

**THANULUX PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**JUNE 30, 2007 AND 2006**

**1. GENERAL INFORMATION**

	THE COMPANY	THE SUBSIDIARIES	
	<b>1.1</b> Legal status	A juristic person established under Thai law and listed on the Stock Exchange of Thailand.	A juristic person established under Thai law on January 5, 1988
<b>1.2</b> Company locations			
- Head office and factory	129/1 Chongnonthri Road, Kwaeng Chongnonthri, Khet Yannawa, Bangkok.	4/2 Moo 8, Bangna-Trad Road, KM. 18 Tumbol Bangchalong, Bangplee, Samutprakarn.	129/1 Chongnonthri Road, Kwaeng Chongnonthri, Khet Yannawa, Bangkok.
- Factory-Branch (Saha Group Industrial Park Project- Lamphun)	99/3 Moo 5, Tambol Paa-Sak, Amphur Muang Lamphun, Lamphun.		
- Factory-Branch (Saha Group Industrial Park Project- Kabinburi)	125 Moo 5, Tambol Nonthri, Amphur Kabinburi, Prachinburi.		
<b>1.3</b> Type of business	Manufacturing and distributing ready-made clothes and leatherware.	Manufacturing, subcontracting and distributing ready-made clothes.	Distributing clothes.
<b>1.4</b> Number of employees as at			
June 30, 2007	3,010 persons.	379 persons.	1 person.
June 30, 2006	3,187 persons.	385 persons.	-
<b>1.5</b> Employee expenses for the six-month periods ended			
June 30, 2007	Baht 258.05 million.	Baht 23.47 million.	Baht 0.02 million.
June 30, 2006	Baht 266.59 million.	Baht 25.00 million.	-

## 2. BASIS FOR PREPARATION OF INTERIM FINANCIAL STATEMENTS

2.1 The interim consolidated and the Company's financial statements are prepared in accordance with the 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.

2.2 These interim consolidated financial statements included the interim financial statements of Thanulux Public Company Limited and its subsidiary companies as follows :

	<u>% Holding</u>
S. Apparel Company Limited	80.00
T-CHAMBER Company Limited	99.99

2.3 Inter-company balances and significant transactions of the Company and the subsidiaries have been eliminated from the interim consolidated financial statements.

2.4 The Company invested in S. Apparel Company Limited by holding common stocks starting from April 1, 2004. The negative goodwill on acquisition of Baht 55.23 million arose from the excess of fair values of the identifiable assets and liabilities of the acquirer over the cost of acquisition.

2.5 The Company invested in T-CHAMBER Company Limited by holding common stocks starting from April 18, 2007.

### 3. CHANGE IN ACCOUNTING POLICY

In 2007, the Company has changed its accounting policy for investments in subsidiaries, which is presented in the Company's financial statements from equity method to the cost method following the Notification of Federation of Accounting Professions No. 26/2549 (Amendment No. 1) of Accounting Standard No. 44 "Consolidated Financial Statements and Accounting for Investments in Subsidiaries". In changing such accounting policy, the Company has restated the previous periods of the Company's 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 herein as comparison was the information prepared under the new accounting policy. The effect of the change in accounting policy for the Company's financial statements is as follows:

Balance sheet as at December 31, 2006	THOUSAND BAHT	
Increase in investment in subsidiary	1,508	
Increase in unrealized gain on investment revaluation in available-for-sale securities of subsidiary	(3)	
Increase in ending retained earnings	1,505	
Statements of income for the three-month and six-month periods ended	THOUSAND BAHT	
June 30, 2006	3 months	6 months
Decrease in share of profit from investment for using equity method	(1,923)	(2,887)
Increase in dividend income	11,520	11,520
Increase in net profit	9,597	8,633
Increase in earnings per share (Baht per share)	0.08	0.07

Cumulative effects from the change in accounting policy from the past to be adjusted to beginning retained earnings for the Company's financial statements as at January 1, 2007, was increasing amount of Baht 1.51 million and as at January 1, 2006, was decreasing amount of Baht (4.37) million.

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

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

Revenues from sales and cost of goods sold are recognized upon delivery of goods to customers.

Other income and expenses are recognized on an accrual basis.

### **4.2 Investments**

Investments in Open-end Fund are considered as trading securities, stated at fair value. The Company recognizes its investment revaluation as gain or loss in the statements of income.

Investments in the available-for-sale securities are stated at fair value. The Company recognizes its investment revaluation as separate item under shareholders' equity and will record in the statements of income when sold.

Investments in general investments are stated at cost net after the allowance for loss on diminution.

Investments in debt securities are classified as held-to-maturity investments which shown at amortized cost.

Cost of investments in securities sold during the period is calculated by the average method.

Dividend income is recorded when declared.

### **4.3 Allowance for doubtful accounts**

The Company provides allowance for doubtful accounts for the estimated losses that may be incurred by estimating from past experience. Bad debts are immediately written off in the period whenever incurred.

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

The allowance for goods returned is set up by assessing from the past experience.

#### 4.5 Inventories

Finished goods and raw materials are stated at cost or net realizable value, whichever is the lower. Cost is determined by the average method.

Goods in process are stated at average cost of raw materials plus labor and manufacturing expenses.

#### 4.6 Investments in subsidiary

The subsidiary undertaking is that company in which the parent company in the group companies directly or indirectly, has power more than one half of the total voting rights or otherwise has power to govern the financial and operating policies of the subsidiary. Investments in subsidiary are stated by cost method in the separate financial statements.

#### 4.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation of assets. Depreciation is provided for all fixed assets other than land, by using the straight-line method based on the estimated useful lives of the following assets :

	<u>Years</u>
Buildings and structures	20
Machinery	5-10
Computer and accessories	3
Other fixed assets	5-10

Property, plant and equipment in the consolidation presented by summing up of certain subsidiary's assets which were adjusted to be fair value on the acquisition date. The increase in appraisal value made by the independent appraiser is depreciated according to the remaining useful lives of assets.

#### 4.8 Intangible assets

Intangible assets mean the computer softwares used in the Company's operation. Such intangible assets are amortized by the straight-line method through the estimated useful lives of 5-10 years.

**4.9 Leasehold rights**

Leasehold rights are stated at cost less cumulative amortization by writing off over the lease term.

**4.10 Negative goodwill**

The Company recognized the incurred negative goodwill as revenues by the straight-line method based on the remaining useful lives of deteriorated assets as can be specified by approximately 10 years.

**4.11 Foreign currency transactions**

Foreign currency transactions 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. Except the agreed transactions of forward exchange contracts with the banks, will be recorded at fair value.

Gains or losses on exchange are credited or charged to operations of each period.

**4.12 Related parties**

The parties which have, directly and indirectly, some common management, major shareholders or some common related persons are accounted for as related parties.

**4.13 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.

**4.14 Basic earnings per share**

Basic earnings per share is determined by dividing the periodical net profit by the weighted average number of common stocks held by the outsiders during the period.

**4.15 Cash and cash equivalents**

For the purpose of preparation of cash flows statements, cash and cash equivalents are cash on hand and fixed deposit 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 make various estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities including the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

#### 5. INVESTMENTS IN OPEN-END FUND comprise :-

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED		THE COMPANY ONLY	
	Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006
Investments in Open-end Fund	1,010	1,000	1,010	1,000
Provision for investment adjustment in Open-end Fund	(1)	10	(1)	10
Investments in Open-end Fund-net	1,009	1,010	1,009	1,010

Investments in Open-end fund are trading securities. The difference between fair value and cost is shown as provision for investment adjustment in Open-end Fund. Unrealized gain (loss) on investments in Open-end Fund incurred during the period was duly recognized in the statements of income.

**6. TRADE ACCOUNTS RECEIVABLE** comprise :-

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED		THE COMPANY ONLY	
	Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006
<b>Trade accounts receivable-related parties</b>				
Trade notes receivable	2,625	796	2,625	796
Trade accounts receivable				
Current	147,515	218,319	148,642	218,378
Overdue within 3 months	2,563	8,804	2,563	8,832
Over 3 to 6 months	4,149	2,496	4,149	2,496
Over 6 to 12 months	586	-	586	-
Over 12 months	98	960	98	960
Total	157,536	231,375	158,663	231,462
<u>Less</u> : Allowance for doubtful accounts	(361)	(1,430)	(361)	(1,430)
Allowance for goods returned	(31,000)	(31,000)	(31,000)	(31,000)
Trade accounts receivable related parties-net	126,175	198,945	127,302	199,032
<b>Trade account receivable-others</b>				
Trade accounts receivable				
Current	108,278	68,969	77,130	41,288
Overdue within 3 months	18,053	66,947	14,670	57,528
Over 3 to 6 months	1,548	6,074	1,526	6,049
Over 6 to 12 months	634	1,005	627	921
Over 12 months	248	-	248	-
Total	128,761	142,995	94,201	105,786
<u>Less</u> : Allowance for doubtful accounts	(874)	(737)	(874)	(695)
Trade accounts receivable others-net	127,887	142,258	93,327	105,091
<b>Total Trade Accounts Receivable-net</b>	<b>254,062</b>	<b>341,203</b>	<b>220,629</b>	<b>304,123</b>

**7. SHORT-TERM LOANS TO RELATED PARTIES** comprise :

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED		THE COMPANY ONLY		INTEREST RATE PER YEAR (%)	
	Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006
SSDC (Tigertex) Co., Ltd.						
Beginning balances	22,000	17,000	22,000	17,000		
<u>Add:</u> Increase during the periods	10,000	52,000	10,000	52,000	4.00-5.25	3.50-5.50
<u>Less:</u> Settlement during the periods	(10,000)	(47,000)	(10,000)	(47,000)		
Ending balances	22,000	22,000	22,000	22,000		

Short-term loans to related parties are unsecured loans.

**8. INVESTMENTS IN SUBSIDIARIES** Comprise:

(THOUSAND BAHT)

SUBSIDIARY COMPANIES	% HOLDING		COST METHOD	
	Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006
S. Apparel Co., Ltd.	80.00	80.00	27,729	27,729
T-CHAMBER Co., Ltd.	99.99	-	9,999	-
Total			37,728	27,729

(THOUSAND BAHT)

SUBSIDIARY COMPANIES	TYPE OF BUSINESS	RELATIONSHIP	PAID-UP CAPITAL		DIVIDEND	
			Jun. 30, 2007	Dec. 31, 2006	For the six-month periods ended June 30,	
					2007	2006
S. Apparel Co., Ltd.	Manufacturing, subcontracting and distributing ready-made clothes	Management and shareholders	36,000	36,000	864	11,520
T-CHAMBER Co., Ltd.	Distributing ready-made clothes	Shareholders	10,000	-	-	-

**9. INVESTMENTS IN AVAILABLE-FOR-SALE SECURITIES comprise :-**

(THOUSAND BAHT)

Companies	Paid-up capital	% Holding		Investment		Dividend	
		As at		As at		For the six-month	
		Jun.	Dec.	Jun.	Dec.	periods ended Jun. 30,	
		30, 2007	31, 2006	30, 2007	31, 2006	2007	2006
<b>- Related Parties</b>							
1. People's Garment Plc.	96,000	14.05	14.05	52,683	52,683	12,136	10,113
2. I.C.C. International Plc.	290,634	3.14	3.14	89,266	89,266	9,138	8,852
3. Sahacogen (Chonburi) Plc.	955,000	1.72	1.72	30,422	30,422	4,920	3,280
4. Thai Wacoal Plc.	120,000	1.39	1.39	22,476	22,476	2,171	1,837
5. Textile Prestige Plc.	108,000	0.96	0.96	10,185	10,185	776	880
6. Saha Pathana Inter-Holding Plc.	494,034	0.36	0.36	9,042	9,042	356	356
7. Far East DDB Plc.	75,000	0.35	0.35	505	505	129	129
8. O.C.C. Plc.	60,000	0.13	0.13	41	41	44	44
9. Saha Pathanapibul Plc.	275,875	0.07	0.07	495	495	100	100
Total				215,115	215,115	29,770	25,591
<u>Add:</u> Unrealized gain on investment revaluation				538,264	567,365	-	-
Total net investments in available-for-sale securities-related parties				753,379	782,480	29,770	25,591
<b>- Other Companies</b>							
1. President Bakery Plc.				13,500	13,500	945	960
2. Thai Toray Textile Mill Plc.				265	265	30	45
3. Nation Multimedia Group Plc.				8,608	8,608	-	-
4. Bangkok Bank Plc.				10,002	10,002	222	159
5. Kasikornbank Plc.				654	654	19	19
6. The Siam Cement Plc.				2,336	2,336	75	75
7. PTT Plc.				832	832	27	46
8. Thoresen Thai Agencies Plc.				75	75	3	4
9. Thai Oil Plc.				367	367	12	21
10. Rayong Refinery Plc.				450	450	25	-
11. Regal Corporation.				9,854	-	-	-
Total				46,943	37,089	1,358	1,329
<u>Add:</u> Unrealized gain on investment revaluation				24,408	22,488	-	-
Total net investments in available-for-sale securities-other companies				71,351	59,577	1,358	1,329
<b>Total investments in available-for-sale securities (The Company only)</b>				824,730	842,057	31,128	26,920

(THOUSAND BAHT)

Companies	Paid-up capital	% Holding		Investment		Dividend	
		As at		As at		For the six-month	
		Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006	periods ended Jun. 30,	
						2007	2006
Investments in available-for-sale of the Subsidiary-related party							
Sahacogen (Chonburi) Plc.				-	262	-	-
<u>Less</u> : Unrealized loss on investment revaluation				-	(3)	-	-
<b>Total Investments in Available-for-sale securities of the Subsidiary - net</b>				-	259	-	-
<b>TOTAL INVESTMENTS IN AVAILABLE FOR SALE SECURITIES (THE CONSOLIDATED)</b>				824,730	842,316	31,128	26,920

**10. GENERAL INVESTMENTS** comprise :

(THAI CURRENCY : THOUSAND BAHT

FOREIGN CURRENCIES : THOUSAND)

<b>THE CONSOLIDATED AND THE COMPANY ONLY</b>							
Companies	Paid-up capital	% Holding		Investment		Dividend	
		As at		As at		For the six-month	
		Jun.	Dec.	Jun.	Dec.	periods ended Jun. 30,	
		30, 2007	31, 2006	30, 2007	31, 2006	2007	2006
<b>- Related Parties</b>							
1. P.T. Mesapro International Co., Ltd.	USD 800	19.00	19.00	* 3,817	* 3,817	-	-
2. Thai Monster Co., Ltd.	20,000	19.00	19.00	5,549	5,549	1,140	570
3. Total Way Image Co., Ltd.	20,000	19.00	19.00	7,132	7,132	1,330	1,330
4. Thai Naxis Co., Ltd.	20,000	19.00	19.00	4,700	4,700	760	570
5. Celebrate Wealth Co., Ltd.	10,000	19.00	19.00	1,900	950	-	-
	(Year 2006 : 5,000)						
6. SSDC (Tigertex) Co., Ltd.	270,000	18.96	18.96	58,394	58,394	4,096	2,048
7. International Commercial Coordination (Hong Kong) Ltd.	HKD 2,000	18.00	18.00	* 2,291	* 2,291	-	-
8. International Leather Fashion Corp., Ltd.	50,000	18.00	18.00	8,810	8,810	1,800	1,080
9. Wise Winner Co., Ltd.	10,000	18.00	18.00	1,800	1,800	-	-
10. Five Stars Plus Co., Ltd.	50,000	17.00	17.00	8,500	8,500	-	-
11. Morgan De Toi (Thailand) Ltd.	25,000	15.99	15.99	3,999	* 3,999	320	-
12. Champ Ace Co., Ltd.	40,000	15.00	15.00	6,000	6,000	1,500	1,500
13. Pak Numpo Wattana Co., Ltd.	1,000	14.00	14.00	1,037	1,037	-	-
14. S.T.G.C. Co., Ltd.	2,500	13.00	13.00	* 325	* 325	-	-
15. Grand Star Industry Co., Ltd.	20,000	12.50	12.50	4,992	4,992	1,500	1,500
16. Intanin Chiangmai Co., Ltd.	5,000	12.50	12.50	2,781	2,781	-	-
17. Koraj Wattana Co., Ltd.	1,000	12.50	12.50	1,528	1,528	-	-
18. Sun & sand Co., Ltd.	1,000	12.50	12.50	1,499	1,499	-	-
19. Eastern I.C.C. Co., Ltd.	1,000	12.50	12.50	2,938	2,938	-	-
20. Maharachapruerk Co., Ltd.	1,000	12.00	12.00	415	415	-	-
21. Belle Maison (Thailand) Co., Ltd.	80,000	11.63	11.63	* 9,300	* 9,300	-	-
22. Thai Takaya Co., Ltd.	30,000	11.00	11.00	3,300	3,300	330	-
23. Thai Gunze Co., Ltd.	180,000	8.00	8.00	17,280	17,280	1,152	2,160
24. Wazeda Education (Thailand) Co., Ltd.	25,000	8.00	8.00	* 2,000	* 2,000	-	-
25. Thai Bunka Fashion Co., Ltd.	25,000	8.00	8.00	2,000	2,000	-	-

(THAI CURRENCY : THOUSAND BAHT  
FOREIGN CURRENCIES : THOUSAND)

THE CONSOLIDATED AND THE COMPANY ONLY							
Companies	Paid-up capital	% Holding		Investment		Dividend	
		As at		As at		For the six-month	
		Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006	periods ended Jun. 30,	
						2007	2006
26. Mit Pathana Homeshopping Co., Ltd.	30,000	5.67	6.67	1,700	2,000	-	-
27. Sriracha Aviation Co., Ltd.	33,000	6.06	6.06	* 2,000	* 2,000	-	-
28. Guangdong Xie Zhong Garment Co., Ltd.	USD 2,900	5.00	5.00	* 2,851	* 2,851	-	-
29. Sunrise Garment Co., Ltd.	10,000	5.00	5.00	1,966	1,966	175	150
30. K. Commercial and Construction Co., Ltd.	50,000	5.00	5.00	6,694	6,694	250	250
31. H & B Intertext Co., Ltd.	40,000	5.00	5.00	2	2	-	-
32. Sriracha BSC Bowling Co., Ltd.	47,000	4.26	4.26	2,000	2,000	-	-
33. Thai Shikibo Co., Ltd.	237,500	4.81	4.81	11,425	11,425	1,485	1,485
34. Thai Staflex Co., Ltd.	60,000	4.00	4.00	2,400	2,400	300	600
35. Treasure Hill Co., Ltd.	200,000	4.00	4.00	* 6,300	* 6,300	-	-
36. BSC Entertainment Co., Ltd.	174,000	4.00	4.00	* 8,237	* 8,237	-	-
37. Thai Asahi Kazei Spandex Co., Ltd.	700,000	4.00	4.00	28,000	28,000	1,711	-
38. Value Added Textile Co., Ltd.	16,500	3.00	3.00	67	67	124	50
39. Panland Co., Ltd.	300,000	3.00	3.00	* 9,000	* 9,000	-	-
40. Wien Co., Ltd.	10,000	2.40	2.40	1,067	1,067	144	132
41. Sahapat Real Estate Co., Ltd.	250,000	2.40	2.40	6,165	6,165	-	-
42. Thai Janome Co., Ltd.	88,000	2.00	2.00	1,760	1,760	526	1,186
43. Sahapat Properties Co., Ltd.	20,000	1.00	1.00	* 200	* 200	-	-
44. Thai Itokin Co., Ltd.	50,000	1.00	1.00	* 911	* 911	-	-
45. Racha Uchino Co., Ltd.	81,000	0.49	0.49	163	163	59	79
46. Pattaya Manufacturing Co., Ltd.	30,000	0.33	0.33	741	741	45	42
Total				255,936	255,286	18,747	14,732
Less: * Provision for loss on diminution in investments				(28,087)	(28,619)	-	-
Total general investments-related parties-net				227,849	226,667	18,747	14,732

(THAI CURRENCY : THOUSAND BAHT

FOREIGN CURRENCIES : THOUSAND)

THE CONSOLIDATED AND THE COMPANY ONLY							
Companies	Paid-up capital	% Holding		Investment		Dividend	
		As at		As at		For the six-month	
		Jun.	Dec.	Jun.	Dec.	periods ended Jun. 30,	
		30, 2007	31, 2006	30, 2007	31, 2006	2007	2006
<b>- Other Companies</b>							
1. Miwaki SDN. BHD.	RM 500	19.00	19.00	2,481	2,481	47	-
2. Miwaki Philippines Inc.	USD 400	19.00	19.00	* 3,317	* 3,317	-	-
3. Intersouth Co., Ltd.	1,000	12.50	12.50	4,286	4,286	-	-
4. Bulton (Thailand) Co., Ltd.	4,000	10.00	10.00	250	250	-	-
5. Saha Daiichi Kosho Co., Ltd.	50,000	7.50	7.50	* 3,750	* 3,750	-	-
6. The International Knitting Mills Co., Ltd.	40,000	2.81	2.81	* 1,500	* 1,500	-	-
7. Sunlots Enterprise Co., Ltd.	130,000	2.69	2.69	* 4	* 4	-	-
8. Khonkaen Vithes Suksa Co., Ltd.	60,000	1.67	1.67	* 1,000	* 1,000	-	-
9. Thanara Co., Ltd.	60,000	1.25	1.25	1	1	-	-
10. Sigma Holding Co., Ltd.	46,364	0.26	0.26	* 120	* 120	-	-
11. Osoth Inter Laboratories Co., Ltd.	105,000	0.15	0.15	* 88	* 88	-	-
Total				16,797	16,797	47	-
<u>Less:</u> * Provision for loss on diminution in investments				(5,720)	(5,720)	-	-
Total general investments-other companies-net				11,077	11,077	47	-
<b>Total General Investments of the Company-net</b>				238,926	237,744	18,794	14,732
General Investments of the Subsidiary-related party							
Treasure Hill Co., Ltd.				4,000	4,000	-	-
<u>Less:</u> Provision for loss on diminution in investments				(4,000)	(4,000)	-	-
<b>Total General Investments of the Subsidiary-net</b>				-	-	-	-
<b>TOTAL GENERAL INVESTMENTS-NET</b>				238,926	237,744	18,794	14,732

**11. INVESTMENTS IN DEBT SECURITIES** comprise :-

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED		THE COMPANY ONLY	
	Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006
The Siam Cement Plc.	36,000	26,000	36,000	26,000
CH. Karnchang Plc.	10,000	10,000	10,000	10,000
Total	46,000	36,000	46,000	36,000
<u>Less</u> Portion due for redemption within one year	(1,000)	-	(1,000)	-
Investments in debt securities-net	45,000	36,000	45,000	36,000

In 2007, the Company has invested amount of 10,000 units at Baht 1,000 per unit amounting to Baht 10 million in the Siam Cement Public Company Limited for 4 year period unsecured debenture, unsubordinated, trustee debenture with the holder's name, bearing interest at 5.75% per annum, payable every 3 months. The interest was calculated since the issuing date of debenture on April 2, 2007 and will be due for redemption on April 1, 2011.

In 2006, the Company has invested amount of 10,000 units at Baht 1,000 per unit amounting to Baht 10 million in the Siam Cement Public Company Limited for 4 year period unsecured debenture, unsubordinated, trustee debenture with the holder's name, bearing interest at 6% per annum, payable every 3 months. The interest was calculated since the issuing date of debenture on March 31, 2006 and will be due for redemption on April 1, 2010.

In 2005, the Company has invested amount of 15,000 units at Baht 1,000 per unit amounting to Baht 15 million in the Siam Cement Public Company Limited for 4 year period unsecured debenture, unsubordinated, trustee debenture with the holder's name, bearing interest at 5.25% per annum, payable every 3 months. The first payment of interest was received on January 1, 2006. The debenture was issued on October 3, 2005 and will be due for redemption on October 1, 2009.

In 2005, the Company has invested amount of 10,000 units at Baht 1,000 per unit amounting to Baht 10 million in the CH. Karnchang Public Company Limited for 3 year period unsecured debenture, unsubordinated, trustee debenture with the holder's name, bearing interest at 6.50% per annum, payable every 6 months. The interest was calculated since the issuing date of debenture on October 28, 2005 and will be due for redemption on October 28, 2008.

In 2004, the Company has invested amount of 1,000 units at Baht 1,000 per unit amounting to Baht 1 million in the Siam Cement Public Company Limited for 4 year period unsecured debenture, unsubordinated, trustee debenture with the holder's name, bearing interest at 4.25% per annum, payable at every 3 months. The first payment of interest was received on July 1, 2004. The debenture was issued on April 1, 2004 and will be due for redemption on April 1, 2008.

The portion of debt securities due for redemption within one year was shown under current assets.

## 12. LONG-TERM LOANS TO RELATED PARTY

On August 3, 2004 the Company offered unsecured loans to Thai Asahi Kazei Spandex Company Limited amount of Baht 20.80 million. The payment terms of such loans are as follows :

PARTICULARS	CONSOLIDATED		THE COMPANY ONLY	
	Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006
Long-term loans	17,333	20,800	17,333	20,800
<u>Less</u> Current portion of long-term loans	6,933	6,933	6,933	6,933
Long-term loans-net	10,400	13,867	10,400	13,867

PRINCIPAL BALANCE (Million Baht)		REPAYMENT CONDITIONS
Jun. 30, 2007	Dec. 31, 2006	
17.33	20.80	1. Repayment of principal and interest within 5 years will be completely settled on August 2, 2009. The borrower will repay the principal within 6 installments, commencing the first installment on February 2, 2007. 2. Interest is paid by monthly. 3. Interest rate is at Average MMR of commercial banks.

The portion of long – term loans due within one year was shown under current assets.

**13. LEGAL RESERVE**

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

**14. GENERAL RESERVE**

On April 23, 2007, the Ordinary General Shareholders' Meeting was held and approved a resolution to appropriate net profit for general reserve amount of Baht 12.50 million.

On April 24, 2006, the Ordinary General Shareholders' Meeting was held and approved a resolution to appropriate net profit for general reserve amount of Baht 13 million.

The Company has appropriated part of its net profit for general reserves with no specific objective.

**15. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION**

On April 23, 2007, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividends from BOI business operation at Baht 1.00 per share, to the shareholders of 120 million shares. The dividends were paid from BOI business operation of Kabinburi Project 3 according to the Promotional Certificate No. 1329(1)/2544 amount of Baht 42.00 million, and Lamphun Project 2 according to the Promotional Certificate No.1396/2543 amount of Baht 78 million, totalling Baht 120 million. The payment date was fixed on May 18, 2007. The Meeting also approved to pay the directors' remuneration not more than Baht 12 million.

On April 24, 2006 the Ordinary General Shareholders' Meeting was held and approved a resolution to pay dividends from BOI business operation at Baht 1.10 per share, to the shareholders of 120 million shares. The dividends were paid from BOI business operation of Kabinburi Project 3 according to the Promotional Certificate No. 1329(1)/2544 amount of Baht 62.70 million, and Lamphun Project 2 according to the Promotional Certificate No. 1396/2543 amount of Baht 69.30 million, totalling Baht 132 million. The payment date was fixed on May 19, 2006. The Meeting also approved to pay the directors' remuneration not more than Baht 13 million.

## 16. FOREIGN CURRENCY TRANSACTIONS

### 16.1 Forward exchange contracts

The Company and the subsidiaries have entered into Selling Forward Exchange Contracts with the local commercial bank for hedging against any risk in exchange rate fluctuation which might affect to Baht receivable from export trade accounts receivable that can be summarized as follows:

As at June 30, 2007

Particulars	CONSOLIDATED				THE COMPANY ONLY			
	Amount (in Million)	Converted to Baht (in Million)	Delivery will be made during	Exchange rate on delivery date (Currency in Baht)	Amount ( in Million)	Converted to Baht (in Million)	Delivery will be made during	Exchange rate on delivery date (Currency in Baht)
USD	1.76	60.74	Jun. – Dec. 07	34.23 – 34.68	1.01	34.84	Aug. – Dec. 07	34.23 – 34.68
JPY	10.67	2.99	Jun. – Sep. 07	0.281 – 0.285	-	-	-	-
EUR	0.14	6.44	Jun. – Sep. 07	46.13 – 46.44	0.10	4.62	Sep. 07	46.13

As at December 31, 2006

Particulars	CONSOLIDATED				THE COMPANY ONLY			
	Amount (in Million)	Converted to Baht (in Million)	Delivery will be made during	Exchange rate on delivery date (Currency in Baht)	Amount ( in Million)	Converted to Baht (in Million)	Delivery will be made during	Exchange rate on delivery date (Currency in Baht)
USD	0.64	23.10	Feb. – Jun. 07	35.67 – 36.57	0.40	14.41	May – Jun. 07	35.67 – 36.57
JPY	6.00	1.81	Mar. 07	0.301 – 0.304	-	-	-	-
EUR	0.09	4.32	Feb. – Mar. 07	46.90 – 47.86	-	-	-	-

## 16.2 Uncovered risk transactions

The Company has outstanding assets and liabilities denominated in foreign currencies which are not covered by any hedging as follows:

(AMOUNT IN MILLION)

Particulars	CONSOLIDATED				THE COMPANY ONLY			
	Foreign currencies		Converted to Baht		Foreign currencies		Converted to Baht	
	Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006
<b>Assets</b>								
USD	0.77	2.03	26.40	73.15	0.75	1.63	25.69	58.76
EUR	0.36	0.30	16.81	14.03	0.36	0.28	16.79	12.99
JPY	8.47	21.13	2.35	6.36	0.19	0.01	0.05	0.002
<b>Total</b>			45.56	93.54			42.53	71.752
<b>Liabilities</b>								
USD	0.23	0.33	7.94	12.00	0.18	0.31	6.30	11.35
EUR	0.32	0.13	15.17	6.12	0.32	0.13	15.17	6.12
JPY	17.87	4.61	5.05	1.41	3.86	0.79	1.09	0.24
HKD	-	0.004	-	0.02	-	0.004	-	0.02
<b>Total</b>			28.16	19.55			22.56	17.73

## 17. PROMOTIONAL PRIVILEGES

By virtue of the Investment Promotion Act, B.E. 2520 (1977), the Company was granted some special promotional privileges from the Board of Investment as follows:

1. Promotional certificates Nos.	1286/2536	7028/2537	1396/2543	1329(1)/2544	1515/Or./2544
2. Dates of promotional certificates	23/12/93	31/08/94	24/07/00	02/05/01	16/08/01
3. The generating revenues dates	10/11/94	14/02/95	01/08/00	01/02/03	10/09/01
4. The promotional privileges for manufacturing of	Leather products or artificial leather	Ready-made garment	Leather products or artificial leather	Textile or fragment	Ready-made garment
5. Important privileges which are granted :					
5.1 Exemption from corporate income tax on net profit from promotional operations, commencing from the generating revenue date.	8 years (Expired on 9/11/02)	8 years (Expired on 13/02/03)	8 years	8 years	3 years (Expired on 13/06/04)
5.2 Exemption from income tax on dividends from promoted business which was exempted from income tax as 5.1.	8 years (Expired on 9/11/02)	8 years (Expired on 13/02/03)	8 years	8 years	3 years (Expired on 13/06/04)
5.3 Allowance for reduction the corporate income tax from promotional net profit at 50% of normal rate after the exemption for corporate income tax ended.	5 years	5 years	5 years	5 years	5 years
5.4 Allowance for double deduction of expenses of public utilities (electricity, water supply and transportation) for the year.	10 years (Expired on 9/11/04)	10 years (Expired on 13/02/05)	10 years	10 years	5 years (Expired on 13/06/06)

As a promoted industry, the Company must strictly comply with certain terms and conditions stipulated in the promotional certificates.

## 18. COMMITMENT AND CONTINGENT LIABILITIES

18.1 The Company and the subsidiaries have commitment and contingent liabilities as follows:

(MILLION)

PARTICULARS	CONSOLIDATED		THE COMPANY ONLY	
	Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006
Letters of credit				
- USD	0.09	-	0.09	-
- EUR	0.12	0.10	0.12	0.10
- JPY	6.98	1.13	6.98	-
Bank guarantee for Customs Department (BAHT)	7.64	7.63	6.34	6.25
Bank guarantee for electricity (BAHT)	4.95	4.95	4.28	4.28
Bank guarantee for business (BAHT)	0.13	0.45	0.13	0.45
Loan guarantee for related companies (BAHT)	0.31	3.50	0.31	3.50

18.2 The Company has entered into 9 Trademark Countercontracts with respective owners concerning about the manufacturing and distribution of garments and leather products under their trademarks. Both parties have mutual obligations to fulfil under these contracts. The trademark fees are 5.0-7.5% upon sales amount.

18.3 The Company has commitment relating to Land and Building Lease Contract with the compensation for transferring of leasehold right and to be paid by monthly according to the contract as follows :

(BAHT)

PARTICULARS	PERIODS	LEASE TERM (YEARS)	LEASE RIGHT COMPENSATION	MONTHLY RENTAL
Land lease right	1988 – 2008	20	520,000	12,000
Building lease right	2004 – 2021	17	17,079,606	4,428

## 19. FINANCIAL INFORMATION BY SEGMENT

The Company and its subsidiaries operate in core business segment, that is ready-made clothes and leather product industry with geographical segments of both local and export sales as follows:

(MILLION BAHT)

PARTICULARS	CONSOLIDATED					
	June 30, 2007			June 30, 2006		
	Local	Export	Total	Local	Export	Total
Sales by segment	534.18	447.06	981.24	729.08	439.08	1,168.16
Result of operation by segment	69.27	43.37	112.64	126.16	57.44	183.60
Non-allocation expenses			103.02			103.49
Other income			103.99			97.44
Negative goodwill			2.76			2.76
Corporate income tax			3.13			13.71
Net profit of Minority Interest			(0.32)			(0.22)
Net profit			112.92			166.38
Property, plant and equipment-net			491.94			521.23
Intangible assets-net			5.84			5.84
Leasehold rights-net			13.95			14.96
Total assets			2,685.36			2,668.15

## 20. TRANSACTIONS WITH RELATED PARTIES

The Company and its subsidiaries have certain transactions with its related parties which are related through the shareholding or having co-management or co-directors. Therefore, the effects of these transactions were reflected in the accompanying financial statements on the mutual agreement and in normal business.

RELATED PARTIES	TYPE OF BUSINESS	RELATIONSHIP
1. S. Apparel Co., Ltd.	Manufacturing and distributing ready-made clothes and subcontracting	Management and shareholders and being subsidiary
2. T-CHAMBER Co., Ltd.	Distributing ready-made clothes	Shareholders and being subsidiary
3. People's Garment Plc.	Garment manufacturing	Management and shareholders
4. I.C.C. International Plc.	Consumer goods distributing	Management and shareholders
5. Sahacogen (Chonburi) Plc.	Electricity generating and distributing	Management and shareholders
6. Thai Wacoal Plc.	Ladies' lingerie manufacturing	Management and shareholders
7. Textile Prestige Plc.	Embroidery fabric manufacturing	Management and shareholders
8. Saha Pathana Inter- Holding Plc.	Holding company	Management and shareholders
9. Far East DDB Plc.	Advertising	Shareholders
10. O.C.C. Plc.	Distributing cosmetics and garment	Management and shareholders
11. Saha Pathanapibul Plc.	Consumer goods distributing	Management and shareholders
12. P.T. Mesapro International Co., Ltd.	Garment and leatherware manufacturing	Management and shareholders
13. Thai Monster Co., Ltd.	Garment manufacturing	Management and shareholders
14. Total Way Image Co., Ltd.	Leatherware manufacturing	Management and shareholders
15. Thai Naxis Co., Ltd.	Label manufacturing	Management and shareholders
16. Celebrate Wealth Co., Ltd. (Formerly : Celebrate Warose Co., Ltd.)	Distributing import fashion goods	Management and shareholders
17. SSDC (Tigertex) Co., Ltd.	Bleaching, dyeing fabric and yarn	Management and shareholders
18. International Commercial Coordination (Hong Kong) Ltd.	Apparel distributing	Management and shareholders
19. International Leather Fashion Corp., Ltd.	Leatherware manufacturing	Management and shareholders
20. Wise Winner Co., Ltd.	Distributing garment and sport equipment	Management and shareholders
21. Five Stars Plus Co., Ltd.	Garment manufacturing	Management and shareholders
22. Morgan De Toi (Thailand) Ltd.	Garment distributing	Management and shareholders
23. Champ Ace Co., Ltd.	Garment manufacturing	Management and shareholders
24. Pak Numpo Wattana Co., Ltd.	Apparel distributing	Management and shareholders

RELATED PARTIES	TYPE OF BUSINESS	RELATIONSHIP
25. S.T.G.C. Co., Ltd.	Research and develop business	Management and shareholders
26. Grand Star Industry Co., Ltd.	Fabric manufacturing	Management and shareholders
27. Intanin Chiangmai Co., Ltd.	Apparel distributing	Shareholders
28. Koraj Wattana Co., Ltd.	Apparel distributing	Management and shareholders
29. Sun & Sand Co., Ltd.	Apparel distributing	Management and shareholders
30. Eastern I.C.C. Co., Ltd.	Apparel distributing	Management and shareholders
31. Maharachapreuk Co., Ltd.	Apparel distributing	Management and shareholders
32. Belle Maison (Thailand) Co., Ltd.	Catalog sale	Management and shareholders
33. Thai Takaya Co., Ltd.	Jeans manufacturing	Management and shareholders
34. Thai Gunze Co., Ltd.	Garment manufacturing	Management and shareholders
35. Waseda Education (Thailand) Co., Ltd.	Education institution	Management and shareholders
36. Thai Bunka Fashion Co., Ltd.	Fashion institution	Management and shareholders
37. Mit Pathana Homeshopping Co., Ltd.	Television direct sale	Management and shareholders
38. Sriracha Aviation Co., Ltd.	Machinery and plane maintenance	Management and shareholders
39. Guangdong Xiezhong Garment Co., Ltd.	Garment manufacturing	Management and shareholders
40. Sunrise Garment Co., Ltd.	Garment manufacturing	Management and shareholders
41. K. Commercial and Construction Co., Ltd.	Construction contractor	Management and shareholders
42. H & B Intertext Co., Ltd.	Fabric doll manufacturing	Shareholders
43. Sriracha BSC Bowling Co., Ltd.	Bowling alley	Management and shareholders
44. Thai Shikibo Co., Ltd.	Cotton yarn manufacturing	Management and shareholders
45. Thai Staflex Co., Ltd.	Fabric products	Management and shareholders
46. Treasure Hill Co., Ltd.	Golf course	Management and shareholders
47. BSC Entertainment Co., Ltd.	Bowling alley	Management and shareholders
48. Thai Asahi Kazei Spandex Co., Ltd.	Manufacturing and distributing spandex	Shareholders
49. Value Added Textile Co., Ltd.	Fabric embroidering and printing	Shareholders
50. Panland Co., Ltd.	Property development	Management and shareholders
51. Wien Co., Ltd.	Direct sale	Shareholders
52. Sahapat Real Estate Co., Ltd.	Real estate development	Management and shareholders
53. Thai janome Co., Ltd.	Sewing machines	Management and shareholders
54. Sahapat Properties Co., Ltd.	Property development	Management and shareholders
55. Thai Itokin Co., Ltd.	Garment manufacturing	Management and shareholders
56. Racha Uchino Co., Ltd.	Household textile	Management and shareholders
57. Pattaya Manufacturing Co., Ltd.	Garment manufacturing	Management and shareholders
58. Ramasorn Thaveekarn Co., Ltd.	Investment	Management

RELATED PARTIES	TYPE OF BUSINESS	RELATIONSHIP
59. Deluxe Bijou Societe Anonyme Co., Ltd.	Manufacturing and distributing ornament	Management
60. PTK Multi Services Co., Ltd.	Security service	Shareholders
61. Watsadoramai Co., Ltd.	Distributing agent	Management
62. I.D.F. Co., Ltd.	Investment	Shareholders

The significant related accounting transactions are as follows:

(THOUSAND BAHT)

RELATED TRANSACTIONS IN BALANCE SHEETS	CONSOLIDATED		THE COMPANY ONLY	
	Jun. 30, 2007	Dec. 31, 2006	Jun. 30, 2007	Dec. 31, 2006
Trade accounts receivable				
- I.C.C. International Plc.	141,132	214,405	141,132	214,405
- Other companies	16,404	16,970	17,531	17,057
Total	157,536	231,375	158,663	231,462
Short-term loans extended (Note 7)	22,000	22,000	22,000	22,000
Other current assets	4,353	4,146	5,317	4,157
Investments - net (Notes 9 and 10)	981,228	1,009,407	981,228	1,009,147
Long-term loans extended (Note 12)	17,333	20,800	17,333	20,800
Purchase of fixed assets	1	-	1	-
Trade accounts payable	11,231	17,674	11,651	18,406
Accrued expenses	4,792	7,549	4,794	7,549

(THOUSAND BAHT)

RELATED TRANSACTIONS IN INCOME STATEMENTS FOR THE SIX-MONTH PERIODS	CONSOLIDATED		THE COMPANY ONLY	
	Jun. 30, 2007	Jun. 30, 2006	Jun. 30, 2007	Jun. 30, 2006
Sales				
- I.C.C. International Plc.	447,212	643,462	447,212	643,462
- Other companies	28,248	31,672	28,368	31,964
Total	475,460	675,134	475,580	675,426
Dividend income (Notes 8, 9 and 10)	48,517	40,323	49,381	51,843
Other income	37,402	28,264	40,015	29,312
Gain on disposal of fixed assets	2	-	4	-
Purchase of goods and raw materials	47,682	70,206	51,785	77,067
Other expenses	27,091	31,208	27,099	31,213

Revenues from sales, purchases of goods and raw materials, other revenues and expenses shown in the statements of income are in accordance with the general trading conditions. For the transactions with no reference of price fixing or market prices, the prices or compensation will be fixed or under the agreed contracts.

## **21. INCOME TAX**

Corporate income taxes of the Company and its subsidiaries for the three-month and six-month periods ended June 30, 2007 and 2006 are calculated from the accounting profits and adjusted with other revenues and some expenses which are exempted from income tax or being disallowable expenses in tax computation purposes.

Non - BOI business operation is calculated income tax at the rate of 30 per cent for the year 2007 and the rate of 25 per cent for the year 2006.

BOI business operation is calculated income tax according to the privileges which are granted (see also Note 17).

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

Corporate income tax for the three-month period ended June 30, 2007 shown negative amount because income tax for the six-month period is less than that of the three-month period.

## **22. CLASSIFICATION OF ACCOUNTS**

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

## **23. FINANCIAL STATEMENTS APPROVAL**

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