

**Report of Independent Auditor
To the Shareholders of Union Textile Industries Public Company Limited**

I have audited the accompanying balance sheets in which the equity method is applied of Union Textile Industries Public Company Limited as at 31 December 2010 and 2009, the related statements of income, changes in shareholders' equity and cash flows for the years then ended, and have audited the separate financial statements of Union Textile Industries Public Company Limited for the same years. These financial statements are the responsibility of the Company's management as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Union Textile Industries Public Company Limited, as at 31 December 2010 and 2009, the results of its operations and cash flows for the years then ended, in accordance with generally accepted accounting principles.



Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

Ernst & Young Office Limited

Bangkok: 16 February 2011



Balance sheets

As at 31 December 2010 and 2009

(Unit: Baht)

| | Note | Financial statements in which the equity method is applied | | Separate financial statements | |
|--|------|---|----------------------|-------------------------------|----------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 6 | 188,303,518 | 27,520,174 | 188,303,518 | 27,520,174 |
| Current investment - Bank of Thailand bond | | 65,000,000 | - | 65,000,000 | - |
| Trade accounts receivable | 7 | | | | |
| Related parties | 8 | 69,813,276 | 31,630,831 | 69,813,276 | 31,630,831 |
| Unrelated parties | | 102,505,899 | 100,623,114 | 102,505,899 | 100,623,114 |
| Total trade accounts receivable | | 172,319,175 | 132,253,945 | 172,319,175 | 132,253,945 |
| Amount due from related party | 8 | 13,924,967 | 7,897,290 | 13,924,967 | 7,897,290 |
| Inventories - net | 9 | 210,357,843 | 183,067,834 | 210,357,843 | 183,067,834 |
| Other current assets | | 8,173,172 | 6,572,427 | 8,173,172 | 6,572,427 |
| | | 658,078,675 | 357,311,670 | 658,078,675 | 357,311,670 |
| Unused land classified as held for sale | 10 | - | 4,293,509 | - | 4,293,509 |
| Total current assets | | 658,078,675 | 361,605,179 | 658,078,675 | 361,605,179 |
| Non-current assets | | | | | |
| Investments in associated companies - net | 11 | 197,476,643 | 154,588,143 | 211,247,100 | 211,247,100 |
| Other long-term investments - net | 12 | 112,681,661 | 94,481,661 | 112,681,661 | 94,481,661 |
| Property, plant and equipment - net | 13 | 399,519,748 | 413,057,116 | 399,519,748 | 413,057,116 |
| Other non-current assets | | 385,870 | 319,780 | 385,869 | 319,780 |
| Total non-current assets | | 710,063,922 | 662,446,700 | 723,834,378 | 719,105,657 |
| Total assets | | 1,368,142,597 | 1,024,051,879 | 1,381,913,053 | 1,080,710,836 |

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



Balance sheets (continued)

As at 31 December 2010 and 2009

(Unit: Baht)

| | Note | Financial statements in which the equity method is applied | | Separate financial statements | |
|--|------|---|----------------------|-------------------------------|----------------------|
| | | 2010 | 2009 | 2010 | 2009 |
| Liabilities and shareholders' equity | | | | | |
| Current liabilities | | | | | |
| Bank overdrafts | 14 | 545,139 | 292,627 | 545,139 | 292,627 |
| Trade accounts payable | | | | | |
| Related parties | 8 | 204,824,601 | 66,890,655 | 204,824,601 | 66,890,655 |
| Unrelated parties | | 41,165,278 | 26,263,691 | 41,165,278 | 26,263,691 |
| Total trade accounts payable | | 245,989,879 | 93,154,346 | 245,989,879 | 93,154,346 |
| Amount due to related party | 8 | 118,102 | 103,576 | 118,102 | 103,576 |
| Deposit received from sale of land | 10 | - | 160,299,375 | - | 160,299,375 |
| Other current liabilities | | | | | |
| Accrued expenses | | 16,936,299 | 17,782,496 | 16,936,299 | 17,782,496 |
| Corporate income tax payable | | 17,268,249 | - | 17,268,249 | - |
| Others | | 622,281 | 820,962 | 622,281 | 820,962 |
| Total current liabilities | | 281,479,949 | 272,453,382 | 281,479,949 | 272,453,382 |
| Non-current liabilities | | | | | |
| Provision for employee compensation and pension expenses | | 41,588,566 | 38,381,957 | 41,588,566 | 38,381,957 |
| Deferred income from use of plants | 13 | 56,377,900 | 60,844,566 | 56,377,900 | 60,844,566 |
| Total non-current liabilities | | 97,966,466 | 99,226,523 | 97,966,466 | 99,226,523 |
| Total liabilities | | 379,446,415 | 371,679,905 | 379,446,415 | 371,679,905 |
| Shareholders' equity | | | | | |
| Share capital | | | | | |
| Registered | | | | | |
| 15,000,000 preference shares of Baht 10 each | 15 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 |
| 45,000,000 ordinary shares of Baht 10 each | | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 |
| | | 600,000,000 | 600,000,000 | 600,000,000 | 600,000,000 |
| Issued and fully paid | | | | | |
| 15,000,000 preference shares of Baht 10 each | 15 | 150,000,000 | 150,000,000 | 150,000,000 | 150,000,000 |
| 45,000,000 ordinary shares of Baht 10 each | | 450,000,000 | 450,000,000 | 450,000,000 | 450,000,000 |
| | | 600,000,000 | 600,000,000 | 600,000,000 | 600,000,000 |
| Unrealised gain from change in value of investments | | | | | |
| Available-for-sale securities of the Company | 12 | 21,809,500 | 3,609,500 | 21,809,500 | 3,609,500 |
| Available-for-sale securities of the associated company | | 62,596,571 | 13,293,640 | - | - |
| Retained earnings | | | | | |
| Appropriated - statutory reserve | 16 | 150,000,000 | 108,535,525 | 150,000,000 | 108,535,525 |
| Unappropriated (deficits) | | 154,290,111 | (73,066,691) | 230,657,138 | (3,114,094) |
| Total shareholders' equity | | 988,696,182 | 652,371,974 | 1,002,466,638 | 709,030,931 |
| Total liabilities and shareholders' equity | | 1,368,142,597 | 1,024,051,879 | 1,381,913,053 | 1,080,710,836 |

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



Income statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

| | Financial statements in which the equity method is applied | | Separate financial statements | | |
|---|---|----------------------|-------------------------------|----------------------|--------------------|
| | Note | 2010 | 2009 | 2010 | 2009 |
| Revenues | | | | | |
| Sales and services income | | 1,009,560,330 | 579,547,690 | 1,009,560,330 | 579,547,690 |
| Other income | | | | | |
| Sales of scrap | | 40,069,002 | 17,022,155 | 40,069,002 | 17,022,155 |
| Gains on sales of property, plant and equipment | 10 | 548,617,967 | 30,990,411 | 548,617,967 | 30,990,411 |
| Rental income | | 17,638,421 | 14,147,987 | 17,638,421 | 14,147,987 |
| Exchange gains | | 33,338,972 | 2,509,584 | 33,338,972 | 2,509,584 |
| Dividend from other long-term investments | 12 | 5,660,000 | 2,300,000 | 5,660,000 | 2,300,000 |
| Others | | 21,009,617 | 21,611,894 | 23,213,917 | 23,816,194 |
| Total revenues | | <u>1,675,894,309</u> | <u>668,129,721</u> | <u>1,678,098,609</u> | <u>670,334,021</u> |
| Expenses | | | | | |
| Cost of sales and services | | 969,748,152 | 559,322,547 | 969,748,152 | 559,322,547 |
| Selling expenses | | 44,242,271 | 21,561,694 | 44,242,271 | 21,561,694 |
| Administrative expenses | | 46,365,403 | 49,486,474 | 46,365,403 | 49,486,474 |
| Management benefit expenses | 8 | 13,577,270 | 9,132,146 | 13,577,270 | 9,132,146 |
| Other expenses - loss on impairment of investments | 11 | - | - | - | 3,753,000 |
| Total expenses | | <u>1,073,933,096</u> | <u>639,502,861</u> | <u>1,073,933,096</u> | <u>643,255,861</u> |
| Income before share of loss from investments in associated companies, finance costs and corporate income tax | | | | | |
| | | 601,961,213 | 28,626,860 | 604,165,513 | 27,078,160 |
| Share of loss from investments in associated companies | 11 | (4,210,130) | (46,984,402) | - | - |
| Income (loss) before finance costs and corporate income tax | | | | | |
| | | 597,751,083 | (18,357,542) | 604,165,513 | 27,078,160 |
| Finance costs | | (1,174,994) | (11,157,223) | (1,174,994) | (11,157,223) |
| Income (loss) before corporate income tax | | | | | |
| | | 596,576,089 | (29,514,765) | 602,990,519 | 15,920,937 |
| Corporate income tax | 18 | (120,754,812) | - | (120,754,812) | - |
| Net income (loss) for the year | | | | | |
| | | <u>475,821,277</u> | <u>(29,514,765)</u> | <u>482,235,707</u> | <u>15,920,937</u> |
| Basic earnings per share | | | | | |
| Net income (loss) | 19 | 10.11 | (1.12) | 10.25 | (0.11) |

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

Statements of changes in shareholders' equity

For the years ended 31 December 2010 and 2009

(Unit: Baht)

| | Financial statements in which the equity method is applied | | | | | | Total |
|--|--|-----------------|--|---|----------------------------------|---------------------------|---------------|
| | Issued and paid-up share capital | | Unrealised gain (loss) from change in value of investments | | Retained earnings | | |
| | | | | | Appropriated - statutory reserve | Unappropriated (deficits) | |
| | Preference shares | Ordinary shares | Available-for-sale securities of the Company | Available-for-sale securities of the associated company | | | |
| Balance as at 31 December 2008 | 150,000,000 | 450,000,000 | (1,990,500) | (1,883,997) | 108,535,525 | (43,551,926) | 661,109,102 |
| Increase in fair value of investments | - | - | 5,600,000 | 15,177,637 | - | - | 20,777,637 |
| Net income recognised directly in equity | - | - | 5,600,000 | 15,177,637 | - | - | 20,777,637 |
| Net loss for the year | - | - | - | - | - | (29,514,765) | (29,514,765) |
| Total expenses for the year | - | - | 5,600,000 | 15,177,637 | - | (29,514,765) | (8,737,128) |
| Balance as at 31 December 2009 | 150,000,000 | 450,000,000 | 3,609,500 | 13,293,640 | 108,535,525 | (73,066,691) | 652,371,974 |
| Balance as at 31 December 2009 | 150,000,000 | 450,000,000 | 3,609,500 | 13,293,640 | 108,535,525 | (73,066,691) | 652,371,974 |
| Increase in fair value of investments | - | - | 18,200,000 | 49,302,931 | - | - | 67,502,931 |
| Net income recognised directly in equity | - | - | 18,200,000 | 49,302,931 | - | - | 67,502,931 |
| Net income for the year | - | - | - | - | - | 475,821,277 | 475,821,277 |
| Total income for the year | - | - | 18,200,000 | 49,302,931 | - | 475,821,277 | 543,324,208 |
| Dividend paid (Note 20) | - | - | - | - | - | (207,000,000) | (207,000,000) |
| Unappropriated retained earnings transferred to statutory reserve (Note 16 and 20) | - | - | - | - | 41,464,475 | (41,464,475) | - |
| Balance as at 31 December 2010 | 150,000,000 | 450,000,000 | 21,809,500 | 62,596,571 | 150,000,000 | 154,290,111 | 988,696,182 |

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

Statements of changes in shareholders' equity (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

| | Separate financial statements | | | | | |
|---|-------------------------------------|-----------------|--|-------------------------------------|------------------------------|---------------|
| | Issued and paid-up share capital | | Unrealised gain (loss) from change in value of investment in available-for-sale securities of the Company | Retained earnings | | Total |
| | Preference shares | Ordinary shares | | Appropriated - statutory reserve | Unappropriated (deficits) | |
| | | | | | | |
| Balance as at 31 December 2008 | 150,000,000 | 450,000,000 | (1,990,500) | 108,535,525 | (19,035,031) | 687,509,994 |
| Increase in fair value of investment | - | - | 5,600,000 | - | - | 5,600,000 |
| Net income recognised directly in equity | - | - | 5,600,000 | - | - | 5,600,000 |
| Net income for the year | - | - | - | - | 15,920,937 | 15,920,937 |
| Total income for the year | - | - | 5,600,000 | - | 15,920,937 | 21,520,937 |
| Balance as at 31 December 2009 | 150,000,000 | 450,000,000 | 3,609,500 | 108,535,525 | (3,114,094) | 709,030,931 |
| Balance as at 31 December 2009 | 150,000,000 | 450,000,000 | 3,609,500 | 108,535,525 | (3,114,094) | 709,030,931 |
| Increase in fair value of investment | - | - | 18,200,000 | - | - | 18,200,000 |
| Net income recognised directly in equity | - | - | 18,200,000 | - | - | 18,200,000 |
| Net income for the year | - | - | - | - | 482,235,707 | 482,235,707 |
| Total income for the year | - | - | 18,200,000 | - | 482,235,707 | 500,435,707 |
| Dividend paid (Note 20) | - | - | - | - | (207,000,000) | (207,000,000) |
| Unappropriated retained earnings transferred to statutory reserve (Note 16 and 20) | - | - | - | 41,464,475 | (41,464,475) | - |
| Balance as at 31 December 2010 | 150,000,000 | 450,000,000 | 21,809,500 | 150,000,000 | 230,657,138 | 1,002,466,638 |

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



Cash flow statements

For the years ended 31 December 2010 and 2009

(Unit: Baht)

| | Financial statements in which the equity method is applied | | Separate financial statements | |
|--|---|-------------------|-------------------------------|-------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Cash flows from operating activities | | | | |
| Income (loss) before tax | 596,576,089 | (29,514,765) | 602,990,519 | 15,920,937 |
| Adjustments to reconcile income (loss) before tax to net cash provided by operating activities: | | | | |
| Depreciation | 45,695,934 | 49,554,169 | 45,695,934 | 49,554,169 |
| Reversal of allowance for diminution in value of inventories | (2,246,115) | (14,187,919) | (2,246,115) | (14,187,919) |
| Gains on sales of property, plant and equipment | (548,617,967) | (32,230,068) | (548,617,967) | (32,230,068) |
| Write-off of equipment | 446 | 1,239,657 | 446 | 1,239,657 |
| Allowance for impairment loss on investment | - | - | - | 3,753,000 |
| Share of loss from investment in associated companies | 4,210,130 | 46,984,402 | - | - |
| Recognition of deferred income from use of plants | (2,262,365) | (2,262,367) | (4,466,666) | (4,466,667) |
| Dividend from other long-term investments | (5,660,000) | (2,300,000) | (5,660,000) | (2,300,000) |
| Reversal of dividend payable | - | (990,270) | - | (990,270) |
| Unrealised gains on exchange | (3,977,466) | (68,257) | (3,977,466) | (68,257) |
| Provision for employee compensation and pension expenses (reversal) | 4,793,034 | (505,555) | 4,793,034 | (505,555) |
| Interest expenses | 23,880 | 10,132,742 | 23,880 | 10,132,742 |
| Income from operating activities before changes in operating assets and liabilities | 88,535,600 | 25,851,769 | 88,535,599 | 25,851,769 |
| Operating assets (increase) decrease | | | | |
| Trade accounts receivable | (36,087,764) | (16,905,176) | (36,087,764) | (16,905,176) |
| Inventories | (29,948,148) | 76,211,627 | (29,948,148) | 76,211,627 |
| Other current assets | (7,628,422) | 891,191 | (7,628,422) | 891,191 |
| Other non-current assets | (66,090) | - | (66,089) | - |
| Operating liabilities increase (decrease) | | | | |
| Trade accounts payable | 152,835,533 | (16,119,124) | 152,835,533 | (16,119,124) |
| Accrued expenses | (846,197) | 2,066,316 | (846,197) | 2,066,316 |
| Other current liabilities | (184,155) | (893,639) | (184,155) | (893,639) |
| Provision for employees compensation and pension expenses | (1,586,425) | (5,158,760) | (1,586,425) | (5,158,760) |
| Cash from operating activities | 165,023,932 | 65,944,204 | 165,023,932 | 65,944,204 |
| Cash paid for interest expenses | (23,880) | (11,211,826) | (23,880) | (11,211,826) |
| Cash paid for income tax | (103,486,563) | (868,916) | (103,486,563) | (868,916) |
| Net cash from operating activities | 61,513,489 | 53,863,462 | 61,513,489 | 53,863,462 |

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



Cash flow statements (continued)

For the years ended 31 December 2010 and 2009

(Unit: Baht)

| | Financial statements in which the equity method is applied | | Separate financial statements | |
|---|---|--------------------------|-------------------------------|--------------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Cash flows from investing activities | | | | |
| Increase in current investments | (65,000,000) | - | (65,000,000) | - |
| Acquisition of property, plant and equipment | (31,613,410) | (4,421,446) | (31,613,410) | (4,421,446) |
| Proceeds from sales of property, plant and equipment | 396,970,753 | 52,185,741 | 396,970,753 | 52,185,741 |
| Deposit received from sale of property | - | 160,299,375 | - | 160,299,375 |
| Dividend from other long-term investments | 5,660,000 | 2,300,000 | 5,660,000 | 2,300,000 |
| Net cash from investing activities | <u>306,017,343</u> | <u>210,363,670</u> | <u>306,017,343</u> | <u>210,363,670</u> |
| Cash flows from financing activities | | | | |
| Increase (decrease) in bank overdrafts and short-term loans | | | | |
| from financial institutions | 252,512 | (102,914,357) | 252,512 | (102,914,357) |
| Repayment of short-term loans from related party | - | (160,000,000) | - | (160,000,000) |
| Dividend paid | (207,000,000) | - | (207,000,000) | - |
| Net cash used in financing activities | <u>(206,747,488)</u> | <u>(262,914,357)</u> | <u>(206,747,488)</u> | <u>(262,914,357)</u> |
| Net increase in cash and cash equivalents | <u>160,783,344</u> | <u>1,312,775</u> | <u>160,783,344</u> | <u>1,312,775</u> |
| Cash and cash equivalents at beginning of year | 27,520,174 | 26,207,399 | 27,520,174 | 26,207,399 |
| Cash and cash equivalents at end of year | <u><u>188,303,518</u></u> | <u><u>27,520,174</u></u> | <u><u>188,303,518</u></u> | <u><u>27,520,174</u></u> |
| Supplement cash flows information: | | | | |
| Non cash-transaction | | | | |
| Transferred spare parts to be equipment during the year | 4,904,254 | - | 4,904,254 | - |

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



1. Corporate information

Union Textile Industries Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Saha-Union Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in the manufacture and distribution of textiles. The Company’s registered address is 1828 Sukhumvit Road, Bangchak Sub District, Phrakanong District, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 30 January 2009, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

- 2.2 The separate financial statements, which present investments in associated companies presented under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards

During the current year, the Federation of Accounting Professions issued a number of revised and new accounting standards as listed below.

- a) Accounting standards that are effective for fiscal years beginning on or after 1 January 2011 (except Framework for the Preparation and Presentation of Financial Statements, which is immediately effective):

Framework for the Preparation and Presentation of Financial Statements (revised 2009)

| | |
|-----------------------|---|
| TAS 1 (revised 2009) | Presentation of Financial Statements |
| TAS 2 (revised 2009) | Inventories |
| TAS 7 (revised 2009) | Statement of Cash Flows |
| TAS 8 (revised 2009) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (revised 2009) | Events after the Reporting Period |
| TAS 11 (revised 2009) | Construction Contracts |
| TAS 16 (revised 2009) | Property, Plant and Equipment |
| TAS 17 (revised 2009) | Leases |
| TAS 18 (revised 2009) | Revenue |
| TAS 19 | Employee Benefits |
| TAS 23 (revised 2009) | Borrowing Costs |
| TAS 24 (revised 2009) | Related Party Disclosures |
| TAS 26 | Accounting and Reporting by Retirement Benefit Plans |
| TAS 27 (revised 2009) | Consolidated and Separate Financial Statements |
| TAS 28 (revised 2009) | Investments in Associates |
| TAS 29 | Financial Reporting in Hyperinflationary Economies |

| | |
|-----------------------|--|
| TAS 31 (revised 2009) | Interests in Joint Ventures |
| TAS 33 (revised 2009) | Earnings per Share |
| TAS 34 (revised 2009) | Interim Financial Reporting |
| TAS 36 (revised 2009) | Impairment of Assets |
| TAS 37 (revised 2009) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (revised 2009) | Intangible Assets |
| TAS 40 (revised 2009) | Investment Property |
| TFRS 2 | Share-Based Payment |
| TFRS 3 (revised 2009) | Business Combinations |
| TFRS 5 (revised 2009) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 6 | Exploration for and Evaluation of Mineral Resources |
| TFRIC 15 | Agreements for the Construction of Real Estate |

b) Accounting standards that are effective for fiscal years beginning on or after 1 January 2013:

| | |
|-----------------------|--|
| TAS 12 | Income Taxes |
| TAS 20 (revised 2009) | Accounting for Government Grants and Disclosure of Government Assistance |
| TAS 21 (revised 2009) | The Effects of Changes in Foreign Exchange Rates |

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards which management expects the impact on the financial statements in the year when they are adopted.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and reward of ownership of the goods have passed to the buyers. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

4.4 Inventories

Finished goods and work in process are valued at the lower of standard cost (which approximates actual cost) and net realisable value. Standard cost includes all production costs and attributable factory overheads.

Raw materials and chemicals are valued at the lower of cost (first-in, first-out method) and net realisable value, while spare parts and factory supplies are valued at the lower of average cost and net realisable value. They are charged to production costs whenever consumed.

4.5 Unused assets classified as held for sale

Unused assets classified as held for sale are assets whose carrying amounts will be recovered through a sales transaction rather than through continuing use. Such sales transaction should be expected to qualify for recognition as a completed sale within one year from the date of classification. The assets are measured at the lower of carrying amount and fair value less costs to sell, and they are not depreciated.

4.6 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholders' equity, and will be recorded as gains or losses in the income statement when the securities are sold.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The weighted average method is used for computation of the cost of investments.

- b) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).
- c) Investments in associated companies are accounted for in the financial statements in which the equity method is applied using the equity method.
- d) Investments in associated companies are accounted for in the separate financial statements using the cost method net of allowance for loss on diminution in value.

4.7 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

| | |
|--|-----------------|
| Buildings and building improvement | 20 years |
| Machinery and equipment | 5, 10, 20 years |
| Furniture, fixtures and office equipment | 3, 5, 10 years |
| Motor vehicles | 5, 10 years |

Depreciation is included in determining income.

No depreciation is provided on land, assets under installation and under construction and unused assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

4.8 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

4.9 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the balance sheet date, with the exception of those covered by forward exchange contracts, which are translated at the contracted rates.

Gains and losses on exchange are included in determining income.

4.10 Impairment of assets

At each reporting date, the Company performs impairment reviews in respect of the property, plant and equipment whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in the income statement.

4.11 Employee benefits

Salaries, wages, bonuses and contributions to the social security fund and provident fund are recognised as expenses when incurred.

4.12 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.13 Deferred income from use of plants

Deferred income arising from allowing another party to use plants is recorded at the value of investment in the associated company which the Company has acquired through contribution of such plants as capital. The deferred income is recognised as income on a straight-line basis over a period of 15 years in accordance with the terms of in the land lease agreement.

4.14 Income Tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant judgments and estimates are as follows:

Allowance of diminution in value of inventory

In determining an allowance of diminution in value of inventory, the management makes judgment and estimates net realisable value of inventory based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period. Also, the management makes judgment and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

Impairment of investment in available-for-sale securities and other investments

The Company treats available-for-sale investments and other investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment.

Impairment of investment in associated company

Impairment testing on investment in associated company requires management to make estimates of the cash flows to be generated by the associated company and to determine an appropriate discount rate to calculate the present value of those cash flows.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and salvage values of the Company's plant and equipment and to review estimate useful lives and salvage values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Employee compensation and pension expenses

Employee compensation and pension expenses are provided for in the accounts by reference to the provisions of labour laws and the Company's personnel regulations, and are determined based upon the probability that employees in each age group will work until reaching their retirement age.

6. Cash and cash equivalents

| | (Unit: Baht) | |
|------------------------|--------------------|-------------------|
| | 2010 | 2009 |
| Cash | 50,400 | 64,663 |
| Bank deposits | 28,253,118 | 27,455,511 |
| Bank of Thailand bonds | 65,000,000 | - |
| Treasury bill | 95,000,000 | - |
| Total | <u>188,303,518</u> | <u>27,520,174</u> |

As at 31 December 2010, bank deposits in saving accounts, Bank of Thailand bonds and treasury bill carried interests between 0.25 and 1.65% per annum (2009: 0.50% per annum).

7. Trade accounts receivable

The balances of trade accounts receivable as at 31 December 2010 and 2009, aged on the basis of due dates, are summarised below.

| | (Unit: Baht) | |
|---|--------------|-------------|
| | 2010 | 2009 |
| <u>Related parties:</u> | | |
| Age of receivables | | |
| Not yet due | 69,813,276 | 31,630,831 |
| Total trade accounts receivable - related parties | 69,813,276 | 31,630,831 |
| <u>Unrelated parties:</u> | | |
| Age of receivables | | |
| Not yet due | 102,505,899 | 98,019,264 |
| Past due less than 1 month | - | 2,603,850 |
| Total trade accounts receivable - unrelated parties | 102,505,899 | 100,623,114 |
| Total trade accounts receivable | 172,319,175 | 132,253,945 |

8. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

| | (Unit: Million Baht) | | |
|---|----------------------|------|---|
| | 2010 | 2009 | <u>Pricing policy</u> |
| <u>Transactions with parent company</u> | | | |
| Purchases of raw materials | 538 | 210 | Cost plus margin of parent company |
| Borrowing (weight average balance outstanding at month end) | - | 105 | Interest rate with reference to the loan interest rate of local commercial bank |
| Interest expenses | - | 6 | See "borrowing" above |
| <u>Transactions with associated company</u> | | | |
| Sales of goods and raw materials | 246 | 130 | Cost plus margin |
| Purchase of goods | 3 | 3 | Cost plus margin of associated company |
| Sales of machinery and equipment | - | 3 | Agreed price |
| Rental income | 11 | 8 | Contract price |
| Other income | 7 | 6 | Contract price |
| <u>Transactions with related companies</u> | | | |
| Sales of goods and raw materials | 10 | 4 | Cost plus margin |
| Purchases of goods and raw materials | 2 | 2 | Cost plus margin of related companies |
| Rental income | 6 | 6 | Contract price |
| Other income | 2 | 7 | Contract price |

As at 31 December 2010 and 2009, the balances of the accounts between the Company and those related parties are as follows:

| | 2010 | (Unit: Baht) 2009 |
|---|--------------------|----------------------|
| <u>Trade accounts receivable - related parties</u> | | |
| Associated company | | |
| Ten Cate-Union Protective Fabric Asia Ltd. | 68,638,840 | 30,642,840 |
| Related companies | | |
| Union Garment Co., Ltd. (Has common shareholders) | 500,246 | 616,013 |
| Union Micronclean Co., Ltd. (Shares held by the Company) | - | 371,978 |
| Others | 674,190 | - |
| Total trade accounts receivable - related parties | <u>69,813,276</u> | <u>31,630,831</u> |
| <u>Amounts due from related parties</u> | | |
| Parent company | | |
| Saha-Union Plc. | 1,556,524 | 654,128 |
| Associated company | | |
| Ten Cate-Union Protective Fabric Asia Ltd. | 11,500,286 | 6,777,890 |
| Related companies | | |
| Union Garment Co., Ltd. (Has common shareholders) | 774,874 | 373,119 |
| Others | 93,283 | 92,153 |
| Total amounts due from related parties | <u>13,924,967</u> | <u>7,897,290</u> |
| <u>Trade accounts payable - related parties</u> | | |
| Parent company | | |
| Saha-Union Plc. | 204,100,897 | 66,545,490 |
| Associated company | | |
| Ten Cate-Union Protective Fabric Asia Ltd. | 537,244 | 119,389 |
| Related companies | | |
| | 186,460 | 225,776 |
| Total trade accounts payable - related parties | <u>204,824,601</u> | <u>66,890,655</u> |
| <u>Amount due to related party</u> | | |
| Associated company | | |
| Ten Cate-Union Protective Fabric Asia Ltd. | <u>118,102</u> | <u>103,576</u> |
| Total amount due to related party | <u>118,102</u> | <u>103,576</u> |

Directors and management's benefits

In 2010, the Company had salaries, bonus, meeting allowances and gratuities of its directors and management recognised as expenses totaling Baht 13.6 million (2009: Baht 9.1 million).

9. Inventories

(Unit: Thousand Baht)

| | Cost | | Allowance for diminution in value of inventories | | Inventories-net | |
|----------------------------------|----------------|----------------|--|-----------------|-----------------|----------------|
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | Finished goods | 87,960 | 79,971 | (3,488) | (8,712) | 84,472 |
| Work in process | 26,254 | 22,932 | - | - | 26,254 | 22,932 |
| Raw materials and chemicals | 87,587 | 69,110 | - | - | 87,587 | 69,110 |
| Spare parts and factory supplies | 31,730 | 36,474 | (19,685) | (16,707) | 12,045 | 19,767 |
| Total | 233,531 | 208,487 | (23,173) | (25,419) | 210,358 | 183,068 |

10. Unused land classified as held for sale

During the first quarter in the current year, the Company transferred the ownership of the land to the buyer in accordance with the land sale and purchase agreement dated 9 December 2009. The Company received the first deposit of approximately Baht 160 million during 2009 and the remaining amount of approximately Baht 374 million during the first quarter in the current year. The payment received totaled approximately Baht 534 million. The Company recorded gain on sale of land amounting to Baht 530 million in full in the income statement for the current year.

11. Investments in associated companies

11.1 Details of associated companies:

(Unit: Thousand Baht)

| Company's name | Nature of business | Country of incorporation | Shareholding percentage | | Financial statements in which the equity method is applied | | Separate financial statements | |
|---|--|--------------------------|-------------------------|-------|--|---------|-------------------------------|---------|
| | | | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| | | | % | % | | | | |
| Unifibre Co., Ltd. | Agent | Thailand | 20.83 | 20.83 | 121,835 | 67,690 | 25,000 | 25,000 |
| Ten Cate-Union Protective Fabric Asia Ltd. ("TCUA") | Production of work wear and safety wear fabric | Thailand | 49.35 | 49.35 | 75,642 | 86,898 | 190,000 | 190,000 |
| Total investments in associated companies | | | | | 197,477 | 154,588 | 215,000 | 215,000 |
| Less: Allowance for impairment loss on investment in TCUA | | | | | - | - | (3,753) | (3,753) |
| Total investments in associated companies - net | | | | | 197,477 | 154,588 | 211,247 | 211,247 |

11.2 Share of income/loss and dividend received

During the years, the Company has recognised its share of net income/loss from investments in associated companies in the financial statements in which the equity method is applied and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

| Company's name | Financial statements in which the equity method is applied | | Separate financial statements | |
|---|--|-----------------|--------------------------------------|----------|
| | Share of income (loss) from investments in associated companies during the year | | Dividend received during the year | |
| | 2010 | 2009 | 2010 | 2009 |
| Unifibre Co., Ltd. | 4,842 | 3,037 | - | - |
| Ten Cate-Union Protective Fabric Asia Ltd. | (9,052) | (50,021) | - | - |
| Total | (4,210) | (46,984) | - | - |

11.3 Summarised financial information of associated companies

Financial information of the associated companies is summarised below.

(Unit: Million Baht)

| Company's name | Paid-up capital as at | | Total assets as at | | Total liabilities as at | | Total revenues for the years ended | | Net income (loss) for the years ended | |
|---|--------------------------|------|-----------------------|------|----------------------------|------|--|------|---|-------|
| | 31 December | | 31 December | | 31 December | | 31 December | | 31 December | |
| | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Unifibre Co., Ltd. | 120 | 120 | 594 | 335 | 9 | 10 | 22 | 26 | 23 | 14 |
| Ten Cate-Union Protective Fabric Asia Ltd. | 385 | 385 | 585 | 345 | 390 | 115 | 719 | 321 | (34) | (115) |

The difference between the value of investment in Ten Cate-Union Protective Fabric Asia Ltd. ("TCUA") and the book value of the contributory assets, in proportion to the shareholding portion of the Company, will be recognised as gain in the income statement, in which the equity method is applied, over the useful lives of the assets.

The joint venture agreement, which is a joint investment between the Company and Ten Cate Advanced Textiles BV, a company incorporated in the Netherlands, to establish. TCUA contains certain conditions and restrictions, including a restriction on the transfer of shares of TCUA unless prior consent has been obtained in writing from the other party.

The share of income from the investment in Unifibre Co., Ltd. (the associated company) included in the income statement, in which the equity method is applied for the year ended 31 December 2010, has been calculated from financial statements prepared by the management of that company, and not audited by its auditor. However, the Company's management believes that there would be no material discrepancies if those financial statements had been audited by the associated company's auditor.

12. Other long-term investments

| | Shareholding percentage | | Investment value | |
|---|-------------------------|-----------|--------------------------|--------------------------|
| | 2010 % | 2009 % | 2010 Thousand Baht | 2009 Thousand Baht |
| Investment in available-for-sale securities | | | | |
| Saha-Union Plc. | 0.33 | 0.33 | 16,191 | 16,191 |
| Add: Unrealised gain from change in value of investment | | | 21,810 | 3,610 |
| Investment in available-for-sale securities, net | | | 38,001 | 19,801 |
| Investments in ordinary shares | | | | |
| Union Business Management Co., Ltd. ("UBM") | 19.00 | 19.00 | 94,999 | 94,999 |
| Union Micronclean Co., Ltd. | 13.00 | 13.00 | 650 | 650 |
| Investments in ordinary shares | | | 95,649 | 95,649 |
| Less: Allowance for diminution in value of investment in ordinary shares of UBM | | | (20,968) | (20,968) |
| Total investments in ordinary shares, net | | | 74,681 | 74,681 |
| Total other long-term investments - net | | | 112,682 | 94,482 |

During 2010, the Company received dividends of Baht 1.50 million and Baht 4.16 million from Saha-Union Plc. and Union Micronclean Co., Ltd., respectively (2009: Baht 1.00 million and Baht 1.30 million).

13. Property, plant and equipment

| | (Unit: Thousand Baht) | | | | | | | | |
|---|-------------------------------|------------------------------|----------------------------|--|-------------------|--|-------|----------------------------|-----------|
| | Assets used in the operations | | | | | Unused assets but not classified as held for sale | | | |
| | Land | Buildings and improvement | Machinery and equipment | Furniture, fixtures and office equipment | Motor vehicles | Assets under installation and construction | Land | Machinery and equipment | Total |
| Cost | | | | | | | | | |
| 31 December 2009 | 71,043 | 444,073 | 2,003,604 | 35,916 | 17,797 | 1,697 | 5,787 | 56,019 | 2,635,936 |
| Additions | - | 319 | 5,222 | 989 | - | 25,083 | - | - | 31,613 |
| Disposals / write off | (105) | (69,952) | (165,922) | (2,125) | (722) | - | - | (20,306) | (259,132) |
| Transfer between classes of accounts | - | - | 2,025 | - | - | (2,025) | - | - | - |
| Transfer spareparts from inventories | - | - | 548 | 38 | - | 4,318 | - | - | 4,904 |
| 31 December 2010 | 70,938 | 374,440 | 1,845,477 | 34,818 | 17,075 | 29,073 | 5,787 | 35,713 | 2,413,321 |
| Accumulated depreciation | | | | | | | | | |
| 31 December 2009 | - | 412,836 | 1,707,347 | 34,357 | 12,528 | - | - | 55,811 | 2,222,879 |
| Depreciation for the year | - | 5,534 | 38,574 | 573 | 1,015 | - | - | - | 45,696 |
| Depreciation on disposals / write off | - | (69,540) | (162,154) | (2,122) | (722) | - | - | (20,236) | (254,774) |
| 31 December 2010 | - | 348,830 | 1,583,767 | 32,808 | 12,821 | - | - | 35,575 | 2,013,801 |
| Net book value | | | | | | | | | |
| 31 December 2009 | 71,043 | 31,237 | 296,257 | 1,559 | 5,269 | 1,697 | 5,787 | 208 | 413,057 |
| 31 December 2010 | 70,938 | 25,610 | 261,710 | 2,010 | 4,254 | 29,073 | 5,787 | 138 | 399,520 |
| Depreciation for the year | | | | | | | | | |
| 2009 (Baht 32 million included in manufacturing cost, and the balance in administrative expenses) | | | | | | | | | 49,554 |
| 2010 (Baht 33 million included in manufacturing cost, and the balance in administrative expenses) | | | | | | | | | 45,696 |

As at 31 December 2010, certain plant and equipment items have been fully depreciated but are still in use. The gross carrying amount (before deducting accumulated depreciation) of those assets amounted to approximately Baht 1,313 million (2009: Baht 1,535 million).

Machinery and equipment items that are not in use are in the process of being sold. The Company's management expects the selling prices of such machinery and equipment to exceed their net book values. In addition, the Company's management have considered the fair value of land not used in operations and determined that it exceeds its book value. Therefore no allowance for impairment of such machinery, equipment and land has been set aside.

In 2008, the Company contributed some of its assets as its investment in Ten Cate-Union Protective Fabrics Asia Ltd. (TCUA). These comprised plant and all structures of the dyeing factory, including the wastewater treatment plant. The Company has not derecognised these assets from its accounts because the Company has certain commitments to fulfill under a land lease agreement with TCUA. The Company has therefore recorded the value of the investment under the caption of "Deferred income from use of plants" in the balance sheet and is amortising it to revenue in the income statement.

14. Bank overdrafts

The bank overdrafts carried interest between 5.63 to 6.50 percent per annum. These credit facilities are unsecured; however, the Company has undertaken not to dispose of or transfer or create any obligations on its immovable properties as specified in the credit facilities agreement, unless prior consent has been obtained in writing from the banks.

15. Preference shares

According to the Company's Articles of Association, the preference shareholders are entitled to receive a dividend equal to 14% of the paid up value of the shares each year, in preference to the ordinary shareholders. In years in which the Company is unable to pay any or any of the dividend due, the unpaid dividend may be accumulated for up to 7 years. In addition, if ordinary shareholders receive a dividend in excess of 14% of the par value of the shares in any year, the preference shareholders are entitled to receive a dividend at the same rate. Upon dissolution of the Company, the preference shareholders are entitled to return of capital in preference to the common shareholders. Apart from the aforementioned rights, ordinary and preference shareholders have the same rights.

The cumulative unpaid dividend entitlements of the preference shareholders as of 31 December 2010 total Baht 6 million (2009: Baht 147 million).

16. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

However, the Company's regulations require the Company to set aside to a statutory reserve at least 10% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 25% of the registered capital.

As at 31 December 2010, the Company has the statutory reserve of baht 150 million which has reached 25% of its registered share capital.

17. Expenses by nature

Significant expenses by nature are as follows:

| | (Unit: Baht) | |
|--|--------------|--------------|
| | <u>2010</u> | <u>2009</u> |
| Salary and wages and other employee benefits | 150,159,981 | 115,253,848 |
| Depreciation | 45,695,934 | 49,554,169 |
| Utilities expenses | 145,671,517 | 98,095,912 |
| Raw materials and consumables used | 690,186,104 | 371,540,424 |
| Changes in inventories of finished goods and work in process | (16,535,052) | (17,863,612) |

18. Corporate income tax

The Company is not liable to corporate income tax for the year 2009 due to tax loss brought forward.

19. Basic earnings per share

Basic earnings per share is calculated by dividing the net income (loss) for the year, after deducting the dividend payable to the preference shareholders, by the weighted average number of ordinary shares in issue during the year.

The following table sets forth the computation of basic earnings per share:

| | Financial statements in which the equity method is applied | | | | | |
|---|--|------------------|---|------------------|------------------------------------|-------------|
| | For the years ended 31 December | | | | | |
| | Net income (loss) | | Weighted average number of ordinary shares | | Basic earnings (loss) per share | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Baht | Baht |
| Net income (loss) | 475,821 | (29,515) | | | | |
| Less: Dividend of preference shares | (21,000) | (21,000) | | | | |
| Net income (loss) of ordinary shares | <u>454,821</u> | <u>(50,515)</u> | 45,000 | 45,000 | 10.11 | (1.12) |
| | | | | | | |
| | Separate financial statements | | | | | |
| | For the years ended 31 December | | | | | |
| | Net income (loss) | | Weighted average number of ordinary shares | | Basic earnings (loss) per share | |
| | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> | <u>2010</u> | <u>2009</u> |
| | Thousand Baht | Thousand Baht | Thousand Baht | Thousand Baht | Baht | Baht |
| Net income | 482,236 | 15,921 | | | | |
| Less: Dividend of preference shares | (21,000) | (21,000) | | | | |
| Net income (loss) of ordinary shares | <u>461,236</u> | <u>(5,079)</u> | 45,000 | 45,000 | 10.25 | (0.11) |

20. Dividend payment

On 20 July 2010, the Extraordinary General Meeting of the Shareholders No.1/2010 approved the payment of interim dividends for 2010 totaling Baht 207 million consists of the followings:

| Dividends | Type of shares | For the year | Total dividend | (Unit: Baht) Dividends per share |
|----------------------------------|------------------------------|--------------|--------------------|-------------------------------------|
| Interim dividend of 2010 | Cumulative preference shares | 2003 - 2009 | 147,000,000 | 9.80 |
| | Cumulative preference shares | 2010 | 15,000,000 | 1.00 |
| | Ordinary shares | 2010 | 45,000,000 | 1.00 |
| Total dividend for the year 2010 | | | <u>207,000,000</u> | |

The interim dividends were paid to the shareholders on 6 August 2010. Those dividend payments and the transfer of retained earnings to statutory reserves were made in the third quarter of the current year.

21. Segment information

The Company's operations principally involve a single business segment, the manufacture and distribution of textiles, which is carried only in Thailand. As a result, all of the revenues, operating income (loss) and assets as reflected in these financial statements pertain to this business segment and geographic area. During 2010, the Company had export sales amounting to Baht 663.3 million (2009: Baht 389.6 million).

22. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3% of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2010, the Company contributed Baht 2,444,499 (2009: Baht 2,418,960) to the fund.

23. Commitment and contingent liabilities

23.1 Operating lease commitment

The Company has entered into a lease agreement in respect of the lease of car rental. The terms of the agreement are generally within 1 year. The operating lease agreement is non-cancellable.

As at 31 December 2010, future minimum lease payments required under this non-cancellable operating lease contract were payable within 1 year amounting to Baht 1.7 million.

23.2 Guarantees

As at 31 December 2010, there were outstanding bank guarantees of Baht 15.5 million issued by banks on behalf of the Company to guarantee the usage of electricity.

24. Financial instruments

24.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade accounts receivable, investments, and accounts payable. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable and other receivable. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivable and other receivable, as stated in the balance sheet.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, Bank of Thailand bonds, treasury bill and bank overdrafts. However, since most of the Company's financial assets and liabilities bear non interest or fixed interest rates which are close to market rate, the interest rate risk of the Company is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2010 classified by type of interest rates are summarised in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date.

| | Financial statements in which the equity method is applied | | | | Effective interest rate (% p.a.) |
|---|--|------------------------|----------------------|-------|-------------------------------------|
| | Fixed interest rate within 1 year | Floating interest rate | Non-interest bearing | Total | |
| | (Million Baht) | | | | |
| Financial Assets | | | | | |
| Cash and cash equivalents | 160.0 | 28.3 | - | 188.3 | 0.25 - 1.65 |
| Current investments - Bank of Thailand bond | 65.0 | - | - | 65.0 | 1.60 |
| Trade accounts receivable | - | - | 172.3 | 172.3 | - |
| Investments in associated companies | - | - | 199.8 | 199.8 | - |
| Other long-term investments | - | - | 112.7 | 112.7 | - |
| Financial liabilities | | | | | |
| Bank overdrafts | - | 0.5 | - | 0.5 | 5.63 - 5.88 |
| Trade accounts payable | - | - | 246.0 | 246.0 | - |

| | Separate financial statements | | | | |
|---|-----------------------------------|------------------------|----------------------|-------|-------------------------|
| | Fixed interest rate within 1 year | Floating interest rate | Non-interest bearing | Total | Effective interest rate |
| | (Million Baht) | | | | (% p.a.) |
| Financial Assets | | | | | |
| Cash and cash equivalents | 160.0 | 28.3 | - | 188.3 | 0.25 - 1.65 |
| Current investments - Bank of Thailand bond | 65.0 | - | - | 65.0 | 1.60 |
| Trade accounts receivable | - | - | 172.3 | 172.3 | - |
| Investments in associated companies | - | - | 211.2 | 211.2 | - |
| Other long-term investments | - | - | 112.7 | 112.7 | - |
| Financial liabilities | | | | | |
| Bank overdrafts | - | 0.5 | - | 0.5 | 563 - 5.88 |
| Trade accounts payable | - | - | 246.0 | 246.0 | - |

Foreign currency risk

The Company's exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies as at 31 December 2010 are summarised below.

| Foreign currency | Financial assets (Million) | Buying exchange rate as at 31 December 2010 (Baht per 1 foreign currency unit) |
|------------------|-------------------------------|--|
| US dollar | 0.89 | 29.9082 |
| Euro | 1.27 | 39.5010 |

Foreign exchange contracts outstanding as at 31 December 2010 are summarised below.

| Foreign currency | Sold amount (Million) | Contractual exchange rate to sold (Baht per 1 foreign currency unit) |
|------------------|--------------------------|---|
| US dollar | 7.27 | 29.97 - 33.24 |
| Euro | 3.02 | 39.19 - 48.82 |

24.2 Fair value of financial instruments

Since the majority of the Company's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the balance sheets.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

25. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

As at 31 December 2010, debt to equity ratio in the balance sheets, in which the equity method is applied, was 0.38 :1 (2009: 0.57:1) and debt to equity ratio in the separate financial statements was 0.38 :1 (2009: 0.52:1).

26. Approval of financial statements

These financial statements were authorised for issue by the Company's authorised directors on 16 February 2011.

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