

PROCTER & GAMBLE CO
Form 11-K
April 17, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

Form 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED] FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006, OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED] FOR THE TRANSITION PERIOD FROM FOR THE TRANSITION PERIOD FROM _____ TO _____

Registration numbers: 333-51223 and 333-40264

A. Full title of the plan and the address of the plan, if different from that of the issuer named below: Employee Savings and Thrift Plan (Saudi Arabia).

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office: The Procter & Gamble Company, One Procter & Gamble Plaza, Cincinnati, Ohio 45202

REQUIRED INFORMATION

The following audited financial statements are enclosed with this report:

Item 1 - Statement of financial condition as of the end of the latest two fiscal years of the plan (or such lesser period as the plan has been in existence). (See Page 2)

Item 2 - Statement of income and changes in plan equity for each of the latest three fiscal years of the plan (or such lesser period as the plan has been in existence). (See Page 3)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Trustees (or other persons who administer the employee benefit plan) have duly caused this Annual Report to be signed on its behalf by the undersigned hereunto duly authorized.

**EMPLOYEE SAVINGS AND THRIFT PLANS
(SAUDI ARABIA)**

Date: April 17, 2007

By: /s/ JAMAL SHOWAIKHAT

Jamal Showaikhat

By: /s/ AMRO J. KANDIL
Amro J. Kandil

EXHIBIT INDEX

Exhibit No.

23 Consent of Deloitte & Touche, Bakr Abulhair & Co.

**EMPLOYEE SAVINGS AND THRIFT PLANS -
MODERN INDUSTRIES COMPANY (JEDDAH),
MODERN INDUSTRIES COMPANY (DAMMAM)
AND MODERN PRODUCTS COMPANY**

**COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31,
2006, 2005, AND 2004 AND REPORT OF
INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM**

**EMPLOYEE SAVINGS AND THRIFT PLANS -
MODERN INDUSTRIES COMPANY (JEDDAH),
MODERN INDUSTRIES COMPANY (DAMMAM)
AND MODERN PRODUCTS COMPANY**

TABLE OF CONTENTS

	PAGE
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	1
FINANCIAL STATEMENTS:	
Combined Statements of Net Assets Available for Plan Benefits as of December 31, 2006 and 2005	2
Combined Statements of Changes in Net Assets Available for Plan Benefits for the Years Ended December 31, 2006, 2005 and 2004	3
Notes to Combined Financial Statements for the Years Ended December 31, 2006, 2005 and 2004	4 - 7

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the trustees of:

Modern Industries Company (Jeddah) - Employee Savings and Thrift Plan,
Modern Industries Company (Dammam) - Employee Savings and Thrift Plan, and
Modern Products Company - Employee Savings and Thrift Plan

We have audited the accompanying combined statements of net assets available for plan benefits of the Employee Savings and Thrift Plans for Modern Industries Company (Jeddah), Modern Industries Company (Dammam) and Modern Products Company, which are centrally administered as the Savings and Thrift Plans (Saudi Arabia) of the Procter & Gamble Company (the "Plans") as of December 31, 2006 and 2005, and the related combined statements of changes in net assets available for plan benefits for each of the three years in the period ended December 31, 2006. These combined financial statements are the responsibility of the Plans' trustees. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. The Plans are not required to have, nor were we engaged to perform, audits of their internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Plans' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such combined financial statements present fairly, in all material respects, the net assets available for plan benefits of the Plans as of December 31, 2006 and 2005, and the changes in net assets available for plan benefits for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America.

Deloitte & Touche
Bakr Abulkhair & Co.

/s/ AL-MUTAHHAR Y. HAMIDUDDIN

Al-Mutahhar Y. Hamiduddin
License No. 296
April 9, 2007

**EMPLOYEE SAVINGS AND THRIFT PLANS -
MODERN INDUSTRIES COMPANY (JEDDAH),
MODERN INDUSTRIES COMPANY (DAMMAM)
AND MODERN PRODUCTS COMPANY**

**COMBINED STATEMENTS OF NET ASSETS AVAILABLE FOR PLAN
BENEFITS
DECEMBER 31, 2006 AND 2005
(Expressed in Saudi Riyals)**

	2006	2005
ASSETS		
Investments, at fair value:		
	4,646,404	3,675,332
Cash		
The Procter & Gamble Company common stock - 150,603 shares (cost SR 23,407,864) at December 31, 2006; 181,718 shares (cost SR 29,858,963) at December 31, 2005	36,297,160	39,431,472
The J.M. Smucker Company common stock - 424 shares (cost SR 57,074) at December 31, 2006; 714 shares (cost SR 96,135) at December 31, 2005	77,047	117,820
Total investments	41,020,611	43,224,624
Loans to participants	316,840	390,962
Other receivables	1,092,313	502,482
Total assets	42,429,764	44,118,068
LIABILITIES		
Amounts due to employees	1,713,392	34,743
NET ASSETS AVAILABLE FOR PLAN BENEFITS	40,716,372	44,083,325

The combined financial statements were approved on April 9, 2007.

/s/ JAMAL AL-SHOWAIKHAT

Trustee: Jamal Al-Showaikhat

/s/ AMRO J. KANDIL

Trustee: Amro J. Kandil

The accompanying notes form an integral part of these combined financial statements.

- 2 -

**EMPLOYEE SAVINGS AND THRIFT PLANS -
MODERN INDUSTRIES COMPANY (JEDDAH),
MODERN INDUSTRIES COMPANY (DAMMAM)
AND MODERN PRODUCTS COMPANY**

**COMBINED STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR
PLAN BENEFITS
YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004**
(Expressed in Saudi Riyals)

	2006	2005	2004
ADDITIONS			
Basic employee contributions	1,763,723	1,887,084	1,864,124
Additional employee contributions	1,815,425	1,884,656	2,434,885
Companies' contributions	1,401,874	1,503,964	1,591,323
Total contributions	4,981,022	5,275,704	5,890,332
Investment income			
Dividends	547,930	559,672	529,592
Interest income	1,444	28,638	2,369
Net appreciation in fair value of investments	2,930,931	626,345	2,724,551
Total investment income	3,480,305	1,214,655	3,256,512
Total additions	8,461,327	6,490,359	9,146,844
DEDUCTIONS			
Distribution and withdrawals to participants at market value	(11,828,280)	(8,638,303)	(5,389,458)
Deemed distributions of loans to participants	-	(46,690)	(325,449)
Total deductions	(11,828,280)	(8,684,993)	(5,714,907)
NET (DECREASE)/INCREASE	(3,366,953)	(2,194,634)	3,431,937
NET ASSETS AVAILABLE FOR PLAN BENEFITS			
Beginning of year	44,083,325	46,277,959	42,846,022
End of year	40,716,372	44,083,325	46,277,959

The accompanying notes form an integral part of these combined financial statements.

**EMPLOYEE SAVINGS AND THRIFT PLANS -
MODERN INDUSTRIES COMPANY (JEDDAH),
MODERN INDUSTRIES COMPANY (DAMMAM)
AND MODERN PRODUCTS COMPANY**

**NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2006, 2005 AND 2004
(Expressed in Saudi Riyals)**

1. PLANS DESCRIPTION AND RELATED MATTERS

The following brief description of the Employee Savings and Thrift Plans for Modern Industries Company (Jeddah), Modern Industries Company (Dammam) and Modern Products Company, which are centrally administered as the Savings and Thrift Plans (Saudi Arabia) of the Procter & Gamble Company (the "Plans"), is provided for general information purposes only. Participants should refer to each plan agreement for more complete information.

This plan is not subject to any provisions of the United States Employee Retirement Income Security Act of 1974, nor is it qualified under the United States Internal Revenue Code Section 401(a).

Trustees

The Trustees of the Plans include the chairman of Modern Industries Company (Jeddah), Modern Industries Company (Dammam) and Modern Products Company (collectively, the "Companies") and nominated managers of the Companies.

Eligibility

Any permanent employee who has been on the payrolls of the Companies for more than 12 months is eligible to participate in the Plans.