

Report of the Board of Directors

The Thai economy in 2007 continued its recession from 2006, with causes attributable to both domestic and international factors. A significant domestic factor was the impending political uncertainty which deteriorated the confidence of investors and consumption levels. There was also an increase in inflation fueled by persistently rising oil prices. Producers have been forced to make upward price adjustments, which in turn elevated the people's costs of living and lowered spending powers. Lastly, the appreciation of the Thai Baht has affected the competitiveness of exporters. As for international factors, it is noted that the economic recession in the United States of America has sent an impact on Thai exports, largely because the United States of America has been an important export market for Thailand.

The textiles industry in Thailand during the preceding year has been severely hit by the economic recession which saw a large number of factories closed down. Our Company has also experienced great difficulties in its operations. The Company had to search for new sales channels, including the penetration of new markets such as Vietnam. Costs had to be lowered, which included the suitable allocation of human resources to increase working efficiency. Production levels had to be adjusted to match the demands of the market. The intensity of risk management in various areas had to be increased, especially risks arising from exchange rate fluctuations whose impact has lowered export revenues and the Company's profits when compared to the previous year.

Through the perseverance and cooperation of all parties concerned, the Company's performance results in 2007, which had been subject to the economic recession stated above, may be considered as commendable for an industry in the textile sector. The Company and its subsidiaries generated sales revenue in the amount of Baht 2,024.92 million, a decline of 11.17 percent from 2006, and profits of Baht 197.94 million, a decline of 21.30 percent, as detailed in the explanations and financial standing analysis, and the management's performance.

The Board of Directors is full of gratitude for the continuous support it has received from shareholders, customers, trading partners, business alliances, related persons and various agencies to the Company's operations. This gratitude extends to all executives and employees who have joined hands and spirits to drive the organization to success. The Board of Directors is hopeful that such support will continue in the future.