

Opinion of the Independent Financial Advisor  
Regarding the Sale of Asset

of

**Union Textile Industries Public Company Limited**

Proposed to  
**Shareholders of Union Textile Industries Public Company Limited**

Prepared By  
Asset Pro Management Co., Ltd.

25<sup>th</sup> September 2009

*This English Translation has been prepared solely for the convenience of foreign shareholders of Union Textile Industries Public Company Limited and should not be relied upon as the definitive and official opinions of The Company. The Thai language version of the opinion of The Company and of the independent financial advisor is the definitive and official document of the advisor and shall prevail in all respects in the even of any inconsistency with this English transaction.*

---

(Translation)

Doc. No. APM 190/2552

Date 25<sup>th</sup> September 2009

Subject : Opinion of Independent Financial Advisor Regarding the Asset Disposition of Union Textile Industries Public Company Limited

To : Shareholders of Union Textile Industries Public Company Limited

As a result of the 9/2552 Meeting of Board of Directors of Union Textile Industries Public Company Limited, (herein after is stated as "The Company"), on 22<sup>nd</sup> September 2009, the Board of Directors approved for the sale of a part of the land represented by the title deed no. 24441, with approximate land size of 63-1-6 rai, or 25,306 square wa, located at 65 Moo 5, Soi Saha Union, Bangna-Trad road, km 38, Bangsamak Bangkok Chachoengsao to Sharp Appliances (Thailand) Limited (SATL) (herein after is stated as "Asset Buyer"). The total value of the asset to be sold is approximately 537,752,500 Baht (or 8,500,000 Baht per rai, or 21,250 Baht per square wa).

The sale of the stated asset is considered as the sale transaction of the asset in accordance with the Notification of the Capital Market Supervisory Board Number Tor Chor. 20/2551, regarding the Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, and the Notification of the Board of Governors of Stock Exchange of Thailand. The size of the asset being entered the sale transaction, accounts for 51.62% (calculated from the proportion of the total asset being entered into the sale transaction to the total value of the Company's assets as of June 30<sup>th</sup>, 2009, that is reviewed by the certified auditor). This is considered as Class 1 transaction (Value of the transaction of 50 percent or more but lower than 100 percent of the total value of the Company's asset). In this case, the Company is obligated to reveal the detail of the transaction immediately and required to assign the independent

financial advisor to prepare the report and to provide opinions regarding the sale transaction of its asset. In addition, the Company is also required to arrange a shareholders' meeting to seek approval to enter into this asset sale transaction. The required minimum to approve the transaction is 3 out of 4 of the overall number of voting rights of the shareholders who attend the meeting and have the right to vote, excluding the shareholders who have stakes.

For this sale transaction, it is not considered as the Connected Transaction as per the Notification of the board of governors of the stock exchange of Thailand, regarding the Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, 2003, and the amendment of the notification of the Capital Market Supervisory Board Number Tor Chor. 21/2551, regarding rules on Connected Transaction.

Asset Pro Management Co., Ltd. (The Independent Financial Advisor) is assigned from the Company to be the independent financial advisor to prepare the report that provides the opinions to the shareholders, regarding the sale transaction of the stated asset. In preparing of the opinions, the independent financial advisor has considered the publicly revealed information of the Company, e.g. the Company's Annual Report (Form 56-1), the Company's Financial Statements. In addition, the independent financial advisor also obtained the information from the Company's management team, (e.g. Memorandum dated September 24<sup>th</sup>, 2009, regarding the detail of the assets being sold in this sale transaction, asset appraisal report prepared by KTAC Appraisal and Service Co.,Ltd. (KTAC), who is the independent appraiser, that is certified by the Thai Valuer Associations (TVA), and The Valuers Association of Thailand (VAT)). All these information are considered and analyzed together with the information obtained from the interview with the management team, the visit to the plot of land being sold in this sale transaction, the analysis of the industry's situation, as well as other related economic factors. The opinions provided by the independent financial advisor is based on the facts, information obtained from the Company, as well as the situation and the obtained information as stated.

#### Summary of the independent financial advisory's opinion regarding the asset disposition

The Company's objective to sell its asset, which is the part of land represented by the title deed no. 24441, with approximate land size of 63-1-6 rai, or 25,306 square wa, located at Soi Saha Union, Bangna-Trad road, km 38, Bangsamak,,Bangpakong Chachoengsao to Sharp Appliance (Thailand) Company Limited, is the sell of land, that has not been used since 2007. The sale of this asset does not have any impact to the Company's business operation. This plot of land used to be the place where the

Company's factory, including 7 factory buildings with 27 years old of age, used to be situated. These steel structured, with cement roof buildings are in the very bad condition, and cannot be used anymore. Due to the Company's policy to reduce the production capacity and the change of business directions to stop the business of selling yarns, which is very highly competitive, and to focus its business on the production of the Workwear and the Technical Workwear fabrics, the capacity of the factory in Bangpoo is enough to cope with the market's demand. As for the factory in Bangpakong, which is situated in the plot of land being sold, is the factory that was designed to operate only the yarn spinning process. Hence it is not suitable to be used for other business purposes. Keeping these factory buildings would then be company's burden, especially in terms of the expenses that the Company needs to pay for the reparation of the buildings to be certified by the building inspectors, the cost of fire insurance, property tax, and other central expenses in years after. From these reasons, the Company has decided to demolish all these old buildings, with the expected completion around September 2009. The demolition of these building is as the result of the meeting #7 of the Company's board of director meeting, on July 21<sup>st</sup> 2009, to reduce such expenses. From the demolition of these 7 buildings, the Company will obtain some revenue from the sale of metal scrap, which was a part of the building structure, the cement roof, and other materials, through the bidding process. The revenue derived was approximately 25 million Baht. As for the old machines that were situated in these factory buildings, the Company has agreed to sell or to rent out for the maximum benefits of the Company.

The sale of this piece of land is estimated to have the value of approximate 537,752,500 Baht, which is 317,590,300 Baht higher than the value appraised by KTAC, or 144.25% higher. (The appraised value is 220,162,200 Baht)The reason why the Company can negotiate to sell the land at the higher price than the appraised value is that the buyer has a strong demand to buy this piece of land to expand their business since this land is situated close by the location where the buyer's factory is situated. In case that the buyer can buy the adjacent pieces of land to connect to this piece of land being sold, it will significantly help the buyer be able to manage the business more effectively and to save the transportation and logistic costs.

Since the Company has yet to obtain the approval from the Company's shareholders to enter into this sale transaction, then the Company has an agreement with the buyer to issue Memorandum (Memo), with the significant detail regarding the ownership transfer and the terms of payment. In this Memo, both parties agree that the Company will be able to sign the sale and purchase contract only when it receives the approval from the Shareholders' meeting, and the buyer, can enter into the ownership transfer only when it receives the approval from the Board of Investment (BOI) to enter into the purchase transaction to

own land. For this, the buyer has requested for the approval from BOI since the past September, and it is expected to receive the approval result from BOI within December 2009. In addition, it is stated that the Company will need to negotiate for the buyer to be able to buy the plots of land adjacent to the land being sold by the Company, with the width of at least 100 meter. In case that the terms cannot be met, the Company will be willing to forfeit the sale and purchase contract and return the purchase installment to the buyer. (Please see the summary of significant terms from the memorandum of understanding at the end of this report) However, the plot of land that is under the interest of the buyer is either the land own by other party or the land own by the Union Technology (2008) Public Company Limited. In case that the Company cannot negotiate with other party to let the buyer purchase their plot of land that connects to the buyer's land, the Company still has an option to sell a plot of land that connects to the buyer's land as described in the Memorandum. This stated piece of land is under the ownership right of Union Technology (2008) Public Company Limited, (This Company's name used to be Union Footwear Public Company Limited), which is the associate company of the Company's majority shareholder. For this, the majority shareholder of the Company has already been fully aware of such sale condition required by the buyer. As a result, after the Company has obtained the approval from the shareholder meeting to enter into this sale transaction, the board of directors of the associate company will discuss and decide on how they will response to the buyer's requirement to buy its plot of land. However, it is strongly believed that the Company can proceed according to the requested condition.

**Benefits that the Company will obtain from entering into this sale transaction**

- The Company can sell out the non-used land. This will help the Company in terms of the reduction in asset management expenses, and will result in the Company having more cash and higher liquidity.
- The Company can sell the land at a much higher value than the appraised value. This is accounted for approximately 317,590,300 Baht, or 144.25% higher than the appraised value. And this sale price is approximately 533,431,500.50 Baht or 12,345.10% higher than its book value. For this, it is clear that the Company is able to sell the land at the very good price, compared to the appraised value. And this will result in the Company having the excess of the Sale price, when compared to the book value before deducting all the related fees for the transaction of ownership right of approximately 533,431,500.50 Baht. In this case, the book value of the land being sold is 4.32 million Baht
- The Company will use the proceed obtained from the sale of this land (The net cash received after deducting the expenses and tax related to the ownership transfer is

approximately 503,874,092.50 Baht, as described in detail in section 1.6.3) to firstly pay for its short-term loan from the related parties in 2009, which as of June 30<sup>th</sup>, 2009 has an outstanding balance of 150,000,000 Baht. Secondly, the Company will use a part of the cash received from this sale transaction to pay its accrued dividend for preferred shares in year 2010, with the total amount of 147,000,000 Baht. (accrued dividend for 7 years preferred shares) The large preferred shareholders include

- a) Saha Union Public Company Limited : 14.35 million shares
- b) Bangkok Bank Public Company Limited : 0.40 million shares
- c) Bangkok Insurance Public Company Limited : 0.23 million shares

However, the Company has the following conditions for the preferred shares

- The holders of the preferred shares have the right to obtain dividend prior to the holders of ordinary shares
  - The holders of preferred shares obtain the dividend payout at the rate of 14 percent of value of the preferred shares per year (in total of 150,000,000 Baht) This right can be obtained starting from financial year 1986
  - In any year that the Company cannot pay out dividend to the holders of preferred shares, or cannot pay at full amount, it is allowed to accumulate the amount of dividend at full or partial of each year, for the total of not more than 7 years.
  - In case that the ordinary shareholders obtain dividend that exceeds 14%, the holders of preferred shares will also have the right to receive dividend of the portion that exceeds 14%. In other words, in such case, the holders of preferred shares are deemed to receive the dividend at the same rate as that of ordinary shareholders.
  - In case that the Company discontinues its own business, the holders of preferred shares have the right to obtain the refund for the shares prior to the holders of ordinary shares.
- In this case, it is clear that the reason why the Company will use the cash obtained from the sale of this land to pay out as accrued dividend to the holders of preferred shares is that it is according to the conditions of the preferred shares of the Company. For this, the Company will use the rest of the sale proceed to pay back the short-term loans from financial institutions and keep as business working capital. This will help reduce the financial expenses and results in the Company having better financial status and better business results as shown in the table below.

Item	Before entering into the transaction : As of June 30 <sup>th</sup> , 2009	After entering into the transaction : As of December 31 <sup>st</sup> , 2010
Current Asset	333.02	540.11
Total Asset	1,041.67	1,120.87
Current Liabilities	323.34	182.50
Non-Current Liabilities	106.38	110.20
Total Liabilities	429.72	292.70
Shareholders Equity	611.95	828.18*
<b>Ratio</b>		
Current Ratio (times)	1.02	2.95
D/E Ratio (times)	0.70	0.35

Remark: \*consists of the following important items: profit from the sale of land after deducting all expenses (504.93 million Baht) and the dividend payout to the preferred shareholders (147.00 million Baht)

Based on the Notification of the Securities Exchange Commission of Thailand, regarding the Disclosure and Other Acts of Listed Companies Concerning Acquisition or Disposal of Assets 2004, Clause 5, regarding the request for shareholders' meeting approval in item 30, it requires that the listed companies arrange to have the independent financial advisor to provide opinions regarding the acquisition or disposal of asset to the commission and submit this opinion report to the Stock Exchange of Thailand as well as the shareholders. In this case, the independent financial advisor's opinions are as follows;

#### 1. Reasonableness and benefits of the transaction

##### Characteristics and detail of asset to be sold

##### 1.1. Day Month Year that the sale transaction will occur

The Company will proceed further to enter into the contract agreement to sell the stated piece of land within 1 month after the approval from the shareholders' meeting. However, the period prior to the enter into the contract agreement to sell / purchase this piece of land can be extended, not more than 15 days, with the consent of both the Company and the buyer of the land.

**1.2. Related partners of contract**

Seller: UNION TEXTILE INDUSTRIES PUBLIC COMPANY LIMITED

Buyer: SHARP APPLIANCES (THAILAND) LIMITED

**1.3. Type and Size of the Asset to be sold**

According to the Company's board of director meeting (9/2552) on September 22<sup>nd</sup>, 2009, the board of director has agreed to sell the Company's asset, which include a part of land represented by the title deed no. 24441, with approximate land size of 63-1-6 rai, or 25,306 square wa, located at Soi Saha Union, Bangna-Trad road, km 38, Bangsamak,,Bangpakong Chachoengsao to the buyer, at the approximate price of 537,752,500 Baht. Considering the size of asset in this transaction, calculated based on the value of the asset compared to the total asset of the Company, as of June 30<sup>th</sup>, 2009, which is reviewed by the accounting auditor who is certified by the Securities and Exchange Commission (SEC), the asset to be sold is classified as Class 1, according to the Notification regarding the Transactions Deemed as Acquisition or Disposal of Assets. The summary is as follows;

Items	Calculated size of items (Unit : Thousand Baht)
Total assets of the Company, according to the financial statement : As of June 30 <sup>th</sup> , 2009	1,041,673
Approximate Value of asset obtained from the sale	537,753
Size of item, based on the total value of the return criteria	51.62%

**1.4. Characteristics of asset in the sale transaction**

The asset to be sold is a part of the land represented by the title deed no. 24441, with approximate land size of 63-1-6 rai, or 25,306 square wa, located at Soi Saha Union, Bangna-Trad road, km 38, Bangsamak,,Bangpakong Chachoengsao. This land is connected as one plot of land, which has the distances to the nearby landmarks as indicated below.

- |  |                       |
|--|-----------------------|
| (1) Provincial Electricity Authority               | Approximately 0.50 km |
| (2) Wellgrow industrial park                       | Approximately 1.80 km |
| (3) Bangpakong Piyavej Hospital                    | Approximately 4.00 km |
| (4) Office Of The Bangwua Subdistrict Municipality | Approximately 4.20 km |

To commute to the asset

Main road of Bangna-Trad is the road opened for public usage. The traffic surface of this road is asphalt layered, with the width of traffic surface of approximately 36.00 meter, and 80.00 meter in total width. This road is in fair condition, with the waster drainage system.

Current Owner of the Land

Union Textile Industries Public Company Limited

Obligation as registered at the Asset Office

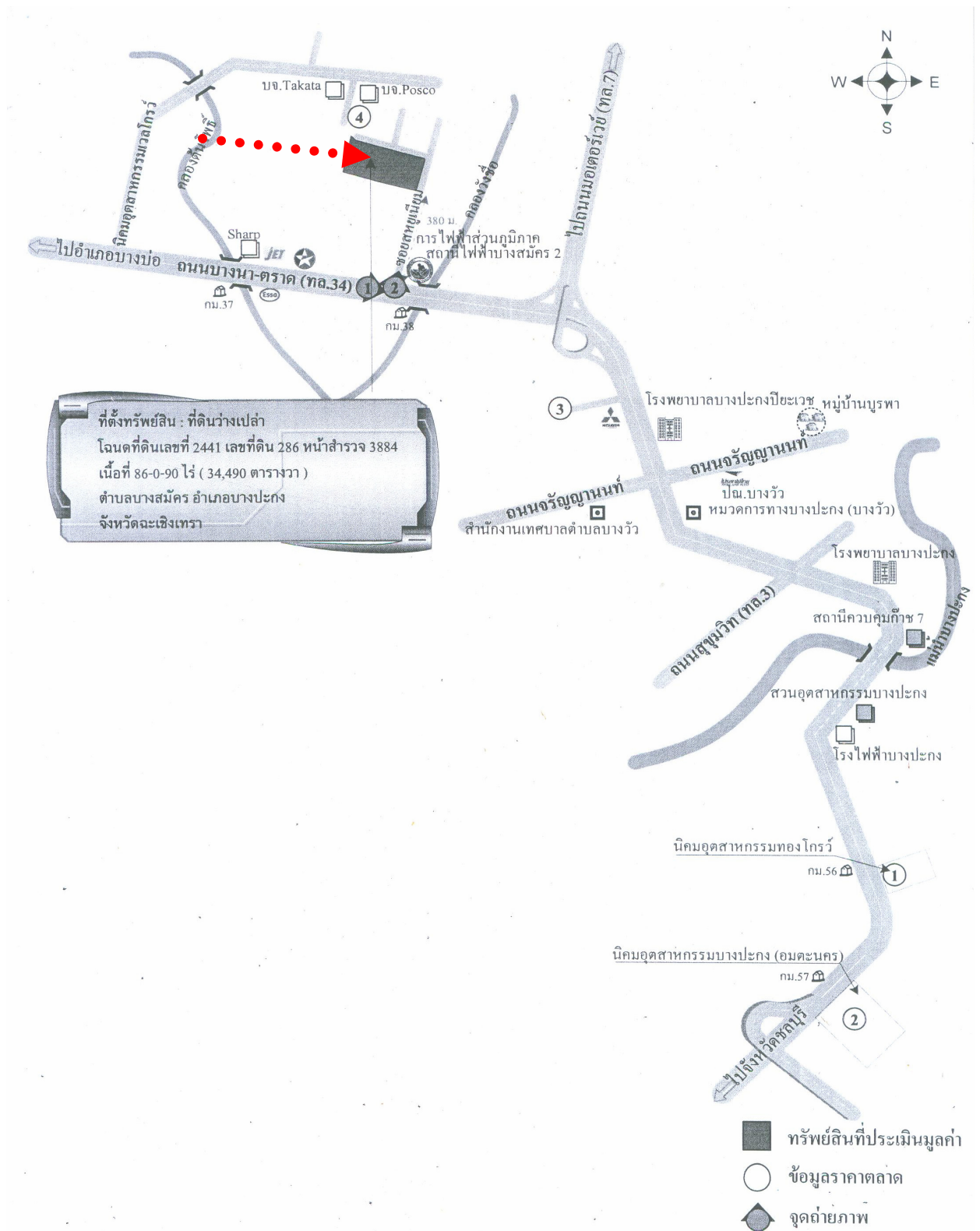
No obligation and is in the process of dividing the land plots at the Chachoengsao Provincial Land Office

Utility System

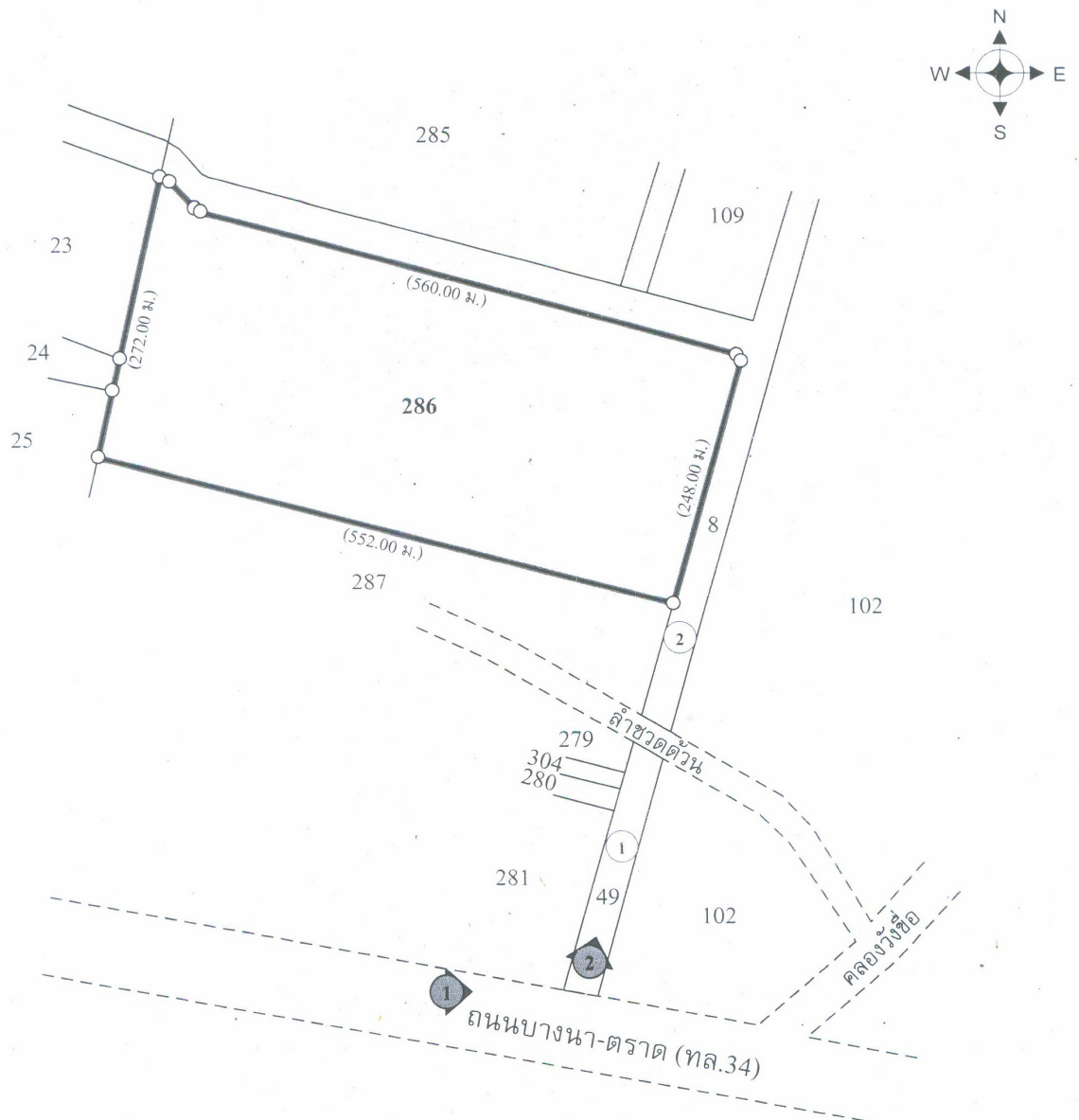
Available Utility: Electricity and Lighting System, Tap Water Supply, Telephone Lines, Sewage & Drainage Water System

Adjacent Areas

Direction	Approximate Length	Areas adjacent to
North	557 meter	Land own by the Company
South	418.3 + 129.5 meter	Land own by Union Technology (2008) Public Company Limited
East	170 + 57 meter	Private Road
West	241.5 meter	Land own by others (several owners)



Source : KTAC Appraisal and Service Co.,Ltd.



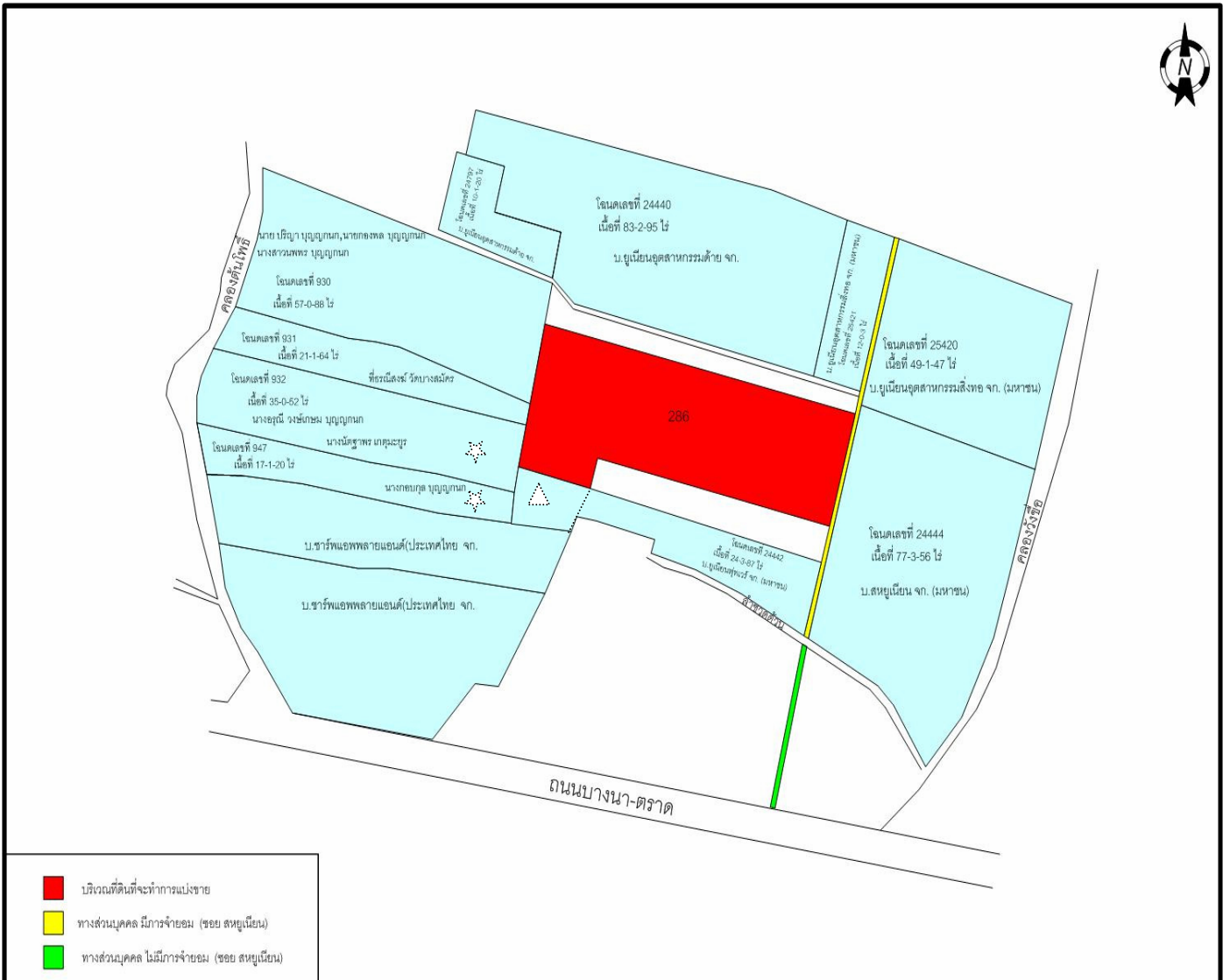
**รายละเอียดเอกสารสิทธิ์ที่ดิน**  
 ตำบลบางสมศรี อำเภอบางปะกง จังหวัดฉะเชิงเทรา  
 โฉนดที่ดินเลขที่ 24441 เลขที่ดิน 286 หน้าสำรวจ 3884 เนื้อที่ 86 - 0 - 90 ไร่ (34,490 ตารางวา)

หมายเหตุ ทางเข้า-ออกของทรัพย์สินจากถนนบางนา-ตราด (ทล.34) เข้าสู่ทรัพย์สินต้องผ่าน  
 ที่ดินบุคคลอื่น จำนวน 2 แปลง ได้แก่

- ① โฉนดที่ดินเลขที่ 889 เลขที่ดิน 49 ซึ่งจัดการจำยอมให้แก่โฉนดแปลงคงเหลือแล้ว
- ② โฉนดที่ดินเลขที่ 928 เลขที่ดิน 8 ซึ่งเป็นโฉนดแปลงคงเหลือ ถูกแบ่งไว้เพื่อใช้ประโยชน์เป็น  
 ทางเข้า-ออก ดังนั้นทรัพย์สินสามารถเข้า-ออกได้

**จุดถ่ายภาพ**

ไม่เข้ามาตราส่วน



Source: Brooke Real Estate Co., Ltd.

Remark: Brooke Real Estate Co., Ltd. functioned as the auditor for the ownership document of the nearby land

The plot of land, which the buyer wants to buy to connect to the buyer's land is either the plot of land own by other party (defined as ) or the plot of land own by Union Technology (2008) Public Company Limited (This company's name used to be Union Footwear Public Company Limited) (defined as )

1.5. Summary of signification terms from Memorandum of Understanding

Significant terms for the sale of the Company’s Asset, as described in the “Memorandum of Understanding” (Memo) between Union Textile Industries Public Company Limited (UT), and Sharp Appliances (Thailand) Limited (SATL) can be summarized as follows;

Seller of the Asset	Union Textile Industries Public Company Limited (UT)
Buyer of the Asset	Sharp Appliances (Thailand) Limited (SATL)
Asset to be sold and sale conditions	<ul style="list-style-type: none"> <li>● A part of land represented by the title deed no. 24441, with approximate land size of 63-1-6 rai, (or 101,224 square meter), which has at least 170 meter in width, and servitude on the right to use the road on the east side of the land, as the route to the main access road.</li> <li>● As the Seller is a listed company on the Stock Exchange of Thailand, the sale of the Land under this MEMO is conditional on the approvals of the Board of Directors and Shareholders of the Company. The execution of the Land Sale and Purchase Agreement shall occur within one month after the Seller obtains approvals from its shareholders, or any other date to be agreed by both parties, unless agreed otherwise by both parties, but no later than 15 days.</li> <li>● As SATL is a foreign majority-owned company, the purchase of the Land under this MEMO is conditional on the approvals of the Board of Investment (BOI) to permit SATL to own the Land.</li> </ul>
Sale Price & Terms of Payment	<p><u>Sale Price</u></p> <p>The sale price of this asset, with the area of land as stated, is Baht 8.5 Million per rai. This is equal to the total price of 537,752,500 Baht. However, the calculation of area of this land is subject to the actual measurement that is going to be undertaken once again.</p>
	<p><u>Terms of Payment</u></p> <p>Payment is divided into 3 installments as follow;</p>

	<p>Payment 1 30% of total Land Price shall be paid by cashier cheque on the date of signing the land sale and purchase agreement</p> <p>Payment 2 20% of total Land Price shall be paid by cashier cheque within 28 January 2010; and</p> <p>Payment 3 The balance shall be paid by cashier cheque on registration date of transfer of ownership in the Land within 30 April 2010.</p>
	<p><u>Others</u></p> <ol style="list-style-type: none"> <li>1. In case that the buyer's breach of the sale and purchase contract by default of payment, the seller can keep the payment amount paid by the buyer, and the sale and purchase contract is deemed to be terminated. The exception is in the case that the buyer does not obtain approval from the BOI.</li> <li>2. In case that the seller cannot follow the terms and conditions in the contract, the seller must return the all the payments paid to the buyer.</li> <li>3. Once the buyer breaches the contract, and the contract is terminated, the buyer has an obligation to remove all the assets and equipment of the buyers from the land, and shall make the land into the acceptable condition within one month from the date of termination unless the parties agreed otherwise.</li> </ol>
<p>Responsibilities and Undertakings of the Seller</p>	<ol style="list-style-type: none"> <li>1. apply for measurement and division of the Land with the land registry office;</li> <li>2. remove all buildings and construction located on the Land;</li> <li>3. levelling the Land on which the buildings are removed to be in horizontal level;</li> <li>4. grant written consent to the buyer to apply for the construction license upon the Land;</li> <li>5. grant irrevocable permission to the buyer or its contractor to</li> </ol>

	<p>discharge storm drainages and treated wastewater drainages, comply with quality standard of concerned government agency, from septic tank to the canal located on the north of the Land for a period of 12 months from the date of execution of the MEMO, extendable for additional 6 months if required; and</p> <p>6. permit the buyer and its contractors to use its road located on the north of the Land during the construction period of 12 months from the date execution of the MEMO. The permitted period may be extended for additional 6 months, if required.</p> <p>7. facilitate and cooperate with the Buyer's contractors to access to the Land to undertake construction work and to cooperate with the Buyer's contractor and public utilities service provider to apply for the use of public utilities during the construction period.</p> <p>8. procure the land owner of the connected land located between and linked together the Land and the Buyer with at least 100 metres adjoining the Buyer on the north of the Buyer (<b>Connected Land</b>) to sale the Connected Land to the Buyer at the same Land Price as specified.</p> <p>9. be liable for taxes, registration fees and costs in respect of registration of transfer of ownership of the Land to the Buyer and land measurement and division.</p>
<p>Responsibilities and Undertakings of the buyer of the asset</p>	<p>1. The Buyers' contractors shall perform the construction work in construction area only its contractors shall perform the construction work with due care and in a good and workmanlike manners and shall not cause any nuisance to the Seller or third party;</p> <p>2. In the event that the contractors cause damage to any property belonging to the Seller or third party, the Buyer</p>

	<p>shall immediately repair such damage or pay compensation for damages.</p> <p>3. The Buyer shall be responsible for obtaining all permits for carrying out the construction works and for compliance of the construction work with the relevant laws and regulation of the government authorities.</p> <p>4. The use of the road according to the servitude right, the buyer has an obligation to responsible together with other companies who use the same road, for the related expenses, e.g. repair, maintenance, and security guard costs, etc.</p>
Ownership Transfer	<p>The seller will register the transfer of ownership right of the land with servitude to use the road as access route, once the buyer has paid the amount agreed in the terms and conditions of payment</p>

Remark: The demolition of the buildings and construction, as well as the land leveling is carried out due to the resolution of the board of director meeting number 7/2552 on July 21<sup>st</sup>, 2009. The aim was to save the building maintenance expenses. These buildings are more than 27 years of age and are no longer in used. The Company has engaged the contractors in the bidding process to demolish the buildings, constructions, as well as level the land, which does not relate to the land being sold.

## 1.6. Value and Return

### 1.6.1. Conditions to enter into the transaction

According to the Notification regarding the acquisition and the disposal of asset, to enter into the sale transaction of the Company's asset requires the consent agreement and the approval from the shareholders' meeting, with the agreed votes of not less than three fourth of the total voting rights of those who attend the meeting and have the right to vote. This is however, excludes the votes of those who have stakes. In this case, the Company arranges to have the annual general shareholders' meeting 1/2552 on October 26<sup>th</sup>, 2009, to consider the approval of the sale transaction of the stated asset. In this case, the Company will have the book closing date for the shareholders meeting on October 7<sup>th</sup>, 2009.

### 1.6.2. Usage of the asset in the past

In the past, there were 7 factory buildings, which were used as yarn spinning factories. The buildings are 27 years of age and have been stopped the usage since November 2007. The Company has requested for the approval to demolish these buildings from the local govern of Tambol Bangsamak. At this stage, it is under the process of demolition all of these buildings, with the expected completion at the end of September 2009.

- (1) Office Building and one storey factory with mezzanine floor, total usage area of 21,888 square meter
- (2) One storey factory building with mezzanine floor, total usage of 10,273 square meter
- (3) One storey warehouse building with mezzanine floor : Building 1, total usage of 3,633 square meter
- (4) One storey warehouse building with mezzanine floor : Building 2, total usage of 3,633 square meter
- (5) One Storey engineering building with mezzanine floor, total usage area of 1,795.5 square meter, used as the machine room for pump and chiller
- (6) One storey building for electrical control room, total usage area of 486 square meter, used as electrical control room
- (7) Reinforced concrete parking, total usage area of 10,840 square meter, used as parking space

The demolition of these building is as the resolution of the meeting of the Company's board of director meeting, on July 21<sup>st</sup> 2009. The resolution was to demolish these buildings due to the fact that they have been in usage for more than 27 years, and the company's policy to reduce the production capacity to align with the new business direction to stop the sale of yarns, which has fierce competition. The new business direction was to focus on the production of Workwear fabric, which is the fabrics that are used as raw material for the Workwear in the factories, and the Technical Workwear fabrics, which is special type of fabrics that has special characteristics to prevent harms from work, e.g. preventing fire sparks, static current. With this new production focus, the Company foresees that only the production capacity of Bangpoo factory should be enough to cope with the market demand. As for the Bangpakong factory, which is specifically designed for the yarn spinning process, is not suitable for other type of industry. With all these reasons, keeping these buildings will surely bring about the expenses, in which the Company has to bare, e.g. costs of repairing, cost of fire insurance, property tax, other central expenses in later years. In order to reduce the cost of the demolition of the 7 buildings, the Company obtains the revenue from the sale of metal scraps, roofing and other materials through the bidding process. The sale proceed from sale of these materials is expected to be approximately 25 million Baht. As for the old machines that used to be inside the buildings, the Company has policy to sell or rent out, to ensure the maximum benefits to the Company.

**1.6.3. Estimated Cash obtained from the sale of asset**

Estimated cash that the Company will obtain and expenses that will incur from the sale of asset

Unit : Baht

Detail	Amount
<b>Year 2009</b>	
First payment (Payment 1) (30 % of the sale price)	161,325,750.00
<b>Total Year 2009</b>	<b>161,325,750.00</b>
<b>Year 2010</b>	
Payment 2 (20% of the sale price) 28th January 2010	107,550,500.00
Payment 3 (The rest approximate amount) 30th April 2010	268,876,250.00
<u>Less</u> Property Transfer Fee (2 percent of agreed sale / purchase price)	10,755,050.00
<u>Less</u> Withholding Tax (1 percent of agreed sale / purchase price)	5,377,525.00
<u>Less</u> Specific Business Tax (3.3 percent of agreed sale / purchase price)	17,745,832.50
<b>Total Year 2010</b>	<b>342,548,342.50</b>
<b>Total cashflow received from the sale of asset</b>	<b>503,874,092.50</b>

Remark: Total cash flow received from the sale of land is a primary estimated figure, which will require official measurement of land size and an actual cost for appraisal to be paid to the land office

**1.6.4. Calculation of the size of transaction**

As for the calculation of the size according the Notification regarding the acquisition and disposal, it is based on the consolidated financial statements of the Company as of June 30<sup>th</sup>, 2009, that is reviewed by the accounting auditor certified by Securities Exchange Commission (SEC). For this, the calculation of transaction size is determined by the following 4 methods.

a) Calculation of the size of the transaction based on asset

$$\text{Asset criteria} = \frac{\text{Ratio of shares hold X NTA ของบริษัท A X 100}}{\text{NTA of listed Company}}$$

- No such case

Remark NTA = Tangible Asset - Liabilities – Minority shareholders equity

b) Calculation of the size of the transaction based on net profit

$$\text{Net Profit criteria} = \frac{\text{Ratio of shares hold X Company's net profit A X 100}}{\text{Net profit of listed company}}$$

-No such case

c) Calculation of the size of the transaction based on the total value of the return

Unit: Thousand Baht

Detail	Calculated amount
Value of Asset as specified in the Company's financial statement; as of June 30 <sup>th</sup> , 2009	1,041,673
Value of Asset being sold	537,753

Hence

Size of the transaction based on the total value of the return

$$= \frac{\text{Value of asset being sold X 100}}{\text{Total asset of the Company as of June 30th, 2009}}$$

$$= \frac{537,753 \times 100}{1,041,673}$$

$$= 51.62\%$$

d) Calculation of the size of the transaction based on the assets issued as return

Criteria: Value of shares that the listed company issued

$$= \frac{\text{Number of shares issued for the payment of the asset X 100}}{\text{Number of shares issued and paid of listed Company}}$$

No such case

Remark : In the sale of land, it is allowed to calculate the size of transaction using only the criteria of the total value of the returns

As per the Notification regarding the acquisition and disposal of asset, it is required that the value of the transaction is considered based on the maximum value of the 4 methods specified above. From the calculation, it is found that the maximum value of the transaction is 51.62%, based on the criteria of the value of the returns method, which can be categorized as class 1, total value of 50% or more but less than 100%. In such case, the Company is obligated to disclose the transaction to the stock exchange of Thailand immediately, and to appoint an independent financial advisor to prepare an opinion reports regarding the disposal of the asset, as well as to arrange for the shareholders' meeting to approve the entry into the transaction. In addition, to enter into such transaction, it is required that not less than 3 quarter of the total votes, of the shareholders who attend the meeting and have voting rights, excluding those who have the stakes.

## 1.7. Basic Information of the Company

### 1.7.1. General Information

Company's Name : Union Textile Industries Public Company Limited : UT  
Status : The Company is registered in Stock Exchange of Thailand since 30<sup>th</sup>  
March 1994  
Company Registration : Bor Mor Jor. 345  
Number  
Nature of Business : Operate its business in the textile industry, including yarn spinning,  
Operation fabric weaving  
Location : Head Office

1828 Sukhumvit Rd. KKwaeng Bangchak Khet Phrakanong,  
Bangkok 10260.

Telephone : 0-2311-5111-9, 332-5600

Fax : 0-2332-3123

#### Branch 1

205 Moo 4, Sukhumvit Rd. (Km 39.5) Bangpoo Mai, Muang District,  
Samutprakarn 10280.

Telephone : 0-2311-5111-9 , 0-2332-5600

Fax : 0-2332-3123

Branch 2

65 Moo 5, Bangna Trad Rd. (km 38) Bangsamak Bangpakong  
District, Chachoengsao 24180.

Telephone : 0-3853-8499, 0-3853-8640-3

Fax : 0-3853-8639, 0-3853-8470

Web Site	:	<a href="http://www.sahaunion.co.th/ut">http://www.sahaunion.co.th/ut</a>
Registered Capital	:	As of 17 <sup>th</sup> July 2009, the Company has its registered capital of 600 million Baht, divided into ; 15 million preferred shares of 10 Baht each and, 45 million ordinary shares of 10 Baht each
Paid-Up Capital	:	As of 17 <sup>th</sup> July 2009, the Company has its registered paid-up capital of 600 million Baht, divided into ; 15 million preferred shares of 10 Baht each and, 45 million ordinary shares of 10 Baht each

#### 1.7.2. History of the Company

The Company was established on March 21<sup>st</sup>, 1977, operating its integrated businesses in the textile industry, including yarn spinning, fabric weaving, dyeing, and finishing. On March 30<sup>th</sup>, 1994, the Company was registered as a public company under the Thai law; with the registered capital of 600 million Baht. At present, Saha-Union (Public) Co., Ltd., and Union Business Management Co., Ltd., are majority shareholders, holding 49.882% and 16.948% of the total shares, respectively.

Regarding the significant changes and development during the past 5 years, the Company has developed and improved its organizational management system, as well as the internal processes, with focuses on customers and markets, compliance with the government rules and regulations newly enforced, such as the Building Control Act 1979. Though, the Company has continuously attempted to reduce the cost of production and expenses; but the outcomes obtained were not enough to overcome

the negative factors from the global economic crisis and affecting the cost of production and expenses, such as the problem of Baht appreciation, increasing prices of raw materials, energy expenses, and adjustments of minimum wages twice in 2008.

The Company has ceased its business operations of dyeing and finishing since August 16<sup>th</sup>, 2008, after the Company has joint-ventured with Ten Cate Advanced Textiles BV of the Netherlands to establish a joint venture under the name of Ten Cate-Union Protective Fabric Asia Co., Ltd., to operate its business in the safety clothes dyeing industry, according to the Resolution of the Board of Directors' Meeting on June 24<sup>th</sup>, 2008.

#### 1.7.3. Overall Business of the Company and its associated Companies

In addition to its main business operations in textile manufacturing, distribution and services, the Company holds shares in its associated companies as follows;

- Uni-Fibre Co., Ltd., operating a business of dealer of cottons, synthetic fibres, and services (at the rate of 20.83%)
- Ten Cate-Union Protective Fabric Asia Co., Ltd., operating a business of manufacturing, distribution of colour fabric, and dyeing (at the rate of 49.35%)

The Company has received its profit share from investments in its associated companies, according to the equity method, for less than 10% of the total incomes of the Company, which is therefore regarded as insignificant profit share.

According to the business operation policy, the Company and its associated companies have their separate and independent management.

#### 1.7.4. Incomes Structure of the Company

(Unit : Million Baht)

Product Line / Business Group	Operated By :	% of shareholding of the Company	6 Months Incomes of 2009	%	Incomes of 2008	%	Incomes of 2007	%	Incomes of 2006	%
Company :										
Company:										
Manufacturing and distribution of fabric, thread, and services	Union textile industries PCL.		240.78	111.08	918.45	101.75	1,541.38	99.78	1,955.53	99.79
Associated Companies :										
*Dealer of cottons, synthetic fibre, and services	Uni-Fibre CL	20.83	2.49	1.15	3.12	0.35	3.40	0.22	4.16	0.21
Manufacturing and distribution of colour fabric	Ten Cate-Union Protective Fabrics Asia CL	49.35	(26.51)	(12.37)	(18.96)	(2.1)				
<b>Total</b>			<b>216.76</b>	<b>100.00</b>	<b>902.61</b>	<b>100.00</b>	<b>1,544.78</b>	<b>100.00</b>	<b>1,959.69</b>	<b>100.00</b>

Note : \* Incomes shall include profit share from investments in the associated companies based on the equity method

#### 1.7.5. Business Objectives

The Company still focuses on the production and sales of Technical Workwear Fabrics, which have higher added value than other general products.

#### 1.7.6. Business operation of each product lines

The company has only one product or group of business line, which is the production and sales of fabrics and yarn. As for the investment in the company's income shall include profit share from investments in the associated companies based on the equity method.

## (1) Characteristics of Products and Services

Products of the Company include yarn and fabrics, which go through the yarn spinning and fabric weaving processes.

Important factors that have impact to the opportunity or limitation of the business operation is such as the manufacturing license, which is required to extend the license every 5 years.

## (2) Market & Competitions

### n. Policy and Market Characteristics

Competitive Strategy: The Company focuses on reducing its cost to increase its competitive capability while maintaining the quality level and product delivery

2. Characteristics of customers: Customers can be segmented into 2 groups

- Wholesalers : The customers who sell the products either in domestic or international markets to the textile industry
- Company / Textile factories : The customers use the Company's products as raw materials to produce ready-to-wear clothes, in forms of Workwear / Protectivewear

3. Target Customers : Companies / Manufacturers and Wholesalers both in domestic and international markets

4. Sales and distribution channels

The Company sells and distributes its products directly to the manufacturers and domestic and international wholesalers. As for the domestic markets, the Company sells its products to garment factories, wholesalers. As for export, the Company exports its products to the customers in the EU markets. The proportion of domestic and international markets is 30% to 70% respectively.

### B. Situation of Competitions

1. Situation of competitions in the industry. Customers in EU market have put high emphasize on the standards and the social responsibility, e.g. Environmental friendly products, Standard of Labor protection, Responsiveness and quality of internal management, as well as the flexibility of production.

2. The Company had approximately 10 competitors who are comparable in size
3. The Company's status and potentials in the competitions have still been reliable among its customers on the quality and hand-over of products.
4. Trends of the Industry and the Competitions : The growth rate of the textile market during the second half of 2009 has significantly shown the strong upward trend.

### (3) Products or Service Sourcing

#### a. Sourcing of products to be sold

1. In 2008, the Company used its Bangpoo Factory, situated at 205 Sukhumvit Rd (between km. 39 and km 40), Tambol Bangpoo Mai, Ampor Muang, Samutprakarn 10280, to manufacture thread and fabrics

#### 2. Production Capacity

	2009 (6 Months)	2008	2007	2006
<b>Bangpakong Factory</b>				
1. Yarn Spinning				
– Production Capacity (Thousand Pound)	-	-	15,400	16,800
– Actual Production (Thousand Pound)	-	-	10,446	13,008
<b>Bangpoo Factory</b>				
1. Yarn Spinning				
– Production Capacity (Thousand Pound)	9,100	18,200	14,000	18,661
– Actual Production (Thousand Pound)	4,874	13,701	12,704	15,672
2. Fabric Weaving				
– Production Capacity (Thousand Meter)	10,500	28,648	38,400	43,464
– Actual Production	6,461	18,021	32,368	43,236

	2009 (6 Months)	2008	2007	2006
(Thousand Meter)				
3. Dyeing				
– Production Capacity (Thousand Meter)	-	8,230	16,460	37,307
– Actual Production (Thousand Meter)	-	6,928	13,260	29,765

### 3. Important production policy

The company focuses its production on the textile products in the category of Technical workware, that is suitable for the production process capability. The Company manufactures at the amount that customers order, and focuses on those products that have consistent demand. The company has put in place the system to test, to random inspect, and to follow up the production line, starting from the raw material inception to the products storage in the warehouse.

### 4. Sourcing of Raw Materials

1. The company sources its core raw materials, e.g. cotton, and synthetic fibre, with the proportion of domestic and foreign sources of 56% and 44% respectively. The sourcing is from 4 suppliers, to prevent the company not to be too heavily dependent to any individual supplier.

#### 2. Problems regarding raw materials

Since most raw materials' prices fluctuate based on the exchange rate and the global market situation, the price of the cotton fibre then goes up and down depending on the production volume in each season. As for Polyester fibre, its price is also referenced to the global oil price. Hence the sourcing of the raw materials requires someone who has high expertise and long-term experience, to ensure that the Company obtains the raw materials, which have suitable quality for the products to be manufactured at the reasonable prices.

3. Number of Raw Material Suppliers

In 2009, the Company ordered raw materials from 4 suppliers

b. Environmental Impact

The Company is committed to conducting its business to align with the government's rules and regulations regarding environmental impact, both in its operation and its reporting. As a result to this, the Company has not had any dispute case regarding to the environmental impact in the past 3 years.

**(4) Work that has not been delivered**

The Company's business is neither project-based nor producing high value products.

**1.7.7. Research and Development**

- The Company has a policy that focuses on continuous development, especially in terms of improvement, knowledge and skills enhancement for employees at all levels in the organization. In the past 3 years, the Company has held the following activities.
- Product wise: The Company coordinates with the customers in conducting production trials and/ or improving the products to meet the qualities and characteristics that suit customers' needs and usage.
- Technology wise: The Company encourages employees to participate in the development program, site visit to observe and learn others' companies' production lines and learn how others reduce wastes. This is to help employees be able to continuously improve.
- In the past 3 years, the Company had total cost of research, development, and improvement of 4.27 million Baht.

1.7.8. Assets used to operate the business

- Land, Building, Plant, Machine

Important Asset of the Company as of 30<sup>th</sup> June 2009

<u>Type / Characteristic of Asset</u>	<u>Characteristic of Ownership</u>	<u>Book Value</u> (Million Baht)	<u>Obligation</u>
1. 80 plots of land located at 205 moo 4, Sukhumvit km 39.5, Tambol Bangpoomai, Ampur Muang, Samutprakarn : Total area of 213 rai – 1 ngan – 73 square wa	Owner	71.04	None
2. 3 plots of land located at 65 Bangna-Trad Rd, km 38, Tambol Bangsamak, Ampur Bangpakong, Chachoengsao : Total area of 147 rai – 2 ngan – 73 square wa	Owner	10.08	None
3. Building and Construction	Owner	41.79	None
4. Machines and equipment	Owner	332.68	None

Remark : \* The plot of land being sold is a part of asset in item #2 in the above chart. This land is currently not being used to operate the company's business. The book value of this land is 4.32 million Baht. The Company has the policy to sell the rest portion of this land plot after deducting this portion in the future

\*\* The building and construction, listed in item #3, that is located in the plot of land being sold is a 7- stories- factory building. This building is now being demolished and is expected to be completely cleared out by the end of September 2009. The book value of this building and construction is 6.44 million Baht.

- Investment Policy

As of 30<sup>th</sup> June 2009, the amount of investment that the Company had in its associated companies was 162.71 million Baht, accounted for 15.62 % of the total assets of the Company.

- Control over associated companies

The company sends directors to be representatives of the Company

**1.7.9. Legal Dispute**

- None

**1.7.10. Capital Structure**

(1) Securities of the Company

The Company has its registered capital of 600 million Baht, with the fully-paid in capital of 600 million Baht. This includes 45 million ordinary shares, and 15 million preferred shares, with the value of 10 Baht per share.

- Conditions and rights of preferred shares are as follow;
  1. The holders of preferred shares obtain their dividend prior to holders of ordinary shares
  2. The holders of preferred shares obtain their dividend with the rate of 14 percent of the value of the preferred shares. These holders obtain this right since fiscal year 1986 onward.
  3. In any year that the Company cannot pay out the dividend to the holders of preferred shares or can pay only partially, the holders of the preferred shares can accumulate the amount of dividend that they should have obtained in each year. This accumulation is allowed to happen at maximum period of 7 years.
  4. In case that the holders of the ordinary shares obtain dividend at the rate of greater than 14 percent per year, the holders of the preferred shares will also have the right to obtain the dividend amount that is greater than 14 percent per year, same amount as the holders of ordinary shares.
  5. In case that the Company closes down its business, the holders of the preferred shares will obtain the refund for their shares prior the holders of ordinary shares.

Other than the rights stated above, the holders of ordinary shares and the holders of the preferred shares have the same rights.

(2) Shareholders

The list of 10 major shareholders of the Company;

(As of the last closing date of shareholders' registration book on April 1<sup>st</sup>, 2009)

No.	Shareholder's Name	Number of ordinary shares	Number of preferred shares	Total	% of Total Shares
1.	Saha-Union Group				
	1.1 Saha-Union Public Co., Ltd.	15,580,540	14,348,660	29,929,200	49.882
	1.2 Union Tread Industries Co., Ltd	3,668,280		3,668,280	6.114
	1.3 Union Business Management Co., Ltd.	10,168,700		10,168,700	16.948
2	Bangkok Bank Public Co., Ltd.	3,497,400	400,000	3,897,400	6.496
3	Mr. Chan Sophonpanich	1,152,600		1,152,600	1.921
4	Mr. Pisit Preukpaiboon	1,046,900		1,046,900	1.745
5	Bangkok Insurance Public Co., Ltd.	672,900	233,000	905,900	1.510
6	Miss Nuchnapa Wongscharoensin	936,900		936,900	1.562
7	Mr. Chanchai Thanarakkchock	736,300		736,300	1.227
8	Chotechalit Co., Ltd.	561,600		561,600	0.936
9	FORTIS PRIVATE BANKING SINGAPORE LTD	478,000		478,000	0.797
10	Mr. Chutindhon Darakananda	380,500		380,500	0.634
	<b>Total</b>	<b>38,880,620</b>	<b>14,981,660</b>	<b>53,862,280</b>	<b>89.770</b>

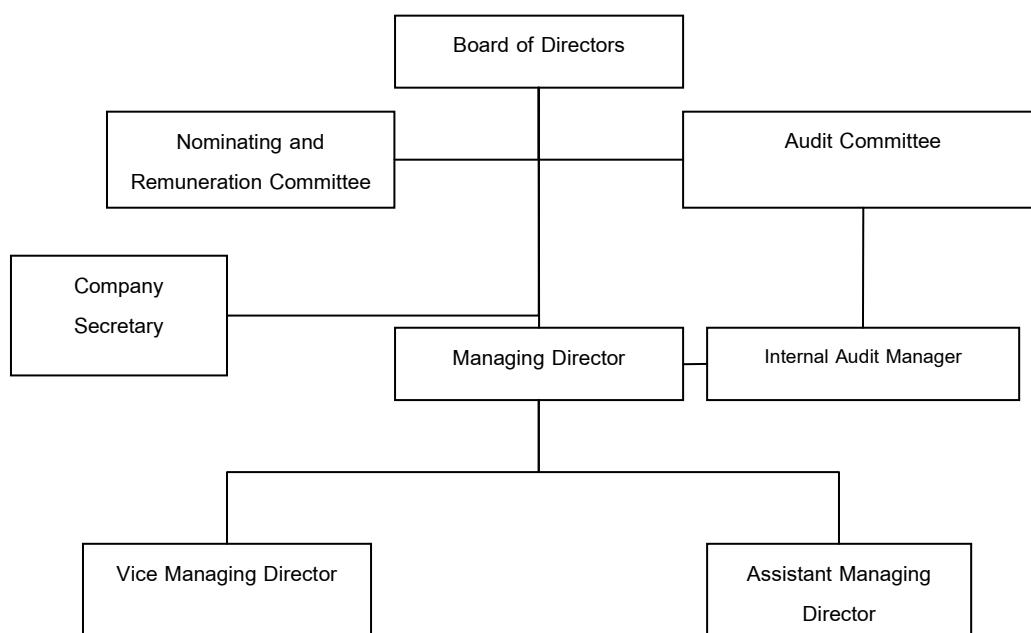
(3) Dividend Payment Policy

The Company had its policy to pay dividends and to provide a proper rate of return on investment to shareholders. The amount of dividend is subject to the operating result of the business and is considered from the Company's income shown on the financial statement of the business.

### 1.7.11. Structure of Management

#### (1) Management Structure

Company's Organization Structure Chart; as of 17<sup>th</sup> July 2009



#### (2) List of the Company's Board of Directors and their positions; as of 22<sup>nd</sup> September 2009

Name	Position
1. Miss Sriwarin Jirapakkana	Chairman
2. Dr. Panas Simasathien	Vice Chairman
3. Mr. Vichai Chaitaneeyachat	Director
4. Mrs. Supung Tangsujaritpant	Director
5. Dr. Thitivat Suebsaeng	Director
6. Miss Dalad Saphthavichaikul	Director
7. Mr. Aksornprasit Darakananda	Director
8. Capt. Supich Sankhagowit	Director
9. Professor Dr. Achara Chandrachai	Chairman of the audit committee / Independent Director
10. Mr. Prasong Sukhum	Audit committee / Independent Director

Name	Position
11. Mrs. Sutthinee Khunwornsai	Audit committee / Independent Director
12. Mr. Sompop Amatayakul	Independent Director
Mrs. Chadapron Jiemsakultip	Company Secretary

(3) List of the Management Members and their positions; as of 22<sup>nd</sup> September 2009

Name	Position
1. Mr. Vichai Chaitaneeyachat	Managing Director
2. Mrs. Supung Tangsujaritpant	Deputy Managing Director
3. Capt. Supich Sankhagowit	Assistant Managing Director
4. Mr. Sapon Anukul	Spinning Mill Dept. Manager
5. (Mr. Panya Chaivichacharn	Weaving Mill Dept. Manager
6. Mr. Wuth Wuthipong	Human Resource Div. Manager
7. Mr. Somboon Chewpreecha	Administration Div. Manager
8. Miss Napaporn Kreingkraiwanich	Sales and Production Coordination Div. Manager
9. Mr. Weeratham Poochinya	Sales Div. Manager
10. Mr. Apatt Seriniyom	Sales 1 Dept. Manager
11. Mr. Prakanchai Asavaraks	Sales 2 Dept. Manager
12. Mrs. Pavadee Eaksiraporn	Sales Support Dept. Manager
13. Mr. Pruttipan Chayakul	Business Planning and Development Dept. Manager
14. Mrs. Yupha Bunchueydee	Finance Dept. Manager
15. Miss Prayoon Sriparam	Accounting Dept. Manager
16. Mrs. Sureerat Fathong	Information System Development Dept. Manager
17. Mr. Suvich Nomsungnoen	General Affairs Dept. Manager
18. Mr. Sutin Ratanamung	Quality Assurance Dept. Manager
19. Mr. Charath Chuen-ahrom	Purchasing Dept. Manager
20. Mr. Tharp Sukhavisidh	Engineering Dept. Manager

#### 1.7.12. Human Resource

- a. As of 31<sup>st</sup> July 2009, the Company has 701 employees, accounted for 29 employees less than that of 31<sup>st</sup> December 2008
- b. No case of labour dispute in the past 3 years
- c. Types of employee remuneration

Unit : Million Baht

Type of Remuneration	2009 (6 Months)	2008	2007
- Salary & Wages	44.56	114.03	219.20
- Bonus	5.23	11.55	19.83
- Provident Fund	1.22	3.16	6.15
Total	51.03	128.74	245.18

- d. Employee Development Policy

Each year, the Company organizes to ensure that employees at all levels receive suitable development programs. This is to ensure that employees have the right knowledge, expertise, and skills to work in their roles efficiently.

#### 1.7.13. Related Party Transactions

- (1) Disclosure of related party transaction that may cause conflict in the past year

The Company had significant business transactions with its parent company and with the related companies; and the majority of the said business transactions were involved with the sale of products and purchase of raw materials in accordance with the market condition at that time; whereas, the Company has disclosed the information of significant business transactions in the notes to financial statements according to the accounting standard and Regulations of the Stock Exchange of Thailand.

(2) Necessity and Reasonableness of the Related Transactions

The group companies had their policy to establish a unit to supply raw materials to companies within the group in order to gain more bargaining power on pricing and quantity, thus, for the highest benefits of the Company.

(3) Measures or Processes of Related Transactions Approval

The related transactions shall be in accordance with the normal business practice for outsiders, with the process of transactions approval according to the normal commercial system in general, relating to the reception and settlement of payments, determination of due dates for each transaction, and supervision of the operations as prescribed.

(4) Policy or Trends of the Related Transactions

The necessity and reasonableness of such transactions (which are often the normal commercial transactions in general), either inter-trading of products, and mutual price and returns shall be in accordance with the market prices; or in case of interest calculation, the interest rates shall be equal to the interest rates in the financial market at a particular period of time when such transaction has occurred; and the rates of returns received shall be equal to the market rates.

1.7.14. Business Results and Financial Status, based on equity method

	Unit : Thousand Baht				
	6 Months 2009	2008	6 Months 2008	2007	2006
	Not audited but already reviewed				
Balance Sheets					
<u>Assets</u>					
Current Assets					
Cash and cash equivalent	5,515	26,207	22,042	15,501	1,680
Trade Account Receivable					
Related Parties	32,736	65,717	22,914	37,974	305,259
Unrelated Parties	93,111	49,564	127,457	200,620	2,331
Total trade accounts receivable	125,847	115,281	150,371	238,594	307,590
Amounts due from related parties	10,263	5,698	4,148	6,689	1,461
Inventories - net	184,526	245,092	332,205	354,627	549,021
Other current assets	6,872	8,794	18,179	42,200	17,691
Total current assets	333,023	401,072	526,945	657,611	877,443
Non-current assets					
Investments in associated companies	162,714	188,599	59,164	56,249	72,261
Other long-term investments -net	88,851	88,882	113,649	113,749	120,149
Assets held for sale	1,450	2,194	2,378		
Property plant and equipment-net	455,585	481,485	567,490	595,461	664,885
Other non-current assets	320	319	863	837	678
Total non-current assets	708,650	761,479	743,544	766,296	857,973
Total assets	1,041,673	1,162,551	1,270,489	1,423,907	1,735,416

Translation of Opinion of Independent Financial Advisor Regarding the Asset Disposition of  
Union Textile Industries Public Company Limited

---

	6 Months 2009 Not audited but already reviewed	2008	6 Months 2008	2007	2006
<u>Liabilities and shareholders' equity</u>					
Current Liabilities					
Bank overdrafts and short-term loans from financial institutions	97,840	103,207	176,959	206,637	256,375
Trade account payable					
Related Parties	44,953	94,378	108,119	73,230	165,272
Unrelated Parties	20,299	14,895	58,297	58,789	90,402
Total trade accounts payable	65,252	109,273	166,416	132,019	255,674
Amounts due to related party	748	910	1,057	1,707	3,466
Short-term loans from related party	150,000	160,000	160,000	300,000	376,000
Other current liabilities					
Accrued expenses	7,847	15,740	11,919	26,869	37,396
Others	1,656	2,954	3,163	4,972	11,901
Total current liabilities	323,343	392,084	519,514	672,204	940,812
Non-current liabilities					
Provision for employee compensation and pension expenses					
Deferred income from use of plants	63,096	65,311			
Total non-current liabilities	106,377	109,358	58,348	58,822	96,230
Total liabilities	429,720	501,442	577,862	731,026	1,037,042

---

Translation of Opinion of Independent Financial Advisor Regarding the Asset Disposition of  
Union Textile Industries Public Company Limited

	6 Months 2009 Not audited but already reviewed	2008	6 Months 2008	2007	2006
<u>Shareholders' equity</u>					
Share capital					
Issued and fully paid capital					
15 million preferred shares of Baht 10 each	150,000	150,000	150,000	150,000	150,000
45 million ordinary shares of Baht 10 each	450,000	450,000	450,000	450,000	450,000
	600,000	600,000	600,000	600,000	600,000
Unrealized gain (loss) from change in value of investments					
Available-for-sale securities of the Company	(2,291)	(1,991)	1,809	1,909	8,309
Available-for-sale securities of the associated company	(2,656)	(1,884)	7,708	8,006	23,481
Retained earnings					
Appropriated					
Statutory reserve	108,536	108,536	108,536	108,536	108,536
Unappropriated	(91,636)	(43,552)	(25,426)	(25,570)	(41,952)
Total Shareholders' equity	611,953	661,109	692,627	692,881	698,374
Total liabilities and shareholders' equity	1,041,673	1,162,551	1,270,489	1,423,907	1,735,416

Translation of Opinion of Independent Financial Advisor Regarding the Asset Disposition of  
Union Textile Industries Public Company Limited

---

	6 Months 2009	2008	6 Months 2008	2007	2006
	<b>Not audited but already reviewed</b>				
Income Statements					
Revenues : Sales and services revenue	240,779	918,448	495,829	1,541,377	1,955,113
Other revenue					
Sale of scrap	4,954	17,942	8,151	32,740	29,279
Gains on sales of machinery, equipment and spare parts	4,929	3,775	966	43,193	44,822
Gains on disposal of assets to associated company		36,720			
Exchange rate gains		73		9,037	1,685
Dividend from associated company					
Dividend from other long-term investments	2,300	2,550	2,550	3,200	2,550
Others	17,359	29,999	13,270	35,509	23,929
Total Revenues	270,321	1,009,507	520,766	1,665,056	2,057,378
Expenses : Cost of sales and services	251,338	847,365	450,008	1,409,640	1,862,618
Selling & Administrative expenses	31,303	121,663	55,075	204,479	127,103
Other expenses	4,584	20,968	6,453		
Total expenses	287,225	989,996	511,536	1,614,119	1,989,721
Income before finance cost	(16,904)	19,511	9,230	50,937	67,657
Finance Costs	(7,160)	(21,650)	(12,176)	(37,956)	(46,022)
Share of income (loss) from investments in associates	(24,020)	(15,843)	3,090	3,401	4,162
Net income (loss)	(48,084)	(17,982)	144	16,382	25,797
Basic earnings per share	(1.30)	(0.87)	(0.23)	(0.10)	0.11

---

Important financial ratios

	6 Months 2009 Not audited but already reviewed	2008	6 Months 2008	2007	2006	
<b><u>LIQUIDITY RATIO</u></b>						
1. Liquidity Ratio	1.03	1.02	1.01	0.98	0.93	Times
2. Account receivable turnover	2.00	5.19	2.55	5.64	5.94	Times
3. Average collection period	59	69	57	64	61	days
4. Inventory turnover	1.17	2.83	1.29	3.12	3.15	Times
5. Average days sales	120	127	136	115	114	days
6. Payable turnover	1.27	3.97	1.91	3.71	5.22	Times
7. Payable period	142	91	94	97	69	days
<b><u>PROFITABILITY RATIO</u></b>						
1. Gross profit margin	(4.39)	7.74	9.24	8.55	4.73	%
2. Net profit margin	(17.79)	(1.78)	0.03	0.98	1.25	%
3. Return on equity	(7.55)	(2.66)	0.02	2.35	3.84	%
<b><u>EFFICIENCY RATIO</u></b>						
1. Return on assets	(4.36)	(1.39)	0.01	1.04	1.40	%
2. Return on fix assets	(3.02)	5.00	3.49	9.57	10.10	%
3. Asset turnover	0.25	0.78	0.39	1.06	1.12	Times
<b><u>FINANCIAL POLICY RATIO</u></b>						
1. Debt to equity ratio	0.70	0.76	0.83	1.06	1.48	Times
2. Dividend payout ratio	0	0	0	0	0	%

## Explanation and Analysis of Financial Status and the Operating Result

### 1. Overview of the Operating Result

The Operating result of the Company in the first 6 months of fiscal year 2009, as of June 30<sup>th</sup>, 2009, based on the financial statements of its particular business, has revealed the net loss of 22.97 million Baht. This is accounted for an increase in loss of 20.02 million Baht, when compared to the same period of 2008, which had the net loss of 2.95 million Baht. Financial statements based on the equity method have revealed the net loss of 48.08 million Baht, and the operating result decreased by 48.23 million Baht, when compared to those in the same period of 2008, which had the net profit of 0.14 million Baht. This mainly resulted from a decrease of revenue from sales and services and effects from severe competition in the global textile business, and the economic crisis, which were factors affecting the determination of sale prices and the quantity of sale of products. Moreover, the Company has ceased its business operation in the dyeing process as from August 16<sup>th</sup>, 2008.

### 2. Analysis of the Operating Result

#### Incomes from Sales and Services

The Company had its incomes from sales and services, totally 240.78 million Baht, decreased by 255.05 million Baht, or 51.44% when compared to the same period of 2008. The Company's main incomes were from;

- Sale of grey fabrics (increased by 12.00 million Baht or 5.36%
- Sale of colour fabrics (decreased by 246.00 million Baht or 98.40 %; because the Company has ceased its business operation in the dyeing process as from August 16<sup>th</sup>, 2008)
- Yarn spinning and dyeing services (decreased by 21.05 million Baht, or 100%)

#### Other Incomes

In 2<sup>nd</sup> quarter of 2009, the Company had other incomes of totally 29.54 million Baht, increased by 4.61 million Baht or 18.48%, when compared to other incomes of totally 24.94, in same period of year 2008.

- Incomes from the sale of remnants of raw materials, decreased by 3.20 million Baht because the Company reduced the volume of production to be in line with the volume of sale;

- Incomes from the sale of machinery and equipment, increased by 3.96 million Baht.
- Dividend received from other long-term investments, decreased by 0.25 million Baht.
- Others, increased by 4.09 million Baht

#### Costs and Expenses of Sales and Services

In 2<sup>nd</sup> Quarter of 2009, the Company had the cost of sales and services 251.34 million Baht, decreased by 198.67 million Baht, or decreased by 44.15% when compared to the cost of sales and services of 450.01 million Baht in the first 6 months of 2008; provided that the decreased cost of sales and services was in line with the decreased incomes from sales.

#### Selling and Administrative Expenses

In 2<sup>nd</sup> Quarter of 2009, the Company had its selling and administrative expenses of totally 31.30 million Baht, decreased by 23.77 million Baht, or decreased by 43.16 %, when compared to the selling and administrative expenses of 55.08 million Baht in the same period of year 2008. This resulted from the decrease in the volume of sale which caused in a decrease in the selling expenses such as export expenses (which resulted by a decrease of export product volume, both colour and grey fabrics.) In addition, this is also a result from the decrease in number of employees due to the downsizing of the production process and the transfer of the dyeing factory into the investment in Ten Cate-Union Protective Fabric Asia Co., Ltd. This resulted in the decrease of employee expenses.

#### Profits

The Company has its loss before share of income (loss) from investments in associates and financial expenses of totally 16.90 million Baht, decreased by 26.13 million Baht, or decreased by 283.14 percent, when compared to the profits before the share of loss from investments in associates of 9.23 million Baht during same period of 2008. The Company obtained the share of profits (loss) from investments in associates of totally 24.02 million Baht, as had its financial expenses, including interest expense, bank fees, were totally 7.16 million Baht, in the same period of 2008, which the Company obtained

the share of profits from the investment in associates of totally 9.23 million Baht and financial expenses of 12.18 million Baht.

In summary, the first 6 months period, ended on 30<sup>th</sup> June 2009, the Company had its net losses of 48.08 million Baht; and the operating result has decreased by 48.23 million Baht, when compared to its net profit of 0.14 million Baht in the same period of 2008. This is due to the Company has stopped its dyeing business since October 16<sup>th</sup>, 2009. It is then resulted a decrease of color fabrics by 246.00 million Baht

#### Rate of Returns on Shareholder's Equity

The percentage of net loss to gross income in the first 6 months of 2009 was -17.79 %, when compared to net profit to gross income of 0.03 % during the first 6 months of 2008.

In the first 6 months of 2009, the rate of returns on shareholder's equity was -7.76 %; meanwhile, in the first 6 months of 2008, the rate of returns on shareholder's equity was 0.02 %.

### 3. Financial Status

Summary of changes in the Company's financial status at the end of 2<sup>nd</sup> quarter of 2009

#### Assets

As of June 30<sup>th</sup>, 2009, the Company had its total asset of 1,041.67 million Baht, decreased by 120.88, or decreased by 10.40% when compared to its total asset of 1,162.55 million Baht at the year-end of 2008. Significant changes are summarized as follows;

As of June 30<sup>th</sup>, 2009, significant proportions of assets consisted of current assets, 31.97%, investments, 24.12%, land, building, and equipment, 43.88%, and other assets, 0.03%; when compared to the proportions thereof year 2008, significant particular changes included:

- Current assets decreased by 68.05 million Baht due to the decrease in net inventory of 60.57 million Baht; resulting from the decrease in sales revenue, and the decrease in the production capacity to be in line with the decrease in sales.

- The investments in the associated companies decreased by 25.89 million Baht due to the share of losses that the Company obtained from its associated companies.
- Land, building, and equipment decreased by 25.90 million Baht because the Company has sold some of its non-used assets.

#### Quality of Assets

As of June 30<sup>th</sup>, 2009, the Company's accounts receivable were totally 125.85 million Baht or equal to 12.08% of the total assets. The majority of the accounts receivable has not yet been due. Moreover, regarding its sale of export products, the Company requires its customers to open letters of credit before the hand-over. However, the Company has prescribed the criteria for fixing the allowance for doubtful debts, as follows;

- Regarding accounts with outstanding balance of exceeding 90 days, the Company shall fix the allowance for doubtful debts at 50% of the balance of debt payments
- Regarding accounts with outstanding balance of exceeding 180 days, the Company shall fix the allowance for doubtful debts at 75% of the balance of debt payments;
- Regarding accounts with outstanding balance for of exceeding 365 days, the Company shall fix the allowance for doubtful debts at 100% of the balance of debt payments;

According to the above mentioned criteria, within the first 6 months of financial year of 2009, the Company needed not to fix the allowance for doubtful debts and it appeared that there was no bad debt.

In addition, the Company also considers the ability to pay of each debtor at the end of each month, to separate customers, who are suspicious, based on the experience of the loan department and the current information.

As of June 30<sup>th</sup>, 2009, the Company's net inventory was amounted to 184.53 million Baht or equal to 17.71 % of total assets, decreased by 60.56 million Baht when compared to the net inventory of 245.09 million Baht in 2008. The Company's inventory consisted of the inventory at cost price amounted to 216.36 million Baht, and the Company has fixed the allowance for diminution in value of the inventory and reduced the cost to the net realizable value of 3.05 million Baht and fixed the reserve of obsolete goods of 28.79 million Baht. The Company has

considered factors relating to the fixing of the allowance for diminution in value of the inventory including the outstanding period of inventory and the condition and/or obsolescence of goods. However, the Company has occasionally evaluated that the quantity of allowance for diminution in value of the said inventory was suitable and updated.

#### Source of Funds

Regarding the Company's structure of funds, as of June 30<sup>th</sup>, 2009, the Company had a debt-to-equity ratio of 0.70 to 1, which was better than the debt-to-equity ratio of 0.76 to 1 in 2008. This is because the Company has reduced its purchase orders of raw materials and has tried to sell its stocks. As a result, the Company had the ability to repay the overdraft and short-term loan from financial institution. In addition, the Company had paid the short-term loan to the associated companies.

#### Liabilities

The Company had the total liabilities of 429.72 million Baht, divided in to current liabilities amounted to 323.34 million Baht and non-current liabilities amounted to 106.38 million Baht.

Current liabilities included;

- Overdrafts and short-term loans amounted to 97.84 million Baht, with the interest rates of 5.625 – 7.50% p.a. and without burden of guarantee. However, the Company has promised to the bank, not to dispose, transfer, or incur obligations in the real property of the Company as specified in the credit limit contract unless receiving a prior written consent from the bank.
- Accounts payable amounted to 65.25 million Baht consisted of account receivable of the related businesses amounted to 44.95 million Baht, accounts receivable of the non-related businesses amounted to 20.30 million Baht, which have been paid within the time limit.
- Short-term loans from the related businesses amounted to 150.00 million Baht, with the reference interest rates of commercial banks.
- Other current liabilities amounted to 10.25 million Baht, divided into accrued expenses amounted to 7.85 million Baht and other expenses amounted to 2.40 million Baht

Non-current liabilities included

- Employees' Remuneration and Pension plan amounted to 43.28 million Baht
- Revenue from letting others to use the building amounted to 63.10 million Baht

#### Shareholder's Equity

As of June 30<sup>th</sup>, 2009, the Company had the value of shareholder's equity amounted to 611.95 million Baht, decreased by 49.26 million Baht when compared to the value of shareholder's equity amounted to 661.11 million Baht in 2008. The changing amount was divided into 2 parts including the unrealized loss from changes in value of investments amounted to 1.08 million Baht, and the unrealized deficit in value of investments amounted to 48.08 million Baht.

#### Liquidity

Cash flow Statement for the first 6 months of fiscal year 2009, ended at June 30<sup>th</sup>, 2009. The Company had its cash and cash equivalent amounted to 5.52 million Baht, decreased by 16.53 million Baht when compared to the first 6 months of fiscal year 2008, including

1. Cash from the operating activities amounted to negative 13.80 million Baht
2. Cash from investment activities amounted to 8.39 million Baht
3. Net Cash spent in the financing activities amounted to 15.28 million Baht

Regarding the Operating Activities The Company had its loss from operations before the changes in operating assets and liabilities amounted to 11.86 million Baht; particulars of changes in assets and liabilities amounted to 5.50 million Baht. The main reason was a decrease in the particulars of inventory, which was converted to cash flow in terms of accounts receivable to receive the payments with the time limit and to settle the commercial debt payment according to the commercial terms. The Company has paid the interest amounted to 7.02 million Baht and the withholding tax amounted to 0.42 million Baht.

Regarding the investment activities the Company has spent 2.08 million Baht additionally to purchase land, building, and equipment and has received cash from the sale of machinery and equipment amounted to 8.16 million Baht, and has received the dividend from other long-term investments amounted to 2.30 million Baht.

Regarding the financing activities The Company has repaid the overdrafts and short-term loans from financial institutions amounted to 5.28 million Baht and has repaid the short-term loans from related business amounted to 10.00 million Baht.

#### Expenditure

In the first 6 months of fiscal year 2009, ended on June 30<sup>th</sup>, 2009, the Company had its capital expenditure relating to the purchase of land, building, and equipment amounted to 2.07 million Baht.

#### **1.7.15. Future Business Plan**

The Company's business operation will not have any change from the business operation prior to sale of the asset. The Company will still focus on the sale of products to the "Value Customer" segment. In addition, the Company will still focus on the production and sale of the fabrics, especially those in the group of "Technical Workwear Fabric", which has higher value than other general product groups.

#### **1.7.16. Factors and key influences that may impact the business operation or financial stability of the Company in the future**

Customers' delay of the purchase orders, and the lower ordered amount in each purchase order, and the urgent hand-over of products. These factors are the impacts from the global economic crisis,

Product price is still one of the key elements in the competition

Customers in EU market have put high emphasize on the standards and the social responsibility, e.g. Environmental friendly products, Standard of Labor protection, and these are considered as requirement for all their suppliers to follow.

### **1.8. Basic Information of Sharp Appliances (Thailand) Limited**

#### **1.8.1. General Information**

Company's Name	:	Sharp Appliances (Thailand) Limited
Company Registration Number	:	0105530004066
Registered Date	:	23 <sup>rd</sup> January 1987
Type of Business	:	Exporter and Producer of Microwave, Refrigerator, Fax machine, and Air conditioner
Location	:	64 Moo 5, Tambol Bangsamak, Ampur Bangpakong, Chachoengsao 24180
Registered Capital	:	Amount 948,650,000 Baht, Par value of 100 Baht per share (As of 16th September 2009)

Authorized Person : Mr. Mitsuo Nakashima or Mr. Yoshihide Tamiya or Mr. Isao Takahashi or Mr. Sakio Hanatani or Mr. Yasuyoshi Koike Signature with Company's Stamp

Source : Department of Business Development, Ministry of Commerce Thailand

**1.8.2. List of company's directors : As of 16 September 2009**

Names

1. Mr. Mitsuo Nakashima
2. Mr. Yoshihide Tamiya
3. Mr. Isao Takahashi
4. Mr. Sakio Hanatani
5. Mr. Yasuyoshi Koike
6. Mr. Masayuki Mohri
7. Mr. Noboru Fujimoto

Source : Department of Business Development, Ministry of Commerce Thailand

**1.8.3. Information regarding the nationality of the shareholders : As of 19<sup>th</sup> September 2008**

Nationality	Number of shareholders (person)	Amount of shares hold (shares)	Proportion of shares hold (%)
1. Japanese	2	9,486,499	100.00%
2. Thai	1	1	0.00%
Total	3	9,486,500	100.00%

Source : Department of Business Development, Ministry of Commerce Thailand

1.8.4. List of shareholders' names : As of 19<sup>th</sup> September 2008

No.	Shareholders	Nationality	Number of Ordinary Shares	%of total number of shares
1	Sharp Corporation Ltd.	Japanese	9,486,498	100.00%
2	Sharp Manufacturing (Thailand) Ltd.	Japanese	1	0.00%
3	Sharp Thai Ltd.	Thai	1	0.00%
	Total		9,486,500	100.00%

Source : Department of Business Development, Ministry of Commerce Thailand

1.8.5. Summary of business results in the past 5 years

Unit : Thousand Baht

Items	Financial Year				
	31 Jan 2008	31 Jan 2007	31 Jan 2006	31 Jan 2005	31 Jan 2004
Balance Sheets					
<u>Assets</u>					
Current Assets					
Cash and cash equivalent	52,440.70	266,030.51	72,470.67	85,440.60	186,652.41
Trade account receivable - net	1,482,065.94	1,510,301.17	1,326,071.84	1,426,971.30	1,345,480.33
Inventory -net	1,330,195.88	1,476,860.80	1,111,597.33	1,513,498.52	1,673,683.04
Accrued income	n.a.	n.a.	n.a.	39,601.49	n.a.
Other current assets	263,884.26	204,230.23	141,705.53	58,260.08	277,902.76
Total current assets	3,201,413.79	3,581,531.99	2,730,323.71	3,375,959.46	3,483,718.53
Non-current assets					
Long-term loan and long-term investment	34,650.00	34,650.00	34,650.00	34,650.00	34,650.00
Property plant and equipment - net	2,643,061.84	2,437,056.21	2,324,334.50	1,527,495.91	1,523,891.22
Non-current assets	4,604.38	3,182.99	2,412.99	2,950.34	64,609.70
Total non-current assets	2,909,184.63	2,684,494.33	2,533,192.56	1,714,751.97	1,635,602.74
Total Assets	6,110,598.42	6,266,026.32	5,263,616.27	5,090,711.43	5,119,321.27
<u>Liabilities and shareholders' equity</u>					
Current liabilities					
Bank overdraft and short-term loans	1,095,000.00	1,065,000.00	340,000.00	280,000.00	520,000.00

Translation of Opinion of Independent Financial Advisor Regarding the Asset Disposition of  
Union Textile Industries Public Company Limited

Items	Financial Year				
	31 Jan 2008	31 Jan 2007	31 Jan 2006	31 Jan 2005	31 Jan 2004
from financial institutions					
Accounts and notes payable	1,817,543.41	2,055,614.61	1,871,026.95	1,757,243.41	1,817,959.77
Accrued expenses	n.a.	n.a.	n.a.	600,377.45	362,349.10
Other current liabilities	224,171.35	207,765.38	195,371.31	68,680.81	71,026.72
Total current liabilities	3,662,210.57	3,920,296.71	2,892,824.34	2,706,304.66	2,771,335.58
Total liabilities	3,662,210.57	3,920,296.71	2,892,824.34	2,706,301.66	2,771,335.58
<u>Shareholders' equity</u>					
Registered capital	948,650.00	948,650.00	948,650.00	948,650.00	948,650.00
Issued and fully-paid in capital	948,650.00	948,650.00	948,650.00	948,650.00	948,650.00
Accumulated profit (loss)	1,499,737.85	1,397,079.61	1,422,041.94	1,435,759.77	1,399,335.69
Total shareholders' equity	2,448,387.85	2,345,729.61	2,370,691.94	2,384,409.77	2,347,985.69
Total liabilities and shareholders' equity	6,110,598.42	6,266,026.32	5,263,616.27	5,090,711.43	5,119,321.27
equity					
Income Statements					
Sales and services revenue	23,486,178.45	22,885,278.83	20,159,965.85	19,455,136.39	17,211,023.43
Other revenue	300,699.66	226,096.25	35,150.54	146,552.67	136,839.25
Total revenue	23,786,878.11	23,111,375.08	20,195,116.39	19,601,689.06	17,347,862.68
Cost of sales and services	22,667,761.14	22,007,187.23	19,122,469.13	18,693,591.91	16,696,165.46
Gross income (loss)	1,018,417.31	878,091.60	1,037,496.72	761,544.48	514,857.97
Selling and administrative expenses	492,798.55	447,355.54	429,926.38	402,132.95	363,038.93
Other expenses	637,680.52	630,488.97	607,5710.35	446,754.40	326,813.75
Total selling and administrative expenses	1,130,479.07	1,077,844.51	6,505,636.73	848,887.35	689,852.68
Income before finance costs	188,637.91	26,343.33	66,025.84	59,209.81	-38,155.45
Finance costs	31,657.89	37,571.66	2,758.95	917.33	719.37
Incomes Tax	42,777.89	n.a.	42,928.72	13,188.40	n.a.
Net income (loss)	114,202.24	-11,228.33	20,338.17	45,104.08	-38,874.82

Translation of Opinion of Independent Financial Advisor Regarding the Asset Disposition of  
Union Textile Industries Public Company Limited

Items		Financial Years				
		31 Jan 08	31 Jan 07	31 Jan 06	31 Jan 05	31 Jan 04
<b><u>LIQUIDITY RATIO</u></b>						
Liquidity ratio	Times	0.87	0.91	0.94	1.25	1.26
Quick Ratio	Times	0.51	0.54	0.56	0.69	0.65
<b><u>Efficiency Ratio</u></b>						
Total asset turnover	Times	3.84	3.65	3.83	3.82	3.36
Fix asset turnover	Times	8.89	9.39	8.67	12.74	11.29
Account receivable turnover	Times	15.85	15.15	15.2	13.63	12.79
Average days sale	Times	21.61	24.49	21.22	29.55	36.59
Inventory turnover	Times	16.89	14.9	17.2	12.35	9.98
Payable turnover	Days	29.53	34.09	35.71	34.31	39.74
Payable turnover	Times	12.36	10.71	10.22	10.64	9.18
<b><u>Profitability Ratio</u></b>						
Gross Profit Margin	%	4.34	3.84	5.15	3.91	2.99
Operating Profit Margin	%	2.24	1.88	3.01	1.85	0.88
Net Profit Margin	%	0.49	-0.05	0.1	0.23	-0.23
Return on assets	%	1.87	-0.18	0.39	0.89	-0.76
Return on fix assets	%	4.32	-0.46	0.88	2.95	-2.55
Return on equity	%	4.66	-0.48	0.86	1.89	-1.66
<b><u>Financial policy ratio</u></b>						
Total debt to total assets ratio	Times	0.6	0.63	0.55	0.53	0.54
Debt to equity ratio	Times	1.5	1.67	1.22	1.13	1.18
Shareholders' equity to assets ratio	%	40.07	37.44	45.04	46.84	45.87
Interest Coverage	times	5.96	0.7	23.93	64.55	-53.04
<b><u>Growth Rate</u></b>						
Total revenue growth rate	%	2.92	14.44	3.03	12.99	4.55
Sales revenue growth rate	%	2.63	13.52	3.62	13.04	4.03
Net profit growth rate	%	1,117.09	-155.21	-54.91	216.02	-130.04

Source : Business Online Public Company Limited

#### 1.9. Relationship between the Company and the buyer of the assets

When considering the information illustrated in 1.8.1 to 1.8.4, it is clear that the Company and the buyer of the assets have no prior-connection or relationship. This no-prior connection, or relationship hold true at all levels, whether it be the persons, or the juristic persons who are the majority shareholders or the authorized person who have authority to

control, e.g. management team, majority shareholders, authorized persons or those who have been proposed to manage or control the registered company or subsidiaries, cousins or relatives of the above-mentioned people.

#### 1.10. Industry situation and competition

Textile and Garment Industry (Source : The Office of Industrial Economics)

##### Production

Situation of textile production in June 2009 showed that most productions are increased from previous month. The increases are among all kinds of products due to higher purchase orders coming in. This included textile fiber (+5.7%), fabrics (+2.3%), towels and beddings (+5.8%), garments and knitted fabrics (+2.3%), garments from woven fabrics (+10.9%). However, when compared to the same period of previous year, the productions of all product categories showed significant decline. This included textile fiber (-4.2%), fabrics (-11.4%), towels and beddings (-11.4%), garments and knitted fabrics (-26.1%), garments from woven fabrics (-8.3%). This decline was mainly due to the economic recession of the countries we are trading with, and the world economic recession. This resulted in the customers to delay their purchase order and to reduce the amount of import.

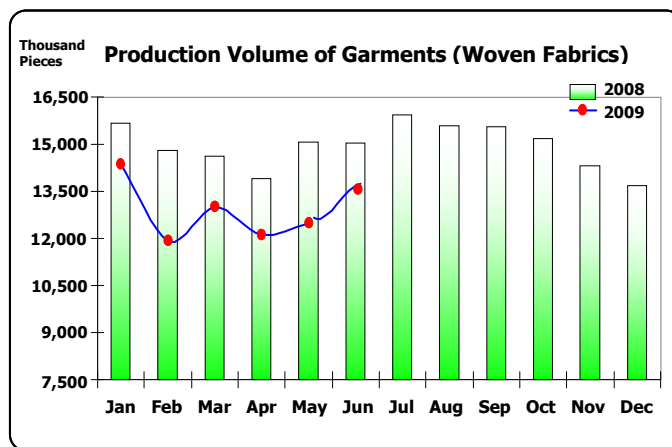
##### Marketing

Domestic Sales of June 2009 increased when compared to the previous month, especially for Shirts / lady and girl blouses which still have high demand for consumption. This is due to the high import demand from China and Vietnam.

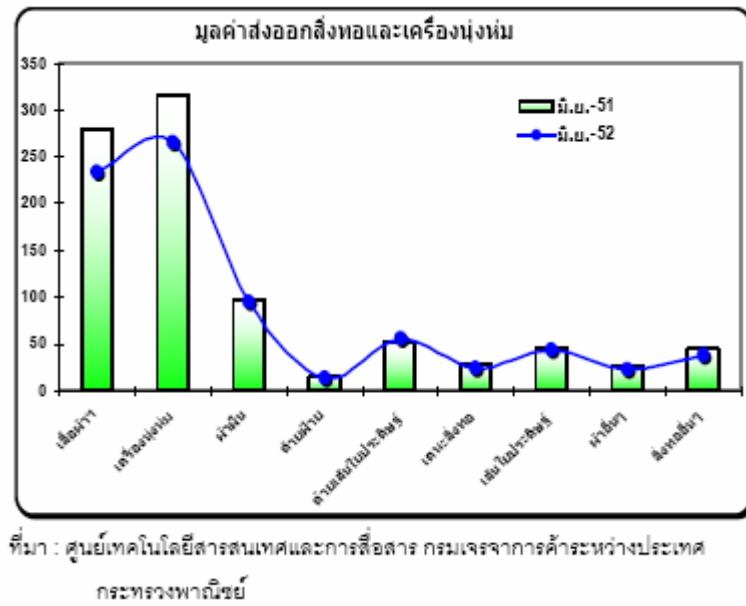
In June 2009, the amount of textile export increased at the rate of 8.3% from previous month. This included ready-to-wear clothes (+15.4%), fabrics (+2.8%), embroideries (+1.7%), synthetic yarns (+12.4%), and synthetic fibers (+2.3%). The export amount expanded from previous month. The export amount to the U.S. market increased by 11.3% and to the European markets increased by 13.7%. However, when compared to the same period of previous year, the export amount declined by 11.7%, of which the largest decline was from the export to the U.S. (-25.6%), Japan (-8.2%), European nations (-10.6%), and ASEAN (-4.4%).

Trends

Production and sales by the textiles and garments industry is expected to have a positive upward trend. This is due to the increase in the incoming purchase orders and the expansion of the exports of main product categories. When compared to the same period of previous year, though the figures of production and export may show negative growth figures, the negative figures tend to be less than previous months. Under the “Japan-Thailand Economic Partnership Agreement” (JTEPA), the Thai textiles and garments have higher opportunity to be exported to Japan. This is due to the reduction of the import tax of Thai textiles and garments will become 0% according to the agreement. In addition, the government, led by the ministry of industry, has provided all the supports and encouragement for the Thai Entrepreneurs to help them be able to produce more of higher value and innovative products, especially for the Technical Textile categories, and the follow through of the needs of consumers and the on-time delivery.



Source: Information Technology and Communication Center, Department of Trade Negotiation



#### 1.11. Benefits from entering into the transaction

- The Company can sell its non-used land, which results in the reduction of the administrative cost, resulting in the higher Company's cash that can help increase the Company's liquidity
- The Company can sell the land at the higher price than the appraised value of 317,590,300 Baht (144.25% higher than the appraised value). The value of sale of this land is higher than the book value of approximately 533,431,500.50 Baht (12,345,10% higher than book value). It is then considered that the company obtain a very price, compared to the appraised price, and the exceed amount compared to the book value is estimated to be around 533,431,500.50 Baht. In this case, the book value of the land being sold is 4.32 million Baht
- The Company will use the proceed obtained from the sale of this land (The net cash received after deducting the expenses and tax related to the ownership transfer is approximately 503,874,092.50 Baht, as described in detail in section 1.6.3) to firstly pay for its short-term loan from the related parties in 2009, which as of June 30<sup>th</sup>, 2009 has an outstanding balance of 150,000,000 Baht. Secondly, the Company will use a part of the cash received from this sale transaction to pay its accrued dividend for preferred shares in year 2010, with the total amount of 147,000,000 Baht. (accrued dividend for 7 years preferred shares) The large preferred shareholders include
  - a) Saha Union Public Company Limited : 14.35 million shares
  - b) Bangkok Bank Public Company Limited : 0.40 million shares

c) Bangkok Insurance Public Company Limited : 0.23 million shares

However, the Company has the following conditions for the preferred shares

- The holders of the preferred shares have the right to obtain dividend prior to the holders of ordinary shares
  - The holders of preferred shares obtain the dividend payout at the rate of 14 percent of value of the preferred shares per year (in total of 150,000,000 Baht) This right can be obtained starting from financial year 1986
  - In any year that the Company cannot pay out dividend to the holders of preferred shares, or cannot pay at full amount, it is allowed to accumulate the amount of dividend at full or partial of each year, for the total of not more than 7 years.
  - In case that the ordinary shareholders obtain dividend that exceeds 14%, the holders of preferred shares will also have the right to receive dividend of the portion that exceeds 14%. In other words, in such case, the holders of preferred shares are deemed to receive the dividend at the same rate as that of ordinary shareholders.
  - In case that the Company discontinues its own business, the holders of preferred shares have the right to obtain the refund for the shares prior to the holders of ordinary shares.
- In this case, it is clear that the reason why the Company will use the cash obtained from the sale of this land to pay out as accrued dividend to the holders of preferred shares is that it is according to the conditions of the preferred shares of the Company. For this, the Company will use the rest of the sale proceed to pay back the short-term loans from financial institutions and keep as business working capital. This will help reduce the financial expenses and results in the Company having better financial status and better business results.

#### 1.12. Risks associated to the enter into the transaction

After reviewing the Memorandum of Understanding, it is found that the Company has no associated risk involved in the entry into the sell and purchase contract. Even in the case of contract termination, the Company is not required to be responsible for any reimbursement incurred from the termination of the contract, in any of the following cases;

1. As the buyer of the land is a foreign majority-owned company, the purchase of the Land under this MEMO is conditional on the approvals of the Board of Investment (BOI) to permit the buyer to own the Land. In case of disapproval of owning the Land from the Board of Investment, the Company must return the amount paid by the buyer and the buyer can terminate the contract
2. The Company must help the buyer find the land that is in between the plot of land being sold and the land of the buyer. This land should be at least 100 meter in width, and the buyer should be able to purchase this land at the same price per rai as what it can buy from the Company. In case that this condition is not met, the Company will have to return the already-paid in installments. However, the plot of land that is under the interest of the buyer is either the land owned by other party or the land owned by the Union Technology (2008) Public Company Limited. In case that the Company cannot negotiate with other party to let the buyer purchase their plot of land that connects to the buyer's land, the Company still has an option to sell a plot of land that connects to the buyer's land as described in the Memorandum. This stated piece of land is under the ownership right of Union Technology (2008) Public Company Limited, (This Company's name used to be Union Footwear Public Company Limited), which is the associate company of the Company's majority shareholder. For this, the majority shareholder of the Company has already been fully aware of such sale condition required by the buyer. As a result, after the Company has obtained the approval from the shareholder meeting to enter into this sale transaction, the board of directors of the associate company will discuss and decide on how they will respond to the buyer's requirement to buy its plot of land. However, it is strongly believed that the Company can proceed according to the requested condition.
3. In case that the buyer does not follow the payment conditions stated in the contract, the Company will not obtain the rest of the payment amount, but the Company can keep the already-paid amount and terminate the contract.

**1.13 Plan of usage of cash obtained from the sale of asset**

The Company plans to firstly use the cash proceed from the sale of its asset to pay back its short-term loans from the related parties, accounted for 150,000,000 Baht in 2009, and to secondly pay the accrued dividend to the holders of preferred shares, accounted for 147,000,000 Baht in 2010. In addition, the Company plans to use the rest of the proceed amount to pay back short-term loans from the financial institutions, as well as to use as current assets of the business operation.

The independent financial advisor has considered the reasons and the benefits of the sale of this asset, and agreed that the sale of this asset will help the cash situation of the Company. This, in addition, will also help enhance the Company's liquidity, reduce the financial expenses, as well as reduce the expenses that the Company would have to spend to take care of this non-used asset. Moreover, the Company will have the exceed amount from the sale price, compared to the book value prior to the deduction of the transfer fee and Specific Business Tax and other expenses. This is accounted for 533.43 million Baht. After deducting all the expenses, the Company will have net profit of 504.93 million Baht, to be recognized in year 2010.

Considering all of the above mentioned aspect, The independent financial advisor then agrees that the sale of the asset is suitable and is beneficial to the Company, in terms of providing the higher liquidity and enhance the Company's future financial status.

## 2. Fairness of sale price and the conditions of the transaction

### 2.1 Fairness of sale price

The Independent Financial Advisor has summarized the comparison chart that displays the comparison between the sale price, the appraised price, and the book value as follows;

Unit : Baht

Asset Sale Price	Book Value (BV)	Appraised Value	Diff. Sale Price - BV	Diff. Sale Price - Appraised Value
(1)	(2)	(3)	(1) - (2)	(1) - (3)
537,752,500.00	4,320,999.50	220,162,200.00	533,431,500.50	317,590,300.00
% Diff. Sale Price and BV			12345.10%	
% Diff. Sale Price and Appraised Value				144.25%

Remark: The above mentioned sale price of land is exclusive of incurred expenses such as transfer fee, specific business tax, and others, which is approximately accounted for 28.50 million Baht.

After considering the above table, it is clear that in this sale of the Company's asset, the Company can sell its non-used asset at the sale price, which is much higher than the appraised price. In this case, the appraised price is appraised by KTAC Appraisal and Service Co.,Ltd. (KTAC), who is the independent appraiser, that is certified by the Thai Valuer Associations (TVA), and The Valuers Association of Thailand (VAT). For this, KTAC conducted the appraisal study on September 2<sup>nd</sup>, 2009, using the appraisal methods that are appropriate to the type of asset, such as Market approach, in which market prices are used as based for comparison, since the asset is empty land space. The assets used for the comparison have similar physical characteristics. The sale and purchase prices or the offer prices can be calculated to clearly determine the unit price of land, and that can be used as comparison for the asset being appraised. Using this method of appraisal can better reflect the market value than any other methods available. In this case, the appraiser conducted the market data of the nearby areas for the analysis and calculation of appraised value. In this case, this plot of land was compared with the other 4 plots of land, which its sale prices are within the range of 3,600 and 18,750 Baht per square wa. The reason why some comparison plots of land have lower sale prices than the appraised value of the land being sold is that there is no road connecting to the plots and the width of the land is narrower than that of the land being sold. As for some plots of land that have higher sale price than the appraised value of the land being sold, the reason is that those plots are located in industrial estate, which is the area developed specifically for industrial usage, and having utilities. The appraised value of the Company's asset is

220,162,200 Baht. This is accounted as 3,480,000 Baht per rai or 8,700 Baht per square wa. In this case, the sale of the Company's asset at the price of 537,752,500 Baht, or 8,500,000 Baht per rai, or 21,250 Baht per square wa., is higher than the appraised value of 144.25%. This is then very beneficial for the Company. The reason why the Company can sell its asset at such a high price is that the buyer has strong desire to buy this land, which is located next to the buyer's factory, and use it to extend the buyer's own business. This purchase of land by the buyer will help the buyer be able to manage its own business more effectively as it helps the buyer's business greatly, in terms of transportation and logistic expenses.

## 2.2 Suitability of the Conditions of the Sale

Since the buyer is the Company, which has the majority shareholders who are foreigners, the purchase of land needs to be approved by the Board Of Investment (BOI). Hence, the buyer has put in the buying condition that it must obtain the approval from BOI to own the whole plot of land that the Company is selling. For this, the buyer has requested for the approval from BOI since the past September, and it is expected to receive the approval result from BOI within December 2009. In addition to that, the buyer requires the Company to help in the negotiation discussion for the buyer to be able to buy a part of the land that is adjacent to the land of the factory of the buyer in the north direction. The size of this connecting piece of land must of its minimum width of 100 meter. In case that this condition is not met, the Company will have to return the already-paid in installments. However, the plot of land that is under the interest of the buyer is either the land own by other party or the land own by the Union Technology (2008) Public Company Limited. In case that the Company cannot negotiate with other party to let the buyer purchase their plot of land that connects to the buyer's land, the Company still has an option to sell a plot of land that connects to the buyer's land as described in the Memorandum. This stated piece of land is under the ownership right of Union Technology (2008) Public Company Limited, (This Company's name used to be Union Footwear Public Company Limited), which is the associate company of the Company's majority shareholder. For this, the majority shareholder of the Company has already been fully aware of such sale condition required by the buyer. As a result, after the Company has obtained the approval from the shareholder meeting to enter into this sale transaction, the board of directors of the associate company will discuss and decide on how they will response to the buyer's requirement to buy its plot of land. However, it is strongly believed that the Company can proceed according to the requested condition.

From the detail described above, the independent financial advisor agrees that the sale price is much higher than the market value, appraised by KTAC. In addition, the conditions for sale are also acceptable and will not yield any risks to the Company, as stated. Hence, the sale of the asset in this case is considered suitable both in terms of price and condition of sale.

### 3. Summary of the opinion of independent financial advisor

After considering the information and reasons for the sale of the asset as stated earlier in this report, the independent financial advisor would like to recommend that the Company's shareholders should approve that Union Textile Industries Public Company Limited to proceed further for the sale of the above mentioned asset. This recommendation is based on the reasons for sale, the benefits that the Company will gain from the sale of this asset, the fact that there is no risk involved in this sale of asset, and the suitability in terms of sale price and sale conditions, which altogether would result in the positive impacts to the Company. The positive impacts referred to in this case include the reduced administrative cost to take care of the non-used asset, the higher liquidity of the business, and the significantly higher sale price than the appraised market value (144.25% higher). In addition, the cash obtained from the sale of this asset will that will be used to repay the Company's debt, will result in the reduction in the financial expenses and that brings about the positive financial status of the Company in the future. Although the sale of this asset maybe terminated, (in case of the buyer does not receive approval from the Board Of Investment (BOI) to own the land, or the Company cannot find the land that is connected to the asset being sold and the land of the buyer), the Company will only need to return the installment that the buyer has paid to the Company.

As an independent financial advisor, Asset Pro Management Co., Ltd would like to certify that it has deliberately studied and analyzed all the information, with its full professional integrity and ethics, and has provided the reasons based on the information and analysis with fairness. In addition, it has greatly considered the benefits of the minority shareholders. However, the comments and opinions provided herewith are based on the information and documents obtained from the Company's management and the related companies, the interview with the Company's management members, the publicly available information, as well as the industrial information obtained from outside the Company.

The decision to vote for the approval of the sale of this asset is under the Company's shareholders' consideration. Prior to making the appropriate decision, the shareholders are recommended to also study the information in the document that are attached herewith this meeting invitation.

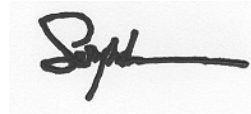
Sincerely Yours

Asset pro management Company Limited



.....  
(Mr. Seksan Thanopajai)

Operation Controller



.....  
(Mr. Somphob Sakpunpanom)

Chief Executive Officer