

**S & J INTERNATIONAL ENTERPRISES PUBLIC COMPANY LIMITED AND SUBSIDIARIES****NOTES TO THE INTERIM FINANCIAL STATEMENTS****JUNE 30, 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 <ul style="list-style-type: none"><li>- Head office/factory</li><li>- Branch</li><li>- Branch</li></ul>	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 8 to the financial statements.
<b>1.4</b> Number of employees as at June 30, 2007 and 2006	(1) Including its subsidiaries 2,376 persons and 2,520 persons, respectively. (2) The Company only 1,273 persons and 1,323 persons, respectively.
<b>1.5</b> Employee expenses for the six-month periods ended June 30, 2007 and 2006	(1) Including its subsidiaries Baht 203.33 million and Baht 193.75 million, respectively. (2) The Company only Baht 132.71 million and Baht 120.88 million, respectively.

## 2. BASIS FOR PREPARATION OF INTERIM FINANCIAL STATEMENTS

These interim financial statements are prepared in accordance with Thai Accounting Standards under the Accounting Act, B.E. 2543 (2000), including the Accounting Profession Act, B.E. 2547 (2004). These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2006.

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

### SUBSIDIARIES

COMPANIES	% HOLDING		ESTABLISHED IN
	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 interim consolidation.

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

### 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 of the Company from equity method to cost method following the Notification of the Federation of Accounting Professions No. 26/2549 (Amendment No.1) and No. 32/2549 regarding Accounting Standard No. 44 “Consolidated Financial Statements and Accounting for Investments in Subsidiaries,” and Accounting Standard No. 45 “Accounting for Investments in Associates”. In changing such accounting policy, the Company has restated the previous periods 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 Company’s financial statements for the year ended December 31, 2006 and for the three-month and six-month periods ended June 30, 2006 shown herewith 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		THOUSAND BAHT	
Decrease in short – term loans to related companies from setting up allowance for doubtful accounts.			(982)
Decrease in investments in subsidiaries.			(62,940)
Decrease in investments in associates.			(34,310)
Decrease in investment deficiency.			3,179
Decrease in ending retained earnings.			(95,053)
Statements of income for the three-month and six-month periods ended June 30, 2006		THOUSAND BAHT	
		Three-months	Six-months
Increase in dividend income.		8,262	12,762
Decrease in share of profits from investment for using the equity method.		(8,809)	(24,943)
Increase(decrease) in selling and administrative expenses from doubtful debts (increase) decrease.		(435)	66
Decrease in net profit.		(982)	(12,115)
Decrease in earnings per share (Baht per share)		(0.01)	(0.12)
Decrease in diluted earnings per share (Baht per share)		(0.01)	(0.12)

Cumulative effect from the change in accounting policy which has to be decreasingly adjusted to the beginning retained earnings for the Company's 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 period 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 Company's financial statements are stated at cost after deduction of provision for impairment.

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 Company's 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 periods 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 Basic earnings per share**

In 2007, basic earnings per share is calculated by dividing the periodical net profit by the number of issued and paid-up common stocks by the weighted average method.

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

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

#### **4.12 Foreign currency transactions**

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

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

#### **4.13 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.

#### **4.14 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.

#### 4.15 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

(THOUSAND BAHT)

	June 30, 2007	December 31, 2006
Investments in Open-end Fund	-	3,000
Allowance for adjustment investment value	-	25
Investments in Open-end Fund - net	-	3,025

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

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

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED		THE COMPANY ONLY	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
Trade notes receivable	19,059	20,441	14,748	17,190
Trade accounts receivable				
Current	280,971	262,411	222,480	216,014
Overdue within 3 months	60,688	86,004	34,876	61,560
Overdue between 3 to 6 months	2,846	4,432	2,605	4,129
Overdue between 6 to 12 months	9,003	6,323	8,499	5,568
Overdue more than 12 months	19,110	14,506	13,423	9,429
Total	391,677	394,117	296,631	313,890
<u>Less</u> Allowance for doubtful accounts	(19,205)	(18,469)	(13,040)	(13,400)
Trade accounts receivable – net	372,472	375,648	283,591	300,490

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

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED		THE COMPANY ONLY		INTEREST RATE (%)	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
- Subsidiaries						
E F Co., Ltd.						
Beginning Balance	-	-	-	2,000		
Settlement during the period	-	-	-	(2,000)		
Ending Balance	-	-	-	-	-	4.75 – 5.50
Wildlives (Thailand) Co., Ltd.						
Beginning Balances	-	-	3,500	4,500		
Increase during the period	-	-	-	-		
Settlement during the period	-	-	-	(1,000)		
Ending Balances	-	-	3,500	3,500		
Less Allowance for doubtful accounts	-	-	(1,036)	(982)		
Ending Balances - net	-	-	2,464	2,518	4.00 - 5.50	4.75 – 5.50
Total Short-term Loans to Subsidiaries – net	-	-	2,464	2,518		
- Related Company						
Osoth Interlaboratories Co., Ltd.						
Beginning Balances	1,900	1,900	1,900	1,900		
Settlement during the period	(1,900)	-	(1,900)	-		
Ending Balances	-	1,900	-	1,900	5.50	4.75 – 5.50
Total Short-term Loans to Related Company	-	1,900	-	1,900		
Total Short-term Loans to Subsidiary and Related Companies	-	1,900	2,464	4,418		

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

## 8. INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

(THOUSAND BAHT)

	% Holding		CONSOLIDATED (Equity Method)		THE COMPANY ONLY (Cost Method)	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
<b><u>SUBSIDIARIES</u></b>						
E F Co., Ltd.	99.99	99.99	-	-	4,006	4,006
Top Trend Manufacturing Co., Ltd.	51	51	-	-	36,625	36,625
Sriracha Engineering Service Co., Ltd.	-	51	-	-	-	2,931
Wildlives (Thailand) Co., Ltd.	99.99	99.99	-	-	1,000	1,000
Total Investments in Subsidiaries			-	-	41,631	44,562
Less Provision for impairment of investments in Subsidiaries			-	-	(1,000)	(2,209)
Total Investment in Subsidiaries - net			-	-	40,631	42,353
<b><u>ASSOCIATES</u></b>						
Yamahatsu (Thailand) Co., Ltd.	30	30	25,584	21,673	6,000	6,000
Shaldan (Thailand) Co., Ltd.	21	21	3,237	3,232	4,392	4,392
Operational Energy Group Limited	30	30	41,039	32,948	13,151	13,151
Total Investments in Associates			69,860	57,853	23,543	23,543

(THOUSAND BAHT)

	TYPE OF BUSINESS	RELATIONSHIP	ISSUED AND PAID –UP SHARE CAPITAL		DIVIDEND	
			June 30, 2007	December 31, 2006	June 30, 2007	June 30, 2006
<b><u>SUBSIDIARIES</u></b>						
E F Co., Ltd.	Consumer products	Shareholders / co – directors	4,000	4,000	-	-
Top Trend Manufacturing Co., Ltd.	Plastic containers	Shareholders / co – directors	60,000	60,000	6,732	7,650
Sriracha Engineering Service Co., Ltd.	Engineering services	Shareholders / co – directors	-	3,000	-	612
Wildlives (Thailand) Co., Ltd.	Consumer products	Shareholders / co – directors	1,000	1,000	-	-
Total					6,732	8,262
<b><u>ASSOCIATES</u></b>						
Yamahatsu (Thailand) Co., Ltd.	Hair products	Shareholders / co – directors	20,000	20,000	-	-
Shaldan (Thailand) Co., Ltd.	Air refresher	Shareholders / co – directors	20,000	20,000	-	-
Operational Energy Group Limited	Servicing to operate the power plant	Shareholders / co – directors	30,000	30,000	9,000	4,500
Total					9,000	4,500

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 which was recorded as loss on investment in dissolved subsidiary in the Company's 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 prepared by their management and not yet reviewed by the auditors.

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

(THOUSAND BAHT)

	% Holding		Cost Method		Dividend	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006	June 30, 2007	June 30, 2006
1. Thai Q P Co., Ltd.	7.50	7.50	9,000	9,000	540	270
2. General Glass Co., Ltd.	16	16	16,000	16,000	-	-
3. Thai Lotte Co., Ltd.	1.90	1.90	* 8,000	* 8,000	-	-
4. Thai Fujiya Co., Ltd.	6.67	6.67	* 7,500	* 7,500	-	-
5. H & B Kabinburi Co., Ltd.	9	9	1,350	1,350	135	135
6. Osoth Interlaboratories Co., Ltd.	19	19	* 22,800	* 22,800	-	-
7. Thai Cubic Technology Co., Ltd.	5	5	2,000	* 2,000	-	-
8. Train Time Test Co., Ltd.	14	14	175	175	28	-
9. BSC Entertainment Co., Ltd.	10	10	* 20,565	* 20,565	-	-
10. C.V.V. Hotel Business Co., Ltd.	1.56	1.56	* 888	* 888	-	-
11. Konica Minolta Photochem (Thailand) Co., Ltd.	5	5	1,750	1,750	-	175
12. B.K.C. International Co., Ltd.	19	19	* 475	* 475	-	-
<b>Total</b>			<b>90,503</b>	<b>90,503</b>	<b>703</b>	<b>580</b>
<u>Less</u> Allowance for loss on capital decrease in						
- Thai Fujiya Co., Ltd.			(5,500)	(5,500)		
- Osoth Interlaboratories Co., Ltd.			(2,850)	(2,850)		
- BSC Entertainment Co., Ltd.			(7,505)	(7,505)		
*Provision for impairment of investments in related companies			(34,049)	(33,563)		
<b>Total Investments in Related Companies – net</b>			<b>40,599</b>	<b>41,085</b>		

In the first quarter of 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 duly paid at Baht 5 per share (par value of Baht 10), worth Baht 7 million.

(THAI CURRENCY : THOUSAND BAHT)

	TYPE OF BUSINESS	RELATIONSHIP	ISSUED AND PAID –UP SHARE CAPITAL	
			June 30, 2007	December 31, 2006
1. Thai Q P Co., Ltd.	Consumer products	Shareholders / co – directors	120,000	120,000
2. General Glass Co., Ltd.	Glass bottles	Shareholders / co – directors	100,000	100,000
3. Thai Lotte Co., Ltd.	Chewing gum	Shareholders / co – directors	420,000	420,000
4. Thai Fujiya Co., Ltd.	Cake, bakery and restaurant	Shareholders / co – directors	30,000	30,000
5. H & B Kabinburi Co., Ltd.	Cloth toy and ware	Shareholders / co – directors	15,000	15,000
6. Osoth Interlaboratories Co., Ltd.	Medicine	Shareholders / co – directors	105,000	105,000
7. Thai Cubic Technology Co., Ltd.	Plate and varnish	Shareholders / co – directors	40,000	40,000
8. Train Time Test Co., Ltd.	Training and seminar	Shareholders / co – directors	1,250	1,250
9. BSC Entertainment Co., Ltd.	Bowling alley	Shareholders / co – directors	174,000	174,000
10. C.V.V. Hotel Business Co., Ltd	Hotel	Shareholders / co – directors	44,000	44,000
11. Konica Minolta Photochem (Thailand) Co., Ltd.	Photographic development	Co-shareholders	35,000	35,000
12. B.K.C. International Co., Ltd.	Consumer products	Shareholders / co – directors	2,500	2,500

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

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

(THOUSAND BAHT)

COMPANIES	% Holding		Cost Method		Dividend	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006	June 30, 2007	June 30, 2006
<b>Related Companies</b>						
1. Boutique New City Plc.	0.02	0.02	124	124	-	2
2. Far East DDB Plc.	0.01	0.01	40	40	3	3
3. I.C.C. International Plc.	0.27	0.27	16,391	16,391	777	678
4. President Bakery Plc.	1.00	1.00	13,500	13,500	945	960
5. Sahacogen (Chonburi) Plc.	13.96	13.96	192,963	192,963	39,992	26,660
Total			223,018	223,018	41,717	28,303
<u>Add</u> Unrealized gain on investment revaluation			395,869	365,567	-	-
Total net investments in available-for-sales securities-related companies			618,887	588,585	41,717	28,303
<b>Other Companies</b>						
1. Nation Multimedia Group Plc.			8,586	8,586	-	-
2. Bangkok Bank Plc.			5,001	5,001	111	79
Total			13,587	13,587	111	79
<u>Less</u> Unrealized loss on investment revaluation			(104)	(1,007)	-	-
Total net investments in available-for-sales securities-other companies			13,483	12,580	111	79
<b>Total investments in available-for-sales securities</b>			632,370	601,165	41,828	28,382

(THOUSAND BAHT)

RELATED COMPANIES	TYPE OF BUSINESS	RELATIONSHIP	ISSUED AND PAID –UP SHARE CAPITAL	
			June 30, 2007	December 31, 2006
1. Boutique New City Plc.	Garment	Shareholders / co – directors	120,000	120,000
2. Far East DDB Plc.	Advertising and agency	Shareholders / co – directors	75,000	75,000
3. I.C.C. International Plc.	Commerce	Shareholders / co – directors	290,634	290,634
4. President Bakery Plc.	Food	Co-shareholders	450,000	450,000
5. Sahacogen (Chonburi) Plc.	Generating and distributing electricity	Shareholders / co – directors	955,000	955,000

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.

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

( THOUSAND BAHT)

	% Holding		Cost Method		Dividend	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006	June 30, 2007	June 30, 2006
1. Sahapat Properties Co., Ltd.	2.50	2.50	* 500	* 500	-	-
2. Eastern Rubber Co., Ltd.	1.50	1.50	* 450	* 450	-	-
3. Advantage Footwear Co., Ltd.	0.38	0.38	* 1,387	* 1,387	-	-
4. Treasure Hill Co., Ltd.	2.00	2.00	* 4,000	* 4,000	-	-
5. Thanara Co., Ltd.	1.25	1.25	750	750	-	-
6. Thai Kamaya Co., Ltd.	5.00	5.00	5,000	5,000	-	-
7. Thai Herbal Products Co., Ltd.	1.50	1.50	* 1,200	* 1,200	-	-
8. Tipvarin Wattana Co., Ltd.	15.00	15.00	1,455	1,455	-	-
9. Saha Sehwa Co., Ltd.	3.48	3.48	* 5,050	5,050	-	-
10. T-Way Co., Ltd.	15.00	15.00	45	45	-	-
11. K. Commercial & Construction Co., Ltd.	2.20	2.20	3,278	3,278	110	110
12. E. P. F. Co., Ltd.	18.00	18.00	702	* 702	252	-
13. Pan Land Co., Ltd.	1.00	1.00	* 3,000	* 3,000	-	-
14. Thai Yukilon Co., Ltd.	6.94	6.94	5,000	5,000	675	675
15. Sriracha Aviation Co., Ltd.	6.06	6.06	* 2,000	* 2,000	-	-
16. Waseda Education (Thailand) Co., Ltd.	8.00	8.00	* 2,000	* 2,000	-	-
Total			35,817	35,817	1,037	785
<u>Less</u> *Provision for impairment of investments in other companies			(7,158)	(7,311)		
Total Investments in Other Companies – net (The Company Only)			28,659	28,506		
SUBSIDIARIES INVEST IN						
- Treasure Hill Co., Ltd.	1.00	1.00	* 2,000	* 2,000		
- Pancomp International Co., Ltd.	-	5.00	-	* 1,000		
<u>Less</u> *Provision for impairment of investments in other companies			(2,000)	(3,000)		
Total Investments in Other Companies – net (Consolidated)			28,659	28,506		

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

## 12. Investments in real estate

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 under 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

## 13. 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.

#### 14. SHARE CAPITAL

During May 26, 2006 to June 30, 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
Total year 2007	691,000	691,000	2,764,000

#### 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.

As at June 30, 2007 and December 31, 2006 , the warrant holders who are the Company's directors, employees of the Company and its subsidiaries have exercised their warrants to purchase 691,000 common stocks and 1,814,500 common stocks, respectively. Therefore, as at June 30, 2007 there are 2,494,500 units outstanding balances of warrants.

## **15. 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.

## **16. 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.

## **17. 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.

## 18. FOREIGN CURRENCY TRANSACTIONS

18.1 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 rate on delivery date (Baht)	Delivery date
<u>As at June 30, 2007</u>			
USD	783	34.47025 – 37.78987	July 2007 – August 2007
EUR	4	46.15	August 2007
<u>As at December 31, 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

18.2 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 rate on delivery date (Baht)	Delivery date
<u>As at June 30, 2007</u>			
USD	1,126	34.480 – 36.641	July 2007 – August 2007
JYP	53,354	0.2798 – 0.2864	July 2007 – September 2007
<u>As at December 31, 2006</u>			
USD	1,226	35.1783 – 37.5500	February 2007 – May 2007
JPY	51,711	0.3070 – 0.3155	January 2007 - March 2007

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

(AMOUNT IN THOUSAND)

CONSOLIDATED	June 30, 2007		December 31, 2006	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<b>Assets</b>				
USD	1,032	35,525	20	704
JPY	13	4	-	-
Total assets		35,529		704
<b>Liabilities</b>				
USD	126	4,352	65	2,367
JPY	894	253	26,836	8,206
GBP	10	709	0.8	54
SEK	3	15	3	16
NZD	0.2	5	0.2	5
HKD	1	5	-	-
CHF	7	205	-	-
Total liabilities		5,544		10,648

(AMOUNT IN THOUSAND)

THE COMPANY ONLY	June 30, 2007		December 31, 2006	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<b>Assets</b>				
USD	996	34,282	9	314
JPY	13	4	-	-
Total assets		34,286		314
<b>Liabilities</b>				
USD	126	4,352	38	1,377
JPY	894	253	-	-
GBP	10	709	0.8	54
SEK	3	15	3	16
NZD	0.2	5	0.2	5
HKD	1	5	-	-
Total liabilities		5,339		1,452

## 19. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries' financial information by segment for the six-month periods ended June 30, 2007 and 2006 are as follows :

(THOUSAND BAHT)

Year 2007	Cosmetics	Containers	Others	Inter-company transactions		Total
				Debit	Credit	
Sales	860,148	276,419	6,503	90,835	-	1,052,235
Operating result by segment	28,583	19,633	273	97,084	96,884	48,289
Net profit						95,265
Property, plant and equipment-net	273,667	336,623	190	-	-	610,480
Leasehold right-net	6,042	1,131	-	-	-	7,173
Computer softwares	4,344	-	-	-	-	4,344
Total assets						2,391,485

(THOUSAND BAHT)

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

The financial information by geographical segments can be classified to local and export sales for the six-month periods, ended June 30, 2007 and 2006 as follows:

(THOUSAND BAHT)

Particulars	Local		Export		Total	
	2007	2006	2007	2006	2007	2006
Sales	774,742	664,563	277,493	280,283	1,052,235	944,846
Operating result by segment	44,632	40,294	3,657	(3,023)	48,289	37,271

## 20. INCOME TAX EXPENSE

The Company and subsidiaries' income taxes for the three-month and six-month periods ended June 30, 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.

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.

## 21. TRANSACTIONS WITH RELATED PERSONS OR PARTIES

The Company has certain business transactions with its related persons or parties which are related through directorship or shareholding or having shareholders or some co-directors. The effects of these transactions were reflected in the accompanying financial statements in normal business and general trading conditions, except sub-lease contract as Note 23.

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
Konica Minolta Photochem (Thailand) Co., Ltd.	Co – shareholders
Thai Wacoal Plc.	Co – shareholders
Saha Pathana Inter-Holding Plc.	Shareholders
O.C.C. Plc.	Co – directors
I.C.C. International Plc.	Co – directors
Oriental Salon Business Co., Ltd.	Co – directors
Saha Direction International Co., Ltd.	Co – directors
H & B Intertex Co., Ltd.	Co – directors

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

(THOUSAND BAHT)

Transactions in balance sheets	CONSOLIDATED		THE COMPANY ONLY	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
<u>Trade accounts receivable</u>				
- Subsidiaries	-	-	456	1,844
- Associates	2,089	504	541	101
- Related companies	122,735	172,386	101,243	150,377
Total	124,824	172,890	102,240	152,322
<u>Loans extended</u>				
- Subsidiaries (See Note 7)	-	-	2,464	2,518
- Related companies	-	1,900	-	1,900
Total	-	1,900	2,464	4,418
<u>Revenues receivable</u>				
- Subsidiaries	-	-	748	720
- Associates	15	111	15	111
- Related companies	11	26	11	26
Total	26	137	774	857
<u>Other receivables</u>				
- Related companies	37,453	40,453	37,453	40,453
<u>Unearned rental</u>				
- Related companies	1,390	4,885	1,390	4,885
<u>Trade accounts payable</u>				
- Subsidiaries	-	-	32,260	23,562
- Associates	10,105	7,932	9,248	6,261
- Related companies	4,716	3,575	1,502	944
Total	14,821	11,507	43,010	30,767
<u>Other accounts payable</u>				
- Subsidiaries	-	-	-	51
- Associates	96	83	96	83
- Related companies	1,855	1,470	1,855	1,470
Total	1,951	1,553	1,951	1,604

(THOUSAND BAHT)

Transactions in income statements for the six-month periods ended June 30,	CONSOLIDATED		THE COMPANY ONLY	
	2007	2006	2007	2006
<u>Sales</u>				
- Subsidiaries	-	-	1,061	874
- Associates	4,686	5,677	788	308
- Related companies	465,031	387,567	413,904	329,218
Total	469,717	393,244	415,753	330,400
<u>Rental income</u>				
- Associates	4,531	4,358	4,531	4,358
- Related companies	5,762	5,706	5,762	5,706
Total	10,293	10,064	10,293	10,064
<u>Other income</u>				
- Subsidiaries	-	-	1,638	1,590
- Associates	920	745	920	745
- Related companies	429	631	429	631
Total	1,349	1,376	2,987	2,966
<u>Purchase and service</u>				
- Subsidiaries	-	-	89,766	79,777
- Associates	27,988	29,682	25,317	26,764
- Related companies	15,276	11,279	15,276	11,279
Total	43,264	40,961	130,359	117,820
<u>Rental expenses</u>				
- Associates	376	376	376	376
- Related companies	1,727	5,370	1,727	5,370
Total	2,103	5,746	2,103	5,746
<u>Other expenses</u>				
- Subsidiaries	-	-	-	135
- Associates	203	199	191	174
- Related companies	31,355	31,379	13,146	13,278
Total	31,558	31,578	13,337	13,587

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.

## 22. COMMITMENT AND CONTINGENT LIABILITIES

(THOUSAND BAHT)

	CONSOLIDATED		THE COMPANY ONLY	
	June 30, 2007	December 31, 2006	June 30, 2007	December 31, 2006
<b>22.1</b> Commitment under letters of guarantee issued by commercial banks	71,670	57,991	71,250	57,571
<b>22.2</b> Commitment under letters of guarantee on overdrafts with commercial banks for - Associates	4,200	4,200	4,200	4,200
<b>22.3</b> Letters of credit	3,459	9,358	3,255	163
<b>22.4</b> Royalty fees are payable by calculating from percentage of sales at the rate as fixed in the agreement.				
<b>22.5</b> Lease contract of Preserved Food Organization (P.F.O.) yearly (See Note 23).				
<b>22.6</b> Lease and Service Contracts for the office and warehouse and Adviser Employment Contract having periods from 2 years onward as specified in each contract. As at June 30, 2007, the Company has commitment to pay future monthly rental and services approximately for				
	Consolidated	Baht	1,571,332	
	The Company Only	Baht	1,138,800	

### 23. LEASEHOLD RIGHT AND SUB-LEASE CONTRACT

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

(THOUSAND BAHT)

	Portion paid to Ministry of Defense	Portion received from Thai Q P Co., Ltd.
1. Rental fee of Preserved Food Organization (P.F.O.)		
- Amount paid at the beginning of contract	55,000	38,500
- Balance as at June 30, 2007	6,042	4,166
- Balance as at December 31, 2006	7,406	5,180
Shown under leasehold right and unearned rental		
2. Security for damage	5,000	3,500
Shown under investments in bond and deposit receipt		
3. Yearly rental (increasing in every 5 years)		
- Balance as at June 30, 2007	1,390	1,390
- Balance as at December 31, 2006	4,885	4,885
Totally shown under prepaid and unearned rental		
4. Related insurance premiums and other expenses will be totally collected from Thai Q P Co., Ltd.		
Totally shown under selling/administrative expenses and compensation income		

**24. DILUTED EARNINGS PER SHARE RECONCILIATION**

<u>CONSOLIDATED</u>	For the three-month period ended June 30, 2007			For the three-month period ended June 30, 2006		
	Net profit	Number of shares	Earnings per shares	Net profit	Number of shares	Earnings per shares
	Thousand Baht	Shares	Baht	Thousand Baht	Shares	Baht
<u>Basic Earnings per share</u>						
Net profit available to ordinary shareholders	34,448	102,474,577	0.34	37,398	100,329,538	0.37
<u>Effect of assumed conversion</u>						
Warrants	-	1,699,262		-	3,061,850	
<u>Diluted earnings per share</u>						
Net profit available to ordinary shareholders plus assumed conversion	34,448	104,173,839	0.33	37,398	103,391,388	0.36

<u>CONSOLIDATED</u>	For the six-month period ended June 30, 2007			For the six-month period ended June 30, 2006		
	Net profit	Number of shares	Earnings per shares	Net profit	Number of shares	Earnings per shares
	Thousand Baht	Shares	Baht	Thousand Baht	Shares	Baht
<u>Basic Earnings per share</u>						
Net profit available to ordinary shareholders	95,265	102,258,047	0.93	52,833	100,165,680	0.53
<u>Effect of assumed conversion</u>						
Warrants	-	1,837,995		-	3,353,402	
<u>Diluted earnings per share</u>						
Net profit available to ordinary shareholders plus assumed conversion	95,265	104,096,042	0.92	52,833	103,519,082	0.51

<u>THE COMPANY ONLY</u>	For the three-month period ended June 30, 2007			For the three-month period ended June 30, 2006		
	Net profit	Number of shares	Earnings per shares	Net profit	Number of shares	Earnings per shares
	Thousand Baht	Shares	Baht	Thousand Baht	Shares	Baht
<u>Basic Earnings per share</u>						
Net profit available to ordinary shareholders	38,310	102,474,577	0.37	36,416	100,329,538	0.36
<u>Effect of assumed conversion</u>						
Warrants	-	1,699,262		-	3,061,850	
<u>Diluted earnings per share</u>						
Net profit available to ordinary shareholders plus assumed conversion	38,310	104,173,839	0.37	36,416	103,391,388	0.35

<u>THE COMPANY ONLY</u>	For the six-month period ended June 30, 2007			For the six-month period ended June 30, 2006		
	Net profit	Number of shares	Earnings per shares	Net profit	Number of shares	Earnings per shares
	Thousand Baht	Shares	Baht	Thousand Baht	Shares	Baht
<u>Basic Earnings per share</u>						
Net profit available to ordinary shareholders	80,857	102,258,047	0.79	40,718	100,165,680	0.41
<u>Effect of assumed conversion</u>						
Warrants	-	1,837,995		-	3,353,402	
<u>Diluted earnings per share</u>						
Net profit available to ordinary shareholders plus assumed conversion	80,857	104,096,042	0.78	40,718	103,519,082	0.39

## 25. FINANCIAL STATEMENTS APPROVAL

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