



ANNUAL REPORT 2008



OISHI おい
G·R·O·U·P し
PUBLIC COMPANY LIMITED い

รายงานประจำปี 2551 บริษัท โออิชิ กรุ๊ป จำกัด (มหาชน)





OISHI GROUP PUBLIC COMPANY LIMITED

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General Information

The Company Name	:	Oishi Group Public Company Limited
Business Type	:	Japanese restaurants, Bakery Shop and Green Tea and Amino OK RTD under the umbrella brand namely, Oishi
Head Quarter Location	:	20th Fl, 9 UM Tower Ramkamhang road, Suan Luang, Bangkok 10250
Company Registration Number	:	0107547000150
Homepage	:	www.oishigroup.com
Telephone Number	:	0-2717-2244
Fax Number	:	0-2717-3920
Registered Capital	:	375,000,000 baht
Paid-up Capital	:	375,000,000 baht
Type of Stock	:	Common Stock
Paid-up Common Stock	:	187,500,000 shares
Par value	:	2 baht per par

Oishi is holding at least 10% share of the following companies

As of December 31, 2005:

Company Name	Type of Business	Amount of Investment (Million Baht)	Investment Ratio (Percentage)	Equity Value (Million Baht)	Registered Capital (Million Baht)	Paid-up Capital (Million Baht)
Oishi Trading Co. Ltd	Manufacturing and distributing products	419.99	99.99	954.79	420	420
Oishi Ramen Co. Ltd	Japanese noodle restaurants	157.99	99.99	179.38	158	158



Reference

Security Deposit Agency

Thailand Securities Depository Company Limited

No. 62 Stock Exchange of Thailand

Building 4th , 6th ,7th floor , Rachadabhisek road,

Klongtoey, Klongtoey district, Bangkok 10110

Tel. 02-3591201-49

External Auditor:

KPMG Phoomchai Audit Ltd.

195 Empire Tower, 22nd floor,

South Sathorn road, Yannawan,

Sathorn district, Bangkok 10120

Legal Consultant:

Mr.Mahin Kraivixien

Investor Relations

Mr. Paiboon Kujareevanich

20th Fl, 9 UM Tower Ramkamhang road,

Suan Luang, Bangkok 10250

Tel : 02-7172244 ต่อ 117

Fax : 02-7173920

E-mail : paiboon@oishigroup.com

Message from the Chairman

In 2008, the company has seen growth, in terms of income and net profit, for the second consecutive year. Last year, the company earned a total of 5,986 million baht income and 592 million baht net profit, which were increased from the previous year by 1,315 million baht, or 28.0%, and 29 million baht, or 6.1 % respectively. This year, the company announces the payment of dividend at the rate of 3.00 baht per share, resulting the company's annual dividend rate for the year 200 to be at 94.94 percent.

The company's beverage business earned an increase of 30.4% in income from the previous year. It was the result of the launch of new products – Black Tea with Lemon and RTD coffee, Coffio; as well as heavy marketing and promotional activities, especially the highly successful Pai Tae Tua, Tour Yok Gang with Oishi campaign, that gave the sale a satisfying growth. Consequently, the company has persisted to dominate the market share.

The food business also saw the growth at 29.3% increase from the previous, resulting from the opening of 19 new outlets, the quarterly adjustment of the menu, based on Japan's seasonal food under the promotion campaign, 'Celebrate of Nature', the rise in popularity of Shabushi and the aggressive promotional campaigns i.e. Oishi's TV commercial. In 2009, the company plans to open 20 more new outlets to satisfy the growing demand of Japanese restaurants. Moreover, it will continue to introduce new products in frozen food category, sold in Oishi restaurants and leading retail outlets nationwide, to the market.

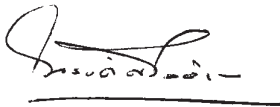
At the end of 2008, the company has appointed the major shareholder, Thai Beverage Public Co., Ltd, one of Thailand's leading beverage distribution companies, to be the company's major distributor. The company also renews the distribution contract with one of the company's major business partners, Serksuk Public Co., Ltd.

In terms of product development, the company has upgraded its production standards from GMP HACCP and ISO 9001:2000 to GMP HACCP ISO 9001:2008 and ISO 22000:2005 at the beginning of 2009. The company has upgraded the company's Good Catering Practice and expects to receive the certificate within 2009 as well.

The economic crisis that has spreaded all over the world will more or less affect Thailand. Although there would be less demand, the decrease in energy cost will tend to cause the reduction in the cost of raw materials; since most of the company's income is from domestic sale. The crisis, which has happened since late 2008, did not affect the company. The company will continue to be unaffected by the crisis in 2009 too. However, I would like to give confidence to every party that the board of directors and the company's executives will see the

company through crisis and hardships with professionalism and appropriate risk management. Also, since the company has financial stability, the company has no policy to slow down the investment in projects that benefit the company in the long run. Therefore, the board of directors approves the investment in the installation of Cold Aseptic Filling PET production and bottling machine.

I would like to thank all the loyal customers of Oishi products, I would like to thank the distributors, wholesalers and retail outlets who have always supported our products. I also would like to thank all the employees, who delivery quality products and services to the customers' satisfactory, and shall improve the efficiency of your work. I extremely hope that Oishi will always be the company that shareholders and investors are confident in.



Narong Srisa-arn

Chairman and Executive Chairman

Financial Summary

Summary of financial status and company's performance at year end, December 31

Unit: x 1,000 Bht.

Items	Consolidated		
	2008	2007	2006
Total asset	3,246,174	2,883,181	2,487,389
Total Debt	886,883	741,358	675,200
Equity	2,359,291	2,141,823	1,812,189
Sale Revenue	5,952,473	4,585,223	3,950,425
Gross revenue	5,986,202	4,676,173	3,968,644
Net Profit	592,468	558,374	189,110

Summary of Financial Ratios

Items	Consolidated		
	2008	2007	2006
Net Profit/Gross Revenue	9.90%	11.94%	4.77%
Return/ Equity (%)	26.33%	28.24%	10.08%
Rate of Return (%)	19.33%	20.79%	7.25%
Net Profit/Share (baht)*	3.16	2.98	1.01
Dividend / Share (baht)	3.00	2.70	0.52

Remark: *net profit per share calculated from par value at 2 baht for the comparison. As of the year end of 2008

Executive Summary

In 2008, the company gained 3,317 million baht income from the beverage business, which was increased from the previous year by 30%. The higher sale volume was resulting from the aggressive promotional activities, especially the “Pai Tae Tua, Tour Yok Gang with Oishi” campaign. Also, the company launched new flavor of green tea, Black Tea with Lemon and RTD coffee, Coffio. The company has gained a total 437 million baht in net profit, which grew from the previous year by 11%.

The company's food business enjoyed a total 2,636 million baht in income, which was a 29% increase from the previous year. The growth was the result of the expansion of the restaurant outlets, the launch of new frozen products, and the adjustment of the products price to be in-line with the higher production cost. During the past year, the company has opened 19 new outlets, and closed 3 outlets with bad performance. The company now has 97 outlets, including its franchises. Consequently, the company's net profit from its restaurant business was at 155 million baht, a 63% increase from the previous year. This profit excluded the sale of Log Home Dining Complex in 2008.

The company had a total income of 5,986 million baht. The company's total net profit last year was 592 million, a six percent increase from the previous year.

Vision

To be leader and innovator of the Japanese food and beverage business for the quality of life and wellness of the new generation.

Mission

- Maintain the quality and good services of the restaurant, bakery and health beverage businesses; as well as maintaining the popularity of 'Oishi' products among the customers, and give the importance to the standards of the product manufacturing and operation.
- Select quality raw materials that bring the highest customer's satisfactory, in order to be well recognized in both local and overseas markets.
- Continuously improve the production process by using modern technology in the product's research and development.
- Increase the effectiveness of the production and the company's competitiveness, in terms of the price and quality, against the competitors in the local and overseas market; it will help push the Thai economic forward to its growth.

Board of Directors and Management Team



Mr. Narong Srisa-arn Chairman and Executive Chairman

Education

Master of Arts (Economics) Honorary Degree, Thammasat University

Working Experience

2006-Present:	Chairman and Executive Chairman	Oishi Group Public Co. Ltd
1998 – Present	Independent Director	True Corporation Public Co.,Ltd
Present	Director, Vice Chairman and Vice Executive Chairman	Thai Beverage Public Co.,Ltd
Present	Chairman	Sura Bangyikhan Co.,Ltd
Present	Chairman of Executive Board	Thai Beverage Can Co.,Ltd
Present	Chairman	Thanakorn Vegetable Oil Product Co.,Ltd
Present	Chairman	Advance Agro Public Co.,Ltd
Present:	Vice Chairman and Executive Chairman	Beer Thai (1991) Public Co.,Ltd
Present	Director	Telecomholding Co. Ltd



Mr. Thapana Sirivadhanabhakdi Vice Chairman and Executive Vice Chairman

Education

Master Degree in MBA, Banking & Financial, Economic, Boston University,
USA

Working Experience

2007-Present	Director	Univenture Co., Ltd.
2007-Present	Vice President	Siam Food Products Public Co., Ltd.
2006-Present	Vice Chairman and Executive Vice Chairman	Oishi Group Public Co. Ltd
2004-Present	Vice President	Dhospaak Co.,Ltd
2004-Present	Vice Chairman	Red Bull Distillery Group
2003-2007	Director and Executive Vice President	Thai Beverage Public Co.,Ltd)
2001-Present	Executive Director	Berli Jucker Public Co.,Ltd



Mr. Tan Passakornnatee Director and President

Education

Honorable Ph.D., Ramkhamhaeng University

Working Experience

2001-Present	Director and President	Oishi Trading Co. Ltd
2000-Present	Director and President	Oishi Ramen Co. Ltd
2000-Present	Director and President	Oishi Group Public Co. Ltd



Ms. Sunisa Sukphantavorn Director and Executive Vice President

Education

Bachelor Degree in Business Administration (Finance), Bangkok University

Master Degree in MBA, Ramkhamhaeng University

Working Experience

2001- Present	Director and Executive Vice President	Oishi Trading Co. Ltd
2000-Present	Director and Executive Vice President	Oishi Group Public Co. Ltd
2000-Present	Director and Executive Vice President	Oishi Ramen Co. Ltd



Mr. Yeuh-Chin Chiu Director

Education

Bachelor Degree in Mass Communication (Printed media), Sue Ching University

Working Experience

2001- Present	Director	Oishi Trading Co. Ltd
2000-Present	Director	Oishi Group Public Co. Ltd
2000-Present	Director	Oishi Ramen Co. Ltd
1993 -1994	Franchise Manager	Sew Hwei Su Sue Lien Swor Ltd



Mr. Sithichai Chaikriengkrai Director

Education

Bachelor Degree in Accounting (First Honor), Thammasat University
Mini MBA, Kasetsart University

Working Experience

2008-Present	Director	Siam Food Products Public Co. Ltd
2008-Present	Director	Univenture Co. Ltd
2008-Present	Director	Eastern Seaboard Industrial Real Estate (Rayong) Co., Ltd
2006-Present	Director	Oishi Group Public Co. Ltd)
2004-Present	Director and Senior Vice President	Thai Beverage Public Co.,Ltd)
2001-Present	Director	Berli Jucker Public Co., Ltd



Mr. Ueychai Tantha-obhas Director

Education

B. Sc Accounting, St. Louis University, Missouri, USA

Master Degree in MBA, Thammasat University

Working Experience

Present	Director	Oishi Group Public Co., Ltd
Present	Director and Senior Vice President	Thai Beverages Public Co., Ltd
1995-2002	President and Chairman	Rich Monde (Bangkok) Co., Ltd
1994-1995	Managing Director	Sarin Property Co., Ltd
1983-1994	Marketing Director and President	Rich Monde (Bangkok) Co., Ltd
1980-1983:	Product Manager	Colgate Palmolive (Thailand) Co., Ltd



Mr. Pisanu Vichiensanth Director

Education

Ph.D. Engineering Technical University Berlin, West Germany.

Working Experience

2006-Present	Director	Oishi Group Public Co. Ltd
2006-Present	Managing Director	Cosmos Brewery (Thailand) Co.,Ltd
2004-Present	Director and Senior Vice President	Thai Beverages Public Co. Ltd



Mr. Somkiat Chareonkul Director and Executive Vice President

Education

Bachelor Degree in Commerce, Thammasat University

Bachelor Degree in Law, Sukhothai Thammathirat Open University

Working Experience

2006 - Present	Director and Executive Vice President	Oishi Group Public Co. Ltd
Present	Director and Chairman of Audit Committee	Banpu Public Co.,Ltd)
Present	Director	Muangkit Co.,Ltd
Present	Director	Chunthaburi Resort & Spa Co.,Ltd
1999-2001	Deputy Director General, the Revenue Department	Ministry of Finance



Mr. Cholakanta Boobpaves Director

Education

Bachelor Degree in Accountant, Hitotsubashi University, Tokyo Japan

Working Experience

Present	Director	Oishi Group Public Co. Ltd
Present	Vice Chairman and Director	TCC Land Co.,Ltd
Present	Vice Chairman and Director	TCC Land Commercial Co.,Ltd
Present	Vice Chairman and Director	TCC Land Leisure Co.,Ltd
Present	Chairman and Director	N.C.C.Management & Development Co.,Ltd (Queen Sirikit Convention Center)

Present	Chairman and Director	Sports & Recreations Enterprise Co.,Ltd
Present	Director	North Park Golf & Sports Club Co.,Ltd (Rajpruek Club)



Mr. Vikrom Koopirochana Independent Director and Chairman of the Audit Committee

Education

B.A. (History), Chulalongkorn University, Bangkok
 M.A. (History), Michigan State University, USA
 Ph.D. (History), Michigan State University, USA
 Honorary Degree in Humanities from Schiller International University

Working Experience

Present	Independent Director and Chairman of the Audit Committee	Oishi Group Public Co. Ltd
Present	President	Dragon one Public Co.,Ltd
Present	Director	Thai Airways International Public Co.,Ltd
2003 - 2006	Ambassador	London, the United Kingdom
	Ambassador	Dublin, Ireland
2002	Ambassador	Rome, Italy
2000-2001	Deputy Permanent Secretary	Ministry of Foreign Affairs
1997-1999	Ambassador	Wellington, New Zealand
1996	Ambassador	Kuala Lumpur, Malaysia
1991-1995	Ambassador	Singapore
1989-1990	Ambassador Attached to the Ministry	European Affairs, Ministry of Foreign Affairs
1986	Minister Counsellor	Royal Thai Embassy, London, U.K.



Mr. Verachai Tantikul Independent Director and Audit Committee

Education

LL.M., The University of California, at Berkeley, U.S.A.
 Master Degree in Law, Institute of Legal Education, Thai Bar Associate
 Bachelor Degree in Law (Honor), Thammasat University
 National Defence College, class 37
 Director Certification Program (DCP), class DCP 37/2546

Working Experience

Present	Independent Director and Audit Committee	Oishi Group Public Co. Ltd
Present	Senior Legal Advisor	Siam Cement Law Co., Ltd
Present	Committee Advisor	Asset Management Co., Ltd
Present	Taxation Advisor	Siam Commercial Bank Public Co., Ltd
Present	Independent Director and Audit Committee	Pranda Jewelry Public Co., Ltd
Present	Member of the Board of	Revenue Department
	Taxation under the Revenue Code	
2003	Director General,	Ministry of Finance
	Treasury Department	
2002	Director General,	Ministry of Finance
	Excise Department	
2001	Deputy Permanent Secretary	Ministry of Finance
1999-2000	Government Inspector	Ministry of Finance
1992- 998	Deputy Director General,	Ministry of Finance
	the Revenue Department	



Mr. Chai Jroongtanapibarn Independent Director and Audit Committee

Education

Bachelor Degree in Accounting, Chulalongkorn University
 Master Degree in Accounting, Thammasat University

Working Experience

Present	Independent Director and Audit Committee	Oishi Group Public Co., Ltd
Present	Chairman of the Audit Committee	Team Precision Public Co., Ltd
Present	Chairman of the Audit Committee	Major Cineplex Group Public Co., Ltd
Present	Chairman of the Audit Committee	Thai Metal Trade Public Co., Ltd
Present	Director	Siam Future Public Co., Ltd
Present	Audit Committee	124 Communication Public Co., Ltd
Present	Audit Committee	Siam Food Products Public Co., Ltd.)
1980-1997	Director and Chief Financial Officer	Minor Group Company



Mr. Paiboon Kujareevanich **Company Secretary
and Executive Vice President**

Education

Master Degree in MBA, Thammasat University
Bachelor Degree in Accounting, Chulalongkorn University

Working Experience

Present	Company Secretary and Executive Vice President	Oishi Group Public Co. Ltd
2005	Managing Director	Best Spirits Co. Ltd
2003-2004	Deputy Managing Director	Thai Beverages Marketing Co. Ltd
2001-2002	Vice President - Sales	Rich Monde (Bangkok) Co., Ltd
1991-2000	Vice President - Finance	Rich Monde (Bangkok) Co., Ltd



Mr. Paisarn Aowsathaporn **Vice President**

Education

Bachelor Degree in Business Administration, Indiana Institute of Technology,
Fort Wayne, Indiana, USA
Master Degree International Business Administration,
Johnson & Wales University

Working Experience

2007-Present	Vice President	Oishi Group Public Co. Ltd
2004-2007	Director of Operations	Oishi Group Public Co. Ltd
2002-2004	Operations Director and Training Director	Global Kitchen Co., Ltd
1999-2002	Area Manager	Yum Brands



Mr. Preecha Augcharanonda **Director of Accounting and Finance**

Education

Bachelor Degree in Accounting, Thammasat University

Master Degree in Accounting, Thammasat, University

CPA No. 3765

Working Experience

2003-Present	Director of Accounting and Finance	Oishi Group Public Co. Ltd
2001	Manager, Accounting Dept	AMD Thailand Ltd
2000	Director of Finance	The Pizza Public Co.,Ltd.



Mr. Achira Patanasinth **Director of Project Development**

Education

Bachelor Degree in Mass Communication, Bangkok University

Master Degree in Technology Management, Mercer University

Working Experience

2002-Present	Director of Project Development.	Oishi Group Public Co. Ltd
2001-2002	General Manager	Oishi Ramen Co. Ltd
1996-2001	Marketing Manager	Central Pattana Public Co., Ltd

1. Business Nature

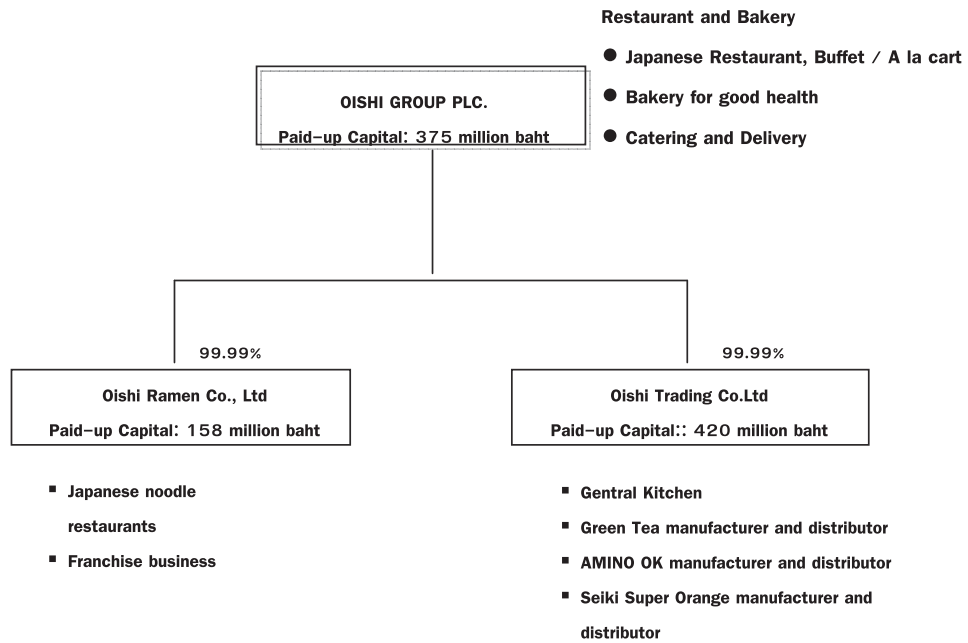
1.1 History and significant development

On September 9, 1999, Mr. Tan Passakornnatee started the first ever Japanesebuffet restaurant in Thailand under the brand “Oishi” at Sukhumvit 55 (Soi Thonglor) with the aim to bring the new and difference both in terms of servicing style and pricing into the market. From that date, the name Oishi skied rocket and have become a very popular brand for Thai customer. In 2000, Oishi Restaurant Company started its operation with 10 million baht investment (The company has changed the name, thereafter, to be Oishi Group Plc. Ltd.). As being very well receptive, the business has expanded dramatically within Bangkok area. With the vision about the business potential, the company has enlarged its base by increasing number of outlet and brands of food and bakery to fulfill different market needs. The chronological history is as the following

The Group's Business Development

- | | |
|------|---|
| 1999 | Started Japanese restaurant operation under the brand "Oishi", the first branch is at Sukhumvit 55 (Soi Thonglor) |
| 2001 | Started Japanese noodle restaurant operation. With mouth watering Japanese noodle in modern style, the business is run under the brand "OishiRamen"
"IN&OUT The Bakery Café", the healthy bakery brand entered the market. |
| 2002 | Started Japanese food on the food line, under the brand "Shabushi"
The Japanese Deli, namely "Oishi Sushi Bar" firstly opened.
"Log Home", the dining complex, started to service. |
| 2003 | Operated new central kitchen at Nawanakorn factory, food and beverage production to support the selling of company shops
"Oishi Green Tea" was launched into the market.
"OK Suki and BBQ" was opened to service
Franchise business for Oishi Ramen and IN&OUT was started |
| 2004 | Oishi Group has become a public company since March 3, 2004
Started trading in SET under the name "OISHI" on August 25, 2004
Oishi Buffet Franchise began operated
"Oishi Grand" has opened to service at Siam Discovery with modern Japanese buffet style and luxurious image. There is variety of rare and premium food. |
| 2005 | Produced and distributed fruit juice mixed Amino under the name "Amino OK" |
| 2006 | Amata Nakorn plant started its operation in June, 2006
New orange drink under the brand, "Seiki Super Orange" was introduced to the market in November, 2006. |
| 2007 | "Chaitalay" restaurant was launched
Seiki Pomegranate was launched
Oishi Black Tea was launched |
| 2008 | March 2008, Oishi launched a new RTD product namely, "Coffio".
Maido Ookini Shokudo, a Japanses franchise restaurant was launched. |

Oishi Group Structure



1.2 Overall business operation

1.2.1 Oishi Group Plc. Ltd. and its subsidiaries have two main businesses:

- Japanese food and bakery restaurant consist of four categories:
 - Japanese Buffet
 1. Oishi Grand (1 outlet)
 2. Oishi Buffet (2 outlets)
 3. Oishi Express (11 outlets)
 4. Shabushi (19 outlets)
 - A La Carte Food Outlets
 1. Oishi Ramen (26 outlets)
 2. Home Delivery (10 outlets)
 3. The Log Home (1 outlet)

- 4. OK Suki and Bar-B-Q (1 outlet)
- 5. Maida Ookini Shokudo (1 outlet)
- Food Kiosk and Healthy Bakery
 - 1. Sushi bar (10 outlets)
 - 2. IN & OUT The bakery café (11 outlets)

As of December 31, 2008, the company owns a total of 97 chain restaurants throughout Bangkok, and major cities i.e. Chiang Mai, Pattaya, Chonburi and Phuket (93 of which are operated by the company, and the other 4 outlets are the company's franchises in Phuket).

1.2.2 Beverages

The company is the manufacturer and distributor of several RTD drinks, packaged in many type of containers

Beverage	Flavor	Bottle				Carton		
		500 ml	470 ml	230 ml	350 ml	1000 ml	250 ml	160 ml
Green Tea	Honey Lemon	X				X	X	X
	Japanese Rice	X				X	X	X
	Original	X				X	X	X
	Lemon Black Tea	X					X	
	Sugar Free	X						
	Apple Kiwi	X						
	Mixed Berry	X			X			
	Slim CG 300	X						
	Chorlophyll				X			
	Zero				X			
Amino OK	Lemon		X					
	Cherry		X					
	Orange		X					
Seiki	Orange				X			
	Pomegranate				X			
Coffio	Latte			X				
	Mocha			X				
	Espresso			X				

1.3 Revenue Structure

	Income by business type	Operated by	% Share of the company	Balance Sheet					
				2008		2007		2006	
				Million Baht	%	Million Baht	%	Million Baht	%
1	Food and Bakery Business	The company and Oishi Ramen	99.99%	2,636.0	44%	2,038.8	44%	1,802.3	46%
2	Beverage	The company and Oishi Trading	99.99%	3,316.5	56%	2,546.4	56%	2,148.1	54%
Total				5,952.5	100%	4,585.2	100%	3,950.4	100%

1.4 Business objectives

The company aims to increase 20 outlets per year so as to spread its business that covers both Bangkok and major provinces, where there are having high purchasing powers.

The company has set its goal to maintain the leader in the beverage business 2009, as well as, expand its customer base in both local and overseas markets From the good reception of 'Oishi Green Tea' that has been launched since 2003, it shows that the drink is very popular among the consumers. Therefore, the company plans to launch more healthy beverages that related to its core products – Japanses food and green tea drink, into the market to the increase the company's source of income.

Export market

Oishi green tea has been sold in Laos, Cambodia, Australia, Canada, Switzerland, Sweden, Hungary, etc. In 2000, the company determines to expand the export volume by 15% with the plan to introduce the drink to new overseas markets.

2. Risk Factors

2.1 The risk in new product development

Before a new product is introduced to the market, the company has to invest a big amount of money in quality control, packaging design, flavor tasting, advertising and promotional plans. In the past, the company has not yet succeeded in developing some new products, since they are not popular among consumers. The company has concentrated on the preparation for new product development since and we believe it will increase the company's success rate.

2.2 Location sourcing for outlet expansion and current location retention

Since location is the key factor for a successful restaurant business, competition for area possession is currently radical. This is deemed a limitation for those who aim to increase the new outlet in department store or a specific community. Normally, short term location rental contract lasts for 3 years plus another 3 years, there is a high risk that some of the company's rental contracts could not be renewed, or the rental might be increased.

2.3 Waste of raw materials and products.

One of the key factors for food business is good quality and freshness of raw materials and products. For the company, over 50% of raw materials and products are meat product, seafood, vegetable, fruit and bread, which have short life. With this reason, effective raw material management greatly affects production cost and therefore the company competitiveness. To reduce waste of expired raw materials and to preserve quality and freshness, the company has purchase and inventory policy to make a purchase on daily basis. The materials are restored in temperature controlled rooms. Also, First-In-First-Out (FIFO) inventory control scheme is put in used.

2.4 The Limitation of raw material

The company's commitment to produce only quality products has restricted us to buy raw materials from few suppliers. Some materials are even limited to only one supplier. Such limitation can either cost us scarcity in raw materials or reduce our power in price negotiation. At this moment, the company's Products Research Department and Purchasing Department are looking for more quality suppliers.

2.5 Fluctuation in raw material cost

Factors such as the rise of fuel cost, the use of plants as alternative energy, the drastic demand for raw materials from China has caused the rise production cost i.e. fuel, transportation, paper fiber, flour, dairy products, vegetable oil and petroleum packaging. The company therefore, has secured medium to long term contact with the suppliers to avoid possible difficulties.

3. Business Operation

Oishi Group has valued the essentials of four business strategies in order to successfully operate Japanese food restaurant and green tea businesses, which are;

(1) *Strengthen the brand by offering high quality healthy products.*

Ever since its establishment, the company has one clear principle to align business operation that offers high quality Japanese food restaurants under the umbrella brand “Oishi”. It has made the brand well receptive among consumers. At present, Oishi is widely accepted and extremely popular among health conscious consumers.

(2) *Customer analysis and continuous marketing activities*

From its past experience, the company realizes the importance of customer analysis as the key strategy to gain customers' satisfaction. The key targeted consumers are those being health conscious, having modern lifestyle and loving healthy food and beverages. Japanese food and green tea serve these consumers' demand. So far, the company has communicated to these consumers via marketing communication strategies, TV, radio, and other printed media. Besides, consumers' feedback has been employed for product improvement continuously.

(3) *Effective cost management*

The company realizes the importance of raw material cost management and bargaining power with distributor. This is to maintain cost and company performance. Effective cost management of the company arises from Central kitchen, which is the production and distribution center creating economy of scale and bargaining power with raw material vendors.

(4) *Strategy to utilize the benefit of wide coverage distribution channels*

The company has been dealing business with experienced distributors and is equipped with strong in-house marketing team; it ensures high accessibility of the company's products to its consumers.

3.1 Featured Products and Services

Main business of the company could be divided into two main categories;

3.1.1 Japanese food restaurants and bakery outlets

Under the umbrella of the company and Oishi Ramen Co., Ltd, the products and services in this section can be categorized into five characteristics;

(1) *Japanese buffet restaurant*

Oishi Japanese Buffet Restaurant

The company introduced the first ever Japanese buffet restaurant in Thailand with the concept “All you can eat but pay what you have left”. The business is differentiated from other buffet restaurants with more menu variety of 150 items including Japanese, Chinese and European food with the proportion 70:20:10 respectively. In special occasion, the restaurant will offer premium and rare food to add variety and value to consumers according to the policy to offer good food quality, service quality and value for money to customers.

Currently, “Oishi Buffet” opens daily from 11.00 hrs – 14.00 hrs (Noon Round), 14.00 hrs – 16.30 hrs (Afternoon Round), and 17.00 hrs – 22.00 hrs (Evening Round). The price is differed at different round of services, from 499++ baht (Noon Round and Evening Round) and 399++ baht (Afternoon Round).

Oishi Express

Like Oishi Buffet, the brand also offers Japanese buffet. Although the restaurant does not set time round, it has limited the service period to 1.45 hours at the price of 329++ baht with comparable quality as Oishi Buffet. There are some adjustments in the menus to serve customers’ preference.

Shabushi

The brand offers buffet on food conveyor at economy price. The focus is on middle income group. Shabushi offers 2 Asian’s popular menus, which are Shabu-Shabu and Sushi at the price of 229++ baht. The restaurants open daily with 1.15 hrs limited to each session. Extra 20 baht is charged for additional 10 minutes for each person. This is to increase turn-over rate due to seating limitation.

Oishi Grand

“Oishi Grand” is located on the 2nd floor of Siam Discovery. The restaurant has the ambience of a five-star hotel and offers up to 150 rare menus made from many imported ingredients. It is opened to service twice a day; noon round starts from 11.00 hrs to 15.00 hrs at 550++ baht per person and the evening rounds starts from 17.00 hrs – 22.00 hrs at 650++ baht per person.

(2) A La Carte Japanese food restaurants

Oishi Sushi Bar

Oishi Sushi Bar is opened to service in order to fulfill the change of behavior and the demand of consumers for convenience and speed of a meal. Oishi Sushi Bar offers take away Japanese food in kiosk style at department stores, supermarkets and other food outlets under Oishi Group. There are 3 styles of products in over 75 menus in total where the price starts at 10 baht i.e. Nikiri, Maki, and Sasimi.

Oishi Ramen

The brand operates Japanese noodle, called ramen, which the recipe has been developed for its uniqueness of noodle and soup to fit with Thai taste. Both Thai and Japanese styles are offering with over 50 menus. Aside from ramen, a variety of Japanese sushi menus and other A La Carte menus, including desserts are available. The company selects high quality of food ingredients and soup recipe in order to provide the customers with delicate noodles and mellow-tasting soup.

OK Suki and B-B-Q

The restaurant offers both Japanese Suki and B-B-Q under the name OK Suki and B-B-Q to add food alternative and variety to consumers. Currently the outlet is located in Chonburi.

Log Home Dining Complex

The company has opened a Dining Complex under the name "Log Home" in the middle of Soi Thonglor (Sukhumvit 55) on a 4000-sqm area. The restaurant is aimed at middle to upper income group. It is split into 5 styles of restaurants with party room carrying 50-300 persons and Karaoke. The restaurants under Log Home are as following;

Teppanyaki	Japanese style steak with performing chef during the meal. The food is served with soup, salad, fried vegetable, rice, fruit and Japanese green tea in one set.
B-B-Q & Shabu-Shabu	Offer BBQ and Japanese suki with grill and pot on each table for their own cooking at the flat rate of 299++ baht.
Mori Japanese Restaurant	Japanese food restaurant offering A La Carte made from imported ingredient. Various menus to be offered including maki, sasimi and set menu
Log Cabin	Offer Thai food from skillful chef within western ambience, where beverage and live band entertainment are served all night.

(3) Bakery Outlet

The products are divided into 2 types 1) bakery, which divided into 4 types; cookies & cakes, sweet bread, croissant, French bread. There are over 200 bakery menus to fill up customers' selection. The bakery is freshly produced on daily basis with high quality natural ingredients and fine refinement grains through fine production process. 2) High nutritious and unique beverages over 30 menus for

health conscious people including gourmet coffee, milk beverages and milk products, fresh fruit juices. Shop interior and decoration are designed to be modern and flexible. Some of them have counter seating.

(4) Catering and Home Delivery Services

Oishi Catering

Catering service for parties like wedding party, engagement party and seminar. It offers full catering service with experts and necessary facilities. Various foods offered are from various restaurants in Oishi network. There is also a rental area on the 3rd floor at Log Home tower for 50-300 seats for any party.

Oishi Delivery

Delivery service with Tel No. 0-2712-3456 from 10.00hrs-21.00hrs to offer more convenience to consumers. Minimum price is at 200 baht and 20 baht charged for delivery service. Free of delivery service charge for any order over 300 baht.

There are 5 types of food

- 1) Bento set
- 2) Sushi & Sashimi set
- 3) A La Carte
- 4) Dessert
- 5) Green Tea, Amino OK and Seiki

(5) Restaurant Business Franchises

The company sees an opportunity to expand the service to cover high potential area in upcountry by utilizing the brand 'Oishi', so the franchise has been started. The company has developed high standard franchise system for efficient and synchronized operation and management. In order to operate a franchise business, the franchisee must study and understand the details of the regulations and conditions of the company's franchise system. Also, the franchisees must strictly abide by the regulations for the benefits of the franchise network.

At present, the company has sold a total of four franchises in Phuket, which are two franchises of IN&OUT, one franchise of Oishi Ramen and one Oishi Buffet franchise. The franchises have been operated since September and November 2004.

(6) Beverage Business

During the fourth quarter of 2003, the company decided to invest in the green tea drink manufacturing plant, under the operation of Oishi Trading. The operation starts from tea leaf selection, then standard

production in sterilize process, without preservatives or coloring. Green tea is sweetened by fructose (single molecule sugar from plants and fruits, which is 1.6 times sweeter than sugar but the body could absorb faster than normal sugar).

BOI Investment Promotion Privilege

On July 30, 2003 Oishi Trading Co.,Ltd. has been granted BOI Investment Promotion Privilege for manufacturing fruit and vegetable juices in sealed packaging, which details as follow; BOI Investment Promotion Privilege no. 1475(2)/2546 for manufacturing sealed fruit and vegetable juices under the activity code 1.11: Manufacture or preservation of food or food ingredients, using modern technology.

Summary of BOI Privileges

- Highly skilled expatriate are allowed to work in the country with BOI board's designated amount and period of time. However, they are specified to do the task as the committee agreement.
- Import tariff exemption for machinery according to the committee agreement.
- Tax exemption for corporate net profit from the operation from BOI privilege must not exceed 100% of total investment excluding land and working capital. This is allowed for 8 years from the first day with income flow from the business. For the case that the company loses from operation, income tax exemption will be granted by deducting from net profit gained after exemption allowance period which must not exceed 5 years since the day the allowance period ends. The company can choose to deduct the net profit of a year or allocate to many years.
- Exemption for dividend tax during eight years of allowance
- Allow to transfer the money in and out of the country in foreign currency.

Crucial conditions are summarized as following:

- Speed up training or supporting Thais to operate in place of foreign technicians or experts within designated period.
- Machinery getting BOI privilege must be new machinery (First hand).
- Has production capacity of sealed bottle of fruit and vegetable juice at 238.2 million liters (16 hrs/day: 300 days per year).
- The person with Thai nationality must own at least 51% of total registered share.
- Has to operate to get ISO 9000 within two years.
- The factory must be constructed within Navanakorn industrial estate in Pathumthani

On December 6, 2005, Oishi Trading received acceptance letter from BOI for additional investment promotion for fruit and vegetable juice production in sealed bottle for the new factory operated in Amatanakorn industrial estate.

Crucial privileges are summarized as following:

- Allow to import foreign technician to the country according to the designated number and period. However they have to work in specified tasks as the committee agreement.
- Tariff exemption for machinery according the committee agreement.
- Corporate income tax exemption is allowed for 8 years since the first day with income flow from business. The company is allowed to deduct the losses after the year of allowance. And it is allowed to choose to deduct for only one year or many years after the allowance period ends.
- Exemption for dividend tax during eight years of allowance.

Important conditions are summarized as follow:

- Speed up training or supporting Thais to operate in place of foreign technicians or experts within designated period.
- Machinery getting BOI privilege must be new machinery (First hand).
- Has production capacity of sealed bottle of fruit and vegetable juice at 144 million liter (20 hrs/day: 300 days per year).
- The person with Thai nationality must own at least 51% of total registered share.
- Has to operate to get ISO 9000 within two years.
- The factory must be constructed within Amartanakorn industrial zone in Chonburi.
- During the first three years, at least one percent of employees must hold bachelor degree or higher in scientific filed or related field of research and development or design.

3.2 Marketing and competitive situation

3.2.1 Marketing Strategies for Restaurant and Health Bakery Businesses

1. *Product strategy*

Quality And Value For Money Of Product And Service

The company has a policy that focuses on quality of food and value for money for customers to ensure long-term customer satisfaction. The principle is a key to success for Oishi. The selection of food and ingredients used at Oishi Group's outlets are carefully done from the high quality sources that reach nutritional standard and hygiene. The company has a regular monitoring system for materials to be processed to ensure freshness, cleanliness and safety to create value for money among customers both in terms of quantity and price.

Variety Of Products And Services

Oishi groups have 5 target groups as following;

1. Oishi Japanese Buffet Restaurant and Log Home Dining Complex focus on middle to upper income group.
2. Shabushi, Oishi Express and OK Suki and BBQ focus on middle income group.
3. Oishi Ramen focuses on teenagers and those who require fast service..
4. IN&OUT the Bakery Cafe focuses on middle income group who care about health.
5. Oishi Sushi Bar focuses on middle income group who cares convenience.

Wide Menu Selection

The strategy of diverse and artistic food styling is a trait that attract the customers and encourage them not to attach to only one type of food. This strategy satisfies the company's customers and help the company to cut the cost of raw material. Oishi Buffet is set to change some of its menu once every three months. The restaurant carefully selects Japan's seasonal food, under the promotion campaign, 'Celebrate of Nature'.

2. Outlet expansion to cover target areas

The company expands outlets to cover area in Bangkok and vicinity area, especially in department stores for the convenience of the customers.

3. Promotion and advertising

Aggressive and continuous promotional activities have been applied to increase sale volume, serve consumer's demand and create customer satisfaction. To induce repeat purchase and base expansion, the company introduced membership card.

Also, the brand "Oishi" has been publicized through various media like TV, radio, and billboard.

4. Co-Promotion Among Oishi Group's House Brands

The company has been using effective spider marketing to lower management cost and support business in the group. Therefore, marketing activities of the brands in Oishi group have reached the target continuously and efficiently.

5. Pricing, Customer Characters And Customer Relations

The company has offered various products and brands to serve different needs among target consumers like students, working people, family group and health conscious people.

Beverage marketing strategies

1. *Product strategy*

Product and service quality

Quality is the main focus of the company's policy. Green tea production process is highlighted for its production quality from hygienic water via reverse osmosis process (RO), tea leaf refinement, the use of fructose syrup instead of normal sugar until hygienic and standardized production process without preservatives and artificial coloring. These make Oishi Green Tea different from other green teas and to be the real natural & healthy product.

Product variety

Variety becomes another focus as it encourages consumer demand and consumption consistency. The company launches 3 flavors of green tea under different package with unique style to suit consumers' need. Besides, the company has packaging adjustment and new flavor launch in special occasions like Christmas, Valentine, and New Year. The special products are limited

2. *Pricing strategy to expand the customer base*

The company has two different prices of RTD green tea with the plan for customer base expansion. PET is set at 20 bath per bottle and 35 baht per bottle for CG 300 for housewives and working people, while UHT packages are priced at 35 baht and 10 baht per bottle for teenagers and students. For Amino OK and Seiki Super Orange, the price is set at 20 baht for a PET bottle.

3. *Distribution channel strategy*

According to wide spread to the target market, Oishi Group has managed product distribution through several channels 1) Through major distributor distribute to retailers. Since 2003, Oishi Group has appointed Diethelm Co.,Ltd., the original distributor to for modern trade and whole seller and retailer across country. Then in 2004, Oishi Group has appointed Sermsuk Plc. for distributing to food outlets and grocery stores across the country. Sermsuk Plc. now operates 1,500 distributing trucks which could access approximately 28,000 shops every 3 days. 2) Through Oishi Group of restaurants to reach Oishi customer. 3) Through appointed dealer to access to retail shops. During the fourth quarter of 2008, the

company appointed Thai Beverage Public Co., Ltd to replace Diethelm Trading Co., Ltd ad the company's distributor for five years. 4) Through exporting

4. *Sale Promotion and advertising media*

The company has consistently involved in promotional activities i.e. radio and TV sponsorship, promotion poster and sale promotion. The activities have been done continuously all year and joint exhibition or event booth to create brand and product awareness among consumers.

3.2.2 Industry and competitive situation

Market Condition of Japanese Food

Japanese food market has grown dramatically. According to a research in 2007, there are 660 Japanese restaurants in Thailand; placing the country at the fifth biggest foreign market for Japanese restaurant business (The top four are the U.S., China, Taiwan and South Korea). The research also found that Japanese food is the most popular foreign dish among Bangkokians (Other popular cuisines are Chinese, American, Vietnamese and Italian.) This rising trend has resulted the import of Japanese franchises that causes fierce competition. The company has therefore, bought a Japanese franchise called Maido Ookini Shokudo.

Market Condition of Tea beverage

In 2007, the growth of RTD green tea market has increased from the year 2006. Oishi has the continuous boost of market shares throughout 2007 and several competitors has retreated from the green tea market as the consumers have more alternatives in the beverage market such as juice drink, nutrition drink, milk etc. The remaining competitors have concentrated on launching new and improved products, as well as compete with pricing strategy. However, the company is confident that it will be able to maintain at least 70% of the market share since the company has solid branding and effective marketing strategies.

3.3 Product and Service Procurement

Oishi Trading Co.Ltd is considered as the center for the Oishi group in sourcing and distributing raw materials. It is also responsible for storing raw material, as well as processing the materials, of which quality and standard must be preserved. and deliver to various outlets. Also, the central kitchen produces the company's bakery and sushi, as well as all the beverages, in order to deliver to all the restaurants in the group

3.4 Business Limitation

-Not Available-

4. Research and Development

The company's research and development has been conducted by product management team from each line. Two specific purposes for R&D are market survey to follow up customer satisfaction and opinion towards the products, and to have product innovation introduced to the market on regular basis. This is to add product variety to the market and to grow customer base. R&D also includes the study to store products for longer period without preservatives. Besides, the company has a plan to cooperate with each product management team to syndicate R&D team for better information analysis to capture all changes in consumers' behavior.

5. Business Asset

Business operation asset has book value as of December 31, 2008 as following;

5.1 Land and land improvements

Oishi group has land and land improvements for business operation at the book value as of December 31, 2008 as the following details;

Land and Land improvements	Type of possession	Net book value (million baht)	Collateral for Loans
Land with 35-1-47 rai with improvements No. 60/68 Moo 19 , Navanakorn Industrial Zone 2, Klong Nueng, Pathumthanee	Owner	163.39	None
Total		163.39	

5.2 Buildings and Building improvements

Buildings are used for business operation with book value as of December 31, 2008 as the following;

Buildings and Building improvements	Type of possession	Net book value (million baht)	Collateral for Loans
Green tea Plant and Central Kicthen No. 60/68 Moo 19, Navanakorn Industrial Zone 2, Klong Luang, Pathumthanee	Owner	257.88	None

Buildings and Building improvements	Type of possession	Net book value (million baht)	Collateral for Loans
Green tea Plant No.700/635 Moo 3 Amata Nakorn Industrial Estate, Bankao, Panthong, Chonburi	Leased	166.03	None
Total		423.91	

5.3 Rental agreement

As of December 31, 2008, the company has rental contract for Japanese food restaurant business and healthy bakery outlets with retailers for 89 contracts. Mostly they are short term with the period of 3 years and another 3 years for renewal. Many contracts will be expired in 2010-2011

Leasehold Rights

Majority of location for Oishi business are under the contract of 3 years with another 3 years for renewal. This is to lower risk of engagement and fluctuation from economic change. Only some outlets have long term agreement for location in department stores. Net book value as of December 31, 2008 is as following;

Area/Location	Rental period/Expiration	Net book value (million baht)	Collateral for Loans
1st floor, Seacon Square, No. 1053-1054 in 292.58 sq.m. area	21 years and 9 months/Expire 2024	18.36	None
The Mall Ngamwongwan. GFC1A in 220 sq.m.area and GFC1B in 101sq.m. area	17 years and 9 months/ Expire 2019	9.12	None
The Mall Bangkapi GF-F5A in 300 sq.m.area and GF-5B in 52 sq.m area	20 years and 8 months/Expire 2022	26.58	None
Central Plaza, Pinklaow, G45 in 160.15 sq.m area	13 years and 5 months/Expire 2022	7.76	None
MBK , 1A 08-09 in 97.64 sq.m area	7 years /Expire 2013	10.00	None
Future Park ,Rangsit, B56 in 134 sq.m area	15 years and 6 months/Expire 2021	10.21	None
Esplanade,Ratchada, B41 in 288 sq.m area	24 years and 2 months/Expire 2031	29.32	None
Total		111.35	

5.4 Machinery

As of December 31, 2008, machinery for business operation is as following;

Type of machinery	Net book value (million baht)	Collateral for Loans
Machinery-Beverage	518.85	None
Machinery-Food	20.04	None
Total	538.89	

5.5 Decoration and internal system

As of December 31, 2008, decoration and internal system for business operation is as following;

Type	Net book value (million)	Collateral for Loans
Decoration	107.86	None
Internal system	150.21	None
Total	258.07	

5.6 Construction in progress and installation

Construction in progress and installation as of December 31 2007, is as following;

Type	Net book value (million)	Collateral for Loans
Plant improvements	28.17	None
Tools and Equipments	41.71	None
Branches in Progress	9.42	None
Total	79.30	

5.7 Other assets

Other assets include office equipment, furniture and fixtures, restaurant utensils and vehicles. Net book value as of December 31, 2008 is 84.94 million baht.

5.8 Service Trademark

In March 2004, Oishi Group got approval to use service trademark for Oishi both Thai and English, together with Oishi logo and the word “Oishi” both in Thai and English, “In & Out the Bakery Café” logo, and “Oishi Ramen” logo.

5.9 Trademark

The Company got approved to use trademark from the Intellectual Property Department for Oishi both

Thai and English, together with Oishi logo, the word “Oishi” both in Thai and English. The approval also covers Oji and Ami Mascot both in Thai and English, and “Amino OK” both in Thai and English. In 2008, the Company also got approved to use trademark for “Coffio” in English.

5.10 Investment policy for an investment in subsidiary and affiliates

As of December 31, 2008, the company has invested in 2 subsidiaries, which are Oishi Ramen Co. Ltd. and Oishi Trading Co. Ltd. Both are running Japanese noodles and Japanese food, bakery, and RTD green tea respectively. The company is holding 99.99% shares of the share capital in both companies.

6. Future Projects

With the goal to maintain leading position in the market, the company has a plan to increase the number of outlets at approximately 20 branches a year, either the company's own investment or by franchising system. Investment per branch is around 1.3-18.5 million baht depending on business type.

The company has planned to invest in the installation of Cold Aseptic Filling PET production and bottling machine, worth 1,430 million baht.

7. Legal Cases

As of the year end of December 31, 2008, the company and its subsidiaries has not been involved any legal case against the third party.

8. Capital Structure

8.1 The Company's Securities

As of the year end of December 31, 2008, the company has 375 million baht of authorized capital. It can be categorized into 187.5 million common stocks, with the par value of two baht par share and 375 million baht worth of paid-up capital.

8.2 Shareholders

Major shareholders and stock holding proportion based on authorized and paid-up capital are as follow;

No.	Shareholders	As of December 31, 2008	
		No. of Stocks	Percentage
1	Thai Beverage Public Co., Ltd	168,610,199	89.925
2	Thai End VDR Co.Ltd	7,064,800	3.768
3	Mr. Tan Passakornatee	6,562,500	3.500
4	Uob Kay Hian Private Limited	3,328,700	1.775
5	Mr.Chiu Yueh-Chin	1,241,500	0.662
6	Sis-Segaintersettle AG	60,000	0.032
7	Mr. Traipop Limprapat	60,000	0.032
8	Merrill Lynch,Pierce,Fenner & Smith Inc.	59,993	0.032
9	Mr. Niphon Pongprueksa	49,000	0.026
10	Mr. Jaruek Kaljaruek	40,000	0.021
11	Pershing LLC-Customer Safekeeping	25,500	0.014
12	Mr. Thawit Thimaporn	20,000	0.011
13	Mr. Chatree Thongnuam	16,000	0.009
14	Thailand Securities Depository Co.,Ltd	12,800	0.007
15	Mr. Pornchai Poonpuangsap	11,550	0.006
16	Ms. Usanee Chunprapab	10,700	0.005
17	Mr. Joompol Ungsupali	10,000	0.005
18	Ms. Kobkul Meensuk	10,000	0.005
19	Mr. Bhumin Silaphan	10,000	0.005
20	Ms. Chinda Songsermkijcharoen	10,000	0.005
21	Minority Shareholders	286,758	0.15
		187,500,000	100

8.3 Dividend policy

The company and its subsidiaries have policy offering dividend not lower than 40% of the net profit, after tax deduction and legal reserve. Dividend payment does not have a considerable impact on the company's performance. Dividend payment must be approved among shareholders and the Board of Directors.

9. Structure of Management

9.1 The Board Committee Structure of 2008

The company's board committee structure is consisted of five sets of managerial committees; Board of Directors, Executive Committee, Audit Committee, Risk Management Committee and Remuneration Committee.

9.1.1 The company's Board of Directors

The board of directors comprises of 13 members

(1) Mr. Narong Srisa-arn	Chairman
(2) Mr. Thapana Sirivadhanabhakdi	Vice Chairman
(3) Mr. Tan Passakornnatee	Director
(4) Ms. Sunisa Sukphantavorn	Director
(5) Mr. Yeuh-Chin Chiu	Director
(6) Mr. Sithichai Chaikriengkrai	Director
(7) Mr. Ueychai Tantha-obhas	Director
(8) Dr. Pisanu Vichiensanth	Director
(9) Mr. Somkiat Chareonkul	Director
(10) Mr. Cholakarnta Boobphaves	Director

- | | |
|-------------------------------|--|
| (11) Mr. Vikrom Koompaichana | Independent Director and Chairman of the Audit Committee |
| (12) Mr. Verachai Tantikul | Independent Director and Audit Committee |
| (13) Mr. Chai Jarungtanapibal | Independent Director and Audit Committee |

Authorized Directors are as follow:

Mr. Narong Srisa-arn, or Mr. Thapana Sirivadhanabhakdi, or Mr. Sithichai Chaikriengkrai, or Mr. Somkiat Chareonkul, either one of them has to sign an agreement with Mr. Tan Passakornatee, or Ms. Sunisa Sukphantavorn, or Mr. Yeuh-Chin Chiu, or Dr. Pisanu Vichiensanth, Mr. Ueychai Tantha-obhas or Ms. Cholakarnta Boobhaves. The total of two signers is needed, along with the company stamp.

Authorities of the Board of Directors

The board must use his/her knowledge to benefit the company's business by obliging to law, objectives and obligation agreed upon shareholder conference. The board must allow internal auditing and monitoring and effective management. Also, information transparency, responsibility towards shareholders is a must. The board is obliged to refrain from any competition or anything/any business related to the business that is competing with the company. The board is allowed to appoint any person or team to be a representative for any business conduct or operation. The following deeds would need to get approval from shareholder conference before taking action;

- (1) Issues which are compulsory, by law, to have shareholder conference's approval.
- (2) Any deed that yields the board gain or loss or any deed that is obliged, by SET regulation, to have Shareholders' Meeting approval. Those who potentially have conflict of interest are 1. the company board, 2. The major shareholders, 3. those who have the company's authority, 4. Those who have close relationship with the persons in 1, 2, and 3 via either blood line or marriage. The persons could be parents, married couples, son/daughter or close relatives, 5. Company of those mentioned in 1, 2, and 3 or the company that those mentioned in 1, 2, and 3 holds share/stock will not have right to vote for any issue that might initiate the conflict of interest.

The following issues would need an approval from not less than three-fourths of total votes of Board of Directors and Shareholder's attending the meeting and having voting rights.

- (1) Buying or transferring a part or total parts of the company's business to others.

- (2) Making a purchase or receiving a transfer of a private company or public company.
- (3) Making/changing/dismissing and agreement for company rental or assigning any party to take control over the company.
- (4) Making any adjustment in company registration document or the company regulations
- (5) Increasing or decreasing authorized capital or issuing debentures.
- (6) Terminating company's business.
- (7) Merger and acquisition with other companies.
- (8) Any issue remarked in SET Act and SET announcement that would need to get approval from shareholder conference e.g. buying and selling authorized capital or any interrelated business.

The board of directors requires an orientation for every new director, so that the director will acknowledge the company's expectation regarding the role, and responsibility of the director, the policy and regulation in company's management that shall be abide by the director; as well as create knowledge and understanding in the business and the operation of the company. Also, the new director is required to visit all the company's operating divisions for the readiness of the director.

The board of directors has the policy to enhance the directors with diverse knowledge and skills i.e. the directors are encouraged to take part in seminars, and training courses organized by the Thai Institute of Directors (IOD).

9.1.2 The Executive Board

The 10 members of the executive committees are;

- | | |
|-----------------------------------|---------------|
| (1) Mr. Narong Srisa-arn | Chairman |
| (2) Mr. Thapana Sirivadhanabhakdi | Vice Chairman |
| (3) Mr. Tan Passakornnatee | Director |
| (4) Ms. Sunisa Sukphantavorn | Director |
| (5) Mr. Yeuh-Chin Chiu | Director |
| (6) Mr. Sithichai Chaikriengkrai | Director |
| (7) Mr. Ueychai Tantha-obhas | Director |
| (8) Dr. Pisanu Vichiensanth | Director |
| (9) Mr. Somkiat Chareonkul | Director |

(10) Ms. Cholakarnta Boobphaves

Director

The Executive Board's Authority

- (1) Follow the company's policy, which obliges to law and regulation, except for those issues subjected to the consent of shareholders.
- (2) Hold the authority to propose instruct and set business policy and strategy to the company's board of directors.
- (3) Set business plan, management authority, annual business budget and annual expense budget to be proposed to the company's board.
- (4) Effectively handle business administration of the company and its subsidiaries according to the company's business policy, goals, operational plan, budget and management authority as approved by the board of directors.
- (5) Handle the company's general administration that include recruiting, training, making employment, and termination of employment. The authority however, does not include the termination of vice president onwards.
- (6) Approve the company and its subsidiaries' business transaction as followed;
 - 6.1 Approve of credit offered by a financial institution or loan requested to a financial institution, giving collateral or making any payment for business administration e.g. branch expansion investment or any regular business expense.
 - 6.2 Approve the annual budget of the subsidiaries

The authority heretofore mentioned has limited the approval of the executive board to 100 million baht or equivalent or as approved by the board of directors. The exemption is in the case of asset retirement, where the executive board is authorized to approve an amount fewer than 10 million baht or the payment of entertainment expense, charity and promotional products, where the executive board can authorize an amount fewer than three million baht. However, the limitation can be changed if the board of directors find appropriate.

- (7) Hold the authority to approve the opening of deposit account with domestic financial institutes, including the authority in payment making through the company's deposit accounts.
- (8) Hold the authority to approve the budget for annual increase of salary and bonus of the employees of the company and its subsidiaries, except the post of vice president onwards.
- (9) Hold the authority to approve any payment as assigned by the board of directors.

- (10) Hold the authority to making employment, termination of employment, employment promotion, disciplinary employment, reshuffling, adjustment of salary, bonus, welfare and other benefits of employees, whose positions are not higher than managing directors. The executive board also holds the authority to make consideration regarding other meritorious efforts of employees, except those in position higher than the company's president. Also, the signature authority for employment contract is designated to the managing director or the appointed members of the executive board.
- (11) Hold the authority to appoint the company's representative directors and/or the administrative subcommittee in the subsidiaries, who will be successfully carrying through the management plans as assigned by the company.
- (12) Supervise and make decision on the company's operation and may appoint proxies to delegate for the executive board as appropriate. For example, the executive board can appoint an ad hoc subcommittee to consider the increase of salary and bonus for the employees in the level of the head of departments to the vice presidents; the executive board can also appoint ad hoc committee, who are experienced in some specific areas, to filter the works before they being presented to the executive board. The board also has the power to revoke, make amend the scope of the appointed authority.
- (13) The executive board is bound to conduct any duty assigned by the company's board of directors.

In addition, an approval of the above authorities must not bring to the conflict of interest for or among the Board of Directors (as of set by SEC) and sub-companies. Since those who involve in any conflict of interest will not have a right to vote.

9.1.3 The Audit Committee

The three audit committees are;

- | | |
|-------------------------------|----------------------------------|
| (1) Mr. Vikrom Koopairochana | Chairman of the Audit Committees |
| (2) Mr. Verachai Tantikul | Audit Committee |
| (3) Mr. Chai Jroongtanapibarn | Audit Committee |

Remark: *Mr. Verachai Tantikul resigned from Independent Director and Audit Committee positions, effective since February 24, 2009, and the Board of Directors no. 1/2552 on February 23, 2009 appointed Ms. Potjanee Thanavarani to be the Independent Director and Audit Committee, effective February 24, 2009.

Term for Audit Committee

The Audit Committee has the same term as other directors.

The Audit Committee's Authority

The Audit Committee has the following authority;

1. Review the operation of the company, to be in-line with the Securities Law, the rules and regulations of the Stock Exchange of Thailand, and other related laws.
2. Review the Internal Control and the Internal Audit of the company, so that the company carries appropriate, sufficient and efficient Internal Control and Internal Audit systems; as well as making approval of the appointment, transference and dismissal of the head of internal audit.
3. Review the company's financial report; as well as the sufficiency of the company's disclosure of information in the case of conflict of interest, in order to certify that the company's financial report is accurate, based on the standard of certified accounting.
4. In charge of the selection, and appointment of the company's certified accountant, including considering of the accountant's fee.
5. Review any matter that might relate to the company's conflict of interest, to be in-line with the rules and regulations of the Stock Exchange of Thailand.
6. Preparing the report of the Audit Committee to be revealed on the company's Annual Report.
7. Perform other tasks as assigned by the Board of Directors, with approval from the Audit Committee.

9.1.4 The Risk Management Committee

The five risk management committees are;

- | | |
|-------------------------------|--|
| (1) Mr. Chai Jroongtanapibarn | Chairman of the Risk Management Committees |
| (2) Dr. Pisanu Vichiensanth | Risk Management Committee |
| (3) Mr. Paiboon Kujareevanich | Risk Management Committee |
| (4) Mr. Paisarn Aowsathaporn | Risk Management Committee |
| (5) Mr. Viroj Supasoon | Risk Management Committee |

The Risk Management Committee's Authority

The roles of Risk Management Committee are;

- (1) Set policy and integrated risk management framework, that thoroughly cover main business risks i.e. business and operational risks.
- (2) Propose to the Managing Director qualified candidates to work in each risk management team. The team will directly report to the committee.
- (3) Organize operational trainings and seminars on risk management. The trainings shall be consisted of the company's mission, operational process, risk evaluation criteria, risk factor ranking, and risk prevention and control strategies.
- (4) Approve the appropriate risk management plans that can be applied throughout the organization.
- (5) Review the sufficiency of the existing assurance and life insurance.
- (6) Follow up on the company's main risk factors, as well as, any risk indication while updating the current data.
- (7) Offer advises and instructions on risk management.
- (8) Communicate with the Audit Committee on main risk factors, to be in-line with the internal control.
- (9) Report to the company's board of directors regarding the risk factors and risk management.

9.1.5 The Remuneration Committee

The three remuneration committees are;

- | | |
|----------------------------------|--|
| (1) Mr. Narong Srisa-arn | Chairman of the Remuneration
Committees |
| (2) Mr. Tan Passakornnatee | Remuneration Committee |
| (3) Mr. Sithichai Chaikriengkrai | Remuneration Committee |

The Remuneration Committee's Authority

The roles of Remuneration Committee are;

- (1) Set up remuneration rate and other benefits of the managerial committees. The rate will be passed on the company's boards before submitting to the shareholders' meeting for approval.
- (2) Set up remuneration rate and other benefits of the company's high ranking executives from the Vice Presidents, in order to submit to The Executive Boarder the Board of Directors for approval.

- (3) In charge of any operation regarding the Set up remuneration rate, assigned by the Board of Directors or the shareholders' meeting.

The Remuneration Policies are as follows:

- (1) considered the remuneration based on the comparative rate with others in the same industry.
- (2) Considering based on the company's business expansion, the performance of the company and its subsidiary
- (3) Considering based on the responsibility of each party. .

9.1.6 Company Secretary

As of May 8, 2008, the board of directors appointed Mr. Paiboon Kujareevanich to be the Company Secretary.

The Authority of the Company Secretary

(1) Company Secretary is authorized to be the contact person and sign in documents related to the Stock Exchange of Thailand.

(2) Company Secretary has duty and responsibility as stated in the Securities and Exchange Act B.E. 2008, and as regulated by the Capital Market Committee.

9.1.7 The Management Team

As of December 31, 2008, the company has 8 managerial member, which are;

- | | | |
|------------------------|-----------------|------------------------------------|
| (1) Mr. Tan | Passakornnatee | Managing Director |
| (2) Ms. Sunisa | Sukhaphantavorn | Deputy Managing Director |
| (3) Mr. Somkiat | Chareonkul | Deputy Managing Director |
| (4) Mr. Paiboon | Kujareevanich | Deputy Managing Director |
| (5) Mr. Yeuh-Chin Chiu | | Factory Advisor |
| (6) Mr. Paisarn | Aowsathaporn | Assistant Managing Director |
| (7) Mr. Preecha | Augcharanonda | Director of Accounting and Finance |
| (8) Mr. Achira | Patanasinth | Director of Project Development |

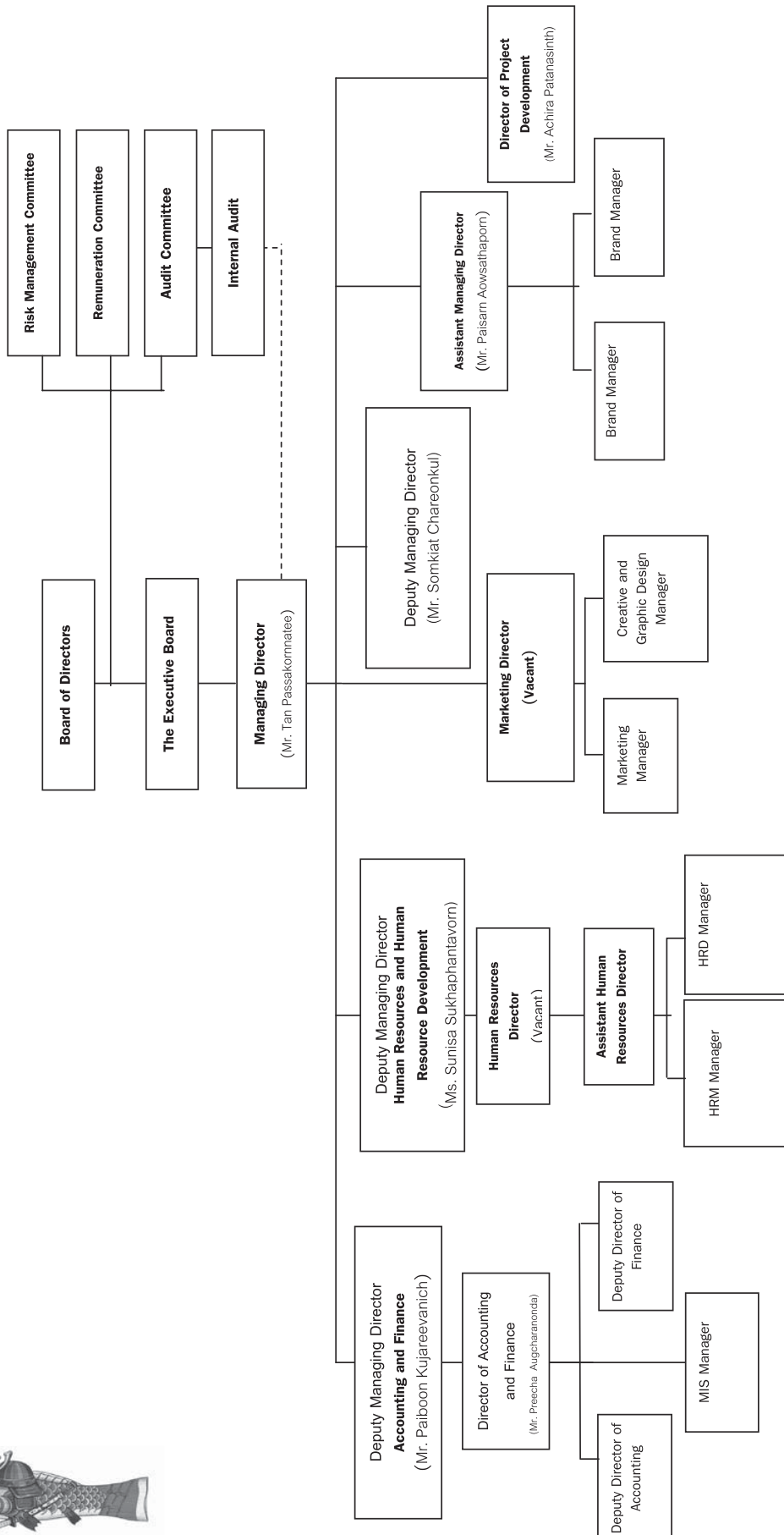
Managing Director's Authority

The following authorities are allowed for the Managing Director

- (1) Follow the company board or the Board of Directors assignment, given that such authority is obliged to the company's objectives, law and regulation.
- (2) Approve operating expense, sale expense, administration expense, and investment budget as of the budget approved by the company board or the Board of Directors.
However, this does not include the authority to request any loan or offering any collateral.
- (3) Approve raw material, product, equipment and any other service procurement which relates to the company's business. Nevertheless, this does not include land procurement for outlet expansion. The managing director's authority to make any purchase does not exceed 1 million baht each.
- (4) Approve location search for outlet expansion and approve outlet opening and location renting for the new outlets.

The president does not have any authority to operation or involve in any interrelated business that might bring to the conflict of interest or involve in selling and purchasing the company's asset or any conflicting issues with subsidiary. Since these issues must be brought to the company board's meeting

The board of directors has set the operational goal for the company's managing director and the management team. Also, performance evaluation of the managing director and the management team will be done annually. The managing director will evaluate the performance of the management team from the director position downwards. The evaluation criteria is based on the company's annual strategies and plan, so that the remuneration will be appropriately set, upon the approval of the board of directors and the executive board.



9.2 The search for Board of Directors, Independent Directors, Audit Committee and Executives

9.2.1 In the case that the Board of Directors, Independent Directors, Audit Committee and Executives reach the end of their term, or their positions become vacant, Their positions will be selected by the company board, without recruiting committee since the company does not have a recruiting committee. However, the company has selected those who are qualified for their competent educational/personal background with high experience. They must also have the qualifications required by public company limited Act 1992, Section. 68 and the announcement of the Securities and Exchange Commission (SEC). After passing these selection criteria, the person will be proposed in shareholder conference according to the following procedures;

- (1) One shareholder has one right to vote.
- (2) A shareholder must use the right to vote a person or many persons for chairman but cannot separate the vote to a particular person.
- (3) The one who has the highest votes will be appointed a chairman and so on. The number of chairmen must be equaled to the number allowed each time. In the case that there are more than one person gaining equal votes and the number is exceeded the quota; the conference head will have a right to make a decision.

Upon the selection of the candidates for the Executives, the board of directors will follow up on the recruitment, especially the managing director and the high ranking executive positions, in order to be certain that the executives will have knowledge and qualification that will be valuable to the company, and will be able to succeed important positions in the future.

9.2.2 Criteria for the selection of Independent Directors and the Audit Committee

The company's independent director and audit committee must possess qualifications as follows;

- (1) Not holding shares in excess of one percent of the total number of voting shares of the company or its subsidiary nor associated company, as well as shareholders or any stakeholders.
- (2) Not being or have been the director who involves in management role of the company, or an employee, or an advisor of the company who receives regular salary from the company and not be and have not been a person having controlling power over the company or the

company's subsidiary, or associated company, or a subsidiary of another company in the same level of the company of the major shareholder or authorized figure, unless the independent director has been discharged from the above position for more than two years before the appointment.

- (3) Not having and have had any business relationship, or professional services with the company or the company's parent company, subsidiary, associated company, of the major shareholder or authorized figure that might cause his/her independent discretion to be affected, and not be and have not been a substantial shareholder, or authorized figure of a person having business relationship with the company or the company's parent company, subsidiary, associated company that might cause his/her independent discretion to be affected, unless the independent director has been discharged from the above position for more than two years before the appointment. The mentioned relationships are as follows;
 1. Making business transaction regarding assets, services, give/receive financial support in the amount exceeding 20 millions baht or 3 percent of the director's net assets
 2. Giving professional services such as account auditing or other services i.e. advisor, including legal or financial advisor who obtains fee more than two million baht a year.In case the business relations and professional services exceed the stated value, the independent director must seek approval from the board of directors that such business relations and professional services will not affect the performance and judgment of the director, as well as, reveal the transaction in form 56-1/ annual report/ meeting invitation on the case by case basis.
- (4) Not being or have been auditor of the company's parent company, subsidiary, associated company of the major shareholder or authorized figure, and must not be the shareholders, or authorized figure or partner of the accounting company that the auditor is employed, unless the independent director has been discharged from the above position for more than two years before the appointment.
- (5) Not being a person with relationship either through blood or lineage or legal registration as a father, mother, spouse, sibling or child, including as a spouse of a child of any management person or major shareholder of the company, or the company's subsidiary, or of any person having power to control the company or the company's subsidiary.

- (6) Not being a director appointed as a representative of a director of the company, a representative of a major shareholder of the company.
- (7) Not have any characteristics by which his/her independent comment or opinion on the company's operation may be affected.
- (8) In the case that the independent director is assigned by the board of directors to make a decision regarding the operation of the company, its parent company, subsidiary, associated company, a subsidiary of another company in the same level of the company, of the major shareholder or authorized figure that might cause his/her independent discretion to be affected; the collective decision can be done, but the independent director must not also be the audit committee.
- (9) The independent director is allowed to serve as non-executive director or independent director of the company's affiliated company. However, the information, including the remuneration must be revealed in form 56-1 and annual report. (separate remuneration is not necessarily declared)

Oishi Group Public Co.,Ltd
Report of Director of Board, Executive Committee and Director

Year 2008

Name – Surname	Age (Year)	Education	Portion of Share Holding (%)	Relative between Director	Working Experience		
					Period	Position	Company
Narong Srisa-arn	80	Master of Arts (Economics) Honorary Degree, Thammasat University Director Accreditation Program (DAP)	0	-	2006-Present	Chairman and Executive Chairman	Oishi Group Public Co.,Ltd
					1998-Present	Independent Director	True Corporation Public Co.,Ltd
					Present	Chairman	Advance Agro Public Co.,Ltd
					Present	Vice Chairman and Vice Executive Chairman	Thai Beverages Public Co.,Ltd
					Present	Chairman	Sura Bangyikhan Co.,Ltd
					Present	Chairman of Executive Board	Thai Beverage Can Co.,Ltd
					Present	Chairman	Thanakorn Vegetable Oil Product Co.,Ltd
					Present	Vice Chairman and Executive Chairman	Beer Thai (1991) Public Co.,Ltd
					Present	Director	Telecomholding Co. Ltd
					Thapana Sirivadhamabhakdi	33	Bachelor of Business Administration (Finance), Boston University, USA
2004-Present	Vice President	Dhospaak Co.,Ltd					
2003-Present	Director and Executive Vice	Thai Beverage Public Co.,Ltd					

Name – Surname	Age (Year)	Education	Portion of Share Holding (%)	Relative between Director	Working Experience		
					Period	Position	Company
		Master Degree in MBA, Banking & Financial, Economic, Boston University, USA Director Accreditation Program (DAP)			2001-Present 2001-Present 2007-Present 2007-Present	President Executive Director Vice Chairman Director Vice President	Berli Jucker Public Co.,Ltd Red Bull Distillery Group Univenture Co., Ltd. Siam Food Products Public Co., Ltd
Tan Passakornmatee	49	Honorable Ph.D. from Ramkhamhaeng University Director Accreditation Program (DAP)	3.5	Miss Sumisa's husband	2000-Present 2000-Present 2001-Present	Director and President Director and President Director and President	Oishi Group Public Co. Ltd Oishi Ramen Co. Ltd Oishi Trading Co. Ltd
Sunisa Sukphantavorn	38	Bachelor Degree in Business Administration (Finance), Bangkok University Master Degree in MBA, Ramkhamhaeng University Director Accreditation Program (DAP) Director Certification Program (DCP)	0	Mr. Tan's wife	2000-Present 2000-Present 2001-Present	Director and Executive Vice President Director and Executive Vice President Director and Executive Vice President	Oishi Group Public Co. Ltd Oishi Ramen Co. Ltd Oishi Trading Co. Ltd
Yeuh-Chin Chiu	47	Bachelor Degree in Mass Communication (Printed media), Sue Ching University Director Accreditation Program (DAP)	0.662	-	2000-Present 2000-Present 2001-Present	Director Director Director	Oishi Group Public Co. Ltd Oishi Ramen Co. Ltd Oishi Trading Co. Ltd



Name – Surname	Age (Year)	Education	Portion of Share Holding (%)	Relative between Director	Working Experience		
					Period	Position	Company
Sithichai Chaikriengkrai	54	Bachelor Degree in Accounting (First Honor), Thammasat University Mini MBA, Kasetsart University Director Certification Program (DCP)	0	-	2006-Present	Director	Oishi Group Public Co. Ltd
					2008-Present	Director	Siam Food Products Public Co. Ltd
					2008-Present	Director	Univentre Co. Ltd
					2008-Present	Director	Eastern Seaboard Industrial Real Estate (Rayong) Co., Ltd
Pisana Vichiensamth	52	- Ph.D Engineering Techcal University Berlin, West Germany - Master Brewer, The Scandinavian School of Brewing, Denmark Director Accreditation Program (DAP)	0		2004-Present	Director and Senior Vice President	That Beverages Public Co., Ltd
					2001-Present	Director	Berli Jucker Public Co., Ltd
					1997-2004	Director and Senior Executive Vice President	Beer That (1991) Public Co., Ltd
					2006-Present	Director	Oishi Group Public Co. Ltd
					2004-Present	Managing Director	Cosmos Brewery (Thailand) Co.,Ltd
Ueychai Tantha-obhas	59	-B. Sc Accounting, St. Louis University, Missouri, USA -Master Degree in MBA, Thammasat University -The European Institute of Business Administration (INSEAD) -Advance Management Programmer (AMP)	0	-	2004-Present	Director and Senior Vice President	Thai Beverages Public Co. Ltd
					2004-Present	President	Thai Beverages Public Co. Ltd
					2004-Present	Managing Director	Beer That (1991) Public Co.,Ltd
					2000-2004	Managing Director Assistant	Beer That (1991) Public Co.,Ltd
					2006-Present	Director	Oishi Group Public Co. Ltd
					Present:	Director and Senior Vice President	That Beverages Public Co., Ltd
					1995-2002	President and Chairman	Rich Monde (Bangkok) Co., Ltd
					1994-1995	Managing Director	Sarin Property Co., Ltd
					1983-1994	Marketing Director and	Rich Monde (Bangkok) Co., Ltd

Name – Surname	Age (Year)	Education	Portion of Share Holding (%)	Relative between Director	Working Experience		
					Period	Position	Company
Somkiat Charoengkul	67	Director Accreditation Program (DAP) Bachelor Degree in Commerce from Thammasat University Bachelor Degree in Law from Sukhothai Thammathirat Open University Director Accreditation Program (DAP) Director Certification Program (DCP) Audit Program	0	-	1980-1983	President Product Manager	Colgate Palmolive (Thailand) Co., Ltd
					Present	Director and Executive Vice President	Oishi Group Public Co. Ltd
					Present	Director and Chairman of Audit Committee	Banpu Public Co.,Ltd
					Present	Director	Muangkit Co.,Ltd
					Present 1999-2001	Director Deputy Director General of the Revenue Department	Chunthaburi Resort & Spa Co.,Ltd Ministry of Finance
Cholakama Boobpaves	65	Bachelor Degree of Accountant at Hitotsubashi University Japan Director Accreditation Program (DAP)	0	-	Present	Director	Oishi Group Public Co. Ltd
					Present	Vice Chairman	TCC Land Co.,Ltd
					Present	Vice Chairman	TCC Land Commercial Co.,Ltd
					Present	Vice Chairman	TCC Land Leisure Co.,Ltd
					Present	Chairman	N.C.C.Management & Development Co.,Ltd (Queen Sirikit Convention Center)
					Present:	Chairman	Sports & Recreations Enterprise Co.,Ltd
					Present	Director	North Park Golf & Sports Club Co.,Ltd (Rajpruek Club)
Vikrom Koopirochana	62	-B.A. (History), Chulalongkorn University, Bangkok -M.A. (History), Michigan State University, USA	0	-	2006-Present	Chairman of the Audit Committee	Oishi Group Public Co. Ltd



Name – Surname	Age (Year)	Education	Portion of Share Holding (%)	Relative between Director	Working Experience		
					Period	Position	Company
		-Ph.D. (History), Michigan State University, USA -Honorary Degree in Humanities from Schiller International University			Present Present 2003-2006 2002 2000-2001 1997-1999 1996 1991-1995 1989-1990 1985-1988	President Director Ambassador of Thailand Ambassador of Thailand Ambassador of Thailand Deputy Permanent Secretary, Office of the Permanent Secretary Ambassador of Thailand Ambassador of Thailand Ambassador of Thailand Ambassador of Thailand Ambassador Attached to the Ministry Counsellor Minister Counsellor	Dragon one Public Co.,Ltd Thai Airways International Public Co.,Ltd United Kingdom of Great Britain and Northern Ireland Ireland Republic of Italy Ministry of Foreign Affairs of Thailand New Zealand Samoa and Tonga Malaysia Republic of Singapore European Affairs Royal Thai Embassy, London
Verachai Tantikul	65	-LL.M., The University of California, at Berkeley, USA -Master Degree in Law, Institute of Legal Education That Bar Associate	0	-	2006-Present Present Present Present	Audit Committee Senior Legal Advisor Committee Advisor Taxation Advisor	Oishi Group Public Co. Ltd Siam Cement Law Co., Ltd Sukhumvit Asset Management Co., Ltd Siam Commercial Bank Public Co., Ltd

Name – Surname	Age (Year)	Education	Portion of Share Holding (%)	Relative between Director	Working Experience		
					Period	Position	Company
Chai Jroongranapibarn	54	-Bachelor Degree in Law (Honor), Thammasat University Director Certification Program (DCP)	0	-	Present	Audit Committee	Pranda Jewelry Public Co., Ltd
					Present	Member of the Board of Taxation under the Revenue Code	Revenue Department
					2003	Director General of the Treasury Department	Ministry of Finance
					2002	Director General of the Excise Department	Ministry of Finance
					2001	Deputy Undersecretary of the Ministry of Finance	Ministry of Finance
					1999-2000	Government Inspector	Ministry of Finance
					1992-1998	Deputy Director General of the Revenue Department	Revenue Department
					Present	Audit Committee	Oishi Group Public Co., Ltd
					Present	Chairman of the Audit	Team Precision Public Co., Ltd
					Present	Chairman of the Audit	Major Cineplex Group Public Co., Ltd
Present	Chairman of the Audit	Thai Metal Trade Public Co., Ltd					
Present	Director	Siam Future Development Public Co., Ltd					
Present	Audit Committee	Siam Food Products Public Co., Ltd					
Present	Audit Committee	124 Communication Public Co., Ltd					
1980-1997	Executive Director	Minor Group Company					



Name – Surname	Age (Year)	Education	Portion of Share Holding (%)	Relative between Director	Working Experience		
					Period	Position	Company
Paiboon Kujareevanich	51	Master Degree in MBA, Thammasat University Bachelor Degree in Accounting, Chulalongkorn University	0	-	2006-Present 2005 2003-2004 2001-2002 1991-2000	Executive Vice President Managing Director Deputy Managing Director Vice President – Sales Vice President – Finance	Oishi Group Public Co. Ltd Best Spirits Co. Ltd Thai Beverages Marketing Co. Ltd Rich Monde (Bangkok) Co., Ltd Rich Monde (Bangkok) Co., Ltd
Paisarn Aowsathaporn	43	Bachelor Degree in Business Administration, Indiana Institute of Technology, Fort Wayne, Indiana, USA Master Degree International Business Administration, Johnson & Wales University	0	-	2007-Present 2004-2007 2002-2004 1999-2002	Vice President Director of Operations Operations Director and Training Director Area Manager	Oishi Group Public Co. Ltd Oishi Group Public Co. Ltd Global Kitchen Co. Ltd Yum Brands
Preecha Auicharanonda	46	Bachelor Degree in Accounting, Thammasat University Master Degree in Accounting, Thammasat University CPA No. 3765	0	-	2003-Present 2002 2001	Director of Accounting and Finance Manager, Accounting Dept Director of Finance	Oishi Group Public Co. Ltd AMD Thailand Ltd The Pizza Public Co.,Ltd

Name – Surname	Age (Year)	Education	Portion of Share Holding (%)	Relative between Director	Working Experience		
					Period	Position	Company
Achira Patamasinth	40	Bachelor Degree in Mass Communication, Bangkok University Master Degree in Technology Management, Mercer University	0.02	-	2002-Present	Director of Project Development.	Oishi Group Public Co. Ltd
					2001-2002	General Manager	Oishi Ramen Co. Ltd
					1996-2001	Marketing Manager	Central Pattana Public Co., Ltd



Shareownership of the Board of Directors and Executives

Name	Position	Ordinary Stocks (Shares)		
		31-Dec-08	31-Dec-07	Increase (Decrease)
1. Mr. Narong Srisa-arn	Chairman	-	-	-
2. Mr. Thapana Sirivadhanabhakdi	Vice Chairman	-	-	-
3. Mr. Tan Passakornnatee	Director	6,562,500	10,000,000	(3,437,500)
4. Ms. Sunisa Sukphantavorn	Director	-	10,000,000	(10,000,000)
5. Mr. Yeuh-Chin Chiu	Director	1,241,500	1,241,500	-
6. Mr. Sithichai Chaikriengkrai	Director	-	-	-
7. Mr. Ueychai Tantha-obhas	Director	-	-	-
8. Dr. Pisanu Vichiensanth	Director	-	-	-
9. Mr. Somkiat Chareonkul	Director	-	-	-
10. Ms. Cholaranta Boobphaves	Director	-	-	-
11. Mr. Vikrom Koopairochana	Independent Director/Chairman of the Audit Committees	-	-	-
12. Mr. Verachai Tantikul	Independent Director/Audit Committees	-	-	-
13. Mr. Chai Jroongtanapibarn	Independent Director/Audit Committees	-	-	-
14. Paiboon Kujareevanich	Assistant Managing Director	-	-	-
15. Mr. Paisarn Aowsathaporn	Assistant Managing Director	-	-	-
16. Mr. Preecha Augcharanonda	Director of Accounting and Finance	-	-	-
17. Mr. Achira Patanasinth	Director of Project Development	150	150	-

9.3. Remuneration

9.3.1 Financial incentives

9.3.1.1 The financial incentive of the company's board of directors are in the forms of monthly salary, and bonus, at the total amount of 27,716,774 baht, which can be elaborated as follows;

Name Position	2008		Total Amount (baht)
	Monthly Salary (baht)	Bonus (baht)	
1. Mr. Narong Srisa-arn Chairman / Chairman of the Remuneration Committee	720,000	3,096,774	3,816,774
2. Mr. Thapana Sirivadhanabhakdi Vice Chairman	540,000	2,322,581	2,862,581
3. Mr. Tan Passakornnatee Director / Remuneration Committee	-	1,548,387	1,548,387
4. Ms. Sunisa Sukphantavorn Director	-	645,161	645,161
5. Mr. Yeuh-Chin Chiu Director	-	1,548,387	1,548,387
6. Mr. Sithichai Chaikriengkrai Director / Remuneration Committee	480,000	1,548,387	2,028,387
7. Mr. Ueychai Tantha-obhas Director	360,000	1,548,387	1,908,387
8. Dr. Pisanu Vichiensanth Director/ Risk Management Committee	480,000	1,548,387	2,028,387
9. Mr. Somkiat Chareonkul Director	-	1,548,387	1,548,387
10. Ms. Cholakarnta Boobphaves Director	360,000	1,548,387	1,908,387
11. Mr. Vikrom Koompaiochana Independent Director and Chairman of the Audit Committee	600,000	2,322,581	2,922,581
12. Mr. Verachai Tantikul Independent Director and Audit Committee	480,000	1,548,387	2,028,387
13. Mr. Chai Jroongtanapibarn Independent Director/Audit Committee/Risk Management Committee	600,000	2,322,581	2,922,581
Total Amount of Salary and bonus	4,620,000	23,096,774	27,716,774

9.3.1.2 Incentive of the company's executives in the forms of salary and bonus.

Unit : Baht	No. of Executives	2008	2007
Total Amount of Salary	8	24,096,108	21,731,175
Total Amount of Bonus	8	7,707,523	5,154,040
Grand Total		31,803,631	26,885,215

Independent committee participation in any training course organized by Thailand Institute of Directors (IOD)

Training Courses

Name of the Company's Board (13 in Total)	Directors Certification Program (DCP)	Directors Accreditation Program (DAP)	Audit Committee Program (ACP)
1. Mr. Narong Srisa-arn	-	Class of TCC/2004	-
2. Mr. Thapana Sirivadhanabhakdi	-	Class of TCC/2004	-
3. Mr. Tan Passakornnatee	-	Class of 12/2004	-
4. Ms. Sunisa Sukphantavorn	Class of 44/2004	Class of 12/2004	-
5. Mr. Yeuh-Chin Chiu	-	Class of 16/2004	-
6. Mr. Sithichai Chaikriengkrai	Class of 26/2003	-	-
7. Mr. Somkiat Chareonkul	Class of 79/2006	Class of 21/2004	Class of 1/2004
8. Mr. Ueychai Tantha-obhas	-	Class of TCC/2004	-
9. Dr. Pisanu Vichiensanth	-	Class of TCC/2004	-
10. Ms. Cholakarntha Boobpaves	-	Class of TCC/2004	-
11. Mr. Vikrom Koopairochana	-	-	-
12. Mr. Verachai Tantikul	Class of 37/2003	-	-
13. Mr. Chai Jroongtanapibarn	Class of 29/2003	-	Class of 4/2005

9.3.3 Other Benefits

- None -

9.4 Business Operation

The Board of Directors sees the significance of the management and operation, based on honesty and transparency. The company has been strictly operating under the Code of Best Practices, regulated by the Stock Exchange of Thailand (SET). Moreover, the company's board of directors has set policies on

corporate governance to be in-line with the SET's regulations, so that the company's operation will be transparent, as well as boosting the confidence of the shareholders, investors and other related parties. The company determines to improve the company's good governance to be leveled with other leading companies. The policies will then push the company forward to success and sustainable growth.

9.5 Internal Information Usage

9.5.1 It is remarked that the Board of Directors and Management shall not bring any unpublicized internal information in use for personal benefit like stock trading. He/She is obliged to one month silent period.

9.5.2 The Board of Directors and Management has been informed about the shareholding regulations either of oneself or family required by SEC No. 59 and 275 punishment regulation as of SEC Act in 1999. The company's punishment for those who misconduct internal information ranges from verbal warning until terminate employment.

9.6 Human Resources

As of December 31, 2008, the company and subsidiaries have a total of 4,097 employees (Excluding the Board of Directors and Management Team as 9.1), categorized into;

Line of Command	Number of employees
Office	206
Restaurant	3,355
Factory	536
Total	4,097

In 2008, Benefits of employees are solely on the monthly salary basis. The total of expense paid was 367.67 million baht.

Employee development policy

Oishi Group sees significance in the development of knowledge and capability of the employees. The company believes that every employee is a part of the company's success; therefore, personnel development is considered a long term investment that must be done continuously. If the human resources are considered the most important element of an organization, the necessity of human resources development, in order to create applied ability and knowledge to their the employees' works, is also considered a success building factor that can make the company achieve its sustainable growth.

In 2008, the company still maintained the human resources development plan as in the year 2007. The employees were divided into three groups i.e. restaurant employees, manufacturing employees, and supporting employees. The detail is elaborated as follows;

1. **Restaurant employees:** The company sets many restaurant operation training system courses to executive employees including special training for each different level. This will cause the standard services of the company requirements as two following categories;
 - 1.1 Crew Member Training Excellence: is the training course for the front line staff such as cleaning staff, cashier, receptionist, and for the back office staff such as food preparing staff, cooks and supervisors, etc. This course emphasizes the service, maintenance and food quality.
 - 1.2 Management Training Excellence: is the course for chief staff, intern manager, manager assistant, manger, area manager. The course emphasizes the product, inventory, human resource, cash management, leadership, planning, holding cost, expense cost, and sale and profit establishment.
2. **Manufacturing Employees:** is the training that emphasizes on the production, the product quality, the cost reduction, the increase of productivity, and operational processes; in order to be in-line with the ISO 9001:2000, GMP system and HACCP system, and the ISO22000:2005 system. Moreover, the company has also arranged Technical Training and other skill improvement, and soft skill courses to the employees.
3. **Supporting Employees:** The development of the supporting employees is considered another important factor that will help the company to be smoothly operated. The company expects to make the supporting employees feel as if they are the business partners by encouraging hands-on experience through in-house training and through the advice of the experienced personnel in each field, including sending the employees to join public training.

Moreover, the company has set up four training structures to improve the skill and knowledge of employees in the three groups, which are;

1. Orientation Program is the course set up for the company's new employees. It will introduce the new comers about the company, their job description and anything they need to know how to work efficiently.

2. Corporate Training Program is the course designed to help employees to apply what they learn in real working environment. The company held either In-House Training or Public Training to develop the work efficiently of the staffs.
3. Functional Training Program is the course designed to develop specialized skills and techniques i.e. knowledge on production process etc.
4. Leadership Development Program is the course specially deigned to develop the potential of the organization's leaders and management team.

In 2008, the company invested a total 3.2 million baht in human resources development.

Welfare Policy

The company believes that its successful management is the result of the competent employees, who are skillful and motivated. Also, the employees' stability and good welfare provided by the company are the factors that help the employees reach their highest potential, as well as having good quality of life. The company therefore, has the following welfare policy;

1. Every employee will be treated fairly and respectfully as a part of the company.
2. The company will improve the environment within the company to be in tidiness and employee-friendly at all time.
3. The company will organize the sanitary cafeteria system, clean toilets, safe shuttle services, and efficient nursing room as stated by law.
4. The company has set the employees' remuneration and welfare appropriately and fairly.
5. The company encourages all employees to constantly receive news and information.
6. The company provides high technology office supply, phone and fax systems, so that employees can gain most valuable uses of the equipment.

Safety of Occupational Health and Workplace Environment Policy

Employees are considered highly valuable resources of the company; therefore, it has set up the safety of occupational health and workplace environment policy, which can be elaborated as follows;

1. Work safety is the duty of every employee.
2. The company encourages the improvement on the work condition, for the safety of every employee.
3. The company encourages activities that enhance the work safety.
4. Every level of supervisors must act as good role models by abiding by the safety rules and regulations in the workplace.

5. Every employee must regard the safety of his own and others, as well as the properties of the company at all time.
6. Every employee must cooperate with the company's measures on safety of occupational health and workplace environment.

10. Internal Control

The company sees the importance of the internal control that creates efficiency, both in the executive and the operational levels. The company has therefore, set up the internal control that covers all aspects, including the accounting and finance, the operation that abides by the law and other related rules and regulations; as well as having efficient checks and balances system that can protect the investment and capital of the shareholders and the company's assets. Also, the company has set up Internal Affairs department to inspect the operation of every department and division of the company and its supporting organizations, including providing advices regarding the internal control system that concerns crucial risks of the company; as well as evaluate the efficiency and sufficiency of the internal control. The department will also closely supervise and improve the internal control system. Moreover, the company determines to encourage the Internal Affairs department to follow the universal standards based on the COSO Internal Control Integrated Framework. The board of directors will supervise the Internal Affairs department so that it can perform its duty freely through the checks and balances system, and constantly report directly to the Audit Committee, to ensure that the internal control system continues to be a significant mechanism that pushes the company to its sustainable growth.

The Board of Directors has evaluated the firm's internal control in 5 different aspects; organization and environment, risk management, the measurement of management-level operation, information communication system and follow-up system. The consideration is based on internal audit department, collecting information by interviewing and gathering evident from executives. The conclusion is that the internal control of the company is sufficiently efficient; moreover, the internal control satisfactory covers business transaction of shareholders, the Board of Directors, executives or other relevant parties. For other parts of internal audit, the board agreed that the level of internal control is adequate.

For the internal control of two subsidiaries, the company determined of their systems to consistent with the company's internal control framework. Besides, the company has regularly sent authorities to inspect their performance; therefore these two subsidiaries arranged their internal control sufficiently.

In order to carry the Good Corporate Governance, the board of committee has supported executives to develop the quality of internal control system continuously.

11. Inter-related Transactions.

11.1 Relationship with a person who might have the conflict of interest.

The company and subsidiaries have Inter-related business with those who might have the conflict of interest in 2008 as summarized below.

Person who might have the conflict of interest	Relationship
Thank You Service Co., Ltd.	Mr. Tan Passakornnatee holds 30% share of Thank You Service.
	Ms. Sunisa Sukphantavorn holds 15% share of Thank You Service and is an authorized Director.
Mr. Tan Passakornnatee	A major shareholder, Managing Director, member of Board of Directors
Kluey Kluey Co., Ltd.	Mr. Tan Passakornnatee and Ms. Sunisa Sukhpantavorn are authorized Directors.
O.G.T. Co., Ltd.	Owner is K. Tan's sister.

Person who might have the conflict of interest	Relationship
Co-Directors Companies :	
1) Pan International (Thailand) Co., Ltd.	1) Co-Directors
2) T.C.C. Technology Co., Ltd.	2) Co-Directors
3) Thip Pana Arcade Co., Ltd.	3) Co-Directors
4) Siam Food Products Pcl.	4) Co-Directors
5) PomThip Co.,Ltd	5) Co-Directors
6) PomBurapa Co., Ltd.	6) Co-Directors
7) PomKlung Co., Ltd.	7) Co-Directors
8) PomChok Co., Ltd.	8) Co-Directors
9) PomKit Co., Ltd.	9) Co-Directors
10) PomCharoen Co., Ltd.	10) Co-Directors
11) Southeast Capital Co., Ltd.	11) Co-Directors
12) The Southeast Insurance (2000) Co., Ltd.	12) Co-Directors
13) The Southeast Life Insurance Co., Ltd.	13) Co-Directors
14) Indara Insurance Pcl.	14) Co-Shareholders
15) N.C.C. Exhibition Organizer Co., Ltd.	15) Co-Directors
16) N.C.C. Management and Development	16) Co-Directors
17) N.C.C. Image Co., Ltd.	17) Co-Directors
18) F&B International Co., Ltd.	18) Co-Directors
19) TCC PD11 Co., Ltd.	19) Co-Directors
20) Berli Jucker Food Co., Ltd.	20) Co-Directors
21) Berli Jucker Specialities Co., Ltd.	21) Co-Directors

11.2 Inter-related business

In 2008, the company and subsidiaries have inter-related business due to the persons who might have the conflict of interest. Summary of inter-related business as following;

11.2.1 Rental fee

Person who might have the conflict of interest	Items	Rental fee (million baht)
Thank You Service Ltd.	Rental fee for Thonglor Branch	3.93
Mr. Tan Passakornnatee	Rental fee for Chonburi Branch	0.85
Kluey Kluey Co., Ltd.	Rental fee for Lopburi Branch	2.60
Thip Pana Arcade Co.,Ltd.	Rental fee for Pantip Branch	1.76

11.2.2 Sales and Trade Accounts Receivable

(Million Baht)

Company	Person who might have the conflict of interest	Sales 2008	A/R 2008
The company and subsidiaries	O.G.T. Co., Ltd.	392.73	52.25
	Pom Group	308.82	218.06
	Others	0.44	-
	Total	701.99	270.31

11.2.3 Purchases, Expenses, and Trade Accounts Payable.

(Million Baht)

Company	Person who might have the conflict of interest	Sales 2008	A/R 2008
The company and subsidiaries	Pan International (Thailand)	24.11	5.30
	Southeast Group	4.97	0.25
	Pom Group	10.03	8.84
	TCC PD11	10.02	-
	Others	1.72	0.53
	Total	50.85	14.92

11.3. Necessity and Rationality of Inter-related business

The above inter-related transactions are the continuing transactions from previous year.

11.3.1 Rental Fee

The company rents an area for Oishi Japanese Buffet Restaurant branch in Soi Thonglor with Thank You Service Co., Ltd., an area for OK Suki in Chonburi with Mr. Tan Passakornnatee, and area for Buffet and Shabushi in Lopburi with Kluey Kluey Co., Ltd. The rental rates are market rate compared to normal rental fee of the vicinity area.

The company also rents area for Oishi Ramen branch at Pantip Ngamwongwan with Thip Pana Arcade. The rental rate is a market rate.

11.3.2 Sales with Co-Directors companies and O.G.T. Co., Ltd.

The company and subsidiary sell products to Co-Directors companies and O.G.T. Co., Ltd. with normal conditions as same as with non related parties and with market price.

11.3.3 Purchases and Expenses with Co-Directors Companies.

The company and subsidiaries purchase products from Co-Directors companies with normal conditions as same as with non related parties and with market price.

Conclusively, the above interrelated businesses are reasonable and benefit to the company. In the future when the company is listed in SET, interrelated businesses will be done after approval of the Audit Committee and those who have right to vote as 11.5.

11.4 Procedure for interrelated business approval

In case that interrelated business happens with those who might have conflict of interest, the company will ask Audit Committees to give opinion about necessity of such business. In case that the Audit Committee does not have any expert in such a field, they will ask independent experts or external auditor to commit an audit instead.

11.5. Policy or potential to conduct interrelated business in the future

It is anticipated that there will be interrelated business in the future according to normal business practice. The company therefore still sticks to the same practice for interrelated business and the company's own benefit. However, an independent auditor or independent specialist will involve by their comment on the company action towards such issue. The company will also conform to SEC rules and regulations. It will also commit to inform transparency policy about interrelated transactions and main assets transactions in conformity with generally accepted accounting principles issued by the Federation of Accounting Professions.

Regarding interrelated business which might happen with those who may have conflict of interest, the company anticipates that there will not be such an issue after being listed with SET. In case that such case happens, the company will arrange a proper contract and ask Audit Committee to give a comment on such issue. In case that the internal auditor does not have enough knowledge in a particular area, an expert will be requested to give their opinion instead.

12. Financial Status and the Company Performance

12.1 Financial Statements

Summary of the auditor's report

The auditor's report in 2006 by Ms. Somboon Supasiripinyo from KPMG Phoomchai Audit Ltd. gave an opinion that that the company's financial statement is present fairly, in all material respects, in conformity with generally accepted accounting principles.

The auditor's report in 2007-2008 by Ms. Nittaya Chetchotiros from KPMG Phoomchai Audit Ltd. gave an opinion that that the company's financial statement is present fairly, in all material respects, in conformity with generally accepted accounting principles.

12.2 The auditor's fee

12.2.1 Audit fee

The company and subsidiaries pay audit fee 4,235,000 baht in 2008.

12.2.2 Non Audit fee

-None-

Summary of Financial Statements

Items	Consolidated ('000 baht)		
	2008	2007	2006
Cash and cash equivalents	773,207	398,804	21,804
Investment in government bonds	-	106,500	6,500
Trade accounts Receivable – net	450,040	493,715	375,998
Inventories	196,637	220,737	194,399
Other current assets	35,344	24,408	21,474
Other long-term investments	8,500	2,000	-
Property, Plant and Equipment-net	1,548,504	1,423,875	1,703,059
Intangible Assets	31,767	28,370	25,899
Intangible Assets	111,352	121,333	87,020
Other non current assets	90,823	63,440	51,236
Total Assets	3,246,174	2,883,182	2,487,389
Short term loan from financial institutions	-	-	17,241
Trade accounts payable	474,815	394,838	303,315
Accrued expenses	248,516	197,211	199,931
Other accounts payable	102,372	58,570	63,267
Other current liabilities	55,916	55,677	34,257
Deferred Income	2,063	2,507	2,950
Other non-current liabilities	3,202	32,557	54,239
Total Liabilities	886,883	741,360	675,200
Registered capital	375,000	375,000	375,000
Paid up capital	375,000	375,000	375,000
Premium on share capital	609,402	609,402	609,402
Appropriated- Legal reserve	37,500	37,500	37,500
Unappropriated Retained earnings	1,337,389	1,119,920	790,287
Total Shareholders' equity	2,359,291	2,141,822	1,812,189
Total liabilities and Equity	3,246,174	2,883,182	2,487,389

Summary of the Company's Financial Statements

Items	Consolidated ('000 baht)		
	2008	2007	2006
Sales	5,952,473	4,585,223	3,950,425
Other Income	33,729	90,950	18,219
Total Revenue	5,986,202	4,676,173	3,968,644
Cost of sales	3,954,057	2,969,816	2,630,646
Selling and administrative expenses	1,434,090	1,123,240	1,121,400
Profit before interest expenses and income tax	598,055	583,117	216,598
Interest expenses	(734)	(2,917)	(7,880)
Income tax	(4,853)	(21,826)	(19,608)
Net profit	592,468	558,374	189,110
Weighted average equivalent shares ('000 shares)	187,500	187,500	187,500
Basic earnings per share (par value 2 baht)	3.16	2.98	1.01

Items	Consolidated ('000 baht)		
	2008	2007	2006
Net cash provided by operating activities	1,001,078	704,094	469,809
Net cash used in investing activities	(250,942)	(78,196)	(342,721)
Net cash provided by financing activities	(375,734)	(248,898)	(404,667)
Net increase in Cash and cash equivalents	374,402	377,000	(277,579)



Financial Ratio

Items	Consolidated		
	2008	2007	2006
Liquidity Ratios			
Liquidity Ratio (times)	1.65	1.75	0.99
Quick Ratio (times)	1.39	1.41	0.64
Cash Ratio (times)	1.26	1.06	0.70
Account Receivable Turnover (times)	12.61	10.54	12.40
Average Collection period (days)	28.54	34.14	29.03
Inventory turnover (times)	18.95	14.31	9.96
Days sale outstanding (days)	19.00	25.16	36.15
Account payable Turnover (times)	9.09	8.51	8.47
Average Payment Period (days)	39.59	42.31	42.52
Cash Cycle (days)	7.95	16.99	22.66
Profitability Ratios			
Gross Profit Margin	33.57%	35.23%	33.41%
Operating Profit Margin	9.48%	10.73%	5.02%
Other Profit Margin	0.56%	1.94%	0.46%
Cash to Profit Ratio	177.39%	143.06%	236.82%
Net Profit Margin	9.90%	11.94%	4.77%
Return on Equity	26.33%	28.24%	10.08%
Efficiency Ratios			
Return on Asset	19.33%	20.79%	7.25%
Return on Fixed Asset	58.55%	53.84%	26.83%
Asset Turnover	1.95	1.74	1.52
Financial Policy Ratios			
Debt to Equity Ratio (times)	0.38	0.35	0.37
Loan to Equity Ratio (times)	-	-	0.01
Times interest earned (times)	1,370.67	249.84	63.11
Dividend Payout	94.94%	90.60%	51.56%



12.3 Management's Discussion and Analysts on Operating Results

Consolidated Operating Results

(Million Baht)

	2008	2007	Compare to 2007
Sales Revenue	5,952.5	4,585.2	29.8%
Cost of sales	3,954.1	2,969.8	33.1%
Gross Profit	1,998.4	1,615.4	23.7%
Selling and Admin. Exp.	1,434.1	1,123.2	27.7%
Interest Expenses	0.7	2.9	(74.8%)
Net Profit	592.5	558.4	6.1%
Earnings per Share (Baht)	3.16	2.98	6.1%

Consolidated Operating Results – Classified by Business

(Million Baht)

	2008	2007	Compare to 2007
Sales Revenue – Foods	2,636.0	2,038.8	29.3%
Sales Revenue – Beverage	3,316.5	2,546.4	30.2%
Total Sales Revenue	5,952.5	4,585.2	29.8%
Net Profit – Foods	155.3	164.2	(5.4%)
Net Profit – Beverage	437.2	394.2	10.9%
Total Net Profit	592.5	558.4	6.1%



Sales

In 2008, the company has sales revenue totally 5,952.5 million baht, which is 29.8% increased from 2007 that had sales revenue totally 4,585.2 million baht. It can be classified as 2,636.0 million baht from sales revenue of foods business or equivalent to 44.3% of total sales revenue, and 3,316.5 million baht from sales revenue of beverage business or 55.7% of total sales revenue. For the higher sales revenue when comparing to 2007, it mainly comes from 30.2% increased in sales revenue from beverage business due to promotion campaigns and sales from new beverage 'Coffio' which started at the end of Q1/08. The sales revenue of foods business is increased 29.3% due to sale promotion, and opening seventeen (17) more branches than 2007 (Buffet 2, Shabushi 5, Ramen 3, Delco 6 and Maido 1).

Cost of sales

Total Cost of sales of the company for 2008 is 3,954.1 million baht or equivalent to 66.4% of total sales. Total Cost of sales for 2007 was 2,969.8 million baht or 64.8% of total sales. The company has higher percentage Cost of sales due to higher price of cost.

Selling and Administrative expenses

The company has Selling and Administrative expenses in 2008 and 2007 equals to 1,434.1 million baht and 1,123.2 million baht respectively. When compare Selling and Administrative expenses over total sales in 2008 and 2007, the proportion has decreased from 24.5% to 24.1% due to lower percentage of Administrative expenses

Net Profit

For 2008, the Company's net profit is 592.5 million baht, or 10.0% net profit margin. Net profit is increased comparing with 2007 that is 558.4 million baht or 12.2% of sales. Total net profit is increased 6.1%. In 2007, the Company has extra profit from gain on sale of Loghome amounting 69 million baht.

Financial Status

Assets

	December 31, 2008		December 31, 2007	
	Million Baht	%of total assets	Million Baht	%of total assets
Current assets	1,455.2	44.8%	1,244.2	43.1%
Land, buildings and Equipment (net)	1,548.5	47.7%	1,423.9	49.4%
Intangible Assets	143.1	4.4%	149.7	5.2%
Other non-current asset	99.4	3.1%	65.4	2.3%

As of December 31, 2008, the Company had total assets of 3,246.2 million baht. It had increased from the end of 2007 by 12.6% or 363.0 million baht. Total assets consist of (1) 1,455.2 million baht of current assets or 44.8% of total assets and (2) 1,791.0 million baht of non-current asset or 55.2% of total assets.

Current Assets

Current assets is increased 211.1 million baht or 17.0% due to

1. Cash and cash equivalent is 773.2 million baht that increased from the end of 2007 by 93.9% or 374.4 million baht mostly due to gain from operation activities 1,001.1 million baht, government bonds redemption 100.0 million baht, net with open new branches and renovate old branches, purchase new land and new machineries 367.6 million baht, and dividend payment 375.0 million baht.
2. Account receivable-net (included other related parties) is 450.0 million baht that decreased from the end of 2007 by (8.9%) or (43.7) million baht.
3. Inventory is 196.6 million baht that decreased from the end of 2007 by (10.9%) or (24.1) million baht.

Property, Plant and Equipment - net

Property, Plant, and Equipment – net is increased 124.6 million baht or 83.8% due to

- (1). Land purchasing at Nawanakorn Plant amounting 103.9 million baht,
- (2). Open new branches and renovate old branches amounting 192.4 million baht,

- (3). Install new machineries and internal systems amounting 108.3 million baht,
- (4). Depreciation for year 2008 amounting 277.7 million baht,
- (5). Disposal – net 2.3 million baht.

Liabilities

	December 31, 2008		December 31, 2007	
	Million Baht	%of Liabilities	Million Baht	%of Liabilities
Current liabilities	881.6	99.4%	706.3	95.3%
Other non-current liabilities	5.3	0.6%	35.1	4.7%

As of December 31, 2008, total liabilities are 886.9 million baht. They are increased by 19.6% or 145.5 million baht due to mainly increased in Account Payables-Trade and Accrued Expenses from increasing in sales.

Shareholders' equity

As of December 31, 2008, total shareholders' equity is 2,359.3 million baht, which is increased by 217.5 million baht from the end of 2007 or 10.2%, due to (1) net profit for year 2008 amounting 592.5 million baht net with (2) dividend payment 375.0 million baht.

Liquidity

The company has net cash provided from operating activities in 2008 amounting 1,001.1 million baht, comprised of profit from operation activities before change in operating assets and liabilities amounting 881.4 million baht, and asset from operation decreases by 22.2 million baht, and liabilities from operation increases by 97.5 million baht. Net cash used in investment is 250.9 million baht for food outlet expansion, new software, net with government bonds redemption. Net cash used by financing activities is 375.7 million baht, comprised of dividend payment amounting 375.0 million baht, and interest payment amounting 0.7 million baht. As of January 1, 2008, the company has cash and cash equivalents amounting 398.8 million baht, net cash as of December 31, 2008 is 773.2 million baht.

Liquidity ratio and quick ratio in 2008 is lower than that in 2007. The liquidity ratio is decreased from 1.75 times to 1.65 times and the quick ratio is decreased from 1.41 times to 1.39 times due to percentage increased of current liabilities over than liquid assets.

Appropriateness of Capital Structure

The company has debt to equity ratio at 0.35 and 0.38 in 2007 and 2008 respectively. The ratio has increased due to increased in trade accounts payable and accrued expenses .

12.4 Influential factors affecting future business operation and financial status

12.4.1 The company changed the major distributor from Diethelm Co., Ltd to POM Group, subsidiary of Thai beverage Pcl.

12.4.2 The company plans to build a new plant on a new land at Navanakorn Industrial, estimate to produce products in 2010.

12.4.3 For food business, the company plans to open 20 new branches in 2009.

13. Related Information

-None-

14. 2008 Corporate Social Responsibility Report

9 Years Towards Better Society



For the past nine years, Oishi Group Public Company Limited has great gained trust and supports from the Thai consumers. Therefore, as a dedicated member of this society, the company has the policy to help make the society better. The company believes that, in order to create a better society, we need to start from our heart by learning how to give i.e. giving the opportunity and compassion toward others. On the occasion of Oishi Group Public Co., Ltd's 9th Year Anniversary, the company has initiated the "D Power Project by Oishi" campaign, held to create better opportunity for those in need in this society.



The "D Power Project by Oishi" project consisted of activities that encouraged the young generation under the age of 18-30 years old to do the greater good by applying to participate in the 9 activities that the company

held during the nine months period. The participation was free for all age, gender, academic level, and occupation. Each activity was interesting, creative, and suitable for the young generation and the society. The participants would bring nothing, but their 'heart' and energy. Oishi provided all the equipment, vehicles, food, beverages and accommodations for all participants. The activities were;



Graffiti...Right Place, Right Way campaign: May

Graffiti is a form of art created by a group of teenagers, who like to use sprayed paint to draw pictures on the surfaces of walls, deserted buildings, and streets. If you look closer, you will see that graffiti is an expression of how teenagers view the society through arts. Although to some, graffiti represents disorganization of the city, Oishi Group wants to encourage the teenagers to use their ability to a greater good by creating arts and improving the landscape for the underprivileged children aged 3-5 years old, who live at Wat Yai Child Development Center, Nai Klong Pla Kod sub-district, Phra Samut Chedi district, Samut Prakarn province.



Plug the Leak campaign: June

The get-together of a group of volunteers with hearts of gold, who possess skill in mechanical work, helped repair the **Youth Shelter of Maharat Foundation**, founded since 1965 to be the shelter for hundreds of orphan boys aged 7-18 years old, in time for the coming rainy season.



Cycling...Cure Global Warming campaign: July

With the fast changing weather condition and the yearly increasing temperature, Oishi Group Public Company Limited realizes this problem, and the best way to cure this problem is to building good conscience among the youth that will help relieve the global warming in the long run. The company then set up a campaign to encourage the students to travel by bicycle. Not only it would help save energy and reduce pollution, bicycle travelling will help the students to exercise. Oishi donated 100 bicycles for the campaign, as well as received donation of 100 freshly repaired

used-bicycles from do-gooders, to underprivileged children with good behavior and good academic record at Chum Thang Talingchan School, Talingchan district.



Build the Dream...the Clay Library Building campaign: August

Young volunteers joined Oishi Group in building a clay library and donated books to the community, so that people in the area of Baan Kood Ngong, Kang Kro district, Chaiyaphum province would have a place to read and relax.

September, Grow the Mangrove Forest campaign



The mangrove forest is greatly valuable to the ecosystem and the nature. The forest is the source of carbon dioxide that will help relieve the global warming better than the on-land trees by 30%. However, the mangrove forest today has been invaded and destroyed, and the abundance of the marine and coastal resources is lost. Oishi Group brought the caring volunteers to the nature to help recover the mangrove forest at Klongkhone Mangrove Center, Samut Prakarn province.



Clean the Fish House campaign

This activity was participated by the young volunteers with the skill of deep water diving, who joined the program to collect underwater garbage around Koh Kham in Sattahip, Chonburi. The campaign was done to clean the natural habitat of the marine life. The volunteers also grow corals, in order to create balance in the eco system. The campaign would later create another tourist attraction that generates income to the country.

Vessel Collecting on Loy Krathong Festival campaign



Loy Krathong is the festival, where we ask for forgiveness from the Mother of Water. However, there has been hundreds thousands of krathong or vessel floated along the river after the festival each year. They are one of the causes of water pollution. Oishi Group therefore, created this campaign to bring volunteers to collect the wasted vessel from the river and return the cleanliness to Bangkok's Benjasiri Park.



Sport Ground...the Ground of Life campaign

Many youths have used open areas under the expressways, or parks around Bangkok as their sport grounds. However, some venues are not suitable for sport activities. Oishi Group invited the volunteers to improve the sport grounds, so that the youths can have the place to exercise and perform sport activities.



Music for Dad campaign

Oishi Group closed the **D Power Project by Oishi** campaign with the opportunity for the young generation to perform non-stop tunes for 9 hours at Santi Chai Prakarn Park, Bangkok. The activity also aimed to celebrate the musical talent of His Majesty the King, as well as giving the opportunity to the young generation to show of the music skill under the concept, **Music for Dad**, where all the songs were newly written by the performing bands. Any income received from this activity was donated to Dabos Foundation to give underprivileged students a better chance in academic world.

Oishi Group Public Company Limited

Responsibility Report of the Board of Directors on Finance

The company's board of director is responsible for financial statements of Oishi Group Public Company Limited and consolidated financial statements of the company and subsidiaries including financial information, presented in an annual report. The financial statements have been prepared in conformity with generally accepted accounting principles. The company chooses the most appropriated accounting practice and uses it as a standard practice. The practice is ensured an ample extent to which information disclosed for the benefit of shareholders and investors.

The company board organizes and effective risk management system and internal control system. This is to ensure accuracy, completeness, and enough information of the financial statement and to prevent any corruption.

The company board has appointed an Audit Committee to responsible for an auditing process both for financial statements and for internal checking and monitoring. This, in another way, is to have a risk management system. The Audit Committee's report is presented in the annual report.

The company's financial statements, the company and subsidiaries' consolidated financial statements have been audited by KPMG Phoomchai Audit Ltd. Along the auditing process, the company gave a full support on required documents. The auditor's report on auditing matter is presented in the annual report.

The company board agrees that the internal control is in satisfying level and is able to guarantee that financial statements of Oishi Group Public Company Limited and consolidated financial statements of the company and subsidiaries as of December 31, 2008 are credible



(Narong Srisa-arn)

Chairman and Executive Chairman

Report of the Audit Committee

The Audit Committee of Oishi Group Public Company Limited consists of three independent committees; Mr. Vikrom Koopairochana, Chairman of the Audit Committees, Mr. Verachai Tantikul and Mr. Chai Jarungtanapibal, audit committee's members. All of audit committees are not executives, nor employees of the company.

In the year 2008, the Audit Committee has performed their duty and the responsibility assigned by the Board of Directors, as well as regulations and the Code Of Conduct stated by the Stock Exchange of Thailand i.e. reviewing the good corporate governance, verifying the financial statement, reviewing the risk management, reviewing the internal control evaluation and strictly managing the internal audit.

The company has briefly set up the committee's framework that covering their authority, duty and responsibility as follows;

1. Review the operation of the company, to be in line with the Securities Law, the rules and regulations of the Stock Exchange of Thailand, and other related laws.
2. Review the Internal Control and the Internal Audit of the company, so that the company carries appropriate, sufficient and efficient Internal Control and Internal Audit systems; as well as making approval of the appointment, transference and dismissal of the head of internal audit.
3. Review the company's financial report; as well as the sufficiency of the company's disclosure of information in the case of conflict of interest; in order to certify that the company's financial report is accurate, based on the standard of certified accounting.
4. In charge of the selection, and appointment of the company's certified accountant, including considering of the accountant's fee.
5. Review any matter that might relate to the company's conflict of interest, to be in line with the rules and regulations of the Stock Exchange of Thailand.
6. Preparing the report of the Audit Committee to be revealed on the company's Annual Report.
7. Perform other tasks as assigned by the Board of Directors, with approval from the Audit Committee.

In 2008, The Audit Committee has performed its duty by following the code of best practice and been well aware of its responsibility for operations regarding to company's policies with efficient, transparency and auditable process to develop its good corporate governance.

In 2008, the committee held 11 meeting in total. The company invited executives from several concerned departments to acknowledge them about detected problems to find the best solution and prevent any defection permanently. The essence of the committee's performance in 2008 is as follows;

- 1.) Reviewed the accuracy of the company's financial report, and the sufficiency of the company's disclosure of information: The committee has reviewed and stated their opinion on the quarterly Financial Report and the 2008's Financial Report before proposing to the Board of Directors for approval, to ensure that the Financial Report and the company's inter-related activities between the company and its subsidiary, activities that might be conflict of interest and the disclosure of crucial information are done accurately and credibly. In addition, the inquiry of significant aspects was held to correct and complete financial statement following to the standards of the Accounting Profession Association of Thailand. The committee revealed information on related issues openly and sufficiently.
- 2.) Monitored the company's operation, to be in-line with the Good Corporate Governance and the Code of Best Practice guided by the Stock Exchange of Thailand. The committee has strictly and continuously follows the guideline, to strengthen the company's foundation on Good Corporate Governance.
- 3.) Considered and approve internal audit team's framework and annual internal audit plan for year 2008, that included giving internal auditing operational guideline and manage internal audit works considered form risk factors and business nature. To increase their performance, the committee has scrutinized the result of audit and given suggestion to internal audit teams on related internal audit system and to management teams to improve, correct and prevent on particular issues, which included following up its improvement continually.
- 4.) Evaluated sufficiency and appropriate of the internal control system. The committee has duty to review the appropriateness of the company's internal control system from the performance of the Internal Affairs department. The committee also reviews and follows up the audited departments to correct and improve their performance as agreed. Also, the committee gives advice to the Internal Affairs department regarding the internal control system, and proposes to the operation department to consider the improvement and protection on the case to case basis.

From the review of the Audit Committee during the past year, the committee discovered that the company and its subsidiaries had suitable internal control to the nature of its business and no significant defecation was found. The committee has insisted management teams to improve internal control system and risk management system more efficient and proper to the nature of its business continuously; as well as encourage the better standards of the company's internal auditing.

According to the internal control system's evaluation result prepared by the Internal Affairs department, the report of the external accounting auditor, and the discussion with the internal auditor, the Audit Committee has considered and agreed that the company has adequate internal control system, and no significant defect was found. Also, the company's financial report is accurate, based on the standard of certified accounting.

In 2008, the committee proposed to the board of directors the appointment of Ms. Nittaya Chetchotirote, Certified Public accountant (Thailand) No. 4439 or Mr.Nirand Lilamethwat, Certified Public accountant (Thailand) No. 4098 or Ms. Wannaporn Jongpeeradechanon, Certified Public accountant (Thailand) No. 4098, from KPMG Phoomchai Audit Limited with the audit fees of 1,900,000 baht.

The Audit Committee



(Mr. Vikrom Koopairochana)
Chairman of the Audit Committees

Report of the Risk Management Committee

The Risk Management Committee of Oishi Group Public Company Limited consists of five committees; Mr. Chai Jroongtanapibarn, Chairman of the Risk Management Committees, Dr. Pisanu Vichiensanth, Mr. Paiboon Kujareevanich, Mr. Paisarn Aowsathaporn and Mr. Viroj Supasoon, as Risk Management Committee members.

The company has set up the roles and responsibility of the Risk Management Committee, which are;

1. Set policy and integrated risk management framework, that thoroughly cover main business risks i.e. business and operational risks.
2. Approve the appropriate risk management plans that can be applied throughout the organization.
3. Follow up on the company's main risk factors, as well as, any risk indication while updating the current data.
4. Offer advises and instructions on risk management.
5. Communicate with the Audit Committee on main risk factors, to be in line with the internal control.
6. Report to the company's board of directors regarding the risk factors and risk management.

In 2008, the committee held 5 meeting in total, in order to perform their duty and the responsibility assigned by the Board of Directors. The Risk Management Committee has constantly reported the result of the significant risk management, including advices to the company's Board of Directors. The essence of the Risk Management Committee's performance is as follows

1. Set policy and integrated risk management framework, that thoroughly cover main business risks i.e. business and operational risks.
2. Review the risk management policy and prepare risk management plan by evaluating from the risk factors that might affect the operation of the company. Develop risk management system

that covers all aspect of the organization. Prepare risk management plan for all level by brainstorming with the executives, the employees from various departments.

3. Set up risk management system to reduce the long-term effect that the risk might cause to the company.
4. Develop effective risk management system and supervise the appropriate risk management for the company.
5. Encourage the executives and the employees to see the significance of the risk management, and manage the risk that might obstruct the personnel to reach their goal. Support and push forward the plan of risk management for all levels of the organization, and make the policy the organizational culture.
6. Follow up on the progress of risk management in related divisions, and constantly arrange the risk evaluation.

The Risk Management Committee has performed its assigned duty thoroughly and gives out opinions to the executives freely for the highest benefits of the shareholders and all stakeholders.

The Risk Management Committee



(Mr. Chai Jroongtanapibam)

Chairman of the Risk Management Committees

Report on the Good Corporate Governance

The Board of directors has been following the SET's Codes of Best Practices for listed companies, in which company's policies shall be set to be in line with the criteria of the Stock Exchange of Thailand. The principles enhancing transparency within the organization, as well as increases the confidence of its stockholders, general investors and any concerned party.

The board of directors believes that the systems and procedures of code of best practices are very important toward business administration and success, then the code of conduct includes: The board believes that the policy will play an important role in successful business operation. Therefore, the company's good governance policy has been set to cover in many areas;

Policy on Corporate Governance

The board believes that the policy will play an important role in successful business operation. Therefore, the company's good governance policy has been set to cover in many areas;

- Certain system is set to build up confidence to the shareholders and the concerned party that fair and equal treatment will be offered to every party.
- Supervising the executive board to efficiently abide by the policy set by the board of directors, for the best interest of the shareholders within the boundary of the law and business etiquettes.
- Assist executives' performance to be transparency, auditable and information disclosure.
- Provide appropriate control and risk management systems.
- Determine code of conduct to operate business for Board of committee, executives and employees to be followed.

The company is well aware of the significance of the good corporate governance that it is the foundation of efficient organization. The company, therefore, operate its institution according to the 5 codes of conduct guided by the Stock Exchange of Thailand (SET). The 5 principles on good corporate governance are as follow;

Shareholders' Rights

The Board of Directors is aware that shareholders are the full owners of the company and administer through the appointment the Board of Directors as their delegates and have a right to make decision on any significant changes. The company supports shareholders to exercise their rights such stock selling or purchasing, transaction, profit allocation, information notification, voting in shareholders' meeting to discharge the committee, appoint account auditors and other effected issues to the company such as dividend allocation, regulations determination/adjustment and the Memorandum of Association, capital increase or decrease and particular issues' approvals.

The Board of Directors has the policy to treat all shareholders equally, fairly, as well as facilitating the shareholders in the meeting participation, receiving information and the rights to vote in the Shareholders' Meeting. In each meeting, the board of directors gives the opportunity to every shareholder equally to ask questions, give opinions, and advices to the company. Also, the company will assist the shareholders in the meeting to encourage the rights to vote. The company will send Proxy Forms, along with the Meeting Invitation in case the shareholders are unable to attend the meeting. The shareholders can appoint someone else or the independent directors as proxy to attend the meeting, and shall have the rights to vote as stated by the shareholders.

In the Shareholders' Meeting, the Board of Directors must make a letter of appointment of the meeting with specific details and send to the shareholders not less than 7 days for the shareholders' thorough decision. Also, the resolution of the Board of Directors must be stated in each meeting agenda, and meeting minute must be taken for the shareholders' later inspection.

The shareholders shall acknowledge the regulations and procedures on the participation of the meeting, as well as receiving sufficient information to consider every agenda before the meeting. The shareholders also have the rights to make enquiry and can appoint a proxy to participate in the meeting. The granted proxy has the equal vote as the shareholders.

The Board of Directors shall organize the shareholders' Annual General Meeting within four months from ending date of the accounting period of the company. All the Shareholders Meetings other than mentioned shall be called Extraordinary Shareholders Meetings. The Board of Directors may call an Extraordinary Meeting at any time as deemed appropriate. During the shareholders' meeting, the company will give equal freedom to every shareholder in expressing opinion and make inquiries regarding the topics and motions of the meeting without time limitation. The meeting's chairman, the board of directors and the audit committee

will participate in answering the enquiry, as well as, acknowledge every opinion of the shareholders. Every topic shall be noted in the minute of the meeting for future examination.

Moreover, the Board of Directors has set up policies to supervise and protect the rights of the shareholders; as well as encourage every shareholder to claim their rights freely and equally. The Shareholders' policy must be complied with the company's Good Corporate Governance that is in-line with the rules and regulation of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission, including other related laws. The board also realizes and sees the importance of the shareholders' rights, and will not carry any action that might deprive the right.

Shareholders' Equal Treatments

The company has valued the equal treatment toward the shareholders, and has set policies to supervise and protect the shareholders' rights, as well as encouraging every party to strictly comply with the policies. All shareholders, executives, or non-executives, major, or minority shareholders, can be ensured to receive equal and fair treatment from the company.

Moreover, the Board of Directors has set up policies to supervise and protect the rights of the shareholders; as well as encourage every shareholder to claim their rights freely and equally. The Shareholders' policy must be complied with the company's Good Corporate Governance that is in-line with the rules and regulation of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission.

The Board determines that every director and executive discloses any information regarding their stake to the company or other relevant parties to prevent any conflict of interests and capability to make a decision for the overall company. In this case, the company identified any committee and any interest earner cannot be part of related-interest transaction.

The Board of Directors has set preventive measures on any member or group of board of directors or executive's exploit fraud such as insider trading or disclose improperly inside information to anyone related to the Board of Directors or executives.

In terms of the use of internal information, the company determined the executives must inform the Securities and Exchange Commission (SEC) in case of any change in the company's security holdings, according to the Securities and Exchange Act 1992 (2535), Section 59. Also, the disclosure of any information that has not yet been public for any personal use, including the trading of the executives and employees' stock trading are prohibited. The trading of the company's shares during the one-month period prior to the release of the company's financial budget must be avoided. Violations will be punished from probation to termination of

employment. The company stated the policy in written document to prohibit all staffs from making any sale transaction upon receiving the crucial information that will affect the company's stock price, until the information is disclosed to the public 30 days in advance.

The Role of the Stakeholders

The Board of Directors is well aware that every stakeholder must be treated with care following by their rights stated in relevant laws and regulations. The board has considered creating cooperation between the company and the stakeholders for company's financial stability and cooperating benefits. There are various groups of stakeholders in the good corporate governance, essentially such as customers, employees, suppliers, shareholders or investors, creditors and communities, society or government agencies. Other stakeholders include competitors.

The Board of Directors determined policies to treat each stakeholder must be according to their rights stated in laws and regulations or company's conditions. No violation of their mentioned rights is allowed.

The Board of Directors has meant to develop a device to drive stakeholders' participation, leading to better performance and permanent satiability of the company. The Board should reveal relevant and important information to stakeholders adequately for efficiency participation.

The Board of Directors is well aware that the effective outcome of the company can be achieved by the contribution and support of every stakeholder. Therefore, a policy has been set to create cooperation between the company and the stakeholders that will lead to mutual benefits. The policy will as well ensure that every stakeholder will be protected and treated with care. The policy can be elaborated as follows;

Shareholders: - The company shall be operated with transparency, under the determination to grow and giving good benefits to the shareholders in the long run.

Customers: - The company determines to continuously develop the product quality and services of the company, to ensure the highest customer satisfactory.
- Taking good care and paying attention to the customers with all will, along with maintaining the quality and services of the products.
- Providing a division, or personnel to receive complaints from the customers, to ensure prompt solutions to the customers' concerns.

Employees: - Every employee will be treated fairly and will be given appropriate reward.

- Employees are considered highly valuable resources of the company and must be treated fairly, in terms of opportunity, remuneration, potential development, as well as the stability in quality of life and safety in the workplace.

Suppliers : - The company shall strictly abide by the trade agreement and contracts made with the suppliers. The company determines to treat the suppliers equally and fairly, to ensure mutual benefits.

Creditors : - The company determines to treat the creditors equally and fairly. The company will also strictly abide by conditions stated in the contract.

Community: - The company shall carry the sense of responsibility to the environment and the community.

- The company shall build good conscience to everyone in the organization to take care and develop the society, environment, along with the company's sustainable growth.

In order to operate business for the best interest of others, the board of directors has set a policy, where every party is equally important, while achieving the goals of the organization. To succeed the policy, the boards of directors and executives, as well as, employees must acknowledge the standard procedure stated in the business ethic guideline, where the fair treatments toward the shareholders, customers, suppliers, competitors, the society and the employees are drawn. Also, the board is setting up mechanisms to ensure that the business ethic will be abided by.

Also, the company shall abide by the rules and regulations stated in the law, to ensure that the stakeholders will be treated with care.

Disclosure of Information and Transparency

The Board of Directors determined the company to disclose information related to the firm including financial and non-financial information accurately, currently, completely, transparently and reliably to every stakeholder equally.

The Board of Directors is certain that all information in financial report must contain accuracy according to the standards of the Accounting Profession Association of Thailand and were approved by independent accounting auditors. The board is aware that quality of financial report is what shareholders and outsiders have placed greatly importance.

The company sees the importance of the disclosure of information related to the firm including financial and non-financial information accurately, sufficiently and transparently to the investors and other related parties at the punctual time; the information i.e. the Annual Report, Financial Report, other significant information stated by the Stock Exchange of Thailand (SET), and information that might affect the company's stock price, shall be published through the SET's media, or an appointment of the company's executives for the enquiries of such information must be allowed. Moreover, the Board of Directors determined to set a transparency compensation payment process and asked for shareholders' approval.

Report of the Board of Directors

The board of directors is well aware how importance the credibility of financial report and the financial budget are. They show the public the company's financial status, as well as its real performance. Therefore, the board has always given full cooperation to the company's account auditors.

The board is responsible for the arrangement of the company's financial report, including the financial information shown in the annual report. It supervises the management team in preparing financial budget by providing accurate and true financial data, certified by the accountants and the standards of the Accounting Profession Association of Thailand. The board will carefully apply appropriate policies while using thorough consideration and the logics of the arrangement.

The board also acknowledges the significance of the internal auditory efficiency, as it is one of the key to successful operation, as well as, preventing any misconduct. Therefore, Audit Committee is appointed to review and supervise the internal auditory system. The Committee will also directing transparent and accurate arrangement of the company's financial record. The Audit Committees are consisted of three independent committees. The end process of financial data arrangement is when the audit committee stated their approval on the financial report in the annual report, as of December 31, 2006 that the report is credible and accurate.

Remuneration of the Board of Directors and Executives

The company has considered the remuneration of the board of directors based on the comparative rate with others in the same industry, listed in the SET. The remuneration is set to motivate the directors to continuously contribute good work at the company. The company will also consider the remuneration appropriately, based on the responsibility of the board of directors. The financial incentive of the company's board of directors is in the forms of monthly salary, and bonus

The company appointed a sub-committee to consider about remuneration for the Board of directors and executives, followed by the resolution in shareholders' meeting. The annual report will show the sum of meeting expense and compensation. The remuneration of the board of directors in 2008 was as follows;

Name Position	2008		Total Amount (baht)
	Monthly Salary (baht)	Bonus (baht)	
1.Mr. Narong Srisa-arn Chairman / Chairman of the Remuneration Committee	720,000	3,096,774	3,816,774
2. Mr. Thapana Sirivadhanabhakdi Vice Chairman	540,000	2,322,581	2,862,581
3. Mr. Tan Passakornnatee Director / Remuneration Committee	-	1,548,387	1,548,387
4. Ms. Sunisa Sukphantavorn Director	-	645,161	645,161
5. Mr. Yeuh-Chin Chiu Director	-	1,548,387	1,548,387
6. Mr. Sithichai Chaikriengkrai Director / Remuneration Committee	480,000	1,548,387	2,028,387
7. Mr. Ueychai Tantha-obhas Director	360,000	1,548,387	1,908,387
8. Dr. Pisanu Vichiensanth Director/ Risk Management Committee	480,000	1,548,387	2,028,387
9. Mr. Somkiat Chareonkul Director	-	1,548,387	1,548,387
10. Ms. Cholakarnta Boobphaves Director	360,000	1,548,387	1,908,387
11. Mr. Vikrom Koopairochana Independent Director and Chairman of the Audit Committee	600,000	2,322,581	2,922,581
12. Mr. Verachai Tantikul Independent Director and Audit Committee	480,000	1,548,387	2,028,387
13. Mr. Chai Jroongtanapibarn Independent Director/Audit Committee/Risk Management Committee	600,000	2,322,581	2,922,581
Total Amount of Salaray and bonus	4,620,000	23,096,774	27,716,774

The Responsibility of the Boards of Directors

The Board of Directors has responsibility to the shareholders, regarding the management of the company. They must supervise the management to reach the goal, and direction that benefit the shareholders as much as possible. At the same time, the board must regard the benefits of all stakeholders.

Every member in the Board of Directors has leadership, great vision and no commitment in making any decision for company's benefits and entire shareholders. The Board has set a system to separate duties between the Board of Directors and management section distinctively and ascertained every organizational activity progress legally and with ethics. Every board member understands its duty and nature of its business, thus being ready to express its own opinions independently and self-improvement to an up-to-date situation. They are well aware of their honest performance with caution and carefulness for ultimate mutual benefits and fair to every shareholder, receiving accurate and sufficient information.

The Board of Directors consists of qualified members in various skills, experiences and talents for company's sakes, including devoting their time and attempts to achieve their duties forcefully.

To perform their responsibilities efficiently and successfully, the Board has set many sub-committees to assist and scrutinize works as necessary; especially when neutrality is needed to judge and set policies and organization chart such report to the Board of Directors.

Leadership and Vision

The board of directors will approve the direction of the company's vision, mission, goals, business plans and budgets. The board's meeting will be held at least once every year quarter to follow up on the operation of the company, acknowledge the management's proceedings, as well as, set up mechanisms to evaluate the achievement of the management team, both in the short term and the long term.

All board members are qualified personnel, who possess various skills, experiences and talents for company benefits. The candidate for the director position must come from transparent selection process by the company's board of directors. The nomination of the successful candidate must be approved by the board of directors, and must be proposed as a Shareholders' meeting agenda. The company shall reveal the profile, qualification, work experience and the share ownership of the company's directors in the Annual Report.

Balance of the non-Executive Directors

The company has set up a set of committee by selecting from the criteria guided by the Stock Exchange of Thailand (SET), and must pass the approval of the company's shareholders' meeting. Currently, there are 13 members of the directors' board, which consist of four executive directors, and nine non-executive directors. Three of the non-executive directors will also be the company's Independent Directors. The Independent Directors shall serve as the company's Audit Committee. The directors must possess qualifications stated by the Stock Exchange of Thailand (SET), and shall be independent regarding the company's auditing.

Aggregation or Segregation of Positions

The chairman of the board of directors and the managing director must be two separate persons, so that their duty in supervision will be clearly divided. The head of management team will operate the company under the approval of the board of director, where representative of the major stockholders and the audit committees are included. This code of conduct would enhance the company's checks and balances system.

The Board of Directors and the executives have clear, divided responsibility. The Board of Directors are authorized to consider and approve the overall policy i.e. Vision, Mission, Strategy and Corporate Governance Policy, while the executives are required to follow the policies set by the board.

The Director's Meetings

The board of directors is set to attend the meeting once in every year quarter, while special meeting can also be held if necessary. The motions of the meeting must be clearly stated. Prior to every meeting, the company's secretary must send the meeting invitation and its attachments to the board members at least seven days before the meeting. The arrangement will give time for the board to thoroughly study the given information before the meeting. In every meeting, each board member has the power to debate, and freely expressing his/her opinion. At the same time, the company secretary will noted the meeting minutes in written document for further examination, as soon as the document is approved by the board.

In 2008, the board of directors held eleven meetings in total, the participation of each board member can be summarized as follow;

Name of Directors	Position	No. of Meeting Participation
Mr. Narong Srisa-arn	Chairman	8
Mr. Thapana Sirivadhanabhakdi	Vice Chairman	8
Mr. Tan Passakornnatee	Director and Managing Director	11
Mr. Sunisa Sukphantavorn	Directors	11
Mr. Yeuh-Chin Chiu	Directors	11
Mr. Sithichai Chaikriengkrai	Directors	11
Mr. Somkiat Chareonkul	Directors	11
Mr. Ueychai Tantha-obhas	Directors	11
Mr. Pisanu Vichiensanth	Directors	11
Mr. Cholakanta Boobpaves	Directors	11
Mr. Vikrom Koopirochana	Independent Director and Chairman of the Audit Committee	11
Mr. Verachai Tantikul	Independent Director and Audit Committee	11
Mr. Chai Jroongtanapibarn	Independent Director and Audit Committee	11

Sub-Committee

The Board of Directors appointed three sets of sub-committee to assist the company's operation. The three sub-committee are;

1.) **The Audit Committee** consists of 3 Independent Directors working on a 2-year term. The Audit Committee are;

1. Mr. Vikrom Koopairochana Chairman of the Audit Committees/Independent Director
2. Mr. Verachai Tantikul Audit Committees/Independent Director
3. Mr. Chai Jroongtanapibarn Audit Committees/Independent Director

The Audit Committee's Authority

The Audit Committee has the following authority;

1. Review the operation of the company, to be in-line with the Securities Law, the rules and regulations of the Stock Exchange of Thailand, and other related laws.
2. Review the Internal Control and the Internal Audit of the company, so that the company carries appropriate, sufficient and efficient Internal Control and Internal Audit systems; as well as making approval of the appointment, transference and dismissal of the head of internal audit.
3. Review the company's financial report; as well as the sufficiency of the company's disclosure of information in the case of conflict of interest, in order to certify that the company's financial report is accurate, based on the standard of certified accounting.
4. In charge of the selection, and appointment of the company's certified accountant, including considering of the accountant's fee.
5. Review any matter that might relate to the company's conflict of interest, to be in-line with the rules and regulations of the Stock Exchange of Thailand.
6. Preparing the report of the Audit Committee to be revealed on the company's Annual Report.
7. Perform other tasks as assigned by the Board of Directors, with approval from the Audit Committee.

In 2008, the Audit Committee held 11 meetings, and every Audit Committee member attended all the meetings.

2.) The Risk Management Committee

The five risk management committees are;

- | | |
|-------------------------------|--|
| (1) Mr. Chai Jroongtanapibarn | Chairman of the Risk Management Committees |
| (2) Dr. Pisanu Vichiensanth | Risk Management Committee |
| (3) Mr. Paiboon Kujareevanich | Risk Management Committee |
| (4) Mr. Paisarn Aowsathaporn | Risk Management Committee |
| (5) Mr. Viroj Supasoon | Risk Management Committee |

The Risk Management Committee's Authority

The roles of Risk Management Committee are;

- (1) Set policy and integrated risk management framework, that thoroughly cover main business risks i.e. business and operational risks.
- (2) Approve the appropriate risk management plans that can be applied throughout the organization.
- (3) Follow up on the company's main risk factors, as well as, any risk indication while updating the current data.
- (4) Offer advises and instructions on risk management.
- (5) Communicate with the Audit Committee on main risk factors, to be in-line with the internal control.
- (6) Report to the company's managerial committees regarding the risk factors and risk management.

In 2008, the Risk Management Committee held five meetings, and every Risk Management Committee member attended all the meetings.

3.) The Remuneration Committee

The three remuneration committees are;

- | | |
|----------------------------------|--|
| (1) Mr. Narong Srisa-arn | Chairman of the Remuneration
Committees |
| (2) Mr. Tan Passakornatee | Remuneration Committee |
| (3) Mr. Sithichai Chaikriengkrai | Remuneration Committee |

The Remuneration Committee's Authority

The roles of Remuneration Committee are;

- (1) Set up remuneration rate and other benefits of the managerial committees. The rate will be passed on the company's boards before submitting to the shareholders' meeting for approval.
- (2) Set up remuneration rate and other benefits of the company's high ranking executives from the Vice Presidents, in order to submit to The Executive Boarder the Board of Directors for approval.
- (3) In charge of any operation regarding the Set up remuneration rate, assigned by the Board of Directors or the shareholders' meeting.

In 2008, the Remuneration Committee held three meetings, and every Remuneration Committee member attended all the meetings.

Conflict of Interest

The boards of directors and executives are cautious of any possible conflict of interest that might occur. Therefore, the boards supervise the use of inside information to prevent conflict of interest. In particular, The Board of Directors appointed audit committee to consider the necessary and appropriate of any transaction occurred to any conflict of interest, stakeholders or future conflict of interest. In case the audit committee does not have expertise in certain area, independent specialists or accountants will be hired to give advices in the area. Hence, the boards will be able to use the advice as guideline in the decision making process. This solution will helps preventing any possible conflict of interest. Also, policies have been set up to prevent such conflicts by suggesting the committee, along with the employees to avoid any personal use of inside information. The policy stated that all committees and employees avoid any transaction involving to the conflict of interest.

Moreover, the company has clearly set policies to specially scrutinize any activity that might be conflict of interest. If a director is holding stakes in any case, the director's rights to vote will be forfeited. Also, the company has set policies that prevent the director to exploit the internal information for personal use.

Control System and Internal Control

The company has set up the internal control that covers all aspects, including the accounting and finance, the operation that abides by the law and other related rules and regulations; as well as having efficient checks and balances system that can protect the investment and capital of the shareholders and the company's assets. The company also sets the rank of approvals, the responsibility of the executives and the employees. The company's rules and regulations are stated in written document, and there must be Internal Affairs department to ensure the operation of each department is accurate, thorough and disciplined. Also, the Audit Committee will supervise the company's operation and management to ensure the effectiveness of the company's internal control system, the credibility of the Financial Report. The Internal Affairs department must report directly to the Audit Committee, who supervise and review the company's internal control system

The company determines to encourage the Internal Affairs department to fully perform the checks and balances, by reporting directly to the Audit Committee, to ensure that the internal control system continues to be a significant mechanism that pushes the company to its sustainable growth. In each of the Audit Committee's meeting, the manager of the Internal Affairs department will report the inspection result to the Audit Committee. Also, the committee will submit the opinion report and advice, if there is any area that should be improved, to the board in each Board of Directors' meeting.



The company has set policy on Good Corporate Governance as a guideline for business operation for the directors, the executives, the management and the employees. The Board of Directors will review and improve the policy on Good Corporate Governance annually, to be suitable for the change in the business operation, the environment, as well as the altered rules and regulations.



Oishi Group Public Company Limited and its Subsidiaries

Annual financial statements and Audit report of Certified Public Accountant

For the years ended
31 December 2008 and 2007

Audit report of Certified Public Accountant

To the shareholders of Oishi Group Public Company Limited

I have audited the accompanying consolidated and separate balance sheets as at 31 December 2008 and 2007, and the related statements of income, changes in equity and cash flows for the years then ended of Oishi Group Public Company Limited and its subsidiaries, and of Oishi Group Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information presented in these financial statements. 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 and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2008 and 2007 and the results of operations and cash flows for the years then ended of Oishi Group Public Company Limited and its subsidiaries, and of Oishi Group Public Company Limited, respectively, in accordance with generally accepted accounting principles.



(Nittaya Chetchotiros)
Certified Public Accountant
Registration No. 4439

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2009

Oishi Group Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2008 and 2007

Assets	Note	Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	773,206,546	398,804,265	346,289,282	358,740,372
Current investments	6	-	106,500,000	-	30,000,000
Trade accounts receivable	4, 7	450,040,096	493,714,608	42,695,863	31,251,883
Short-term loans to and amounts due from related parties	4	-	-	91,152	137,447,696
Inventories	8	196,636,949	220,737,130	21,812,426	23,382,230
Dividends receivable from subsidiary	4	-	-	1,012,197,590	335,999,200
Other current assets		35,344,464	24,407,745	24,245,751	10,729,384
Total current assets		1,455,228,055	1,244,163,748	1,447,332,064	927,550,765
Non-current assets					
Investments in subsidiaries	9	-	-	578,000,000	578,000,000
Other long-term investments	6	8,500,000	2,000,000	-	-
Amounts due from related parties	4	7,900,435	4,625,365	7,455,070	4,180,000
Property, plant and equipment	10	1,548,504,115	1,423,874,911	343,717,665	238,977,833
Intangible assets	11	31,766,964	28,369,969	17,013,805	11,776,071
Leasehold rights	12	111,352,262	121,332,740	47,682,429	50,449,549
Other non-current assets	13	82,922,332	58,815,199	69,718,157	42,107,650
Total non-current assets		1,790,946,108	1,639,018,184	1,063,587,126	925,491,103
Total assets		3,246,174,163	2,883,181,932	2,510,919,190	1,853,041,868

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

Oishi Group Public Company Limited and its Subsidiaries

Balance sheets

As at 31 December 2008 and 2007

	Note	Consolidated		Separate	
		financial statements		financial statements	
Liabilities and equity		2008	2007	2008	2007
		(in Baht)			
Current liabilities					
Trade accounts payable	4, 14	474,814,783	394,837,965	151,160,395	131,019,747
Short-term loans from and amounts due to related parties	4	9,390,218	599,631	1,708,956	305,736
Accrued expenses	15	239,125,773	187,226,285	114,670,315	71,356,075
Accounts payable-asset acquisition		102,371,631	58,569,711	69,589,403	14,216,008
Income tax payable		1,779,906	9,384,640	-	3,187,856
Other current liabilities	16	54,136,326	55,677,068	45,013,601	44,605,782
Total current liabilities		881,618,637	706,295,300	382,142,670	264,691,204
Non-current liabilities					
Deferred income		2,063,092	2,506,538	1,715,032	2,092,853
Other non-current liabilities	17	3,201,703	32,557,276	600,000	600,000
Total non-current liabilities		5,264,795	35,063,814	2,315,032	2,692,853
Total liabilities		886,883,432	741,359,114	384,457,702	267,384,057
Equity					
Share capital	18				
Authorised share capital		375,000,000	375,000,000	375,000,000	375,000,000
Issued and paid-up share capital		375,000,000	375,000,000	375,000,000	375,000,000
Reserves					
Share premium	19	609,402,184	609,402,184	609,402,184	609,402,184
Retained earnings					
Appropriated to legal reserve	19	37,500,000	37,500,000	37,500,000	37,500,000
Unappropriated		1,337,388,547	1,119,920,634	1,104,559,304	563,755,627
Total equity		2,359,290,731	2,141,822,818	2,126,461,488	1,585,657,811
Total liabilities and equity		3,246,174,163	2,883,181,932	2,510,919,190	1,853,041,868

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

Oishi Group Public Company Limited and its Subsidiaries

Statements of income

For the years ended 31 December 2008 and 2007

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2008	2007	2008	2007
		(in Baht)			
Revenues	4				
Revenue from sale of goods	20, 26	5,952,472,968	4,585,223,238	2,182,493,669	1,539,742,723
Dividends income from subsidiaries		-	-	963,733,685	1,096,115,695
Gain on disposal of property, plant and equipment		1,741,488	68,434,796	1,343,931	67,872,389
Other income	21	31,987,960	22,515,319	23,440,305	21,746,434
Total revenues		5,986,202,416	4,676,173,353	3,171,011,590	2,725,477,241
Expenses	4				
Cost of sale of goods		3,954,057,326	2,969,816,697	1,254,252,826	863,113,518
Selling and administrative expenses	22	1,406,372,921	1,110,974,562	973,236,101	685,079,121
Directors' remuneration		27,716,774	12,265,162	27,716,774	12,265,162
Total expenses		5,388,147,021	4,093,056,421	2,255,205,701	1,560,457,801
Profit before interest and income tax expenses		598,055,395	583,116,932	915,805,889	1,165,019,440
Interest expense	24	(734,432)	(2,917,182)	(2,212)	(2,303,373)
Income tax expense	25	(4,853,050)	(21,825,895)	-	(5,527,713)
Profit for the year		592,467,913	558,373,855	915,803,677	1,157,188,354
Basic earnings per share	27	3.16	2.98	4.88	6.17

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

Oishi Group Public Company Limited and its Subsidiaries

Statements of changes in equity

For the years ended 31 December 2008 and 2007

	Note	Issued and paid-up share capital	Consolidated financial statements			Total equity
			Reserve Share premium	Retained earnings		
				Appropriated to legal reserve	Unappropriated	
				(in Baht)		
Balance at 1 January 2007		375,000,000	609,402,184	37,500,000	790,286,909	1,812,189,093
Profit for the year		-	-	-	558,373,855	558,373,855
Dividends	28	-	-	-	(228,740,130)	(228,740,130)
Balance at 31 December 2007		375,000,000	609,402,184	37,500,000	1,119,920,634	2,141,822,818
Profit for the year		-	-	-	592,467,913	592,467,913
Dividends	28	-	-	-	(375,000,000)	(375,000,000)
Balance at 31 December 2008		375,000,000	609,402,184	37,500,000	1,337,388,547	2,359,290,731

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

Oishi Group Public Company Limited and its Subsidiaries

Statements of changes in equity

For the years ended 31 December 2008 and 2007

	Note	Issued and paid-up share capital	Separate financial statements		Total equity
			Reserve Share premium	Retained earnings (Deficit) Appropriated to legal reserve Unappropriated (in Baht)	
Balance at 1 January 2007		375,000,000	609,402,184	37,500,000 (364,692,597)	657,209,587
Profit for the year		-	-	- 1,157,188,354	1,157,188,354
Dividends	28	-	-	- (228,740,130)	(228,740,130)
Balance at 31 December 2007		375,000,000	609,402,184	37,500,000 563,755,627	1,585,657,811
Profit for the year		-	-	- 915,803,677	915,803,677
Dividends	28	-	-	- (375,000,000)	(375,000,000)
Balance at 31 December 2008		375,000,000	609,402,184	37,500,000 1,104,559,304	2,126,461,488

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



Oishi Group Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2008 and 2007

	Note	Consolidated		Separate	
		2008	2007	2008	2007
				<i>(in Baht)</i>	
Cash flows from operating activities					
Profit for the year		592,467,913	558,373,855	915,803,677	1,157,188,354
<i>Adjustments for</i>					
Depreciation and amortisation		291,032,040	292,467,661	76,918,800	78,936,876
(Reversal of) allowance for obsolete and deteriorated inventory		7,243,586	(3,483,370)	214,759	(19,198)
Interest income		(13,938,270)	(5,459,440)	(8,659,045)	(5,163,901)
Interest expense		734,432	2,917,182	2,212	2,303,373
Dividend income from subsidiaries		-	-	(963,733,685)	(1,096,115,695)
Unrealised gain on exchange rates		(8,199)	(758)	-	-
Gain on disposal and loss from write off of property, plant and equipment		(519,364)	(68,434,796)	(822,273)	(67,872,389)
Deferred income		(443,446)	(443,446)	(377,821)	(377,821)
Income tax expense		4,853,050	21,825,895	-	5,527,713
		881,421,742	797,762,783	19,346,624	74,407,312
Changes in operating assets and liabilities					
Trade accounts receivable		43,682,925	(117,716,921)	(11,443,980)	15,906,729
Amounts due from related parties		(3,275,070)	(4,625,365)	(2,918,526)	(4,307,758)
Inventories		16,856,595	(22,854,758)	1,355,045	7,144,808
Other current assets		(10,988,958)	(2,911,151)	(13,242,081)	885,200
Other non-current assets		(24,107,133)	(7,578,866)	(27,610,507)	(8,776,834)
Trade accounts payable		79,976,604	91,523,220	20,140,648	39,959,955
Amounts due to related parties		8,790,587	493,557	1,403,220	(27,040)
Accrued expenses		51,899,488	(12,598,473)	43,314,240	8,477,048
Other current liabilities		(1,540,742)	12,967,550	407,819	18,652,995
Other-non current liabilities		(29,355,573)	(21,681,971)	-	(275,243)
Income taxes paid		(12,281,612)	(12,441,255)	(3,586,943)	(2,339,857)
Net cash provided by operating activities		1,001,078,853	700,338,350	27,165,559	149,707,315
Cash flows from investing activities					
Interest received		13,814,337	5,436,653	8,783,846	5,039,100
Dividend received		-	-	287,535,295	760,116,495
Investments in government bonds decrease (increase)		100,000,000	(102,000,000)	30,000,000	(30,000,000)
Short term loans to related parties decrease (increase)		-	-	137,000,000	(137,000,000)
Sale of property, plant and equipment		2,813,374	209,614,169	1,353,993	208,702,019
Purchase of property, plant and equipment		(360,822,053)	(138,488,836)	(122,606,624)	(129,484,635)
Purchase of intangible assets		(7,042,598)	(5,664,246)	(6,975,747)	(3,026,992)
Leasehold rights decrease (increase)		294,800	(43,338,000)	294,800	(31,680,000)
Net cash provided by (used in) investing activities		(250,942,140)	(74,440,260)	335,385,563	642,665,987

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

Oishi Group Public Company Limited and its Subsidiaries

Statements of cash flows

For the years ended 31 December 2008 and 2007

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
<i>(in Baht)</i>					
Cash flows from financing activities					
Interest paid		(734,432)	(2,917,183)	(2,212)	(2,385,154)
Dividends paid		(375,000,000)	(228,740,130)	(375,000,000)	(228,740,130)
Decrease in short-term loan from subsidiaries		-	-	-	(199,000,000)
Decrease in bank overdraft and short-term loan from financial institutions		-	(17,240,873)	-	(17,240,873)
Net cash used in financing activities		(375,734,432)	(248,898,186)	(375,002,212)	(447,366,157)
Net increase (decrease) in cash and cash equivalents					
		374,402,281	376,999,904	(12,451,090)	345,007,145
Cash and cash equivalents at beginning of year		398,804,265	21,804,361	358,740,372	13,733,227
Cash and cash equivalents at end of year	5	773,206,546	398,804,265	346,289,282	358,740,372

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

Oishi Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2008 and 2007

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Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

These notes form an integral part of these financial statements.

The financial statements were authorised for issue by the Board of Directors on 23 February 2009.

1 General information

Oishi Group Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 20th Floor, UM Tower, 9 Ramkhamhaeng Road, Suanluang, Bangkok.

The Company was listed on the Stock Exchange of Thailand in August 2004.

During the period, the former major shareholders sold all their shares in the Company to Thai Beverage Public Company Limited. Therefore, as at 31 December 2008, the parent company was Thai Beverage Public Company Limited, incorporated in Thailand (89.93% shareholding).

The principal businesses of the Company are engaged in the Japanese restaurant business, production and distribution of semi-finished food, finished food, bread, ramen and beverage.

Details of the Company’s subsidiaries as at 31 December 2008 and 2007 were as follows:

Name of the entity	Type of business	Country of incorporation	Ownership interest %	
			2008	2007
Oishi Trading Co., Ltd.	Manufacture and distribution of food and beverage	Thailand	99.99%	99
Oishi Ramen Co., Ltd.	Japanese Ramen Restaurant	Thailand	99.99%	99

2 Basis of preparation of the 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.

The Group has adopted the following new and revised Thai Accounting Standards (TAS) which were issued by the FAP during 2007 and effective for accounting periods beginning on or after 1 January 2008:

TAS 25 (revised 2007)	<i>Cash Flows Statements</i>
TAS 29 (revised 2007)	<i>Leases</i>
TAS 31 (revised 2007)	<i>Inventories</i>
TAS 35 (revised 2007)	<i>Presentation of Financial Statements</i>
TAS 39 (revised 2007)	<i>Accounting Policies, Changes in Accounting Estimates and Errors</i>
TAS 41 (revised 2007)	<i>Interim Financial Reporting</i>
TAS 43 (revised 2007)	<i>Business Combinations</i>
TAS 51	<i>Intangible Assets</i>

The adoption of these new and revised TAS does not have any material impact on the consolidated or separate financial statements.

Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

The FAP has issued during 2008 a number of revised TAS which are only effective for financial statements beginning on or after 1 January 2009 and have not been adopted in the preparation of these financial statements. These revised TAS are disclosed in note 33.

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. These judgements, estimates and assumptions are based on historical experience and various other factors, including management's assessment of the potential impact on the Group's operations and financial position of the global economic crisis. Actual results may differ from these estimates.

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 subsidiaries (together referred to as the "Group")

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

Subsidiaries

Subsidiaries are those companies 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 subsidiaries 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 to Thai Baht 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 foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

(c) Cash and cash equivalents

Cash and cash equivalents 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.

(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

Raw materials and finished goods

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

Cost is calculated using the weighted average cost principle, and comprises 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 and is calculated using standard cost adjusted to approximate average cost.

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

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

(f) Investments

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

Investments in government bonds

Government bonds that the Group intends and is able to hold to maturity are stated at amortised cost. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

(g) *Property, plant and equipment*

Owned assets

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

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:

Land improvements	10	Years
Buildings and building improvements	20	Years
Decoration, office equipment, furniture and fixture	5	Years
Internal systems	5, 10	Years
Tools and machineries for manufacturing	5, 7	Years
Restaurant utensils	5	Years
Vehicles	5	Years

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

(h) *Intangible assets*

Intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortisation and impairment loss.

Amortisation

Amortisation is recognised in the statement of income on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives are as follows:

Software licences	10	years
Operation rights	10	years

(i) *Leasehold rights*

Leasehold rights of building area are stated at cost less accumulated amortisation and impairment losses.

Amortisation

Amortisation is recognised in the statement of income over the agreement period.

Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

(j) 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 unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

(k) 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.

(l) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(m) Deferred income

Deferred income from franchise agreements is recognised in the statement of income over the terms of the agreements.

(n) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of income as incurred.

(o) Revenue

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

Sale of goods

Revenue 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.

Rental income

Rental income from property is recognised in the statement of income on a straight-line basis over

Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

Franchise income

Franchise income is recognised in the statement of income over the agreement period.

Subsidized income

Subsidized income is recognised in the statement of income on the accrual basis according to the agreed content stated in the contract or over the agreement period.

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.

(p) 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. Lease incentives received are recognised in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income for the accounting period in which they are incurred.

Finance costs

Interest expenses and similar costs are charged to the statement of income for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

(q) Income tax

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

Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

4 Related party transactions and balances

Related parties are those parties linked to the Group and the Company as shareholders or 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.

Relationships with related parties that control or jointly control the Company or are being controlled or jointly controlled by the Company or have transactions with the Group were as follows:

Name of entities	Contry of incorporation /nationality	Nature of relationships
Thai Beverage Public Co., Ltd.	Thailand	Parent Company
Oishi Trading Co., Ltd.	Thailand	Subsidiary and / or directorship
Oishi Ramen Co., Ltd.	Thailand	Subsidiary and / or directorship
OGT Co., Ltd.	Thailand	Related company of the Company's shareholder
Pan International (Thailand) Co., Ltd.	Thailand	Directorship
TCC PD 11 Co., Ltd.	Thailand	Directorship
Thank You Service Co., Ltd	Thailand	Directorship
Kluey Kluey Co., Ltd.	Thailand	Directorship
Berli Jucker Foods Ltd.	Thailand	Directorship
Berli Jucker Specialties Ltd.	Thailand	Directorship
Siam Food Public Co., Ltd.	Thailand	Directorship
Pomthip Co., Ltd.	Thailand	Directorship
Pomburapa Co., Ltd.	Thailand	Directorship
Pomklung Co., Ltd.	Thailand	Directorship
Pomchok Co., Ltd.	Thailand	Directorship
Pomkit Co., Ltd.	Thailand	Directorship
Pomcharoen Co., Ltd.	Thailand	Directorship
Thippatana Arcade Co., Ltd.	Thailand	Directorship
T.C.C. Technology Co., Ltd.	Thailand	Directorship
Southeast Capital Co., Ltd.	Thailand	Directorship
The Southeast Insurance (2000) Co., Ltd.	Thailand	Directorship
The Southeast Life Insurance Co., Ltd.	Thailand	Directorship
Indara Insurance Public Co., Ltd.	Thailand	Some common shareholder
N.C.C. Exhibition Organizer Co., Ltd.	Thailand	Directorship
N.C.C. Management and Development Co., Ltd.	Thailand	Directorship
N.C.C. Image Co., Ltd.	Thailand	Directorship
F&B International Co., Ltd.	Thailand	Directorship
Managing director	Thailand	Shareholder and director

Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

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

Transactions	Pricing policies
Purchase and sale of goods among the Group	Cost plus margin
Purchase and sale of assets among the Group	Book value
Purchase and sale of goods and assets with other related parties	Market price / Contractually agreed price
Rental income and expenses	Contractually agreed price
Consultancy income	Contractually agreed price
Interest income and expenses	Interest rate close to interest of financial institution
Other income and expense	Contractually agreed price

Significant transactions for the years ended 31 December 2008 and 2007 with related parties were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Subsidiaries				
Sales of goods	-	-	2,158	1,071
Interest income	-	-	456	2,373
Rental income	-	-	102	146
Consultancy income	-	-	4,320	4,320
Other income	-	-	869	917
Purchase of goods	-	-	173,980	216,733
Purchase of property, plant and equipment	-	-	2,869	29,044
Rental expense	-	-	3,755	3,601
Interest expense	-	-	2	2,242
Other expense	-	-	10,591	1,606
Other related parties				
Sales of goods	703,963	345,369	51,808	14,242
Sales of property, plant and equipment	-	217,645	-	217,645
Purchase of property, plant and equipment	108	-	108	-
Purchase of goods	25,682	18,269	826	677
Rental expense	15,560	4,488	14,324	4,488
Other expense	20,614	4,029	7,414	1,452
Directors' remuneration	27,717	12,265	27,717	12,265

Directors' remuneration

The annual general meeting of the shareholders held on 25 March 2008 approved the directors' remuneration for the year 2008 and remuneration for former directors in the amount not exceeding Baht 10 million and Baht 24 million, respectively. During the year 2008, the said directors' remuneration were paid in the form of meeting allowance and remuneration in the amount of Baht 4.60 million and Baht 23.10 million, respectively (*2550: Baht 4.62 million and Baht 7.65 million, respectively*).

The annual general meeting of the shareholders held on 27 April 2007 approved the directors' remuneration for the year 2007 and remuneration for former directors in the amount not exceeding Baht 10 million and Baht 9 million, respectively. During the year 2007, the said directors' remuneration were paid in the form of meeting allowance and remuneration in the amount of Baht 4.62 million and Baht 7.65 million, respectively.

Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

Balances as at 31 December 2008 and 2007 with related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<i>Trade accounts receivable from related parties</i>	<i>(in thousand Baht)</i>			
Subsidiaries				
Oishi Trading Co., Ltd.	-	-	17	4
Oishi Ramen Co., Ltd.	-	-	30	22
Other related parties				
OGT Co., Ltd.	52,250	49,105	708	545
Pomthip Co., Ltd.	137,550	-	21,805	-
Pomburapa Co., Ltd.	12,453	-	715	-
Pomklung Co., Ltd.	15,440	-	1,253	-
Pomchok Co., Ltd.	16,852	-	907	-
Pomkit Co., Ltd.	22,733	-	1,282	-
Pomcharoen Co., Ltd.	13,027	-	909	-
Total	270,305	49,105	27,626	571

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<i>Short-term loans to and amounts due from related parties</i>	<i>(in thousand Baht)</i>			
Comprising:				
Amounts due from related parties	-	-	91	448
Short-term loans to a related party	-	-	-	137,000
Total	-	-	91	137,448

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<i>Amounts due from related parties</i>	<i>(in thousand Baht)</i>			
Subsidiaries				
Oishi Trading Co., Ltd.	-	-	3	127
Oishi Ramen Co., Ltd.	-	-	88	321
Total	-	-	91	448

Short-term loans to a related party

Subsidiary

(Interest rate 2.375% - 3.00% per annum)

Oishi Trading Co., Ltd.	-	-	-	137,000
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Oishi Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2008 and 2007

Movements during the years ended 31 December 2008 and 2007 of short-term loans to a related party were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
At 1 January	-	-	137,000	-
Increase	-	-	412,000	5,583,000
Decrease	-	-	(549,000)	(5,446,000)
At 31 December	-	-	-	137,000

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Dividend receivable				
Subsidiary				
Oishi Trading Co., Ltd.	-	-	1,012,198	335,999

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Amounts due from related parties				
-long-term				
Other related parties				
Kluey Kluey Co., Ltd.	4,180	4,180	4,180	4,180
TCC PD 11 Co., Ltd.	3,024	-	3,024	-
Others	696	445	251	-
Total	7,900	4,625	7,455	4,180

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Trade accounts payable				
related parties				
Subsidiaries				
Oishi Trading Co., Ltd.	-	-	14,540	14,907
Oishi Ramen Co., Ltd.	-	-	17	13
Other related parties				
Pan International (Thailand) Co., Ltd.	5,301	3,900	-	-
Others	200	214	152	180
Total	5,501	4,114	14,709	15,100

Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<i>Short-term loans from and amounts due to related parties</i>				
<i>Comprising:</i>				
Amounts due to related parties	9,390	600	1,709	306
Short-term loans from related parties	-	-	-	-
Total	9,390	600	1,709	306

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
<i>Amounts due to related parties</i>				
Subsidiaries				
Oishi Trading Co., Ltd.	-	-	-	-
Oishi Ramen Co., Ltd.	-	-	137	188
Other related parties				
Pomthip Co., Ltd.	8,841	-	1,160	-
Others	549	600	412	118
Total	9,390	600	1,709	306

(in thousand Baht)

<i>Short-term loans from related parties</i>			
Subsidiaries			
(Interest rate 2.375% - 5.00% per annum)			
Oishi Trading Co., Ltd.	-	-	-
Oishi Ramen Co., Ltd.	-	-	-
Total	-	-	-

Movements during the years ended 31 December 2008 and 2007 of short-term loans from related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
At 1 January	-	-	-	199,000
Increase	-	-	34,000	236,000
Decrease	-	-	(34,000)	(435,000)
At 31 December	-	-	-	-

(in thousand Baht)

Oishi Group Public Company Limited and its Subsidiaries
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For the years ended 31 December 2008 and 2007

Commitments with related parties

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<i>Non-cancellable operating lease commitments</i>				
Within one year	14,002	14,612	13,642	6,111
After one year but within five years	19,119	28,228	19,119	5,815
After five years	5,416	6,454	5,416	6,454
Total	38,537	49,294	38,177	18,380

Significant agreements under non-cancellable operating lease commitments

Leases agreement

On 17 January 2008, the Company entered into lease agreements for land and building, infrastructure, equipment and furniture at Soi Thonglor with a related company. The agreements are for 3 years from 27 December 2007 to 26 December 2010 with rental fee rate as follows:

- Monthly minimum rental fee of Baht 734,000 for land and building.
- Monthly rental fee of Baht 100,000 for infrastructure, equipment and furniture.

On 9 November 2007, the Company entered into a partial area lease agreement of a project at Lopburi province with a related company. The agreement is for 3 years from 9 November 2007 to 8 November 2010 with monthly rental fee of Baht 60,000.

The Company entered into three cars lease agreements with a related company. The agreements are for 5 years with monthly rental fee ranging from Baht 26,250 to Baht 30,000.

On 1 December 2006, the Company entered into a lease building agreement at Chonburi province with a related company. The agreement is for 3 years from 1 December 2006 to 30 November 2009 with monthly rental fee of Baht 71,050.

On 1 August 2006, Oishi Ramen Co., Ltd., a subsidiary, entered into an area lease agreement of building at Nonthaburi province with a related company. The agreement is for 3 years from 1 August 2006 to 31 July 2009 with monthly rental fee of Baht 51,477.

Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007

(in thousand Baht)

Other Commitments

Service agreements

360	978	-	-
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Other agreements

Distributing goods agreements

On 3 October 2008, the Company and Oishi Trading Co., Ltd., a subsidiary, entered into appointment agreements with related companies that have authority and responsibility to act as a distributor for ready-to-drink products. The agreements are for 5 years from 3 October 2008 to 2 October 2013.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007

(in thousand Baht)

Cash on hand	7,924	7,515	6,839	6,249
Cash at banks – current accounts	406	498	83	183
Cash at banks – saving accounts	764,876	70,791	339,367	32,308
Investment in government bonds	-	320,000	-	320,000
Total	773,206	398,804	346,289	358,740

Cash and cash equivalents of the Group and the Company as at 31 December 2008 and 2007 were denominated entirely in Thai Baht.

6 Other investments

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007

(in thousand Baht)

Current investments

Short-term in government bonds	-	100,000	-	30,000
Current portion of long term in government bond	-	6,500	-	-
	-	106,500	-	30,000

Other long-term investments

Long-term in government bond	8,500	2,000	-	-
Total	8,500	108,500	-	30,000

As at 31 December 2008, a subsidiary invested in government bonds amounted to Baht 6.5 million and Baht 2.0 million with interest rates at 5.90% and 4.25% per annum, respectively. These bonds have 5-6 year periods and will be withdrawn in 2013 and 2014. The subsidiary has pledged the bonds as collateral for electricity consumption.

Oishi Group Public Company Limited and its Subsidiaries
Notes to the financial statements
For the years ended 31 December 2008 and 2007

7 Trade accounts receivable

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
		<i>(in thousand Baht)</i>			
Related parties	4	270,305	49,105	27,626	571
Other parties		179,735	444,610	15,070	30,681
Total		450,040	493,715	42,696	31,252

Aging analysis for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	266,402	49,105	27,621	571
Overdue:				
Less than 3 months	3,903	-	5	-
Total	270,305	49,105	27,626	571
Other parties				
Within credit terms	179,487	433,601	15,026	30,681
Overdue:				
Less than 3 months	248	11,009	44	-
Total	179,735	444,610	15,070	30,681
Grand total	450,040	493,715	42,696	31,252

The normal credit term granted by the Group is approximately 30 days.

Trade accounts receivable of the Group and the Company as at 31 December 2008 and 2007 were denominated entirely in Thai Baht.

Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

8 Inventories

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Finished goods	72,835	95,238	5,248	11,062
Raw materials	112,088	114,674	13,809	10,401
Production supplies	18,957	20,938	2,970	1,919
	<u>203,880</u>	<u>230,850</u>	<u>22,027</u>	<u>23,382</u>
<i>Less allowance for deteriorated inventories</i>	<i>(7,243)</i>	<i>(10,113)</i>	<i>(215)</i>	<i>-</i>
Total	<u>196,637</u>	<u>220,737</u>	<u>21,812</u>	<u>23,382</u>

The cost of inventories which is recognised as an expense and included in ‘cost of sale of goods’ for the year ended 31 December 2008 amounted to Baht 3,954 million (2007: Baht 2,970 million) for the Group and Baht 1,254 million (2007: Baht 863 million) for the Company.

9 Investments in subsidiaries

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
At 1 January	-	-	578,000	578,000
Acquisitions	-	-	-	-
Disposals	-	-	-	-
At 31 December	<u>-</u>	<u>-</u>	<u>578,000</u>	<u>578,000</u>

Oishi Group Public Company Limited and its Subsidiaries
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For the years ended 31 December 2008 and 2007



Investments in subsidiaries as at 31 December 2008 and 2007, and dividend income from those investments for the years then ended were as follows:

	Ownership interest		Paid-up capital		Separate financial statements		Dividend income	
	2008	2007	2008	2007	2008	2007	2008	2007
		(%)			<i>(in million Baht)</i>			
Subsidiaries								
Oishi Trading Co., Ltd.	99.99	99.99	420	420	420	420	949	1,029
Oishi Ramen Co., Ltd.	99.99	99.99	158	158	158	158	15	67
Total			578	578	578	578	964	1,096



Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

10 Property, plant and equipment

	Consolidated financial statements										Total	
	Land	Land improvement	Building and improvement	Decoration	Internal systems	Tools and machinery for manufacturing	Office equipment, furniture and fixture	Restaurant utensils	Vehicles	Construction in progress and installation		
<i>Cost</i>												
At 1 January 2007	125,215	6,488	584,184	187,429	168,691	1,040,705	157,157	80,787	20,828	40,242	2,411,726	
Additions	-	-	1,389	32,749	25,478	52,193	14,429	4,974	1,300	9,733	142,245	
Disposal	(70,000)	-	(70,000)	(29,688)	(34,506)	(21,639)	(48,964)	(4,375)	(4,710)	-	(283,882)	
Transfers in (out)	-	-	820	-	-	34,017	6,302	-	-	(41,139)	-	
At 31 December 2007 and 1 January 2008	55,215	6,488	516,393	190,490	159,663	1,105,276	128,924	81,386	17,418	8,836	2,270,089	
Additions	103,923	-	484	36,340	33,602	57,418	17,545	8,267	4,881	142,164	404,624	
Disposal	-	-	-	(12,177)	(3,104)	(2,957)	(4,394)	(47)	(7,644)	-	(30,323)	
Transfers in (out)	-	-	6,000	18,084	21,895	17,707	7,328	684	-	(71,698)	-	
At 31 December 2008	159,138	6,488	522,877	232,737	212,056	1,177,444	149,403	90,290	14,655	79,302	2,644,390	
<i>Accumulated depreciation</i>												
At 1 January 2007	-	940	62,072	104,324	39,357	336,598	101,184	50,281	13,911	-	708,667	
Depreciation charge for the year	-	649	29,211	30,792	20,988	159,918	25,343	10,533	2,816	-	280,250	
Disposal	-	-	(18,392)	(28,049)	(19,103)	(21,297)	(47,961)	(3,560)	(4,341)	-	(142,703)	
Transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	
At 31 December 2007 and 1 January 2008	-	1,589	72,891	107,067	41,242	475,219	78,566	57,254	12,386	-	846,214	
Depreciation charge for the year	-	649	26,071	29,912	22,844	166,103	19,451	10,059	2,612	-	277,701	
Disposal	-	-	-	(12,100)	(2,245)	(2,769)	(4,299)	(29)	(6,587)	-	(28,029)	
Transfers in (out)	-	-	-	-	-	-	-	-	-	-	-	
At 31 December 2008	-	2,238	98,962	124,879	61,841	638,553	93,718	67,284	8,411	-	1,095,886	
<i>Net Book Value</i>												
Total at 31 December 2007	55,215	4,899	443,502	83,423	118,421	630,057	50,358	24,132	5,032	8,836	1,423,875	
Total at 31 December 2008	159,138	4,250	423,915	107,858	150,215	538,891	55,685	23,006	6,244	79,302	1,548,504	

The gross amount of the Group's fully depreciated property, plant and equipment that was still in use as at 31 December 2008 amounted to Baht 189.42 million (2007 : Baht 252.95 million)



Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007



	Separate financial statements								Total	
	Land	Building and improvement	Decoration	Internal systems	Tools and machinery for manufacturing	Office equipment, furniture and fixture	Restaurant utensils	Vehicles		Construction in progress and installation
<i>Cost</i>	<i>(in thousand Baht)</i>									
At 1 January 2007	70,000	70,000	124,282	80,757	83,960	93,468	66,949	4,491	1,750	595,657
Additions	-	-	43,155	33,146	34,411	14,280	8,610	1,300	489	135,391
Disposal	(70,000)	(70,000)	(13,061)	(32,000)	(10,191)	(35,691)	(2,449)	(100)	-	(233,492)
Transfers in (out)	-	-	-	-	-	1,750	-	-	(1,750)	-
At 31 December 2007 and 1 January 2008	-	-	154,376	81,903	108,180	73,807	73,110	5,691	489	497,556
Additions	-	-	32,207	26,685	35,623	12,884	7,050	-	63,531	177,980
Disposal	-	-	(5,456)	(752)	(766)	(1,923)	(19)	(4,350)	-	(13,266)
Transfers in (out)	-	-	15,754	20,530	10,434	7,193	683	-	(54,594)	-
At 31 December 2008	-	-	196,881	128,366	153,471	91,961	80,824	1,341	9,426	662,270
<i>Accumulated depreciation</i>										
At 1 January 2007	-	14,940	68,646	20,829	53,830	66,886	45,966	4,455	-	275,552
Depreciation charge for the year	-	3,452	23,872	10,230	14,677	14,897	8,351	211	-	75,690
Disposal	-	(18,392)	(11,421)	(16,598)	(9,852)	(34,688)	(1,635)	(78)	-	(92,664)
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
At 31 December 2007 and 1 January 2008	-	-	81,097	14,461	58,655	47,095	52,682	4,588	-	258,578
Depreciation charge for the year	-	-	25,195	12,660	16,360	9,858	8,374	260	-	72,707
Disposal	-	-	(5,414)	(413)	(676)	(1,871)	(9)	(4,350)	-	(12,733)
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
At 31 December 2008	-	-	100,878	26,708	74,339	55,082	61,047	498	-	318,552
<i>Net Book Value</i>										
Total at 31 December 2007	-	-	73,279	67,442	49,525	26,712	20,428	1,103	489	238,978
Total at 31 December 2008	-	-	96,003	101,658	79,132	36,879	19,777	843	9,426	343,718

The gross amount of the Company's fully depreciated property, plant and equipment that was still in use as at 31 December 2008 amounted to Baht 153.08 million (2007 : Baht 220.24 million)

Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

At the Board of Directors' meeting of the Company held on 26 June 2007, the directors approved to sell land, building and equipment of Log Home Restaurant, a branch of the Company, which is located on Sukhumvit 55 Road (Soi Thonglor). At the Board of Directors' meeting of the Company held on 25 July 2007, the directors approved appointing a local company to arrange the assessment of value of such assets. On 3 October 2007, the Company arranged an open bid for selling such assets. TCC PD 11 Co., Ltd., which is the Company's related party, passed this bid at the price of Baht 220 million. This sales transaction was approved by the extraordinary shareholders' meeting held on 19 November 2007.

11 Intangible assets

	Consolidated financial statements		
	Software licences	Operation rights	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2007	26,643	-	26,643
Additions	5,664	-	5,664
At 31 December 2007 and 1 January 2008	32,307	-	32,307
Additions	397	6,646	7,043
At 31 December 2007	32,704	6,646	39,350
Accumulated amortisation			
At 1 January 2007	745	-	745
Amortisation charge for the year	3,192	-	3,192
At 31 December 2007 and 1 January 2008	3,937	-	3,937
Amortisation charge for the year	3,260	386	3,646
At 31 December 2008	7,197	386	7,583
Net book value			
At 31 December 2007	28,370	-	28,370
At 31 December 2008	25,507	6,260	31,767

Oishi Group Public Company Limited and its Subsidiaries
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	Separate financial statements		
	Software licences	Operation rights	Total
	<i>(in thousand Baht)</i>		
Cost			
At 1 January 2007	10,419	-	10,419
Additions	3,027	-	3,027
At 31 December 2007 and 1 January 2008	13,446	-	13,446
Additions	330	6,646	6,976
At 31 December 2008	13,776	6,646	20,422
Accumulated amortisation			
At 1 January 2007	358	-	358
Amortisation charge for the year	1,312	-	1,312
At 31 December 2007 and 1 January 2008	1,670	-	1,670
Amortisation charge for the year	1,352	386	1,738
At 31 December 2008	3,022	386	3,408
Net book value			
At 31 December 2007	11,776	-	11,776
At 31 December 2008	10,754	6,260	17,014

Operation rights

Operation rights comprise the initial license fee and license fee for operating a chain of Japanese restaurants. Further details are disclosed in Note 30.

Oishi Group Public Company Limited and its Subsidiaries

Notes to the financial statements

For the years ended 31 December 2008 and 2007

12 Leasehold rights

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Cost				
At 1 January	156,768	113,429	57,180	25,500
Addition	-	43,339	-	31,680
Discount	(295)	-	(295)	-
At 31 December	156,473	156,768	56,885	57,180
Accumulated amortisation				
At 1 January	35,435	26,409	6,731	4,795
Amortisation charge for the year	9,686	9,026	2,472	1,936
At 31 December	45,121	35,435	9,203	6,731
Net book value				
At 31 December	111,352	121,333	47,682	50,449

Leasehold rights

The Company

As at 31 December 2008 and 2007, the Company had leasehold rights in 2 department stores, for the operation of restaurants, which are amortised over the period of agreements for approximately 21 – 24 years.

Subsidiary

As at 31 December 2008 and 2007, Oishi Ramen Co., Ltd., a subsidiary, had leasehold rights in 5 department stores, for the operation of restaurants, which are amortised over approximately 7-20 years.

13 Other non-current assets

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Deposit – rental	72,993	53,847	65,507	38,644
Deposit – utilities	4,018	4,209	3,238	3,314
Other	5,911	759	973	150
Total	82,922	58,815	69,718	42,108

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For the years ended 31 December 2008 and 2007

14 Trade accounts payable

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
		<i>(in thousand Baht)</i>			
Related parties	4	5,501	4,114	14,709	15,100
Other parties		469,314	390,724	136,451	115,920
Total		474,815	394,838	151,160	131,020

Trade accounts payable of the Group as at 31 December 2008 and 2007 were denominated entirely in Thai Baht.

15 Accrued expense

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Marketing expenses	165,387	123,398	66,687	37,369
Accrued personnel expenses	38,913	23,062	33,566	19,177
Others	34,826	40,766	14,417	14,810
Total	239,126	187,226	114,670	71,356

16 Other current liabilities

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Revenue from the advance sale of coupons	15,244	11,109	15,244	11,109
Withholding tax payable	5,059	12,103	2,898	10,226
Value added tax	8,035	15,114	4,630	7,819
Retention	12,592	7,531	11,750	7,310
Others	13,206	9,820	10,491	8,142
Total	54,136	55,677	45,013	44,606

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17 Other non-current liabilities

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Accounts payable – machinery acquisition, net ⁽¹⁾	-	29,416	-	-
Retention	1,894	1,825	-	-
Deposit-franchise	900	900	600	600
Others	408	416	-	-
Total	3,202	32,557	600	600

⁽¹⁾ Accounts payable – machinery

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Accounts payable - machinery acquisition	-	73,668	-	-
- Payable within 1 year	-	(44,252)	-	-
- Payable after 1 year	-	29,416	-	-

Oishi Trading Co., Ltd., a subsidiary, has entered into a contract for the purchase of machinery with a local company in the amount, including interest, of Baht 26.33 million, payable in 20 quarterly installments of Baht 1.32 million each from the 4th quarter of the year 2004.

The said subsidiary entered into another contract for the purchase of machinery with the same company in the amount, including interest, of Baht 61.74 million, payable in 20 quarterly installments of Baht 3.09 million each from the 2nd quarter of the year 2005. In 2007 this subsidiary entered into another contract for the purchase of additional machinery with such company in the amount, including interest, of Baht 15.14 million, payable in 3 annually installments of Baht 5.05 million each from the 2nd quarter of 2008.

On 2 June 2008 the Company made early repayment of amounts outstanding under the purchase of machinery agreements in full.

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For the years ended 31 December 2008 and 2007

18 Share capital

	Par value per share (in Baht)	2008		2007	
		Number	Baht (thousand shares/thousand Baht)	Number	Baht
<i>Authorised</i>					
At 1 January					
- Ordinary shares	2	187,500	375,000	187,500	375,000
At 31 December					
- Ordinary shares	2	187,500	375,000	187,500	375,000
<i>Issued and paid</i>					
At 1 January					
- Ordinary shares	2	187,500	375,000	187,500	375,000
At 31 December					
- Ordinary shares	2	187,500	375,000	187,500	375,000

19 Reserves

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies 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. The legal reserve is not available for dividend distribution.

20 Segment information

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Business segments

The Group comprises the following main business segments:

Food	Japanese restaurants, ramen and bakery
Beverage	Production and distribution of green tea and fruit juice flavour and distribution of coffee

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Business segment results

	Foods		Beverage		Total	
	2008	2007	2008	2007	2008	2007
	(in million Baht)					
Revenue from sale of goods	2,636	2,038	3,316	2,547	5,952	4,585
Other income	24	86	10	5	34	91
Total revenue	2,660	2,124	3,326	2,552	5,986	4,676
Cost of sale of goods	1,540	1,174	2,414	1,796	3,954	2,970
Selling and administrative expenses	948	752	458	359	1,406	1,111
Directors' remuneration	12	5	16	7	28	12
Total expense	2,500	1,931	2,888	2,162	5,388	4,093
Profit before interest and income tax expenses	160	193	438	390	598	583
Interest expense	-	(3)	(1)	-	(1)	(3)
Tax expense	(5)	(22)	-	-	(5)	(22)
Profit for the year	155	168	437	390	592	558

Business segment financial position

	Foods		Beverage		Total	
	2008	2007	2008	2007	2008	2007
	(in million Baht)					
Inventories	72	39	125	182	197	221
Property, plant and equipment	365	243	1,184	1,181	1,549	1,424
Other assets	638	502	862	736	1,500	1,238
Total assets	1,075	784	2,171	2,099	3,246	2,883
Trade accounts payable	211	179	264	216	475	395
Accrued expenses	110	85	129	102	239	187
Other liabilities	75	106	98	53	173	159
Total liabilities	396	370	491	371	887	741
Capital expenditure						
Depreciation and amortisation	130	136	161	156	291	292
Gain on disposal assets	2	1	-	-	2	1

Geographic segments

The Group does not present information on geographic segments as the management considers that export sales are insignificant.

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21 Other income

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Interest income	13,938	5,459	8,659	5,164
Revenue from sale of by-product	2,731	2,113	740	544
Subsidize income	2,046	3,765	2,041	3,755
Rental income	1,891	2,049	102	146
Gain on exchange rate	473	669	-	-
Others	10,909	8,460	11,898	12,137
Total	31,988	22,515	23,440	21,746

22 Selling and administrative expenses

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Marketing	467,793	330,853	226,466	117,202
Personnel	419,244	325,659	357,613	256,129
Office	275,079	226,879	240,340	177,717
Depreciation and amortisation	82,031	90,122	60,558	64,261
Others	162,226	137,462	88,259	69,770
Total	1,406,373	1,110,975	973,236	685,079

23 Personnel expenses

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Wages and salaries	534,121	423,876	326,653	237,618
Contribution to defined contribution plans	3,454	2,925	1,941	1,338
Others	55,914	39,046	29,019	17,173
Total	593,489	465,847	357,613	256,129

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 5% of their basic salaries and by the Group at rates ranging from 2% to 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

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Notes to the financial statements

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24 Interest expense

	Note	Consolidated financial statements		Separate financial statements	
		2008	2007	2008	2007
		<i>(in thousand Baht)</i>			
Interest paid and payable to:					
Related parties	4	-	-	2	2,242
Other parties		734	2,917	-	61
Total		734	2,917	2	2,303

25 Income tax

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Current tax expense	4,853	21,826	-	5,528

<i>Reconciliation of effective tax rate</i>	Consolidated financial statements			
	Rate (%)	2008 <i>(in thousand Baht)</i>	Rate (%)	2007 <i>(in thousand Baht)</i>
Profit before tax		597,321		580,200
Income tax using the Thai corporation tax rate		179,196	30	174,060
Income not subject to tax		(183,177)		(147,638)
Losses suffered by certain companies can not be set-off against the profits of other companies		16,166		7,102
Utilisation of previously unrecognised tax losses		(7,150)		(8,893)
Income tax reduction		(2,503)		(5,679)
Others*		2,321		2,874
Total		4,853		21,826
Current tax expense		4,853		21,826

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<i>Reconciliation of effective tax rate</i>	Separate financial statements			
		2008		2007
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before tax		915,804		1,162,716
Income tax using				
the Thai corporation tax rate		274,741	30	348,815
Income not subject to tax		(289,120)		(328,834)
Utilisation of previously unrecognised tax losses		-		(8,893)
Income tax reduction		(2,503)		(5,679)
Others*		716		119
Total		<u>(16,166)</u>		<u>5,528</u>
Current tax expense		<u>-</u>		<u>5,528</u>

*The different treatment for accounting and taxation purposes of certain items of income and expense

Income tax reduction

Royal Decree No. 387 B.E. 2544 dated 5 September 2001 grants companies listed on the Stock Exchange of Thailand a reduction in the corporate income tax rate from 30% to 25% for taxable profit not exceeding Baht 300 million for the five consecutive accounting periods beginning on or after enactment.

The subsidiaries have calculated income tax on their taxable profit for the years ended 31 December 2008 and 2007 at the 30% corporate income tax rate.

26 Promotional privileges

By virtue of the provisions of the Industrial Investment Promotion Act of B.E. 2520, Oishi Trading Co., Ltd., a subsidiary, has been granted privileges by the Board of Investment. The privileges granted include:

- (a) exemption from import duties on machinery used for production, to be imported by 3 March 2006 for promotional certificate no.1475(2)/2546 and 2 September 2008 for promotional certificate no.1223(4)/2549.
- (b) exemption from corporate income tax on net profit from the business operations under the said promotional privileges for 8 years from the date that income is first derived from such operations (18 October 2003 for promotional certificate no.1475(2)/2546 and 28 September 2006 for promotional certificate no.1223(4)/2549).
- (c) exemption from the inclusion of dividend income derived under the promotional privileges for computation of corporate income tax.

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As a promoted company, the subsidiary must comply with certain terms and conditions prescribed in the promotional certificate.

Summary of revenue from promoted and non-promoted businesses:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Promoted business	3,075,169	2,409,874	-	-
Non-promoted business	2,877,304	2,175,349	2,182,494	1,539,743
Total Revenue	5,952,473	4,585,223	2,182,494	1,539,743

27 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the year end 31 December 2008 and 2007 were based on the profit for the years attributable to equity holders of the Company and the number of ordinary shares outstanding during the years as follows:

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in million Baht / in million shares)</i>			
Profit for the year	592.47	558.37	915.80	1,157.19
Number of ordinary shares outstanding	187.50	187.50	187.50	187.50
Basic earnings per share (in Baht)	3.16	2.98	4.88	6.17

28 Dividends

At the annual general meeting of the shareholders of the Company held on 25 March 2008, the shareholders approved the appropriation of dividend of Baht 2 per share, amounting to Baht 375 million. The dividend was paid to shareholders during 2008.

At the Board of Directors of the Company meeting held on 9 November 2007, the directors approved the payment of interim dividend of Baht 0.70 per share, amounting to Baht 131 million. The dividend was paid to shareholders during 2007.

At the annual general meeting of the shareholders of the Company held on 27 April 2007, the shareholders approved the appropriation of dividend of Baht 0.52 per share, amounting to Baht 98 million. The dividend was paid to shareholders in 2007.

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29 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.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

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. The Group does not expect that changes in interest rates will materially effect its operations.

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. At the balance sheet date there were no significant concentrations of foreign currencies risk

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.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the balance sheet date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

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.

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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 transaction. 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.

Short-term investment, trade accounts receivable, short-term loans to and amounts due from related parties and dividends receivable from subsidiary - the carrying values stated in the balance sheet approximate their fair values due to the relatively short-term maturity of these financial instruments.

Other long-term investment represents the investment in government bonds with a fixed interest rates; the fair values are not significantly different from the carrying values stated in the balance sheet.

The fair value of accounts payable other payable and other current liabilities - the carrying amounts stated in the balance sheet of these financial liabilities approximate their fair values because of the short-term period to maturity of these financial instruments.

30 Commitments with non related parties

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
Capital commitments				
<i>Contracted but not provided for:</i>				
Building and other constructions	64,360	14,417	-	-
Machinery and equipment	36,433	-	-	-
Total	100,793	14,417	-	-

Significant agreement under capital commitment

Purchasing machinery contract

On 1 September 2008, Oishi Trading Co., Ltd., a subsidiary, entered into a contract for the purchase of machinery with a local company totaling Baht 75.10 million.

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	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<i>Non-cancellable operating lease commitments</i>				
Within one year	92,224	80,799	73,983	69,720
After one year but within five years	110,750	65,522	92,212	69,760
After five years	30,591	30,133	35,785	10,733
Total	233,565	176,454	201,980	150,213

Significant agreements under non-cancellable operation lease commitment

Factory building lease agreement

On 15 November 2006, Oishi Trading Co., Ltd., a subsidiary, entered into a factory building lease agreement with a local company for production of food and beverage. The agreement is for a 14 years and 2 months period (From 1 December 2006 to 31 January 2021) with monthly rental of Baht 200,000.

Forklift agreement

On 11 July 2008, Oishi Trading Co., Ltd., a subsidiary, entered into a lease agreement for 15 forklifts and other equipment, at the rate specified in the agreement. The agreement is effective from the date that the forklifts are received and will be terminated if any party does not comply with conditions as stipulated in the agreement or if not less than 60 days' prior written notice is given by any party to the other.

	Consolidated financial statements		Separate financial statements	
	2008	2007	2008	2007
	<i>(in thousand Baht)</i>			
<i>Other Commitments</i>				
Service agreements	190,881	156,904	164,406	143,952
Advertisement contracts	8,049	2,779	-	-
Total	198,930	159,683	164,406	143,952

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Other agreements

Distributing goods agreement

On 1 January 2007, the Company entered into an appointment agreement with a local company to act as a distributor for ready-to-drink products. The agreement is for 1 year and 9 months from 1 January 2007 to 30 September 2008.

On 2 November 2005, Oishi Trading Co., Ltd., a subsidiary, entered into an appointment agreement with a local company to act as a distributor for green tea products. The agreement is for 3 years from 4 November 2005 to 3 November 2008. As at 3 November 2008, the agreement was extended for 3 years from 4 November 2008 to 3 November 2011.

On 1 July 2003, Oishi Trading Co., Ltd., a subsidiary, entered into an appointment agreement with a local company to act as a distributor for green tea products. The agreement is for 5 years from 1 October 2003 to 30 September 2008.

Hot-fill PET bottle trading agreement

On 22 August 2005, Oishi Trading Co., Ltd., a subsidiary, entered into a hot-fill PET bottle trading agreement with a local bottle manufacturing company according to the quantity required from the subsidiary on a monthly basis at the price specified in the agreement. The agreement is for a 15-year period, commencing 150 days after the agreement date.

Material and package trading agreements

On 1 February 2007, the Company and Oishi Ramen Co., Ltd., a subsidiary, entered into a material and package trading agreement with a local company for distribution of products to the Group's shops and for materials and packaging management. The Company and its subsidiary agreed to pay the service charge at the rate specified in the agreement. The said agreement has a 3-year period from 1 April 2007 to 31 March 2010 with the renewal option for another 3 years.

Transportation agreements

On 1 November 2007, the Company and Oishi Trading Co., Ltd., a subsidiary, entered into a transportation agreement with a local company to transport products from factory to the destination. Transportation cost is calculated for each trip at the rate stated in the agreement. The term of the agreement was 3 years commenced from 1 November 2007 to 31 October 2010 and may be extended for successive of 1 year each or terminated if any party does not comply with the terms and conditions as stipulated in the agreement or not less than 90 days' prior written notice given by any one party to the other.

Shrink film agreement

On 1 November 2007, Oishi Trading Co., Ltd., a subsidiary, entered into an agreement with a local company to purchase for purchasing 80 million pieces of shrink film at the price stipulated in the agreement within five years from the date of the agreement.

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Consultancy fee agreement

The Company paid consultancy fee to a company of Baht 600,000 per month. This fee is included in other expenses.

License agreement

The Company entered into a license agreement for operating a chain of Japanese restaurants in the Kingdom of Thailand as the master license for the period 10 years from 20 May 2008. This agreement shall be automatically renewed for additional terms of 10 years each, unless there is a written notice not to renew this agreement at least 180 days prior to the expiration of the initial term of any renewal term. The Company committed to pay Initial License Fee, License Fee and Royalty Fee as stipulated in the agreement.

31 Credit facilities

The Group has obtained credit facilities from commercial banks consisting of bank overdrafts, short-term loans, letters of guarantee, letters of credit and other. As at 31 December 2008 the Group had unutilised credit facilities amounted to Baht 1,125 million and USD 16.10 million (2007: Baht 1,125 million and USD 16.10 million).

32 Events after the balance sheet date

At the Board of Directors of the Company meeting held on 23 February 2009, the directors approved the following resolutions:

- approved the appropriation of dividends of Baht 3.00 per share, amounting to Baht 562.50 million. The dividend will be paid to shareholders in May 2009.
- approved investment in a new production line project of a subsidiary in approximately totaling Baht 1,430 million.

33 Thai Accounting Standards (TAS) not yet adopted

The Group has not adopted the following TAS that have been issued as of the balance sheet date but are not yet effective. These TAS will become effective for financial periods beginning on or after 1 January 2008.

TAS 36 (revised 2007) *Impairment of Assets*

TAS 54 (revised 2007) *Non-current Assets Held for Sale and Discontinued Operations*

The adoption and initial application of these TAS is not expected to have any material impact on the consolidated financial statements.

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34 Reclassification of accounts

Certain accounts in the 2007 financial statements have been reclassified to conform to the presentation in the 2008 financial statements.

	Consolidated financial statements			Separate financial statements		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
<i>(in thousand Baht)</i>						
Balance sheet						
Assets						
Short-term loans and amounts due from related parties	-	-	-	137,000	448	137,448
Other current assets	-	-	-	11,177	(448)	10,729
Amounts due from related parties	-	4,625	4,625	-	4,180	4,180
Intangible assets	149,703	(121,333)	28,370	62,226	(50,450)	11,776
Leasehold rights	-	121,333	121,333	-	50,450	50,450
Other non-current assets	63,440	(4,625)	58,815	46,287	(4,180)	42,107
	<u>213,143</u>	<u>-</u>	<u>213,143</u>	<u>256,690</u>	<u>-</u>	<u>256,690</u>
Liabilities						
Short-term loans from and amounts due to related parties	-	600	600	-	306	71,356
Accrued expense	187,826	(600)	187,226	71,475	(119)	71,356
Accounts payable- asset acquisition	66,101	(7,531)	58,570	21,526	(7,310)	14,216
Other liabilities	48,146	7,531	55,677	37,483	7,123	44,606
	<u>302,073</u>	<u>-</u>	<u>302,073</u>	<u>130,484</u>	<u>-</u>	<u>130,484</u>
Total	<u>515,216</u>	<u>-</u>	<u>515,216</u>	<u>387,174</u>	<u>-</u>	<u>387,174</u>

The reclassifications have been in order to comply with the classification adopted by the parent company.