

# **Tapaco Public Company Limited and its Subsidiary**

Annual financial statements  
and  
Audit Report of Certified Public Accountant

For the years ended  
31 October 2007 and 2006

## **Audit Report of Certified Public Accountant**

### **To the Shareholders of Tapaco Public Company Limited**

I have audited the accompanying consolidated and separate balance sheet as at 31 October 2007, and the related statements of income, changes in shareholders' equity and cash flows for the year then ended of Tapaco Public Company Limited and its subsidiary, and of Tapaco Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of the information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated financial statements and the Company's financial statements of Tapaco Public Company Limited and its subsidiary, and of Tapaco Public Company Limited, respectively, for the year ended 31 October 2006 were audited by another auditor whose report dated 20 December 2006 expressed an unqualified opinion on those statements. As described in note 26 to the financial statements, the Company's financial statements for the year ended 31 October 2006 have been restated for the effects of the change in accounting policy for investment in subsidiary from the equity method of accounting to the cost method, and are now termed "separate" financial statements. I have audited the adjustments that were applied to the restatement of the Company's 2006 financial statements and in my opinion these adjustments are appropriate and have been properly applied.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 October 2007 and the results of operations and cash flows for the year then ended of Tapaco Public Company Limited and its subsidiary and of Tapaco Public Company Limited, respectively in accordance with generally accepted accounting principles.

(Ekkasit Chuthamsatid)  
Certified Public Accountant  
Registration No. 4195

KPMG Phoomchai Audit Ltd.  
Bangkok  
26 December 2007

## Tapaco Public Company Limited and its Subsidiary

### Balance sheets

As at 31 October 2007 and 2006

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		2007	2006	2007	2006
					(Restated)
		(in Baht)			
Current assets					
Cash and cash equivalents	5	20,966,848	17,825,482	17,374,416	11,373,353
Trade accounts receivable	4, 6	54,879,269	55,986,962	52,575,987	52,064,295
Other receivable from related party	4	-	-	-	1,151,375
Inventories	4, 7	31,408,198	34,038,532	28,508,823	30,470,797
Other current assets	4, 8	8,548,817	7,430,092	7,878,691	6,469,924
Total current assets		115,803,132	115,281,068	106,337,917	101,529,744
Non-current assets					
Restricted fixed deposits at financial institution	29	1,877,540	2,328,761	1,273,000	1,747,244
Investments in subsidiary	4, 9	-	-	23,700,000	23,700,000
Property, plant and equipment	4,10,12,14	288,890,465	306,732,048	241,465,721	262,744,105
Intangible asset	11	557,139	1,126,456	-	-
Other non-current assets		1,259,650	668,330	669,024	668,329
Total non-current assets		292,584,794	310,855,595	267,107,745	288,859,678
Total assets		408,387,926	426,136,663	373,445,662	390,389,422

## Tapaco Public Company Limited and its Subsidiary

### Balance sheets

As at 31 October 2007 and 2006

Liabilities and shareholders' equity	Note	Consolidated		Separate	
		financial statements		financial statements	
		2007	2006	2007	2006
					(Restated)
		(in Baht)			
<i>Current liabilities</i>					
Bank overdraft and short-term loans from					
financial institutions	12	65,000,000	52,951,441	55,000,000	52,951,441
Trade accounts payable	4, 13	37,563,060	39,441,344	37,247,011	39,250,402
Current portion of long-term loans from financial					
institutions	12, 14	38,548,700	31,982,801	34,373,475	24,665,748
Current portion of finance lease liabilities	12	-	48,610	-	48,610
Income tax payable		396,038	-	396,038	-
Other current liabilities	4, 15	15,013,121	44,846,732	12,917,951	41,971,425
<b>Total current liabilities</b>		<b>156,520,919</b>	<b>169,270,928</b>	<b>139,934,475</b>	<b>158,887,626</b>

The accompanying notes are an integral part of these financial statements.

**Non-current liabilities**

Long - term loans from financial institution	12, 14	62,308,653	57,027,850	59,204,081	53,219,570
<b>Total non-current liabilities</b>		<b>62,308,653</b>	<b>57,027,850</b>	<b>59,204,081</b>	<b>53,219,570</b>
<b>Total liabilities</b>		<b>218,829,572</b>	<b>226,298,778</b>	<b>199,138,556</b>	<b>212,107,196</b>
<b>Shareholders' equity</b>					
Share capital	16				
Authorized share capital		92,000,000	92,000,000	92,000,000	92,000,000
Issued and paid-up share capital		92,000,000	92,000,000	92,000,000	92,000,000
Reserve					
Share premium	17	27,053,848	27,053,848	26,401,790	26,401,790
Retained earnings					
Appropriated for legal reserve	17	7,093,500	6,793,500	7,093,500	6,793,500
Unappropriated		44,975,500	52,571,153	48,811,816	53,086,936
<b>Total equity attributable to the Company's shareholders</b>		<b>171,122,848</b>	<b>178,418,501</b>	<b>174,307,106</b>	<b>178,282,226</b>
Minority interest		18,435,506	21,419,384	-	-
<b>Total shareholders' equity</b>		<b>189,558,354</b>	<b>199,837,885</b>	<b>174,307,106</b>	<b>178,282,226</b>
<b>Total liabilities and shareholders' equity</b>		<b>408,387,926</b>	<b>426,136,663</b>	<b>373,445,662</b>	<b>390,389,422</b>

**Tapaco Public Company Limited and its Subsidiary****Statements of income****For the years ended 31 October 2007 and 2006**

	<i>Note</i>	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2007	2006	2007	2006
					(Restated)
					(in Baht)
<b>Revenues</b>					
Revenue from sales of goods	4, 24	425,498,989	459,070,608	400,090,031	417,919,858
Revenue from rendering of services	4	2,089,092	6,667,475	-	-
Dividend income	4	-	-	-	1,896,000
Other income		582,944	885,677	469,570	3,922,882
<b>Total revenues</b>		<b>428,171,025</b>	<b>466,623,760</b>	<b>400,559,601</b>	<b>423,738,740</b>
<b>Expenses</b>					
Cost of sale of goods and rendering of services	4	335,365,346	349,298,713	312,299,160	320,639,456
Selling and administrative expenses	4, 19	62,492,385	62,129,438	57,401,199	56,281,728
Directors' remuneration	4	19,070,836	18,140,944	14,295,836	13,494,966
<b>Total expenses</b>		<b>416,928,567</b>	<b>429,569,095</b>	<b>383,996,195</b>	<b>390,416,150</b>
<b>Profit before interest and income tax expenses</b>		<b>11,242,458</b>	<b>37,054,665</b>	<b>16,563,406</b>	<b>33,322,590</b>
Interest expense	21	11,851,835	11,188,408	10,868,372	10,221,115

The accompanying notes are an integral part of these financial statements.

Income tax expense	22	470,154	-	470,154	-
<b>Profit (loss) before minority interest</b>		<b>(1,079,531)</b>	<b>25,866,257</b>	<b>5,224,880</b>	<b>23,101,475</b>
Net (profit) loss of minority interest		2,983,878	(2,205,948)	-	-
<b>Net profit</b>		<b>1,904,347</b>	<b>23,660,309</b>	<b>5,224,880</b>	<b>23,101,475</b>
<b>Basic earnings per share (Baht)</b>	23	<b>0.02</b>	<b>0.26</b>	<b>0.06</b>	<b>0.25</b>

## Tapaco Public Company Limited and its Subsidiary

### Statements of cash flows

For the years ended 31 October 2007 and 2006

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2007	2006	2007	2006
				(Restated)
	<i>(in Baht)</i>			
<b><i>Cash flows from operating activities</i></b>				
Net profit	1,904,347	23,660,309	5,224,880	23,101,475
<i>Adjustments for</i>				
Depreciation and amortisation	53,109,603	48,290,831	42,688,258	39,151,863
Interest expense	11,851,835	11,188,408	10,868,372	10,221,115
Dividend income	-	-	-	(1,896,000)
Provision for loss on obsolete and slow - moving inventories	1,429,277	1,535,610	1,429,277	1,535,610
Loss on written off unrefundable import duty and withholding income tax	-	708,937	-	-
Unrealized (gain) loss on exchange	43,061	(1,375,146)	43,195	(1,399,891)
Gain on disposal of machinery and equipment	(48,416)	(231,549)	(48,416)	(257,853)
Loss on written off machinery and equipment	-	164,838	-	118,290
Income tax expense	470,154	-	470,154	-
Net profit (loss) of minority interest	(2,983,878)	2,205,948	-	-
	65,775,983	86,148,186	60,675,720	70,574,609
<b><i>Changes in operating assets and liabilities</i></b>				
Trade accounts receivable	1,064,316	(3,342,797)	(555,069)	(7,018,775)
Other receivable from related party	-	-	1,151,375	(1,030,622)
Inventories	1,201,058	4,165,744	532,697	1,390,769
Other current assets	(442,721)	(546,440)	(867,267)	202,895
Other non-current assets	(591,321)	471,539	(695)	471,539
Trade accounts payable	(1,877,968)	4,119,878	(2,003,209)	3,952,378
Other current liabilities	221,303	3,247,895	272,049	2,812,692
Income tax paid	(74,116)	-	(74,116)	-
<b>Net cash provided by operating activities</b>	<b>65,276,534</b>	<b>94,264,005</b>	<b>59,131,485</b>	<b>71,355,485</b>

### ***Cash flows from investing activities***

The accompanying notes are an integral part of these financial statements.

Dividends received	-	-	-	1,896,000
(Increase) decrease in restricted fixed deposits				
at financial institution	451,221	(601,350)	474,244	(20,333)
Purchases of property, plant and equipment	(64,785,871)	(47,797,923)	(50,767,650)	(30,137,446)
Advance for purchase of machinery and equipment	(676,004)	2,109,472	(541,500)	2,109,472
Sales of machinery and equipment	80,670	128,000	80,670	1,161,051
Purchases of computer software	-	(24,000)	-	-
<b>Net cash used in investing activities</b>	<b>(64,929,984)</b>	<b>(46,185,801)</b>	<b>(50,754,236)</b>	<b>(24,991,256)</b>

## Tapaco Public Company Limited and its Subsidiary

### Statements of cash flows

For the years ended 31 October 2007 and 2006

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2007	2006	2007	2006
				(Restated)
	<i>(in Baht)</i>			
<b><i>Cash flows from financing activities</i></b>				
Interest paid	(11,851,835)	(11,188,408)	(10,868,372)	(10,221,115)
Increase (decrease) in bank overdraft and short-term				
loans from financial institutions	12,048,559	(338,553)	2,048,559	(338,553)
Repayment of finance lease liabilities	(48,610)	(262,966)	(48,610)	(237,399)
Repayment of long-term loans	(33,153,298)	(37,330,678)	(29,307,763)	(26,085,775)
Proceeds from long-term loan	45,000,000	-	45,000,000	-
Dividend paid to minority interest	-	(1,704,000)	-	-
Dividend paid	(9,200,000)	(17,480,000)	(9,200,000)	(17,480,000)
<b>Net cash provided by (used in) financing activities</b>	<b>2,794,816</b>	<b>(68,304,605)</b>	<b>(2,376,186)</b>	<b>(54,362,842)</b>
<b>Net increase (decrease) in cash</b>				
<b>    and cash equivalents</b>	<b>3,141,366</b>	<b>(20,226,401)</b>	<b>6,001,063</b>	<b>(7,998,613)</b>
Cash and cash equivalents at beginning of year	17,825,482	38,051,883	11,373,353	19,371,966
<b>Cash and cash equivalents at end of year</b>	<b>20,966,848</b>	<b>17,825,482</b>	<b>17,374,416</b>	<b>11,373,353</b>

### ***Supplemental disclosures of cash flows*** **information:**

#### ***Non-cash transaction***

*Property, plant and equipment purchased during the periods are detailed as follows:*

Total purchases of property, plant and equipment				
during the year	34,730,957	77,331,304	21,442,128	62,108,647
Add: Settlement of payables for machinery				
and equipment purchased	31,078,322	1,592,411	30,331,322	-
Less: Payables on machinery and equipment	(1,023,408)	(31,125,792)	(1,005,800)	(31,971,201)

The accompanying notes are an integral part of these financial statements.

<b>64,785,871</b>	<b>47,797,923</b>	<b>50,767,650</b>	<b>30,137,446</b>
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The accompanying notes are an integral part of these financial statements.

# Tapaco Public Company Limited and its Subsidiary

## Statements of changes in shareholders' equity

For the years ended 31 October 2007 and 2006

		Consolidated financial statements					
		<u>Reserve</u>	<u>Retained earnings</u>		Total equity		
		Issued and paid-up	Appropriate		attributable to	Minority	Total
Note	share capital	Share premium	to legal reserve	Unappropriated	the Company's shareholders	interest	shareholders' equity
(in Baht)							
<b>Balance at 1 November 2005</b>	<b>92,000,000</b>	<b>27,053,848</b>	<b>5,593,500</b>	<b>47,590,844</b>	<b>172,238,192</b>	<b>20,917,435</b>	<b>193,155,627</b>
Net profit	-	-	-	23,660,309	23,660,309	2,205,949	25,866,258
Dividends	25	-	-	-17,480,000	-17,480,000	-1,704,000	-19,184,000
Appropriated for legal reserve	17	-	1,200,000	-1,200,000	-	-	-
<b>Balance at 31 October 2006</b>	<b>92,000,000</b>	<b>27,053,848</b>	<b>6,793,500</b>	<b>52,571,153</b>	<b>178,418,501</b>	<b>21,419,384</b>	<b>199,837,885</b>
Net profit	-	-	-	1,904,347	1,904,347	-2,983,878	-1,079,531
Dividends	25	-	-	-9,200,000	-9,200,000	-	-9,200,000
Appropriated for legal reserve	17	-	300,000	-300,000	-	-	-
<b>Balance at 31 October 2007</b>	<b>92,000,000</b>	<b>27,053,848</b>	<b>7,093,500</b>	<b>44,975,500</b>	<b>171,122,848</b>	<b>18,435,506</b>	<b>189,558,354</b>

The accompanying notes are an integral part of these financial statements.



# Tapaco Public Company Limited and its Subsidiary

## Statements of changes in shareholders' equity

For the years ended 31 October 2007 and 2006

Separate financial statements (Restated)						
		<i>Reserve</i>	<i>Retained earnings</i>			
			Appropriated		Total	
			to legal		shareholder's	
			reserve	Unappropriated	equity	
	<i>Note</i>	Issued and paid-up share capital	Share premium	(in Baht)		
<b>Balance at 1 November 2005</b>		<b>92,000,000</b>	<b>27,053,848</b>	<b>5,593,500</b>	<b>47,590,844</b>	<b>172,238,192</b>
Change in accounting policy	26	-	-652,058	-	1,074,617	422,559
<b>Restated balance</b>		<b>92,000,000</b>	<b>26,401,790</b>	<b>5,593,500</b>	<b>48,665,461</b>	<b>172,660,751</b>
Net profit		-	-	-	23,101,475	23,101,475
Dividends	25	-	-	-	-17,480,000	-17,480,000
Appropriated for legal reserve	17	-	-	1,200,000	-1,200,000	-
<b>Balance at 31 October 2006</b>		<b>92,000,000</b>	<b>26,401,790</b>	<b>6,793,500</b>	<b>53,086,936</b>	<b>178,282,226</b>
Net profit		-	-	-	5,224,880	5,224,880
Dividends	25	-	-	-	-9,200,000	-9,200,000
Appropriated for legal reserve	17	-	-	300,000	-300,000	-
<b>Balance at 31 October 2007</b>		<b>92,000,000</b>	<b>26,401,790</b>	<b>7,093,500</b>	<b>48,811,816</b>	<b>174,307,106</b>

The accompanying notes are an integral part of these financial statements.

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of financial statements
3	Significant accounting policies
4	Related parties transactions and balances
5	Cash and cash equivalents
6	Trade accounts receivable
7	Inventories
8	Other current assets
9	Investments in subsidiary
10	Property, plant and equipment
11	Intangible asset
12	Interest-bearing liabilities
13	Trade accounts payable
14	Long-term loans
15	Other current liabilities
16	Share capital
17	Reserves
18	Segment information
19	Selling and administrative expenses
20	Personnel expenses
21	Interest expense
22	Income tax expense
23	Earnings per share
24	Promotional privileges
25	Dividends
26	Change in accounting policy
27	Financial instruments
28	Commitments with non-related parties
29	Contingent liabilities
30	Reclassification of accounts

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the directors on 26 December 2007.

## **1 General information**

Tapaco Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 789/40 Moo 1, Thumbol Nongkham, Amphur Sriracha, Chonburi, Thailand.

The Company was listed on the Stock Exchange of Thailand on 2 December 2004.

The major shareholders are Mr. Taiji Ninomiya (16.17% directly and indirectly owned.) Mr. Masahito Iso (13.04% owned) and Kim Eng Securities Pte. Ltd. (10.98% owned).

The principal activities of the Company is the manufacturing of plastic parts and parts assembly for electrical and electronic products. Details of the Company’s subsidiary is as follows:

	<b>Type of business</b>	<b>Country of incorporation</b>	<b>Ownership interest</b>	
			2007	2006
<i>Subsidiary</i>				
Tapaco Mold Company Limited	Manufacture of molds and provider of mold services	Thailand	52.7%	52.7%

## **2 Basis of preparation of financial statements**

The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The financial statements are prepared in accordance with Thai Accounting Standards (“TAS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) and with generally accepted accounting principles in Thailand.

During 2007, the FAP issued the following revised TAS relevant to the Group’s operations and effective for accounting periods beginning on or after 1 January 2007:

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

TAS 45 (revised 2007) *Investment in Associates*

TAS 46 (revised 2007) *Interests in Joint Ventures*

The adoption of these revised TAS has resulted in a change in the Company’s accounting policy for interests in subsidiary in the separate financial statements of the Company. The effects of this change are disclosed in note 26.

In addition to the above revised TAS, the FAP has issued during 2007 a number of other new and revised TAS which are only effective for financial statements beginning on or after 1 January 2008 and have not been adopted in the preparation of these financial statements.

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

The financial statements are presented in Thai Baht, rounded in the notes to the financial statements to the nearest thousand unless otherwise stated. They are prepared on the historical cost basis except as stated in the accounting policies.

The preparation of financial statements in conformity with TAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

### **3 Significant accounting policies**

#### **(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the “Group”).

Significant intra-group transactions between the Company and its subsidiary are eliminated on consolidation.

##### *Subsidiary*

Subsidiary is company controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

#### **(b) Foreign currencies**

##### *Foreign currency transactions*

Transactions in foreign currencies are translated at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date, are translated to Thai Baht at the exchange rates prevailing at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

#### **(c) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**(d) Trade and other accounts receivable**

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

**(e) Inventories**

Inventories are stated at the lower of cost and net realisable value.

The Company and its subsidiary value their inventories at the following cost:

Raw materials and factory supplies - at actual cost (first-in, first-out method)

Semi-finished goods and finished goods - at standard cost (which approximates actual average cost)

Costs comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to make the sale.

An allowance is made for all deteriorated, damaged, obsolete and slow-moving inventories.

**(f) Investments**

*Investments in subsidiary*

Investments in subsidiary, in the separate financial statements of the Company are accounted for using the cost method. This is a change of accounting policy, the effects of which are disclosed in note 26.

**(g) Property, plant and equipment**

*Owned assets*

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

*Leased assets*

Leases in terms of which the Group substantially assumes all the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases are capitalized at the lower of fair value and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of income.

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

*Depreciation*

Depreciation is charged to the statement of income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Buildings	20 years
Machinery and equipment	5 - 10 years
Furniture, fixtures and office equipment	5 years
Warehouse tent	10 years

No depreciation is provided on freehold land or assets under construction.

**(h) Intangible asset**

Intangible asset is cost of acquiring computer software of which the software is not an integral part of the related hardware. Intangible asset acquired by the Group is stated at cost less accumulated amortisation.

*Amortisation*

Amortisation is charged to the statement of income on a straight-line basis from the date that intangible assets are available for use over the estimated useful life of computer software of 5 years.

**(i) Impairment**

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in the statement of income.

*Calculation of recoverable amount*

The recoverable amount of assets is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversals of impairment*

An impairment losses is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment losses is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**(j) *Interest-bearing liabilities***

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of income over the period of the borrowings on an effective interest basis.

**(k) *Trade and other accounts payable***

Trade and other accounts payable are stated at cost.

**(l) *Provisions***

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

**(m) *Revenue***

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

*Sale of goods*

Revenue from the sale of goods is recognised in the statement of income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

The subsidiary recognizes the sale of each plastic injection mold as income when the mold is trialed and accepted for use in mass production by the customer.

*Service income*

Service income is recognised as services are provided.

*Interest and dividend income*

Interest income is recognised in the statement of income as it accrues. Dividend income is recognised in the statement of income on the date the Group's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

*Rental income*

Rental income is recognised in the statement of income on straight-line basis over the term of the lease.

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**(n) Expenses**

*Operating leases*

Payments made under operating leases are recognised in the statement of income on a straight-line basis over the term of the lease. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

*Finance costs*

Interest expenses and similar costs are charged to the statement of income in the period in which they are incurred. The interest component of finance lease payments is recognised in the statement of income using the effective interest rate method.

**(o) Income tax**

Income tax on the profit or loss for the year comprises current tax.

*Current tax*

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date and applicable to the reporting period, and any adjustment to tax payable in respect of previous years.

**4 Related parties transactions and balances**

Related parties are those parties linked to the Group and the Company by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

The pricing policies for particular types of transactions are explained further below:

**Pricing policies**

Sale of goods/plastic injection mold services	The price provided in the normal course of business do not significantly vary between related parties and other customers.
Sale of fixed assets (Sold locally to related parties)	The selling prices approximate their net book values.
Purchase of machinery and equipment (Purchased from related parties in Japan)	The price is determined based on the related company's cost plus its normal margin or less discounts of 3% to 10%.
Purchase of supply parts (Purchased from related company in Japan)	The price is agreed by both parties in the case that it is an urgent order and the Company is unable to purchase them at the same quality from local resources.
Royalty fees, technical assistance and transfer fees, license fee and marketing advisory fees	The calculation is based on the amounts indicated in the agreements.
Rent and other facility service income	The charge is based on the Company's actual cost.



**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

Significant transactions for the years ended 31 October 2007 and 2006 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	(in thousand Baht)			
<b>Subsidiary:</b>				
<b>Tapaco Mold Co., Ltd.</b>				
Purchase of machinery and equipment	-	-	332	332
Rental and other utilities service income	-	-	-	3,243
Cost of mold services	-	-	6,747	6,905
Dividend income	-	-	-	1,896
<b>Related companies:</b>				
<b>Partner Industry Co., Ltd.</b>				
Purchase of machinery and equipment	5,439	1,993	5,439	1,963
Revenue from sale of goods	6,766	8,055	6,527	7,123
Revenue from rendering of services	116	61	-	-
Purchase of raw material and supply parts	3,439	5,173	2,792	4,236
Technical assistance and technology transfer fees	6,000	6,000	6,000	6,000
Marketing advisory and license fees and engineering service fees	13,332	13,799	12,012	12,699
<b>Asaka Kanagata Co., Ltd.</b>				
Engineering service fees	627	4,040	-	-
<b>Directors</b>				
Directors' remuneration	19,071	18,141	14,296	13,495

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

Balances as at 31 October 2007 and 2006 with related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2007	2006	2007	2006
	(in thousand Baht)			
<b>Subsidiary:</b>				
<b>Tapaco Mold Co., Ltd.</b>				
Other receivables	-	-	-	1,151
Investment accounted for using the cost method	-	-	23,700	23,700
Other payables	-	-	1,081	1,264
<b>Related company:</b>				
<b>Partner Industry Co., Ltd.</b>				
Trade accounts receivable	955	2,217	955	1,213
Advance for royalty and technical assistance fees	4,500	4,500	4,500	4,500
Advance for purchasing equipment	542	-	542	-
Trade accounts payable	70	140	40	140
Other accounts payable	2,937	3,321	2,937	3,321

Significant agreements entered into between the Company and its subsidiary and other related parties are summarized below:

***License, technical assistance and marketing advisory service agreement***

On 1 August 2003, the Company entered into a license, technical assistance and marketing advisory services agreement with the related company (Partner Industry Co., Ltd). Under the term of the agreement, both parties have agreed as follows:

- The related company shall grant to the Company sole and exclusive license, together with the right to grant sub-licenses, to make, to use and to sell throughout the world any or all of the products as indicated in the agreement.
- The related company shall assist the Company all appropriate and necessary services to advise and transfer its experience and know-how to the Company to the extent that the Company may manufacture the products, engage in this type of business and provide services to the Company's customers as indicated in the agreement.

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

- c. The related company shall assist the Company with operational marketing activities as indicated in the agreement.

As consideration for this agreement, the Company has to pay technical assistance and technology transfer fees of Baht 7,000,000 in the first year and from the second year onwards at Baht 6,000,000 per year. In addition, the Company has to pay the license fees and marketing advisory service fees at the rate of 2% and 3%, respectively, of the sales value of products specified in the agreement. The term of this agreement is for five years commencing from 1 August 2003 and shall be automatically renewed for another five years unless either of the parties gives the other party 30 days written notice of termination prior to the expiration of the current term.

***Engineering consultancy services agreement***

The subsidiary entered into an engineering consultancy services agreement with the Japanese shareholder, whereby the shareholder agrees to provide the technical knowledge and expertise to the subsidiary to enable it manufacture international standard mold and die product. In consideration thereof, the subsidiary has to pay service fees of Yen 1,000,000 per month commencing from 1 January 2004. The term of this agreement is for one year commencing from 1 January 2004. However, the subsidiary could renew the agreement for periods of one year until 31 December 2008 by giving written notice prior to each expiration. Both parties have agreed not to renew the agreement after the expiration in December 2006.

In addition, on 30 March 2006, the subsidiary entered into another engineering consultancy services agreement with the related company (Partner Industry Co., Ltd.), whereby the latter agrees to provide the technical knowledge and expertise to the subsidiary to enable it manufacture and service in respect of the layout and manufacturing of international standard mold and die product. In consideration thereof, the subsidiary has to pay monthly service fees of Baht 220,000. The term of this agreement is for one year commencing from 1 April 2006. However, on 26 June 2006 both parties agreed to amend certain terms and conditions of such agreement whereby the subsidiary has to pay monthly service fees of Baht 110,000 from 1 July 2006 onwards.

***Rental and service agreement***

On 1 May 2004, the Company entered into an agreement with its subsidiary (Tapaco Mold Co., Ltd.) to sub-lease to the subsidiary the main area of its leased factory and other facilities services. Under this agreement, the subsidiary has to pay annual rental and service fees of Baht 2.1 million plus actual utility charges. The rental and service agreements are for three years expiring in January 2007. However, the agreement was terminated in August 2006 due to the subsidiary moved to its new factory.

**5 Cash and cash equivalents**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Cash on hand and cash at bank				
- current accounts	19,867	17,686	16,284	11,289
Cash at bank - saving accounts	1,100	140	1,090	84
<b>Total</b>	<b>20,967</b>	<b>17,826</b>	<b>17,374</b>	<b>11,373</b>

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**6 Trade accounts receivable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2007	2006	2007	2006
			<i>(in thousand Baht)</i>		
Related parties	4	955	2,217	955	1,213
Other parties		53,924	53,770	51,621	50,851
<b>Total</b>		<b>54,879</b>	<b>55,987</b>	<b>52,576</b>	<b>52,064</b>

Aging analyses for trade accounts receivable were as follows:

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2007	2006	2007	2006
			<i>(in thousand Baht)</i>		
<b><i>Related Parties</i></b>					
Within credit-term		384	423	384	423
Overdue:					
Less than 3 months		571	1,794	571	790
<b>Total</b>		<b>955</b>	<b>2,217</b>	<b>955</b>	<b>1,213</b>
<b><i>Other Parties</i></b>					
Within credit-term		49,479	42,782	47,335	41,121
Overdue:					
Less than 3 months		4,445	10,988	4,286	9,730
<b>Total</b>		<b>53,924</b>	<b>53,770</b>	<b>51,621</b>	<b>50,851</b>

The normal credit term granted by the Group is 30 - 60 days, and to a related company, Partner Industry Co., Ltd. is 30 days.

**7 Inventories**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
		2007	2006	2007	2006
			<i>(in thousand Baht)</i>		
Raw materials (including recyclable raw materials)		15,339	15,181	14,935	14,676
Semi - finished goods and finished goods		13,195	14,931	12,489	13,367
Work in process		688	204	-	-
Factory supplies		7,645	7,752	6,544	6,457
		36,867	38,068	33,968	34,500
Less provision for obsolete and slow-moving inventories		(5,459)	(4,029)	(5,459)	(4,029)
<b>Total</b>		<b>31,408</b>	<b>34,039</b>	<b>28,509</b>	<b>30,471</b>

The recyclable raw materials can be processed for reuse in production at an insignificant additional conversion cost.

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**8 Other current assets**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2007	2006	2007	2006
		<i>(in thousand Baht)</i>			
Prepaid royalty and technical assistance fees	4	4,500	4,500	4,500	4,500
Value added tax receivables		1,409	660	1,149	371
Others		2,640	2,270	2,230	1,599
<b>Total</b>		<b>8,549</b>	<b>7,430</b>	<b>7,879</b>	<b>6,470</b>

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**9 Investment in subsidiary**

Investments in subsidiary as at 31 October 2007 and 2006, were detailed as follows:

	<b>Ownership interest</b>		<b>Separate financial statements</b>					
			<b>Paid-up capital</b>		<b>Cost method</b>		<b>Dividend income</b>	
	2007	2006	2007	2006	2007	2006	2007	2006
	(%)				(in thousand Baht)			
<b><i>Subsidiary</i></b>								
Tapaco Mold Co., Ltd.	52.7	52.7	<u>45,000</u>	<u>45,000</u>	<u>23,700</u>	<u>23,700</u>	<u>-</u>	<u>1,896</u>

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**10 Property, plant and equipment**

	Consolidated financial statements								Total
	Land	Building	Machinery and equipment	Leasehold improvements	Furniture, fixtures and office equipment (in thousand Baht)	Warehouse	Machinery under installation	Machinery in transit	
<i>Cost</i>									
At 1 November 2005	16,090	53,165	297,658	4,454	6,437	999	-	-	378,803
Additions	4,922	8,196	7,712	464	976	-	56,653	-	78,923
Transfers	-	7,405	45,860	3,388	-	-	(56,653)	-	-
Disposals	-	-	(318)	(2,771)	-	-	-	-	(3,089)
<b>At 31 October 2006</b>	<b>21,012</b>	<b>68,766</b>	<b>350,912</b>	<b>5,535</b>	<b>7,413</b>	<b>999</b>	<b>-</b>	<b>-</b>	<b>454,637</b>
Additions	-	263	12,725	-	590	-	21,153	-	34,731
Transfers	-	-	21,153	-	-	-	(21,153)	-	-
Disposals	-	-	(34)	-	-	-	-	-	(34)
<b>At 31 October 2007</b>	<b>21,012</b>	<b>69,029</b>	<b>384,756</b>	<b>5,535</b>	<b>8,003</b>	<b>999</b>	<b>-</b>	<b>-</b>	<b>489,334</b>
<i>Accumulated Depreciation</i>									
At 1 November 2005	-	4,210	92,297	3,626	2,744	334	-	-	103,211
Depreciation charge for the year	-	2,790	43,106	491	1,248	87	-	-	47,722
Disposals	-	-	(214)	(2,814)	-	-	-	-	(3,028)
<b>At 31 October 2006</b>	<b>-</b>	<b>7,000</b>	<b>135,189</b>	<b>1,303</b>	<b>3,992</b>	<b>421</b>	<b>-</b>	<b>-</b>	<b>147,905</b>
Depreciation charge for the year	-	3,435	47,292	385	1,379	50	-	-	52,541
Disposals	-	-	(2)	-	-	-	-	-	(2)
<b>At 31 October 2007</b>	<b>-</b>	<b>10,435</b>	<b>182,479</b>	<b>1,688</b>	<b>5,371</b>	<b>471</b>	<b>-</b>	<b>-</b>	<b>200,444</b>
<i>Net book value</i>									
<b>At 31 October 2006</b>	<b>21,012</b>	<b>61,766</b>	<b>215,723</b>	<b>4,232</b>	<b>3,421</b>	<b>578</b>	<b>-</b>	<b>-</b>	<b>306,732</b>
<b>At 31 October 2007</b>	<b>21,012</b>	<b>58,594</b>	<b>202,277</b>	<b>3,847</b>	<b>2,632</b>	<b>528</b>	<b>-</b>	<b>-</b>	<b>288,890</b>

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

	Separate financial statements							Total
	Land	Building	Machinery and equipment	Leasehold improvements (in thousand Baht)	Furniture, fixtures and office equipment	Warehouse	Machinery under installation	
<b>Cost</b>								
At 1 November 2005	16,090	53,165	246,913	4,378	5,480	999	-	327,025
Additions	-	726	7,276	-	841	-	53,265	62,108
Transfers	-	7,405	45,860	-	-	-	(53,265)	-
Disposals	-	-	(1,746)	(4,378)	-	-	-	(6,124)
<b>At 31 October 2006</b>	<b>16,090</b>	<b>61,296</b>	<b>298,303</b>	<b>-</b>	<b>6,321</b>	<b>999</b>	<b>-</b>	<b>383,009</b>
Additions	-	263	9,738	-	577	-	10,864	21,442
Transfers	-	-	10,864	-	-	-	(10,864)	-
Disposals	-	-	(34)	-	-	-	-	(34)
<b>At 31 October 2007</b>	<b>16,090</b>	<b>61,559</b>	<b>318,871</b>	<b>-</b>	<b>6,898</b>	<b>999</b>	<b>-</b>	<b>404,417</b>
<b>Accumulated Depreciation</b>								
At 1 November 2005	-	4,210	75,785	3,612	2,275	334	-	86,216
Depreciation charge for the year	-	2,713	34,901	406	1,045	87	-	39,152
Disposals	-	-	(1,085)	(4,018)	-	-	-	(5,103)
<b>At 31 October 2006</b>	<b>-</b>	<b>6,923</b>	<b>109,601</b>	<b>-</b>	<b>3,320</b>	<b>421</b>	<b>-</b>	<b>120,265</b>
Depreciation charge for the year	-	3,061	38,418	-	1,159	50	-	42,688
Disposals	-	-	(2)	-	-	-	-	(2)
<b>At 31 October 2007</b>	<b>-</b>	<b>9,984</b>	<b>148,017</b>	<b>-</b>	<b>4,479</b>	<b>471</b>	<b>-</b>	<b>162,951</b>
<b>Net book value</b>								
<b>At 31 October 2006</b>	<b>16,090</b>	<b>54,373</b>	<b>188,702</b>	<b>-</b>	<b>3,001</b>	<b>578</b>	<b>-</b>	<b>262,744</b>
<b>At 31 October 2007</b>	<b>16,090</b>	<b>51,575</b>	<b>170,854</b>	<b>-</b>	<b>2,419</b>	<b>528</b>	<b>-</b>	<b>241,466</b>



**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**11 Intangible asset**

	<b>Consolidated financial statements</b> Computer software (in thousand Baht)
<i>Cost</i>	
At 1 November 2005	2,823
Additions	24
<b>At 31 October 2006</b>	<b>2,847</b>
Additions	-
<b>At 31 October 2007</b>	<b>2,847</b>
<i>Accumulated amortisation</i>	
At 1 November 2005	1,152
Amortisation charge for the year	568
<b>At 31 October 2006</b>	<b>1,720</b>
Amortisation charge for the year	570
<b>At 31 October 2007</b>	<b>2,290</b>
<i>Net book value</i>	
<b>At 31 October 2006</b>	<b>1,127</b>
<b>At 31 October 2007</b>	<b>557</b>

**12 Interest-bearing liabilities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006
	(in thousand Baht)			
<i>Current</i>				
Bank overdrafts				
- secured	-	2,951	-	2,951
Short-term loans from financial institutions				
- secured	65,000	50,000	55,000	50,000
<b>Bank overdrafts and short-term loans from financial institutions</b>	<b>65,000</b>	<b>52,951</b>	<b>55,000</b>	<b>52,951</b>
Current portion of long-term loans from financial institutions				
- secured	38,549	31,983	34,373	24,666
	<b>38,549</b>	<b>31,983</b>	<b>34,373</b>	<b>24,666</b>
Current portion of finance lease liabilities	-	49	-	49
	<b>103,549</b>	<b>84,983</b>	<b>89,373</b>	<b>77,666</b>
<i>Non-current</i>				
Long-term loans from financial institutions				
- secured	62,309	57,028	59,204	53,220
	<b>62,309</b>	<b>57,028</b>	<b>59,204</b>	<b>53,220</b>
<b>Total</b>	<b>165,858</b>	<b>142,011</b>	<b>148,577</b>	<b>130,886</b>

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

As at 31 October 2007, the Company had an overdraft line and other credit facilities with two local banks amounting to Baht 95.0 million (*31 October 2006: Baht 80.0 million*). These overdraft and loan credit facilities are guaranteed by the Company's directors.

In addition, as at 31 October 2007, the Company had overdraft and loan credit facilities (including long-term loan) with another local bank totaling Baht 176.0 million (*31 October 2006: Baht 161.0 million*). (See note 14)

As at 31 October 2007, the subsidiary had loan credit facilities of Baht 10.0 million (*31 October 2006: Baht 10.0 million*) with a local bank. The loan credit facilities is guaranteed by the Company the Company's directors and the Company's land with construction thereon with net book value of Baht 11.9 million at 31 October 2007. (*31 October 2006: Baht 12.3 million*).

The periods to maturity of interest-bearing liabilities as at 31 October were as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Within one year	103,549	84,983	89,373	77,666
After one year but within five years	62,309	57,028	59,204	53,220
After five years	-	-	-	-
<b>Total</b>	<b><u>165,858</u></b>	<b><u>142,011</u></b>	<b><u>148,577</u></b>	<b><u>130,886</u></b>

Secured interest-bearing liabilities as at 31 October were secured on the following assets:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Property, plant and equipment	142,070	159,701	120,345	134,731
<b>Total</b>	<b><u>142,070</u></b>	<b><u>159,701</u></b>	<b><u>120,345</u></b>	<b><u>134,731</u></b>

As at 31 October 2007 the Group and the Company had unutilized credit facilities totaling Baht 50.0 million (*31 October 2006: Baht 47.1 million*).

### **13 Trade accounts payable**

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2007	2006	2007	2006
		<i>(in thousand Baht)</i>			
Related parties	4	70	140	40	140
Other parties		37,493	39,301	37,207	39,110
<b>Total</b>		<b><u>37,563</u></b>	<b><u>39,441</u></b>	<b><u>37,247</u></b>	<b><u>39,250</u></b>

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**14 Long-term loans**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Long-term loan of the Company from a local bank with a grace period for principal repayments of six months but interest is repayable monthly during the principal grace period. Monthly installments after the grace period are at least Baht 0.7 million each (including interest) until December 2009. Interest is payable at the MLR.	17,938	24,841	17,938	24,841
Long-term loan of the Company from the same local bank with a grace period for principal repayments of six months but interest is repayable monthly during the principal grace period. Monthly installments after the grace period shall be at least Baht 0.4 million each (including interest) until February 2008. Interest is payable at the MLR.	-	2,828	-	2,828
Long-term loan of the Company from the same local bank with a grace period for principal repayments of six months but interest is repayable monthly during the principal grace period. Monthly installments after the grace period shall be at least Baht 0.5 million each (including interest) until March 2009. Interest is payable at the MLR.	8,997	14,463	8,997	14,463
Long-term loan of the Company from the same local bank with a grace period for principle repayments of six months but interest is repayable monthly during the principal grace period. Monthly installments after the grace period shall be at least Baht 1.0 million each (including interest) until February 2010. Interest is payable at the MLR.	26,090	35,754	26,090	35,754
Long-term loan of the Company from the same local bank with a grace period for principle repayments of six months but interest is repayable monthly during the principal grace period shall be at least Baht 0.99 million each (including interest) until October 2011. Interest is payable at the MLR.	40,552	-	40,552	-

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Long-term loan of the subsidiary from the same local bank with a grace period for principal repayments of six months but interest is repayable monthly during the principal grace period. Monthly installments after the grace period shall be at least of Baht 0.38 million each (including interest) until June 2009. Interest is payable at the MLR.	7,281	11,125	-	-
<b>Total</b>	<b>100,858</b>	<b>89,011</b>	<b>93,577</b>	<b>77,886</b>
<i>Less</i> current portion	(38,549)	(31,983)	(34,373)	(24,666)
<b>Long-Term Loans, net</b>	<b>62,309</b>	<b>57,028</b>	<b>59,204</b>	<b>53,220</b>

The above long-term loans of the Company were obtained under the credit facilities discussed in Note 12. These credit facilities are guaranteed by the Company's directors and the Company's land with constructions thereon and machinery with net book value of Baht 120.3 million as at 31 October 2007 (*31 October 2006: Baht 134.7 million*). Under the term of the loan agreements, the Company is committed to comply with certain conditions and restrictions contained in the agreements.

The long-term loan of the subsidiary under long-term facilities of Baht 18.0 million (*31 October 2006: Baht 18.0 million*) was guaranteed by letters of guarantee from the Company and directors. The subsidiary's machinery and equipment with the net book value of Baht 9.78 million as at 31 October 2007 (*31 October 2006: Baht 12.7 million*), are also pledged as collateral.

## 15 Other current liabilities

		<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<i>Note</i>	2007	2006	2007	2006
		<i>(in thousand Baht)</i>			
Other payable to other parties		1,023	31,078	1,006	30,331
Accrued bonus		7,045	5,800	5,724	4,718
Other payable to related parties	4	2,937	3,321	4,018	4,585
Accrued facility expenses		883	905	751	730
Customer deposits		716	996	-	-
Others		2,409	2,747	1,419	1,607
<b>Total</b>		<b>15,013</b>	<b>44,847</b>	<b>12,918</b>	<b>41,971</b>

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**16 Share capital**

	<i>Par value (in Baht)</i>	<i>Number</i>	<i>2007 Baht (thousand shares/thousand Baht)</i>	<i>2006 Number</i>	<i>Baht</i>
<b>Authorised</b>					
At beginning of period					
- Ordinary shares	5	-	-	18,400	92,000
- Ordinary shares	1	92,000	92,000	-	-
Reduction in par value					
- From Baht 5 to Baht 1	1	-	-	92,000	-
<b>At end of period</b>					
- Ordinary shares	1	<b>92,000</b>	<b>92,000</b>	<b>92,000</b>	<b>92,000</b>
<b>Issued and fully paid</b>					
At beginning of period					
- Ordinary shares	5	-	-	18,400	92,000
- Ordinary shares	1	92,000	92,000	-	-
Reduction in par value					
- From Baht 5 to Baht 1	1	-	-	92,000	-
<b>At end of period</b>					
- Ordinary shares	1	<b>92,000</b>	<b>92,000</b>	<b>92,000</b>	<b>92,000</b>

At the Company's ordinary shareholders' meeting held on 10 February 2006, the shareholders unanimously approved to change the par value of the Company's ordinary shares from Baht 5 per share to Baht 1 per share, resulting in an increase in the Company's ordinary shares from 18,400,000 shares to 92,000,000 shares. The Company registered the change in par value of its ordinary shares capital with the Ministry of Commerce on 1 March 2006.

**17 Reserves**

**Share premium**

Section 51 of the Public Companies Act B.E. 2535 requires company to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

**Legal reserve**

Section 116 of the Public Companies Act B. E. 2535. Section 116 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. During the year ended 31 October 2007, the Company allocated profit to legal reserve amounting to Baht 300,000 (31 October 2006: Baht 1,200,000). The legal reserve is not available for dividend distribution.

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**18 Segment information**

Segment information is presented in respect of the Group's business and geographic segments. The primary format, business segment, based on the Group's management and internal reporting structure.

***Business segments***

The Group is engaged in three principal segments which consisted of:

- Segment 1. The manufacturing of plastic parts and parts assembly for electrical and electronic products.
- Segment 2. The manufacturing of plastic injection molds.
- Segment 3. Providing repair, maintenance and modification services for plastic injection molds.

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

*Business segment results*

	<b>Segment 1</b>		<b>Segment 2</b>		<b>Segment 3</b>		<b>Total</b>	
	2007	2006	2007	2006	2007	2006	2007	2006
	<i>(in thousand Baht)</i>							
Revenue of goods and rendering of services	400,090	417,920	25,409	41,151	2,089	6,667	427,588	465,738
Other income	470	870	87	12	26	4	583	886
<b>Total revenue</b>	<b>400,560</b>	<b>418,790</b>	<b>25,496</b>	<b>41,163</b>	<b>2,115</b>	<b>6,671</b>	<b>428,171</b>	<b>466,624</b>
Cost of sales of goods and rendering of services	305,078	310,682	24,594	34,935	5,693	3,682	335,365	349,299
Selling and administrative expenses	68,559	69,777	7,390	8,329	2,233	2,159	78,182	80,265
Other expenses	3,138	-	187	4	57	2	3,382	6
<b>Total expenses</b>	<b>376,775</b>	<b>380,459</b>	<b>32,171</b>	<b>43,268</b>	<b>7,983</b>	<b>5,843</b>	<b>416,929</b>	<b>429,570</b>
<b>Profit (loss) before income and income tax expenses</b>	<b>23,785</b>	<b>38,331</b>	<b>(6,675)</b>	<b>(2,105)</b>	<b>(5,868)</b>	<b>828</b>	<b>11,242</b>	<b>37,054</b>
Interest expense	(10,868)	(10,221)	(760)	(729)	(224)	(238)	(11,852)	(11,188)
Tax expense	(470)	-	-	-	-	-	(470)	-
<b>Profit before net profit (loss) of minority interest</b>	<b>12,447</b>	<b>28,110</b>	<b>(7,435)</b>	<b>(2,834)</b>	<b>(6,092)</b>	<b>590</b>	<b>(1,080)</b>	<b>25,866</b>

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

***Business segment financial position***

	<b>Segment 1</b>		<b>Segment 2 and 3</b>		<b>Total</b>	
	2007	2006	2007	2006	2007	2006
	<i>(in thousand Baht)</i>					
Cash and cash equivalents	17,374	11,373	3,592	6,452	20,966	17,825
Trade account receivable	52,576	50,801	2,303	5,186	54,879	55,987
Inventories	28,509	30,471	2,899	3,568	31,408	34,039
Property plant and equipment	241,501	263,084	47,390	43,648	288,891	306,732
Other assets	9,821	8,885	2,423	2,669	12,244	11,554
<b>Total assets</b>	<b>349,781</b>	<b>364,614</b>	<b>58,607</b>	<b>61,523</b>	<b>408,388</b>	<b>426,137</b>
Bank overdrafts and short-term loan from financial institutions	55,000	52,951	10,000	-	65,000	52,951
Trade accounts payable	37,247	39,250	316	191	37,563	39,441
Long-term loan from financial institutions	93,578	77,886	7,280	11,125	100,858	89,011
Other liabilities	12,233	42,020	3,176	2,876	15,409	44,896
<b>Total liabilities</b>	<b>198,058</b>	<b>212,107</b>	<b>20,772</b>	<b>14,192</b>	<b>218,830</b>	<b>226,299</b>
Capital expenditure	21,295	62,189	13,436	16,734	34,731	78,923
Depreciation	42,846	39,318	9,694	8,404	52,541	47,722
Amortisation	-	-	570	568	570	568
Gain (loss) on disposal of assets	48	258	-	(26)	48	232

***Geographic segments***

In presenting information on the basis of geographical segments, segment revenue is based on the geographic location of customers.

The followings are main geographical locations of:

Segment 1: Thailand  
Segment 2: Singapore  
Segment 3: Others

Segment revenues based on the geographic location of customers, are as follows:

	<b>Consolidated</b>	
	2007	2006
	<i>(in thousand Baht)</i>	
Singapore	68,576	90,667
Thailand	304,151	312,085
Others	55,444	63,872
<b>Total</b>	<b>428,171</b>	<b>466,624</b>



**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**19 Selling and administrative expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Personnel expenses	14,544	14,105	12,921	12,711
Marketing fee and license fee	12,012	12,885	12,012	12,885
Transportation expense	10,019	5,947	9,987	5,196
Rental expense	5,764	2,984	5,187	2,245
Travelling expense	2,657	10,174	2,314	10,156
Others	17,496	16,034	14,980	13,089
<b>Total</b>	<b>62,492</b>	<b>62,129</b>	<b>57,401</b>	<b>56,282</b>

**20 Personnel expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Wages and salaries	64,516	62,721	55,336	53,041
Other employee benefit	3,202	2,920	2,732	2,457
<b>Total</b>	<b>67,718</b>	<b>65,641</b>	<b>58,068</b>	<b>55,498</b>

	<i>(number of employees)</i>			
Number of employees as at 31 October	441	465	395	410

**21 Interest expense**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
Interest paid and payable to:				
- financial institutions	11,852	11,167	10,868	10,200
- Interest on financial lease	-	21	-	21
<b>Total financial costs</b>	<b>11,852</b>	<b>11,188</b>	<b>10,868</b>	<b>10,221</b>

**22 Income tax expense**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
<b>Current tax expense</b>				
Current year	470	-	470	-
<b>Total</b>	<b>470</b>	<b>-</b>	<b>470</b>	<b>-</b>

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**23 Earnings per share**

*Basic earnings per share*

The calculation of basic earnings per share of the consolidated and separate financial statements for the year ended 31 October 2007 was based on the consolidated and separate net profit attributable to ordinary shareholders of Baht 1.9 million and Baht 5.2 million, respectively, (*consolidated and separate net profit for the year ended 31 October 2006: Baht 23.7 million and Baht 23.1 million, respectively*) and the weighted average number of shares outstanding during the year ended 31 October 2007 of 92,000,000 shares (*31 October 2006: 92,000,000 shares*).

**24 Promotional privileges**

By virtue of the provisions of the Industrial Investment Promotion Act B.E. 2520, the Company has been granted certain promotional privileges relating to the manufacturing of plastic parts for electrical and electronics products and the subsidiary has been granted certain promotional privileges relating to the manufacturing of plastic injection molds. The promotional privileges include, among other benefits, the following:

- a. Exemption from the payment of import duties on imported raw and essential materials for producing products for export for a period of one year from the date of the first importation of materials. However, this exemption period for the Company's first project has been extended to July 2007. The Company is in the process to extend the exemption period with Board of Investment.
- b. Exemption from the payment of import duties on imported machinery and equipment necessary for production, as approved by the Board of Investment. However, the exemption period, but they have been extended another four years until December 2009 for the Company's first project and in April 2009 for the Company's second project.
- c. Exemption from the payment of income tax for a period of three years for the Company's first project, seven years for the Company's second project, and eight years for the subsidiary's project; from the first date income is derived from the respective promoted businesses. This exemption initially expired in May 2003 for the Company's first project but has been extended until May 2007. The Company's second project and subsidiary will expire in March 2011.
- d. A reduction in assessable income equivalent to 5% of any annual increases in export income for a period of ten years from the start of the promoted businesses for the Company's first project. This exemption will expire in July 2011.

As companies with promoted activities, the Company and its subsidiary must comply with certain conditions and restrictions provided for in the promotional certificates.

The Company and its subsidiary have no income tax on their net profits for 2007 and 2006 due to almost all revenues being generated from operations under promoted businesses which were exempted from the payment of income tax and the utilization of tax loss carry-forwards by the subsidiary. Except for the Company's first project, the exemption from the payment of income tax was expired in May 2007, therefore the Company subject to pay income tax expense from the Company's first project operation since June 2007.

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

Net sales of the Company for each of the years ended 31 October 2007 and 2006, for the promoted businesses were as follows:

<b>Consolidated financial statements</b>						
	Promoted businesses	2007 Non- promoted businesses	<b>Total</b>	Promoted businesses	2006 Non- promoted businesses	<b>Total</b>
			<i>(in thousand Baht)</i>			
Export sales	117,524	6,496	124,020	154,539	-	154,539
Local sales	278,274	24,691	302,965	304,532	332	304,864
Local services	-	8,129	8,129	-	13,572	13,572
Eliminations	(1,486)	(6,040)	(7,526)	(332)	(6,905)	(7,237)
<b>Total revenues</b>	<b>394,312</b>	<b>33,276</b>	<b>427,588</b>	<b>458,739</b>	<b>6,999</b>	<b>465,738</b>

  

<b>Separate financial statements</b>						
	Promoted businesses	2007 Non- promoted businesses	<b>Total</b>	Promoted businesses	2006 Non- promoted businesses	<b>Total</b>
			<i>(in thousand Baht)</i>			
Export sales	117,524	6,496	124,020	154,539	-	154,539
Local sales	251,826	24,244	276,070	263,381	-	263,381
<b>Total revenues</b>	<b>369,350</b>	<b>30,740</b>	<b>400,090</b>	<b>417,920</b>	<b>-</b>	<b>417,920</b>

## 25 Dividends

At the Company's board of directors' meeting held on 31 July 2007, the shareholders unanimously approved the payment of the interim cash dividend from the unappropriate retained earnings by means of a cash dividend of Baht 0.03 per share on 92,000,000 ordinary shares (totaling Baht 2.76 million) whose names appear in the Company's share register book closing would be on 22 August 2007 and was paid to shareholders on 31 August 2007.

At the annual general meeting of the shareholders of the Company held on 23 February 2007, the shareholders unanimously approved the appropriation of annual dividends from the earnings of the promoted business for the year ended 31 October 2006 by means of a cash dividend of Baht 0.12 per share on 92,000,000 ordinary shares (totaling Baht 11.04 million). However, an interim dividend was paid to the shareholders on 14 July 2006 at Baht 0.05 per share on 92,000,000 ordinary shares (totaling Baht 4.60 million). The remaining was already paid dividend at Baht 0.07 per share on 92,000,000 ordinary shares (totaling Baht 6.44 million) to shareholders on 9 March 2007.

At the annual general meeting of the shareholders of the Company held on 10 February 2006, the shareholders unanimously approved the appropriation of annual dividends from the earnings of the promoted business for the year ended 31 October 2005 by means of cash dividend of Baht 1 per share on 18,400,000 ordinary shares (totaling Baht 18.40 million). However, as interim dividends were paid to the shareholders on 11 July 2005 at Baht 0.30 per share on 18,400,000 ordinary shares (totaling Baht 5.52 million). The remaining unpaid dividend at Baht 0.70 per share on 18,400,000 ordinary shares (totaling Baht 12.88 million) was paid to the shareholders on 22 February 2006.

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

At the subsidiary's board of directors' meeting held on 12 June 2006, the board of directors unanimously approved the payment of interim dividends from the earnings of the promoted business for the six-month period ended 30 April 2006 by means of cash dividend of Baht 0.04 per share on 9,000,000 ordinary shares (totaling Baht 3.6 million). The Company paid the said cash dividends to the shareholders on 27 June 2006. This interim dividend will be subject to the approval of the shareholders.

**26 Change in accounting policy**

The following change of accounting policy by the Company has no effect on the consolidated financial statements of the Group.

Until 31 October 2006, the Company accounted for its investments in subsidiary company, in its financial statements using the equity method.

The following change of accounting policy by the Company has no effect on the consolidated financial statements of the Group.

On 11 October 2006, the Federation of Accounting Professionals (FAP) announced that the Thai Accounting Standard No. 44 (TAS No. 44) "*Consolidated Financial Statements and Accounting for Investments in Subsidiaries*" is to be revised. FAP announcement No. 26/2006 requires a parent company which has investments in a subsidiary company, an entity under joint control, or an associate company, which is not classified as a "held for sale" investment, to record such investment in accordance with either the cost method or with the recognition and measurement basis for financial instruments (when an announcement is made), instead of the equity method currently used.

Starting from 1 November 2006, the Company has, accordingly, changed its accounting policy for its investments in subsidiary company, in its financial statements from the equity method to the cost method. The change in accounting policy has been applied retrospectively and the Company's 2006 financial statements, which are included in the Company's 2007 financial statements for comparative purposes, have been restated accordingly.

	<b>Separate financial statements</b>	
	2007	2006
	<i>(in thousand Baht)</i>	
<b><i>Investments in subsidiary</i></b>		
Balance at 1 November before change in accounting policy	23,836	23,277
Increase in retained earnings	516	1,075
Decrease in share premium	(652)	(652)
<b>Net increase (decrease)</b>	<b>(136)</b>	<b>423</b>
<b>Balance at 1 November after change in accounting policy</b>	<b>23,700</b>	<b>23,700</b>
<b><i>Retained earnings</i></b>		
Balance at 1 November before change in accounting policy	52,571	47,591
Increase in dividend income from subsidiary	1,896	-
Increase (decrease) in share of profits from investments accounted for using the equity method, net	(1,380)	1,075
<b>Net increase</b>	<b>516</b>	<b>1,075</b>
<b>Balance at 1 November after change in accounting policy</b>	<b>53,087</b>	<b>48,666</b>

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

	<b>Separate financial statements</b>	
	2007	2006
	<i>(in thousand Baht)</i>	
<b>Net profit</b>		
Net profit for the year before change in accounting policy	1,904	23,660
Increase in dividend income from subsidiary	-	1,896
Increase in share of (profits) loss from investments accounted for using the equity method, net	3,321	(2,455)
<b>Net increase (decrease)</b>	<b>3,321</b>	<b>(559)</b>
<b>Net profit for the year after change in accounting policy</b>	<b>5,225</b>	<b>23,101</b>
<b>Increase (decrease) in earnings per share (Baht)</b>	<b>0.04</b>	<b>(0.01)</b>

**27 Financial instruments**

***Financial risk management policies***

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

***Interest rate risk***

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly floating interest rates which closed to current market interest rates. The Group is primarily exposed to interest rate risk from its borrowings (Notes 12 and 14).

The interest rates of interest-bearing financial liabilities as at 31 October and the periods in which those liabilities mature or reprise were as follows:

	<b>Consolidated financial statements</b>			
	Interest rates	Within 1 year	After 1 year but within 5 years	Total
	<i>(% per annum)</i>		<i>(in thousand Baht)</i>	
<b>2007</b>				
<b>Current</b>				
Bank overdraft and short-term from financial institutions	4.25 - 5.625	65,000	-	65,000
Current portion of long-term loans from financial institutions	8	38,549	-	38,549
<b>Non-current</b>				
Long-term loans from financial institutions	8	-	62,309	62,309
<b>Total</b>		<b>103,549</b>	<b>62,309</b>	<b>165,858</b>

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

<b>Consolidated financial statements</b>				
	Interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
<b>2006</b>				
<b>Current</b>				
Bank overdraft and short-term From financial institutions	6.75 - 7.5	52,951	-	52,951
Current portion of long-term loans from financial institutions	8	31,983	-	31,983
Current portion of financial lease liabilities	12.4	49	-	49
<b>Non-current</b>				
Long-term loans from financial institutions	8	-	57,028	57,028
<b>Total</b>		<b>84,983</b>	<b>57,028</b>	<b>142,011</b>

<b>Separate financial statements</b>				
	Interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
<b>2007</b>				
<b>Current</b>				
Bank overdraft and short-term from financial institutions	4.25 - 5.625	55,000	-	55,000
Current portion of long-term loans from financial institutions	8	34,373	-	34,373
<b>Non-current</b>				
Long-term loans from financial institutions	8	-	59,204	59,204
<b>Total</b>		<b>89,373</b>	<b>59,204</b>	<b>148,577</b>

<b>Separate financial statements</b>				
	Interest rates (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
<b>2006</b>				
<b>Current</b>				
Bank overdraft and short-term from financial institutions	6.75 - 7.5	52,951	-	52,951
Current portion of long-term loans from financial institutions	8	24,666	-	24,666
Current portion of financial lease liabilities	12.4	49	-	49
<b>Non-current</b>				
Long-term loans from financial institutions	8	-	53,220	53,220
<b>Total</b>		<b>77,666</b>	<b>53,220</b>	<b>130,886</b>

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

***Foreign currency risk***

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily has forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the balance sheet date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period. Balance of forward exchange contracts as at 31 October 2007 is U.S. dollars 0.3 million (Baht 9.3 million). However, as at 31 October 2006, the Company has no forward exchange contracts.

As at 31 October 2007 and 2006, significant outstanding unhedged foreign currency assets and liabilities were as follows:

**2007**

Consolidated financial statements						
	Foreign currency assets due within			Foreign currency liabilities due within		
	1 year	1-5 years	Over 5 years	1 year	1-5 years	Over 5 years
	(in thousand unit)					
Currencies						
- Yen	3,248	-	-	277	-	-
- U.S. Dollars	308	-	-	3	-	-
Separate financial statements						
	Foreign currency assets due within			Foreign currency liabilities due within		
	1 year	1-5 years	Over 5 years	1 year	1-5 years	Over 5 years
	(in thousand unit)					
Currencies						
- Yen	3,248	-	-	135	-	-
- U.S. Dollars	308	-	-	3	-	-

**2006**

Consolidated financial statements						
	Foreign currency assets due within			Foreign currency liabilities due within		
	1 year	1-5 years	Over 5 years	1 year	1-5 years	Over 5 years
	(in thousand unit)					
Currencies						
- Yen	7,131	-	-	93,794	-	-
- U.S. Dollars	432	-	-	-	-	-
Separate financial statements						
	Foreign currency assets due within			Foreign currency liabilities due within		
	1 year	1-5 years	Over 5 years	1 year	1-5 years	Over 5 years
	(in thousand unit)					
Currencies						
- Yen	3,901	-	-	93,794	-	-
- U.S. Dollars	432	-	-	-	-	-

***Credit risk***

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due. To manage this risk, the Group periodically assesses the financial viability of its customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

***Liquidity risks***

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

***Fair values***

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transactions. In determining the fair value of its financial assets and liabilities, the Group takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

The Group uses the following methods and assumptions to estimate the fair value of each significant class of financial instruments. This estimate normally approximates its carrying value.

***Trade and other accounts receivable and payable***

The fair value of trade and other account receivable and payable is taken to approximate the carrying value.

***Investment in common shares***

For investments in shares for which there is no quoted market price, a reasonable estimate of fair value is calculated based on the underlying net asset base for such investments. This estimate monthly appropriates its carrying value.

***Bank overdraft and short-term loans from financial institutions***

The carrying amounts in the balance sheet approximate their fair values because of the short period to maturity of these loans.

***Long-term loans***

The carrying amount in the balance sheet of accounts with floating interest rates approximate their fair values estimated from the current market interest rates available for borrowings with the same maturity profile.

***Obligations under financial lease contracts.***

The fair value approximates carrying amount stated in the balance sheet, since interest on financial instrument approximates market rate.



**Tapaco Public Company Limited and its Subsidiary**  
**Notes to the financial statements**  
**For the years ended 31 October 2007 and 2006**

**28 Commitments with non-related parties**

The Group has operating lease and service agreements covering land, factory, machinery and vehicles for various period expiring up to June 2010. Annual rental and service charges under the agreements are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	2007	2006	2007	2006
	<i>(in thousand Baht)</i>			
<b><i>Non-cancellable operating lease commitments</i></b>				
Within one year	3,330	3,913	3,006	3,409
After one year but within five years	1,374	3,508	1,375	3,298
<b>Total</b>	<b>4,704</b>	<b>7,421</b>	<b>4,381</b>	<b>6,707</b>

**29 Contingent liabilities**

As at 31 October 2007, the Company and subsidiary were contingently liable to a local bank for letters of guarantee issued by the bank to a government agency for the use of electricity amounting to approximately Baht 1.9 million. The Company and subsidiary have pledged fixed deposits of the same amount at the bank as collateral for the guarantee.

**30 Reclassification of accounts**

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