

## **REPORT OF THE INDEPENDENT AUDITOR**

To the Shareholders of Goldfine Manufacturers Public Company Limited

I have audited the accompanying consolidated balance sheets of Goldfine Manufacturers Public Company Limited and subsidiaries as at 31 December 2007 and 2006, and the related consolidated statements of income, changes in shareholders' equity and cash flows for the years then ended. I have also audited Goldfine Manufacturers Public Company Limited's separate balance sheets as at 31 December 2007 and 2006, and related statements of income, changes in shareholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits 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 financial statements referred to above present fairly, in all material respects, the consolidated financial positions as at 31 December 2007 and 2006 and the consolidated results of operations and cash flows for the years then ended of Goldfine Manufacturers Public Company Limited and subsidiaries, and the Company's separate financial positions as at 31 December 2007 and 2006 and its results of operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

Without qualifying my opinion, I draw attention to the matter described in Note 4 to the financial statements that, effective 1 January 2007, the Company changed its accounting policy to account for investments in subsidiary companies in its separate financial statements, from the equity method to the cost method, to comply with the Accounting Standard No. 44 (amendment 2007) "Consolidated financial statements and separate financial statements" by making retroactive adjustments to its separate financial statements for the previous year as if it had consistently accounted for its investments by the cost method. The effects of the change in accounting policy are properly disclosed in Note 4 to the financial statements.

**MRS. SUMALEE CHOKDEEANANT**

Certified Public Accountant

Registration No. 3322

Bangkok, Thailand

22 February 2008

GOLDFINE MANUFACTURERS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT 31 DECEMBER 2007 AND 2006

ASSETS

	Notes	(Unit : Baht)			
		CONSOLIDATED		SEPARATE F/S	
		2007	2006	2007	2006 (Restated)
<b>CURRENT ASSETS</b>					
Cash and deposit with banks	6	73,167,776	61,109,268	72,058,748	58,844,007
Trade accounts receivable - general customers - net	7	340,421,444	277,517,141	340,421,444	276,358,130
- related company	5,7	-	-	-	4,319,945
Inventories	8	272,358,969	242,136,242	272,358,970	239,361,526
Other current assets		7,558,911	6,718,828	5,493,085	6,371,965
<b>Total Current Assets</b>		<b>693,507,100</b>	<b>587,481,479</b>	<b>690,332,247</b>	<b>585,255,573</b>
<b>NON - CURRENT ASSETS</b>					
Restricted fixed deposit	9	5,000,000	5,000,000	5,000,000	5,000,000
Investments in subsidiaries	10	-	-	24,650,172	22,227,173
Property, plant and equipment - net	11	200,485,236	199,349,380	195,903,136	198,584,884
Intangible asset-net	12	15,494,443	15,913,212	-	-
Deferred income tax - assets	13	-	3,318,235	-	3,318,235
Other non - current assets		317,009	1,225,510	317,009	1,086,609
<b>Total Non - Current Assets</b>		<b>221,296,688</b>	<b>224,806,337</b>	<b>225,870,317</b>	<b>230,216,901</b>
<b>TOTAL ASSETS</b>		<b>914,803,788</b>	<b>812,287,816</b>	<b>916,202,564</b>	<b>815,472,474</b>

GOLDFINE MANUFACTURERS PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
BALANCE SHEETS  
AS AT 31 DECEMBER 2007 AND 2006

LIABILITIES AND SHAREHOLDERS' EQUITY

		(Unit : Baht)				
		CONSOLIDATED		SEPARATE F/S		
		2007	2006	2007	2006	
Notes					(Restated)	
<b>CURRENT LIABILITIES</b>						
	Trade accounts payable - general suppliers	14	36,820,111	35,838,625	36,820,111	35,838,625
	- related company	5	-	25,875	-	25,875
	Other accounts payable		11,095,543	11,124,390	11,095,543	11,124,390
	Income tax payable	13	26,885,749	20,330,496	26,885,749	20,330,496
	Advances from customers		7,471,225	11,716,337	7,471,226	11,716,336
	Other current liabilities		12,563,469	8,642,865	11,936,174	7,734,000
	<b>Total Current Liabilities</b>		<u>94,836,097</u>	<u>87,678,588</u>	<u>94,208,803</u>	<u>86,769,722</u>
<b>NON - CURRENT LIABILITIES</b>						
	Employee guarantee		-	14,000	-	-
	<b>Total Non - Current Liabilities</b>		<u>-</u>	<u>14,000</u>	<u>-</u>	<u>-</u>
	<b>TOTAL LIABILITIES</b>		<u>94,836,097</u>	<u>87,692,588</u>	<u>94,208,803</u>	<u>86,769,722</u>
<b>SHAREHOLDERS' EQUITY</b>						
	Share capital - common shares at Baht 1 par value					
	- Registered 150,000,000 shares		150,000,000	150,000,000	150,000,000	150,000,000
	- Issued and paid-up 150,000,000 shares		150,000,000	150,000,000	150,000,000	150,000,000
	Premium on common shares		157,500,000	157,500,000	157,500,000	157,500,000
	Surplus on revaluation of assets	11	13,425,016	13,425,016	13,425,016	13,425,016
	Retained earnings					
	- Appropriated for statutory reserve	19	15,000,000	15,000,000	15,000,000	15,000,000
	- Unappropriated		483,681,712	388,118,252	486,068,745	392,777,736
	Equity attributable to the Company's shareholders		819,606,728	724,043,268	821,993,761	728,702,752
	Foreign financial statements translation differences		360,963	552,432	-	-
	Minority interest - Equity attributable to minority shareholders of subsidiaries		-	(472)	-	-
	<b>TOTAL SHAREHOLDERS' EQUITY</b>		<u>819,967,691</u>	<u>724,595,228</u>	<u>821,993,761</u>	<u>728,702,752</u>
	<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<u>914,803,788</u>	<u>812,287,816</u>	<u>916,202,564</u>	<u>815,472,474</u>

**GOLDFINE MANUFACTURERS PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF INCOME**  
**FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006**

(Unit : Baht)

	Notes	CONSOLIDATED		SEPARATE F/S	
		2007	2006	2007	2006 (Restated)
<b>REVENUES</b>					
Sales	5	1,709,299,222	1,256,369,891	1,704,012,800	1,254,437,125
Other income		2,298,822	2,661,101	2,268,857	2,551,033
<b>TOTAL REVENUES</b>		<b>1,711,598,044</b>	<b>1,259,030,992</b>	<b>1,706,281,657</b>	<b>1,256,988,158</b>
<b>COSTS AND EXPENSES</b>					
Cost of sales	5	1,328,104,599	955,160,677	1,325,318,977	956,101,408
Selling and administrative expenses	5	139,723,267	137,437,379	135,065,425	131,502,938
Loss from impairment of investment in subsidiary		-	-	4,400,000	-
Directors' remuneration		1,770,000	1,895,000	1,770,000	1,895,000
<b>TOTAL COSTS AND EXPENSES</b>		<b>1,469,597,866</b>	<b>1,094,493,056</b>	<b>1,466,554,402</b>	<b>1,089,499,346</b>
<b>Income Before Interest Expense and Income Tax</b>		<b>242,000,178</b>	<b>164,537,936</b>	<b>239,727,255</b>	<b>167,488,812</b>
Interest expense		(3,256,398)	(1,278,025)	(3,256,398)	(1,278,025)
Income tax		(49,861,613)	(33,469,680)	(49,861,613)	(32,961,898)
Tax benefit		-	(244,801)	-	(498,692)
Deferred income tax - assets written off	13	(3,318,235)	-	(3,318,235)	-
<b>Net Income After Income Tax</b>		<b>185,563,932</b>	<b>129,545,430</b>	<b>183,291,009</b>	<b>132,750,197</b>
Minority interest adjustment		(472)	210	-	-
<b>NET INCOME FOR THE YEAR</b>		<b>185,563,460</b>	<b>129,545,640</b>	<b>183,291,009</b>	<b>132,750,197</b>
<b>BASIC EARNINGS PER SHARE</b>					
Net income (Unit : Baht)		1.24	0.86	1.22	0.89
Weighted average number of common shares (Shares)		150,000,000	150,000,000	150,000,000	150,000,000
Par value (Baht)		1	1	1	1

GOLDFINE MANUFACTURERS PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit : Baht)

	Notes	Paid - up Share Capital	Premium on common shares	Surplus on revaluation of assets	Retained earnings		Foreign Currency Financial Statements translation differences	Minority interest	Total
					Legal reserve	Unappropriated			
<b>CONSOLIDATED</b>									
<b>Balance as at 1 January 2006</b>		150,000,000	157,500,000	13,425,016	15,000,000	378,572,612	(74,739)	(262)	714,422,627
Net income for the year		-	-	-	-	129,545,640	-	-	129,545,640
Dividend payment	20	-	-	-	-	(120,000,000)	-	-	(120,000,000)
Currency translation differences during the year		-	-	-	-	-	627,171	-	627,171
Minority interest in net loss for the year		-	-	-	-	-	-	(210)	(210)
<b>Balance as at 31 December 2006</b>		<b>150,000,000</b>	<b>157,500,000</b>	<b>13,425,016</b>	<b>15,000,000</b>	<b>388,118,252</b>	<b>552,432</b>	<b>(472)</b>	<b>724,595,228</b>
<b>Balance as at 1 January 2007</b>		150,000,000	157,500,000	13,425,016	15,000,000	388,118,252	552,432	(472)	724,595,228
Net income for the year		-	-	-	-	185,563,460	-	-	185,563,460
Dividend payment	20	-	-	-	-	(90,000,000)	-	-	(90,000,000)
Currency translation differences during the year		-	-	-	-	-	(191,469)	-	(191,469)
Minority interest adjustment		-	-	-	-	-	-	472	472
<b>Balance as at 31 December 2007</b>		<b>150,000,000</b>	<b>157,500,000</b>	<b>13,425,016</b>	<b>15,000,000</b>	<b>483,681,712</b>	<b>360,963</b>	<b>-</b>	<b>819,967,691</b>

The accompanying notes form an integral part of the financial statements.

GOLDFINE MANUFACTURERS PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
 STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
 FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

(Unit : Baht)

	Notes	Paid - up Share Capital	Premium on ordinary shares	Surplus on revaluation of assets	Retained earnings		Total
					Legal reserve	Unappropriated	
<b>SAPARATE F/S</b>							
<b>Balance as at 1 January 2006 - as previously reported</b>		150,000,000	157,500,000	13,425,016	15,000,000	378,572,612	714,497,628
Cumulative effects on prior year adjustment	4	-	-	-	-	1,454,927	1,454,927
<b>Balance as at 1 January 2006 - as restated</b>		150,000,000	157,500,000	13,425,016	15,000,000	380,027,539	715,952,555
Net income for the year - as restated		-	-	-	-	132,750,197	132,750,197
Dividend payment	20	-	-	-	-	(120,000,000)	(120,000,000)
<b>Balance as at 31 December 2006 - as restated</b>		150,000,000	157,500,000	13,425,016	15,000,000	392,777,736	728,702,752
<b>Balance as at 1 January 2007 - as previously reported</b>		150,000,000	157,500,000	13,425,016	15,000,000	388,118,252	724,043,268
Cumulative effects on prior year adjustment	4	-	-	-	-	4,659,484	4,659,484
<b>Balance as at 1 January 2007 - as restated</b>		150,000,000	157,500,000	13,425,016	15,000,000	392,777,736	728,702,752
Net income for the year		-	-	-	-	183,291,009	183,291,009
Dividend payment	20	-	-	-	-	(90,000,000)	(90,000,000)
<b>Balance as at 31 December 2007</b>		150,000,000	157,500,000	13,425,016	15,000,000	486,068,745	821,993,761

The accompanying notes form an integral part of the financial statements.

GOLDFINE MANUFACTURERS PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

	CONSOLIDATED		(Unit : Thousand Baht) SEPARATE F/S	
	2007	2006	2007	2006 (Restated)
<b>Cash flows from operating activities :-</b>				
Net income for year	185,563	129,546	183,291	132,750
<b>Adjustments to reconcile net income to net cash provided from (used in) operating activities:-</b>				
Allowance for doubtful receivables	2,818	1,875	2,818	1,875
Depreciation	25,285	23,288	25,155	23,155
Leasehold right - amortization	419	419	-	-
Loss on sales of fixed assets	37	783	38	783
Provision for investment in subsidiaries impairment	-	-	4,400	-
Provision for impairment amortization	(785)	(915)	(785)	(915)
Unrealized loss on exchange rate	12,996	2,654	12,996	2,654
Reversal of deferred income tax	3,318	-	3,318	-
Increase in deferred income tax	-	(245)	-	(499)
<b>Cash provided from operating activities before changes in operating assets and liabilities</b>	<b>229,651</b>	<b>157,405</b>	<b>231,231</b>	<b>159,803</b>
<b>Changes in operating assets and liabilities:</b>				
<b>Decrease (Increase) in operating assets:</b>				
Trade accounts receivable - general customers - net	(79,786)	(54,687)	(80,945)	(53,984)
- related company	-	-	4,320	(2,234)
Inventories	(30,223)	(34,817)	(32,997)	(33,806)
Other current assets	(958)	(362)	879	(511)
Other non-current assets	909	926	770	926
<b>Increase (decrease) in operating liabilities:</b>				
Trade accounts payable - general suppliers	2,088	12,721	2,088	12,723
- related company	(26)	-	(26)	-
Other accounts payable	(29)	(3,387)	(29)	(3,387)
Income tax payable	6,555	(11,534)	6,555	(11,534)
Advances from customers	(4,245)	6,160	(4,245)	6,160
Other current liabilities	4,131	(9,330)	4,202	4,835
Employee guarantee payable	(14)	14	-	-
<b>Net cash provided from operating activities</b>	<b>128,053</b>	<b>63,109</b>	<b>131,803</b>	<b>78,991</b>

GOLDFINE MANUFACTURERS PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED 31 DECEMBER 2007 AND 2006

	Note	(Unit : Thousand Baht)			
		CONSOLIDATED		SEPARATE F/S	
		2007	2006	2007	2006 (Restated)
<b>Cash flows from investing activities:</b>					
Proceeds from sale of temporary investment		-	61,250	-	61,250
Investment in share of subsidiaries		-	-	(6,823)	(15,302)
Proceeds from sales of fixed assets		8	5,762	8	6,025
Purchase of property, plant and equipment		(25,772)	(55,696)	(21,734)	(55,662)
<b>Net cash provided by (used in) investing activities</b>		<b>(25,764)</b>	<b>11,316</b>	<b>(28,549)</b>	<b>(3,689)</b>
<b>Cash flows from financing activities:-</b>					
Dividend payment		(90,000)	(120,000)	(90,000)	(120,000)
<b>Net cash used in financing activities</b>		<b>(90,000)</b>	<b>(120,000)</b>	<b>(90,000)</b>	<b>(120,000)</b>
Effect of exchange rate on cash and cash equivalent		(39)	(52)	(39)	(52)
Foreign currency financial statements translation differences		(191)	626	-	-
<b>Net increase (decrease) in cash and cash equivalent</b>		<b>12,059</b>	<b>(45,001)</b>	<b>13,215</b>	<b>(44,750)</b>
<b>Cash and cash equivalent - beginning of the year</b>		<b>61,109</b>	<b>106,110</b>	<b>58,844</b>	<b>103,594</b>
<b>Cash and cash equivalent - end of the year</b>	6	<b>73,168</b>	<b>61,109</b>	<b>72,059</b>	<b>58,844</b>
<b>Supplemental cash flows information</b>					
Cash paid during the year :					
Interest expense		3,256	1,278	3,256	1,278
Income tax		43,292	45,493	43,292	45,493
<b>Supplementary non-monetary items from Operating activities</b>					
Decrease in trade accounts receivable		9,133	-	9,133	-
Decrease in trade accounts payable		(9,133)	-	(9,133)	-

**GOLDFINE MANUFACTURERS PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**AS AT 31 DECEMBER 2007 AND 2006**

1. GENERAL INFORMATION

Goldfine Manufacturers Public Company Limited was incorporated as a limited company under the Thai Civil and Commercial Code on 26th September, 1989 and became a public limited company on 19th April, 2004. The Company is engaged in the manufacturing, import and export of ornament and jewelry. The Company is located at Latkrabang Industrial Estate, Bangkok.

As at 31 December 2007 and 2006, the Company and its subsidiary have a total number of employees and staff costs for the years then ended, as follows :

	Consolidated		Separate F/S	
	2007	2006	2007	2006
Number of employees (person)	1,778	1,545	1,778	1,532
Staff cost shown under the caption of				
Cost of sales (Million Baht)	223.00	209.78	223.00	209.78
Selling and administrative expenses (Million Baht)	48.71	43.60	46.98	40.89

2. BASIS FOR PREPARATION OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

2.1 The Company's financial statements have been prepared in accordance with generally accepted accounting principles under the Accounting Act B.E. 2543, and the Federation of Accounting Professions Act. B.E. 2547 and the regulation promulgated by the securities exchange commission and the Stock Exchange of Thailand concerning the preparation and disclosure of financial information under the Securities Exchange Act. B.E. 2535.

During the year 2007, the Federation of Accounting Professions has announced various amendments to accounting standards. However, those amendments do not have any effect to the Company in its preparation of financial statements, excepted as disclosed in Note 4 to financial statements.

The consolidated financial statements include the financial statements of Goldfine Manufacturers Public Company Limited and subsidiaries, as follows :

	Nature of business	Paid-up capital		Percentage of shareholding	
		2007	2006	2007	2006
<u>Subsidiary companies</u>					
Oroplus (Thailand) Co., Ltd.	Selling jewelry and gems	5,000	5,000	99.99	99.99
Goldfine Manufacturers (Vietnam) Co., Ltd.	Manufacture and process various kind of cutting stone and jewelry	24,051	17,228	100	100

As at 31 December 2007 and 2006, the total assets of subsidiaries represent 2.54 percent and 2.88 percent, respectively, of the total assets in the consolidated financial statements, and total revenue of subsidiaries for the years ended 31 December 2007 and 2006, represent 0.37 percent and 0.41 percent, respectively, of the total revenues in the consolidated financial statements

Intercompany balances and transactions and investment in subsidiary companies have been eliminated from the consolidated financial statements.

Oroplus (Thailand) Co., Ltd. a subsidiary, was registered to dissolve with the Ministry of Commerce on 20 December 2007. This consolidated financial statements included the results of the said subsidiary up to the date of liquidation.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Sales

Revenue from sales is recognized on the basis of invoiced value (excluding value added tax) of goods sold and delivered after deducting discounts and returns.

#### 3.2 Cash and cash equivalents

Cash and cash equivalents represent cash on hand, deposits at bank and short-term investment, net of bank deposit pledged as collaterals.

#### 3.3 Allowance for doubtful accounts

Allowance for doubtful accounts is provided for on the basis of collection experience and payment ability of the debtors at the end of the year, taking into account overdue balance of each debtor.

### 3.4 Inventories

The Company - inventories are valued at the lower of cost (average basis) or net realizable value whichever is lower.

The subsidiary - inventories are valued at the lower of cost (FIFO method) or net realizable value whichever is lower.

### 3.5 Investments in subsidiary companies

Investments in subsidiary companies presented in the separate balance sheet are accounted for by the cost method. Provisions for impairment are taken up in the accounts to adjust the value of investment whenever circumstances indicate the recoverable amount of investment to be lower than its carrying amount.

### 3.6 Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation.

Depreciation of plant and equipment are determined on a straight-line method over the estimated useful lives of the assets as follows :

Building and building improvement	5 - 20 years
Furniture and fixtures	5 years
Machinery and equipment	10 years
Tools and equipment	5 years
Office equipment	5 years
Software license	5 - 10 years
Vehicles	10 years

No depreciation is made for land.

The increment resulting from the appraisal was recorded in the accounts as surplus on revaluation of assets and is included as part of shareholders' equity.

Expenditure incurred in addition, renewal or betterment, which results in a substantial increase in an asset's current replacement value, is capitalized. Repair and maintenance costs are recognized as expenses when incurred.

### 3.7 Foreign currencies

Exchange rates adopted :-

Foreign currency transactions during the year - at the rates ruling on the transaction dates.

Assets and liabilities in foreign currency outstanding on the balance sheet date - at the rates ruling on the balance sheet date, except where there are forward contracts, then the forward rates will be used instead.

Exchange gains and losses are included in statement of income.

### 3.8 Financial Statements of Foreign Subsidiary

The financial statements of a subsidiary in foreign currency are translated into Baht for consolidation as follows :

Asset and liabilities	- At closing rate
Share capital	- At transaction rate
Income and expense	- At average rate of exchange during the year
Cumulative translation adjustments	- Shown under shareholder's equity in the consolidated financial statements.

### 3.9 Impairment of assets

The Company will reduce the carrying amount of the Company's asset to its recoverable amount if, and only if, the recoverable amount of an asset is less than its carrying amount, and presents such reduction as an impairment loss.

### 3.10 Earnings per share

Earnings per share is determined by dividing net income by the weighted average numbers of common share outstanding during the year.

### 3.11 Use of accounting estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosures of contingent assets and liabilities. Actual results may differ from those estimates.

### 3.12 Provisions for liabilities and expenses, and contingent assets

Provisions are recognized when the Company is aware of legal or constructive obligations as a result of past events with probable outflow of resources to settle the obligation, and where a reliable estimate of the amount can be made. The contingent assets will be recognized as a separate asset only when the realization is virtually certain.

## 4. CHANGING IN ACCOUNTING POLICY

Effective 1 January 2007, the Company changed its accounting policy to account for investments in subsidiary companies in its separate financial statements, from the equity method to the cost method, to comply with the Accounting Standard No. 44 (amendment 2007) "Consolidated financial statements and separate financial statements" by making retroactive adjustments to the separate financial statements for the previous year as if it had consistently accounted for its investments by the cost method. The Company, therefore, adjusted the cumulative effects of equity in net income of subsidiary companies with retained earnings. This causes the effects to the differences in net income and retained earnings in the separate financial statements.

The effects of such adjustments to beginning balances of retained earnings of each year are as follow :

	(Unit : Baht)	
	SEPARATE F/S	
	For the years ended 31 December	
	2007	2006
Retained earnings at beginning of year - as previously reported	388,118,252	378,572,612
Cumulative effects of the change from equity method to the cost method for investments in ;		
- Subsidiary companies	4,659,484	1,454,927
Retained earnings at beginning of year - as restated	392,777,736	380,027,539

Moreover, the Company also adjusted the statements of income for the years ended 31 December 2006, shown for comparative purpose, to the cost method, by reducing the equity in net loss of subsidiary companies by Baht 3.2 million. That caused the increase in net income of Baht 3.2 million after restatement.

## 5. TRANSACTIONS WITH RELATED PARTIES

The Company has certain transactions with its related parties. A portion of the Company's assets, liabilities, revenues and expenses arose from transactions with the related parties which are directly and indirectly related through common shareholding and/or directorships.

Related parties, which have transactions with the Company, are as follows :

	<u>Nature of business</u>	<u>Relationship</u>	<u>Shareholding portion held by the Company</u>	
			<u>2007</u>	<u>2006</u>
			%	%
Treasure Box Co., Ltd.	Manufacturing and Selling of jewelry box	Co-management	-	-
Oroplus (Thailand) Co., Ltd.	Selling of jewelry and gems	The Company's subsidiary	99.99	99.99
Goldfine Manufacturers (Vietnam) Co., Ltd.	Manufacturing and polish of jewelry and gems	The Company's subsidiary	100	100

The Company has the policy on pricing for its related transactions as follows:

### Sales and purchases

Sales and purchases of goods to/from related parties are made in accordance with conditions and terms of general trade practice, with pricing approximates the market.

Significant transactions with related parties for the years ended 31 December are as follow :

	<u>CONSOLIDATED</u>		<u>(Unit : Thousand Baht)</u> <u>SEPARATE F/S</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Sales</b>				
Oroplus (Thailand) Co., Ltd. (subsidiary)	-	-	1,113	3,251
<b>Purchases</b>				
Treasure Box Co., Ltd. (Co - management)	158	164	114	164

Significant balance with related companies as at 31 December 2007 and 2006 consist of :

	(Unit : Thousand Baht)			
	CONSOLIDATED		SEPARATE F/S	
	2007	2006	2007	2006
Trade accounts receivable				
- Oroplus (Thailand) Co., Ltd.	-	-	-	4,320
Trade account payable				
- Treasure Box Co., Ltd.	-	26	-	26

6. CASH AND CASH EQUIVALENT

	(Unit : Thousand Baht)			
	CONSOLIDATED		SEPARATE F/S	
	2007	2006	2007	2006
Petty cash	78	1,350	78	100
Cash at banks				
Savings accounts	60,299	52,946	60,299	51,939
Current accounts	12,791	6,813	11,682	6,805
Total	73,168	61,109	72,059	58,844

Cash at banks - saving accounts are maintained for the operation purpose.

7. TRADE ACCOUNTS RECEIVABLE - NET

An aging analysis of the trade accounts receivable as at 31 December 2007 and 2006 are set forth below :

Ages of receivable	(Unit : Thousand Baht)			
	CONSOLIDATED		SEPARATE F/S	
	2007	2006	2007	2006
<u>Trade accounts receivable - general customers</u>				
Not yet due	242,582	197,878	242,582	196,719
Past due				
Less than 3 months	92,387	72,113	92,387	72,113
3 - 6 months	1,670	6,280	1,670	6,280
6 - 12 months	5,044	1,013	5,044	1,013
Over 12 months	3,060	1,736	3,060	1,736
Total	344,743	279,020	344,743	277,861
Less : Allowance for doubtful accounts	(4,322)	(1,503 )	(4,322)	(1,503)
Trade accounts receivable - net	340,421	277,517	340,421	276,358
<u>Trade accounts receivable - related company</u>				
Not yet due	-	-	-	-
Past due				
Less than 3 months	-	-	-	67
3 - 6 months	-	-	-	2,094
6 - 12 months	-	-	-	1,090
Over 12 months	-	-	-	1,069
Total	-	-	-	4,320
Less : Allowance for doubtful accounts	-	-	-	-
Trade accounts receivable - net	-	-	-	4,320

8. INVENTORIES

	(Unit : Thousand Baht)			
	CONSOLIDATED		SEPARATE F/S	
	2007	2006	2007	2006
Raw material	142,400	144,680	142,400	144,680
Work in process	79,906	57,987	79,906	57,987
Factory supplies	11,135	12,925	11,135	12,925
Finished goods	38,918	26,544	38,918	23,769
Total	<u>272,359</u>	<u>242,136</u>	<u>272,359</u>	<u>239,361</u>

9. RESTRICTED FIXED DEPOSIT

As at 31 December 2007 and 2006, fixed deposit of Baht 5 million have been used as collateral for overdraft.

10. INVESTMENTS IN SUBSIDIARIES - AT COST

	Nature of business	(Unit : Thousand Baht)					
		Paid-up capital		Percentage of shareholding		SEPARATE F/S	
		2007	2006	2007	2006	Cost	
		2007	2006	2007	2006	2007	2006
<u>Subsidiary companies</u>							
Oroplus (Thailand) Co., Ltd.	Selling jewelry and gems	5,000	5,000	99.99	99.99	4,999	4,999
Goldfine Manufacturers (Vietnam) Co., Ltd.	Manufacture and process various kind of cutting stone and jewelry	24,051	17,228	100	100	24,051	17,228
Total Investments in subsidiaries - at cost						<u>29,050</u>	<u>22,227</u>
<u>Less</u> Provision for investment in subsidiary impairment						(4,400)	-
Investments in subsidiaries - Net						<u>24,650</u>	<u>22,227</u>

As at 7 September 2007, the Board of Directors of Goldfine Manufacturers Public Company Limited No. 5/2007 has a resolution to dissolve the operations of Oroplus (Thailand) Co., Ltd. because this subsidiary company has cumulative loss and did not perform as expected. In addition the management foresee such company to have worse trend in the near future. The Company has recorded loss on investment in this subsidiary to its profit and loss statement for the year ended 31 December 2007. This subsidiary company had registered to dissolve with the Department of Business Development, Commerce Ministry, on December 20, 2007.

For the Year 2007 and 2006 the Company has investment in Goldfine Manufacturers (Vietnam) Co., Ltd. in amount of USD 639,948 and USD 439,948 respectively, which accounted for a 100% of investment. Thus such company becomes a subsidiary company.

11. PROPERTY, PLANT AND EQUIPMENT - NET

(Unit : Thousand Baht)

CONSOLIDATED					
	2006	Increase	Decrease	Transfer in (out)	2007
<b>Cost :</b>					
Land	21,195	-	-	-	21,195
Land - Appraisal increment	13,425	-	-	-	13,425
Building and factory	77,098	-	-	-	77,098
Building and factory improvement	30,248	2,104	-	589	32,941
Furniture and fixtures	4,928	30	(197)	(18)	4,743
Machinery and equipment	86,664	13,761	-	-	100,425
Tools and equipment	49,536	3,147	(376)	-	52,307
Office equipment	20,532	1,910	(168)	(124)	22,150
Software license	3,488	294	-	67	3,849
Vehicles	31,089	-	-	-	31,089
Construction in progress	641	4,858	-	(589)	4,910
Machinery and equipment in progress	86	-	-	(86)	-
Total	338,930	26,104	(741)	(161)	364,132
<b>Accumulated depreciation :</b>					
Building and factory	29,601	3,855	-	-	33,456
Building and factory improvement	2,028	1,916	-	-	3,944
Furniture and fixtures	4,622	77	(90)	(9)	4,600
Machinery and equipment	39,982	7,837	-	-	47,819
Tools and equipment	33,359	5,667	(152)	-	38,874
Office equipment	12,833	2,197	(122)	(57)	14,851
Software license	920	651	-	(4)	1,567
Vehicles	5,808	3,085	-	-	8,893
Total	129,153	25,285	(364)	(70)	154,004
Less : Provision for impairment of building and improvement	(10,428)	-	785	-	(9,643)
<b>Net book value</b>	199,349				200,485
<b>Depreciation allocation:</b>					
- Cost of goods sold	19,577				21,377
- Selling and administrative expenses	3,711				3,908
<b>Total</b>	23,288				25,285

(Unit : Thousand Baht)

## SEPARATE F/S

	2006	Increase	Decrease	Transfer in (out)	2007
<b>Cost :</b>					
Land	21,195	-	-	-	21,195
Land - Appraisal increment	13,425	-	-	-	13,425
Building and factory	77,098	-	-	-	77,098
Building and factory improvement	30,248	2,104	-	589	32,941
Furniture and fixtures	4,712	30	-	-	4,742
Machinery and equipment	86,664	13,761	-	-	100,425
Tools and equipment	49,092	3,091	-	-	52,183
Office equipment	20,532	1,910	(168)	-	22,274
Software license	3,469	294	-	86	3,849
Vehicles	31,089	-	-	-	31,089
Construction in process	374	544	-	(589)	329
Machinery and equipment in progress	86	-	-	(86)	-
<b>Total</b>	<b>337,984</b>	<b>21,734</b>	<b>(122)</b>	<b>-</b>	<b>359,550</b>
<b>Accumulated depreciation :</b>					
Building and factory	29,601	3,855	-	-	33,456
Building and factory improvement	2,028	1,916	-	-	3,944
Furniture and fixtures	4,562	38	-	-	4,600
Machinery and equipment	39,981	7,837	-	-	47,818
Tools and equipment	33,240	5,578	-	-	38,818
Office equipment	12,833	2,197	(122)	-	14,908
Software license	918	649	-	-	1,567
Vehicles	5,808	3,085	-	-	8,893
<b>Total</b>	<b>128,971</b>	<b>25,155</b>	<b>(193)</b>	<b>-</b>	<b>154,004</b>
<b>Less : Provision for impairment of</b>					
building and improvement	(10,428)	-	785	-	(9,643)
<b>Net book value</b>	<b>198,585</b>				<b>195,903</b>
<b>Depreciation allocation:</b>					
- Cost of goods sold	19,577				21,374
- Selling and administrative expenses	3,578				3,778
<b>Total</b>	<b>23,155</b>				<b>25,155</b>

As at 31 December 2007 and 2006, the gross carrying amount of the fully depreciated equipments of the Company that are still in use is Baht 60.21 million and Baht 47.48 million, respectively.

The Company's land and construction thereon, have been mortgaged with financial institution for credit facilities (Note 15).

In 2002, the Company recorded the increase in surplus on land revaluation as part of shareholders' equity for Baht 6.41 million. The surplus resulted from the assessment made by an appraisal company using the market approach to reflect current value.

12. INTANGIBLE ASSET - NET

Intangible asset - net of the subsidiary composed of :

	CONSOLIDATED		(Unit : Thousand Baht) SEPARATE F/S	
	2007	2006	2007	2006
Property lease right	16,332	16,332	-	-
Less : Accumulated amortization	(838)	(419)	-	-
Property lease right - net	15,494	15,913	-	-

The property lease payments are the amount that Goldfine Manufacturers (Vietnam) Co., Ltd. (the subsidiary) had paid to Amata (Vietnam) Co., Ltd., (the lessor) for the right to use land over the period of 39 years, commencing from 1 January 2006, of 11,413.70 square meters of land area located in the Plot No. 223 of Amata Industrial Park in Vietnam for the construction of the subsidiary's factory for manufacturing business. The Government of Vietnam officially granted the right to use land on 23 May 2007.

Amortization of this property lease commenced on 1 January 2006 and the amortization for the year ended 2007 and 2006 amount of USD 10,243 has been included in selling and administrative expenses.

13. INCOME TAX

	Baht			
	CONSOLIDATED		SEPARATE F/S	
	2007	2006	2007	2006
Net income	185,563	129,545	183,291	132,750
Income tax	49,862	33,959	49,862	33,959
Decrease (increase) in deferred tax assets	3,318	(245)	3,318	(498)
Income before income tax	<u>238,743</u>	<u>163,259</u>	<u>236,471</u>	<u>166,211</u>
<u>Add</u> Non - deductible expense	8,437	3,333	12,837	3,586
Eliminate related transaction	2,128	3,205	-	-
Taxable income	<u>249,308</u>	<u>169,797</u>	<u>249,308</u>	<u>169,797</u>
Income tax (rate 20%)	<u>49,862</u>	<u>33,959</u>	<u>49,862</u>	<u>33,959</u>
Prepaid income tax and withholding tax	(22,976)	(13,629)	(22,976)	(13,629)
Accrued income tax	26,886	20,330	26,886	20,330
Net income	<u><u>185,563</u></u>	<u><u>129,545</u></u>	<u><u>183,291</u></u>	<u><u>132,750</u></u>

As at 31 March 2007, the Company has reversed deferred income tax - asset of Baht 3.44 million because the Company considered that deferred income tax - asset has no longer future benefit.

14. TRADE ACCOUNTS PAYABLE

	(Unit : Thousand Baht)			
	CONSOLIDATED		SEPARATE F/S	
	2007	2006	2007	2006
Trade accounts payable - overseas	16,486	16,683	16,486	16,683
Trade accounts payable - domestic	20,334	19,156	20,334	19,156
Total	<u><u>36,820</u></u>	<u><u>35,839</u></u>	<u><u>36,820</u></u>	<u><u>35,839</u></u>

15. COMMITMENT AND CONTINGENT LIABILITIES

As at 31 December 2007 and 2006, the Company has overdraft facilities with three local banks amounting to Baht 20.00 million, Baht 5.00 million and Baht 5.00 million, respectively, which bear interest at the rates of a 3 months fixed deposit + 2% per annum and at the MOR. The Company has foreign credit facilities which comprises of packing credit, trust receipt, foreign exchange contracts and short-term loan amounting to Baht 427.00 million and USD 5.00 million (as at 31 December 2006 : Baht 242.00 million and USD 7.00 million). Overdrafts and loans from banks are guaranteed by the Company's directors, and collateralized by the Company's fixed deposits and the Company's land and construction thereon (Note 9 and 11).

16. FORWARD FOREIGN EXCHANGE CONTRACTS

As at 31 December 2007 and 2006, the Company has no policy to use derivative financial instrument for speculation or commercial use.

Forward foreign exchange contracts are made to manage exposure of fluctuations in foreign currency exchange rates on specific transactions.

As at 31 December 2007, the settlement dates of open forward contracts ranged between 30 days and 180 days, amounted to USD 6,843,989 with contractual exchange rates ranged between Baht 33.59 and Baht 33.84 per 1 USD.

As at 31 December 2006, the settlement dates of open forward contracts ranged between 91 days and 93 days, amounted USD 924,350 with contractual exchange rates ranged between Baht 38.40 and Baht 38.44 per 1 USD.

## 17. DISCLOSURE ON FINANCIAL INFORMATION

### 17.1 Accounting policies

Details of significant accounting policies and method adopted, including criteria for the recognition of revenues and expenses in respect of each class of financial assets and liabilities are disclosed in Note 3 to the financial statements.

### 17.2 Currency exchange risk

The Company has assets and liabilities in foreign currency that are not covered by forward exchange contract, except for the accounts receivable that will be due for settlement in the next period which are covered by forward exchange contracts. The Company does not make forward exchange contract for all the transactions, so as to reduce any risk that may result in having too many forward exchange contracts, as well as the commitment fee payable to the bank in case such contracts are not fully utilized in the future.

	In Foreign Currency			
	CONSOLIDATED		SEPARATE F/S	
	2007	2006	2007	2006
<b>Current assets</b>				
Cash at Banks				
USD	50,506	17,098	17,548	17,098
Trade accounts receivable - net				
USD	10,479,450	7,597,520	10,479,450	7,597,520
<b>Current liabilities</b>				
Trade accounts payable				
USD	479,912	460,454	479,912	460,454
EUR	1,510	-	1,510	-
CHF	5,000	-	5,000	-
Other accounts payable				
USD	42,830	56,000	36,530	56,000
CHF	2,224	1,730	2,224	1,730
EURO	9,391	2,286	9,391	2,286
Accrued commission				
USD	3,547	-	3,547	-

Exchange rates adopted for foreign currencies assets and liabilities as at 31 December are as follows :

		(Unit : Baht)	
		2007	2006
<b>Assets</b>			
1	USD	33.6496	35.9555
1	EURO	49.0408	47.1483
1	CFH	29.4214	29.3264
<b>Liabilities</b>			
1	USD	33.8850	36.2308
1	EURO	49.6202	47.7701
1	CHF	29.8369	29.7510
100	YEN	29.9716	30.5787

#### 17.3 Interest rate risk

The interest rate risk is the risk from the fluctuation in market interest rates which affect the Company's results of operations and its cash flows. During the year, the Company is exposed to interest rate risk relating primarily to its deposits, packing credit and loans from banks which are normally subject to interest rates specified by commercial bank. The Company considers such risk to be minimal since the interest rates pertaining to the aforementioned transactions are closed to the market rates. Therefore, the Company does not use derivative financial instruments to hedge such risk. However, as at year ended 2007 and 2006, the Company have no loan with the financial institute.

#### 17.4 Credit risk

Credit risk arises from sales with various credit terms. The Company controls its credit risk by setting counterparty limits and ensuring that sales of products are made to customers with an appropriate credit history. In addition, the Company arranges for insurance with financial institution to reduce the risk of bad debt.

#### 17.5 Estimating fair value of financial assets and liabilities

Since the majority on the financial assets and liabilities are short-term, the management believes that the fair value of the Company's financial assets and liabilities do not materially differ from their carrying value.

## 18. FINANCIAL INFORMATION BY SEGMENT

The Company's financial information classified by type of business nature are presented as follows :

(Unit : Thousand Baht)

	Consolidated					
	For the years ended 31 December					
	2007			2006		
	Export	Domestic	Total	Export	Domestic	Total
<b>Revenues</b>						
Sales	1,702,271	7,028	1,709,299	1,250,507	5,863	1,256,370
Other income	2,281	18	2,299	2,543	118	2,661
<b>Total Revenues</b>	<b>1,704,552</b>	<b>7,046</b>	<b>1,711,598</b>	<b>1,253,050</b>	<b>5,981</b>	<b>1,259,031</b>
<b>Cost and Expenses</b>						
Cost of sales	1,323,923	4,182	1,328,105	953,106	2,055	955,161
Selling and administrative expenses	136,094	3,629	139,723	132,192	5,245	137,437
Directors' remuneration	1,768	2	1,770	1,889	6	1,895
<b>Total Cost and Expenses</b>	<b>1,461,785</b>	<b>7,813</b>	<b>1,469,598</b>	<b>1,087,187</b>	<b>7,306</b>	<b>1,094,493</b>
<b>Income before interest expense and income tax</b>	<b>242,767</b>	<b>(767)</b>	<b>242,000</b>	<b>165,863</b>	<b>(1,325)</b>	<b>164,538</b>
Interest expense	(3,253)	(3)	(3,256)	(1,274)	(4)	(1,278)
Income tax	(49,812)	(50)	(49,862)	(33,215)	(254)	(33,469)
Income tax benefit	-	-	-	(245)	-	(245)
Deferred income tax written off	(3,315)	(3)	(3,318)	-	-	-
<b>Income after income tax</b>	<b>186,387</b>	<b>(823)</b>	<b>185,564</b>	<b>131,129</b>	<b>(1,583)</b>	<b>129,546</b>
Minority interest in net income	(1)	-	(1)	-	-	-
<b>Net income</b>	<b>186,386</b>	<b>(823)</b>	<b>185,563</b>	<b>131,129</b>	<b>(1,583)</b>	<b>129,546</b>
	31 December 2007			31 December 2006		
	Export	Domestic	Total	Export	Domestic	Total
Property, plant and equipment - net	200,198	287	200,485	198,230	1,119	199,349
Other assets	713,482	837	714,319	611,343	1,596	612,939
<b>Total assets</b>	<b>913,680</b>	<b>1,124</b>	<b>914,804</b>	<b>809,573</b>	<b>2,715</b>	<b>812,288</b>

(Unit : Thousand Baht)

## SEPARATE F/S

	For the years ended 31 December					
	2007			2006		
	Export	Domestic	Total	Export	Domestic	Total
<b>Revenues</b>						
Sales	1,702,271	1,742	1,704,013	1,250,507	3,930	1,254,437
Other income	2,268	1	2,269	2,543	8	2,551
<b>Total Revenues</b>	<u>1,704,539</u>	<u>1,743</u>	<u>1,706,282</u>	<u>1,253,050</u>	<u>3,938</u>	<u>1,256,988</u>
<b>Cost and Expenses</b>						
Cost of sales	1,323,994	1,325	1,325,319	953,106	2,995	956,101
Selling and administrative expenses	134,927	139	135,066	131,092	411	131,503
Loss from impairment of investment in subsidiary	4,400	-	4,400	-	-	-
Directors' remuneration	1,768	2	1,770	1,889	6	1,895
<b>Total Cost and Expenses</b>	<u>1,465,089</u>	<u>1,466</u>	<u>1,466,555</u>	<u>1,086,087</u>	<u>3,412</u>	<u>1,089,499</u>
<b>Income before interest expense and income tax</b>	239,450	277	239,727	166,963	526	167,489
Interest expense	(3,253)	(3)	(3,256)	(1,274)	(4)	(1,278)
Income tax	(49,812)	(50)	(49,862)	(32,962)	-	(32,962)
Income tax benefit	-	-	-	(499)	-	(499)
Deferred income tax written off	(3,315)	(3)	(3,318)	-	-	-
<b>Net income</b>	<u>183,070</u>	<u>221</u>	<u>183,291</u>	<u>132,228</u>	<u>522</u>	<u>132,750</u>
	31 December 2007			31 December 2006		
	Export	Domestic	Total	Export	Domestic	Total
Property, plant and equipment - net	195,707	196	195,903	197,963	622	198,585
Other assets	719,579	720	720,299	614,955	1,932	616,887
<b>Total assets</b>	<u>915,286</u>	<u>916</u>	<u>916,202</u>	<u>812,918</u>	<u>2,554</u>	<u>815,472</u>

## 19. LEGAL RESERVE

Legal reserve represents the reserve which the Company appropriated under the provisions of the Public Limited Companies Act B.E. 2535, which requires the Company to appropriate at least 5% of its net income after deduction of the deficit brought forward (if any) as reserve fund until the reserve reaches 10% of the authorized share capital. This reserve is not available for dividend distribution.

The Company had already appropriated a legal reserve in full amount at Baht 15 million.

## 20. DIVIDEND PAYMENT

	Dividend Payment				Period of dividend payment Quarter
	From the results of operations for the years ended 31st December	Dividend Baht / Share	Number of ordinary shares Thousand shares	Total amount Thousand Baht	
Ordinary Shareholders Meeting for the year 2006 On 11 April 2006	2005	0.80	150,000	120,000	2/2006
Ordinary Shareholders Meeting for the year 2007 On 24 April 2007	2006	0.60	150,000	90,000	2/2007

## 21. PROVIDENT FUND

The Company had established a provident fund under the Provident Fund Act (B.E. 2530). The fund is contributed by the employees and the Company and is managed by the TMB Bank Public Company Limited. The fund will be paid to the employees upon termination in accordance with the rules of the fund.

In 2007, Baht 1.55 million has been contributed to the fund by the Company (2006 : Baht 1.52 million)

## 22. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's board of directors date 22 February 2008.