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7 FINANCIAL ANALYSIS

Jolie Femme has been registered as Cedro Productions Co.,Ltd. since year 1986 with amount of registered capital 10,000,000 Baht, 2,000,000 common stocks and at Par value of 5 Baht. Through this financial analysis part, we will call Jolie Femme as “the Company”. The analysis consists of three major parts; First part is the Common Size Analysis that uses to analyze the Company’s financial structure. The second part is the Financial Ratios Analysis that will be compared with two competitors, which they are the Shinawatra Thai Co.,Ltd. and the Thai Silk Village Co.,Ltd. The financial ratios will evaluate the performance of the company. And finally in the last part, we would like to present the SWOT analysis, conclusion and recommendation.

7.1 The Common Size Analysis

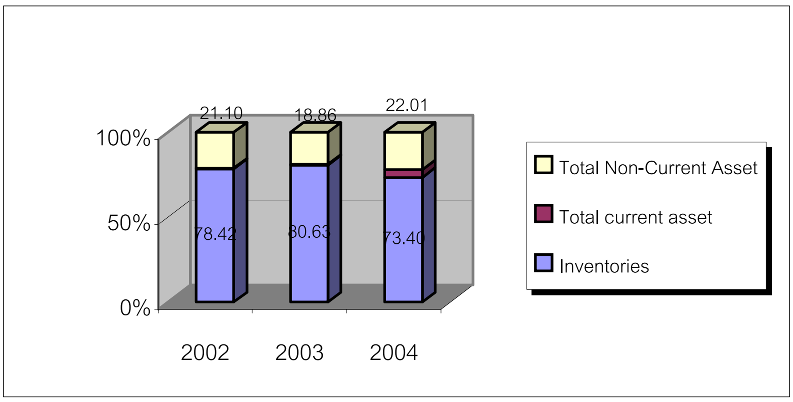
In this part will be analyzed the common size of balance sheet and income statement. In the common size of balance sheet expresses each item on the balance sheet as a percentage of total assets. It provides information about the nature and percentage of investments, obligations to creditors and the owners’ equity from 2002 to 2004 as shown in Table 7-1. And for the common size of income statement, all components are divided by sales and are expressed in percentages. It shows net income, expenses and profit and reports the operations over a period of time as shown in Table 7-2.

	30-Jun-04	30-Jun-03	30-Jun-02
Current Asset			
Cash and Cash in Bank	3.21	0.28	0.48
Inventories	73.40	80.63	78.42
Loan for Share Holder	1.05	-	-
Other Current Asset	0.33	0.23	0.0034
Total Current Asset	77.99	81.14	78.90
Non-Current Asset			
Land Buildings and Equipment (Net)	21.52	18.36	19.93
Other Non-Current Asset	0.49	0.50	1.17
Total Non-Current Asset	22.01	18.86	21.10
TOTAL Asset	100.00	100.00	100.00
Current Liabilities			
Over Draft and Short Term Bank Loan	52.53	57.06	52.63
Account Payable	0.09	-	3.02
Loan from Share Holder	-	-	16.12
Other Current Liabilities	3.40	5.14	5.05
Total Current Liabilities	56.02	62.20	76.82
Non-Current Liabilities			
Loan from Share Holder	-	9.37	-
Long Term Loan (Net)	-	-	2.99
Total Non-Current Liabilities	-	9.37	2.99
Total Liabilities	56.02	71.57	79.80
Shareholder's Equity			
Issued and Fully paid-up share capital			
Common Stock Fully Paid	35.12	31.25	28.80
Retained Earnings	8.86	(2.82)	(8.60)
Total Shareholder's Equity	43.98	28.43	20.20
TOTAL Liabilities and Shareholder's Equity	100.00	100.00	100.00

Source: Department of Business Development, Ministry of Commerce.

Table 7- 1: Balance Sheet common size

7.1.1 The Common Size of Asset



Refer to TABLE 7-1

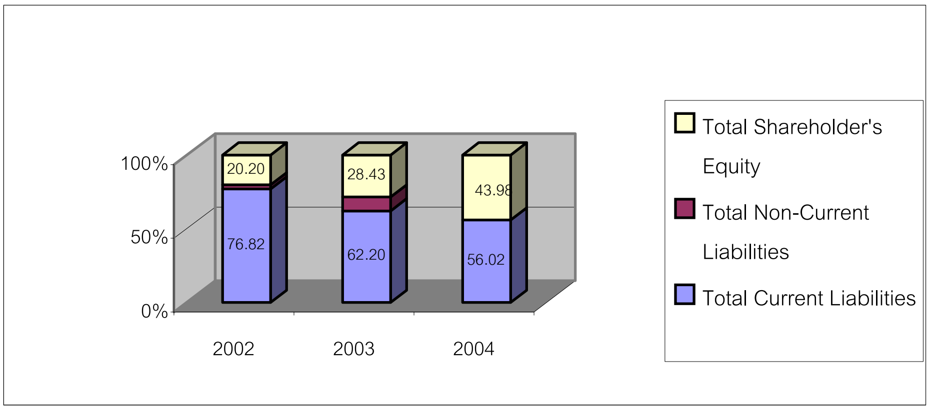
Figure 7- 1: Total Asset

From the asset common size, we found that the company's cash and cash in bank has been a very small portion due to the company had high cost of inventories and a lot of expenses. The cash and cash in bank has been a little bit decreasing from

0.48% in year 2002 to 0.28% in year 2003 then it has increased about 10 times to 3.21% in year 2004 because in this year there are approximately 50% reducing in operational cost and interest expense (see Table 7-2). From figure 7-1, the inventories were increased from78.42% in year 2002 to 80.63% in year 2003. Then in year 2004, they reduced to 73.4%. These would make the total amount of current assets go in the same direction as the inventories from 78.9%, 81.14% and 77.99% in year 2002, 2003 and 2004 respectively. For the common size of total non-current assets, there was a little change from 21.1% to 18.86% and to 22.01% at the same period.

From this asset common size analysis shows that the company has faced the very high cost of inventories and a very low cash and cash equivalent. From the balance sheet, it will be a good sign if the inventories keep going down and cash and cash equivalent is in the opposite turn. The company should be seriously concerning and managing in sales forecast operation.

7.1.2 The Common Size of Liabilities and Shareholders' Equity



Refer to TABLE 7-1

Figure 7- 2: Total Liabilities and Shareholders' Equity

When we analyze deeply into the company's source of fund, we found that it has been changed from long term fund to short term fund. The important source of fund came from the overdraft and short term bank loan from banks. From figure 7-2, the total current liabilities have been decreasing about 6% each year from 76.82%, 62.2% and 56.02% since 2002, 2003 and 2004 respectively. For the total non-current liabilities, it was increasing value from 2.99% in year 2002 to 9.37% in year 2003 but there was none of long term loan in year 2004. For the total equity, we found that the equity has been increasing from 20.20%, 28.43% and 43.98% at the same period. It shows that there is a good operation in the company.

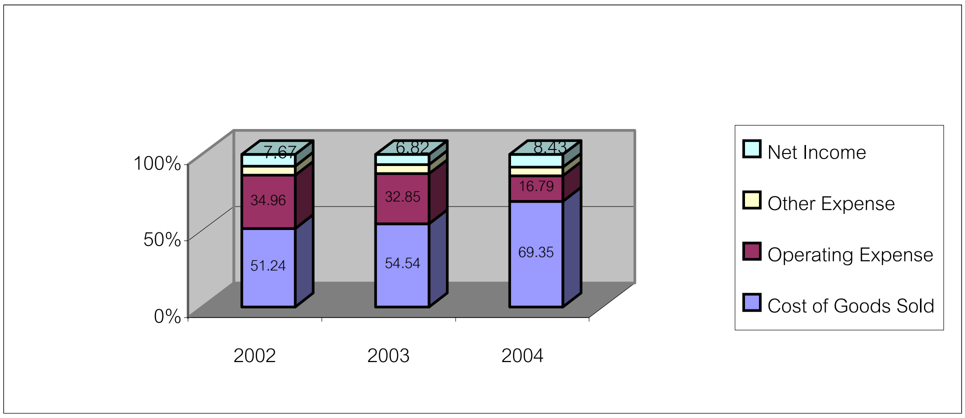
As we have seen from the liabilities and shareholders' equity common size, the company has been financing from the external fund which the company need to be careful in manage the cash flow to pay the principal and the interest.

	30-Jun-04	30-Jun-03	30-Jun-02
Revenue	100.00	100.00	100.00
Expenses			
Cost of Goods Sold	69.35	54.54	51.24
Gross Profit Margin	30.65	45.46	48.76
Operating Expense	16.79	32.85	34.96
Earning before Interest and Tax	13.86	12.61	13.80
Interest Expense	1.66	2.59	2.79
Corporate Tax	3.77	3.20	3.34
Net Income	8.43	6.82	7.67
Earnings (Loss) per share	1.71	1.63	1.74

Source: Department of Business Development, Ministry of Commerce.

Table 7- 2: Income Statement common size

7.1.3 The Common Size of Income Statement



Refer to TABLE 7-2

Figure 7- 3: Income Statement

From figure 7-3, we found that the company's cost of goods sold has been increasing every year due to the higher in sales that cause to hire more outsource labors, more transportation cost and more infrastructure cost. The cost of goods sold was increasing from 51.24%, 54.54% and 69.35% since year 2002, 2003 and 2004 respectively. It effected to decrease in gross profit margin from 48.76%, 45.46% and 30.65% at the same period. However as the result of the total operating cost became decreasing from 34.96%, 32.85% and 16.79% at the same period due to there are decreasing in total amount of salary (because focus on hiring outsourcers), stationary and block cost, service cost, trip budget and insurance expense. The interest expenses are also reducing year by year from 2.79%, 2.59% and 1.66% at the same period as above. It implies that the company financial management is very well as net income shows the increasing from 7.67% in year 2002 to 8.43% in year 2004.

As the decreasing in the operating expense and the interest expense show that there were a good sign if the company can control this expenditure to be more efficient so the company will earn more margin.

7.2 Financial Ratios Analysis

Financial ratios are created to help evaluate financial statement. It is one of the most valuable tools in evaluating the company's performance. It also provides a better view of firm's financial statement. It helps to see which items in a financial statement that a company should improve. We will analyze various types of financial ratios as following: Liquidity Ratios, Activities Ratios, Leverage Ratios and Profitability Ratios.

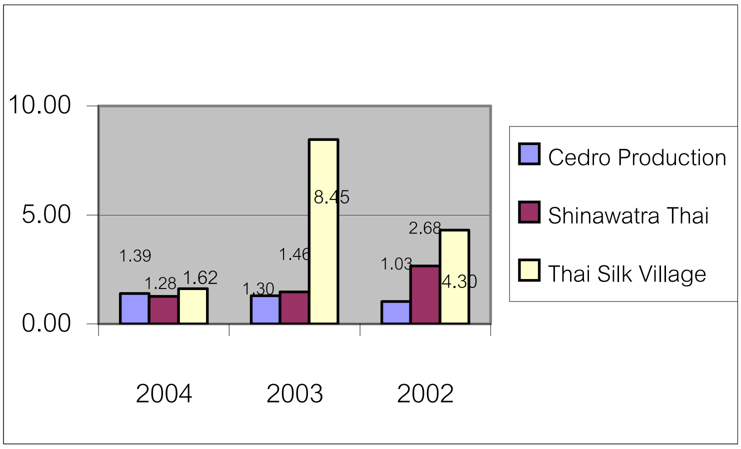
In this analysis, it is meaningful to use the comparison between the Company and the Competitors to know the position itself - which one has superiority over or inferiority under the competitors to be improvement. We use two competitors which are Shinawatra Thai Co.,Ltd. and Thai Silk Village Co.,Ltd. because

1. Shinawatra Thai Co.,Ltd. is main competitor in Chiang Mai of the Company. Shinawatra Thai is a big company and there are branches that the Company doesn't have so we decide to compare with Shinawatra Thai as it's a benchmark.
2. Thai Silk Village Co.,Ltd. has almost equal size of business in both assets size and registered capital that would make effectively comparison and see more clearly view.

7.2.1 Liquidity Ratios

The Liquidity ratios are used to measure the ability to meet short-term obligations. It consists of two ratios as the Current Ratio and the Quick ratio.

Current Ratio: It provides the indicator of the extent to which a company's liquidity assets can cover its short-term debts.



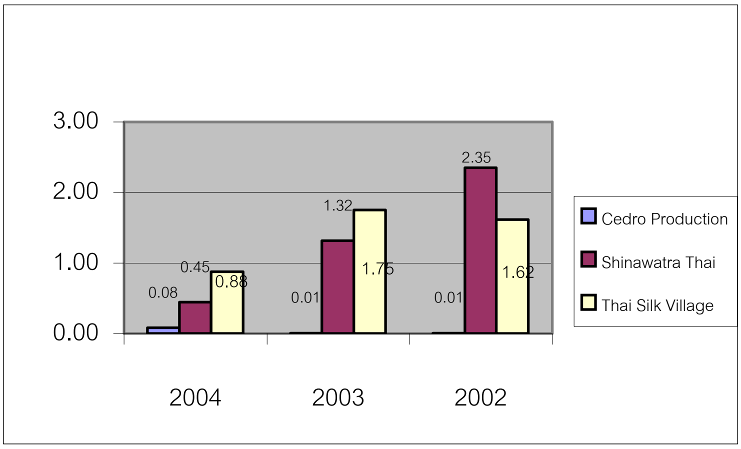
Refer to APPENDIX C

Figure 7- 4: Current Ratio Comparison

From figure 7-4, the company's current ratio was increasing from year 2002 to year 2004 which are 1.03 times to 1.39 times and when we compared this ratio with the competitors - Shinawatra Thai's current ratio was decreasing from time to time while Thai Silk Village's ratio was quite fluctuating. Even though the trend of the company was increasing in the company's current ratio, it indicated that the company has liquidated assets cover its short-term debts (about 72% in selling asset for paying all short-term debt: 1/1.39 = 0.7191 or ~ 72%). If we look at this ratio that still include inventories, we will see that the company didn't face any shortage cash flow problem. The company's liquidity is not too bad when comparing with both competitors. Now it is in medium range and it is shown that it has been improved since year 2002.

However, the company has to be careful of the fast rising in current liabilities that will be higher than the company's current assets that will cause the problem.

Quick Ratio**:** It measures the company's ability to pay off short-term obligations without relying on the sale of inventories.



Refer to APPENDIX C
Figure 7- 5: Quick Ratio Comparison

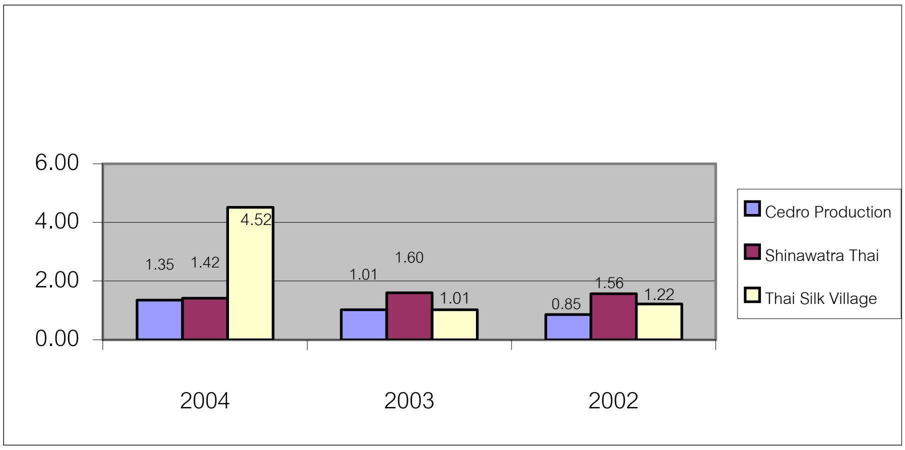
Now we look deeply into the quick ratio that we deducted the inventories from the current assets because the inventories are the less liquidity in current assets, it is the most losing value when it was sold so we will use this ratio to measure the ability to meet short-term obligations. The ratio was same direction as the current ratio which increased from 0.0062, 0.0082 and 0.082 times in year 2002, 2003 and 2004 respectively. Even the ratio was increasing from time to time but we can see that the company still has much lower ratio than the competitors. The company's ratio also shows that the company has only 12% to be able to pay all short-term debt and its current liabilities are moreover its current assets minus inventories.

From above it shows that the company has bad sign to cash flow management. The suppliers of the company will face the higher risk in delay payment than suppliers of the competitors. And the most of short-term debts are overdraft and short term bank loan, which have principal and interest obligation within strictly due date so the company should be more concern about managing cash flow to cover its debts.

7.2.2 Activities Ratios

Activities Ratios are used to measures how effectively the company is managing its assets since it is important to have the right amount invested in assets. There are four ratios to evaluate: Inventory Turnover, Day Sales Outstanding (DSO), total Fixed Assets Turnover and a total Assets Turnover.

Inventory Turnover: It measures the efficiency of the company in managing and selling inventory. It is an evaluation of the liquidity of a company's inventory.



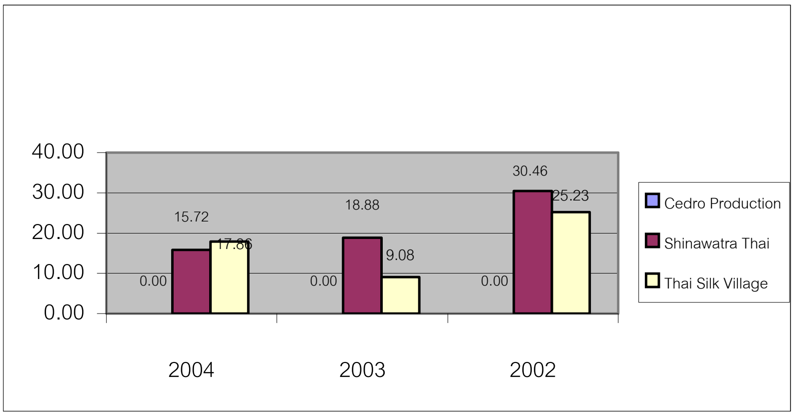
Refer to APPENDIX C

Figure 7- 6: Inventory Turnover Ratios Comparison

From Figure 7-6, we found that the inventory turnover ratio of the company has been improved since year 2002 to year 2004 from 0.85 times per year to 1.35 times per year. When we compared the ratio between the company and the competitors was lower than both competitors since 2002 to 2004 however it is not much far from the benchmark. This turnover ratio effected directly to the company's profit, therefore the company's ratios are lower than both competitors so it implies that the opportunity to sell goods or turnover its inventories to cash is less than the competitors. The company may hold too many inventories that wouldn't create more sales and it would cause of a very low return in this investment.

From above result, the company has to concern about the inventory management – trying to push them out from the stock.

Days Sales Outstanding (DSO): It shows how many days on the average company takes to collect the receivable.

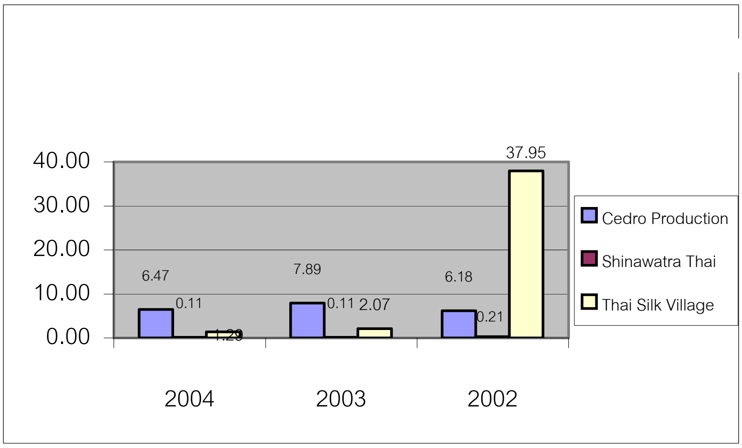


Refer to APPENDIX C

Figure 7- 7: DSO Ratio Comparison

For the DSO ratio, the company has settled the term of payment in cash so the company will not have problem from collecting the money from its account receivables and the company will have efficiency in using fund to invest more than the competitors. However the competitors also have a good account receivable management so they don't face the problem because they have ability to collect payment within a month.

Fixed Assets Turnover: the effectiveness in generating sales from investment in fixed assets.



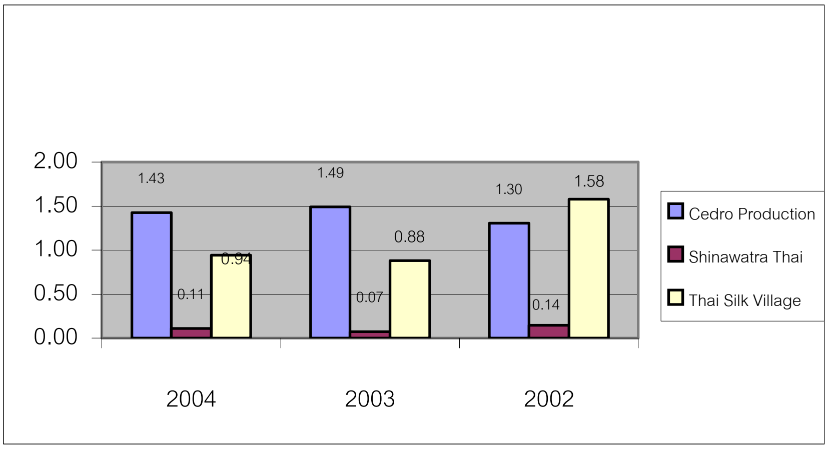
Refer to APPENDIX C

Figure 7- 8: Fixed Assets Ratio Comparison

The fixed assets turnover ratio is used to measure the efficiency of the fixed assets management. From this ratio, we have found the company has more efficient management its fixed assets than the competitors such in the last two years (2003 - 2004). The ratio told us that the company has the fixed assets turnover more than half of the competitors' ratios. The reason that Shinawatra Thai had very lower ratio than other companies because Shinawatra Thai has a very high cost of Land, Buildings and Equipment – it was more than 5 times of sales (see Appendix: B3-4). For Thai Silk Village that has the ratio lower than Cedro Productions because Thai Silk Village has almost 3 times higher cost of Land, Buildings and Equipment and has approximately 2 times lower in sales (see Appendix: B1-2, 5-6).

All above implies that the company can manage sales without increasing fixed assets. It is a good sign for company.

Total Assets Turnover: the effectiveness in generating sales from investment in assets.



Refer to APPENDIX C

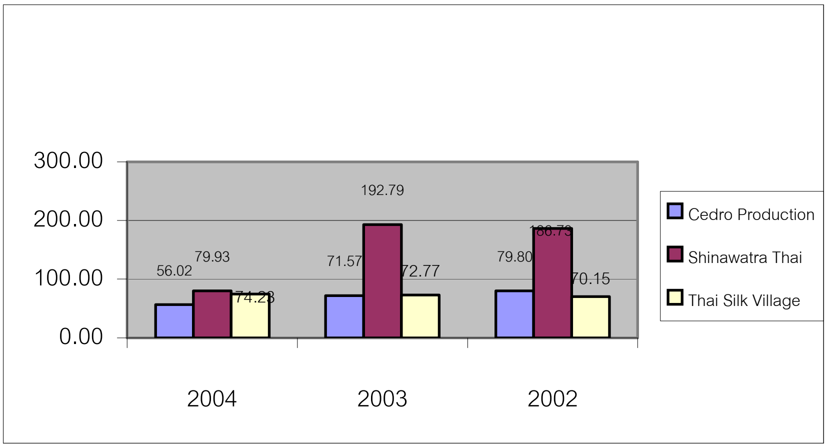
Figure 7- 9: Total Assets Ratio Comparison

From the total assets turnover ratio in figure 7-9, we found that the company's ratio was also higher than its competitors because as we can see from the fixed assets turnover, both competitors have very high cost of fixed assets that directly impact the total asset. So it implies that the company has a great efficient assets management. To maintain this efficiency, the company should be emphasizing on increasing sales without increasing more assets.

7.2.3 Leverage Ratios

The Leverage Ratios concern a company's position and debt coverage. The debt position indicates the amount of other people's money being used in financing the company's operations. However, the higher debt means the greater financial leverage, which finally causes the greater potential risk and return. For the debt coverage, it refers to the ability to pay back the expense caused by using others' money. It consists of two ratios : Debt ratio and Time-Interest-Earned ratio (TIE).

***Debt Ratio*:** It measures the percentage of funds provided by creditors.

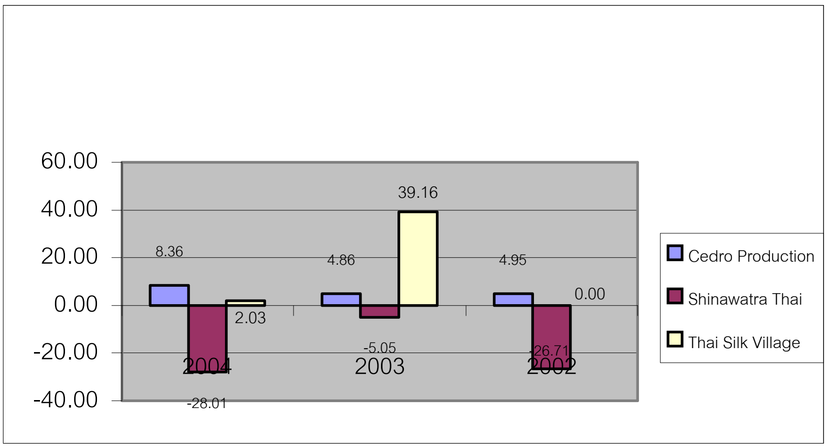


Refer to APPENDIX C

Figure 7- 10: Debt Ratio Comparison

From Figure 7-10 we found that the company used external source of fund more than half of its own capital but it has been decreasing from 79.80% to 56.02% in year 2002 to 2004, it shows that it is getting better in this ratio. When we look into the comparison in year 2004 the company's ratio is looking better than other competitors because there is lowest percentage. The banks would be easily approved in loan agreement to the company more than the competitors because they think that the company has lower risk to lend a fund than lend to other companies. The company will pay less interest rate than others. However the company still has to be careful in risk management from the external source of fund.

Times Interest Earned Ratio (TIE): It measures the company's long term debt-paying ability. If the company has good coverage of the interest obligation, it should also be able to refinance the principal when it comes due.



Refer to APPENDIX C

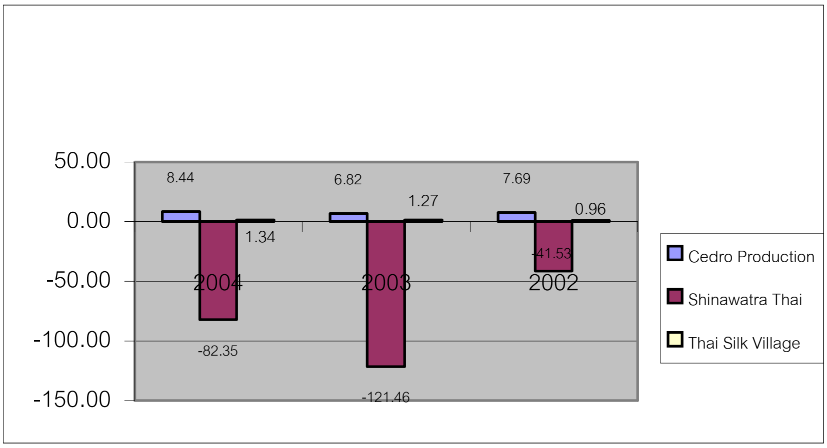
Figure 7- 11: TIE Ratio Comparison

The Company has much higher ability to pay debt than Shinawatra Thai since year 2002 to 2004. When comparing this ratio with Thai Silk Village, the company still has higher ability except in year 2003 that we has much lower range than Thai Silk Village (4.86 times vs. 39.16 times). However the ability to pay interest of the company still shows that it is greater in operating and managing its cash flow when compared with the competitors.

7.2.4 Profitability Ratios

The Profitability Ratios express the ability of the company to generate earnings. It also gives final answers about how effectively the company is being managed. There are four ratios such as Profit Margin on Sales, Basic Earning Power (BEP), Return on Assets (ROA) and Return on Equity (ROE).

Profit Margin on Sales

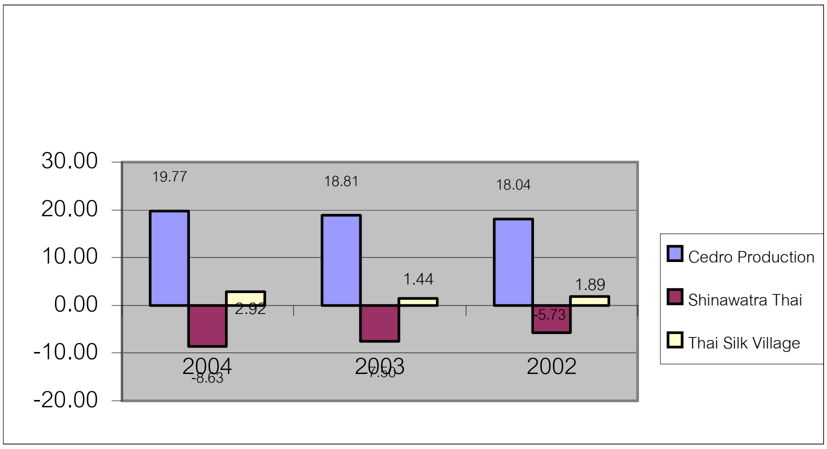


Refer to APPENDIX C

Figure 7- 12: Profit Margin on Sales Comparison

From the comparison of the profit margin between the company and the competitors shows that the company has the most efficient operation and production than other competitors due to the higher ratio. Since year 2002 to 2004, the company has average profit margin about 7.65% for one Baht sales while Thai Silk Village has average profit margin about 1.19% for a Baht sale and even worse that Shinawatra Thai has negative value but it still could be in the business because Shinawatra Thai has more retained earning that cover net loss in that years. From this we will see that the company has the highest profit margin because it has not too high cost of goods sold, the low operating cost and it used less of external source of fund that made it has low interest expense

Basic Earning Power Ratio (BEP)

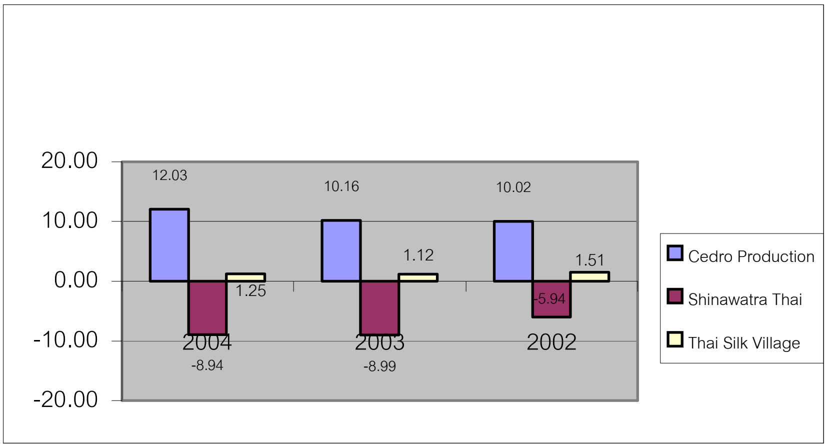


Refer to APPENDIX C

Figure 7- 13: BEP Comparison

The BEP ratio of the company has been increasing from 18.04%, 18.81% and 19.77% since year 2002, 2003 and 2004 respectively. When we look into the company's BEP ratio, we found that the company has highest percentage than the competitors again. That shows the ability in creating margin from its own assets before affectation from tax and debt payment. The better in this ratio than competitors came from the company has high turnover ratios and high profit margin on sales so it result the earning of the company is better than the competitors.

Return on Total Assets (ROA)

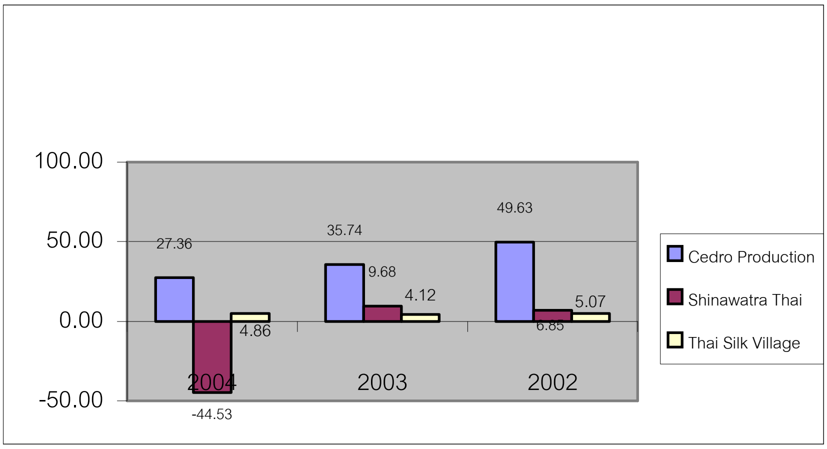


Refer to APPENDIX C

Figure 7- 14: ROA Comparison

The ROA of the company keep increasing since year 2002 to 2004 from 10.02%, 10.16% and 12.03% respectively and it is in the highest position and also much higher when compares with both competitors due to Shinawatra Thai has very high asset and negative net income, while Thai Silk Village has about the same amount of asset as the company but it has very low in net income each year. And also the company has high BEP ratio and low debt and interest payment that effected the company's net income quite high so the company's ROA is quite good.

Return on Equity (ROE)



Refer to APPENDIX C

Figure 7- 15: ROE Comparison

When we look deeply into the analysis, the company has very good sign in ratio that effect the good operation. The company is in the profit status, ROE of the company has been much higher than the competitors due to Shinawatra Thai's net income has been in losing trend and Thai Silk Village has a lot lower net income. It shows that the company has much efficiency to generate the return to all share holder equity.

7.3 SWOT analysis, Conclusion and Recommendation

Strength

- The company has strong management team who can manage and control the financial statement effectively and efficiently as we can see from the overall financial analysis.

Weakness

- Low liquidity due to there is very low cash flow and very high inventories.

Opportunity

- Ability to create more profit to the Company by applying to be BOI candidate. According to the Company has ordered most of raw material from oversea (China) and to expand the market by exporting and this also show our Thai culture and tradition to the public, the company should increase the registered capital at least 1 million Baht for one project to apply to BOI. The company will get the benefits from this expansion such as the exemption for import duty on machinery, exemption of import raw material or essential materials used in the manufacturing of export products for 5 years, exemption of corporate income tax for 8 years. These are the good opportunities to reduce the operating cost and increasing more sales as well.

Threat

- There is no credit term for the customers while the competitors are giving it. As we have seen from the company's financial statement that the Company sold its products in term of cash that would be the disadvantage to the company whiles the other competitors provide credit term to the customers.
- The competitors who are bigger enterprises, they will have more powerful in negotiating for longer payment term.

7.4 Conclusion and Recommendations

7.4.1 Conclusion

From the financial analysis we found that the overall trend of company is in a good sign. As we have seen so far from the balance sheet common size analysis, we found that it was a great operation in almost every part of the company. Both current assets and non-current assets have not much movement. When we look deeply into cash and cash equivalent, there was 10 times increasing from year 2003 to 2004 but the amount of cash and cash equivalent was still low to be liquidated in the company. Also there was decreasing in the inventories at the same period but the value is still very high.

For the proportion of debts, there was a change in this proportion from long term to short term debts, which made the company pay lower interest expense than use long – term fund and most of them came from the overdraft and short term bank loan from Bank. Both current and non-current liabilities tend to decrease every year.

For the shareholder's equity, the retained earnings have a good sign, it was increasing since year 2002 until 2004 which results to the double increasing in equity. From the common size analysis of income statement, there was a higher in sales each year and there were 50% decreasing in operating expense and interest expense that caused the increasing in net income.

When we analyzed the financial ratios, we found the good sign in these as well because almost of them were in improvement status as below results,

1. From Liquidity Ratios show that company has ability to meet short-term obligations, the company can manage its short-term solvency quite well. It is in second range when compared with its competitors. However, there is a problem with high cost of inventories that result our quick ratios were not in a good place.

2. From Activities Ratios, when we evaluated DSO ratio, fixed assets turnover ratio and total assets turnover ratio, we found the efficient management in collecting bills, the efficient controlling total assets that show its operation is better than other competitors in the same industry. Even the inventories turnover ratios shows the better trend for the company, the ratios still show the slower turnover than the competitors that is the point that the company should improve its inventory management.

However, all above shows a high efficiency in asset management, the company has the appropriate assets when compared with the sales and also the company can increase sales without increasing assets.

3. From the financial leverage, the company has financed from the external source of funds more than half of its capital. From debt ratio in 2004, the company used fewer funds than in year 2002 and the company has less debt than the competitors so the company will have lower cost of interest than the others. From the TIE ratios show that the company has more ability to pay interest than its competitors. The company will be able to make more loans easier than the competitors due to there be the less risky too.

4. As we have seen from the profitability ratios such as the profit margin on sales, BEP ratios, ROA and ROE, the company has highest ability to make profit than the competitors. The company's ratios are in the first place since 2002 until 2004. It is a very good sign for the shareholders that they will attain higher returns.

7.4.2 Recommendations

1. To maintain the efficiency in financial management : the company should be careful and more concern in managing its assets especially the cash flow and the inventories, liabilities, the cost of goods sold and operating cost by keep them are at economic point.

2. Cash and cash equivalent management : from the analysis, we found the problem in cash management due to there be many expenses that caused cash and cash equivalent was very small portion. We should manage to obtain the highest return as fast as possible on cash, on the other hand for paying bills we should make it as late as possible.

For the cash on hand should be the minimum amount for security, daily deposit should be made to minimize on hand. Also we should keep most cash in bank because we can earn the interest and for proper record keeping.

For the current account in Bank, which the company usually use check and there will be a check charge for each check that written against the account. To minimize this charge, the company tries to write the minimum number of checks. E.g. the company arrange to pay suppliers monthly rather than pay to each delivery.

3. Inventory management : we found the high portion for this that would be the high cost for the company. To avoid this situation, the company should concern and co-operate with other teams such as co-operate with marketing team to attain the trend of market and managing good sales forecasting to produce enough on hand inventories and don't forget about producing lead time to satisfy customer demand to avoid out of date product as well.

4. Accounts receivable management to stay competitive : establishing a credit accounting system, the Company must weigh the cost in increasing sales tide up in account receivable against the possible loss of business.

The current technique for the Company is to accept customers' order through Letter of Credit. This practice is secured because Banks will be the intermediates to guarantee payment to the Company if customer refuses to pay.

Customers' Credit Evaluation by determines from 3Cs that are,

4.1. A customer's character is favorable if that customer has paid its bills on time in the past and has favorable credit references from other creditors. This information is normally obtained by having the customer fill out an application that lists other creditors and contains a signed statement that allows us to check these references. In the presence, there are private organizations that can provide the trade information of registered company who wish to declare itself as the accredited company.

4.2. Capacity to pay refers to whether or not the customer has enough cash flow or disposable in come to pay off a bill. This information is also normally obtained from the credit application, which lists assets and bank reference. A high capacity does not necessary mean that the individual will pay the pay the bill, because he or her may be saddled with other bills to pay off.

4.3. Collateral is the ability to pay a creditor by selling assets if a market if a market exists for the assets.

APPENDIX

APPENDIX 7-A : General Information of Cedro Productions Co.,Ltd.

Type	:	Company Limited
Type of Business	:	Selling Silk Products and Clothing.
Business Name	:	Jolie Femme
Registered Number	:	Bor Or Jor. Chor More. 501
Registered Date	:	August 18, 1986.
Registered Capital	:	10,000,000 Baht
Common Stocks	:	2,000,000 common stocks (Par at 5 Baht)

Director :

1. Ms. Karnjana Warodomkorn
2. Mr. Suthep Jamnaklarp
3. Mr. Prasert Premnirundorn
4. Ms. Pennee Akkrachinores
5. Ms. Kuntalee Rapipong
6. Mr. Tawat Bunroeng
7. Ms. Raweewan Autapreeyangkoon

APPENDIX 7-B : Financial Statement.

7-B.1 Cedro Productions Co., Ltd : Balance Sheet.

	30-Jun-04	30-Jun-03	30-Jun-02
Current Asset			
Cash and Cash in Bank	914,384.59	90,195.26	165,050.12
Inventories	20,900,607.38	25,799,230.76	27,232,480.98
Loan for Share holder	300,000.00	-	-
Other Current Asset	94,497.02	73,510.00	1,184.64
Total Current Asset	**22,209,488.99**	**25,962,936.02**	**27,398,715.74**
Non-Current Asset			
Land Buildings and Equipment (Net)	6,128,174.85	5,876,633.77	6,920,689.46
Other Non-Current Asset	140,816.81	158,816.81	406,082.06
Total Non-Current Asset	**6,268,991.66**	**6,035,450.58**	**7,326,771.52**
Total Asset	**28,478,480.65**	**31,998,386.60**	**34,725,487.26**
Current Liabilities			
Over Draft and Short Term Bank Loan	14,961,227.93	18,258,023.56	18,276,593.45
Account Payable	26,560.83	-	1,047,416.09
Loan from Shareholder	-	-	5,598,243.51
Other Current Liabilities	967,177.93	1,643,288.46	1,752,399.50
Total Current Liabilities	**15,954,966.69**	**19,901,312.02**	**26,674,652.55**
Non-Current Liabilities			
Loan from Shareholder	-	3,000,000.00	-
Long Term Loan (Net)	-	-	1,037,756.10
Total Non-Current Liabilities	**-**	**3,000,000.00**	**1,037,756.10**
Total Liabilities	**15,954,966.69**	**22,901,312.02**	**27,712,408.65**
Shareholder's Equity			
Issued and Fully paid-up share capital			
Common Stock Fully paid	10,000,000.00	10,000,000.00	10,000,000.00
Retained Earnings	2,523,513.96	(902,925.42)	(2,986,921.39)
Total Shareholder's Equity	**12,523,513.96**	**9,097,074.58**	**7,013,078.61**
Total Liabilities and Shareholder's Equity	**28,478,480.65**	**31,998,386.60**	**34,725,487.26**

Source: Department of Business Development, Ministry of Commerce

7-B.2 Cedro Productions Co., Ltd : Income Statement.

	30-Jun-04	30-Jun-03	30-Jun-02
Revenue			
Sales	40,590,209.91	47,647,379.79	45,254,685.75
Other Income	43,518.53	90,890.68	138,935.25
Total Revenue	**40,633,728.44**	**47,738,270.47**	**45,393,621.00**
Expenses			
Cost of Goods Sold	28,180,350.09	26,037,433.31	23,259,888.45
Gross Profit Margin	**12,453,378.35**	**21,700,837.16**	**22,133,732.55**
Operating Expenses	6,821,983.99	15,681,102.12	15,870,987.14
Earning before Interest and Tax	**5,631,394.36**	**6,019,735.04**	**6,262,745.41**
Interest Expense	673,778.14	1,238,493.10	1,265,858.71
Corporate Tax	1,531,176.84	1,529,556.37	1,516,372.36
Net Income	**3,426,439.38**	**3,251,685.57**	**3,480,514.34**
Earnings (Loss) per share	1.71	1.63	1.74

Source: Department of Business Development, Ministry of Commerce

7-B.3 Shinawatra Thai Co., Ltd : Balance Sheet.

	30-Dec-04	30-Dec-03	30-Dec-02
Current Asset			
Cash and Cash in Bank	2,106,355.23	2,291,503.81	10,214,577.30
Temporary Fund	1,899,582.91	1,870,687.89	1,854,016.33
Account Receivable	2,576,958.86	3,164,221.72	10,289,339.46
Inventories	19,012,870.60	24,867,962.56	34,584,024.99
Other Current Asset	3,622,705.51	228,692,410.86	223,981,834.39
Total Current Asset	**29,218,473.11**	**260,886,786.84**	**280,923,792.47**
Non-Current Asset			
Other Long Term Fund	100,000.00	24,600,000.00	24,600,000.00
Land Buildings and Equipment (Net)	170,938,220.61	541,308,237.86	556,269,415.49
Other Non-Current Asset	350,917,151.16	37,062.43	6,537.43
Total Non-Current Asset	**521,955,371.77**	**565,945,300.29**	**580,875,952.92**
Total Asset	**551,173,844.88**	**826,832,087.13**	**861,799,745.39**
Current Liabilities			
Over Draft and Short Term Bank Loan	-	14,818,258.13	7,355,818.37
Account Payable	8,840,262.89	27,243,903.33	12,528,713.31
Other Current Liabilities	13,996,404.23	137,157,165.37	85,065,219.77
Total Current Liabilities	**22,836,667.12**	**179,219,326.83**	**104,949,751.45**
Non-Current Liabilities			
Long Term Loan (Net)	417,707,151.16	1,414,843,278.36	1,504,258,911.00
Total Non-Current Liabilities	**417,707,151.16**	**1,414,843,278.36**	**1,504,258,911.00**
Total Liabilities	**440,543,818.28**	**1,594,062,605.19**	**1,609,208,662.45**
Shareholder's Equity			
Issued and Fully paid-up share capital			
Common Stock Fully paid	33,000,000.00	33,000,000.00	33,000,000.00
Retained Earnings	77,630,026.60	(800,230,518.06)	(780,408,917.06)
Total Shareholder's Equity	**110,630,026.60**	**(767,230,518.06)**	**(747,408,917.06)**
Total Liabilities and Shareholder's Equity	**551,173,844.88**	**826,832,087.13**	**861,799,745.39**

Source: Department of Business Development, Ministry of Commerce

7-B.4 Shinawatra Thai Co., Ltd : Income Statement.

	30-Jun-04	30-Jun-03	30-Jun-02
Revenue			
Sales	59,824,439.68	61,168,313.89	123,304,406.32
Other Income	1,020,200.56	1,038,352.83	1,878,941.39
Total Revenue	**60,844,640.24**	**62,206,666.72**	**125,183,347.71**
Expenses			
Cost of Goods Sold	27,083,431.60	39,829,206.98	54,003,392.66
Gross Profit Margin	**33,761,208.64**	**22,377,459.74**	**71,179,955.05**
Operating Expenses	81,329,496.00	84,391,991.45	120,541,090.57
Earning before Interest and Tax	**(47,568,287.36)**	**(62,014,531.71)**	**(49,361,135.52)**
Interest Expense	1,698,032.76	12,282,721.80	1,848,310.51
Corporate Tax	-	-	-
Net Income	**(49,266,320.12)**	**(74,297,253.51)**	**(51,209,446.03)**
Earnings (Loss) per share	266.02	(6.01)	47.74

Source: Department of Business Development, Ministry of Commerce

7-B.5 Thai Silk Village Co., Ltd. : Balance Sheet.

	30-Dec-04	30-Dec-03	30-Dec-02
Current Asset			
Cash and Cash in Bank	2,040,254.36	1,280,226.75	2,926,551.33
Account Receivable	1,051,081.84	291,477.90	1,271,723.65
Inventories	2,876,617.95	6,042,821.61	6,980,500.90
Other Current Asset	283,063.81	8,114.83	-
Total Current Asset	**6,251,017.96**	**7,622,641.09**	**11,178,775.88**
Non-Current Asset			
Land Buildings and Equipment (Net)	16,678,685.30	5,672,352.74	484,748.62
Total Non-Current Asset	**16,678,685.30**	**5,672,352.74**	**484,748.62**
Total Asset	**22,929,703.26**	**13,294,993.83**	**11,663,524.50**
Current Liabilities			
Account Payable	1,558,332.16	492,753.00	2,407,455.08
Other Current Liabilities	2,296,986.40	409,364.02	189,296.63
Total Current Liabilities	**3,855,318.56**	**902,117.02**	**2,596,751.71**
Non-Current Liabilities			
Loan from Shareholder	-	4,372,073.53	5,585,565.53
Long Term Loan (Net)	13,166,210.63	4,400,000.00	-
Total Non-Current Liabilities	**13,166,210.63**	**8,772,073.53**	**5,585,565.53**
Total Liabilities	**17,021,529.19**	**9,674,190.55**	**8,182,317.24**
Shareholder's Equity			
Issued and Fully paid-up share capital			
Common Stock Fully paid	5,000,000.00	3,000,000.00	3,000,000.00
Retained Earnings	908,174.07	620,803.28	481,207.26
Total Shareholder's Equity	**5,908,174.07**	**3,620,803.28**	**3,481,207.26**
Total Liabilities and Shareholder's Equity	**22,929,703.26**	**13,294,993.83**	**11,663,524.50**

Source: Department of Business Development, Ministry of Commerce

7-B.6 Thai Silk Village Co., Ltd. : Income Statement.

	30-Jun-04	30-Jun-03	30-Jun-02
Revenue			
Sales	21,485,960.08	11,719,921.01	18,396,406.25
Other Income	113,707.47	138,101.16	133,204.46
Total Revenue	**21,599,667.55**	**11,858,022.17**	**18,529,610.71**
Expenses			
Cost of Goods Sold	12,991,966.16	6,129,414.29	8,509,309.98
Gross Profit Margin	**8,607,701.39**	**5,728,607.88**	**10,020,300.73**
Operating Expenses	7,937,308.64	5,537,406.47	9,799,662.55
Earning before Interest and Tax	**670,392.75**	**191,201.41**	**220,638.18**
Interest Expense	329,553.27	4,882.19	-
Corporate Tax	53,468.69	37,263.84	44,127.64
Net Income	**287,370.79**	**149,055.38**	**176,510.54**
Earnings (Loss) per share	6.98	4.97	5.88

Source: Department of Business Development, Ministry of Commerce

APPENDIX 7-C: The Comparison of Financial Ratios Analysis between the Company and two competitors.

Financial Ratios	2004			2003			2002		
	Cedro Production	Shinawatra Thai	Thai Silk Village	Cedro Production	Shinawatra Thai	Thai Silk Village	Cedro Production	Shinawatra Thai	Thai Silk Village
1 Liquidity Ratios									
1.1 Current Ratio (times)	1.39	1.28	1.62	1.30	1.46	8.45	1.03	2.68	4.30
1.2 Quick Ratio (times)	0.08	0.45	0.88	0.01	1.32	1.75	0.01	2.35	1.62
2 Activities Ratios									
2.1 Inventory Turnover (times)	1.35	1.42	4.52	1.01	1.60	1.01	0.85	1.56	1.22
2.2 Days Sales Outstanding (days)	0.00	15.72	17.86	0.00	18.88	9.08	0.00	30.46	25.23
2.3 Fixed Assets Turnover (times)	6.47	0.11	1.29	7.89	0.11	2.07	6.18	0.21	37.95
2.4 Total Assets Turnover (times)	1.43	0.11	0.94	1.49	0.07	0.88	1.30	0.14	1.58
3 Leverage Ratios									
3.1 Debt to Total Assets (%)	56.02	79.93	74.23	71.57	192.79	72.77	79.80	186.73	70.15
3.3 TIE (times)	8.36	-28.01	2.03	4.86	-5.05	39.16	4.95	-26.71	0.00
4 Profitability Ratios									
4.1 Profit Margin on Sales (%)	8.44	-82.35	1.34	6.82	-121.46	1.27	7.69	-41.53	0.96
4.2 Basic Earning Power (%)	19.77	-8.63	2.92	18.81	-7.50	1.44	18.04	-5.73	1.89
4.3 ROA (%)	12.03	-8.94	1.25	10.16	-8.99	1.12	10.02	-5.94	1.51
4.4 ROE (%)	27.36	-44.53	4.86	35.74	9.68	4.12	49.63	6.85	5.07

Source: Department of Business Development, Ministry of Commerce

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