958	61,591,711
Overdue between 3 to 6 months	4,799,835	2,833,370	2,847,406	2,043,187
Overdue between 6 to 12 months	2,752,666	3,356,628	2,566,248	606,193
Overdue more than 12 months	18,930,303	19,849,344	13,295,471	13,752,141
Total	546,498,349	469,551,543	447,007,742	357,835,900
Less Allowance for doubtful accounts	(19,214,728)	(20,874,583)	(13,432,144)	(12,594,664)
Reserved for goods returned	(378,728)	-	-	-
Trade accounts receivable - net	526,904,893	448,676,960	433,575,598	345,241,236



**6. SHORT-TERM LOANS TO SUBSIDIARY AND RELATED COMPANIES** consist of :

(BAHT)

PARTICULARS	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS		INTEREST RATES (%) PER ANNUM	
	2008	2007	2008	2007	2008	2007
- Subsidiaries						
Wildlives (Thailand) Co., Ltd.						
Beginning Balances	-	-	3,000,000	3,500,000		
Settlement during the years	-	-	(500,000)	(500,000)		
Ending Balances	-	-	2,500,000	3,000,000		
Less Allowance for doubtful accounts	-	-	-	(605,207)		
Ending Balances - net	-	-	2,500,000	2,394,793	4.00 - 4.50	4.00 - 5.50
Value Sports Co., Ltd.						
Beginning Balances	-	-	-	-		
Increase during in year	-	-	1,000,000	-		
Ending Balance	-	-	1,000,000	-		
Less Allowance for doubtful accounts			(1,000,000)			
Ending Balances - net			-		4.00 - 4.50	-
Total Short-term Loans to Subsidiaries - net	-	-	2,500,000	2,394,793		
- Related Company						
Osoth Interlaboratories Co., Ltd.						
Beginning Balances	-	1,900,000	-	1,900,000		
Settlement during the year	-	(1,900,000)	-	(1,900,000)		
Ending Balances	-	-	-	-	-	5.50
Total Short-term Loans to Related Company	-	-	-	-		
Total Short-term Loans to Subsidiary and Related Companies - net	-	-	2,500,000	2,394,793		

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

7. INVENTORIES consist of :

(BAHT)

PARTICULARS	CONSOLIDATED		THE SEPARATE	
	2008	2007	2008	2007
Finished goods	162,507,774	114,269,665	127,860,022	98,820,569
Goods in process	51,916,182	36,442,793	50,452,497	31,432,964
Raw materials	135,820,417	102,151,724	96,903,505	75,720,098
Packagings	137,167,839	111,255,915	137,167,840	111,255,915
Consumed supplies	3,425,200	1,893,840	2,602,028	1,200,772
Goods in transit	10,999,179	-	10,999,179	-
Total	501,836,591	366,013,937	425,985,071	318,430,318
<u>Less</u> Allowance for diminution in	(23,789,241)	(20,575,956)	(16,143,233)	(15,613,611)
Inventories - net	478,047,350	345,437,981	409,841,838	302,816,707

8. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

(BAHT)

	% Holding		CONSOLIDATED (Equity Method)		THE SEPARATE FINANCIAL STATEMENTS (Cost Method)	
	2008	2007	2008	2007	2008	2007
<b><u>SUBSIDIARIES</u></b>						
E F Co., Ltd.	99.99	99.99	-	-	4,005,696	4,005,696
Top Trend Manufacturing Co., Ltd.	51	51	-	-	36,624,970	36,624,970
Wildlives (Thailand) Co., Ltd.	99.99	99.99	-	-	999,930	* 999,930
Value Sports Co., Ltd.	66.67	-	-	-	* 2,000,000	-
Total Investments in Subsidiaries			-	-	43,630,596	41,630,596
<u>Less</u> * Provision for diminution in investments in subsidiaries			-	-	(2,000,000)	(999,930)
Total Investments in Subsidiaries - net			-	-	41,630,596	40,630,666
<b><u>ASSOCIATES</u></b>						
Yamahatsu (Thailand) Co., Ltd.	30	30	29,265,423	25,667,050	5,999,950	5,999,950
Shaldan (Thailand) Co., Ltd.	21	21	2,695,282	3,299,954	4,392,000	4,392,000
Operational Energy Group Limited	30	30	55,337,673	49,727,623	13,150,567	13,150,567
Total Investments in Associates			87,298,378	78,694,627	23,542,517	23,542,517

	TYPE OF BUSINESS	ISSUED AND PAID - UP SHARE CAPITAL		DIVIDENDS	
		2008	2007	2008	2007
<b><u>SUBSIDIARIES</u></b>					
E F Co., Ltd.	Consumer products	4,000,000	4,000,000	-	-
Top Trend Manufacturing Co., Ltd.	Plastic containers	60,000,000	60,000,000	7,650,000	6,732,000
Wildlives (Thailand) Co., Ltd.	Consumer products	1,000,000	1,000,000	-	-
Value Sports Co., Ltd.	Assemble and distribute motor kits	3,000,000	-	-	-
Total				7,650,000	6,732,000
<b><u>ASSOCIATES</u></b>					
Yamahatsu (Thailand) Co., Ltd.	Hair products	20,000,000	20,000,000	9,599,920	5,699,953
Shaldan (Thailand) Co., Ltd.	Air refresher	20,000,000	20,000,000	-	-
Operational Energy Group Limited	Servicing to operate the power plant	30,000,000	30,000,000	8,999,990	8,999,990
Total				18,599,910	14,699,943

On April 1, 2008, the Company has invested in Value Sports Co., Ltd. which has co-directors by buying from related persons 20,000 shares worth Baht 2 million, accounted for 66.67 per cent of issued and paid-up share capital. There is goodwill amount of Baht 1.78 million incurred from the fair value of the identifiable assets and liabilities acquired lower than the acquisition cost of the acquirer. The Company recorded as total loss from diminution in investment value in the statements of income in the consolidation.

On March 30, 2007, the Extraordinary Shareholders' Meeting No. 1/2007 of Sriracha Engineering Service Company Limited was held and approved a special resolution to dissolve the company following the resolution of the Ordinary General Shareholders' Meeting No. 23 held on March 12, 2007. The subsidiary company registered its dissolution with the Ministry of Commerce on March 30, 2007. In the first quarter of 2007, the Company has transferred the investments from its subsidiary by transferring the remaining assets and liabilities from the consolidated financial statements, and recognizing the reverse of investment deficiency amount Baht 2.20 million as gain from cutting off such investment in the consolidated statement of income. In the second quarter of 2007, the Company has obtained refund from such investment amount of Baht 1.65 million and has recorded as loss on investment in dissolved subsidiary in the separate statements of income.

The financial statements of Yamahatsu (Thailand) Company Limited, Shaldan (Thailand) Company Limited and Operational Energy Group Limited, which are applied for recording the equity method are based on the financial information audited by the other auditors.

**9. INVESTMENTS IN RELATED COMPANIES** consist of :

CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS	% Holding		Cost Method		Dividend	
	2008	2007	2008	2007	2008	2007
	(BAHT)					
1. Thai Q P Co., Ltd.	7.50	7.50	9,000,000	9,000,000	630,000	540,000
2. General Glass Co., Ltd.	16	16	*16,000,000	16,000,000	-	-
3. Thai Lotte Co., Ltd.	0.56	0.56	* 8,000,000	* 8,000,000	-	-
4. Thai Fujiya Co., Ltd.	6.67	6.67	* 7,500,000	* 7,500,000	-	-
5. H & B Kabinburi Co., Ltd.	9	9	1,350,000	1,350,000	135,000	135,000
6. Osoth Interlaboratories Co., Ltd.	19	19	*22,800,000	*22,800,000	-	-
7. Thai Cubic Technology Co., Ltd.	5	5	2,000,000	2,000,000	400,000	-
8. Train Time Test Co., Ltd.	14	14	175,000	175,000	70,000	28,000
9. BSC Entertainment Co., Ltd.	10	10	*20,564,623	*20,564,623	-	-
10. B.K.C. International Co., Ltd.	19	19	* 474,998	* 474,998	-	-
11. United Utility Co., Ltd.	0.27	0.27	* 691,800	691,800	-	-
Total			88,556,421	88,556,421	1,235,000	703,000
<u>Less</u> Allowance for loss on capital decrease in						
- Thai Fujiya Co., Ltd.			(5,500,000)	(5,500,000)		
- Osoth Interlaboratories Co., Ltd.			(2,850,000)	(2,850,000)		
- BSC Entertainment Co., Ltd.			(7,505,337)	(7,505,337)		
*Provision for diminution in investments in related companies			(35,184,539)	(33,602,267)		
Total Investments in Related Companies - net			37,516,545	39,098,817		

During 2007, the Company has purchased investments in United Utility Company Limited of 932 shares, worth Baht 691,800.

During 2007, the investment in C.V.V. Hotel Business Company Limited amount of Baht 887,500 which was set up the provision for diminution in investments in the amount of Baht 446,675 was dissolved. The Company, thereby obtained refund from investment in the amount of Baht 666,100 and has recorded as gain in the statements of income.

During 2007, the investment in Konica Minolta Photochem (Thailand) Company Limited amount of Baht 1,750,000 was dissolved. The Company, thereby obtained refund from investment in the amount of Baht 2,003,082 and has recorded as gain in the statements of income.

(BAHT)

	TYPE OF BUSINESS	RELATIONSHIP	ISSUED AND PAID - UP SHARE CAPITAL	
			2008	2007
1. Thai Q P Co., Ltd.	Consumer products	Shareholders / co – directors	120,000,000	120,000,000
2. General Glass Co., Ltd.	Glass bottles	Shareholders / co – directors	100,000,000	100,000,000
3. Thai Lotte Co., Ltd.	Chewing gum	Shareholders / co – directors	1,420,000,000	1,420,000,000
4. Thai Fujiya Co., Ltd.	Cake, bakery and restaurant	Shareholders / co – directors	30,000,000	30,000,000
5. H & B Kabinburi Co., Ltd.	Cloth toy and ware	Shareholders / co – directors	15,000,000	15,000,000
6. Osoth Interlaboratories Co., Ltd.	Medicine	Shareholders / co – directors	105,000,000	105,000,000
7. Thai Cubic Technology Co., Ltd.	Plate and varnish	Shareholders / co – directors	40,000,000	40,000,000
8. Train Time Test Co., Ltd.	Training and seminar	Shareholders / co – directors	1,250,000	1,250,000
9. BSC Entertainment Co., Ltd.	Bowling alley	Shareholders / co – directors	174,000,000	174,000,000
10. B.K.C. International Co., Ltd.	Consumer products	Shareholders / co – directors	2,500,000	2,500,000
11. United Utility Co., Ltd.	Real estate	Shareholders / co – directors	34,230,000	34,230,000

## 10. INVESTMENTS IN AVAILABLE-FOR-SALE SECURITIES

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

(BAHT)

CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS	% Holding		Cost Method		Dividends	
	2008	2007	2008	2007	2008	2007
<b>Related Companies</b>						
1. Boutique New City Plc.	0.02	0.02	124,000	124,000	220	-
2. Far East DDB Plc.	0.01	0.01	40,000	40,000	3,000	3,000
3. I.C.C. International Plc.	0.34	0.27	24,712,121	16,391,371	977,490	777,490
4. President Bakery Plc.	1.00	1.00	13,500,000	13,500,000	1,615,500	1,440,000
5. Sahacogen (Chonburi) Plc.	14.28	13.96	206,628,187	192,963,210	39,991,878	39,991,878
6. Saha Pathana Inter-Holding Plc.	0.03	0.03	3,705,240	3,705,240	33,600	-
Total			248,709,548	226,723,821	42,621,688	42,212,368
<u>Add</u> Unrealized gain on investment revaluation			415,517,631	404,511,476	-	-
Total net investments in available-for-sales securities-			664,227,179	631,235,297	42,621,688	42,212,368
<b>Other Companies</b>						
1. Nation Multimedia Group Plc.			8,586,370	8,586,370	-	-
2. Bangkok Bank Plc.			5,000,700	5,000,700	189,900	174,075
Total			13,587,070	13,587,070	189,900	174,075
<u>Less</u> Unrealized loss on investment revaluation			(7,383,208)	(1,296,093)	-	-
Total net investments in available-for-sales securities-			6,203,862	12,290,977	189,900	174,075
<b>Total available-for-sales securities</b>			670,431,041	643,526,274	42,811,588	42,386,443

(BAHT)

RELATED COMPANIES	TYPE OF BUSINESS	RELATIONSHIP	ISSUED AND PAID –UP SHARE CAPITAL	
			2008	2007
1. Boutique New City Plc.	Garment	Shareholders / co – directors	120,000,000	120,000,000
2. Far East DDB Plc.	Advertising and agency	Shareholders / co – directors	75,000,000	75,000,000
3. I.C.C. International Plc.	Commerce	Shareholders / co – directors	290,633,730	290,633,730
4. President Bakery Plc.	Food	Co-shareholders	450,000,000	450,000,000
5. Sahacogen (Chonburi) Plc.	Generating and distributing electricity	Shareholders / co – directors	955,000,000	955,000,000
6. Saha Pathana Inter-Holding Plc.	Commerce	Co-shareholders	494,034,300	494,034,300

During 2008, the Company has additionally purchased investments in I.C.C. International Public Company Limited of 200,000 shares, worth Baht 8,320,750 and additionally purchased investments in Sahacogen (Chonburi) Public Company Limited of 3,049,700 shares, worth Baht 13,664,977.

During 2007, the Company has purchased shares in Saha Pathana Inter-Holding Public Company Limited of 168,000 shares, worth Baht 3,705,240.

**11. INVESTMENTS IN OTHER COMPANIES** consist of:

(BAHT)

	% Holding		Cost Method		Dividends	
	2008	2007	2008	2007	2008	2007
1. Sahapat Properties Co., Ltd.	2.50	2.50	500,000	* 500,000	-	-
2. Eastern Rubber Co., Ltd.	1.50	1.50	* 450,000	* 450,000	-	-
3. Advantage Footwear Co., Ltd.	0.38	0.38	* 1,387,500	* 1,387,500	-	-
4. Treasure Hill Co., Ltd.	2.00	2.00	* 4,000,000	* 4,000,000	-	-
5. Thanara Co., Ltd.	1.25	1.25	750,000	750,000	-	-
6. Thai Kamaya Co., Ltd.	8.00	5.00	9,080,000	5,000,000	2,000,000	300,000
7. Thai Herbal Products Co., Ltd.	1.50	1.50	1,200,000	* 1,200,000	24,000	-
8. Tipvarin Wattana Co., Ltd.	15.00	15.00	1,454,940	1,454,940	-	-
9. Saha Sehwa Co., Ltd.	3.48	3.48	* 5,049,970	* 5,049,970	-	-
10. T-Way Co., Ltd.	15.00	15.00	45,000	45,000	-	-
11. K. Commercial & Construction Co., Ltd.	2.20	2.20	3,277,670	3,277,670	110,000	110,000
12. E. P. F. Co., Ltd.	18.00	18.00	702,000	702,000	306,072	252,000
13. Pan Land Co., Ltd.	1.00	1.00	* 3,000,000	* 3,000,000	-	-
14. Thai Yukilon Co., Ltd.	6.94	6.94	5,000,000	5,000,000	850,000	675,000
15. Sriracha Aviation Co., Ltd.	6.06	6.06	* 2,000,000	* 2,000,000	-	-
16. Waseda Education (Thailand) Co., Ltd.	7.14	7.14	* 2,000,000	* 2,000,000	-	-
Total			39,897,080	35,817,080	3,290,072	1,337,000
<u>Less</u> *Provision for diminution in investments in other companies			(7,223,998)	(7,157,929)		
Total Investments in Other Companies - net (The separate financial statements)			32,673,082	28,659,151		
SUBSIDIARIES INVEST IN						
- Treasure Hill Co., Ltd.			1.00	1.00	* 2,000,000	* 2,000,000
<u>Less</u> *Provision for diminution in investments in other companies			(2,000,000)	(2,000,000)		
Total Investments in Other Companies - net (Consolidated)			32,673,082	28,659,151		

During April 2008, the Company has additionally purchased investments in Thai Kamaya Company Limited of 30,000 shares, worth Baht 4,080,000.

During March 2007, the subsidiary has sold its investment with acquisition cost of Baht 1 million which was totally set up as provision for diminution of investment. The subsidiary obtained proceeds amount of Baht 10,000 which was recorded as gain at the same amount in the statement of income of subsidiary.

## 12. INVESTMENTS IN GOVERNMENT BOND

The Company has purchased savings bond amounting to Baht 5.0 million of 5 year maturity, commencing from June 21, 2004 with interest rate at 4.625% per annum. This bond was pledged as a guarantee for renting factory from Preserved Food Organization (P.F.O), Ministry of Defense.

## 13. INVESTMENTS IN REAL ESTATE

(BAHT)

	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2008	2007	2008	2007
Investments in land	47,990,000	47,990,000	47,870,000	47,870,000
<u>Less</u> Provision for impairment of asset	(4,400,000)	(4,400,000)	(4,400,000)	(4,400,000)
Investments in land-net	43,590,000	43,590,000	43,470,000	43,470,000
Investments in land with structures	9,952,923	9,952,923	9,952,923	9,952,923
Total investments in real estate	53,542,923	53,542,923	53,422,923	53,422,923

In the second quarter of 2007, the Company, related company and other companies jointly invested in land with structures amount of Baht 30.36 million which are under consideration for commercial use. Therefore, the total acquisition cost was recorded as investments in real estate with the proportion of investment as follows :

	Amount (Million Baht)	Ratio of Ownership
Vitayasithi Co., Ltd.	14.93	76.57
S & J International Enterprises Public Co., Ltd.	9.95	51.05
K. Commercial & Construction Co., Ltd.	5.48	28.08
	30.36	155.70



**14. PROPERTY, PLANT AND EQUIPMENT** consist of :

(BAHT)

CONSOLIDATED	2007	INCREASE FROM ACQUISITION	INCREASE	DISPOSAL	TRANSFER	2008
<b><u>Cost</u></b>						
Land and improvement	28,926,625	-	-	-	-	28,926,625
Building and improvement	318,687,109	105,057	3,767,400	(3,000)	11,967,382	334,523,948
Furniture and fixtures	156,091,793	5,280	7,046,396	(1,420,229)	1,672,672	163,395,912
Office equipment	59,798,583	98,873	4,455,625	(4,634,298)	-	59,718,783
Machineries and equipment	938,426,165	325,801	28,367,455	(251,250)	115,732,763	1,082,600,934
Vehicles	39,768,981	17,000	8,066,356	(2,919,300)	161,399	45,094,436
Assets under construction and installation	21,495,267	-	180,167,785	-	(129,534,216)	72,128,836
<b>Total cost</b>	<b>1,563,194,523</b>	<b>552,011</b>	<b>231,871,017</b>	<b>(9,228,077)</b>	<b>-</b>	<b>1,786,389,474</b>
<b><u>Accumulated depreciation</u></b>						
Building and improvement	139,330,240	19,391	13,720,487	(927)	-	153,069,191
Furniture and fixtures	99,453,524	352	19,964,437	(685,371)	-	118,732,942
Office equipment	48,021,290	6,691	4,784,935	(4,599,176)	-	48,213,740
Machineries and equipment	646,607,466	127,037	85,831,179	(250,920)	-	732,314,762
Vehicles	31,457,170	1,208	4,664,309	(2,919,297)	-	33,203,390
<b>Total accumulated depreciation</b>	<b>964,869,690</b>	<b>154,679</b>	<b>128,965,347</b>	<b>(8,455,691)</b>	<b>-</b>	<b>1,085,534,025</b>
	598,324,833					700,855,449
<u>Less</u> Provision for impairment of assets	(2,200,000)					(2,200,000)
<b>Total Property, Plant and Equipment-net</b>	<b>596,124,833</b>					<b>698,655,449</b>
Depreciation for the years	119,139,754					128,965,347

As at December 31, 2008 and 2007, the Company and its subsidiaries have fully depreciated fixed assets up to their useful lives but are usable at the cost of Baht 616.87 million and Baht 554.63 million, respectively.

(BAHT)

THE SEPARATE FINANCIAL STATEMENTS	2007	INCREASE	DISPOSAL	TRANSFER	2008
<b><u>Cost</u></b>					
Land and improvement	28,166,625	-	-	-	28,166,625
Building and improvement	255,263,648	3,767,400	(3,000)	4,954,832	263,982,880
Furniture and fixtures	71,546,258	2,448,610	-	221,226	74,216,094
Office equipment	46,074,061	3,479,694	(4,576,298)	-	44,977,457
Machineries and equipment	386,699,947	15,344,574	(251,250)	13,586,718	415,379,989
Vehicles	27,985,771	3,512,150	(2,919,300)	161,399	28,740,020
Assets under construction and installation	12,533,408	69,909,680	-	(18,924,175)	63,518,913
Total cost	828,269,718	98,462,108	(7,749,848)	-	918,981,978
<b><u>Accumulated depreciation</u></b>					
Building and improvement	123,318,242	10,216,875	(927)	-	133,534,190
Furniture and fixtures	61,564,898	4,488,409	-	-	66,053,307
Office equipment	38,041,055	2,993,914	(4,555,090)	-	36,479,879
Machineries and equipment	311,582,272	29,898,723	(250,920)	-	341,230,075
Vehicles	22,974,761	2,844,399	(2,919,297)	-	22,899,863
Total accumulated depreciation	557,481,228	50,442,320	(7,726,234)	-	600,197,314
	270,788,490				318,784,664
<u>Less</u> Provision for impairment of assets	(2,200,000)				(2,200,000)
Total Property, Plant and Equipment-net	268,588,490				316,584,664
Depreciation for the years	51,310,398				50,442,320

As at December 31, 2008 and 2007, the Company has fully depreciated fixed assets up to their useful lives but are usable at the cost of Baht 422.29 million and Baht 381.16 million, respectively.

**15. LEASEHOLD RIGHT**

(BAHT)

CONSOLIDATED	2007	INCREASE	DISPOSAL/ TRANSFER	2008
<b><u>Cost</u></b>				
Leasehold right of Preserved Food Organization	55,000,000	-	-	55,000,000
Other leasehold right	2,297,809	856,219	(742,105)	2,411,923
Total	57,297,809	856,219	(742,105)	57,411,923
<b><u>Accumulated amortization</u></b>				
Leasehold right of Preserved Food Organization	50,343,836	2,750,000	-	53,093,836
Other leasehold right	1,427,467	526,912	(742,105)	1,212,274
Total	51,771,303	3,276,912	(742,105)	54,306,110
Leasehold right - net	5,526,506			3,105,813
Amortization for the years	3,313,659			3,276,912

(BAHT)

THE SEPARATE FINANCIAL STATEMENTS	2007	INCREASE	DISPOSAL/ TRANSFER	2008
Leasehold right of Preserved Food Organization- cost	55,000,000	-	-	55,000,000
<u>Less</u> Accumulated amortization	50,343,836	2,750,000	-	53,093,836
Leasehold right - net	4,656,164			1,906,164
Amortization for the years	2,793,159			2,750,000

**16. COMPUTER SOFTWARES**

(BAHT)

CONSOLIDATED	2007	INCREASE FROM ACQUISITION	INCREASE	DISPOSAL/ TRANSFER	2008
Computer softwares - cost	5,801,765	19,000	977,940	-	6,798,705
<u>Less</u> Accumulated amortization	1,564,117	395	639,011	-	2,203,523
Computer softwares - net	4,237,648				4,595,182
Amortization for the years	563,706				639,011

(BAHT)

THE SEPARATE FINANCIAL STATEMENTS	2007	INCREASE	DISPOSAL/ TRANSFER	2008
Computer softwares - cost	5,801,765	824,100	-	6,625,865
<u>Less</u> Accumulated amortization	1,564,117	635,985	-	2,200,102
Computer softwares - net	4,237,648			4,425,763
Amortization for the years	563,706			635,985

### 17. 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 term and condition for repayment were relaxed by monthly repayment from Baht 500,000 to Baht 1,500,000 and the last payment will be made within January 2011.

### 18. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS consist of :

(BAHT)

PARTICULARS	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2008	2007	2008	2007
Bank overdrafts	5,198,827	10,715,581	1,289,575	5,965,857
Loans from banks	471,000,000	367,000,000	221,000,000	147,000,000
Total	476,198,827	377,715,581	222,289,575	152,965,857

Bank overdrafts and short-term loans from the financial institutions of the Company are unsecured loans.

**19. SHORT-TERM LOANS FROM RELATED PERSONS AND PARTIES**

In 2008, short-term loans from Company's directors with interest rates bearing at 4.00% - 4.50% per annum are unsecured loans.

**20. DEFERRED RENTAL INCOME** consists of :

(BAHT)

CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS	2008	2007
Sub-rental income from related company-net (See Note 33)	1,126,965	3,153,279
Land rental income from subsidiaries-net	74,725	81,518
Land rental income from related company-net	82,534	90,787
Total	1,284,224	3,325,584

**21. STAFF PROVIDENT FUND**

The Company and its subsidiaries have set up and registered provident fund in accordance with the Provident Fund Act, B.E. 2530 (1987). In order to be the savings and welfare promotion, as well as the fringe benefits upon resignation or retirement to its employees according to the Company's regulation, with one part of contribution from the employees and another part from the Company at the rate of 3% on their basic salaries. The Company has also appointed the BankThai Public Company Limited to be the fund manager.

Provident fund contributions made by the Company and its subsidiaries for their employees are recorded as expenses in the income statements for the years ended December 31, 2008 and 2007 as follows:

(MILLION BAHT)

	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2008	2007	2008	2007
S & J International Enterprises Public Co., Ltd.	3.90	3.45	3.90	3.45
Top Trend Manufacturing Co., Ltd.	2.57	2.24	-	-
Total	6.47	5.69	3.90	3.45

## 22. PROVISION FOR EMPLOYEES' RETIREMENT FUND

The Company has the policy for employees' retirement from working at the age of 55 years with the compensation of employees' pension fund. Provision for retirement fund for every employee of age 50 years up is comprised of two parts. The first part is calculated according to the Labour Law, and included the second part which is calculated from half of present salary received multiply by the excess amount over 20 working years.

Retirement fund contributions made by the Company and its subsidiaries for their employees are recorded as expenses in the income statements for the years ended December 31, 2008 and 2007 as follows:

(MILLION BAHT)

	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2008	2007	2008	2007
S & J International Enterprises Public Co., Ltd.	7.20	9.92	7.20	9.92
Top Trend Manufacturing Co., Ltd.	0.70	0.50	-	-
Total	7.90	10.42	7.20	9.92

## 23. SHARE CAPITAL

During January 1, 2007 to December 31, 2008, the warrant holders who are the Company's directors, employees of the Company and its subsidiaries have exercised their warrants to purchase common stocks at an exercise price of Baht 4 each. The Company has fully received the money from its shareholders and has registered the paid-up capital increase with the Ministry of Commerce as follows :-

Registered Date	Exercised Warrants (Units)	Purchase Common Stocks (Shares)	Amount (Baht)
February 7, 2007	142,500	142,500	570,000
March 7, 2007	506,500	506,500	2,026,000
June 7, 2007	42,000	42,000	168,000
September 7, 2007	37,500	37,500	150,000
December 7, 2007	276,750	276,750	1,107,000
<b>Total year 2007</b>	<b>1,005,250</b>	<b>1,005,250</b>	<b>4,021,000</b>
January 9, 2008	214,500	214,500	858,000
February 8, 2008	87,500	87,500	350,000
March 7, 2008	367,250	367,250	1,469,000
October 7, 2008	20,000	20,000	80,000
December 9, 2008	67,500	67,500	270,000
<b>Total year 2008</b>	<b>756,750</b>	<b>756,750</b>	<b>3,027,000</b>
<b>Duly exercised in 2006</b>	<b>1,814,500</b>	<b>1,814,500</b>	<b>7,258,000</b>
Total	3,576,500	3,576,500	14,306,000

During December 22-30, 2008, the warrant holders have exercised 50,750 units of warrants to purchase 50,750 common stocks at an exercise price of Baht 4 each totalling Baht 203,000. 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 December 31, 2008. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on January 9, 2009.

During December 27-28, 2007, the warrant holders have exercised 214,500 units of warrants to purchase 214,500 common stocks at an exercise price of Baht 4 each totalling Baht 858,000. 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 December 31, 2007. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on January 7, 2008.

## **WARRANTS**

On April 25, 2005, the Ordinary General Shareholders' Meeting was held and has a resolution to approve 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 ratio 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 and employees of the Company and its subsidiaries amount 5,000,000 shares, which was duly approved by the Ordinary General Shareholders' Meeting on April 26, 2004.

The financial statements for the years ended December 31, 2008 and 2007 presenting the warrant holders who are the directors and employees of the Company and its subsidiaries have exercised their warrants to purchase 756,750 common stocks and 1,005,250 common stocks, respectively. Therefore, as at December 31, 2008 there are 1,423,500 units outstanding balances of warrants.

## **24. 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.

## **25. DIVIDEND PAYMENT**

On April 22, 2008, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividends for 2007 to the shareholders of 103,489,000 shares at Baht 0.75 per share, totalling Baht 77.62 million. The dividend payment was made on May 21, 2008.

On April 23, 2007, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividends for 2006 to the shareholders of 102,463,500 shares at Baht 0.65 per share, totalling Baht 66.60 million. The dividend payment was made on May 22, 2007.



## 26. DIRECTORS' REMUNERATION

On April 22, 2008, the Ordinary General Shareholders' Meeting for 2008 was held and approved a resolution to pay directors' remuneration at the maximum of Baht 10 million per year.

On April 25, 2008, the Ordinary General Shareholders' Meeting for 2008 of Top Trend Manufacturing Company Limited was held and approved a resolution to pay directors' remuneration amount of Baht 1.38 million.

On April 23, 2007, the Ordinary General Shareholders' Meeting for 2007 was held and approved a resolution to pay directors' remuneration at the maximum of Baht 10 million per year.

On April 4, 2007, the Ordinary General Shareholders' Meeting for 2007 of Top Trend Manufacturing Company Limited was held and approved a resolution to pay directors' remuneration amount of Baht 1.14 million.

## 27. FOREIGN CURRENCY TRANSACTIONS

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

Currencies	Amount in thousand	Exchange rates on delivery date (Baht)	Delivery dates
<u>Year 2008</u>			
USD	954	33.96 - 35.09	February 2009 - June 2009
<u>Year 2007</u>			
USD	17	33.84	March 2008
JPY	47	0.30838 - 0.30678	February 2008
EUR	1	46.15	February 2008

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

Currencies	Amount in thousand	Exchange rates on delivery date (Baht)	Delivery dates
<u>Year 2008</u>			
USD	2,330	34.36 - 35.755	April 2009 - June 2009
JPY	34,298	0.3720 - 0.3939	January 2009 - February 2009
<u>Year 2007</u>			
USD	2,531	33.49 - 34.15	April 2008 - July 2008
JPY	21,828	0.2951 - 0.2984	January 2008 - February 2008
GBP	11	67.4667 - 68.7467	February 2008

27.3 The Company and subsidiaries have 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	2008		2007	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<b>Assets</b>				
USD	551	19,169	78	2,634
JYP	1,127	431	5,635	1,663
EUR	17	812	-	-
GBP	-	-	23	1,531
Total assets		20,412		5,828
<b>Liabilities</b>				
USD	272	9,542	118	3,985
JPY	3,934	1,534	1,177	353
GBP	31	1,601	3	219
EUR	6	282	-	-
SEK	3	13	-	-
NZD	0.1	3	0.2	5
CHF	57	1,913	6	171
HKD	6	27	-	-
Total liabilities		14,915		4,733

(AMOUNT IN THOUSAND)

THE SEPARATE FINANCIAL STATEMENTS	2008		2007	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<b>Assets</b>				
USD	486	16,926	1	45
JPY	1,127	431	5,635	1,663
GBP	-	-	23	1,531
Total assets		17,357		3,239
<b>Liabilities</b>				
USD	260	9,133	117	3,980
JPY	3,934	1,534	1,177	353
GBP	31	1,601	3	219
EUR	6	282	-	-
SEK	3	13	-	-
NZD	0.1	3	0.2	5
HKD	6	27	-	-
Total liabilities		12,593		4,557

## 28. EXPENSES BY NATURE

(BAHT)

PARTICULARS	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2008	2007	2008	2007
Increase in the changes in finished goods and work in progress	(62,103,069)	(20,420,828)	(48,058,986)	(13,893,557)
Raw material and consumables used	1,780,688,039	1,471,870,716	1,741,141,233	1,454,850,784
Purchase of finished goods	7,778,763	9,600,112	-	-
Directors' remuneration	6,580,000	5,470,000	5,200,000	4,400,000
Employee benefit expenses	533,191,113	460,272,768	351,662,019	311,024,319
Depreciation and amortization expenses	132,881,270	123,017,119	53,828,305	54,667,263
Other expenses	353,416,217	305,053,553	219,712,853	180,244,679
Total	2,752,432,333	2,354,863,440	2,323,485,424	1,991,293,488

## 29. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' financial information by segment in the consolidation for the years ended December 31, 2008 and 2007 are as follows :

(BAHT)

Year 2008	Cosmetics	Containers	Others	Inter-company transactions		Total
				Debit	Credit	
Sales	2,408,234,535	707,702,423	17,162,157	223,180,475	-	2,909,918,640
Operating result by segment	102,119,006	69,102,662	(544,422)	228,269,620	232,227,261	174,634,887
Net profit - equity holders of the parent						192,847,291
Property, plant and equipment-net	316,584,664	380,461,830	1,608,955	-	-	698,655,449
Leasehold right-net	1,906,164	1,199,649	-	-	-	3,105,813
Computer softwares	4,425,763	152,241	17,178	-	-	4,595,182
Total assets						2,699,824,623

(BAHT)

Year 2007	Cosmetics	Containers	Others	Inter-company transactions		Total
				Debit	Credit	
Sales	2,052,154,031	607,223,606	15,378,851	196,592,035	-	2,478,164,453
Operating result by segment	74,396,229	59,506,235	1,105,854	201,241,072	204,139,453	137,906,699
Net profit - equity holders of the parent						161,870,443
Property, plant and equipment-net	268,588,490	327,387,840	148,503	-	-	596,124,833
Leasehold right-net	4,656,164	870,342	-	-	-	5,526,506
Computer softwares	4,237,648	-	-	-	-	4,237,648
Total assets						2,326,016,968

The financial information by geographical areas can be classified to local and export sales in the consolidation for the years ended December 31, 2008 and 2007 as follows:

(BAHT)

Particulars	Local		Export		Total	
	2008	2007	2008	2007	2008	2007
Sales	1,939,137,236	1,622,117,417	970,781,404	856,047,036	2,909,918,640	2,478,164,453
Operating result by areas	118,221,557	114,473,496	56,413,330	23,433,203	174,634,887	137,906,699

### 30. INCOME TAX EXPENSES

The Company and subsidiaries' income taxes for the years ended December 31, 2008 and 2007 are calculated from accounting profit and adjusted with other revenues and some expenses which are exempted from income tax; for example, dividend income, or being disallowable expenses in corporate income tax computation; for example, doubtful debts.

In 2008, the corporate income tax of the Company is calculated at the rate of 25 per cent.

In 2007, the corporate income tax of the Company is calculated at the rate of 30 per cent.

The corporate income taxes of subsidiaries are calculated at the rate of 30 per cent.

### 31. TRANSACTIONS WITH RELATED PARTIES

The Company has certain business transactions with its related parties which are related through, being employees, 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 33.

COMPANIES	RELATIONSHIP
Subsidiaries	See Note 8
Associates	See Note 8
Related companies	See Note 9
Better Way (Thailand) Co., Ltd.	Co – directors
International Laboratories Corp., Ltd.	Co – directors
Vitayasithi Co., Ltd.	Co – directors
Kewpie (Thailand) Co., Ltd.	Co – directors
O.C.C. Plc.	Co – directors
I.C.C. International Plc.	Co – directors
Oriental Salon Business Co., Ltd.	Co – directors
H & B Intertex Co., Ltd.	Co – directors
People 's Garment Plc.	Co – directors
Thai Fujiya Co., Ltd.	Co – shareholders
Saha Pathanapibul Plc.	Co – shareholders
Thai Wacoal Plc.	Co – shareholders
Saha Pathana Inter-Holding Plc.	Shareholders
Related persons	Employees and directors of subsidiaries

**The significant transactions with related parties are as follows :**

(BAHT)

Transactions in balance sheets	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2008	2007	2008	2007
<u>Trade accounts receivable</u>				
- Subsidiaries	-	-	848,678	1,358,803
- Associates	4,235,382	4,722,691	2,763,600	2,413,294
- Related companies	238,367,719	197,219,647	219,121,480	172,516,888
Total	242,603,101	201,942,338	222,733,758	176,288,985
<u>Short - term loans extended</u>				
- Subsidiaries (See Note 6)	-	-	3,500,000	3,000,000
Less Allowance for doubtful debt	-	-	(1,000,000)	(605,207)
Total	-	-	2,500,000	2,394,793
<u>Other current assets</u>				
- Subsidiaries	-	-	1,155,173	1,085,765
- Associates	279,107	255,563	279,107	255,563
- Related companies	5,570,540	22,353	5,570,540	22,353
Total	5,849,647	277,916	7,004,820	1,363,681
<u>Investment in subsidiaries</u>				
- Related persons (See Note 8)	-	-	2,000,000	-
<u>Other receivables</u>				
- Related companies	26,253,410	34,453,410	26,253,410	34,453,410
<u>Property deposit</u>				
- Related companies	11,910,000	-	11,910,000	-
<u>Rental guarantee</u>				
- Related companies	3,537,245	200,000	1,748,900	200,000
<u>Trade accounts payable</u>				
- Subsidiaries	-	-	38,535,284	30,790,811
- Associates	8,385,762	9,296,395	7,031,771	7,378,647
- Related companies	13,128,740	4,028,064	10,432,877	1,072,210
Total	21,514,502	13,324,459	55,999,932	39,241,668

(BAHT)

Transactions in balance sheets	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2008	2007	2008	2007
<u>Short-term loans from related persons</u>				
- Related persons (See Note 19)	7,300,000	-	-	-
<u>Other current liabilities</u>				
- Subsidiaries	-	-	233,986	59,278
- Associates	50,932	27,818	50,932	27,818
- Related companies	7,220,175	7,255,019	7,220,175	7,255,019
Total	7,271,107	7,282,837	7,505,093	7,342,115
<u>Deferred rental income</u>				
- Associates	74,725	81,518	74,725	81,518
- Related companies	1,209,499	3,244,066	1,209,499	3,244,066
Total	1,284,224	3,325,584	1,284,224	3,325,584

(BAHT)

Transactions in income statements for the years ended December 31,	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2008	2007	2008	2007
<u>Sales</u>				
- Subsidiaries	-	-	1,655,294	2,957,238
- Associates	40,823,000	18,668,212	26,336,627	7,677,088
- Related companies	1,246,402,152	1,014,814,811	1,139,830,295	914,695,205
Total	1,287,225,152	1,033,483,023	1,167,822,216	925,329,531
<u>Rental income</u>				
- Associates	9,458,353	9,119,030	9,458,353	9,119,030
- Related companies	9,566,594	9,558,341	9,566,594	9,558,341
Total	19,024,947	18,677,371	19,024,947	18,677,371
<u>Other income</u>				
- Subsidiaries	-	-	3,539,640	3,560,319
- Associates	3,342,322	2,791,212	3,342,322	2,791,212
- Related companies	597,605	954,920	597,605	954,920
Total	3,939,927	3,746,132	7,479,567	7,306,451



(BAHT)

Transactions in income statements for the years ended December 31,	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2008	2007	2008	2007
<u>Purchase of goods and services</u>				
- Subsidiaries	-	-	221,111,189	193,507,017
- Associates	55,010,663	52,494,454	49,359,336	45,827,246
- Related companies	53,174,271	25,374,089	53,174,271	25,374,089
Total	108,184,934	77,868,543	323,644,796	264,708,352
<u>Rental expenses</u>				
- Associates	752,400	753,453	752,400	753,453
- Related companies	6,780,020	4,331,270	4,423,800	4,331,270
Total	7,532,420	5,084,723	5,176,200	5,084,723
<u>Other expenses</u>				
- Subsidiaries	-	-	413,993	116,031
- Associates	430,251	381,246	406,251	357,246
- Related companies	79,868,907	65,326,577	41,028,189	27,490,853
Total	80,299,158	65,707,823	41,848,433	27,964,130
<u>Finance costs</u>				
- Related persons	160,972	-	-	-
Total	160,972	-	-	-

Revenues from sales, purchase of goods and services 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.

### 32. COMMITMENT AND CONTINGENT LIABILITIES

(BAHT)

	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2008	2007	2008	2007
1. Commitment under letters of guarantee issued by commercial banks	83,610,682	71,361,412	81,980,682	69,731,412
2. Commitment under letters of guarantee on overdrafts with commercial banks for - Associates	4,200,000	4,200,000	4,200,000	4,200,000
3. Letters of credit	13,341,609	1,102,193	13,341,609	1,102,193
4. Royalty fees are payable by calculating from percentage of sales at the rate as fixed in the agreement.				
5. Lease contract of Preserved Food Organization (P.F.O.) yearly (See Note 33).				
6. Lease and Service Contracts for the office and warehouse and Advisory Contract having periods from 2 years onward as specified in each contract. As at December 31, 2008, the Company and subsidiaries have commitment to pay future monthly rental and services approximately for				
	Consolidated	Baht	1,616,888	
	The separate financial statements	Baht	1,068,637	

### 33. 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	55,000,000	38,500,000
- Balance as at December 31, 2008	1,906,164	1,126,965
- Balance as at December 31, 2007	4,656,164	3,153,279
Shown under leasehold right and deferred rental income		
2. Security for damage	5,000,000	3,500,000
Shown under investments in bond and deposit received		
3. Yearly rental (increasing in every 5 years)		
- Balance as at December 31, 2008	4,884,591	4,884,591
- Balance as at December 31, 2007	4,884,591	4,884,591
Shown under prepaid and deferred rental income		
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		

#### 34. DILUTED EARNINGS PER SHARE RECONCILIATION

CONSOLIDATED	2008			2007		
	Net profit	Number of shares	Earnings per shares	Net profit	Number of shares	Earnings per shares
	Baht	Shares	Baht	Baht	Shares	Baht
<u>Basic earnings per share</u>						
Net profit available to ordinary shareholders	192,847,291	103,417,574	1.86	161,870,443	102,413,664	1.58
<u>Effect of assumed conversion</u>						
Warrants	-	1,089,452		-	1,782,940	
<u>Diluted earnings per share</u>						
Net profit available to ordinary shareholders plus assumed conversion	192,847,291	104,507,026	1.85	161,870,443	104,196,604	1.55

<u>THE SEPARATE FINANCIAL STATEMENTS</u>	2008			2007		
	Net profit	Number of shares	Earnings per shares	Net profit	Number of shares	Earnings per shares
	Baht	Shares	Baht	Baht	Shares	Baht
<u>Basic earnings per share</u>						
Net profit available to ordinary shareholders	168,069,826	103,417,574	1.63	123,973,000	102,413,664	1.21
<u>Effect of assumed conversion</u>						
Warrants	-	1,089,452		-	1,782,940	
<u>Diluted earnings per share</u>						
Net profit available to ordinary shareholders plus assumed conversion	168,069,826	104,507,026	1.61	123,973,000	104,196,604	1.19

### 35. FINANCIAL INSTRUMENTS

The Company has information relating to financial instruments both in and off balance sheets, as follows:

#### 35.1 Accounting policies and procedure

- See Note 4.

#### 35.2 Risk from breach of contracts

- Due to the contracting party does not follow the requirement in the contract which caused damage to the Company.
- The credit risk with respect to the concentration of trade accounts receivable, consists of
  - a) Portion of sales to customers that are related companies. (See Note 31)
  - b) Another portion of sales to other customers that are numerous.
- For the financial assets shown in the balance sheets, the book value of such assets is net from various provisions to be estimated fair value. Such provisions are assumed to be the highest value of risk incurred from breach of contracts.

### **35.3 Risk relating to interest rate**

Risk from the fluctuation of interest rate may have negative effect to the Company for the current and the following years. The Company expects that it can manage the contingent risk, due to it has set up a plan and follow up the situation closely.

### **35.4 Risk from exchange rate**

The Company has risk from the fluctuation of foreign exchange rates, due to some debtors and creditors arisen from the trading in foreign currencies. The Company will make the forward exchange contract, in case of Baht currency is highly fluctuated and it is appropriate for the situation.

### **35.5 Fair value of financial instruments**

The following methods and assumptions are used to estimate the fair value of financial instruments:

- Financial assets shown at book value which are equal to the estimated fair value.
- Financial liabilities shown at book value which are equal to the estimated fair value, due to such liabilities will be matured in short term.

## **36. RECLASSIFICATION OF ACCOUNTS**

Certain accounting transactions of 2007 financial statements have been reclassified to conform with the presentation of 2008 financial statements.

## **37. FINANCIAL STATEMENTS APPROVAL**

These financial statements are duly approved by the Company's directors on February 18, 2009.