

**S & J INTERNATIONAL ENTERPRISES PUBLIC COMPANY LIMITED AND SUBSIDIARIES****NOTES TO THE FINANCIAL STATEMENTS****DECEMBER 31, 2007 AND 2006****1. GENERAL INFORMATION**

<b>1.1</b> Company 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  - 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.
<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 9 to the financial statements.
<b>1.4</b> Number of employees as at December 31, 2007 and 2006	(1) Including its subsidiaries 2,321 persons and 2,142 persons, respectively.  (2) The Company only 1,268 persons and 1,271 persons, respectively.
<b>1.5</b> Employee expenses for the years 2007 and 2006	(1) Including its subsidiaries Baht 450.53 million and Baht 396.04 million, respectively.  (2) The Company only Baht 300.79 million and Baht 259.56 million, respectively.

## 2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The consolidated and separate financial statements have been prepared in accordance with Thai Accounting Standards under the Accounting Act, B.E. 2543 (2000), including the Accounting Profession Act, B.E. 2547 (2004).

2.1 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
	2007	2006	
E F Co., Ltd.	99.99	99.99	Thailand
Top Trend Manufacturing Co., Ltd.	51	51	Thailand
Sriracha Engineering Service Co., Ltd.	-	51	Thailand
Wildlives (Thailand) Co., Ltd.	99.99	99.99	Thailand

### ASSOCIATES

COMPANIES	% HOLDING		ESTABLISHED IN
	2007	2006	
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 significant transactions have been eliminated in the consolidation.

### 3. CHANGING 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”. In changing in such accounting policy, the Company has restated the previous years separate financial statements shown herein as comparison as if the Company has recorded such investments by the cost method following the new accounting policy all through. Therefore, the information of the separate financial statements for the year ended December 31, 2006 shown herein as comparison was the information prepared under the new accounting policy. The effect from changing accounting policy is as follows:

Balance sheet as at December 31, 2006	BAHT
Decrease in short – term loans to related companies from setting up allowance for doubtful accounts.	(982,303)
Decrease in investments in subsidiaries.	(62,938,977)
Decrease in investments in associates.	(34,310,810)
Decrease in investment deficiency.	3,179,023
Decrease in ending retained earnings.	(95,053,067)
Statement of income for the year ended December 31, 2006	
Increase in dividend income.	17,261,990
Decrease in share of profits from investment for using the equity method.	(44,187,381)
Increase in selling and administrative expenses from doubtful debts increase.	(25,720)
Increase in loss on diminution in investment value	(1,207,483)
Decrease in net profit.	(28,158,594)
Decrease in basic earnings per share	(0.28)
Decrease in diluted earnings per share	(0.27)

Cumulative effect from the change in accounting policy which has to be decreasingly adjusted to the beginning retained earnings for the separate financial statements as at January 1, 2007 amount of Baht 95.05 million and as at January 1, 2006 amount of Baht 66.89 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 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.

##### **4.3 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.

##### **4.4 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.

#### 4.5 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 in the separate financial statements are stated at cost after deduction of provision for diminution in investment value.

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 for consolidation and cost method for the separate financial statements.

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 have 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 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.

#### **4.6 Investments in real estate**

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

#### **4.7 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.

#### **4.8 Leasehold right**

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

#### **4.9 Computer softwares**

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

#### **4.10 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.

#### **4.11 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.

#### **4.12 Employee benefits**

##### **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 gratuity fund**

Obligations for contributions to retirement gratuity fund are computed on the benefit formula at balance sheet date and are recognized as an expense in the statement of income. Benefits are payable upon retirement.

#### **4.13 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 at that date.

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

#### 4.14 Forward exchange contracts

Foreign currency transactions which are made 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.

#### 4.15 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.

#### 4.16 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. INVESTMENTS IN OPEN-END FUND

(BAHT)

CONSOLIDATED	2007	2006
Investments in Open-end Fund	-	3,000,000
Allowance for adjustment investment value	-	24,712
Investments in Open-end Fund – net	-	3,024,712

During March 2007, subsidiary has sold investments in Open- end Fund amount of Baht 3.06 million at book value amount of Baht 3.03 million. Gain incurred from investments in Open-end Fund during the period was shown in the statements of income of subsidiary.



**6. TRADE ACCOUNTS RECEIVABLE consist of :**

(BAHT)

PARTICULARS	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2007	2006	2007	2006
Trade notes receivable	14,633,996	20,440,766	8,738,127	17,190,088
Trade accounts receivable				
Current	339,285,237	262,410,488	271,104,541	216,013,737
Overdue within 3 months	89,592,968	86,004,538	61,591,711	61,560,009
Overdue between 3 to 6 months	2,833,370	4,432,451	2,043,187	4,129,654
Overdue between 6 to 12 months	3,356,628	6,322,785	606,193	5,567,746
Overdue more than 12 months	19,849,344	14,505,814	13,752,141	9,428,783
Total	469,551,543	394,116,842	357,835,900	313,890,017
<u>Less</u> Allowance for doubtful accounts	(20,874,583)	(18,468,999)	(12,594,664)	(13,399,770)
Trade accounts receivable – net	448,676,960	375,647,843	345,241,236	300,490,247

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

(BAHT)

PARTICULARS	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS		INTEREST RATE (%)	
	2007	2006	2007	2006	2007	2006
- Subsidiaries						
E F Co., Ltd.						
Beginning Balance	-	-	-	2,000,000		
Settlement during the year	-	-	-	(2,000,000)		
Ending Balance	-	-	-	-	-	4.75 – 5.50
Wildlives (Thailand) Co., Ltd.						
Beginning Balances	-	-	3,500,000	4,500,000		
Settlement during the years	-	-	(500,000)	(1,000,000)		
Ending Balances	-	-	3,000,000	3,500,000		
<u>Less</u> Allowance for doubtful accounts	-	-	(605,207)	(982,303)		
Ending Balances – net	-	-	2,394,793	2,517,697	4.00 - 5.50	4.75 – 5.50
Total Short-term Loans to Subsidiaries – net	-	-	2,394,793	2,517,697		
- Related Company						
Osoth Interlaboratories Co., Ltd.						
Beginning Balances	1,900,000	1,900,000	1,900,000	1,900,000		
Settlement during the year	(1,900,000)	-	(1,900,000)	-		
Ending Balances	-	1,900,000	-	1,900,000	5.50	4.75 – 5.50
Total Short-term Loans to Related Company	-	1,900,000	-	1,900,000		
Total Short-term Loans to Subsidiary and Related Companies – net	-	1,900,000	2,394,793	4,417,697		

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

**8. INVENTORIES** consist of :

(BAHT)

PARTICULARS	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2007	2006	2007	2006
Finished goods	114,931,012	97,910,180	95,066,176	84,865,069
Goods in process	35,118,622	36,619,980	30,108,793	31,494,907
Raw materials	102,151,724	90,721,653	75,720,098	63,728,771
Packagings	111,918,739	88,161,416	116,334,479	92,394,947
Consumed supplies	1,893,840	1,463,666	1,200,772	929,874
<b>Total</b>	<b>366,013,937</b>	<b>314,876,895</b>	<b>318,430,318</b>	<b>273,413,568</b>
<u>Less</u> Allowance for diminution in inventory values	(20,575,956)	(7,340,843)	(15,613,611)	(2,721,966)
<b>Inventories – net</b>	<b>345,437,981</b>	<b>307,536,052</b>	<b>302,816,707</b>	<b>270,691,602</b>

**9. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES**

(BAHT)

	% Holding		CONSOLIDATED (Equity Method)		THE SEPARATE FINANCIAL STATEMENTS (Cost Method)	
	2007	2006	2007	2006	2007	2006
<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
Sriracha Engineering Service Co., Ltd.	-	51	-	-	-	2,931,000
Wildlives (Thailand) Co., Ltd.	99.99	99.99	-	-	999,930	999,930
<b>Total Investments in Subsidiaries</b>			<b>-</b>	<b>-</b>	<b>41,630,596</b>	<b>44,561,596</b>
<u>Less</u> Provision for diminution in value of investments in subsidiaries			-	-	(999,930)	(2,207,412)
<b>Total Investment in Subsidiaries - net</b>			<b>-</b>	<b>-</b>	<b>40,630,666</b>	<b>42,354,184</b>
<b><u>ASSOCIATES</u></b>						
Yamahatsu (Thailand) Co., Ltd.	30	30	25,667,050	21,673,036	5,999,950	5,999,950
Shaldan (Thailand) Co., Ltd.	21	21	3,299,954	3,231,953	4,392,000	4,392,000
Operational Energy Group Limited	30	30	49,727,623	32,948,338	13,150,567	13,150,567
<b>Total Investments in Associates</b>			<b>78,694,627</b>	<b>57,853,327</b>	<b>23,542,517</b>	<b>23,542,517</b>

(BAHT)

	TYPE OF BUSINESS	RELATIONSHIP	ISSUED AND PAID –UP SHARE CAPITAL		DIVIDEND	
			2007	2006	2007	2006
<b><u>SUBSIDIARIES</u></b>						
E F Co., Ltd.	Consumer products	Shareholders / co – directors	4,000,000	4,000,000	-	-
Top Trend Manufacturing Co., Ltd.	Plastic containers	Shareholders / co – directors	60,000,000	60,000,000	6,732,000	7,650,000
Sriracha Engineering Service Co., Ltd.	Engineering services	Shareholders / co – directors	-	3,000,000	-	612,000
Wildlives (Thailand) Co., Ltd.	Consumer products	Shareholders / co – directors	1,000,000	1,000,000	-	-
Total					6,732,000	8,262,000
<b><u>ASSOCIATES</u></b>						
Yamahatsu (Thailand) Co., Ltd.	Hair products	Shareholders / co – directors	20,000,000	20,000,000	5,699,953	-
Shaldan (Thailand) Co., Ltd.	Air refresher	Shareholders / co – directors	20,000,000	20,000,000	-	-
Operational Energy Group Limited	Servicing to operate the power plant	Shareholders / co – directors	30,000,000	30,000,000	8,999,990	8,999,990
Total					14,699,943	8,999,990

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 entry of investment deficiency 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.

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

(BAHT)

	% Holding		Cost Method		Dividend	
	2007	2006	2007	2006	2007	2006
1. Thai Q P Co., Ltd.	7.50	7.50	9,000,000	9,000,000	540,000	270,000
2. General Glass Co., Ltd.	16	16	16,000,000	16,000,000	-	-
3. Thai Lotte Co., Ltd.	0.56	1.90	* 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	-	-
8. Train Time Test Co., Ltd.	14	14	175,000	175,000	28,000	28,000
9. BSC Entertainment Co., Ltd.	10	10	*20,564,623	*20,564,623	-	-
10. C.V.V. Hotel Business Co., Ltd.	-	1.56	-	* 887,500	-	-
11. Konica Minolta Photochem (Thailand) Co., Ltd.	-	5	-	1,750,000	-	3,412,500
12. B.K.C. International Co., Ltd.	19	19	* 474,998	* 474,998	-	-
13. United Utility Co., Ltd.	0.27	-	691,800	-	-	-
<b>Total</b>			<b>88,556,421</b>	<b>90,502,121</b>	<b>703,000</b>	<b>3,845,500</b>
<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 value of investments in related companies			(33,602,267)	(33,562,761)		
<b>Total Investments in Related Companies – net</b>			<b>39,098,817</b>	<b>41,084,023</b>		

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 totally set up the provision for diminution in value of 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 the 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 the gain in the statements of income.

During 2006, General Glass Company Limited has increased its capital to 8,000,000 shares, amount of Baht 80 million, the Company thereby has purchased additional investments in such company of 1,400,000 shares with fully paid amount of Baht 14,000,000.

In the third quarter of 2006, the investment in Guangdong Xiezhong Cosmetics Company Limited amount of Baht 9.03 million which was totally set up the provision for diminution in value of such investment was dissolved. The Company, thereby obtained refund from such investment in the amount of Baht 2.54 million which was recorded as gain at the same amount in the statements of income.

(BAHT)

	TYPE OF BUSINESS	RELATIONSHIP	ISSUED AND PAID –UP SHARE CAPITAL	
			2007	2006
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	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. C.V.V. Hotel Business Co., Ltd.	Hotel	Shareholders / co – directors	-	44,000,000
11. Konica Minolta Photochem (Thailand) Co., Ltd.	Photographic development	Co-shareholders	-	35,000,000
12. B.K.C. International Co., Ltd.	Consumer products	Shareholders / co – directors	2,500,000	2,500,000
13. United Utility Co., Ltd.	Real estate	Shareholders / co – directors	34,230,000	-

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

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

(BAHT)

COMPANIES	% Holding		Cost Method		Dividend	
	2007	2006	2007	2006	2007	2006
<b>Related Companies</b>						
1. Boutique New City Plc.	0.02	0.02	124,000	124,000	-	1,400
2. Far East DDB Plc.	0.01	0.01	40,000	40,000	3,000	3,000
3. I.C.C. International Plc.	0.27	0.27	16,391,371	16,391,371	777,490	677,490
4. President Bakery Plc.	1.00	1.00	13,500,000	13,500,000	1,440,000	1,410,000
5. Sahacogen (Chonburi) Plc.	13.96	13.96	192,963,210	192,963,210	39,991,878	26,661,329
6. Saha Pathana Inter-Holding Plc.	0.03	-	3,705,240	-	-	-
Total			226,723,821	223,018,581	42,212,368	28,753,142
<u>Add</u> Unrealized gain on investment revaluation			404,511,476	365,567,038	-	-
Total net investments in available-for-sales securities-related companies			631,235,297	588,585,619	42,212,368	28,753,142
<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	174,075	142,425
Total			13,587,070	13,587,070	174,075	142,425
<u>Less</u> Unrealized loss on investment revaluation			(1,296,093)	(1,007,156)	-	-
Total net investments in available-for-sales securities-other companies			12,290,977	12,579,914	174,075	142,425
<b>Total available-for-sales securities</b>			643,526,274	601,165,533	42,386,443	28,895,567



(BAHT)

RELATED COMPANIES	TYPE OF BUSINESS	RELATIONSHIP	ISSUED AND PAID –UP SHARE CAPITAL	
			2007	2006
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	-

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

During second quarter of 2006, the Company has 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 15,000,000 shares, amount of Baht 150 million, the Company thereby has purchased additional investment in such company of 150,000 shares, worth Baht 6 million.

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

(BAHT)

	% Holding		Cost Method		Dividend	
	2007	2006	2007	2006	2007	2006
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.	5.00	5.00	5,000,000	5,000,000	300,000	1,000,000
7. Thai Herbal Products Co., Ltd.	1.50	1.50	* 1,200,000	* 1,200,000	-	-
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	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	675,000	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	8.00	* 2,000,000	* 2,000,000	-	-
Total			35,817,080	35,817,080	1,337,000	1,785,000
<u>Less</u> *Provision for diminution in value of investments in other companies			(7,157,929)	(7,310,930)		
Total Investments in Other Companies – net (The separate financial statements)			28,659,151	28,506,150		
SUBSIDIARIES INVEST IN						
- Treasure Hill Co., Ltd.	1.00	1.00	* 2,000,000	* 2,000,000		
- Pancomp International Co., Ltd.	-	5.00	-	* 1,000,000		
<u>Less</u> *Provision for diminution in value of investments in other companies			(2,000,000)	(3,000,000)		
Total Investments in Other Companies – net (Consolidated)			28,659,151	28,506,150		

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 in value 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.

### 13. 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.

### 14. INVESTMENTS IN REAL ESTATE

(BAHT)

	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2007	2006	2007	2006
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	-
Total investments in real estate	53,542,923	43,590,000	53,422,923	43,470,000

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 in (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

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

(BAHT)

CONSOLIDATED	2006	INCREASE AS TRANSFERRED FROM SUBSIDIARY	INCREASE	DISPOSAL	TRANSFER	2007
<b><u>Cost</u></b>						
Land and improvement	28,926,625	-	-	-	-	28,926,625
Building and improvement	312,663,328	4,042,976	1,804,305	(8,700)	185,200	318,687,109
Furniture and fixtures	151,649,661	1,373,584	3,113,348	(44,800)	-	156,091,793
Office equipment	54,861,971	-	5,544,743	(608,131)	-	59,798,583
Machineries and equipment	881,764,539	12,726,226	28,007,964	(7,184,313)	23,099,685	938,414,101
Vehicles	40,277,962	-	1,909,700	(2,418,681)	-	39,768,981
Assets under construction and installation	10,850,945	-	34,048,583	(119,376)	(23,284,885)	21,495,267
<b>Total cost</b>	<b>1,480,995,031</b>	<b>18,142,786</b>	<b>74,428,643</b>	<b>(10,384,001)</b>	<b>-</b>	<b>1,563,182,459</b>
<b><u>Accumulated depreciation</u></b>						
Building and improvement	125,005,282	851,393	13,482,265	(8,700)	-	139,330,240
Furniture and fixtures	78,315,788	1,174,216	20,008,318	(44,798)	-	99,453,524
Office equipment	43,950,226	-	4,680,315	(606,084)	-	48,024,457
Machineries and equipment	567,902,130	9,953,012	75,901,706	(7,164,613)	-	646,592,235
Vehicles	28,808,694	-	5,067,150	(2,418,674)	-	31,457,170
<b>Total accumulated depreciation</b>	<b>843,982,120</b>	<b>11,978,621</b>	<b>119,139,754</b>	<b>(10,242,869)</b>	<b>-</b>	<b>964,857,626</b>
	637,012,911					598,324,833
<b>Less</b> Provision for impairment of assets	(2,200,000)					(2,200,000)
<b>Total Property, Plant and Equipment–net</b>	<b>634,812,911</b>					<b>596,124,833</b>
<b>Depreciation for the years</b>	<b>119,940,953</b>					<b>119,139,754</b>

As at December 31, 2007 and 2006, the Company and its subsidiaries have fully depreciated fixed assets up to their useful lives but are usable at the cost of Baht 554.63 million and Baht 511.51 million, respectively.

(BAHT)

THE SEPARATE FINANCIAL STATEMENTS	2006	INCREASE	DISPOSAL	TRANSFER	2007
<b><u>Cost</u></b>					
Land and improvement	28,166,625	-	-	-	28,166,625
Building and improvement	253,465,843	1,621,305	(8,700)	185,200	255,263,648
Furniture and fixtures	70,010,119	1,566,139	(30,000)	-	71,546,258
Office equipment	41,554,860	4,656,951	(137,750)	-	46,074,061
Machineries and equipment	363,625,979	18,177,400	(1,258,180)	6,154,748	386,699,947
Vehicles	28,440,951	1,868,600	(2,323,780)	-	27,985,771
Assets under construction and installation	9,436,251	9,437,105	-	(6,339,948)	12,533,408
Total cost	794,700,628	37,327,500	(3,758,410)	-	828,269,718
<b><u>Accumulated depreciation</u></b>					
Building and improvement	113,252,876	10,074,066	(8,700)	-	123,318,242
Furniture and fixtures	57,207,677	4,387,220	(29,999)	-	61,564,898
Office equipment	35,383,718	2,793,086	(135,749)	-	38,041,055
Machineries and equipment	282,084,780	30,743,896	(1,246,404)	-	311,582,272
Vehicles	21,986,409	3,312,130	(2,323,778)	-	22,974,761
Total accumulated depreciation	509,915,460	51,310,398	(3,744,630)	-	557,481,228
	284,785,168				270,788,490
<u>Less</u> Provision for impairment of assets	(2,200,000)				(2,200,000)
Total Property, Plant and Equipment–net	282,585,168				268,588,490
Depreciation for the years	58,335,388				51,310,398

As at December 31, 2007 and 2006, the Company has fully depreciated fixed assets up to their useful lives but are usable at the cost of Baht 381.16 million and Baht 352.88 million, respectively.

**16. LEASEHOLD RIGHT**

(BAHT)

CONSOLIDATED	2006	INCREASE	DISPOSAL/ TRANSFER	2007
<b><u>Cost</u></b>				
Leasehold right of Preserved Food Organization	55,000,000	-	-	55,000,000
Other leasehold right	3,276,757	-	978,948	2,297,809
Total	58,276,757	-	978,948	57,297,809
<b><u>Accumulated amortization</u></b>				
Leasehold right of Preserved Food Organization	47,593,836	2,750,000	-	50,343,836
Other leasehold right	1,842,756	563,659	978,948	1,427,467
Total	49,436,592	3,313,659	978,948	51,771,303
Leasehold right – net	8,840,165			5,526,506
Amortization for the years	3,278,075			3,313,659

(BAHT)

THE SEPARATE FINANCIAL STATEMENTS	2006	INCREASE	DISPOSAL/ TRANSFER	2007
<b><u>Cost</u></b>				
Leasehold right of Preserved Food Organization	55,000,000	-	-	55,000,000
Other leasehold right	354,000	-	354,000	-
Total	55,354,000	-	354,000	55,000,000
<b><u>Accumulated amortization</u></b>				
Leasehold right of Preserved Food Organization	47,593,836	2,750,000	-	50,343,836
Other leasehold right	310,841	43,159	354,000	-
Total	47,904,677	2,793,159	354,000	50,343,836
Leasehold right – net	7,449,323			4,656,164
Amortization for the years	2,838,500			2,793,159

**17. COMPUTER SOFTWARES**

(BAHT)

CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS	2006	INCREASE	DISPOSAL/ TRANSFER	2007
	Computer softwares	5,623,065	178,700	-
<u>Less</u> Accumulated amortization-Computer softwares	1,000,411	563,706	-	1,564,117
Computer softwares-net	4,622,654			4,237,648
Amortization for the years	561,157			563,706

**18. 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.

**19. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS** consist of :

(BAHT)

PARTICULARS	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2007	2006	2007	2006
Bank overdrafts	10,715,581	13,562,916	5,965,857	7,323,770
Loans from banks	367,000,000	506,500,000	147,000,000	252,500,000
Total	377,715,581	520,062,916	152,965,857	259,823,770

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

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

(BAHT)

CONSOLIDATED AND THE SEPARATE FINANCIAL STATEMENTS	2007	2006
Sub-rental income from related company-net (See Note 32)	3,153,279	5,179,596
Land rental income from related company-net	172,305	187,351
Total	3,325,584	5,366,947

**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, 2007 and 2006 as follows:

(MILLION BAHT)

	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2007	2006	2007	2006
S & J International Enterprises Public Co., Ltd.	3.45	3.06	3.45	3.06
Top Trend Manufacturing Co., Ltd.	2.24	2.17	-	-
Total	5.69	5.23	3.45	3.06



## 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, 2007 and 2006 as follows:

(MILLION BAHT)

	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2007	2006	2007	2006
S & J International Enterprises Public Co., Ltd.	9.92	5.42	9.92	5.42
Top Trend Manufacturing Co., Ltd.	0.50	-	-	-
Total	10.42	5.42	9.92	5.42

### 23. SHARE CAPITAL

During May 26, 2006 to December 31, 2007, 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 in (Baht)
June 7, 2006	1,249,500	1,249,500	4,998,000
July 5, 2006	283,000	283,000	1,132,000
August 7, 2006	32,500	32,500	130,000
September 7, 2006	102,500	102,500	410,000
October 5, 2006	13,000	13,000	52,000
December 8, 2006	134,000	134,000	536,000
Total year 2006	1,814,500	1,814,500	7,258,000
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
Total year 2007	1,005,250	1,005,250	4,021,000

During December 27-28, 2007, the warrant holders who are the Company's directors, employees of the Company and its subsidiaries have exercised 214,500 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, the Company and its subsidiaries' employees of 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, 2007 and 2006 presenting the warrant holders who are the Company's directors, employees of the Company and its subsidiaries have exercised their warrants to purchase 1,005,250 common stocks and 1,814,500 common stocks, respectively. Therefore, as at December 31, 2007 there are 2,180,250 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 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.

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.

## 26. DIRECTORS' REMUNERATION

On April 23, 2007, the Ordinary General Shareholders' Meeting 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 of Top Trend Manufacturing Company Limited was held and approved a resolution to pay directors' remuneration amount of Baht 1.14 million.

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

## 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 be affected 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 2007</u>			
USD	17	33.84	March 2008
JPY	47	0.30838 – 0.30678	February 2008
EUR	1	46.15	February 2008
<u>Year 2006</u>			
USD	145	35.99 – 37.30	January 2007 – March 2007
JPY	541	0.3105 – 0.3318	January 2007 – March 2007
EUR	0.9	49.240 – 49.976	January 2007

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 be affected to Baht receivable 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 2007</u>			
USD	2,531	33.49 – 34.15	April 2008 – July 2008
JYP	21,828	0.2951 – 0.2984	January 2008 – February 2008
GBP	11	67.4667 – 68.7467	February 2008
<u>Year 2006</u>			
USD	1,226	35.1783 – 37.5500	February 2007 – May 2007
JPY	51,711	0.3070 – 0.3155	January 2007 - March 2007

27.3 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	2007		2006	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<b>Assets</b>				
USD	78	2,634	20	704
JYP	5,635	1,663	-	-
GBP	23	1,531	-	-
Total assets		5,828		704
<b>Liabilities</b>				
USD	118	3,985	65	2,367
JPY	1,177	353	26,836	8,206
GBP	3	219	0.8	54
SEK	-	-	3	16
NZD	0.2	5	0.2	5
CHF	6	171	-	-
Total liabilities		4,733		10,648

(AMOUNT IN THOUSAND)

THE SEPARATE FINANCIAL STATEMENTS	2007		2006	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<b>Assets</b>				
USD	1	45	9	314
JPY	5,635	1,663	-	-
GBP	23	1,531	-	-
Total assets		3,239		314
<b>Liabilities</b>				
USD	117	3,980	38	1,377
JPY	1,177	353	-	-
GBP	3	219	0.8	54
SEK	-	-	3	16
NZD	0.2	5	0.2	5
Total liabilities		4,557		1,452

## 28. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' financial information by segment in the consolidation for the years ended December 31, 2007 and 2006 are as follows :

(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						161,870,443
Property, plant and equipment-net	268,588,490	327,387,841	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

(BAHT)

Year 2006	Cosmetics	Containers	Others	Inter-company transactions		Total
				Debit	Credit	
Sales	1,891,120,518	548,565,226	17,732,367	168,031,934	-	2,289,386,177
Operating result by segment	69,491,137	49,401,840	887,321	172,480,332	177,739,737	125,039,703
Net profit						131,942,995
Property, plant and equipment-net	282,585,168	358,159,588	232,319	11,978,621	18,142,785	634,812,911
Leasehold right-net	7,449,323	1,390,842	-	-	-	8,840,165
Computer softwares	4,622,654	-	-	-	-	4,622,654
Total assets						2,209,532,896

The financial information by geographical segments can be classified to local and export sales in the consolidation for the years ended December 31, 2007 and 2006 as follows:

(BAHT)

Particulars	Local		Export		Total	
	2007	2006	2007	2006	2007	2006
Sales	1,622,117,417	1,501,342,677	856,047,036	788,043,500	2,478,164,453	2,289,386,177
Operating result by segment	114,473,496	117,555,646	23,433,203	7,484,057	137,906,699	125,039,703

## 29. INCOME TAX EXPENSES

The Company and subsidiaries' income taxes for the years ended December 31, 2007 and 2006 are calculated from accounting profit and adjusted with other revenues and some expenses which are exempted from income tax or being disallowable expenses in corporate income tax computation; for example, dividend income.

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

In 2006, the corporate income tax of the Company is calculated at the rate of 25 per cent.

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

### 30. TRANSACTIONS WITH RELATED PARTIES

The Company has certain business transactions with its related 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 32.

COMPANIES	RELATIONSHIP
Subsidiaries	See Note 9
Associates	See Note 9
Related companies	See Note 10
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 :**

(BAHT)

Transactions in balance sheets	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2007	2006	2007	2006
<u>Trade accounts receivable</u>				
- Subsidiaries	-	-	1,358,803	1,843,775
- Associates	4,722,691	504,113	2,413,294	101,718
- Related companies	197,219,647	172,385,428	172,516,888	150,376,914
Total	201,942,338	172,889,541	176,288,985	152,322,407
<u>Loans extended</u>				
- Subsidiaries (See Note 7)	-	-	3,000,000	3,500,000
<u>Less Allowance for doubtful debt</u>			(605,207)	(982,303)
- Related companies	-	1,900,000	-	1,900,000
Total	-	1,900,000	2,394,793	4,417,697
<u>Revenues receivable</u>				
- Subsidiaries	-	-	1,085,765	720,460
- Associates	255,563	110,881	255,563	110,881
- Related companies	22,353	25,614	22,353	25,614
Total	277,916	136,495	1,363,681	856,955
<u>Other receivables</u>				
- Related companies	34,453,410	40,453,410	34,453,410	40,453,410
<u>Unearned rental</u>				
- Related companies	4,884,591	4,884,591	4,884,591	4,884,591
<u>Trade accounts payable</u>				
- Subsidiaries	-	-	30,790,811	23,562,108
- Associates	9,296,395	7,932,177	7,378,647	6,261,398
- Related companies	4,028,064	3,575,039	1,072,210	943,699
Total	13,324,459	11,507,216	39,241,668	30,767,205
<u>Other accounts payable</u>				
- Subsidiaries	-	-	59,278	51,282
- Associates	27,818	83,059	27,818	83,059
- Related companies	1,825,810	1,470,101	1,825,810	1,470,101
Total	1,853,628	1,553,160	1,912,906	1,604,442
<u>Rental guarantee</u>				
- Related companies	200,000	-	200,000	-

(BAHT)

Transactions in income statements for the years ended December 31,	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2007	2006	2007	2006
<u>Sales</u>				
- Subsidiaries	-	-	2,957,238	3,046,873
- Associates	18,668,212	9,013,407	7,677,088	756,344
- Related companies	1,014,814,811	840,409,637	914,695,205	727,900,298
Total	1,033,483,023	849,423,044	925,329,531	731,703,515
<u>Rental income</u>				
- Associates	9,119,030	8,807,153	9,119,030	8,807,153
- Related companies	9,558,341	9,714,044	9,558,341	9,714,044
Total	18,677,371	18,521,197	18,677,371	18,521,197
<u>Other income</u>				
- Subsidiaries	-	-	3,560,319	3,098,234
- Associates	2,791,212	1,479,117	2,791,212	1,479,117
- Related companies	954,920	1,655,226	954,920	1,655,226
Total	3,746,132	3,134,343	7,306,451	6,232,577
<u>Purchase and service</u>				
- Subsidiaries	-	-	193,507,017	164,784,931
- Associates	52,494,454	54,768,353	45,827,246	48,777,976
- Related companies	25,374,089	46,921,259	25,374,089	46,921,259
Total	77,868,543	101,689,612	264,708,352	260,484,166
<u>Rental expenses</u>				
- Associates	753,453	752,400	753,453	752,400
- Related companies	4,331,270	9,450,870	4,331,270	9,450,870
Total	5,084,723	10,203,270	5,084,723	10,203,270
<u>Other expenses</u>				
- Subsidiaries	-	-	116,031	184,610
- Associates	381,246	385,473	357,246	348,558
- Related companies	65,326,577	64,500,932	27,490,853	27,526,057
Total	65,707,823	64,886,405	27,964,130	28,059,225

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.

### 31. COMMITMENT AND CONTINGENT LIABILITIES

(BAHT)

	CONSOLIDATED		THE SEPARATE FINANCIAL STATEMENTS	
	2007	2006	2007	2006
<b>31.1</b> Commitment under letters of guarantee issued by commercial banks	71,361,412	57,990,976	69,731,412	57,570,976
<b>31.2</b> Commitment under letters of guarantee on overdrafts with commercial banks for - Associates	4,200,000	4,200,000	4,200,000	4,200,000
<b>31.3</b> Letters of credit	1,102,193	9,358,209	1,102,193	163,039
<b>31.4</b> Royalty fees are payable by calculating from percentage of sales at the rate as fixed in the agreement.				
<b>31.5</b> Lease contract of Preserved Food Organization (P.F.O.) yearly (See Note 32).				
<b>31.6</b> 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, 2007, the Company has commitment to pay future monthly rental and services approximately for				
	Consolidated	Baht	1,840,872	
	The separate financial statements	Baht	1,300,340	

### 32. 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, 2007	4,656,164	3,153,279
- Balance as at December 31, 2006	7,406,164	5,179,596
Shown under leasehold right and unearned rental		
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, 2007	4,884,591	4,884,591
- Balance as at December 31, 2006	4,884,591	4,884,591
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		

### 33. DILUTED EARNINGS PER SHARE RECONCILIATION

<u>CONSOLIDATED</u>	2007			2006		
	Net profit	Number of shares (Shares)	Earnings per shares	Net profit	Number of shares (Shares)	Earnings per shares
<u>Basic earnings per share</u>						
Net profit available to ordinary shareholders	161,870,443	102,413,664	1.58	131,942,995	100,909,215	1.31
<u>Effect of assumed conversion</u>						
Warrants	-	1,782,940		-	2,785,643	
<u>Diluted earnings per share</u>						
Net profit available to ordinary shareholders plus assumed conversion	161,870,443	104,196,604	1.55	131,942,995	103,694,858	1.27

<u>THE SEPARATE FINANCIAL STATEMENTS</u>	2007			2006		
	Net profit	Number of shares (Shares)	Earnings per shares	Net profit	Number of shares (Shares)	Earnings per shares
<u>Basic earnings per share</u>						
Net profit available to ordinary shareholders	123,973,000	102,413,664	1.21	103,784,401	100,909,215	1.03
<u>Effect of assumed conversion</u>						
Warrants	-	1,782,940		-	2,785,643	
<u>Diluted earnings per share</u>						
Net profit available to ordinary shareholders plus assumed conversion	123,973,000	104,196,604	1.19	103,784,401	103,694,858	1.00

## **34. FINANCIAL INSTRUMENTS**

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

### **34.1 Accounting policies and procedure**

- See Note 4.

### **34.2 Risk from breach of contracts**

- Due to the counterparty 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 30)
  - b) Another portion of sales to other customers that are numerously.
- 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.

### **34.3 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.

### **34.4 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.

### **34.5 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.

### **35. FINANCIAL STATEMENTS APPROVAL**

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